



Factors in Budgeting and Appropriations

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THIS CHAPTER DEALS with the finances of state and provincial libraries. It does not include consideration of state financial aid in support of local libraries which is treated in full in a later chapter.

The state libraries of the United States and the provincial libraries of Canada are alike in many respects. Consideration of one has many clear inferences for the other. This applies particularly to consideration of finances. It is assumed, therefore, that a general treatment of the financial operations of state libraries in the United States will embrace in large measure the financial operations of provincial libraries. It would remain, however, to point out differences, and it is proposed to do this in a separate section following the general treatment of state libraries in the United States. This procedure will obviate the confusion of attempting to consider both together and to recognize distinguishing differences along the way.

The day of the impotent, isolated, orphan agency of state government is virtually past. In place of the old there is rising a new state library, young in spirit, strong in purpose and respected alike by other libraries and by the government which gives it support. It is this modern state library with which this chapter will deal predominantly in matters of budgeting and appropriations and other financial considerations.

Any consideration of state library finances must recognize one basic factor first of all, that the state library exists and performs within the stream of state government and politics. It is an agency of the government at the seat of government. It is a creature of the legislature which it serves, although its services to the public and to other libraries may far outdistance its services to the law-making body. It is involved in law making in its own behalf and in behalf of other libraries, and it finds itself subject to many laws of general application, like all other agencies of state government. Its policies and

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procedures are influenced and often controlled by general state policy and procedures. The latter are usually a matter of legislative enactment but often they may be regulations imposed by the state purchasing department, auditing or accounting office, or by a new administration which seeks to effect its desired changes. These considerations have a large bearing on the securing of funds and on their expenditure.

Other basic factors affecting library finances are to be found in current developments or trends in state government which affect state finances generally. Three such factors are worth noting, the first being the marked trend toward annual sessions of the legislature in place of biennial sessions. In the ten years since 1945 the number of states having annual sessions has increased from three to fourteen. Annual sessions mean annual budgets and annual appropriations.

The still more common biennial sessions require two-year budgets, of course. This imposes the painful necessity not only of preparing a budget which will carry an agency for two years, but of doing so virtually a year before that biennium will begin. This means that personnel and salary needs must be anticipated virtually three years in advance. The same applies to building and equipment needs, to printing and supplies, travel for extension services and, of course, books, periodicals, binding, microfilming, and other services.

Periods of inflation present most serious problems. These are the times when tax supported institutions are struggling to catch up with private industry as the expanding economy creates constantly rising costs, increasing salaries, labor shortages, and conditions in general which defy budgetary well-being. The biennial budget further retards the struggle to "catch up."

The annual budget, on the other hand, takes most of the guesswork out of budget preparation and out of legislative enactment which must relate appropriations to estimates of income from many and varied tax sources. The annual budget from annual sessions of the legislature enables the state and its agencies of the government to adjust more quickly to changing economic conditions. This important advantage is not without price. Sessions of the legislature are trying times for all concerned. When related to a change of state administration in an election year they are doubly trying. Uncertainty hangs like a cloud over everything, particularly over matters of appropriations. The ongoing programs of state agencies become jeopardized and may be set back a year or more as a result of a political feud among harassed lawmakers. Legislative sessions are ordeals for legislators and state

administrators alike, but they are, at the same time, sterling examples of democracy in action and, as such, they usually turn out better than expectations and deserve more confidence than is often accorded them.

Increasing emphasis on economy and efficiency has been a second general trend in state government that has had impact upon state libraries. The rapid growth of governmental operations with increasing populations to be served and increasing demands for services, has precipitated this movement. "Little Hoover" Commissions have been created to study operations and make recommendations. Personnel policies and practices have been improved. Record systems have been modernized. Machine methods have been installed. State purchasing procedures have been overhauled. Reorganization of governmental agencies has been brought about.

State libraries have benefited from these developments, both directly and indirectly. If they have sometimes been passed by because larger agencies have absorbed most of the attention, they still have had opportunity to "do likewise" and have received encouragement and support in their efforts to increase the efficiency and economy of library operations.

Related to the preceding trend, there has been the third, namely, that of "streamlining" state government, with emphasis on centralized administration. Consolidation of many separate and independent agencies to form a limited number of large departments has been sought. The object has been the lodging of administrative, or at least supervisory, responsibility in the hands of fewer top officials who together would constitute a governor's cabinet in effect. Consonant with this object has been the purpose of reducing the large number of independent boards and commissions. Boards and commissions which might survive such attempts to reorganize the government would be relegated to the status of advisory bodies, without authority to control, if the reorganization succeeded.

