The Maryland Budget Amendment

ENT OF LEGISLATIVE REFERENCE

BALTIMORE, MARYLAND

BUDGET AMENDMENT.

CHAP. 159, LAWS OF 1916.

AN ACT to propose an amendment to Section 52 of Article III, title Legislative Department, of the Constitution of this State, regulating the making of appropriations by the General Assembly of Maryland in regular session, and to provide for the submission of said amendment to the qualified voters of this State for adoption or rejection.

SECTION 1. *Be it enacted by the General Assembly of Maryland,* (three-fifths of all the members of each of the two houses concurring) that the following be and the same is hereby proposed as an amendment to Section 52 of Article III, title Legislative Department, of the Constitution of this State, the same, if adopted by the legally qualified voters of the State, as herein provided, to become Section 52 of Article III of the Constitution of Maryland.

SEC. 52. The General Assembly shall not appropriate any money out of the Treasury except in accordance with the following provisions:

Sub-Section A:

Every appropriation bill shall be either a Budget Bill, or a Supplementary Appropriation Bill, as hereinafter mentioned.

Sub-Section B:

First. Within 20 days after the convening of the General Assembly (except in the case of a newly elected Governor, and then within 30 days after his inauguration), unless such time shall be extended by the General Assembly for the session at which the budget is to be submitted, the Governor shall submit to the General Assembly two budgets, one for each of the ensuing fiscal years. Each budget shall contain a complete plan of proposed expenditures and estimated revenues for the particular fiscal year to which it relates; and shall show the estimated surplus or deficit of revenues at the end of such year. Accompanying each budget shall be a statement showing: (1) the revenues and expenditures for each of the two fiscal years next preceding; (2) the current assets, liabilities, reserves and surplus or deficit of the State; (3) the debts and funds of the State;

(4) an estimate of the State's financial condition as of the beginning and end of each of the fiscal years covered by the two budgets above provided; (5) any explanation the Governor may desire to make as to the important features of any budget and any suggestion as to methods for the reduction or increase of the State's revenue.

Second. Each budget shall be divided into two parts, and the first part shall be designated "Governmental Appropriations" and shall embrace an itemized estimate of the appropriations: (1) for the General Assembly as certified to the Governor in the manner hereinafter provided; (2) for the Executive Department; (3) for the Judiciary Department, as provided by law, certified to the Governor by the Comptroller; (4) to pay and discharge the principal and interest of the debt of the State of Maryland in conformity with Section 34 of Article III of the Constitution, and all laws enacted in pursuance thereof; (5) for the salaries payable by the State under the Constitution and laws of the State; (6) for the establishment and maintenance throughout the State of a thorough and efficient system of public schools in conformity with Article VIII of the Constitution and with the laws of the State; (7) for such other purposes as are set forth in the Constitution of the State.

Third. The second part shall be designated "General Appropriations," and shall include all other estimates of appropriations.

The Governor shall deliver to the presiding officer of each house the budgets and a bill for all the proposed appropriations of the budgets clearly itemized and classified; and the presiding officer of each house shall promptly cause said bill to be introduced therein, and such bill shall be known as the "Budget Bill." The Governor may, before final action thereon by the General Assembly amend or supplement either of said budgets to correct an oversight or in case of an emergency, with the consent of the General Assembly by delivering such an amendment or supplement to the presiding officers of both houses; and such amendment or supplement shall thereby become a part of said budget bill as an addition to the items of said bill or as a modification of or a substitute for any item of said bill such amendment or supplement may effect.

The General Assembly shall not amend the budget bill so as to affect either the obligations of the State under Section 34 of Article III of the Constitution, or the provision made by the laws of the State for the establishment and maintenance of a

system of public schools, or the payment of any salaries required to be paid by the State of Maryland by the Constitution thereof; and the General Assembly may amend the bill by increasing or diminishing the items therein relating to the General Assembly, and by increasing the items therein relating to the judiciary, but except as hereinbefore specified, may not alter the said bill except to strike out or reduce items therein, provided, however, that the salary or compensation of any public officer shall not be decreased during his term of office; and such bill when and as passed by both houses shall be a law immediately without further action by the Governor.

Fourth. The Governor and such representatives of the executive departments, boards, officers and commissions of the State expending or applying for State's moneys, as have been designated by the Governor for this purpose, shall have the right, and when requested by either house of the Legislature, it shall be their duty to appear and be heard with respect to any budget bill during the consideration thereof, and to answer inquiries relative thereto.

Sub-Section C: Supplementary Appropriation Bills:

Neither house shall consider other appropriations until the Budget Bill has been finally acted upon by both houses, and no such other appropriation shall be valid except in accordance with the provisions following: (1) Every such appropriation shall be embodied in a separate bill limited to some single work, object or purpose therein stated and called herein a Supplementary Appropriation Bill; (2) Each Supplementary Appropriation Bill shall provide the revenue necessary to pay the appropriation thereby made by a tax, direct or indirect, to be laid and collected as shall be directed in said Bill; (3) No Supplementary Appropriation Bill shall become a law unless it be passed in each house by a vote of a majority of the whole number of the members elected; and the yeas and nays recorded on its final passage; (4) Each Supplementary Appropriation Bill shall be presented to the Governor of the State as provided in Section 17 of Article II of the Constitution and thereafter all the provisions of said Section shall apply.

Nothing in this amendment shall be construed as preventing the Legislature from passing at any time in accordance with the provisions of Section 28 of Article III of the Constitution and subject to the Governor's power of approval as provided in Section 17 of Article II of the Constitution an appropriation bill to provide for the payment of any obligation of the State

of Maryland within the protection of Section 10 of Article I of the Constitution of the United States.

Sub-Section D: General Provisions:

First. If the Budget Bill shall not have been finally acted upon by the Legislature three days before the expiration of its regular session, the Governor may, and it shall be his duty to issue a proclamation extending the session for such further period as may in his judgment be necessary for the passage of such Bill; but no other matter than such Bill shall be considered during such extended session except a provision for the cost thereof.

Second. The Governor for the purpose of making up his budgets shall have the power, and it shall be his duty, to require from the proper State officials, including herein all executive departments, all executive and administrative offices, bureaus, boards, commissions and agencies expending or supervising the expenditure of, and all institutions applying for State moneys and appropriations, such itemized estimates and other information, in such form and at such times as he shall direct. The estimates for the legislative department, certified by the presiding officer of each house, of the judiciary, as provided by law, certified by the Comptroller, and for the public schools, as provided by law, shall be transmitted to the Governor, in such form and at such times as he shall direct, and shall be included in the budget without revision.

The Governor may provide for public hearings on all estimates and may require the attendance at such hearings of representatives of all agencies, and of all institutions applying for State moneys. After such public hearings he may in his discretion revise all estimates except those for the legislative and judiciary departments, and for the public schools as provided by law.

Third. The Legislature may, from time to time, enact such laws, not inconsistent with this Section, as may be necessary and proper to carry out its provisions.

Fourth. In the event of any inconsistency between any of the provisions of this Section and any of the other provisions of the Constitution, the provisions of this Section shall prevail. But nothing herein shall in any manner affect the provisions of Section 34 of Article III of the Constitution or of any laws heretofore or hereafter passed in pursuance thereof, or be construed as preventing the Governor from calling extraordinary sessions of the Legislature, as provided by Section 16 of Article II, or as preventing the Legislature at such extraordinary sessions from considering any emergency appropriation or appropriations.

If any item of any appropriation bill passed under the provisions of this Section shall be held invalid upon any ground, such invalidity shall not affect the legality of the Bill or of any other item of such Bill or Bills.

SEC. 2. *And be it enacted, by the authority aforesaid.* That the said foregoing Section hereby proposed as an amendment to the Constitution shall at the next ensuing general election being the presidential and congressional election, to be held on the Tuesday next after the first Monday of November, nineteen hundred and sixteen, be submitted to the legal and qualified voters of the State for their adoption or rejection in conformity with the directions contained in Article XIV of the Constitution of this State, and at the said election the vote on said proposed amendment to the Constitution shall be by ballot, and upon each ballot there shall be placed the following synopsis of said amendment under the caption of

"CONSTITUTIONAL AMENDMENT PROVIDING FOR A BUDGET."

"This amendment provides that the Governor shall present to the Legislature soon after it is convened a Budget giving a complete plan of proposed expenditures and estimated revenues for the two succeeding fiscal years showing clearly any surplus or deficit in State funds. In these estimates he shall make provision for the interest and sinking funds of all State debts, for all salaries as fixed by law, and for the public schools as fixed by law. With regard to most other matters he may revise the estimates presented to him either by State officers or State-aided institutions. The Legislature may not increase the estimates presented by the Governor or pass any additional appropriation act except by a majority vote and must make provision by tax for such increase or additional appropriation. The Legislature may not alter in an appropriation act the provision made by law for the State debt, or for the judiciary, but may reduce all other items in the Governor's estimates;" and the words "For the Constitutional Amendment" and "Against the Constitutional Amendment," as now provided by law, and immediately after said election due returns shall be made to the Governor of the vote for and against the proposed amendment, and further proceedings had in accordance with Article XIV of the Constitution.

VOTE ON ABOVE BUDGET AMENDMENT AT THE ELECTION, NOVEMBER 7, 1916.

Counties.	*For.*	*Against.*
Allegany	3,705	2,020
Anne Arundel	1,132	388
Baltimore	9,737	4,131
Calvert	399	164
Caroline	396	144
Carroll	1,499	730
Cecil	877	245
Charles	293	697
Dorchester	697	352
Frederick	2,510	1,527
Garrett	511	965
Harford	1,395	441
Howard	663	328
Kent	385	166
Montgomery	1,654	275
Prince George's	1,489	369
Queen Anne's	990	196
St. Mary's	287	64
Somerset	345	122
Talbot	508	131
Washington	2,635	1,574
Wicomico	747	586
Worcester	343	178
Baltimore City	44,281	21,307
Totals	77,478	37,100

Majority for Amendment, 40,378.

GOODNOW REPORT.

EXECUTIVE DEPARTMENT.

ANNAPOLIS, MD., January 28, 1916.

To the President of the Senate.

SIR:

I transmit herewith a copy of the report of the Commission on Economy and Efficiency on the Budget System, known as the Goodnow Commission, which Commission was appointed by the late Democratic Convention. Accompanying this report is a Bill, prepared by the Commission, which, in its opinion, will carry into effect its recommendations. I feel extremely gratified at the very able report submitted. The Commission has devoted much time and work in the performance of its delegated duty.

I recommend this report and the accompanying Bill to your Honorable Body for your prompt and favorable consideration.

Respectfully,

EMERSON C. HARRINGTON.

Governor.

REPORT OF THE COMMISSION ON ECONOMY AND EFFICIENCY ON A BUDGET SYSTEM.

(*Md. Senate Journal, January 28, 1916, pp. 129-134.*)

The platform of the party to which this Commission owes its existence provided, among other things, as follows:

"We pledge the adoption of what is known as the budget system. The basis of the system shall be a report made either by the Governor or by the Board of Public Works to the Legislature of the estimated income of the State during the succeeding two years, together with recommendations as to the appropriations or expenditures to be made for all purposes during the same period of time. The Legislature may reduce or eliminate the items for appropriations or expenditures (except when this would affect the State's outstanding obligations), but shall not increase the same, and no appropriations shall be expended for any purpose other than the purpose specified in the budget. Proper provision shall be made for emergencies or contingencies.

"Until the budget system can be made effective, we pledge the Democratic members of the Legislature to keep the expenses of the State within the income of the State, and the Governor to exercise his veto power for the same purpose.

"In connection with the budget system, we favor the adoption of a uniform fiscal year for all State officers and departments and for all institutions receiving State aid. We recommend that all continuing appropriations be repealed and that hereafter all appropriations shall be included in two general appropriation Bills—one for each of the two fiscal years intervening between the adjournment of one Legislature and the convening of the next.

"The Commission created by the first plank of this platform shall be charged with the duty of devising and recommending a detailed plan for the budget system."

It will be noted that the platform provides for a budget system prepared by the Governor or the Board of Public Works, the items of which can be reduced or eliminated, but not increased, by the Legislature.

This limitation is fundamental in our judgment for a sound budget system. It has its counterpart in the budget systems of governments most advanced in their fiscal management. It also has its counterpart in the budget systems of a number of American municipalities. As has been pointed out by the Mayor of Baltimore City, one-half the population of the State of Maryland has become accustomed to this system in its municipal affairs and would not think for a moment of going back to the old system.

Such a change, however, as is pledged in the Democratic platform, requires a constitutional amendment in this State.

A mere statutory provision that the Governor or other State officer should submit to the Legislature at the opening of its session, estimates of the revenues and expenditures of the State cannot, in our judgment, produce the reform in State finance which is demanded by the people and voiced in the Democratic platform.

A provision of this character has been, indeed, for a long time in the Maryland Constitution. This is Article VI, Section 2, which imposes upon the Comptroller the duty of preparing and reporting "estimates of the revenue and expenditures of the State." This provision of our State Constitution has not been interpreted as vesting the Comptroller with the power to revise the estimates submitted to him. He has, as a rule, sent

to the Legislature estimates of expenditures which have not, at any rate in recent years, controlled the action of the Legislature in making the appropriations.

The attempt has also been made in this State, through the establishment of the Board of State Aid and Charities, to assist the Legislature in its appropriation of the State moneys to the many State-aided private institutions. The Board has done a great deal of painstaking and valuable work. But for one reason or another, the Legislature has not paid sufficient attention to the Board's recommendations to justify us in reaching the conclusion that the purpose of the establishment of the Board has been completely realized. It is still true that the estimates of State money needed by the State-aided institutions have not been subjected to an effective administrative supervision—effective at any rate in the sense that the recommendations of the Board of State Aid and Charities have been persuasive in controlling legislative action.

