



Issue Brief

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From the Colorado Fiscal Policy Institute

Hopeful Signs for State Budget Transparency

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The Joint Budget Committee (JBC) has already begun taking steps to make Colorado's budget process, as well as its budget-related documents, more accessible to the public.

In October 2003, the Colorado Fiscal Policy Institute issued a study evaluating the transparency of Colorado's budget process and documents¹. That report made 37 recommendations for assisting interested persons in understanding the state's fiscal information, ranging from placing the Governor's proposed budget online, to publishing regular tax expenditure and tax incidence reports, to making it easier for citizens to follow the budget process throughout the legislative session.

Ten weeks into the 17-week session, with the Long Appropriations Bill (The Long Bill) poised to be introduced in the House of Representatives, this is a good time to briefly assess whether the State has moved in the direction of greater budget transparency.

The Joint Budget Committee and its staff, who play a prominent role in the entire process of developing and adopting Colorado's budget, have taken significant steps to improve overall transparency, within the scope of their responsibilities.

This issue brief is not intended to be a comprehensive review of all of the issues in the transparency report. Its intent is to be an early look at the extent to which that report's issues and recommendations are making any headway in State government.

In addition, this paper does not address recommendations regarding the role of the executive branch and possible actions that we recommended there. Given the timing of our transparency report, the Governor's office realistically had no time to make any changes to its procedures that could affect the 2004 budget cycle (preparation of the FY 2004-05 budget).

Below are some selected areas of focus, and actions taken thus far..

I. JBC Hearings and Staff Documents Online

The transparency report gave high marks to both the JBC and its staff for being an information resource for citizens. All JBC hearings are broadcast online, and staff documents can be found on the JBC website. In a move toward greater transparency, this year chief of staff John Ziegler has made an effort to ensure that these staff briefing documents are available on the website *when the hearing for that particular department commences*. We have randomly checked the site when discussions are getting

¹"The Transparency of Colorado's Budget Process: Is It Open, Understandable, and Accessible to Coloradans?" October 2003, Colorado Fiscal Policy Institute. <http://www.cclponline.org/pubs/transparency.pdf>

underway, and at least some of the time, the appropriate document is there. We encourage that an effort be made to ensure that all of these staff documents be online as of the beginning of the hearing.

This is an important part of transparency, because in a state as large as Colorado, it is impractical to expect interested persons to travel to the Capitol in order to follow the budget. The discussions at the JBC hearings are very much focused on these comprehensively written staff documents, which contain dense financial tables, bulleted recommendations, and much explanatory material. Further, given the time constraints faced by the JBC, there is not sufficient time to methodically walk through all parts of the staff documents – participants are expected to fill in the gaps by reading the reports. If these staff documents are not made available online in real time, the audio discussion can be almost incomprehensible, especially to the lay person.

We understand the need to time the release of staff documents so that they are not available to citizens *before* they are made available to JBC members. However, given their central role in the development of the state budget, and the fact that on many occasions, the JBC adheres to the staff recommendation, transparency demands that online listeners have them made available at the start of the hearing.

There are occasional staff memos and reports that are handed out to the JBC in addition to the standard Briefing, Hearing, Supplemental, and Figure Setting reports from staff. These papers are generally not made available online at the time of the hearing. They can, however, be as important as the standard reports. In addition, documents that are provided to the JBC by departments (not by JBC staff) are generally not placed online in a timely manner.

We encourage the departments to place all staff documents online in time for the listener to be able to follow them from the start of JBC hearings. This would further build upon the positive actions that the JBC staff has taken this year to improve transparency.

II. Distribution of Staff Documents at JBC Hearings

Beginning in November 2003 and continuing through the 2004 legislative session, the JBC Chair as well as the JBC chief of staff have made it an ironclad policy to ensure that a sufficient number of the JBC's staff documents are on hand for hearing attendees. In prior years, for certain departments' hearings or figure setting sessions the hearing was very well attended by members of the public, and document copies ran out well before everyone could get one. The Chair has even gone so far as to delay the opening of certain hearings until additional copies are made and brought to the hearing room. This is an extraordinary good faith move on the part of this very busy committee, clearly showing its commitment to increasing the transparency of the budget process. Especially early in the session, when this new practice was being established and time pressures were very real, committee members and staff did not shrink from their commitment to meet this recommendation. *They are to be commended for this action.*

III. Oral Guidance

Beginning in the 2003 legislative session and continuing in 2004, the respective JBC Chairs and Vice-Chairs have increasingly provided audiences and online listeners with background and guidance as to the state's fiscal situation. They have also relayed information that placed a given week's JBC activities into the context of (a) the budgeting schedule that the State follows, and (b) the latest outlook for the State's finances.

