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A Report to GOVERNOR PRESTON SMITH and the Texas Legislature

TEXAS RESEARCH LEAGUE P.O. BOX 12456/AUSTIN, TEXAS 78711

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THE TEXAS RESEARCH LEAGUE is a nonprofit educational corporation engaged in objective analyses of the operations, programs and problems of Texas government. The League makes no charge for its services which are financed by public-spirited citizens through annual contributions.

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BETTER BUDGETING AND MONEY MANAGEMENT FOR TEXAS

A Report to

Governor Preston Smith and the Texas Legislature

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PRESTON SMITH GOVERNOR OF TEXAS

November 23, 1970

Mr. Jim McGrew, Executive Director Texas Research League Post Office Drawer C Austin, Texas 78711

Dear Jim:

Practical means of achieving some kind of budget execution that would assure accomplishing program objectives at less than appropriated amounts wherever feasible, and that would prevent "last minute" spending merely for the sake of utilizing appropriated amounts, might be useful to our present search for economies in Texas State Government.

Would it be possible for your staff to examine that aspect of the budgetary process and develop some recommendations by early January, 1971? If your work schedules and the League's research review committee would permit attention to this problem, it might contribute significantly to efficiency in our state government regardless of who occupies the position of Governor.

Limited instances of review-and-approval by the Governor of particular operating budgets and of fund transfers might be usefully examined. Perhaps a more important aspect of the study-need is how to achieve budget execution oversight on a selective basis for achieving economies. I have not the slightest wish to seek any further workloads on my staff unless the cost-consequence ratio is highly favorable.

Your consideration of this request would be greatly appreciated.

Sincerely

Freston Smith

Governor of Texas



E. BRUCE STREET, Chairman Independent Oil Operator, Graham CHAS. F. JONES, Vice Chairman Vice Chairman of Board Humble Oil & Refining Company. Houston GROGAN LORD, Treasurer Chairman of Board TeleCom Corporation, Georgetown JAMES W. McGREW, Executive Director

February 1971

Honorable Preston Smith Governor of Texas Austin, Texas

Dear Governor:

We are pleased to submit this report in response to your request that we study the feasibility of budget execution in Texas.

We believe that budget execution powers can be effectively exercised only by the officials and staff charged with responsibility for initial preparation of the budget. The present duplication of budget-making authority that exists in Texas militates against the effective use of budget execution.

At the same time, we believe that both the Governor and the Legislature have an equal concern in shaping the spending program of the state government - the premise which underlies our present Texas system.

Accordingly, we are recommending that budget preparation be the responsibility of a State Budget Commission in which both the Governor and the legislative leadership would participate. To the extent permissible under our Constitution, we propose that the legislative leadership also participate in the budget execution policy.

This is not an untried system; it exists, with variations, in eleven states. North Carolina has employed a very similar system since 1961, and officials in that state have discussed it in detail with our staff. These officials state that budget execution produces biennial savings of some \$50 million on a state budget about half that of Texas.

You, and other state officials, have indicated a very real desire to conduct the business of Texas in an efficient and economical manner; budget execution has proved to be the most effective tool available for this task.

Thank you for giving us this opportunity to be of service.

Sincerely

James W. McGrew Executive Director

TABLE OF CONTENTS

		Page
I.	THE MONEY-MANAGEMENT CYCLE IN STATE GOVERNMENT	1
	Development of the Texas Budget System Twenty Years of Growth in State Spending	2 2
II.	THE TEXAS BUDGET SYSTEM IN OPERATION	5
	Efforts to Establish Budget Execution in Texas The First Texas Research League Study Patman Committee Recommendations Proposals by Governor Smith The New Texas Research League Study	7 7 9 9
III.	WEAKNESSES OF THE TEXAS SYSTEM	11
	Fragmentation and Duplication in Preparation Uncontrolled Budget Implementation Obstacles to Budget Execution in Texas	11 12 14
IV.	A PROPOSED BUDGET SYSTEM FOR TEXAS	17
	Recommendations Cooperation of Other Agencies Prospective Benefits Future Budget-Related Studies No Margin for Waste and Inefficiency	17 20 21 22 23
ADDEN	TITY	Δ-1

THE MONEY-MANAGEMENT CYCLE IN STATE GOVERNMENT

Budgeting is the primary means for planning and controlling expenditures — in both public and private affairs. No business can operate profitably, no private organization long can stay solvent, and no government can function efficiently and economically without a sound budgeting system. Not only what is done but also how well and at what cost are largely determined by the effectiveness of the budgeting process.

Governmental budget systems usually include three phases: (1) preparation, (2) adoption, and (3) execution. In recent years a fourth function of fiscal policy review has been added in some states. Placement of legal responsibility in the conduct of the different phases of the budget process (budget structure) varies among the states. Executive, legislative and administrative roles are not uniform. The authority granted to different participants and the relationship of various functions create great variety in the operation and effectiveness of the budgeting systems of the states.

Budget Preparation. Budget preparation is the process of drafting a proposed financial plan for the state. This phase begins with the development of instructions by the central budget authority to guide agencies in composing their requests for funding during the upcoming fiscal period. When agency requests are submitted, the central budget staff reviews them and develops recommendations designed to convert the hundreds of individual requests into a unified plan for state spending. In preparing instructions and in screening agency requests, the budget staff is guided by policy directives adopted by the elected officials designated by law to prepare a proposed state budget. Staff recommendations are reviewed and modified by these elected officials, and a proposed state budget is prepared for consideration by the legislature.

Budget Adoption. Budget adoption is the legislative phase of the budget process. During this phase the legislature studies, debates and modifies the proposed budget. Legislative committees usually hold hearings and give administrative officials an opportunity to appeal the recommendations of the budget-making authority. The degree to which staff assistance is utilized during budget adoption differs, but it is evident that such assistance is required to arrange committee business and to draft the final version of the state budget which the legislature enacts. This phase is concluded by the governor who approves the enacted budget, often eliminating certain items through exercise of his veto power.

Budget Execution. Budget execution is the actual implementation of authorized appropriations. The term is sometimes used to indicate all the activity which follows budget adoption. It ordinarily conveys the meaning, however, that a central authority manages and oversees the spending

authorized for individual agencies. The purpose of budget execution is to maintain the policy integrity of the adopted state financial plan while achieving such fiscal economy and management efficiency as changing circumstances arising during budget implementation permit. Centralized budget management is practiced by a majority of the states and is usually performed by the same elected authority and the same staff which prepare the proposed budget.

Policy Review. Recognizing that the conditions which prompted establishment of government programs may change, several states have instituted a fourth step in the money-management cycle - fiscal policy review. The purpose is to reexamine the objectives of governmental services, the manner in which they are provided, and the results which they achieve. The review function is usually separated from the regular operating responsibilities for budget preparation and execution, sometimes in an independent commission. By making in-depth analyses of a limited number of programs, a fiscal policy review staff can provide basic information to the governor and the legislature for redesigning state services to meet changing public needs.