It may, therefore, be said that the methods already resorted to in this State to place before the Legislature a complete picture of the State's financial resources and needs have not been successful. The present excess of expenditures over receipts, which has resulted in the large accumulated deficit, is ample proof of the proposition that the methods of making appropriations now in force are defective.

It will also be noted that the party platform providing for the Commission limited its choice in determining the responsibility for making the final estimates for submission to the Legislature, to the Board of Public Works on the one hand, and to the Governor on the other. We have concluded that this responsibility should be placed upon the Governor. We have felt that to make use of the Board of Public Works as a Budget Commission would have the disadvantage of dissipating personal responsibility for financial propositions, and would also run the risk of not securing party responsibility. For it is by no means certain under the conditions which exist in the State that the political party to which the Governor belonged would be in control also of the Board of Public Works. If such lack of political harmony should exist, the Commission believe that a budget system based upon the Board of Public Works would lose much in effectiveness.

The most difficult problem in connection with the formulation of a budget plan which presented itself to the Commission was the determination of the powers of the Legislature relative to the estimates to be submitted by the Governor to the Legisla-

ture. It was recognized that the weakness of all American financial methods, in the Congress of the United States, as well as in tho Legislatures of the separate States, was to bo found in the practice to which all American legislative bodies are addicted of adding either to the amounts demanded by the administrative departments, or to the items for which appropriations were asked. Under the Baltimore City Charter the City Council may reduce but not increase the estimates adopted by the Board of Estimates. This plan has been eminently successful.

The Commission feels, however, that a broader latitude should be given a legislative body in financial matters than is given the City Council in municipal budget making, provided the latitude so given cannot be used in such a manner as to produce a deficit in the State's finances.

In this decision the Commission follows the suggestion of the Democratic platform that proper provision be made for emergencies or contingencies.

For these reasons the Commission is of tho opinion that it is advisable to givo the Legislature tho power to initiate appropriations for objects for which the Governor has made no estimates. Tho Commission feels, however, that it is necessary to prevent the recurrence of deficits in the finances of the State, and to fix the responsibility for any derangement of the financial plans of tho Governor. It has accordingly framed the proposed constitutional amendment in such a way as to permit the Legislature by a three-fifths vote, and subject to the usual provisions with regard to the approval of the Governor, to appropriate money for a purpose not included in the Governor's estimates, on the condition that provision is mado in the act of appropriation for the levy of a tax sufficient in amount to defray the expenses necessitated by such act of appropriation.

Apart from this power of initiating appropriations the Commission has believed that the example offered by city charters might be followed. It has accordingly, and in compliance with the Democratic platform, provided that as a general thing the Legislature may not alter the estimates of appropriations submitted by the Governor except to striko out or reduce them, and it has confined the power of the Legislature at a regular session to initiate an appropriation to the period of the legislative session subsequent to action upon the estimates submitted by the Governor.

It is further to bo noted that the Commission has felt that tho separation of tho three great departments of government, which is such a characteristic feature of American political organization, makes it desirable to treat the estimates for the legislativo and judiciary departments differently from the other estimates. The estimates for the Legislature and judiciary are not to be subject to the revisory powers of the Governor. Those for the Legislaturo and judiciary are to be certified to the Governor, and are to be transmitted by him without revision to the Legislature. Tho estimates of the judiciary as provided by law are to be certified by the Comptroller, and the Legislature may increaso them, but not reduco them. The effect of this method of treating tho estimates for the judiciary will be that no reduction in tho provision made by the law for the judiciary may be made in an Appropriation Act. The Legislature may, however, by an Act, not an Appropriation Act, but subject to the limitations of tho Constitution, change the provision made by law for tho Courts. In case it should do so, the Comptroller must, the next time a Budget Bill is presented, certify the estimates for tho judiciary, as provided by the law.

The estimates for the Legislature are to be certified by the presiding officer of each House for transmission without revision to tho Legislature, which may increase or reduce them.

In order to carry out the spirit of the provision of the platform which seeks to protect "the State's outstanding obligations," and in order to preserve as far as possible unchanged tho present provisions of the Constitution, we have provided that tho Governor shall in his estimates make provision for the State debt, for salaries payable by the Constitution and laws of the State, for a free public school system, as provided by law, and for such other purposes as are set forth in the Constitution. Tho amendment also prevents the Legislature from amending the Budget Bill so as to affect the State debt; from reducing the salaries of public officers during their term of office, the rule of the present Constitution, or from altering the estimates for tho free school system as submitted by the Governor.

Finally, the constitutional amendment which we have proposed provides for the contingency that the Legislature does not act upon the Budget Bill during its regular session, by authorizing tho Governor to extend that session. In case he does so, the amendment provides that the Legislature may not consider during the extended session any other matter than the Budget Bill. Wo have also specifically provided that the amendment proposed shall not be construed as preventing the Governor from

calling extraordinary sessions of the Legislature, as now provided in the Constitution, nor as preventing the Legislature at such extraordinary sessions from considering emergency appropriations.

Our thought in drafting the proposed amendment has been:

First—To impose upon the Governor the sole responsibility, within the limits of the Constitution and the provisions of existing law, of presenting to the Legislature a complete and comprehensive statement of the needs and resources of the State based upon:

(a) Estimates made by those applying for State moneys;

(b) Evidence brought out at public hearings on those estimates; and

(c) Administrative revision by the Governor of all estimates, except those for the Legislature and the judiciary, and for purposes for which provision has been made by the Constitution or existing law.

Second—To make it impossible for the Legislature so to change the plans proposed by the Governor as to produce a deficit; but

Third—To permit the Legislature to make provision for any purpose not included in the Governor's plan on the condition that it provide also for the revenue which the accomplishment of its purpose necessitates.

Fourth—We have not attempted in the amendment proposed to deal with existing continuing appropriations. We have felt that it would be improper to repeal such appropriations by constitutional provision. Indeed, so far as a continuing appropriation is a part of a contractual obligation, as for example, a continuing appropriation for interest and sinking fund for the State debt; a repeal of such an appropriation in the State Constitution would be unavailing, since it would contravene that provision of the United States Constitution which forbids a State to pass any law impairing the obligation of a contract.

We have, however, provided in the amendment submitted that the Legislature may from time to time enact such laws not inconsistent with the amendment as may be necessary and proper to carry out any of its provisions. Under this clause the Legislature may repeal all continuing appropriations not of a contractual character. Such a policy it is to be remembered is approved by the platform of the party under the instructions of which this Commission has been working. It is, however, a policy which would be realized rather by legislation than by constitutional provision.

Out of abundant caution and in order to carry out the purpose of the platform to protect the "State's outstanding obligations," we have left it in the power of the Legislature to pass at any time and in the usual manner an Appropriation Bill for the payment of all the State's obligations protected by the provision of the Constitution of the United States forbidding a State to pass any law impairing the obligation of contracts.

In conclusion, we beg to emphasize the fact that in the opinion of the Commission the proposed amendment is in all its details in exact accordance with the provisions of the Democratic platform.

FRANK J. GOODNOW, Chairman.
JAMES ALFRED PEARCE.
JOSEPH D. BAKER.
B. HOWELL GRISWOLD, JR.,
PHILIP D. LAIRD,
WILLIAM M. MALOY,
F. NEAL PARKE.

EXPLANATION OF THE BUDGET AMENDMENT.

The following statement from "*The Baltimore Sun*" of Sept. 4, will explain the purpose of the articles published herewith through the courtesy of "*The Sun*":

Believing that the budget amendment, which will be voted upon by the people this fall, is a matter of the most far-reaching importance to the State of Maryland, and fearing that in the stress of the national campaign it may be overlooked by the voters, The Sun some time ago requested the members of the Economy and Efficiency Commission, which framed the amendment after weeks of study, to prepare articles setting forth the reasons for their belief that it should be made a part of the State Constitution.

Below is the first of these articles—prepared by former Judge James Alfred Pearce. It is hardly necessary to tell who Judge Pearce is. For nearly two decades he was an honored member of the Court of Appeals, was regarded by lawyers as "the scholar of the bench," was known far and wide as thoroughly saturated with the principles of American institutions. Articles by Dr. Goodnow, Mr. Laird and the other members of the commission will be published, one each week.

NEED OF BUDGET.

(*Baltimore Sun,* Sept. 4, 1916.)

By James Alfred Pearce.

Since the passage by the General Assembly of the act proposing an amendment to the Constitution of Maryland creating a budget system nearly five months have passed, and during that period public attention has been directed almost exclusively to the consideration of questions involved in our primaries for United States Senator, in the approaching Presidential campaign and other matters of national import, and in consequence there has been no discussion of the amendment clearly disclosing the attitude of the people toward it.

I feel, therefore, the reasonableness of The Sun's suggestion that the members of the Commission appointed by the last Democratic State Convention to prepare for submission a budget amendment, and who gave their best thought to that work for more than four months, should, each for himself, state as briefly as he may the considerations which governed in framing the amendment, and which they believe should secure its adoption.

In this day of manifold and ever extending governmental agencies, no one, I believe, will dispute the need of some system of State appropriations based upon the budget principle, and, so far as I have observed, such objection as has been made to that proposed in this State is expressed in the vague and unsupported suggestion that it is "un-American and undemocratic," and it is to this criticism that I wish to speak.

Developed in England.

The germ of the budget, its vital principle, is inseparable from, and may even be said to be coeval with, civilized government; at least, with what is now understood by constitutional government. It had its early development in the parliamentary practice of England, our mother country, from which we have inherited our most cherished institutions, and, since our independence, have adopted so many of our more modern methods of procedure, and that would be a rash judgment which would declare any principle "un-American" because it was practiced in England, or "undemocratic" because England's government is a constitutional monarchy, while ours is a constitutional republic.

The President is required by the Constitution, from time to time, to recommend to Congress such measures as he shall judge necessary and expedient, thus recognizing his initiative in legislation.

The Constitution of Maryland of 1851 in the light of experience, required the Governor to recommend to the Legislature, from time to time, such measures as he may deem necessary and expedient. The two succeeding Constitutions have repeated this mandate, and similar provisions are now found in the Constitutions of most of the states of the Union.

During Mr. Taft's administration the demand for public economy was so insistent that he urged upon Congress provision for "a definite budget, a concrete and well considered program of work to be financed." During this discussion Senator Aldrich declared that such a program would save the country \$300,000,000 a year, and a commission of inquiry was appointed, which made an elaborate report, and, though Congress has not acted in the matter, the subject is a live one in the public mind and has the earnest advocacy of Mr. Wilson and Secretary of the Treasury McAdoo, and the support of much the larger and most enlightened and influential representatives of the press of the country. The assertion that it is an "un-American" idea may be therefore dismissed as without foundation.

Is Not "Undemocratic."

The companion criticism that it is "undemocratic" is equally vague, though it is more likely to excite the hostility or rouse the apprehension of careless thinkers, as implying tho invasion or impairment of some fundamental principle of popular government. But even a superficial consideration of this objection will suffice to show that the budget idea contravenes no fundamental principle of popular government; that it destroys or impairs no power of control by the popular branch of the Government, and that it is, essentially, only a method of procedure in the application of one of the most jealously guarded principles of popular government, with a view to the fuller protection of the people in the raising and disbursing of their own revenues. It has been well said that the history of the development of representative government is the record of a struggle for popular control of the public purse, and that "there is no principle upon which our political institutions are more firmly based than that the public finances, both with respect to the raising of revenues and the expenditure of state funds, should be regulated by those upon whom levies are to be made."

A chairman of the Appropriations Committee of Congress, as the result of long study, has recently said in reply to tho objection that "we should not restrict tho right of tho representatives of the people to loosen up tho pursestrings, that the universal condition of this country today is not that we must safeguard the rights of the people to got money for things. The whole curse of our condition is that everybody is doing his utmost to get it, and succeeds, and the evil to be corrected is the evil of his excessive expenditure."

Definition is Presented.

I adopt as accurate and scientific, yet simplo, the definition of a budget given by Frederick A. Cleveland, director of the Bureau of Municipal Research of New York City, viz: "A plan for financing an enterprise or government during a definite period, which is prepared and submitted by a responsible executive to a representative body, whose approval and authorization are necessary before the plan may be executed," and I believe the amendment to be submitted to the people of Maryland at the November election conforms to this definition and is free from violation of any popular right—or of any true democratic principles.

An examination of its provisions will show that it is in perfect accord with the principle that the public purse shall always

be under the free control of the representatives of the people, and that it merely provides an orderly method of procedure in tho application of this principle. The amendment as a whole provides a concrete and carefully considered plan of work to be financed by the State, leaving no element or item to hasty, or haphazard action. This plan is to be prepared and submitted by the Executive, who is in fact responsible for the execution of the laws, and who is held responsible by the people for safe and wise leadership. It is impracticable within the limits of this articlo to consider in detail why this duty is committed to the Governor rather than to some other officer or board, but the reasons were convincing to every member of the commission, and I am confident will be found so by the great majority of careful thinkers.

The plan is to be submitted to the General Assembly within 20 days after it convenes, in order to give ample time for its consideration, but at the same time is illustrated the care with which the control of the representative branch of the government is preserved, in the provision that the Assembly may extend this time if it is deemed necessary or desirable to give further time for its preparation.

Governor Acts on Advice.

The plan is not the arbitrary or unaided idea of the Governor. Ho is required to act upon estimates and statements from all tho departments, boards and agencies in the State, as to the anticipated revenues of the State as compared with those of tho two preceding years, and as to the reasonable and probable needs of such departments, boards, etc., as well as of all institutions applying for State aid, and both he and they have the right and may be required, whenever requested by either House, to appear and answer queries relative to the plan; and the Governor may requiro public hearings on all estimates submitted to him beforo acting upon them.