JBC staff has also provided similar oral guidance. They have devoted time (and space - see discussion below regarding staff documents) during the hearings to presenting and analyzing the recent two to three years' fiscal and economic events so that the information at hand could be placed into historical context.

IV. Staff Documents and Transparency

Beginning in late 2003, JBC staff took a number of positive steps to modify staff reports with an eye to enhancing the ability of both JBC members and the public to understand the State budget.

As just one example, JBC Staff briefing documents all contained a special section describing the appropriation trend for the department, as well as graph comparing this trend with a hypothetical trend line of “population plus inflation” (the formula embedded in the Taxpayer Bill of Rights – TABOR). It is not new for JBC staff documents to contain historical financial as well as caseload and unit cost information. However, this recent effort has clearly been done in the interest of greater transparency for the public.

In another example, for the week in which FY 2004-05 Figure Setting was being completed and staff was preparing to draft the Long Bill to be sent on to the floor of the House, JBC staff prepared a five-page summary by department of all major changes that had been approved by the JBC. This document not only briefly describes the action taken, but also shows the net effect on each fund category, as well as the resulting appropriation for both FY 03-04 And FY 04-05. We understand that this summary will be updated to reflect final JBC actions, so that the General Assembly will have it while the Long Bill is moving through that body.

Information such as that contained in this compact document is what both legislators and residents have been seeking in the past. JBC chief of staff John Ziegler had anticipated this, and directed staff to prepare the report despite an already heavy workload at this time in the budget schedule. It should be noted that JBC staff are also in the process of preparing, in addition to the 680-page Long Bill, a 220-page Long Bill Narrative that will be used by Legislators in the next phase of the budget approval process.

JBC staff deserves high praise for anticipating the needs of outside observers as well as elected officials in the budget process. There is no question that they have responded effectively to the call for enhanced transparency in this area.

V. JBC Schedule Online

The JBC website contains daily schedules for the committee’s work covering a period ranging from one week to one month depending on the time of year. During portions of the budget process, it is possible to schedule exactly what type of hearing will occur when, and all parties stick to this schedule firmly. At other times, the schedule is by necessity more general in nature, and interested persons must call the JBC office, or listen to floor committee chair announcements to find out what the JBC will be taking up on a given day. The overall system works quite well; the format of the online schedule has been improved to make it possible to view one or more weeks’ activities with a single click.

There are occasional times when important topics are discussed, or key presentations are made that do not fall into one of the standard categories (briefing, hearing, supplemental or figure setting). To the extent feasible, we encourage JBC staff to update the calendar with these items as soon as they are known. An example would be presentation of the quarterly revenue forecast.

VI. Where To From Here?

The next phase of the budget process includes the introduction of the Long Bill, the appropriations legislation for all state spending. After a hearing in the House Appropriations Committee (the Senate Appropriations Committee in odd-numbered years), it will be read on the floor of the House, reviewed by

the respective caucuses, face second reading and possible amendment on the floor, and then third reading and action by the House. The same steps will then occur in the Senate. Finally, the JBC will serve as the conference committee on the bill to iron out differences in the two houses' versions. Each house will vote on the same version of the bill, which will then be forwarded to the Governor for signature.

The transparency report calls for a number of procedural measures during this next phase of budget adoption. Without listing them all, transparency could be enhanced if:

- Caucuses are broadcast online
- Clearer notice is given when leadership, during floor work, calls for a caucus break, including location
- The mechanism to allow citizens to follow changes to the budget as it makes its way through the legislative process can be improved
- Both legislators and the executive branch should resist the temptation to strike eleventh-hour budget agreements that do not provide adequate review by legislators and citizens alike.

Conclusion

After its publication, the Colorado Fiscal Policy Institute met with members of the JBC staff in late 2003 to review the contents of the transparency report. In addition, we met with the JBC itself to provide a summary of the report and answer questions. Based on those meetings, *it is apparent that the JBC, Colorado's primary budget-making authority, is taking concrete steps to improve the accessibility of the budget process to its citizens.* We detect a genuine belief in the goals of transparency, and we observe, so far, meaningful actions taken by the JBC as well as its staff in helping Coloradans better understand their State's budget.

We look forward to observing the next phase of budget making between now and the conclusion of the legislative session.

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