

# Accountability and Transparency in the West Virginia Budget Process

## Moving West Virginia from Laggard to Pace Setter

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Good governance leads to better economic and social outcomes. Transparency – openness about policy intentions, development and implementation – is the key to good governance. The budget is the single most important policy document of governments. It is in the budget where the priorities of government are reconciled and implemented. The more citizens understand how government spends taxpayer money, the better our system of democracy functions for the common good. Budget transparency is essential in giving the public confidence in the legitimacy of government.

Students of the West Virginia University Public Administration Program, along with the West Virginia Center on Budget and Policy, have released a report about the shortcomings of the West Virginia budget process and have made recommendations for improving the process in the interests of better government.

In the past, West Virginia has received poor grades for accountability and transparency.<sup>1</sup> It's time to shine some light on the process and assure the state's citizens that their government is doing the best job possible. Here are the report's recommendations:

### **1. Make the Legislature a stronger partner in the budget process.**

West Virginia's budget process is almost exclusively executive-driven. The annual budget is prepared by the executive branch and presented to the Legislature for vote at the end of the legislative session. The Legislature can and does make changes to the budget, but the governor can veto the changes and the Legislature has little power to overturn such vetoes.

Two actions could provide the budget process with better checks and balances: (1) establish a regular budget session in the summer or fall after the governor has acted on

the budget passed by the Legislature, thereby allowing the Legislature to act on the governor's vetoes; and (2) establish a Legislative Fiscal Office to provide the Legislature with the resources necessary to produce its own economic forecasts, budget projections and reconciliation reports. West Virginia is one of only eight states that does not have such an office.

### **2. Publish a final budget.**

Under the current system, the state has an executive budget usually published the second Wednesday in January, a budget bill prepared during the legislative session, legislative changes to the budget bill completed after the end of the legislative session, and a budget with the governor's veto message. It is not possible to go to any one source to determine the state's actual budget for the year. To remedy this confusion, the executive or legislative branch should produce one reconciled budget document and make it available to the public online within ten days of final action on the budget.

### **3. Provide the public with more detail about budget expenditures.**

The current budget document does not help people understand what is budgeted for specific programs. We should know specifically how agencies intend to spend their budgets. The executive budget is developed behind closed doors. The process should be open to the public. Furthermore, the completed executive budget should provide the detail necessary to understand program priorities and be posted online before the Legislature acts on it.

### **4. Provide for impartial analysis of new program costs.**

New programs and ideas are often derailed by the high price tag associated with them. These "price tags" or fiscal notes are prepared at the whim of the agency affected by the proposal. If the agency disagrees with the proposal, an inflated fiscal note often assures that the proposal never makes it out of

committee. Fiscal notes are often unavailable until just prior to a vote. Consequently, challenging the analysis is usually impossible. New ideas deserve independent and objective assessment and the information should be available well in advance of a vote.

We recommend that the Auditor's Office or other legislative agency be given the resources necessary to prepare an annual fiscal notes summary report as well as a reconciliation report of passed legislation, their fiscal notes, and the actual expenditures/revenues within two years of each bill's passage. Both documents should be distributed to the legislative and executive offices and posted online within 30 days of preparation.

## 5. Hold agencies accountable by providing more frequent legislative and performance audits.

Legislative and performance audits are scheduled so infrequently and with so little follow-up that violations and non-compliance with laws often go unnoticed or remain unresolved for extended periods, if not forever. Restructuring audit requirements would resolve this issue. Agencies should be audited at least every other year. Agencies that fail to correct non-compliance prior to their next audit should be audited annually until they can sustain three years of violation-free reports.

## 6. Upgrade West Virginia's web portal to meet Web 2.0 standards.

The people of West Virginia deserve to have a window into the "how" and "what" of government decision-making. Modern information technology makes it more feasible than ever to provide such a window.

### In summary

All agencies, boards and commissions should make their budget requests and presentations available online. There should be common standards for agency disclosures across state government to make sure that information is available to the public in an easy-to-find manner. Setting online public disclosure standards that match those of other states with high marks for transparency and accountability would move the state from the position of "laggard" to that of national pace setter.

The full report is available at [www.wvpolicy.org](http://www.wvpolicy.org).

### End Note

<sup>1</sup> See the U.S. PIRG Report, "Following the Money" (April 2010). Following the Money: How 50 States Rate in Providing Online Access to Government Spending Data. April 13, 2010. In the report, West Virginia receives an "F" as a laggard state. [www.uspirg.org/home/report-archives/tax-budget-policy](http://www.uspirg.org/home/report-archives/tax-budget-policy).

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The West Virginia Center on Budget and Policy is a nonprofit, nonpartisan research organization. Our aim is to support public policies that contribute to shared prosperity for all West Virginians. We study critical issues, share what we learn with the public and policymakers, and work with diverse groups on sound solutions to economic and social problems.