Each budget is to be in two parts designated, respectively, "governmental appropriations" and "general appropriations." The former will embrace (1) those for the General Assembly, just as certified to the Governor by the presiding officer of each houso; (2) thoso for the executive department; (3) those for the judiciary as provided by law certified by the Comptroller to the Governor; (4) for principal and interest of the public debt as required by the Constitution; (5) for salaries as provided by law; (6) for maintenance of public schools as commanded by

the Constitution, and (7) for any other purposes made mandatory by the Constitution.

This constitutes a segregation of items, analogous to fixed and overhead charges, and results in determining a general balance of estimated revenue available for general appropriations, which embrace all those not designated as governmental appropriations, and which, however proper and necessary under the scheme of modern government prevailing in all the States of the Union, are not strictly speaking part of the machinery of the State, and which for that very reason require more caution in granting them. The General Assembly may amend the budget bill by increasing or decreasing the items for their own expenses and by increasing the items for the judiciary, but may not otherwise alter the bill except to strike out or reduce items therein, provided that officers' salaries shall not thus be reduced during their term of office.

Action of Assembly Limited.

In acting upon the General Budget bill, as it may be properly designated, the General Assembly may not increase any item, except as above mentioned. This is an apparent, but only apparent, restriction upon its power to grant appropriations. The amendment makes specific and ample provision for supplemental appropriations at pleasure, after the General Budget bill has passed both Houses, subject only to the requirement that each bill for supplemental appropriations shall be limited to a single object or purpose stated therein; that it shall provide the necessary additional revenue by a tax to be laid as directed in the bill, and that it shall receive in each House a majority of all the members elected thereto. Thus, while the exercise of the right to make appropriations is regulated as to the time of its exercise, the ultimate power is undiminished.

No meritorious object which would have received the approval of the Assembly, if included in the general bill, need ever fail when presented in a supplemental bill; while many an unwise or excessive appropriation, which would have slipped through under the present mode of procedure, would be relegated to the discard.

This provision, the members of the Commission felt to be a most valuable feature of the amendment, fully meeting and disarming hostile criticism as respects any impairment of the power of the Legislative branch, and strongly commending the whole amendment to every taxpayer and to every citizen jealous of the good name and credit of the State.

GAIN FOR STATE IN BUDGET PLAN.

(*Baltimore Sun*, Sept. 11, 1916.)

By Philip D. Laird.

(*Member of the Public Service Commission and Speaker of the House of Delegates in the last Legislature.*)

Among the matters to be passed upon by the citizens of Maryland at the next election is the budget system which the Legislature of 1916 submitted, in the form of a Constitutional amendment, for approval or rejection by the people. So far as the State is concerned, no more important measure, when the practical results aimed at are considered, has ever been presented for the final determination of the voter; and the issues of a Presidential election, nation-wide and serious as they are conceded to be, should not be permitted to overshadow the vital local interests involved in the establishment of sound principles and methods to safeguard the financial integrity of the State and lighten the burden of taxation. Indeed, it would seem to be short-sighted patriotism to show indifference to any one of the elements which combine to produce desired results, and no State can properly discharge its duty to the Union unless its own affairs are well managed and its resources conserved to meet contingencies as they arise, as well as to meet its daily recurring obligations.

In discussing the budget amendment it is essential to keep in mind the conditions and practices which it is designed to correct. For many years loose methods of appropriation of public funds prevailed in the General Assembly, without regard to probable revenue and, apparently, without knowledge of its sources under existing laws. The practice has grown up and become fixed of applying for State aid for all sorts of local purposes which should have been provided for by counties and municipalities, and delegations combined to carry their measures through under the mistaken idea that, as the counties and cities made no direct levies for the object, they were relieved from the resulting taxation. This condition was taken advantage of by designing men who possessed political influence, to secure support for measures in which they had a special interest. These men would threaten the defeat of local bills unless

their authors agreed to vote for the bills which the politicians desired to have passed, and the fear of unpopularity at home, in case the local measure failed, was usually strong enough to influence delegations to accept the conditions. This log-rolling process went on in the face of warnings from the fiscal officers of the State and the press, and each party, when in control, acted with the same disregard of consequences. But in fairness it should be said that much of the extravagance of later years that produced the deficit of 1915 and 1916 was in response to popular demand for facilities and to the constantly increasing number of schemes for "uplift," whose promoters swarmed in the State House appealing for money. Furthermore, in forming our judgment of the Legislature, it would be unfair to overlook the fact that, while warnings had been sounded, comprehensive statements of fiscal affairs, such as would be really informing, were not furnished to the members, and they were obliged to act, generally in the closing days of the session, upon reports of committees which contained no comment, or upon the hasty explanations of overworked chairmen. These untoward conditions were prominently in evidence in the last session of the Legislature. It was necessary to make provision for a large deficit, and to meet the increased expenditure which this and other causes occasioned, new sources of revenue had to be found and the measure of taxation worked out and adjusted to produce the best and fairest results. It was impossible to formulate the appropriation bills until the approximate revenue was ascertained, and it was not until the very last day of the session that the more important appropriation bills were introduced and passed under suspension of the rules.

Too many dangers lurk in such a situation to permit its recurrence in the legislative experience of the State. The remedy lies in a rule which will be binding upon the General Assembly and which guarantees investigation of the public needs and resources, and forethought in the effort to promote the public welfare, before the Legislature is called upon to act. The advantage of this to the responsible legislator and to the whole body of citizens is so obvious that argument to prove it would seem to be a waste of time. The legislator, I am sure, would welcome it, and the citizen would rejoice to know in advance what was proposed and be in a position to make his views known to his representatives. A distinct advance in administrative reform will be made when the fiscal scheme of the ensuing two years is laid bare in the early days of the session of the Legislature, and subjected to the scrutiny of the press and the people—something that has been missed in all these years—and the citizens are brought into intelligent and intimate touch with affairs of State that affect them in a thousand ways.

The object of the budget system is to abolish the abuses above referred to and others that might be named, and establish in their place an orderly, systematic, detailed statement of the financial condition of the State, accompanied by recommendations, in the form of bills, for the appropriations for the ensuing two fiscal years and for raising the revenues to pay them. This could have been accomplished by a statute, but after a full discussion and serious consideration, the Commission reached the conclusion that the purpose would be more effectively carried out by a constitutional amendment. A statute would have been binding so long as it remained unrepealed, but it is within the range of possibility—in some conditions, of probability—that the influences friendly to the old and easy-going methods might be strong enough to effect the repeal of the law before its merits could be tested by time, or to so modify it as to destroy its value. A constitutional provision, however, would have the merit of stability; and the approval of the people, expressed at a general election, would have the effect of stimulating those charged with the preparation of the budget to unusual care in their work, and those responsible for its adoption to unusual care in analyzing and acting upon it.

The admirable article by Judge Pearce, in THE SUN of September 4, sets forth the reasons which influenced the Commission in committing the preparation of the budget to the Governor, and discusses with force and precision the objections to that provision. He also disposes of the contention that the amendment is "un-American" and deprives the Legislature of powers and prerogatives which properly belong to it. Probably a discussion of those items from a different standpoint would be worth while and it may be undertaken at a later date. But the present purpose is to indicate the lines along which the Commission worked in the effort to produce practical results that must necessarily prove beneficial. The space at command does not permit, at this time, elaborate discussion of details, and it is sufficient to say that the object was to establish in public affairs the same care, intelligence and mastery of details that has enabled men in commercial pursuits to overcome difficulties and achieve splendid triumphs in the business world.

There is not one rule of economy and business oversight and attention for the individual or private corporation and another rule for the State. The difficulties of the State are in some

respects more numerous and irritating, because conflicting local interests and invisible political influences are constantly at work; but the fundamentals of efficient management are the same in both cases. In its essence, the budget system is simply an established method of management of public fiscal affairs which shall be open and aboveboard to all who have an interest. As it is viewed by those who have given special study to the subject, a distinct advantage will be gained by compelling the Governor to prepare the budget, because the work will give him first-hand information of matters over which his executive functions properly extend, and equip him to adequately fulfill the responsibilities of his trust. The Constitution now compels him to recommend to the General Assembly such measures as he deems wise and expedient in the public interest. The proposed amendment only requires that as to certain things he shall furnish the details which will enable the Assembly to act intelligently and promptly. In this, it is submitted, there is no cause for alarm.

Those countries which have adopted the budget system—confessedly the best managed, financially, in the world—would not consent to a change, and among them no personal liberties of the people, and no fundamental parliamentary rights have been curtailed or endangered by it. There is nothing peculiar in our institutions, as will be shown later, which makes them amenable to assault through the adoption of sound business methods which will conserve the resources of the State, ultimately close numerous channels of extravagance and waste, and remove the opportunities for sinister and demoralizing practices.

HUMAN INTEREST SIDE OF THE BUDGET QUESTION.

(*Baltimore Sun*, Sept. 18, 1916.)

BY WILLIAM MILNES MALOY.

(*Former State Senator.*)

If the Maryland legislator served his State as well as he serves his county or district, a budget system would not be necessary in Maryland. This is not a reflection upon the legislators of Maryland in particular, for, regretfully, it must be said that most of the members of Parliament, of Congress and of every State Legislature in the Union are more mindful of the public interests of the localities they respectively represent than of the general welfare of the nation or State.

The division of Maryland by a great body of water into an Eastern and a Western Shore, embracing a diversity of mountain slopes, low-lying plateaus, interrange valleys and coastal plains, exhibiting every variety of soil and crops, and the great aggregation of half the population of the State in an industrial and seaport city, with the other half scattered between trading villages and farming communities, present to the General Assembly, charged with the duty of choosing the channels into which to divert the quickening stream of public appropriations, a perplexing confusion of interests, activities and needs, made still more complex by our long-established custom of distributing State funds among private institutions, doing or claiming to do public work.

Every hospital, asylum and home singles out a forceful member to make the appropriation for that particular institution his chief aim at Annapolis. Every State-aided college seeks an alumnus member to champion the cause of his alma mater with the zeal of a Daniel Webster pleading for Dartmouth. Every county leader holding office as chief of a State department interests his delegation in the allotment for that branch of the administrative service which his close-range vision magnifies to be the very keystone of the governmental arch. As a side interest almost every member has a county road at home which he regards as the most important highway in the State and wants improved and maintained as a part of the State Roads System. Constituents and sponsors of the Senator or

Delegate too often judge his record by the result of his efforts to secure the coveted appropriation. Throughout the session these ultimate aims influence votes and alignments on men and measures. Messrs. Campbell, Gorman, Benson, Price and Wilkinson, during years of service at Annapolis, have struggled to restrict the appropriations to State-wide projects in commensurate amounts, but have found it impossible to contend against the combinations effected to compel favorable reports on local appropriations and on additions to the regular bills which have resulted in making the total expenditures exceed the highest estimate of State revenues.

These over-appropriations have been going on for years, but somehow or other the State Treasury stood the strain until last year, when the Comptroller announced that the appropriations made by the Legislature of 1914 could not be met. Then followed the report of Mr. Harvey S. Chase, who had been retained to examine and report on the State's finances, and it was disclosed that on January 1, 1916, the Treasury of Maryland faced a deficit of one and one-quarter millions, representing not mere gratuities to private institutions only, but unpaid appropriations for the maintenance of such State agencies as the Tuberculosis Sanatorium, Springfield, Spring Grove and Crownsville Asylums for the Insane, the Rosewood School for Defectives, the Workshop for the Blind, the House of Correction, the Confederate Home at Pikesville, and many others. The total later grew to $2,000,000, which was paid by the proceeds of a bond issue, to meet the principal and interest of which, the people of Maryland will be taxed for the next 10 years. Thus, for the first time in 75 years, and perhaps for the first time in the history of the State, Maryland is paying current expenses out of a bond issue.

In attempting to shift the blame, certain legislators claimed that the Governor should have totaled the mass of omnibus, governmental, special and local appropriation bills, and have vetoed the excess sum. The friends of the Governor urged with justice that as the Constitution reposed the duty of appropriating public moneys and raising the necessary revenue in the Legislature, it was not fair to expect the Executive to use his veto to save the General Assembly from the political consequences of its misdeeds, especially when some of the bills appeared to have been passed with full expectation that the Governor would have to veto them. Other legislators found fault with the Comptroller, and when that official's friends pointed to his report embodying a technical performance of the Comptroller's duties of

estimating revenues and warning against extravagance, the lawmakers replied that the report was not intelligible anyhow; that the warnings against extravagance had been couched in the same language for a generation by successive Comptrollers, and as each Legislature had disregarded them, so had the Legislature of 1914. Here the attempt to shirk the responsibility still remains—the Governor, Comptroller and Assembly (as a newspaper cartoonist represented it) standing in a ring, each pointing an accusing finger at the other, with no end to the circle of censure.

The truth of the matter is that the system is faulty in that it supposes the Legislature to possess the knowledge, have the time and be the place to formulate a State financial scheme with a finely adjusted and balanced schedule of revenues and appropriations. After an experience of three sessions as a member and another session as an officer of the General Assembly, I say without any reservation that the legislators are just as honest and conscientious in the discharge of their duties as are business and professional men in attending to the matters intrusted to them, but it is only too true that the average member represents his county only, cannot see or understand the State as a whole, and never does acquire an adequate understanding of the State's finances. The Governor, as the officer who does represent and understand the entire State, and is accountable to all the people, should be charged with the task of framing financial policies, determining the avenues of State expenditure, and especially so as he has to carry out the provisions of the enacted measures. The wholesome check upon this power is that the Legislature must approve the plans, policies and recommendations of the Governor.