DEVELOPMENT OF THE TEXAS BUDGET SYSTEM

State governmental budgeting in Texas did not begin until mid-century following creation of the Legislative Budget Board (LBB) in 1949. In prior years, state agencies submitted their spending requests to the State Board of Control, which, by and large, simply compiled them into a single volume for presentation to the Governor and to the Legislature. Dissatisfaction with the inability of the State to develop a reasonable spending plan for legislative consideration led to passage of a bill in the 51st Legislature establishing the LBB. The following session of the Legislature enacted a bill making the Governor the "Chief Budget Officer" for the State and abolishing the Division of Estimates and Appropriations in the Board of Control.

The actions of the 51st and 52nd Legislatures marked a significant improvement in the State's ability to manage its financial affairs. Development of the legislative and executive budget offices enabled the State to begin giving more careful forethought to the application and productivity of its fiscal resources.

TWENTY YEARS OF GROWTH IN STATE SPENDING

When the Legislative Budget Board and the Governor's Budget Office were created, the Texas budget had just reached a new fiscal high-water mark: a billion-dollar appropriation for the 1950-1951 biennium. Changes in the size and complexity of state fiscal affairs in the ensuing 20 years

almost stagger the imagination. Only the labels remain the same. State programs and services have multiplied many times over. State expenditures today are more than six times what they were in 1950. Now, in less than four months, the State spends an amount equal to two years of spending when the present budget system was established. State expenditures promise to increase to seven or eight times their former size in the near future.

The rapid growth in state spending, especially in the 1960s, has placed a tremendous and almost overwhelming burden on the State's budget system. Planning and controls which may have been adequate for a billion-dollar biennial budget no longer serve the needs of a state with a sixto eight-billion-dollar two-year expenditure total.

THE TEXAS BUDGET SYSTEM IN OPERATION

Among the states, only Texas and New Mexico have a dual process of budget preparation. In Texas both the Governor and a special agency of the Legislature, the Legislative Budget Board, prepare proposed biennial budgets. (See chart on the following page.) While state budget law calls for cooperative development of instructions and joint hearings, policy deliberations and decision-making in the preparation phase are performed separately.

The Governor usually submits a complete financial plan, including recommendations for such additional revenues as his budget may require. The Legislative Budget Board ordinarily prepares what is commonly acknowledged to be a "skeleton budget." The LBB budget naturally is used by the legislative leadership as the working document for the House Appropriations Committee and the Senate Finance Committee.

The Governor's budget often has not been introduced in the past. It is consulted by the Legislature mainly in those instances where the Governor makes a strong public appeal for support of a substantial policy issue. The Governor's revenue plan usually is introduced because it is the only one which has been prepared. Combined with projected revenues from current sources, the Governor's revenue plan often becomes, in effect, the first approximation of a new expenditure ceiling.

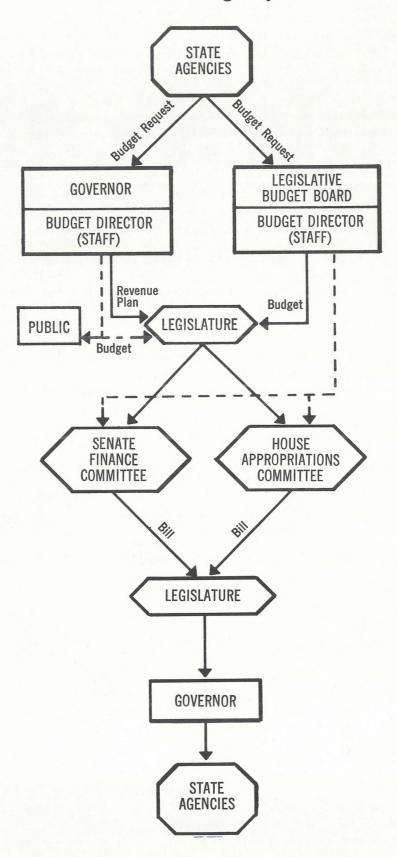
COMPARATIVE GENERAL REVENUE FUND BUDGETS (in millions)

Biennium	LBB	Governor	Appropriation
1962-1963	\$ 354.8	\$ 374.8	\$ 392.4
1966-1967	561.1	593.1	616.3
1970-1971	1,087.4	1,162.2	1,227.6

(All figures exclude appropriations for Legislature.)

Because the Legislature begins budget consideration using the spending floor developed by the Legislative Budget Board, the adoption phase of the budget process in Texas actually resembles the budget-preparation function. The House Appropriations Committee and the Senate Finance Committee hold separate hearings with every government agency which asks to appear. Committee members listen to all the pleas for higher spending which had been presented by the agencies at staff hearings six to twelve months earlier. Upward adjustments to the spending floor are

The Texas Budget System



made. New programs are added. New facilities are funded. Finally, a conference committee "compromises" the differences between House and Senate versions of the budget and the appropriations bill is enacted. A new tax bill quickly follows to meet additional revenue requirements when necessary.

When the Governor signs the appropriation bill, signaling the end of the adoption phase, the budget process (as it is usually defined) comes to a rather abrupt end. There is no organized and continuing budget execution in Texas. The Governor is customarily given some limited authority to oversee certain spending through provisions of the budget bill itself. For example, every rental or purchase of electronic data processing equipment and every rental of other equipment exceeding \$1,000 per year in cost are subject to prior approval by the Governor. The Governor, also, must approve the purchase of airplanes and helicopters by the Department of Public Safety and the purchase of boats in excess of 20 feet in length by the Parks and Wildlife Department. (A complete listing of such provisions appearing in the current appropriation act is found in the Appendix.) Such provisions are limited, however, and most of the discretion for decision and judgment involved in implementation of the budget rests in the hands of state agencies. By and large, the Texas budget goes uncontrolled for two years until the Legislature meets again.

EFFORTS TO ESTABLISH BUDGET EXECUTION IN TEXAS

The ink was barely dry on the legislation creating the basic components of the Texas budget system when the first attempt was made to add budget execution. The 52nd Legislature wrote into the appropriation bill of 1951 provisions granting budget-execution power to the Legislative Budget Board. The authorization was narrow in scope, providing only that quarterly budgets were to be submitted to and approved by the Board before any agency or institution could spend any appropriation.

The attempted improvement was short-lived. In an opinion requested by Governor Allan Shivers, the Attorney General ruled (Opinion No. V-1254, August 25, 1951) that budget execution was an executive function which could not constitutionally be delegated to a legislative agency. With the downfall of the 1951 effort, the State settled into ten years of institutionalizing the budget-making machinery which had been established.