In the library domain of the state it has been the accepted principles of such reorganization that have brought about the trend to merge independent library commissions with state libraries. Efficiency and economy have been the objects. The same principles and objects have inspired the growing concept of an "integrated state library agency" that would ultimately encompass all library services of state government. This concept is expressed in the *Role of the State Library*¹ as promulgated by the National Association of State Libraries in 1955, and 1956.

The affect which general government reorganization may have on

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the status and powers of library boards or commissions cannot be overlooked. This involves the part which the library board plays in securing and expending library funds.

The best and most recent analysis of state government budgets and budget practices is undoubtedly that to be found in a paper by G. W. Mitchell,² presented on September 12, 1955, before the annual conference of the National Association of State Budget Officers. The paper "Recent Trends in State Budget Practice" was accompanied by an admirable tabulation entitled "A Comparison of Recent State Budgets"³ which analyzes actual budget figures and compares budget practices state by state. This furnishes an excellent background for consideration of state library budget making since the library budget is a part of the state budget and as such it conforms to the over-all state budget and to state budget practices.

In 38 states the authority for making the budget rests with the governor. In the other states the budget authority rests in a board or commission that may be composed of designated administrative or legislative personnel, with or without the governor. If the governor is not himself a member he is directly represented by his appointee, the director of budget.

The normal procedure of state budget making begins with the preparation of budget requests by all departments and agencies of the government for the next fiscal year, or next biennium, as the case may be. All requests follow an established pattern which calls for a breakdown of expenditures into major categories and their minor classifications. Major categories in most states are personal services, (i.e., salaries and wages), travel, supplies, contractual services, equipment, maintenance and repairs, and capital outlays. Along with figures which represent agency requests for the next year, or next two years, are shown corresponding figures for the current and preceding year, for purposes of comparison.

The operating budgets of state agencies are seldom concerned with building maintenance. Building operations are normally the responsibility of a separate agency of the government and are covered in the separate budget of that agency. Likewise capital funds for construction or building improvements are considered apart from operating funds, and, although such funds may appear in the budget request of an agency, they are normally considered apart and may result in appropriations to the agency of government which has responsibility for building construction and improvements.

It is appropriate to mention here the question whether a library's

income for all purposes should be consolidated in one budget as against a break-down by functions or operations. A specific example in point would be the segregation of budget for extension services as a separate but integral part of the library's total budget. One consolidated budget offers the advantages of flexibility of administration and operation. Such consolidation occurred in some instances where a previously independent Public Library Commission became merged with the state library. There is reason to doubt, however, that under a consolidated budget the appropriations obtained by the library produced as adequate a support for extension services as a separate budget and separate request might have obtained. For this reason there have been instances of change wherein a budget for extension services has been set up as a separately identified part of the total library budget. This may be an emerging trend. As such it would fall in line with the proposals of budget experts and government finance officers who advocate "program budgeting." By this is meant a budget presentation which identifies particular services and permits their analysis in terms of unit costs and workloads. Such budgeting and such cost-conscious administration of finances could have significant and salutary application to all libraries, but especially to a state library with its many specialized services,—archives, state history, service for the blind, as well as extension.

The library, in preparing its new budget, depends upon its director, working in collaboration with administrative personnel. Needs and wants are ascertained for all operations and translated into figures. The figures are reviewed by the director and his principal administrative assistants who try to see the whole budget in perspective and to identify points in question to be resolved. Such preliminary steps should be taken in ample time to permit two other important steps before the budget takes final form: (1) involvement of the library board or commission in resolving questions of policy or strategy, and (2) discussions with the budget director or his principal assistant for the dual purpose of explaining the library's needs and programs and obtaining advice. This advice can be a critical guide to shaping the final budget since it may disclose the trend of fiscal thinking in "high places" and a knowledge of the predilections of members of the budget authority itself.

Following the completion of the library's budget there remains only the preparation of supporting statements of explanation and justification, with careful regard to sound logic. All is then transmitted to the budget authority, often with a request for a hearing.

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In the meantime the budget authority has been carrying on studies of tax sources, economic conditions, and other factors to determine anticipated income and trends, also possible sources of new income that may be needed. As agency budgets are received the budget director and his staff analyze them to determine again points in question and to prepare for their review by the budget authority itself.

The review of the library's budget proposals by the budget authority attempts not only to resolve points in question in the library budget itself but also to relate the library budget to other budgets and to relate issues raised by the library budget to like issues raised by the budgets of other agencies. In this process fiscal policies take shape and major fiscal problems emerge. These become the issues which the state administration must be prepared to deal with and the issues which finally become resolved in the legislature.