Before condemning this method of placing the responsibility on the Chief Executive of the State, it should be remembered that this is the last resort of those who have sought a remedy for the present unsatisfactory condition. Means of improvement and correction by internal changes have been tried by earnest legislators seeking a remedy. The legislative committee system has been condemned on the ground that a small body should not control the appropriations. The committees have been enlarged and even doubled, with a corresponding increase in the appropriations as a result. As another expedient, the money bills have been distributed among several committees, with the consequence, as in Congress, where it was tried, that the appropriations have grown to a billion dollars, and more recently to nearly two billion dollars. To correct the trouble

constitutional amendments have been adopted in many States, including Maryland, giving the Governor the right to veto individual money items, and the Executive has usurped the further power of reducing items. The creation of advisory bodies, such as the Maryland Board of State Aid and Charities, has made but little improvement. The performance by the Governor and the Comptroller of their constitutional duties of informing the Legislature of the condition of the State, with recommendations concerning the increase of revenues and curtailment of expenditures, has produced no appreciable betterment. Maryland has tried all previous expedients and has a $2,000,000 over-appropriation to meet. The real remedy is to place the responsibility on the Governor, and to impose the duty in such a way that he cannot evade it. Let him get such assistance as he may see fit, but the responsibility must be his, and for the performance of his duty he is accountable to the people of the State. This feature of executive initiative of and responsibility for financial policies, as contained in the Maryland budget amendment, has the indorsement of President Wilson, former President Taft, Dr. Goodnow and Dr. Cleveland, and of many experienced members of Congress.

In the discussion of the budget amendment it must not be forgotten that the plan of raising revenue and the schedules of appropriations originated by the Governor require legislative approval. The Legislature may strike out or reduce items of general appropriation. It may make supplementary appropriations provided it raises the revenue by taxation, which is an effective check against local appropriations and the creation of a deficit. Congressman Fitzgerald, for years chairman of the Committee on Appropriations of the United States House of Representatives, goes so far as to suggest depriving the individual member of the right to initiate appropriation measures. The Maryland budget plan does not go to this extreme, but it does provide that if a member introduce and the Legislature pass a supplementary appropriation bill the necessary revenue must be raised then and there by direct or indirect taxation.

I hope there will be no attempt to argue that the budget plan gives the Governor too much power. For many years the Maryland Legislature has passed its appropriation bills in the last hours of the final days of the session, then adjourned and left the Governor with absolute power to veto any or all appropriations, and in recent years to decrease the items at will. The Executive has refused to exercise this power to prevent a deficit, claiming that the duty is imposed on the Legislature. The proposed amendment gives the Governor the power before, instead of after, action by the Legislature, and locates without possibility of evasion, the responsibility for devising the fiscal arrangements of the State, which responsibility now is distributed among 129 men, each politically accountable only to the voters of a single county or district. No one familiar with legislative methods in Maryland can truthfully say that there is anything revolutionary in this part of the budget amendment.

Another important feature of the budget amendment is the right which it gives to the Executive to appear and defend his financial recommendations. That this is not revolutionary is shown by a learned professor in one of our leading universities who in a recent article contends that this was the plan that the framers of the United States and State constitutions had in mind, but that in practice we have widely departed from it. That a return to the original procedure or the adoption of the innovation is necessary the leading authorities and students of our governmental system all agree. Our own experience in Maryland shows how necessary it is for the Executive to be able to enter the legislative councils and face those combatting his financial policies in order that the people may learn the merits of the controversy. More than one Governor in Maryland has bartered State offices for progressive financial legislation. At each session for years an astute old county leader has caused his delegation to revolt and vote against administration measures until he has obtained the political pelf that he demands. A Governor who has arrayed against him the corrupt among the political bosses frequently finds the chairmen of committees picked from among the opposing faction and is powerless to advance his plans until he makes terms with his enemies. The right to come before the Legislature in person and in the white light of publicity explain his plans and expose the motives of his opponents will be a tower of strength to an honest executive and will enable him successfully to fight the "invisible government". With this right the Budget Amendment endows the Governor of Maryland.

It has been advanced that the adoption of the budget system would drain the Legislature of its political power and reduce that body to the condition of City Councils since the inauguration of boards of estimates. This is far from true. It would make the General Assembly a forum of debate and deliberation—its proper sphere—which it is far from being today. When the Governor's bills shall have been introduced early in the session, as required, the proceedings will be well worth

attending. For instance, should the Governor recommend an appropriation to bridge Sinepuxent Bay, on the Eastern Shore, the interrogatories put to the Executive by the Western Maryland and Baltimore City members would be enlightening. Were the Governor to advocate the donation of money from the State Treasury to erect a large building for the Methodist College at Westminster, it would be refreshing to hear from the member from the Tenth Ward of Baltimore City. Did the Governor but suggest the construction of a road in Anne Arundel County paralleling another completed State road at no point over one and three-quarter miles apart, and over the vigorous protest of the State Roads Commission, it would be entertaining to hear from the Delegates from Washington County, that great tax-paying county of Western Maryland, with but one State road within its broad confines. Let the Executive's recommendations include such a strange provision as an appropriation for the State to buy 200 copies of that law book, "Contest of Wills," the remarks of the members from frugal Frederick would be plain and to the point. And yet bills containing these items have been passed in the last days of recent sessions without a dozen members knowing that they were included. Far from deteriorating, the Legislature under the budget procedure would, on the contrary, develop into a body of constant inquiry where the appropriations in the Executive's bills would be carefully weighed and all found wanting be eliminated. For membership in such a body the best equipped of our public-spirited citizens would contend and there find full play for the exercise of their talents.

As the Budget Amendment embraces the features of the plan indorsed by the State platforms of both political parties, it should receive the vote of every loyal party man, and as it will safeguard the public revenues and effectually prevent a future deficit in the State Treasury, it is entitled to the support of every citizen of Maryland who has the good of his State at heart.

BUDGET SYSTEM MERELY A CHANGE IN PROCEDURE.

(*Baltimore Sun*, Sept. 25, 1916.)

BY FRANCIS NEAL PARKE.

The proposed budget system is submitted to the voters of Maryland as a tested and approved method of securing economy and efficiency in public finance, through a union of power and responsibility, without violating the integrity of the legislative, judicial and executive branches of the government.

The taxpayers have seen and endured throughout many years a constantly increasing burden of taxes and imposts by reason of steadily mounting expenditures, voted by the General Assembly. This weight of taxation grew while every political party advocated and promised economy, when every official was pledged to it, and when every legislator affirmed it to be his one inviolable principle. With no significant exception, these professions were intended—whether through motives of principle or of expediency is immaterial—to be translated into action. Every legislator, every public official and every political party knew that economy was indispensable to personal and party preferment and power, yet the distinguishing characteristic of legislative appropriations was waste and extravagance.

As the indignant citizen reviewed the work of the Legislature and paid his heavy taxes, he found himself charging the Legislature with being extravagant and corrupt. Yet when the voter turned to the individual members of the House of Delegates and of the Senate he found them to be, in the main, if not of capacity, at least honest, economical and patriotic—average men whose personal character and the result of their political course were anomalous. As the nature of its units must determine the nature of the mass, so a representative body whose individual membership is preponderantly upright, intelligent and frugal will not legislate in a wasteful and extravagant manner, unless the methods by which the individuals act as a body present insuperable obstacles to the play of their uprightness, intelligence and frugality.

A survey of legislative bodies in action discloses that the fatal impediment to economy and efficiency, and the cause of acts being passed inconsiderately, is the procedure of referring all

bills calling for appropriations to comparatively small committees, which, by reason of the volume, complexity, difficulty and gravity of their duties, almost necessarily hold the bills in committee until they are finally consolidated in one or two huge acts and presented to the Legislature when it is about to adjourn, and then precipitately passed without an expiring Legislature having adequate knowledge of their contents or the time for pausing to acquire it. By this procedure the General Assembly has virtually abdicated its powers and transferred them to the two committees of Finance and Ways and Means. While it is conceded that the vast bulk of business cast upon a biennial legislative body can be dispatched only by a division among committees, yet experience has demonstrated that this procedure is too dangerous and costly in the granting of appropriations and the raising of revenues, and must be reformed. "Whilst institutions directly repugnant to good management are suffered to remain, no effectual or lasting reform can be introduced," writes Burke.

The fundamental defects of the existing legislative procedure with reference to bills affecting public finance are the substantially complete surrender to committees of a vital function of the legislative body, and the uncontrolled exercise of this function by the committees in comparative, if not actual, secrecy. The present procedure leaves the individual member in the dark as to the various items of appropriations, denies him time to weigh the merits of the items of the appropriation measures, throttles discussion and compels precipitate action in the turmoil, confusion and exhaustion of the closing days of the session. Because of the impossibility of locating individual responsibility for what is done in the dark by unknown authors, the public has long since become apathetic to these conditions.

No matter what may be the capacity, the intelligence and the frugality of legislators, ignorance of what they are called upon to do and an absence of an adequate opportunity for consideration, debate and deliberation, with haste in the doing of it, result uniformly in wasteful, extravagant and pernicious appropriations of money, and make log-rolling inevitable and an apparently natural method of legislation. While statesmen and political economists and the experience of well governed countries have pointed the way to remedy this disastrous procedure in the preparation and passage of appropriation and revenue measures, the people of Maryland were not awake to its grave import to them until aroused by a huge deficit and the necessity of providing for current expenses by public loans, "which," as

Bagehot pertinently observes, "under ordinary circumstances are shameful."

The accepted reform to correct the evils of committee rule in fiscal matters is a budget system, which will modify the procedure in framing appropriation acts, but which will not affect the wise and deeply rooted principle of our governmental structure that the General Assembly shall vote all appropriations.

In the first place, the present secrecy attending the framing of appropriation bills, which is provocative of injustice, inequality and prodigality, will pass with the adoption of the budget system. The Legislature will no longer act in ignorance, but with full information from an authoritative source of the resources, liabilities and financial condition of the State; of the proposed appropriations, and of their effect upon revenues measured in terms of estimated deficit or surplus, and of their significance and necessity when judged by similar appropriations of the two preceding fiscal years. And this information will be imparted within the first 20 days of the session in a digested and easily available form, with the items classified and clearly itemized, and regularly and methodically arranged. Not only will every dollar and every object of the bills be known to every member of the General Assembly, but the press—the great organ of publicity—will know, and every citizen may know, the contents. Complete publicity is assured, and no more indispensable and efficient guardian of the public purse can be provided.

In the second place, with the early submission of the budget and a full knowledge of its proposals, the Legislature will be freed from the dominion of its committees, and will have an opportunity to consider, weigh and discuss its provisions with the care, deliberation and publicity which so important a measure demands. In short, the Legislature will regain its constitutional function as a deliberate body and as the controlling power in the granting of money and imposing taxes. In the third place, the budget system will fix responsibility. While power is restored to the legislative body by the budget, it imposes upon each legislator a responsibility which must be discharged in such a manner as to enable his constituents to reward or punish him for his act.

The limitation upon the Legislature that it may not increase any item in the budget bills submitted by the Governor, except those relating to the General Assembly and the judiciary, is not an impairment of any legislative power, as it merely amounts to the Governor advising the Legislature at the beginning of

the session that he will not approve a specific appropriation for more than a designated amount.

In effect, it is a veto at the beginning of the session, instead of one at the end, when a veto usually is final because the Legislature has adjourned and, of course, has no chance to act. Should the Legislature desire to make a given appropriation larger than was provided by the Governor in the budget, it may do so, after action upon the budget, by passing a special act and providing therein the revenue necessary for the amount thus appropriated.

The more the budget plan is examined the more conclusive it appears that the amendment will not impair the power of the Legislature over all appropriations and revenue measures, but will correct a disastrous procedure in legislation now preventing the proper discharge of that power. Nor has power been conferred upon the executive at the expense of either the legislative or judicial departments.

In designating the Governor as the author of the budget, the proposed constitutional amendment has made specific the general requirements of the Constitution that "He shall from time to time inform the Legislature of the conditions of the State, and recommend to their consideration such measures as he may judge necessary and expedient." In imposing upon the Governor the onerous responsibility of preparing a budget, it was believed that as the first citizen and the executive officer of the State, he was logically the State official to prepare the budget. The Governor is always at the heart of public affairs. Through the hierarchy of State officers, he is daily brought in contact with the administration of public affairs in every portion of the State. He gathers better than anyone else the public aspirations, views and necessities, and he knows the urgency of particular public demands and their comparative importance. Occupying this unique position, and having a knowledge and vision coextensive with the boundaries of the State, the Governor is best qualified to prepare the budget.

Moreover, the Governor will act under a greater sense of responsibility and with more incentive to produce an acceptable budget than any other State official or group of officials by reason of his conspicuous position, natural pride of place, and a desire for honor, public esteem and approval. Furthermore, no one else bears the same weight of political responsibility—because the Governor is the titular, if not the real, leader of a political party, and he cannot afford to make mistakes. If his budgets are not distinguished by wisdom, skill and economy,

and if they improvidently increase the burden of the taxpayer, neither he nor his party will survive.

On the contrary, a brilliant budget will bring rich reward to its author and his party.

No one else should share this power and responsibility with the Governor. He must stand in a splendid isolation. With both power and responsibility in him exclusively, the Governor may deny neither, and thereby a timid Governor will be supplied with a backbone by his power, and a bold executive will be restrained by his responsibility. With a Governor of either type, the people, knowing that he has both power and responsibility, will reward or punish a worthy or a recreant executive according to his deeds.

If the Board of Public Works, or any other group of two or more officials, had been designated to prepare the budget, there would have been a division of power and of responsibility among the entire number with no certainty as to which would be responsible for this or that portion of the budget. And the great principle and safeguard of individual and inescapable responsibility for the exercise of power would have been sacrificed. In addition to these objections, there are some peculiar to the Board of Public Works, which arise from the fact that two of its members are elected by the people, and one by the Legislature; that two hold office for two years and one for four years, and that while they generally are, yet none need be, of the same political party. All these things would make for confusion, conflict, and cross-purposes, and diminish political responsibility.