THE FIRST TEXAS RESEARCH LEAGUE STUDY

In 1961, Lieutenant Governor Ben Ramsey and the Legislative Budget Board asked the Texas Research League to undertake a study of the work of the

legislative budget-making agency. Governor Price Daniel requested that the Governor's Budget Office be included. Based on this joint request, the League engaged in a comprehensive study of state budgeting in Texas and throughout the country.

After an extensive survey in other states, including lengthy on-site visits in twelve different locations, the League reached these conclusions regarding state budget organization:

- 1. There is no question but that the executive-dominated budget pattern can be, and frequently is, very efficient in both budget preparation and budget execution.
- 2. The executive-dominated budget pattern suffers in practice from the fact that it tends to shut the Legislature out of the important policy decisions which attend the budget process. Sooner or later the Legislature reacts against this situation and, as a result, the completely executive-dominated budget pattern is on the wane among the states.
- 3. The balanced budget pattern approach of several states has much to commend it. It has evolved from practical necessity and is frequently in an experimental stage. Essentially the balanced pattern is based on the sound concept that the budget process is so important that it deserves the careful attention and full understanding of both the executive and legislative branches of government.

The League study cited the absence of any systematic method of budget execution as an overriding weakness of the Texas system. In budget preparation, the League found the dual process lacking in strength and wasteful of effort, resulting in many of the same disadvantages which still exist today.

When the League concluded its study, however, other matters had reached the top of the State's agenda. Lieutenant Governor Ramsey had been appointed to the Railroad Commission and Governor Daniel had been succeeded by Governor Connally. No report was issued and no action was taken.

Throughout the administration of Governor John Connally, numerous attempts were made to include a system of executive budget execution in the State's money-management process. The Legislative Budget Board recommended in 1963 "that the Governor be authorized to use a method for assuring that appropriated funds are efficiently expended and that legislative intent is fulfilled." The LBB actually prepared a bill draft for introduction into the Legislature which would have enabled the Governor, "whenever he found it desirable, to require any agency

in the executive branch of the Government to submit for his advance review and approval a six-month operating and spending plan." In support of this recommendation, the Board said: "It is believed the method could be effectively administered to prevent 'deficiencies,' to effect saving, to enforce legislative intent, and to make spending more consonant with realistic public needs."

The Legislative Budget Board bill was never introduced. A similar bill introduced by Governor Connally in 1965 fared somewhat better, but came to the same final end - it failed - as did each recommendation he made.

PATMAN COMMITTEE RECOMMENDATIONS

In spite of the failures, the need for improvement proved too great to let the issue rest. The Senate Interim Committee on Economy in State Government, created by the 60th Legislature and chaired by Senator Wm. N. Patman recommended in 1969 "that the Governor's Budget Office be given such additional legislative authority and financial support as may be necessary in order to institute an effective program to analyze and evaluate budget execution by state agencies." In support of this recommendation, the Committee report stated that "the only assurance of careful adherence to the original budget purposes is an effective program of budget execution . . . " Citing the many contingencies which may affect the budget during implementation, the report continued: "The Committee believes that a modern program of budget execution under the office of the Governor would better assure the wise expenditure of tax dollars and adherence to original legislative intent."

PROPOSALS BY GOVERNOR SMITH

Governor Smith endorsed the recommendation of the Patman Committee in his Budget and Tax Message to the 61st Legislature, stating: "My experience in the Legislature has taught me it is exceedingly difficult to write an appropriations bill in such a way as to spell out every restriction, every procedure, every objective without severely limiting the latitude for managerial decisions and the flexibility that is vital to governmental effectiveness and economy in operation." The Governor specifically asked that the Legislature consider providing authority "which would authorize the Governor's approval, on a selective basis, of plans for expenditure of appropriated funds." As with earlier recommendations, that of the Senate Interim Committee and the Governor came to naught.

THE NEW TEXAS RESEARCH LEAGUE STUDY

Faced with a prospective deficit of several hundred million dollars for the 1972-1973 biennium, Governor Smith and the legislative leadership in late 1970 began exploring all alternatives for economies in state government operations. It was in this context that the Governor requested the Texas Research League to undertake a new study of budget execution.

The League staff, with barely two months time available for research, began with a review of the findings and conclusions from the comprehensive budget study made ten years earlier. The second step was an analysis of developments in Texas and other states since the prior study was completed.

To recheck the practicality of conclusions reached in 1962, the League's Research Director visited budget authorities in Mississippi and North Carolina. These two states for several years have been following a joint executive-legislative budgeting process similar to the pattern which the League had proposed informally to Texas government leaders.

Both Mississippi and North Carolina have developed effective budgeting systems under which authority is shared by the governor and the legislative leadership in joint commissions. Both states have been able to adopt and execute balanced spending and revenue plans which will produce an operating surplus at the end of their current fiscal periods. Authorities in both states credit substantial savings achieved through budget execution with helping to effect their favorable fiscal situations.

III

WEAKNESSES OF THE TEXAS SYSTEM

Budgeting in Texas today is certainly more effective than it was in the "no budget" days prior to 1949. But the State's 20-year-old system is inadequate for coping with the tremendous task of planning and overseeing a current budget of three to four billion dollars a year.

FRAGMENTATION AND DUPLICATION IN PREPARATION

Texas' dual process of budget preparation naturally produces fragmentation in expenditure planning. The Governor prepares a complete financial plan, including any revenue measures which may be required to balance his budget. But, the Legislative Budget Board, composed of ten legislative leaders, including the Lieutenant Governor and the Speaker of the House, prepares a separate budget. The result of this fragmentation is that it does not produce a comprehensive, coherent and balanced fiscal plan which the Legislature will consider.

The LBB budget is ordinarily a "maintenance of effort" budget intended to serve, not as a policy document, but as a spending base upon which to build during the legislative session. It is this budget which is always introduced into the Legislature and used by legislative appropriation committees. The Governor's budget is often tossed aside except where the Governor is able to develop broad public support for major policy recommendations. The balancing half of the Governor's financial plan, his revenue package, can be taken by the Legislature as an indication of the ceiling on spending which the Governor would approve. Rather than being considered by the Legislature as part of a balanced fiscal recommendation, the Governor's revenue plan may become a spending target for budget-making during the adoption phase.

While the Governor's staff and the LBB staff perform all the detailed work necessary to produce two separate budgets, only the effort of the LBB staff is fruitful. Except in cases where the Governor's public appeals gain legislative consideration of particular issues in his budget, the work of his staff is wasted. This duplication of effort may be partly responsible for the fact that neither budget staff is large enough to perform an effective job of budget preparation. The combined offices have 21 professional staff members, plus clerical support, and operating budgets totaling more than \$900,000 for the current biennium. Yet, there is too little manpower in either office alone to cover institutions, programs and problems in a budget of over \$3 billion a year.

BUDGET OFFICES PROFESSIONAL STAFF

	LBB	Governor
Director	1	1
Chief Examiner	1	1
Principal Examiner	1	
Special Examiner	1	
Budget Examiner III	1	3
Budget Examiner II	4	2
Budget Examiner I	1	3
Tax Specialist		_1
Total	10	11

Source: 1972-1973 Budget Request.

