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Truth and Integrity in State Budgeting: Mobilizing Public Universities to Help Effect Fiscal Change

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Mission and Vision

The mission of the Volcker Alliance is to advance effective management of government to achieve results that matter to citizens.

We envision a public sector workforce with the experience, preparation and commitment to ensure government—local, state and federal—delivers with excellence.
Theory of Change

The Volcker Alliance, in collaboration with universities and other partners, uses three primary methods to catalyze change:

**Research**
- Surface and disseminate effective models
- Develop or codify promising practices
- Introduce incisive facts and evidence into the discourse

**Networks**
- Fortify university and government partnerships
- Provide professional development and peer networking opportunities
- Pursue public/private partnerships
- Engage with professional associations

**Structural Reform**
- Advance adoption of curricula that prepare students to be effective in government
- Advocate for legislative change
- Market public service mission
- Modernize civil service laws
History of Truth and Integrity in State Budgeting

Truth and Integrity in State Budgeting

PREVENTING THE NEXT FISCAL CRISIS

2017

Truth and Integrity in State Budgeting

WHAT IS THE REALITY?

2015

State Report Cards

2018

State Data Lab

State Budget Sources
How the Volcker Alliance Grades the States

States received average FY 2016-18 grades of A to D-minus, plus annual grades for each year, in five areas:

1. Budget forecasting—how and whether states estimate revenues and expenditures for the coming fiscal year and the long term;

2. Budget maneuvers—dependence on one-time revenues to offset recurring expenditures;

3. Legacy costs—how well states fund promises made to public employees for pensions and retiree health care;

4. Reserve funds—the condition of general fund reserves and rainy day funds as well as rules governing their use and replenishment;

5. Budget transparency—disclosure of budget information, including debt, tax expenditures, estimated cost of deferred infrastructure maintenance.
Budget Forecasting Average Grades, FY 2016-18

Trend ↗: 10 Get an A but 12 are D or D-
Budget Maneuvers Average Grades, FY 2016-18

Trend \( \Rightarrow \): 16 get an A but 7 are D or D-
Legacy Cost Average Grades, FY 2016-18

Trend ↑: Only 8 get an A; 33 are C or Worse and 6 are D-

- US total state pension plan funding level: 68.6%
- Total unfunded liability: $1.35 trillion

Source: Bloomberg
Reserve Funds Average Grades, FY 2016-18

Trend ↗: 17 get an A, only 10 graded C or worse
Transparency Average Grades, FY 2016-18

Trend ➧: 3 get an A, only 9 graded C or worse
Most 3-Yr Average A Grades, FY 2016-18

California, Idaho, Tennessee, and Utah Are the Only States With Three A Grades Apiece

Categories: Budget Maneuvers, Legacy Costs, Reserve Funds
States With Average D- Grades, FY 2016-18

Legacy Costs Weigh Down 6 States, 4 Trail in Other Categories

- ND Legacy Costs
- WY Legacy Costs
- TX Legacy Costs
- HI Legacy Costs
- MO Legacy Costs
- IL Legacy Costs
- PA Budget Maneuvers
- NJ Legacy Costs
- MA Legacy Costs

The Volcker Alliance
Working for Effective Government
Questions?
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