The experience of civilized mankind is that efficiency and economy in Government follow where power and responsibility are united, and the earlier this principle is adopted in Maryland the better it will be for the Commonwealth.

THE A-B-C OF THE BUDGET PLAN.

(*Baltimore Sun,* Oct. 2, 1916.)

By Joseph D. Baker.

Question—What is the budget?

Answer—Simply a commonsense way of transacting business. The Government ascertains first how much money it will have for general expenditures in the year, and then divides that sum between its departments and institutions, and the private institutions it desires to aid. The budget means order and foresight.

Q.—Do you mean to say that has not been the rule in the past in handling the finances of the State of Maryland?

A.—Unfortunately, that has not been the rule. Otherwise the State would not have had to borrow the huge sum of $2,000,000 to meet a deficit in its general treasury; it would not have had to borrow that sum to pay current expenses which should have been met with current income.

Q.—Well, what system has the State used in handling its finances?

A.—The 129 members of the Legislature have done the best they could, without having any system worthy the name. The only information they had about expected receipts was the general estimate included in the Comptroller's report. They had only the most haphazard information about the needs of the departments and institutions seeking appropriations. And most of the 129 members were men who had had no previous experience in legislative work and, consequently, were totally unfamiliar with the business of distributing the State's money. What happened was this: Nearly every fellow made it his business to look after the department in which he had friends, or the institution situated in his locality. Pressure from home made him do that. Then he found that if he were to get what he asked he had to let the other fellow get what he asked. It was "Kiss me and I'll kiss you." The men who did that were not bad; most of them were good, decent fellows; they simply followed the line of least resistance. But the result was bad, because nearly everyone was interested in getting through one or more appropriations, and hardly anyone was interested in

keeping them down. The end of it all was a great over-appropriation, and the State was compelled to borrow that $2,000,000 in order to make the over-appropriation good.

Q.—You say that under the budget system the State will ascertain how much money it will have, will limit its expenditures to that amount and then will divide it. Will you explain more fully the details of that plan?

A.—Some months before the Legislature meets the Comptroller will hand the Governor an itemized statement of the expected receipts for each of the next two years. The Governor will deduct from the amounts for each year such sums as will be necessary to meet the expenses of the Legislature and the judiciary, to pay the salaries of officials and to meet other expenses prescribed by the Constitution or the laws. These amounts will be in the nature of fixed charges. When they have been deducted what remains will be available for general appropriations.

Then the Governor will have each State department and institution, and each private institution seeking State aid present to him a statement of its needs. That statement must be in detail, and will be made public. It must show how much is needed for each purpose. It also must show how much, if anything, was spent for that purpose in the previous year. When the Governor has studied all this information, he will frame budget bills, dividing the available money among the departments and institutions. These bills then will go to the Legislature.

Q. What will the Legislature do with them?

A.—It may strike out or reduce any appropriation.

Q.—Why is it given that power?

A.—So that the representatives of the people will have a check upon the Governor. If he abuses the trust given him and improperly favors some institution with a too high appropriation, the Legislature can reduce or eliminate it.

Q.—Can the Legislature put items into the budget bills or increase ones put in by the Governor?

A.—No. If that could be done the door would be opened again for a mad scramble by each of the 129 legislators to increase the appropriations to the departments or institutions in which he was interested. And that would mean danger of another over-appropriation and another deficit.

Q.—But suppose the Governor had a grudge against some institution and did not give it its fair share of money. If the

Legislature could not increase the appropriation to that institution would it not be subjected to great injustice?

A.—Provision is made for such contingencies. The Legislature may pass special acts of appropriation, if it provide in them for revenue sufficient to meet the sums appropriated. In case the Governor treated some institution unjustly the Legislature could meet the situation with that machinery.

Q.—Will not that power lead to the Legislature again piling up excess appropriations?

A.—If it should, there could not be another deficit, for each such appropriation act must carry provision for its own payment. And it is improbable that the power will be abused. It is easy to get an appropriation through the Legislature, but it is hard to get through new taxation to meet it, unless the purpose be clearly good. New taxation hits some or all of the people, and must be explained satisfactorily to them.

Q.—Is not the power to frame the budget bills too much power to put into the hands of one man, the Governor?

A.—He has as much power now, and there has been no charge of abuse. The Governor may veto any appropriation made by the Legislature. And as appropriation bills for years have been passed too late to override the veto, the Governor has had an almost absolute power. He really will have less absolute power under the budget system, for the Legislature will have ample time to reduce or eliminate any item he may put in the budget bills, or to pass special acts appropriating money—and providing the revenue—for any purposes he may have neglected.

The important difference between the old way and the budget is that in the past the Governor acted upon appropriation bills in the hurry and turmoil of the end of the legislative session, when it was practically impossible for him carefully to consider the purpose for which appropriations were made; whereas, under the budget system, he will have months to go over the entire business and to act carefully and deliberately.

As said before, the budget is simply a commonsense way of transacting business, and the commonsense of the people should make certain its adoption in the November election.

THE FACTS CAUSING THE NECESSITY OF A BUDGET.

(*Baltimore Sun*, Oct. 9, 1916.)

By B. Howell Griswold, Jr.

Let us glance at the State's recent financial history.

Gross Debt—The gross bonded debt of the State is reported as follows:

In 1906 the State owed	$6,167,926.13
In 1916 the State owed	26,285,880.55
Increase in 10 years	$20,117,954.42

Net Debt—The State's net debt is reported as follows:

1906	$838,201.41
1916	17,869,613.96
Increase in 10 years	$17,031,412.55

Note that within the brief period of 10 years the State has passed from a position practically free from debt to the position of a debtor owing nearly 18 millions of dollars.

Yearly receipts and expenditures (not including bond proceeds):

	1896.	1906.	1915.
Receipts	$2,544,091.84	$4,388,460.07	$7,176,337.36
Disbursements	2,744,036.27	4,036,000.78	7,267,719.83

Note that the State now receives and expends nearly five millions of dollars more in a year than it did 20 years ago and about three millions more a year than it did 10 years ago—that is to say, our "living expenses" have increased nearly 200 per cent in 20 years and about 80 per cent. in 10 years.

Tax Rate:

In 1906	23½ cents.
In 1916	32 1/3 cents.

Note that while our assessable basis in 10 years has increased 50 per cent., our tax rate at the same time has increased about 40 per cent.

The purpose of this comparison is not to indicate that the State's money has been wasted—that is a different problem.

For example, a very substantial portion of the proceeds of our loans has gone into State roads. The purpose is to show how rapid has been the growth of the State's receipts and expenditures and to emphasize how vital it is to the taxpayers of the State that a proper system be introduced at once which will tend to check all waste.

Injury to the State.

A man running a small business may struggle along, running into debt before knowing what his income is going to be, but the man who tries this on a million-dollar scale is headed for bankruptcy.

The State of Maryland has been appropriating money in years past—millions of dollars—without an accurate statement at hand as to where the money was to come from.

The inevitable result was that the State began to live beyond its income some years ago, attempted to recuperate by increasing the tax rate, and finally "blew up" in 1914 with a big deficit.

The people of the State were aroused. Both parties found it expedient to give to the voters a solemn pledge that a budget system would be enacted into law which would prevent a recurrence of such a condition of affairs.

One Debt Paid With Another.

The State has now paid off its creditors and many people feel comfortable again. But it's like the man who gave a new promissory note to take up an old one and said, "Thank heaven, that debt's paid."

For the State paid off its creditors by selling $2,000,000 of bonds, which must in turn be paid by taxing the people of the State for the next 15 years.

Are we going to let this happen again?

The Voter's Chance.

The Democratic party has fulfilled its pledge so far practically to the letter. A Democratic Legislature voted in favor of and a Democratic Governor signed a bill submitting to the people this fall a constitutional amendment which will prevent the recurrence of a deficit and do more than any other single act to reduce the useless expenditure of State money. This law also received the support of Republicans in fulfillment of their party pledge.

It is now up to the voters of the State. Will they allow their own lethargy or neglect to defeat their best interest? If so, they will pay heavily for it in cold cash in the years to come.

Do not let anyone fool you on this and discuss theories with you. The simple fact is that if the budget amendment is not passed this fall the taxpayers of the State will pay heavily for it.

How the Budget Amendment Was Framed.

The amendment has been so fully and ably explained by my associates on the Goodnow Commission that it is a waste of space to repeat this explanation in different terms.

The framing of the amendment required several months of hard work by members of the commission. The proposed system is founded on elementary requirements of exact business adjusted to governmental needs and sound principles of government. It represents the composite judgment not only of the members of the commission, but of many men called into conference—the leading constitutional lawyers of the State, men of wide experience in State finance and in practical government, officials and former officials of the State of Maryland—all giving their time and advice freely to help solve this question which is of such vast importance to the taxpayers of the present as well as to the future prosperity of our State.

The Kind of Objection That May be Raised.

Every State has in it men who express doubts on any big proposition. No man's voice has been raised in open opposition to the budget system. Objections to details of the plan prepared by the Goodnow Commission have been brought forward. This was to be expected.

No one, for example, would question the necessity of having a Court House in a big community. Some people, however, would have it of stone, some prefer green window shades and some a slanting roof.

The man who would say that the Court House should not be erected until all the people are prepared to agree with his own taste as to details has lost his sense of proportion.

And yet you will perhaps find men small-minded enough to advise that a reform of great benefit to the State be rejected, because one or two details do not satisfy their particular points of view.

Vote for the Amendment.

We have this amendment before us—we have a remarkable opportunity. I do not believe that sensible voters will allow big phrases from small men criticizing diminutive technicalities to influence their judgment against their own best interest. No other form of argument can be used against the amendment.

The taxpayers' money is a trust fund. The men who pay taxes are entitled to have their money spent not only honestly but wisely, economically and with foresight. No State can do this thoroughly without a budget system.

Every voter should make a mental note now how to vote for the budget amendment on November 7.

A SIMPLE STATEMENT OF THE BUDGET PLAN.

(*Baltimore Sun*, Oct. 16, 1916.)

By Dr. Frank J. Goodnow.

(*President Johns Hopkins University.*)

The last few years have proved that the financial methods of the State of Maryland should be changed. To provide the necessary modifications in those financial methods is the purpose of the constitutional amendment passed by the last Legislature and to be submitted to the voters of the State at the coming election in November.

The budget amendment, as this proposed amendment has been called, attempts to do the following things:

In the first place, its purpose is to place before the Legislature at the beginning of each regular session a complete picture of the State's financial conditions, from the point of view both of the revenues which are to be expected for the next two years and of the needs of the State for the same period. These estimates of revenue and expenditure are to be made up prior to the assembling of the Legislature. They are to be based upon the

statements of the different State officers and the heads of private institutions asking for State moneys, supplemented by public hearings, at which those asking for State moneys may be called upon to show what are their needs and whether they have made an efficient use of the moneys guaranteed to them in the past.

The Board of State Aid and Charities, which under the law has certain powers over against State-aided institutions, may be called upon at such hearings or otherwise to give its judgment, both as to the efficiency and needs of such institutions. The per capita law passed by the last Legislature both makes necessary the action of the board and facilitates the exercise of its powers of supervision.

In the second place, the proposed budget amendment concentrates in the Governor both the powers and the responsibility for making the estimates to be submitted to the Legislature.

Finally, the budget amendment provides that the Legislature may not add new items to the estimates as submitted by the Governor or increase items contained therein, except upon the condition that it make provision for such increases by levying special taxes therefor. The Legislature may, however, reduce or strike out any items in the estimates except those necessary for fulfilling the financial obligations of the State.

The only real difference between the method proposed in the budget amendment and the present method is that the action of the Governor is by the former had before, by the latter subsequent to action by the Legislature. At the present time the Governor may through the exercise of his veto power determine within the limits fixed by the Legislature the amount of every appropriation. By the proposed amendment he must take action under the public eye. By present methods he may act in the secrecy of the executive chamber.

Such in brief is the scope of the proposed budget amendment. It is based, as all will recognize, on the charter of the City of Baltimore, which has been in successful operation for almost 20 years. No one when called to vote for the amendment may feel any hesitation about casting his vote in favor of an untried and perhaps dangerous expedient. The experience which the City of Baltimore has had since 1898 lays the basis for the expectation that nothing but good will follow the adoption by the people of the State of Maryland of the proposed budget amendment to the State Constitution.

THE STATE BUDGET.[1]

(*Horace E. Flack, Department of Legislative Reference, Baltimore, Md.*)

I have been requested to prepare a statement showing particularly what the Constitutional Convention of the State of New York has done in regard to making provision for a scientific State Budget. In view of the fact that this question is now being discussed, relative to securing some form of state budget for Maryland, it seems worth while to give a brief summary of what has been done in other states in regard to this very important matter.

Statements were quite freely made before the Committees and Delegates of the New York Constitutional Convention, that no state in this country had made provision for a really scientific budget, and these statements seemed to have gone uncontradicted. Efforts of course, have been made in a few states to provide for a state budget, and the term "state budget" has been used in a few instances to characterize these efforts.

Indiana seems to have been the first state to pass a law requiring submission of a report containing recommendations for the appropriations needed for the state departments and institutions, this law being passed in 1901. This law provides for the appointment by the Governor within ten days after each general election. of a committee of three members-elect of the General Assembly. It is the duty of this committee to visit and investigate all the state penal, benevolent, educational, and reformatory institutions, and all state departments for which the state makes appropriations, and to prepare and submit to the Legislature a report, showing the appropriations recommended for each department and institution. While this report and recommendation do not constitute a scientific budget, it has been stated that it is a great improvement over the former method.