Budget staff turnover historically has been excessive, especially in the Governor's Office. Turnover produces inexperience and demands terrific training effort on the part of remaining staff members. Limited and inexperienced personnel contribute to an increasing inability of the budget staffs to keep up, to know the operation of state agencies, to follow the administration of programs and to discover program and agency strengths and problems. As a result, in-depth fiscal and program analysis becomes very difficult to achieve. "Rule of thumb," intuition, hunch and "feel" become the basis for budget request analysis and recommendation.

UNCONTROLLED BUDGET IMPLEMENTATION

The absence of any organized method for gubernatorial or legislative oversight of state budget implementation constitutes a fundamental weakness which has always affected the Texas money-management process. The Texas budget runs two years. Actual appropriations are based on forecasts and estimates which are often prepared 30 or more months ahead of time. Budgets deal with the future and best-guesses about the future are required in preparing and adopting the state spending plan. How many students will enroll in educational programs? Will the prison population change? Will medical prices increase? How much? Will federal programs be amended? Will federal grants increase or decrease?

Under Texas' present system the assumptions on which the budget is based are locked into the implementation process:

- Population estimates of state institutions multiplied by an approved unit cost produce an authorized spending level. If actual population falls short of projections, appropriated funds are still available to be

used as the institution finds expedient, raising unit costs appreciably higher than the appropriated level. For example, the Texas Youth Council was appropriated \$7.2 million to operate its correctional schools for 1970, based on an estimated daily population of 3,632 students. Actual daily population during 1970 was 2,479, or an average of 1,153 fewer students per day. This difference permitted expenditures which were more than 30 percent higher than the per-student appropriated level. About \$1.7 million might have been saved if expenditures had been limited to the appropriated level per student day. The Legislature gave the Governor authority to approve quarterly allotments made by the Youth Council through a rider to the current appropriation bill, but the authority proved ineffective in the context of the present system. (See the Appendix, Art. II, p. 41.)

- Federal grants are estimated at a given amount, and state funds added to provide an authorized program level. Should federal appropriations increase the amount of money available to Texas, state funds still remain at the authorized figure, sometimes producing an actual spending level significantly higher than the Legislature contemplated. Appropriations for vocational-technical education in 1971 totaled \$25 million, including \$11 million in state funds to supplement \$14 million in anticipated federal money. Actual expenditures will approach \$35 million as the result of an unexpected \$10-million increase in federal funding which was simply added to the legislatively authorized level.
- Higher education is financed in part from tuition and other income reserved for each institution. state tax funds are appropriated to "make up the difference" between these "local funds" and total institutional budgets. When reserved income exceeds budget assumptions, total state allocations are still available for setting up new programs, raising salaries, or use in other projects and programs as the institutions see fit. During the 1970-1971 biennium, to illustrate, actual "local" income is expected to exceed estimates by some \$16 million, and total institutional spending will be higher than original appropriations by this amount. As a compounding factor, projected expenditures for the next biennium (1972-1973) use only part of this actual increase to underwrite future programs, leaving at least \$10 million, plus growth, again freely available to higher education institutions for increased spending.

- The Department of Public Welfare has requested a 200percent increase in state funds for administration of
welfare programs during the 1972-1973 biennium. In
the meantime, however, the Department has instituted
or proposed new procedures which might reduce these
requirements by upwards of \$20 million.* Only experience and a complete recalculation of the federal share
of funding after these procedures are firmly in place
will permit precise determination of the state cost.
Under the current budget system, appropriated state
funds which are saved as a result of these new approaches will remain available to the Department for
such use as the agency may determine.

Without a system for centralized budget execution, there is no way for the State to be assured that legislative policy is followed in the spending process. The results not only may be uneconomical at the time, but also may build into future budgets additional spending requirements which strong budget execution could avoid.

OBSTACLES TO BUDGET EXECUTION IN TEXAS

Despite the obvious need for budget-execution authority in Texas government, grafting such authority onto the present dual budget-making system might cause as many problems as it could cure.

In every state that employs budget execution, the responsibility is vested in the same professional staff that prepares the single budget proposal presented to the Legislature. In other words, this staff helps to implement a budget which it helped draft in the first place.

The states which operate under a joint executive-legislative budget commission have a further advantage in budget execution. The staff which prepares the budget also serves the legislative appropriations committees during the hearing process. With this background, the staff may be expected to fulfill the budget-execution responsibilities with reasonable confidence in their understanding of program objectives and legislative policies. Where there is a question, it can be resolved by the governor and legislative leaders serving as members of the state budget commission during the interim period between legislative sessions.

If the Governor of Texas alone were charged with budget-execution responsibilities, his staff would enjoy none of these advantages. His staff members do not participate in drafting the basic appropriation

^{*}A new system of self-declaration by applicants and a program of vendor drug payments.

bill or the legislative budget from which it is taken, and they usually are not present during committee deliberations when legislative policy is spelled out in expanded spending authority. These functions are all fulfilled by the Legislative Budget Board staff, making this group the more logical repository of budget-execution responsibility. But the Attorney General has already ruled this approach to be illegal.

A PROPOSED BUDGET SYSTEM FOR TEXAS

Texas already has the basic ingredients of a balanced budget-preparation pattern in which both the Governor and the Legislature participate in policy planning. Precedent already has been set for budget execution by the Governor on a limited scale - usually after seeking the advice of legislative leaders. There have been repeated proposals by both governors and legislative committees to establish budget execution on a continuing basis. The separate staff agencies of the Governor and the Legislature have cooperated regularly in various technical aspects of their budgeting responsibilities.

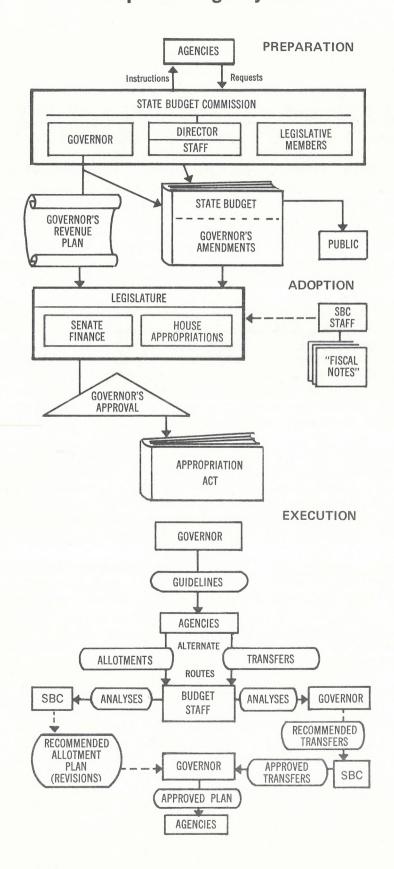
The Texas Research League believes the time has come to take the next logical steps in the establishment of a coordinated state money-management system by building on the evolutionary developments of the past two decades. Growth in the fiscal responsibilities of state government now demand that every effort be made to prepare rational financial plans for state services and to ensure that such plans are carried out as efficiently and economically as possible. (See chart of proposed budget system on the following page.)