Out of its review of all budgets the budget authority reaches decisions and arrives at its recommendations to the legislature. Its decisions are based on its estimates of current and future income. The figures it recommends for departments and agencies represent its judgment of sums that may be appropriated fairly and safely to all, within the limits of anticipated income from current sources. Its judgments are usually conservative. Its exercise of fairness tends to hold all budgets to some least common denominator which can apply to all alike for their normal on-going operations. This is natural and probably necessary in view of the vast magnitude and overwhelming multiplicity of its job covering all agencies of state government and all state institutions of every variety.

The budget authority does not work in a vacuum, however, it does conduct hearings. It is subject to well-known patterns of budget behavior, usually produced by outside pressures. Mitchell,² in his paper referred to above, mentions three such common behaviors, namely, giving way at all costs to a "sacred cow" program which a state administration has adopted as its first objective above all others; yielding to demands too strong to resist, calling for arbitrary cuts or increases that are clearly unjustifiable; and accepting policies that are known to be based on less than a minimum of relevant information.

The critical fact to be noted about the budget authority is that its recommendations to the legislature, once they appear in print, do determine appropriations, with rare exceptions, at least for the normal on-going operations of all departments and agencies. Special projects and new major proposals usually are passed on to the legislature to decide, since they may involve major policy change or unassured in-

come or new taxes. A cost-of-living adjustment of salaries or a general percentage cut in a major category of expenditures "across the board" would be examples of such referrals. The fact remains that, fundamentally, new budgets of departments and agencies are set by action of the budget authority before the Appropriations Bill reaches the legislature. Legislators necessarily depend on the work of the budget authority that has gone before. Their limited time must be devoted to the larger problems and controversial issues which relate to state policy and taxation. The library, like other agencies, needs to work as closely and as harmoniously as possible with the budget director before the legislature meets in order to obtain a fair assurance of favorable appropriations.

The final outcome of budget making is the budget authority's production of the so called "budget document." This heavy publication (it may weigh several pounds) contains all the figures and explanatory information which the budget authority considers necessary for legislative consideration of the Appropriations Bill (or bills). It is the basis for drafting the Appropriations Bill, which enumerates departments and agencies and designates proposed appropriations. The Bill, first introduced in the House of Representatives, goes through the usual legislative procedure in its most exacting form,—referral to committee, public hearings, lobby pressures, party caucuses, and eventually action and passage. All this is repeated in the Senate, after which differences are settled in a conference committee representing both chambers. The end result is a very important statute which authorizes the appropriations which shall be made to governmental departments, boards, commissions, state hospitals, prisons, universities and colleges, and libraries.

In the long and arduous process that has preceded the final determination of the library appropriations it is possible to recognize the factors of influence which have had their play, namely, state administration policy; personal influence in all its ramifications; official inertia; hearings, which may be before or during the legislative session; lobbies, in particular the pressures which may be brought on legislators by the state library association and sometimes by other organizations friendly to libraries. The order of listing is probably the order of importance, although personal influence may actually rate first position in that state administration policy is essentially a product of personal influences at work.

The factor called official inertia merits comment. It refers to the strong human tendency to "hold the line" and avoid change. Legis-

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lators are particularly susceptible. They resist change for fear of political consequences, or fear of future implications of the change, or because they do not understand and have no time or inclination to find out in the midst of all the other pressures that besiege them. Such tendencies have often stood the state library in good stead when ill-considered moves have been put down which proposed sweeping cuts in all appropriations or unfair cuts in some appropriations in favor of others. On the other hand, official inertia has been a principal handicap to library progress at the state level. Libraries are a subject that is apparently not easily comprehended by most legislators or key officials and is therefore easier to pass by. The relative weakness of the library forces of the state further encourages the tendency on their part to do nothing or to do only a little. There is an obvious need for a stronger, unified force in support of state library development, combined with effective personal influence where this can do the most good.

Appropriations are only authorizations of funds available. The funds now have to be made available by conforming to the state's auditing, accounting, and budget control procedures. Some states allot appropriations in quarterly amounts of approximately one-fourth of the annual appropriation. This reduces the risk of deficit spending, when an agency may exhaust its appropriated funds before the end of the year. It also improves the possibility of saving, by having unused funds revert to the state.