The State Board of Control of California has been given authority to prepare a budget covering the financial needs of

[1]This article was printed in the *Baltimore Municipal Journal* of September 17, 1915. No effort has been made to bring the article up-to-date, but it should be added that the proposed Constitution of New York, which included a provision for a State Budget, was defeated. No opportunity, however, was given for a separate vote on the budget proposal.

the different state departments and institutions. The Board divided the proposed appropriations under the two main headings of General Appropriations and Special Appropriations. The report submitted to the Legislature of 1915 by the Board of Control gives a reference to the constitution or statute authorizing the appropriation for each department or institution with the amount of appropriation made by the preceding Legislature, the amount requested by the department or institution and the amount recommended by the Board. The total amounts requested by the several departments or institutions amounted to over \$17,000,000, and the amounts recommended by the Board of Control amounted to over \$15,000,000, being a reduction of a little more than \$2,000,000. The total special appropriation requested, amounted to over \$7,000,000, and the total special appropriation recommended by the Board of Control amounted to over \$3,000,000, being a reduction of nearly \$4,000,000. The report submitted by the Board of Control also contained a statement showing the estimated receipts.

The State Board of Public Affairs in Wisconsin submits a budget to the Legislature containing the requests for appropriations submitted to the Board by the various state departments and institutions. The Board, however, makes no recommendations and it is stated by the Board itself that it does not regard it as its duty to do more than gather the facts and requests of the several departments and institutions, and to submit this data in a systematic way for the use of the Legislature. The report submitted by the Board of Public Affairs shews the actual receipts and disbursements for the three preceding fiscal years, the estimated receipts and disbursements for the current year and the appropriations requested for the next biennial period. The Board states that by means of this budget the Legislature will be able to work out a final fiscal plan which will become the official budget of the Legislature when adopted. The Board also states that it is the purpose of the budget to give the Legislature full and complete information in regard to financial facts and to help the Legislature in determining policies and drafting appropriation measures; to substitute knowledge for guess, and to develop an equilibrium between estimated receipts and estimated disbursements. It is stated that prior to 1913 there was no Legislative plan of appropriations, that appropriation clauses were not uniform in language, and that the appropriation measures were scattered throughout the statutes and session laws. The Legislature of 1913, however, adopted uniform phraseology in drafting appropriation measures and a uniform plan of mak-

ing appropriations. It was felt desirable to have all appropriations, whether temporary or permanent, brought together in one place. It was not considered wise, however, to make appropriations for the individual departments and institutions in exhaustive detail, since this would not give reasonable opportunity for the officials to exercise judgment in administering the affairs in their charge. The budget as proposed in Wisconsin, however, does not demand the passage of a consolidated appropriation bill, but seems to have been designed with a view to the preparation of separate appropriation bills for each department or institution of the state. The Board points out that there must be complete harmony between the classification of accounts as used in the budget, and the classification of accounts as used by the various departments in recording their disbursements.

In 1913, Ohio passed an act for the establishment of a budget system for all state departments and institutions, and this act seems to come nearer making provision for a scientific budget than any act passed prior to that time. The Ohio act provides for an executive budget, that is a budget prepared by the Governor for submission to the Legislature. This act makes it the duty of all state officers and institutions to submit to the Governor on or about the 15th day of November prior to the assembling of the Legislature an estimate in itemized form, stating the amount of money needed for the next biennial period. It is also made the duty of the State Auditor to furnish the Governor with statements, showing the annual revenues and expenditures on account of each appropriation for the preceding four years, together with certain other financial statements. The Governor is given authority to appoint competent disinterested persons to examine, without notice, the affairs of any department or institution for the purpose of ascertaining facts and to make recommendations relative to increasing the efficiency and curtailing the expenses therein. Under authority of this law, the Governor appointed a Budget Commissioner who prepared a very comprehensive budget which was submitted to the Legislature in 1915. This budget contained an itemized statement of the requests made by each department or institution, very much on the order of requests which are submitted by the Municipal Departments of Baltimore to the Board of Estimates, the requests being given in the first column, and the recommendation of the Budget Commissioner being given in the next column. The budget as submitted also gave the appropriations for each of these items for the year 1914. Following the budget for each department or institution, there was given

the critical comment of the Budget Commissioner, containing his reasons for the recommendations made by him. The budget as submitted consisted of 369 pages and was indexed, so that it was quite easy for a member of the Legislature to find any information desired.

A few other states have made some progress in improving their system of making appropriations, but as a general thing the budget or appropriation bills are prepared by the legislative committees. The question of a proper budget has received considerable attention in a number of states, and the Legislative Investigating Committee appointed by the Alabama Legislature in the early part of the year submitted a report July 13, 1915, recommending that the state budget be compiled and submitted to the Legislature by the Governor. The recommendation of this Committee was to the effect that the budget include not only an estimate of what amounts may be necessary for the conduct of state affairs, but the method of raising the amount of revenues necessary to meet the outlay. The Committee drafted a bill to carry out their recommendation in this regard. The Committee called attention to the practice there in which the heads of departments and state institutions presented appropriation bills through some friend in the Legislature, and that this system resulted in activities more or less akin to lobbying for the purpose of bringing about favorable legislation and appropriations. The following quotation is taken from the report of the Alabama Committee: "In the hurly-burly of a short legislative session, the result is that appropriations do not receive the necessary consideration. The consideration that is given is not supported by any intelligent advice or investigation, the result being that the department, interest or institution which has the most influential friends present obtains the largest appropriation without reference to the relation the several departments bear to each other or the State. Alabama can never enter on a high plane in the conduct of its business affairs until some more rational and business-like system is devised. Throughout the country what is known as the budgetary laws are coming to be considered by way of meeting the objections described above. A budget has been defined as, 'the financial statement of the government for a definite period which reveals in details the objects and amount of expenditures, the source and yield of revenues and the way the expenditures and revenues are made to balance'. It properly includes estimates both of revenues as well as of expenditures."

The Alabama Committee also cites the fact that the Governors of Alabama, Colorado, Massachusetts, Michigan, Minnesota, Nevada, New York, North Dakota, Tennessee, Washington and West Virginia, urge state budget laws.

It remained, however, for the New York Constitutional Convention to propose a method for the state of New York which is very similar to the budget prepared by a large number of municipalities in this country. It has been noticed that the Ohio budget is prepared by the Governor or under his supervision, and that the proposed budget for Alabama provided for an executive budget, but in no case has there been any restriction placed upon the legislature as to its actions. The proposal as adopted by the New York Constitutional Convention prohibits the Legislature from increasing any item in the budget as submitted by the Governor, merely conferring on the Legislature the power to cut out or reduce any item. Provision is made, however, for separate appropriation bills, but none of these can be considered until after the budget as submitted by the Governor has been finally acted upon by the Legislature. In view of the very great importance of the subject and to the careful study given to it by the New York Constitutional Convention, it seems advisable to give the New York Proposal in full. The proposed amendment as submitted by the New York Convention is as follows:

SECTION 1. On or before the fifteenth day of November in the year nineteen hundred and sixteen and in each year thereafter, the head of each department of the State government except the Legislature and Judiciary, shall submit to the Governor itemized estimates of appropriations to meet the financial needs of such department, including a statement in detail of all monies for which any general or special appropriation is desired at the ensuing session of the Legislature, classified according to relative importance and in such form and with such explanation as the Governor may require.

The Governor, after public hearing thereon, at which he may require the attendance of heads of departments and their subordinates, shall revise such estimates according to his judgment.

Itemized estimates of the financial needs of the Legislature certified by the presiding officer of each House and of the Judiciary certified by the Comptroller, shall be transmitted to the Governor before the fifteenth day of January next succeeding for inclusion in the budget without revision, but with such recommendation as he may think proper.

On or before the first day of February next succeeding he shall submit to the Legislature a budget containing a complete plan of proposed expenditures and estimated revenues. It shall contain all the estimates so revised or certified and shall be accompanied by a bill or bills for all proposed appropriations and reappropriations, clearly itemized; it shall show the estimated revenues for the ensuing fiscal year and the estimated surplus or deficit of revenues at the end of the current fiscal year together with the measures of taxation, if any, which the Governor may propose for the increase of the revenues. It shall be accompanied by a statement of the current assets, liabilities, reserves and surplus or deficit of the State; statements of the debts and funds of the State; an estimate of its financial condition as of the beginning and end of the ensuing fiscal year; and a statement of revenues and expenditures for the two fiscal years next preceding said year, in form suitable for comparison. The Governor may, before final action by the Legislature thereon, amend or supplement the budget.

A copy of the budget and of any amendments or additions thereto shall be forthwith transmitted by the Governor to the Comptroller.

The Governor and the heads of such departments shall have the right, and it shall be their duty, when requested by either House of the Legislature, to appear and be heard in respect to the budget during the consideration thereof, and to answer inquiries relevant thereto. The procedure for such appearance and inquiries shall be provided by law. The Legislature may not alter an appropriation bill submitted by the Governor except to strike out or reduce items therein; but this provision shall not apply to items for the Legislature or Judiciary. Such a bill when passed by both Houses shall be a law immediately without further action by the Governor, except that appropriations for the Legislature and Judiciary shall be subject to his approval as provided in Section 9 of Article IV.

Neither House shall consider further appropriations until the appropriation bills proposed by the Governor shall have been finally acted on by both Houses; nor shall such further appropriations be then made except by separate bills each for a single work or object, which bills shall be subject to the Governor's approval as provided in Section 9 of Article IV. Nothing herein contained shall be construed to prevent the Governor from recommending that one or more of his proposed bills be passed in advance of the others to supply the immediate needs of government.

The above proposed constitutional amendment was drafted by the Finance Committee of the Convention after considering seven or eight proposals relative to a State budget. One of these proposals (No. 13) provided that there should be a Budget Commission composed of the Governor (with two votes), the Lieutenant-Governor, the Treasurer and the Comptroller. This proposal gave the Legislature the power to diminish but not to increase the appropriations for any subject included in the budget. Another proposal (No. 19) provided for the appointment of a Board of Estimate by the Governor, consisting of such heads of departments and members of the Legislature as he may select and of which he was to be chairman. This proposal also prohibited the Legislature from increasing any item and it also contained a provision that no legislative enactment should be attached to the annual appropriation bill. Proposal No. 223 provided for the formulation of a State budget by the Governor with the advice of his council, composed of the Secretary of State, the Comptroller, the Treasurer, the Attorney-General, and State Engineer. This proposal, however, left the Legislature free to amend the budget in any particular. Proposal No. 345 merely made it the duty of the heads of all departments and institutions to submit to the Governor a state-

ment, under oath, as to the appropriations needed for their respective departments and institutions and for the transmission of these requests, with his recommendations, to the Legislature. Proposal No. 444 made it the duty of the Governor to prepare a State budget and prohibited the Legislature from increasing any item. This proposal also contained a provision to the effect that if the Legislature failed to pass the appropriation bill, the several departments might expend during the ensuing fiscal year the same amounts as authorized for the current year. Provision was also made that no appropriation for any department, other than those provided for in the budget, should be made except by separate bill or bills, but that such separate bill or bills should proceed to passage only when the Governor, in a message to the Legislature, should have certified that there was a public emergency requiring such appropriation. This proposal would, of course, have made it impossible for the Legislature to make any appropriation which did not meet the approval of the Governor before its passage. Proposal No. 470 was prepared largely by the New York Bureau of Municipal Research and provided for the preparation of the budget by the Governor. This proposal also required the Legislature to resolve itself into a Committee of the Whole not less than one day each week, at which time the Governor and the heads of departments were to have the privilege of the floor to explain the estimates of the appropriations requested and answer such questions as may be asked by members of the Legislature. The appropriations for each department were to be considered separately. The Legislature could not, of course, increase but could decrease any item in the appropriation bill. When reported by the Committee of the Whole, the budget or appropriation bills were to take precedence over all other measures and no new subject or item could be appropriated except by separate bill, which separate bill might be vetoed by the Governor. This proposal also gave the Governor authority to authorize the several departments to make the same expenditures as provided by the last appropriation in case the Legislature failed to pass the budget. Proposal No. 646 provided for the preparation of a budget by the Governor, but unlike many of the other proposals, this one gave the Legislature the power by a three-fourths vote to increase any item in the budget.

It will be observed that the proposed amendment as finally submitted by the Convention contains some of the elements in nearly all of the proposals as submitted. The Finance Committee, which had charge of all proposals relating to the budget,

was composed of very able men, among them being Messrs. Henry L. Stimson, a member of President Taft's cabinet; Seth Low, former President of Columbia University and Mayor of New York City; Herbert Parsons, Robert F. Wagner, John B. Stanchfield and Delancey Nicoll. This Committee had several hearings on the subject and invited some of the ablest men in the country to discuss the subject with them, among these being former President Taft, President Goodnow, of the Johns Hopkins University; President Lowell, of Harvard University; Mr. Fitzgerald, the Chairman of the Appropriations Committee of the National House of Representatives; and former Governor Glynn, of New York.

Arguments for an Executive Budget.

The Finance Committee, after careful consideration, reported the amendment printed above on August 4th, at the same time submitting a report covering twenty-two pages, in which the Committee gave the results of its work and the reasons for recommending the amendment in that form. It was pointed out that the United States is substantially the only civilized country in which a scientific budget system is unknown and that this applies both to the National and State governments. The Committee called attention to the fact that no financial plan is presented to our legislative bodies by the men who are responsible for the conduct of government and that no material whatever for comparison with the past is presented by our executives, in such a way that the Legislature and the public can understand them and hold the spenders of public monies responsible, but that on the contrary, our appropriation and revenue bills are prepared in the "comparative secrecy of legislative committees and rushed through in the hurry of the final days of a legislative session". The Committee also pointed out that the law of 1910 requiring the several departments of the State government to submit annual estimates to the Comptroller, for submission by him to the Legislature, has proved of little or no value, since the only function of the Comptroller was to assemble these estimates and transmit them to the Legislature. The result was that every department made the estimates so high that very little attention was paid to them. The report of the Committee, which was approved by every member with a single exception, was to the effect that the Legislature was not the proper branch of government to initiate the budget, for the following reasons:

(1) That the proper function or work of the Legislature is legislative and that it has no administrative control or authority over the several bureaus and departments and that it could not exercise executive supervision to produce the desired result for less money by adopting a more efficient method. "In a word, it cannot produce the constant necessary team play and co-operation which is essential to economy."