RECOMMENDATIONS

- 1. Structure. It is recommended that a State Budget Commission be established, including the members of the present Legislative Budget Board, with the Governor as Chairman. The present executive and legislative budget staffs would be combined under a Director appointed by the Governor for a two-year term with the consent of the other Commission members.
- 2. Budget Preparation. It is recommended that the State Budget Commission prepare a budget for submission to the Legislature including in the same document any amendments which the Governor might propose.

In preparing a proposed budget, the Commission staff would issue instructions to state agencies and institutions for making budget requests and would hold hearings on those requests. (Commission members might participate in the hearings, at least on a selective basis.) A consolidated budget proposal would be adopted by the Commission by majority vote. However, the Governor would reserve the right to recommend any changes in the proposed budget which he might deem advisable. The Governor also would retain his responsibility for submitting any revenue measures which might be required to finance the proposed budget, as modified by his amendments.

Proposed Budget System



The Commission staff would prepare an appropriation bill to implement the proposed budget, along with alternative attachments designed to carry out the Governor's amendments.

Budget Adoption. It is recommended that the State Budget Commission staff be assigned to work with the legislative appropriation committees during the session, and to prepare "fiscal notes" estimating the prospective impact of proposed legislation requiring spending increases by the State. It is further recommended that a Fiscal Assistant be assigned to each appropriation committee from the offices of the Lieutenant Governor and the Speaker, respectively, to schedule hearings, keep records of committee actions and to perform such special functions as might be delegated to them by the committee chairmen.

State Budget Commission staff members assigned to the appropriations committees would know the background of agency requests, Commission recommendations and any amendments proposed by the Governor. These staff members would be able to answer questions and do additional research required by committee members during the hearing and adoption process. Fiscal notes prepared by the staff members to analyze proposed spending measures would permit a more realistic appraisal of the cost of program changes while they are under legislative consideration.

The Fiscal Assistants, in addition to arranging the committee schedules and handling other secretarial functions, would be responsible for keeping an accurate record of changes in the Commission's recommended budget and for drafting the final appropriation act. The Fiscal Assistants would perform other duties assigned by the Speaker and Lieutenant Governor when the Legislature was not in session.

4. Budget Execution. It is recommended that the State Budget Commission be given full authority to supervise the implementation of the state appropriations bill through a process of budget execution in which: (1) the Governor, with the advice of the legislative members of the Commission, would approve agency operating budgets on a periodic allotment basis; and (2) the Commission would approve transfers of funds on the Governor's recommendation.

After adoption of the appropriations bill, the State Budget Commission staff would issue instructions to state agencies and institutions for submission of operating budgets to be approved by the Governor with advice of the Commission. Approval might be on a biennial, annual, semi-annual, quarterly, or even monthly basis. The allotment system should be used selectively to ensure achievement of major program objectives as efficiently and economically as possible.

Where economies can be effected, the Governor would have authority to reduce proposed operating budgets, with advice of the other members of the Commission (particularly on large reductions). This would be an executive responsibility.

Where funds saved by economies in one program are needed for a purpose other than that approved by the Legislature in the Appropriations Bill, transfers would be recommended by the Governor but would be made only with the approval of the full Commission. Such transfers involve legislative prerogatives.

State agencies and institutions would be required to report their expenditures to the State Budget Commission and to establish accounting procedures required in the budget-execution process. The ability of the Commission to control expenditures by reserving unexpended allotments, and to reallocate funds among changing needs, would depend on establishment of an accounting system showing the amount of funds uncommitted as of any given date. Submission of accurate reports on actual expenditures and program results achieved would enable the Commission to do a much more rational job of fiscal planning and execution for the State.

COOPERATION OF OTHER AGENCIES

Cooperation of the Comptroller of Public Accounts, the State Auditor, the State Classification Officer and Systems Division in the State Auditor's Office and the Board of Control would be necessary to make budget execution work smoothly. Each agency would have an important collateral responsibility in the operation of the system.

Comptroller of Public Accounts. As the State's central accountant, the Comptroller would continue to enforce appropriation accounting controls. The proposed system would give the Comptroller's Office the additional responsibility of enforcing allotment controls.

State Auditor. The State Auditor has authority under current law to prescribe agency accounting systems. The cooperation of the State Auditor would be required to establish agency accrual accounting methods necessary to the budget-execution system. In addition, the State Auditor would check on agency compliance with approved allotment plans during the course of his regular postaudit.

State Classification Officer. Outlays for personal services are a major element of state spending and would represent an important factor in a budget-execution system. Improvements in state personnel policies can be achieved through cooperation between the State Budget Commission and the State Classification Officer.

Systems Division. Cooperation between the Systems Division of the State Auditor's Office and the Commission will be necessary to achieve the full advantages of budget-execution oversight of electronic data processing systems utilization and management.

Board of Control. The Board of Control is the State's largest purchasing agency. This agency, also, controls assignment of space in the Capitol Complex. Both functions would need to be exercised in concert with the budget-execution controls of the State Budget Commission.

PROSPECTIVE BENEFITS

Implementation of the proposed new fiscal-management system for Texas would allow major improvements in the State's ability to allocate and utilize its fiscal resources effectively and efficiently. The improved system would encourage development of:

- 1. cooperative and strengthened relationships between the executive and legislative branches in developing and implementing the budget;
- 2. a more comprehensive and coherent state financial plan for consideration by the Legislature;
- 3. greater focus on important policy issues in the budget during legislative consideration, including all proposals and recommendations of the Governor;
- 4. more thorough consideration of the fiscal impact of policy issues contained in bills presented to the Legislature;
- 5. more effective utilization of state budget staffs;
- 6. greater efficiency in implementation of the adopted state budget and adequate supervision to assure that legislative intent is followed;
- 7. improved flexibility in shaping state financial provisions to changing conditions during the periods when the Legislature is not in session; and
- 8. better state services rendered more economically.

Employing a balanced executive-legislative budgeting system similar to that proposed in this report, the State of North Carolina (with a budget about half the size of Texas') expects to enter the next biennium with a \$50-million "cushion" achieved through limitation of expenditures authorized in the state appropriation bill. Officials in that

state testify that the budget proposals jointly agreed to by the governor and the legislative leadership for the basic operating programs of the state are closely followed in the final appropriations bill. The staff serving both the governor and the legislative leaders in the joint commission has developed a high degree of objective competence in preparing the budget, staffing the appropriations committees and executing the approved spending plan.

