



Thomas Jefferson

LEGISLATIVE POLICY BRIEF

HB 973/ Budget Reform and State Inspector General Act: Putting Performance, Transparency and Accountability in the Budget

Issue:

How does the state government create a budget that is understandable to the taxpayer and provides benchmarks for measurement? What system can be put into place to examine the management and operation of state agencies and non-state agencies receiving state funds?

Background:

A growing frustration that taxpayers do not understand what they are getting for their money led to passage by the US Congress of “the Government Performance and Results Act of 1993 (GPRA).” GPRA created a new framework for more effective planning, budgeting, program evaluation and fiscal accountability. GPRA applies only to the federal government, and Virginia is only beginning to truly develop a performance-driven budgeting process. And, while there are federal Inspectors General for agencies as small as the \$117 million National Endowment for the Arts, the \$59 billion state budget has no Inspector General.

Bill Provisions:

- Requires the Budget Bill to set forth each agency’s mission, goals and objectives, objective performance measures. The Budget Bill must also describe how the goals and objectives are directly related to furthering the agency’s mission and how the agency is operating to achieve the mission, goals and objectives.
- Requires the Budget Bill to include the total budget requested by each agency by function, programs and activities; the identification of programs shared by two or more agencies; and the source and amount of any anticipated revenue, whether the source has been included previously and the amount of actual revenue derived from the source.
- Creates an Office of the State Inspector General to examine the management and operation of state agencies and non-state agencies receiving state funds, conduct independent evaluations of the programs and activities of such agencies, and investigate complaints alleging fraud, waste, abuse or corruption by state officers and state employees.
- Exempts certain investigative notes, correspondence and confidential information from the Freedom of Information Act.

Rationale:

- The single most important document in Virginia government, the biannual budget, largely fails to serve even state legislators – many of whom have a difficult time truly understanding the budget as it is currently presented.

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- The budget – both on the state website and the printed version used by legislators, lobbyists and media – does not provide enough information for a reasonable analysis of government spending or accountability.
- As an example, the Virginia Office of Transportation (budget: \$3.5 billion) is detailed on only seven pages on the budget website. Similar agencies in California have more than 60 comprehensive pages with significant programmatic detail allowing citizens to see where and how their money is spent. Maryland also breaks down its transportation budget into multiple program areas.
- As does the private sector, government would benefit from a measurement of outputs: How well government performs for the dollars it spends. Virginia needs a budget that will accomplish that goal.
- Creation of an Office of Inspector General will reduce fraud, waste and abuse, potentially saving the Commonwealth millions of dollars. Inspector General performance reviews will drive more performance, transparency and accountability in the budgeting process. The mere existence of an Inspector General provides a check on organizational and bureaucratic behavior.

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