(2) That the members of the Legislature are each responsible to and dependent upon a single district of the State and not responsible solely to the State as a whole. As a result of this, any financial program prepared by the Legislature necessarily tends to represent a compromise or bargain between different districts, this process being stigmatized by the terms "log rolling" and "pork barrel".

(3) That the preparation of the budget by the Legislature tends to shield it from real criticism, since no body can adequately criticise its own work. If, however, the budget is presented by the Executive, it will receive criticism and suggestions even from members of the party to which the Executive belongs, since the viewpoint of the man who grants money is different from that of the man who asks for it. Under present methods, the man who makes up the budget or appropriation bill is one who leads the debate on the majority side, so that no criticism can be expected from him. Attention was also called to the fact that the minority party have participated in the work of the committees and their views frequently accommodated, so that the budget debates have become formal and perfunctory.

(4) The fact that no program is formulated until the Legislature itself brings in the appropriation bill tends to destroy publicity and opportunity for debate. Under present methods, no citizen learns anything of the financial program until the committee reports the appropriation bill, which is usually so late in the session that no opportunity for effective suggestions or criticism is afforded. It was stated, as a matter of fact, that during the past twenty-one years, every appropriation bill passed by the New York Legislature, except one, had been hurried through in the final hours of the session, without the necessity even of being printed and lying on the desks of the members for three days. Under these conditions, it was, of course, impossible for members of the Legislature themselves to know the exact financial conditions of the State.

After giving the above reasons why the formulation of the State budget is not a legislative function, the Committee called

attention to some of the evils of the present system. The Committee found that the present system of permitting the Governor to veto items in appropriation bills prepared by the Legislature had resulted in transferring to the Governor, to a large extent, "the historic function of the Legislature of holding the purse strings of the State," and that the Legislature had passed many appropriation bills with items which they believed to be too large or improper, relying upon the Governor to prune them down. The Committee also called attention to the fact that under present methods, the members of the Legislature are not given adequate opportunity to ask questions in public concerning the estimates of the men who know most about them. The following reasons in support of the proposed amendment were submitted by the Committee:

(1) The Committee were unanimous in their belief that the department heads would exercise a greater sense of responsibility when required to submit their estimates according to their relative importance, since this duty of classification will tend to make the head of each department better acquainted with the needs of his various bureaus and subordinates.

(2) The Committee were unanimous in believing that the departmental estimates should be revised by a central executive authority before being transmitted to the Legislature.

(3) A great majority of the Committee were of the opinion that this ultimate responsibility of revising the estimates and preparing the budget should rest upon the Governor. The reasons for this opinion were that the Constitution imposes the duty upon the Governor of seeing that the laws are enforced and that the departments whose estimates comprise the greater part of the budget are the instruments through which that duty is performed. The Governor is also the head of the State and can best explain and defend a given fiscal policy to the people of the State, since he, above all others, in upholding before the people a policy of economy should be held responsible to them for the success or failure of such a policy.

(4) The Committee stated that no board composed of several co-ordinate members could perform the function of preparing a budget with equal efficiency, since the necessary authority over subordinates would be lacking. The Committee pointed out that the law of 1913, creating a Board of Estimate for the preparation of a budget, had proved a failure. This Board consisted of the Governor, Lieutenant-Governor, President of the Senate, Speaker of the House, Chairmen of the Finance and Ways and Means Committees, Comptroller, Attorney-General

and Commissioner of Efficiency and Economy. This Board was composed of four legislative and five executive members and according to the Committee, violated the principle which requires that the function of opposing a budget should be separated from the function of disposing of it. It was pointed out that although this Board was given ample power for the preparation and revision of estimates, it at once became deadlocked and was unable to agree. As a result of that failure, the Board was soon abolished by statute and "its fate amply demonstrated the error of confusing instead of defining responsibility". It was suggested to the Committee that the Comptroller and Attorney-General should share with the Governor the responsibility in preparing the budget. The Committee stated that the Comptroller should be consulted in respect to the budget, but should not be committed to it in advance, since his services should be at the disposal of the Legislature in criticizing and disposing of the budget. The Committee failed to see why the Attorney-General should be a member of the Committee, since he was not a financial officer and that imposing the duty on him to help prepare the budget would be an interference with his functions as chief law officer of the State and impose a useless burden upon him.

(5) The provision for public hearings before the Governor upon the estimates was for the purpose of securing publicity and to minimize the danger of unfairness of allotment between the different activities of the State.

(6) The Committee were of the opinion that the Governor's power of revision should not extend over the estimates of the legislative and judicial branches of the State, but that he should have, of course, authority to make recommendations in respect to them.

(7) The Committee fixed February 1st as the date for the submission of the budget to the Legislature, on the ground that it gave the Governor time for its preparation and yet allowed it to reach the Legislature in time for full discussion.

(8) The provision for the appearance of the Governor and departmental heads before the Legislature was for the purpose of receiving publicity and criticism on the part of the State and particularly to bring out any unfair treatment of any department or bureau.

(9) The Committee were of the opinion that if power were left in the Legislature to raise any item in the proposed budget, it would leave the door open to an entire abandonment of the budget system and would result in an immediate return to

present methods. The Committee also thought that it would tend to destroy all incentive on the part of the Governor to prepare the budget in advance and present it with a sense of responsibility. In order to meet the objection, however, that the Governor might misuse his power, either by starving objects which the Legislature deems worthy or by trade with individuals or localities, the Committee thought that the power of initiation of financial legislation should be left with the Legislature, subject to but two restrictions: first, such power not to be exercised until after the budget is finally disposed of by both branches of the Legislature; second, that such appropriations must be made by a separate bill for each single work or object. The Committee were of the opinion that this would adequately protect the budget system and yet keep it free from executive abuse. The Governor, of course, retains the right to veto the separate bills making appropriations, but these can be passed over his veto.

(10) The Committee were of the opinion that the present provision, permitting appropriations to continue for two years, should be changed so that all appropriations must expire three months after the end of the fiscal year. This provision would make all appropriations expire simultaneously and yet would give time for the payment of any bills accruing late in the preceding fiscal year.

The Committee answered the objection that the proposed system would give undue power to the Governor, by saying that it does not add one iota to his present power through the veto of items in the appropriation bills. On the other hand, the Committee pointed out that the power which the Governor now exercises is not subject to review, since the Legislature adjourns before the appropriation bills reach him, and that he is thus in a position to use the veto power as an instrument of reward or punishment, while the proposed system would deprive him of his veto as to budget items and would thus "compel him to use his influence in advance, in open, under the fire of legislative discussion and the scrutiny of the entire State. It would thus be the Legislature which would have the final word." The proposed system would, in the view of the Committee, require the Governor to devise systematic and rational methods of saving, since on him would squarely fall the responsibility for extravagance and to him would be given, as never before, credit for wise economy.

The conclusions of the Committee were based largely upon information produced at the hearings on the subject. For ex-

ample, former President Taft gave very strong endorsement to the idea of an executive budget, stating that he was convinced that there was no hope of real economy in the Federal Government until Congress gave the Executive power and the means to prepare a full statement of expenditures for which he was willing to become responsible. He stated that two of the Committees composed of the ablest men in Congress, one in the House and one in the Senate, had recommended this system. He emphasized the fact that many of the appropriations were made by Congress, without real regard for the needs of the government, since the members represent their congressional districts and not the entire country. He said that the man from the interior condemns the river and harbor bills, but that this same man would approve an appropriation of $500,000 for a postoffice in a town needing only a $100,000 postoffice, and that the reply of this man to criticism of appropriations of this kind is, "Well, this government is a great government and it needs a dignified place for its offices". He pointed out that if the government was to be shackled for fear that the people might elect a bad Governor some time, the result would be an ineffective government.

President Lowell, of Harvard University, gave information in regard to the English budget system, recounting the fact that since 1713 the House of Commons had, by a permanent order, deprived itself of the power to increase any appropriations recommended by the cabinet. President Lowell stated that for two hundred years that rule had been followed and that it had been very effective. He also stated that he regarded the budget as a public matter and not a collection of private matters and that it was, therefore, wiser to have it originated by public officials and not by a lot of people who represent private and local interests. He criticised the present "log rolling" methods of making appropriations and said that instead of giving the individual member of the Legislature the right to initiate and the Governor to veto, it would be much better to let the Governor initiate and the Legislature veto, in so far as appropriations are concerned.

President Goodnow, of the Johns Hopkins University, appeared before the Committee and endorsed the idea of an executive budget. President Goodnow also stated that he had drafted a provision for the Constitution of China, which prohibited the legislative bodies there from passing any bill making an appropriation until it had first been recommended by the President. This provision also prohibited the legislative body from increasing the amount recommended by the President. He stated that practically in every English-speaking country except the United States, a rule of this sort had been adopted in order to prevent the practice of "log rolling". He called attention to the fact that the idea prevalent in this country, that the Legislature should have the power to initiate and pass appropriations in order to control the purse strings, is not in keeping with the old idea as to control over the purse strings. He said that originally the theory was to close the purse, not to open it, but that the present system seemed to advocate the opening of the purse, while leaving with the Governor the right to close it.

Mr. Fitzgerald, Chairman of the Ways and Means Committee of the National House of Representatives, called the attention of the Committee to the fact that Article 1, Section 9 of the Confederate Constitution, provided for the submission of requests to the legislative body for the expenditures on account of the Confederate Government, and that it required a two-thirds vote of both Houses to appropriate any money, unless so requested by the President. Mr. Fitzgerald criticized the present methods of making appropriations by the National Congress. He advocated the concentration of power and the concentration of responsibility, if effective results were to be obtained. He was, therefore, in favor of having the budget prepared by the Executive, but would not make it absolutely impossible for the legislative body to initiate appropriations, but he would make it so difficult that it would only be done under the most peculiar and extraordinary circumstances.

The hearings before the Committee which were printed covered about 175 pages and the limits of this article make it impossible to give anything like a summary of the testimony given, but the above statements show that the Committee adopted the suggestions which were given by those who appeared before them. Furthermore, quite a number of the hearings were not printed.

Mr. Robert Wagner, a member of the Finance Committee of the Convention, filed a minority report against the proposed budget system. Mr. Wagner has, for quite a while, been the Democratic leader in the State Senate and a member of the Finance Committee of that body. He disagreed with the members of the Committee, believing that all appropriations should originate in the legislative branch of the government. He took the view that the term "executive budget" could not properly be applied to the British budget, since the cabinet there is composed of member of the legislative bodies and that it is really

a "parliamentary" and not an "executive budget". He also stated that the report of the Committee was inadequate and inconsistent, maintaining that if publicity is desirable on mere matters of administration, it was particularly desirable on special appropriation bills. He thought that if the Governor were to be prevented from making a political football of routine appropriations, he should also be prevented from making a political football of special appropriation bills. He, therefore, advocated the insertion of a provision requiring the members of the Legislature to file copies of proposed special appropriation bills with the Governor, the Comptroller, and the members of the Legislature fifteen days prior to the assembling of the Legislature. He would also have it a part of the duty of the Governor to submit a budget on these special bills within fifteen days after the Legislature meets, together with his recommendations on them. He took the position that this treatment of special appropriation bills would abolish the evils complained of by the majority report, namely, the rewarding of friends or punishing of enemies by preference in case of special appropriation bills. He also thought that sworn statements should accompany the requests made for appropriations to be submitted to the Governor by the heads of departments and institutions. As stated above, Mr. Wagner was really in favor of a legislative budget instead of an executive budget.

The question of a State Budget was debated quite at length in the Convention itself, but as these debates cover about 150 pages, it is impossible to give a summary in this article. The sources consulted in the preparation of this article are the proceedings of the New York Constitutional Convention, the proposed budgets in Wisconsin, Ohio, California and Indiana, and the report of the Legislative Investigating Committee of Alabama, all of which are on file in the Department of Legislative Reference of Baltimore.

The Maryland Budget Amendment

ENT OF LEGISLATIVE REFERENCE
BALTIMORE, MARYLAND

BUDGET AMENDMENT.

CHAP. 159, LAWS OF 1916.

AN ACT to propose an amendment to Section 52 of Article III, title Legislative Department, of the Constitution of this State, regulating the making of appropriations by the General Assembly of Maryland in regular session, and to provide for the submission of said amendment to the qualified voters of this State for adoption or rejection.

SECTION 1. *Be it enacted by the General Assembly of Maryland,* (three-fifths of all the members of each of the two houses concurring) that the following be and the same is hereby proposed as an amendment to Section 52 of Article III, title Legislative Department, of the Constitution of this State, the same, if adopted by the legally qualified voters of the State, as herein provided, to become Section 52 of Article III of the Constitution of Maryland.

SEC. 52. The General Assembly shall not appropriate any money out of the Treasury except in accordance with the following provisions:

Sub-Section A:

Every appropriation bill shall be either a Budget Bill, or a Supplementary Appropriation Bill, as hereinafter mentioned.

Sub-Section B:

First. Within 20 days after the convening of the General Assembly (except in the case of a newly elected Governor, and then within 30 days after his inauguration), unless such time shall be extended by the General Assembly for the session at which the budget is to be submitted, the Governor shall submit to the General Assembly two budgets, one for each of the ensuing fiscal years. Each budget shall contain a complete plan of proposed expenditures and estimated revenues for the particular fiscal year to which it relates; and shall show the estimated surplus or deficit of revenues at the end of such year. Accompanying each budget shall be a statement showing: (1) the revenues and expenditures for each of the two fiscal years next preceding; (2) the current assets, liabilities, reserves and surplus or deficit of the State; (3) the debts and funds of the State;

(4) an estimate of the State's financial condition as of the beginning and end of each of the fiscal years covered by the two budgets above provided; (5) any explanation the Governor may desire to make as to the important features of any budget and any suggestion as to methods for the reduction or increase of the State's revenue.