A balanced, coordinated money-management system, with a rational plan of spending priorities coupled with efficient budget execution, can give Texas better state services at lower cost and help avoid future fiscal crises.

FUTURE BUDGET-RELATED STUDIES

Budgeting is a crucial aspect of management in any enterprise, but it does not take place in a vacuum. Other important management policies and processes are related to the budget. These other areas are potential sources of improvement in the overall ability of the State to administer its programs and services effectively.

Personnel. The personnel system of the State covers only about one-half of total state employees. Significantly, higher education employees are excluded from the classified personnel policy. The classified system, furthermore, is focused primarily on the limited purpose of "equal pay for equal work." Recruitment, training, salary and wage administration, performance evaluation, employee benefits and other important aspects of a comprehensive personnel policy are not sufficiently considered in the current scheme. Development of a comprehensive state personnel policy and methods and procedures for administration of this policy should be placed on the future agenda of budget-related studies.

Management Analysis. Not only what services government renders or what objectives it seeks to achieve, but also the manner in which it undertakes to accomplish public purposes significantly affects both the ability of government to reach its goals and the costs of pursuing them. Organization, staffing, methods and procedures of work, and other similar administrative matters regarding state agencies and functions have measurable budget implications. While questions in all of these areas arise during every budget cycle, a continuous system for identifying problems and developing improvements has never been adopted. Implementation of the proposed budget system will no doubt heighten the State's recognition of opportunities to improve the management of state business and the utilization of state resources. The organization and operation of a continuous program of administrative improvement through systematic analysis of management problems and development of more effective organization and methods should be considered.

Capital Budgeting. The development and implementation of a budget for buildings and similar physical facilities technically is very different from operations budgeting, although they should be carried out in close coordination. Texas still does not have an adequate capital budget system and time limitations have prohibited the League staff from giving the subject proper attention in this report. The development of this important fiscal tool should be high on the agenda of possible future studies.

Program/Performance Budgeting. Texas has made some progress in identifying the program objectives for which state money is spent, but little has been done to evaluate the success of state-financed programs in achieving their objectives. A number of states have developed budgeting systems which give policy-makers facts on purposes and accomplishments which are far more useful than itemized data on salary levels, staffing patterns and property purchases. Creation of a single well-staffed state budget agency should permit Texas to develop much more effective budgeting processes and techniques. Studies aimed at this purpose should be initiated as soon as possible.

NO MARGIN FOR WASTE AND INEFFICIENCY

As Texas moves into the era of state government spending on the order of \$10 million a day, the demands for efficiency and economy in the delivery of state services become imperative. The recommendations in this report would help prevent waste and inefficiency without impairing services. But no system can be static in a period of dynamic change. It needs constant study, reevaluation and redesign. Adoption of the proposals in this study should represent only the starting point in continuing efforts to make Texas' money-management system serve the public interest.



APPENDEX

BUDGET-EXECUTION AUTHORITY GIVEN TO THE GOVERNOR IN THE 1970-1971 BIENNIUM APPROPRIATION ACT

ARTICLE II. PUBLIC HEALTH, HOSPITALS, SPECIAL SCHOOLS AND YOUTH INSTITUTIONS

Department of Health

"The State Board of Health is hereby authorized to transfer appropriated funds between tuberculosis hospitals under its jurisdiction and the Tuberculosis Control Program of the Department of Health. Such transfers shall provide for the maximum utilization of funds in accordance with the Board's plan for tuberculosis control in Texas, and shall have the prior approval of the Governor." (p. 4)

Department of Mental Health and Mental Retardation

"It is hereby declared to be legislative intent that the appropriation made above shall finance construction projects in such a manner as to provide facilities which meet the needs of the Department and the approval of the Board of Mental Health and Mental Retardation. Any funds in excess of the amounts required to complete the listed projects are appropriated to the Board for allocation to other construction projects with the advance written approval of the Governor." (p. 15a)

"It is further provided that all or part of the appropriation made above for the Department of Mental Health and Mental Retardation Construction Program together with any unobligated balances which are reappropriated by the Special Provisions of Article II of this Act may be allocated by the Board of Mental Health and Mental Retardation with the advance written approval of the Governor for matching any Federal grant made to said Board for constructing or improving facilities for the care, training, or treatment of mentally ill or mentally retarded persons. Provided, however, that copies of such requests for the Governor's approval, and notice of the Governor's actions on such requests, shall be filed with the Legislative Budget Board." (p. 15a)

Department of Mental Health and Mental Retardation and Texas Youth Council

"e. TEACHERS. Each principal, supervisor, or classroom teacher of children in each State School or Home specified in this Article shall receive as a minimum salary the classroom or exceptional teacher's monthly salary rate specified in Senate Bill No. 116, Acts of the Fifty-first Legislature, 1949, as amended.

"Salary rates in excess of the minimum amounts specified in Senate Bill No. 116, as amended, and the salaries of coaches and teachers of exceptional children, may be paid with the advance written approval of the Governor; but such approved rates shall never exceed the rates of pay

for like positions paid in the public schools of the city in which the State School or Home is located." (p. 38)

Article II Agencies

"Charges to employees for lodging shall be based on a schedule developed by the respective governing boards and approved by the Governor; provided, however, that copies of such requests for the Governor's approval, and notice of the Governor's action on such requests, shall be filed with the Legislative Budget Board." (p. 39)

"Sec. 4. UNEXPENDED BALANCES. a. All unexpended balances not otherwise restricted by general law remaining in the respective appropriation items at the close of the fiscal year ending August 31, 1970, are hereby reappropriated to the agencies named in this Article for the fiscal year beginning September 1, 1970, and may be allocated to any institution or agency, other than the central offices, under the respective agencies to be expended for such purposes as are approved by the respective governing boards with the approval of the Governor. It is the intention of the Legislature that the unexpended balances shall not be used to increase the operating level of the institutions unless it is deemed necessary by the Governor." (p. 39)

"This section shall not apply to the State Health Department, except that unexpended balances as defined above, from appropriations to tuberculosis hospitals and the Tuberculosis Control Division only are reappropriated and may be reallocated by the Board of Health to any tuberculosis hospital or the Tuberculosis Control Division for such purposes as are approved by the Board of Health with the approval of the Governor." (p. 39)

"b. Unexpended balances reappropriated by this Section to the Texas Department of Mental Health and Mental Retardation may be allocated by the Texas Board of Mental Health and Mental Retardation for operation of the Vernon Center. Such allocation shall be in addition to funds appropriated in this Act to the Vernon Center, and shall have the prior approval of the Governor." (p. 39)

