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A Long-Overdue State Need

IF you as a Washington taxpayer are confused about the state budget, you have no reason to apologize for that confusion.

Your bewilderment has been shared for years by governors, legislators and fiscal officers. You cannot blame it on any specific administration, political party or Legislature. The blame primarily rests with the crazy-quilt budget and accounting system that gradually has developed in Washington over past decades.

The system perhaps can best be visualized by imagining all of the tax money which the state extracts by multitudinous methods from its citizens being poured into a keg. Many taps are affixed to this keg, some of which are under the complete control of the governor or the Legislature, and some of which are not.

The day is long overdue when all of the taps should be under firm, centralized control.

THIS job the Rosellini administration —with the help and encouragement of some leading members of the opposition party—has undertaken to do.

The task of drastically overhauling Washington's costly and archaic fiscal system, with its 250 separate funds (each demanding treatment as a distinct budgetary and accounting entity), involves two different operations.

Part of the job can be accomplished by administrative edict. The other part entails legislation.

It should be noted that the idea of installing a modern system of accounting and budgeting for the ever-mushrooming units of state government is not new.

As long ago as 1948, the Legislative Council proposed an overhaul of the state fiscal system, and in 1953 the so-called Shefelman Committee made a similar study and proposal.

Then, as now, no state official knew for sure how much money the state and its agencies handled or how it was spent.

A FRESH approach was made by the 1957 Legislature, which appropriated $175,000 for the third study within a decade of the state fiscal system.

In July, 1957, Governor Rosellini appointed a board of outstanding authorities on state government to start the ball rolling. Members were Charles W. Hodde, Prof. George W. Shipman, John L. O'Brien, Ed Munro and Peter Giovine.

On the recommendation of this group, the governor in September, 1957, appointed John A. Donaho & Associates of Baltimore, a recognized consulting firm, to set up a uniform accounting system and program-type budget for all state agencies.

Last June, Rosellini ordered a number of state agencies handling funds outside the state Treasury and outside legislative budgetary review to submit business-type statements of reciepts, expenditures, assets, liabilities and net worth for the scrutiny of the 1959 Legislature.

THE next step will be taken this week when the governor's budget and accounting bill is introduced in the House of Representatives.

The measure would repeal or amend numerous vague or contradictory statutes which have had the effect of obscuring data necessary to business-like over-all fiscal control.

It would require the governor to submit a balanced budget and the Legislature to adopt a balanced budget.

Now, students of government are aware that it is no great trick to submit and adopt a budget that is balanced on paper. The problem lies in maintaining the balance throughout the succeeding biennium.

The new measure would give the governor and other appropriate officials sharply defined legal tools to keep state agencies from exceeding their authorized appropriations, and—in the event revenues fall below expectations—to make whatever cuts might be necessary to stay within the over-all budget.

The most delicate point in approaching this problem of fiscal responsibility and control involves the functions of those elective officials responsible directly to the electorate and not to the governor.

The governor's bill compromises on this point by exempting expenditure plans of any agency headed by an elective official (and the five state-supported institutions of higher education) from alteration by the governor. These agencies, like all others, would be required, however, to stay within their individual budgets.

IN any broad consideration of the state's budgetary problems it is important to keep in mind the gulf that has developed over the years between theory and practice in state-government fiscal affairs.

The new budget-and-accounting bill does not change the theory, which provides that the Legislature shall adopt a budget and the governor shall administer it.

What the bill proposes, rather, is to narrow the gulf between theory and practice by giving the governor powers to meet his responsibilities—powers that the framers of the State Constitution intended that he should have.

The effort to overhaul the state's fiscal system is not a partisan matter and should not be so regarded. It merits the support of all thoughtful citizens, regardless of party.

From a long-range point of view it is an important step toward halting red-ink spending.

The Seattle Times, Editorial, March 10, 1959

A Chance to End Needless Waste

ATTEMPTS to keep state expenditures from swelling up, balloonlike, beyond all efforts at reasonable control approach a climax this week in the Legislature.

Those efforts are centered, naturally, on the reducing of budget requests. But there is another way in which important savings could be effected—not only in the next biennium, but in succeeding decades.