The first necessity facing an agency after final appropriations are known is to revise its original budget to fit within the appropriations that have been made. This can be quite painful in the necessary curtailment or scrapping of plans and hopes included in the original budget. The agency is usually accorded considerable discretion in making this revision as its administration and board may best determine,—with one exception. Legislative appropriations for staff and salaries are less flexible than other appropriations. They may be reduced, of course, and may often be transferred to other budget classifications which prove insufficient. Salary appropriations can, however, seldom be exceeded, and then only by special approval of the high fiscal authority that may decide such questions, even though the agency may have funds in other items of budget which might be transferred for the purpose. This is understandable state policy. Freedom to make capital of positions and salaries would be a great temptation to state officials who had strong party affiliation, and obligations. Salary funds, moreover, represent the largest item of expense for the

operations of government and could very easily get out of hand with the best of intentions. Government is very sensitive about its payrolls for fear of public criticism. For this very reason the salaries which the state pays are held down to levels which make it very difficult to attract and hold competent people, especially in periods of general prosperity and inflation. These considerations relating to staff and salaries have full impact upon the state library and bear out again the declaration that the library exists and must perform within the stream of state government and politics, however exempt it may be from direct involvement in partisan politics.

Through the year the library is guided by its budget in the expenditures it makes from day to day and month to month. No expenditure can be a simple matter of placing an order and paying the bill. The library is a part of state government. State government has many detailed laws about purchasing, accounting, and auditing. It has a host of policies and procedures, which may be changed drastically with the accession of a new administration which brings with it change in the leadership and staff of the departments of government.

The library must adhere to many legal requirements governing all agencies and must be prepared to follow policies and procedures that become established. This does not mean a straight-jacket existence. Library requirements and operations are strange to other departments of government. The leadership and staff of these departments are usually prepared to accept advice and suggestions from the library concerning needs peculiar to libraries. They are willing to seek interpretations of law which will help the library and to make exceptions to policy or regulation where library needs justify this. This suggests the importance to the library of friendly relations with other departments of government, particularly those identified with financial operations in all aspects.

The following comments, supplied by Mary E. Donaldson, provincial librarian of the Province of Saskatchewan, are concerned with the financing of Canadian agencies which give services similar to those of state libraries in the United States.

The preparation of the estimates or budgets for provincial government libraries and the expenditure of the funds follow, in general, the pattern outlined for state libraries, but necessarily conform to the procedures of the particular government. Some differences should however, be mentioned:

1. Canadian legislatures meet annually, with budgets prepared for each session.

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2. No provincial government has a senate, though in Quebec there is a second house, the legislative council, as well as the legislative assembly. Therefore, except in this case, budgets have to be passed only by one body.

3. Public hearings and lobbying are not generally a part of the procedure. Any representation would be made while the budget was in preparation. Once the budget speech has been made and the estimates for the year tabled for the consideration of the members, there is no opportunity for revision. Changes in the estimates can, however, be made through representation of any member. The estimates, in their final form, as approved by the legislature, then become a bill.

4. Except in British Columbia, there is no commission or board with authority. Some of the other provinces have councils or boards to advise the minister, but they have no authority.

Provincial and legislative libraries, as well as extension agencies, in most Canadian provinces, have participated in and profited by the recent over-all growth and development of libraries. This has been particularly evident in the agencies concerned with library extension and development. Internally, it is reflected in higher budgets, which have made it possible to employ more librarians at better salaries. However, increased budgets are only approved when supported by realistic work programs, and some interest or demand on the part of the taxpayer. With public, and in most cases government, recognition of the place of libraries in the educational field, as well as the general development of libraries, provincial library budgets must be increased if these libraries are to be able to meet the demands for assistance and leadership.

State and provincial library agencies have experienced a signal growth in services and financial support in the past generation, a growth that has accelerated since the Depression of the early 1930's, and increasingly since World War II.

Statistically the growth is more implied by the fact that statistics of finances have begun to appear and take form, than proven in clear details by the available statistics themselves. Those available are found in recent issues of the U. S. Census annual publication, *Compendium of State Government Finances*⁴ and of the *Book of the States*.⁵ The latter publication does offer a direct comparison of state expenditures for library services, showing a 75 per cent increase between 1937 and 1946 totals for all states. The current volume, 1954-1955, broadens the scope of the statistics to show for the first time total

“expenditures by the state library agencies that include public library extension as one function,” and here attempts to distinguish amounts spent for state grants in aid of local libraries which are state funds over and above those appropriations for operating state agencies. Even if the figures reported cannot be trusted as covering the same agencies the total for all states for 1953-54, omitting state aid, rests at twice the figure for 1946. Improvement and stabilization of statistics may be expected to come out of a current proposal of the National Association of State Libraries to compile and publish statistics for state library agencies.

These statistics show the striking advances in financial support that have been made by virtually all state library agencies in recent years. Total appropriations by states for aid to local libraries now amount to more than that spent in 1937 by all states on only their state library agencies.

The financial gains have been related, in the United States, to the trend toward integration of library services at the state level, and to the growing recognition of the critical role that state libraries increasingly are playing in the development of state-wide library service.

References

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