Department of Mental Health and Mental Retardation and Texas Youth Council

"b. QUARTERLY BUDGETS. The respective governing boards shall approve quarterly budget allotments for each institution under their jurisdiction prior to the encumbrance or expenditure of any of the funds appropriated in this Article; provided, however, that the Board of Mental Health and Mental Retardation and the Texas Youth Council must first secure the advance written approval of the Governor before making any such budget allotments. Any subsequent amendments to such quarterly budget allotments by the Board of Mental Health and Mental Retardation or the Texas Youth Council must also have the advance written approval of the Governor. Certified copies of the approved quarterly budgets

shall be filed with the Governor's Budget Division and the Legislative Budget Board within five (5) working days after approval." (p. 41)

ARTICLE III. EXECUTIVE AND ADMINISTRATIVE DEPARTMENTS AND AGENCIES

Adjutant General's Department

"It is further provided . . . that in the event units of the Texas National Guard are inducted into Federal service, the revised operating budget of the Adjutant General's Department shall be subject to the approval of the Governor." (p. 5)

Alcoholic Beverage Commission

"None of the funds appropriated hereinabove to the Texas Alcoholic Beverage Commission shall be expended for building rentals without the written approval of the Governor." (p. 18)

National Guard Armory Board

"It is further provided . . . that in the event units of the Texas National Guard are inducted into Federal service, the revised operating budget of the National Guard Armory Board shall be approved by the Governor." (p. 27)

Commission for the Blind

"It is also provided that, in the event of expansions of Federal programs, additional Federal funds becoming available may be used to employ additional personnel necessary to carry out the expanded programs, but only with the advance approval of the Governor; provided, however, that copies of such requests for the Governor's approval, and notice of the Governor's action on such requests, shall be filed with the Legislative Budget Board." (p. 35)

Department of Corrections

"Any unexpended balances remaining in projects under the respective items for Building Appropriations may, with the approval of the Governor, be transferred and used for the purposes of completing construction of other projects enumerated in the same item; provided, however, that copies of such requests for the Governor's approval, and notice of the Governor's action on such requests, shall be filed with the Legislative Budget Board." (p. 59)

"It is further provided that . . . of the building appropriations made hereinabove . . . shall be expended only upon approval of the Governor; provided, however, that copies of such request for the Governor's approval, and notice of the Governor's action on such requests, shall be filed with the Legislative Budget Board." (p. 59)

"Any unexpended balances as of August 31, 1969, for the Department of Corrections in the General Appropriations made by the Sixtieth Legislature, First Called Session, (House Bill No. 5), for Building Appropriations (including funds from Mineral Lease Fund No. 272), are hereby reappropriated to the Department of Corrections for the same purposes for the biennium beginning September 1, 1969; provided, however, that such reappropriated funds shall not be expended without the approval of the Governor; provided, also, that copies of such requests for the Governor's approval, and notice of the Governor's action in such requests, shall be filed with the Legislative Budget Board." (p. 60)

"The Department of Corrections is authorized to expend funds from the Mineral Lease Fund during the biennium beginning September 1, 1969, to acquire, by negotiation or condemnation, parcels of land solely within the perimeters of the Coffield Unit. Such expenditures, however, cannot be expended without the approval of the Governor. Notice of the Governor's action in such requests, shall be filed with the Legislative Budget Board." (p. 61)

Texas Employment Commission

"Prior to the submission of any budget or request for funds to any Federal agency such budget or request shall be submitted to and filed with the Governor for approval. It is provided that if any of the requirements of this Act are contrary to any of the terms of Federal legislation or regulations under which moneys are granted to the Texas Employment Commission, such requirements may be suspended with the written consent and approval of the Governor." (p. 66)

Highway Department

"The Highway Department is authorized to rent or lease equipment of any kind except office machines and electronic computers. Office machines will be rented or leased with prior approval of the State Board of Control. Electronic computers will be rented or leased only with the approval of the Governor. This specific authorization shall be construed to be an exception to any prohibitions and restrictions in the General Provisions of this Act." (p. 84)

Industrial Commission

"Task Force Expenses, subject to prior approval by Governor, for travel expense, displays, studies, professional fees and services and other related services and materials for special projects to secure industries for Texas." (p. 92)

Library and Historical Commission

"Federal grants made to or received in Federal Public Library Fund No. 118 are hereby appropriated for the purposes for which such grants may

be made; provided, however, that none of such moneys may be expended for personal services without the advance, written approval of the Governor. Such authorized classified positions shall be governed by the provisions of this Act relating to the Position Classification Plan." (p. 108)

"None of the funds appropriated hereinabove to the Library and Historical Commission shall be expended to rent, lease or purchase a computer or any additional electronic data processing equipment without the advice of the Systems Division of the Auditor's Office and the approval of the Governor." (p. 108)

Parks and Wildlife Department

"Any Federal grants, allocations or aids for the conservation and improvement of game, fish and wildlife, or for improving, developing and planning public parks, or for any other program or activity under the statutory authority of the Parks and Wildlife Department, may be accepted and disbursed through the State Treasury by said Department for the purposes for which they were granted and are hereby appropriated for such purposes; provided, however, that expenditure of any such Federal grants, allocations, or aids shall not exceed the amounts shown in the schedule of appropriations hereinabove, or for purposes and programs not authorized by said schedule of appropriations; and shall have the prior written approval of the Governor." (p. 122)

"None of the funds appropriated above may be expended for the purchase or rental of additional electronic data processing equipment without the prior written approval of the Governor." (p. 123)

"None of the moneys appropriated hereinabove by the item, "State Comprehensive Outdoor Recreation Plan - for updating Texas' comprehensive outdoor recreation plan," may be expended without the prior, written approval of the Governor, on a budget which describes each character of personal services to be rendered, and none of the moneys in such appropriation item may be expended for reallocating to a higher salary group any position in the State's Position Classification Plan." (p. 123)

"None of the funds appropriated above may be expended on boats in excess of 20 feet in length without the prior written approval of the Governor; provided, that copies of such requests for the Governor's approval, and notice of the Governor's action on such requests, shall be filed with the Legislative Budget Board." (p. 123)

"None of the funds appropriated above may be obligated for construction of buildings or residences each costing in excess of \$5,000 without the prior written approval of the Governor." (p. 124)

Department of Public Safety

"The Department of Public Safety is authorized to own and operate six (6) airplanes and seven (7) helicopters only. None of the funds appropriated above shall be expended for the purchase of airplanes or helicopters without the specific approval of the Governor." (p. 141)

Texas Mass Transportation Commission

"None of the moneys appropriated above may be expended without the prior approval of the Governor." (p. 151)

Water Development Board

"Those funds allocated by the Water Development Board under Item No. 19 for water studies and investigations shall be used . . . by the State, or in cooperation or by contract with other governmental agencies, institutions or nongovernmental entities, and may include hourly wages and contract services. Provided, however, that no such expenditures may be made without the prior written approval of the Governor on a budget for expenditures which describes each character and object or purpose of obligations to be incurred." (p. 160)

Department of Public Welfare

"In the event of disaster or other unforeseeable contingency, there is hereby appropriated out of the Commodity Distribution Fund, No. 39, an additional amount not to exceed \$30,000 for the payment of salaries and wages, travel and other operating expenses, provided that expenditure of this additional appropriation must be approved in advance by the Governor, and any position titles and rates of pay required shall be approved by the State Classification Officer." (p. 174)

ARTICLE IV. AGENCIES OF PUBLIC EDUCATION

Central Education Agency

"The Texas Central Education Agency is authorized to employ personnel in Agency Administration only in the line-item positions listed above and in those positions listed in the 'Schedule of Classified Positions, Agency Administration,' below. It is provided, however, that in the event of expansion of Federal programs or inauguration of new State-Federal programs the State's responsibility for which lies with the Central Education Agency, additional positions in excess of the number limitations in the 'Schedule of Classified Positions, Agency Administration' may be utilized, but only with the advance approval of the Governor."

