

Budget Analysts

(0*NET 13-2031.00)

Significant Points

- Almost half of all budget analysts work in Federal, State, and local governments.
- While a bachelor's degree generally is the minimum educational requirement, many employers prefer or require a master's degree.
- Competition for jobs is expected.

Nature of the Work

Deciding how to efficiently distribute limited financial resources is an important challenge in all organizations. In most large and complex organizations, this task would be nearly impossible without budget analysts. These workers play the primary role in the development, analysis, and execution of budgets, which are used to allocate current resources and estimate future financial requirements. Without effective budget analysis and feedback about budgetary problems, many private and public organizations could become bankrupt.

Budget analysts can be found in private industry, nonprofit organizations, and the public sector. In private sector firms, a budget analyst examines, analyzes, and seeks new ways to improve efficiency and increase profits. Although analysts working in nonprofit and governmental organizations usually are not concerned with profits, they still try to find the most efficient distribution of funds and other resources among various departments and programs.

Budget analysts have many responsibilities in these organizations, but their primary task is providing advice and technical assistance in the preparation of annual budgets. At the beginning of each budget cycle, managers and department heads submit proposed operational and financial plans to budget analysts for review. These plans outline prospective programs, including proposed funding increases and new initiatives, estimated costs and expenses, and capital expenditures needed to finance these programs.

Analysts examine the budget estimates or proposals for completeness, accuracy, and conformance with established procedures, regulations, and organizational objectives. Sometimes, they employ cost-benefit analysis to review financial requests, assess program tradeoffs, and explore alternative funding methods. They also examine past and current budgets and research economic and financial developments that affect the organization's spending. This process enables analysts to evaluate proposals in terms of the organization's priorities and financial resources.

After this initial review process, budget analysts consolidate the individual departmental budgets into operating and capital budget summaries. These summaries contain comments and statements that support or argue against funding requests. Budget summaries then are submitted to senior management or, as is often the case in local and State governments, to appointed or elected officials. Budget analysts then help the chief operating officer, agency head, or other top managers analyze the proposed plan and devise possible alternatives if the projected results are unsatisfactory. The final decision to approve the budget, however, usually is made by the organization head in a private firm or by elected officials, such as the State legislative body, in government.

Throughout the remainder of the year, analysts periodically monitor the budget by reviewing reports and accounting records to determine if allocated funds have been spent as specified. If deviations appear between the approved budget and actual performance,

budget analysts may write a report providing reasons for the variations, along with recommendations for new or revised budget procedures. In order to avoid or alleviate deficits, they may recommend program cuts or reallocation of excess funds. They also inform program managers and others within their organization of the status and availability of funds in different budget accounts. Before any changes are made to an existing program or a new one is implemented, a budget analyst assesses the program's efficiency and effectiveness. Analysts also may be involved in long-range planning activities such as projecting future budget needs.

The amount of data and information that budget analysts are able to analyze has greatly increased through the use of computerized financial software programs. The analysts also make extensive use of spreadsheet, database, and word processing software.

Budget analysts have seen their role broadened as limited funding has led to downsizing and restructuring throughout private industry and government. Not only do they develop guidelines and policies governing the formulation and maintenance of the budget, but they also measure organizational performance, assess the effects of various programs and policies on the budget, and help to draft budget-related legislation. In addition, budget analysts sometimes conduct training sessions for company or government agency personnel regarding new budget procedures.

Working Conditions

Budget analysts usually work in a comfortable office setting. Long hours are common among these workers, especially during the initial development and midyear and final reviews of budgets. The pressure of deadlines and tight work schedules during these periods can be stressful, and analysts usually are required to work more than the routine 40 hours a week.

Budget analysts spend the majority of their time working independently, compiling and analyzing data, and preparing budget proposals. Nevertheless, their schedule sometimes is interrupted by special budget requests, meetings, and training sessions. Some budget analysts travel to obtain budget details and explanations of various programs from coworkers, or to personally observe funding allocation.

Employment

Budget analysts held 62,000 jobs throughout private industry and government in 2002. Federal, State, and local governments are major employers, accounting for 46 percent of budget analyst jobs. About



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1 in 5 worked for the Federal government. Many other budget analysts worked in manufacturing, financial services, or management services. Other major employers include schools and hospitals.

Training, Other Qualifications, and Advancement

Private firms and government agencies generally require candidates for budget analyst positions to have at least a bachelor's degree, but many prefer or require a master's degree. Within the Federal Government, a bachelor's degree in any field is sufficient for an entry-level budget analyst position, but, again, those with master's degrees are preferred. State and local governments have varying requirements, but a bachelor's degree in one of many areas—accounting, finance, business or public administration, economics, political science, statistics, or a social science such as sociology—may qualify one for entry into the occupation. Many States, especially larger, more urban States, require a master's degree. Sometimes, a degree in a field closely related to that of the employing industry or organization, such as engineering, may be preferred. Some firms prefer candidates with a degree in business because business courses emphasize quantitative and analytical skills. Many government employers prefer candidates with strong analytic and policy analysis backgrounds that may be obtained through such majors as political science, economics, public administration, or public finance. Occasionally, budget-related or finance-related work experience can be substituted for formal education.

Because developing a budget involves manipulating numbers and requires strong analytical skills, courses in statistics or accounting are helpful, regardless of the prospective budget analyst's major field of study. Financial analysis is automated in almost every organization and, therefore, familiarity with word processing and the financial software packages used in budget analysis often is required. Software packages commonly used by budget analysts include electronic spreadsheet, database, and graphics software. Employers usually prefer job candidates who already possess these computer skills.