We refer to a modernizing, a simplifying and a centralizing of the state's archaic, crazy-quilt budget and accounting system.

A bill to accomplish this (if not entirely, at least in large part) is now before the Senate. The measure, Substitute House Bill No. 373, passed the House of Representatives last week, almost unnoticed amid the furore surrounding a number of other measures of much less long-range importance to the state.

This bill represents no last-minute effort, hastily contrived. An overhaul of the state fiscal system has been the object of three intensive studies since 1948.

Recommendations of all three studies, strongly advocated by Governor Rosellini and by close students of state government in both political parties, are incorporated in Substitute H. B. No. 373.

The state can ill afford another two years of operating in its present fiscal maze—under a wasteful system which no modern private business would tolerate. It is incumbent upon the Senate to approve this long-overdue reform.

Rosellini Wins Fiscal Control Over Agencies

By The Associated Press

Governor Rosellini has won his fight to tighten his fiscal control over practically all state agencies.

His bill revamping the state budget and accounting system was approved by the Senate 30-17 after a 45-minute debate that ended shortly before midnight Tuesday night.

The bill takes away from the state auditor his pre-audit, accounting and check-writing functions.

Each state agency will handle its own pre-audit. A central budget agency under the governor will handle the accounting and make periodic reports on the state's fiscal conditions. And the treasurer will issue all state checks.

Elective officials and the five institutions of higher education will be exempt from the governor's fiscal control.

State Auditor Cliff Yelle, who opposed the governor's program to the bitter end, will lose 25 employes and a biennial appropriation that amounted to $302,000 for the current two-year fiscal period.

The measure, HB373, appeared dead when the Senate recessed for dinner Tuesday night, but Rosellini rallied support.

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He called members of the Senate Rules Committee to his office and the committee brought the bill out for action at the night session of the Senate.

Sen. Robert Greive attempted to amend the measure to prohibit it from being used to make ratable reductions in welfare grants.

"You're trying to save at the expense of the people least able to defend themselves," Greive said.

"The governor says that he doesn't intend to use this bill to make ratable reductions, but he won't be governor forever—that's for sure."

Sen. Wilbur Hallauer of Oroville, who has been supporting much of the governor's legislation, heplied to the Seattle Democrat:

"Is it bad public policy to trim expenses to fit the pocketbook?" Hallauer asked Greive.

An attempt was made by Sen. Edward Riley of Seattle to bring the five state institutions of higher education under provisions of the bill but the move was voted down.

Accounting-System Bill Passes Senate

By A STAFF REPORTER

OLYMPIA, March 11.—The Senate, responding to a personal appeal from Governor Rosellini, last night passed a controversial bill revamping the state's budget and accounting systems.

The bill was approved by the House last week and now goes to the governor for his signature.

The Senate's approval ended a ten-year bipartisan effort to overhaul the state's fiscal system.

The bill appeared dead when the Senate recessed for dinner, six hours before the midnight deadline for consideration of all measures except those dealing with revenue and taxation.

Committee Summoned

Rosellini, who had the bill introduced, rallied support by calling members of the Senate Rules Committee to his office. The committee put the bill on the calendar, and the Senate began considering it at 11 p. m.

In a brisk 45-minute debate, the Senate rejected two amendments and then sent the bill to the governor on a 30-to-17 vote.

One amendment would have prohibited ratable reductions in public-assistance grants. The other would have put the institutions of higher education under the act.

The bill gives the governor authority to pre-audit all state agencies except the institutions of higher education, schools and other offices headed by elective officials. The governor will be able to order cuts to keep spending within appropriations.

Greive Hits Bill

Senator R. R. Greive, Democratic floor leader, protested the fact that bill permits ratable reductions in public assistance.

"You're trying to save at the expense of the people least able to defend themselves," Greive said.

"The governor says that he doesn't intend to use this bill to make ratable reductions, but he won't be governor forever—that's for sure."

Senator Wilbur Hallauer, chairman of the Ways and Means Committee, replied that the state has a generous public-welfare program.

"Is it bad public policy to trim expenses to fit the pocketbook?" Hallauer asked.