(p. 2)

"None of the funds appropriated for Agency Administration above may be expended in payment of memberships or dues in, or for contributions to, professional organizations without the advance, written approval of the Governor." (p. 13)

Special Schools for the Blind and Deaf

"Sec. 2. INSTRUCTIONAL SALARIES. Each principal, supervisor, or class-room teacher in the special schools under the State Board of Education, namely, the School for the Blind and the School for the Deaf, shall receive as a minimum salary the classroom or exceptional teacher's monthly salary rate specified in Senate Bill No. 116, Chapter 334, Acts of the Fifty-first Legislature, Regular Session, 1949, as amended. The State Board of Education may authorize salary rates at amounts that will not exceed salaries for like positions paid in the Austin public schools.

"However, such recommended salary rates in excess of the minimum amounts specified in said Senate Bill No. 116, as amended, and the salaries of coaches and teachers of exceptional children, may not be paid without the advance written approval of the Governor; but such approved rates shall never exceed the rates of pay for like positions paid in the Austin public schools." (p. 16)

Texas State Technical Institute

"None of the funds appropriated above to the Texas State Technical Institute may be expended without the prior approval of an annual operating budget by the Governor; provided, however, copies of such requests for the Governor's action thereon, shall be filed with the Legislative Budget Board." (p. 74)

"Any architectural fees paid from funds appropriated hereinabove shall have the prior written approval of the Governor." (p. 74)

"None of the funds appropriated hereinabove to Texas State Technical Institute may be expended for maintenance and operation of any aircraft without the prior written approval of the Governor." (p. 74)

Agencies of Higher Education

"Sec. 36. PRESIDENTS' HOMES. No funds appropriated by this Act may be used for the purpose of constructing a home for a president of any of the general academic teaching institutions named herein, without obtaining the approval of the Governor prior to obligating any funds for this purpose; provided, however, that copies of such requests for the Governor's approval, and notice of the Governor's action on such requests, shall be filed with the Legislative Budget Board." (p. 91)

"Sec. 37. BUILDING CONSTRUCTION. Prior to the allocation, expenditure or encumbrance of any funds appropriated by this Act, including funds

provided through Article VII, Sections 17 and 18, of the State Constitution, for individual building construction projects costing in excess of twenty-five thousand dollars (\$25,000), other than classroom, library and laboratory building projects, the planned expenditure of such funds shall be approved by the Governor; provided, however, that copies of such requests for the Governor's approval, and notice of the Governor's action on such request, shall be filed with the Legislative Budget Board. (p. 91)

ARTICLE V. GENERAL PROVISIONS

"Sec. 8. PAYMENT FOR INJURIES. . . . appropriations made in this Act . . . may also be used for paying . . . expenses for the care and treatment of any State employee injured while performing the duties of a hazardous position

"The expenditure of any appropriation for the purposes authorized by this Section shall have the approval of the Governor " (p. 37)

- "Sec. 19. PASSENGER VEHICLES. a. None of the moneys appropriated in this Act may be expended for the purchase, maintenance or operation of a passenger car or of airplanes designed for passenger transportation unless authority to do so is stated by the language of this Act. Where such authority is stated, the purchase of an airplane or the repair of an airplane, the cost of which is in excess of five thousand dollars (\$5,000), in any one fiscal year shall have the prior written approval of the Governor, and notice of such approval shall be filed with the Legislative Budget Board." (p. 44)
- "Sec. 21. COOPERATION FOR THE GENERAL WELFARE. The executive departments and agencies of the State, when requested by the Governor, are authorized to transfer and to use available moneys appropriated in this Act for the purpose of rendering all practical assistance to the Governor or to State Departments and Agencies designated by him in making surveys and investigations and taking necessary action resulting therefrom, in the public interest; or for such other purposes as will aid the economic growth and general welfare of the State; and for civil defense and disaster relief functions as authorized by State law." (p. 44)
- "Sec. 22. TRANSFERS FOR CIVIL DEFENSE. In the event of a war attack upon the United States or a proclamation by the President that national safety is in danger, and in order to permit the diversion of sufficient moneys appropriated otherwise in this Act for meeting the emergency needs for citizens of this State resulting from such attack or danger, the Governor is hereby authorized to transfer moneys from any part of unobligated balances in any item or items appropriated by this Act for capital outlay, equipment, and new construction, to the appropriation account for the civil defense and disaster relief program of this State.' (p. 45)

- "Sec. 23. REPORTING APPEARANCES BEFORE FEDERAL AND STATE AGENCIES. The Governor's Office may require agencies of the State of Texas appearing before Federal agencies or agencies of other states to submit in writing to the Governor the purpose of such meetings and expression of the policies of the State agency concerning the subject matter of the meeting. After reviewing the policies, the Governor may require the State agency to conform to the policies of the State of Texas as outlined by the Governor and the Legislature before funds appropriated in this Act may be expended for necessary travel and other expenses connected with such appearances." (p. 45)
- "Sec. 41. RENTED MACHINES AND EQUIPMENT. None of the moneys appropriated in this Act shall be used for the rental of any equipment which exceeds a rental cost of \$1,000 per year (except for data processing equipment) without having the prior written approval of the Governor. Such approval shall be required before the request is processed by the Board of Control, and the State Comptroller or any local disbursing officer shall not issue warrants or checks in payment of equipment rentals without such prior approval . . . " (p. 49)
- "It is further provided that none of the moneys appropriated by this Act may be expended for the purchase or rental of electronic tabulating or data processing equipment without the advance written approval of the Governor therefor . . . " (p. 50)
- "Sec. 50. None of the funds herein appropriated may be used for the purchase, rental or contractual agreement for any type of electronic, mechanical or other interception devices used for the purpose of overhearing or recording oral conversation made in private or conversation made by wire without prior approval of the Governor." (p. 53)

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These are Life Members of the Board, having served as League Chairmen. As such, they are ex officio members of the Executive Committee.

Mr. Burger was elected a Life Member of the Board upon his retirement December 31, 1969, following 17 years as Executive Director of the Texas Research League.