In addition to analytical and computer skills, those seeking a career as a budget analyst must be able to work under strict time constraints. Strong oral and written communication skills are essential for analysts because they must prepare, present, and defend budget proposals to decision makers.

Entry-level budget analysts may receive some formal training when they begin their jobs, but most employers feel that the best training is obtained by working through one complete budget cycle. During the cycle, which typically is 1 year, analysts become familiar with the various steps involved in the budgeting process. The Federal Government, on the other hand, offers extensive on-the-job and classroom training for entry-level trainees. In addition to on-the-job training, budget analysts are encouraged to participate in the various classes offered throughout their careers.

Some government budget analysts employed at the Federal, State, or local level may earn the Certified Government Financial Manager (CGFM) designation granted by the Association of Government Accountants. Other government financial officers also may earn this designation. Candidates must have a minimum of a bachelor's degree, 24 hours of study in financial management, and 2 years of experience in government, and must pass a series of three exams. The exams cover topics on the organization and structure of government; governmental accounting, financial reporting and budgeting; and financial management and control.

Budget analysts start their careers with limited responsibilities. In the Federal Government, for example, beginning budget analysts compare projected costs with prior expenditures, consolidate and enter data prepared by others, and assist higher grade analysts

by doing research. As analysts progress in their careers, they begin to develop and formulate budget estimates and justification statements, perform indepth analyses of budget requests, write statements supporting funding requests, advise program managers and others on the status and availability of funds for different budget activities, and present and defend budget proposals to senior managers.

Beginning analysts usually work under close supervision. Capable entry-level analysts can be promoted into intermediate-level positions within 1 to 2 years, and then into senior positions within a few more years. Progressing to a higher level means added budgetary responsibility and can lead to a supervisory role. Because of the importance and high visibility of their jobs, senior budget analysts are prime candidates for promotion to management positions in various parts of the organization.

Job Outlook

Competition for budget analyst jobs is expected over the 2002-12 projection period. Candidates with a master's degree should have the best job opportunities. Familiarity with computer financial software packages also should enhance a jobseeker's employment prospects.

Employment of budget analysts is expected to grow about as fast as the average for all occupations through 2012. Employment growth will be driven by the continuing demand for sound financial analysis in both public and private sector organizations. In addition to employment growth, many job openings will result from the need to replace experienced budget analysts who transfer to other occupations or leave the labor force.

The expanding use of computer applications in budget analysis increases worker productivity by enabling analysts to process more data in less time. However, because budget analysts now have much more data available to them, their jobs are becoming more complicated. In addition, as businesses and other organizations become more complex and specialized, budget planning and financial control will demand greater attention. These factors should offset any adverse effects of computer applications on employment of budget analysts.

In coming years, all types of organizations will continue to rely heavily on budget analysts to examine, analyze, and develop budgets. Because of the importance of financial analysis performed by budget analysts, employment of these workers has remained relatively unaffected by downsizing in the Nation's workplaces. In addition, because financial and budget reports must be completed during both periods of economic growth and slowdowns, budget analysts usually are less subject to layoffs than are many other workers during economic downturns.

Earnings

Salaries of budget analysts vary widely by experience, education, and employer. Median annual earnings of budget analysts in 2002 were \$52,480. The middle 50 percent earned between \$42,000 and \$66,180. The lowest 10 percent earned less than \$34,580, and the highest 10 percent earned more than \$82,720.

According to a 2002 survey conducted by Robert Half International—a staffing services firm specializing in accounting and finance—starting salaries of financial, budget, treasury, and cost analysts in small companies ranged from \$29,750 to \$36,250. In large companies, starting salaries ranged from \$33,500 to \$41,250.

In the Federal Government, budget analysts usually started as trainees earning \$23,442 or \$29,037 a year in 2003. Candidates with a master's degree might begin at \$35,519. Beginning salaries were slightly higher in selected areas where the prevailing local

pay level was higher. The average annual salary in 2003 for budget analysts employed by the Federal Government in nonsupervisory, supervisory, and managerial positions was \$62,400.

Related Occupations

Budget analysts review, analyze, and interpret financial data; make recommendations for the future; and assist in the implementation of new ideas and financial strategies. Other workers who have similar duties include accountants and auditors, cost estimators, economists, financial analysts and personal financial advisors, financial managers, loan counselors and officers, and management analysts.

Sources of Additional Information

Information about career opportunities as a budget analyst may be available from your State or local employment service.

Information on careers in government financial management and the CGFM designation may be obtained from:

► Association of Government Accountants, 2208 Mount Vernon Ave., Alexandria, VA 22301. Internet: <http://www.agacgfm.org>

Information on careers in budget analysis at the State government level may be obtained from:

► National Association of State Budget Officers, Hall of the States Building, Suite 642, 444 North Capitol St. NW., Washington, DC 20001. Internet: <http://www.nasbo.org>

Information on obtaining a budget analyst position with the Federal Government is available from the U.S. Office of Personnel Management (OPM) through a telephone-based system. Consult your telephone directory under U.S. Government for a local number or call (703) 724-1850; Federal Relay Service: (800) 877-8339. The first number is not tollfree, and charges may result. Information also is available from the OPM Internet site: <http://www.usajobs.opm.gov>.