Second. Each budget shall be divided into two parts, and the first part shall be designated "Governmental Appropriations" and shall embrace an itemized estimate of the appropriations: (1) for the General Assembly as certified to the Governor in the manner hereinafter provided; (2) for the Executive Department; (3) for the Judiciary Department, as provided by law, certified to the Governor by the Comptroller; (4) to pay and discharge the principal and interest of the debt of the State of Maryland in conformity with Section 34 of Article III of the Constitution, and all laws enacted in pursuance thereof; (5) for the salaries payable by the State under the Constitution and laws of the State; (6) for the establishment and maintenance throughout the State of a thorough and efficient system of public schools in conformity with Article VIII of the Constitution and with the laws of the State; (7) for such other purposes as are set forth in the Constitution of the State.

Third. The second part shall be designated "General Appropriations," and shall include all other estimates of appropriations.

The Governor shall deliver to the presiding officer of each house the budgets and a bill for all the proposed appropriations of the budgets clearly itemized and classified; and the presiding officer of each house shall promptly cause said bill to be introduced therein, and such bill shall be known as the "Budget Bill." The Governor may, before final action thereon by the General Assembly amend or supplement either of said budgets to correct an oversight or in case of an emergency, with the consent of the General Assembly by delivering such an amendment or supplement to the presiding officers of both houses; and such amendment or supplement shall thereby become a part of said budget bill as an addition to the items of said bill or as a modification of or a substitute for any item of said bill such amendment or supplement may effect.

The General Assembly shall not amend the budget bill so as to affect either the obligations of the State under Section 34 of Article III of the Constitution, or the provision made by the laws of the State for the establishment and maintenance of a

system of public schools, or the payment of any salaries required to be paid by the State of Maryland by the Constitution thereof; and the General Assembly may amend the bill by increasing or diminishing the items therein relating to the General Assembly, and by increasing the items therein relating to the judiciary, but except as hereinbefore specified, may not alter the said bill except to strike out or reduce items therein, provided, however, that the salary or compensation of any public officer shall not be decreased during his term of office; and such bill when and as passed by both houses shall be a law immediately without further action by the Governor.

Fourth. The Governor and such representatives of the executive departments, boards, officers and commissions of the State expending or applying for State's moneys, as have been designated by the Governor for this purpose, shall have the right, and when requested by either house of the Legislature, it shall be their duty to appear and be heard with respect to any budget bill during the consideration thereof, and to answer inquiries relative thereto.

Sub-Section C: Supplementary Appropriation Bills:

Neither house shall consider other appropriations until the Budget Bill has been finally acted upon by both houses, and no such other appropriation shall be valid except in accordance with the provisions following: (1) Every such appropriation shall be embodied in a separate bill limited to some single work, object or purpose therein stated and called herein a Supplementary Appropriation Bill; (2) Each Supplementary Appropriation Bill shall provide the revenue necessary to pay the appropriation thereby made by a tax, direct or indirect, to be laid and collected as shall be directed in said Bill; (3) No Supplementary Appropriation Bill shall become a law unless it be passed in each house by a vote of a majority of the whole number of the members elected; and the yeas and nays recorded on its final passage; (4) Each Supplementary Appropriation Bill shall be presented to the Governor of the State as provided in Section 17 of Article II of the Constitution and thereafter all the provisions of said Section shall apply.

Nothing in this amendment shall be construed as preventing the Legislature from passing at any time in accordance with the provisions of Section 28 of Article III of the Constitution and subject to the Governor's power of approval as provided in Section 17 of Article II of the Constitution an appropriation bill to provide for the payment of any obligation of the State

of Maryland within the protection of Section 10 of Article I of the Constitution of the United States.

Sub-Section D: General Provisions:

First. If the Budget Bill shall not have been finally acted upon by the Legislature three days before the expiration of its regular session, the Governor may, and it shall be his duty to issue a proclamation extending the session for such further period as may in his judgment be necessary for the passage of such Bill; but no other matter than such Bill shall be considered during such extended session except a provision for the cost thereof.

Second. The Governor for the purpose of making up his budgets shall have the power, and it shall be his duty, to require from the proper State officials, including herein all executive departments, all executive and administrative offices, bureaus, boards, commissions and agencies expending or supervising the expenditure of, and all institutions applying for State moneys and appropriations, such itemized estimates and other information, in such form and at such times as he shall direct. The estimates for the legislative department, certified by the presiding officer of each house, of the judiciary, as provided by law, certified by the Comptroller, and for the public schools, as provided by law, shall be transmitted to the Governor, in such form and at such times as he shall direct, and shall be included in the budget without revision.

The Governor may provide for public hearings on all estimates and may require the attendance at such hearings of representatives of all agencies, and of all institutions applying for State moneys. After such public hearings he may in his discretion revise all estimates except those for the legislative and judiciary departments, and for the public schools as provided by law.

Third. The Legislature may, from time to time, enact such laws, not inconsistent with this Section, as may be necessary and proper to carry out its provisions.

Fourth. In the event of any inconsistency between any of the provisions of this Section and any of the other provisions of the Constitution, the provisions of this Section shall prevail. But nothing herein shall in any manner affect the provisions of Section 34 of Article III of the Constitution or of any laws heretofore or hereafter passed in pursuance thereof, or be construed as preventing the Governor from calling extraordinary sessions of the Legislature, as provided by Section 16 of Article II, or as preventing the Legislature at such extraordinary sessions from considering any emergency appropriation or appropriations.

If any item of any appropriation bill passed under the provisions of this Section shall be held invalid upon any ground, such invalidity shall not affect the legality of the Bill or of any other item of such Bill or Bills.

Sec. 2. *And be it enacted, by the authority aforesaid*, That the said foregoing Section hereby proposed as an amendment to the Constitution shall at the next ensuing general election being the presidential and congressional election, to be held on the Tuesday next after the first Monday of November, nineteen hundred and sixteen, be submitted to the legal and qualified voters of the State for their adoption or rejection in conformity with the directions contained in Article XIV of the Constitution of this State, and at the said election the vote on said proposed amendment to the Constitution shall be by ballot, and upon each ballot there shall be placed the following synopsis of said amendment under the caption of

"CONSTITUTIONAL AMENDMENT PROVIDING FOR A BUDGET."

"This amendment provides that the Governor shall present to the Legislature soon after it is convened a Budget giving a complete plan of proposed expenditures and estimated revenues for the two succeeding fiscal years showing clearly any surplus or deficit in State funds. In these estimates he shall make provision for the interest and sinking funds of all State debts, for all salaries as fixed by law, and for the public schools as fixed by law. With regard to most other matters he may revise the estimates presented to him either by State officers or State-aided institutions. The Legislature may not increase the estimates presented by the Governor or pass any additional appropriation act except by a majority vote and must make provision by tax for such increase or additional appropriation. The Legislature may not alter in an appropriation act the provision made by law for the State debt, or for the judiciary, but may reduce all other items in the Governor's estimates;" and the words "For the Constitutional Amendment" and "Against the Constitutional Amendment," as now provided by law, and immediately after said election due returns shall be made to the Governor of the vote for and against the proposed amendment, and further proceedings had in accordance with Article XIV of the Constitution.

VOTE ON ABOVE BUDGET AMENDMENT AT THE ELECTION, NOVEMBER 7, 1916.

Counties.	*For.*	*Against.*
Allegany	3,705	2,020
Anne Arundel	1,132	388
Baltimore	9,737	4,131
Calvert	399	164
Caroline	396	144
Carroll	1,499	730
Cecil	877	245
Charles	293	697
Dorchester	697	352
Frederick	2,510	1,527
Garrett	511	965
Harford	1,395	441
Howard	663	328
Kent	385	166
Montgomery	1,654	275
Prince George's	1,489	369
Queen Anne's	990	196
St. Mary's	287	64
Somerset	345	122
Talbot	508	131
Washington	2,635	1,574
Wicomico	747	586
Worcester	343	178
Baltimore City	44,281	21,307
Totals	77,478	37,100

Majority for Amendment, 40,378.

GOODNOW REPORT.

EXECUTIVE DEPARTMENT.

ANNAPOLIS, MD., January 28, 1916.

To the President of the Senate.

SIR:

I transmit herewith a copy of the report of the Commission on Economy and Efficiency on the Budget System, known as the Goodnow Commission, which Commission was appointed by the late Democratic Convention. Accompanying this report is a Bill, prepared by the Commission, which, in its opinion, will carry into effect its recommendations. I feel extremely gratified at the very able report submitted. The Commission has devoted much time and work in the performance of its delegated duty.

I recommend this report and the accompanying Bill to your Honorable Body for your prompt and favorable consideration.

Respectfully,

EMERSON C. HARRINGTON,

Governor.

REPORT OF THE COMMISSION ON ECONOMY AND EFFICIENCY ON A BUDGET SYSTEM.

(*Md. Senate Journal, January 28, 1916, pp. 129-134.*)

The platform of the party to which this Commission owes its existence provided, among other things, as follows:

"We pledge the adoption of what is known as the budget system. The basis of the system shall be a report made either by the Governor or by the Board of Public Works to the Legislature of the estimated income of the State during the succeeding two years, together with recommendations as to the appropriations or expenditures to be made for all purposes during the same period of time. The Legislature may reduce or eliminate the items for appropriations or expenditures (except when this would affect the State's outstanding obligations), but shall not increase the same, and no appropriations shall be expended for any purpose other than the purpose specified in the budget. Proper provision shall be made for emergencies or contingencies.

"Until the budget system can be made effective, we pledge the Democratic members of the Legislature to keep the expenses of the State within the income of the State, and the Governor to exercise his veto power for the same purpose.

"In connection with the budget system, we favor the adoption of a uniform fiscal year for all State officers and departments and for all institutions receiving State aid. We recommend that all continuing appropriations be repealed and that hereafter all appropriations shall be included in two general appropriation Bills—one for each of the two fiscal years intervening between the adjournment of one Legislature and the convening of the next.

"The Commission created by the first plank of this platform shall be charged with the duty of devising and recommending a detailed plan for the budget system."

It will be noted that the platform provides for a budget system prepared by the Governor or the Board of Public Works, the items of which can be reduced or eliminated, but not increased, by the Legislature.

This limitation is fundamental in our judgment for a sound budget system. It has its counterpart in the budget systems of governments most advanced in their fiscal management. It also has its counterpart in the budget systems of a number of American municipalities. As has been pointed out by the Mayor of Baltimore City, one-half the population of the State of Maryland has become accustomed to this system in its municipal affairs and would not think for a moment of going back to the old system.

Such a change, however, as is pledged in the Democratic platform, requires a constitutional amendment in this State.

A mere statutory provision that the Governor or other State officer should submit to the Legislature at the opening of its session, estimates of the revenues and expenditures of the State cannot, in our judgment, produce the reform in State finance which is demanded by the people and voiced in the Democratic platform.

A provision of this character has been, indeed, for a long time in the Maryland Constitution. This is Article VI, Section 2, which imposes upon the Comptroller the duty of preparing and reporting "estimates of the revenue and expenditures of the State." This provision of our State Constitution has not been interpreted as vesting the Comptroller with the power to revise the estimates submitted to him. He has, as a rule, sent

to the Legislature estimates of expenditures which have not, at any rate in recent years, controlled the action of the Legislature in making the appropriations.

The attempt has also been made in this State, through the establishment of the Board of State Aid and Charities, to assist the Legislature in its appropriation of the State moneys to the many State-aided private institutions. The Board has done a great deal of painstaking and valuable work. But for one reason or another, the Legislature has not paid sufficient attention to the Board's recommendations to justify us in reaching the conclusion that the purpose of the establishment of the Board has been completely realized. It is still true that the estimates of State money needed by the State-aided institutions have not been subjected to an effective administrative supervision—effective at any rate in the sense that the recommendations of the Board of State Aid and Charities have been persuasive in controlling legislative action.

It may, therefore, be said that the methods already resorted to in this State to place before the Legislature a complete picture of the State's financial resources and needs have not been successful. The present excess of expenditures over receipts, which has resulted in the large accumulated deficit, is ample proof of the proposition that the methods of making appropriations now in force are defective.

It will also be noted that the party platform providing for the Commission limited its choice in determining the responsibility for making the final estimates for submission to the Legislature, to the Board of Public Works on the one hand, and to the Governor on the other. We have concluded that this responsibility should be placed upon the Governor. We have felt that to make use of the Board of Public Works as a Budget Commission would have the disadvantage of dissipating personal responsibility for financial propositions, and would also run the risk of not securing party responsibility. For it is by no means certain under the conditions which exist in the State that the political party to which the Governor belonged would be in control also of the Board of Public Works. If such lack of political harmony should exist, the Commission believe that a budget system based upon the Board of Public Works would lose much in effectiveness.

The most difficult problem in connection with the formulation of a budget plan which presented itself to the Commission was the determination of the powers of the Legislature relative to the estimates to be submitted by the Governor to the Legisla-

ture. It was recognized that the weakness of all American financial methods, in the Congress of the United States, as well as in the Legislatures of the separate States, was to be found in the practice to which all American legislative bodies are addicted of adding either to the amounts demanded by the administrative departments, or to the items for which appropriations were asked. Under the Baltimore City Charter the City Council may reduce but not increase the estimates adopted by the Board of Estimates. This plan has been eminently successful.

The Commission feels, however, that a broader latitude should be given a legislative body in financial matters than is given the City Council in municipal budget making, provided the latitude so given cannot be used in such a manner as to produce a deficit in the State's finances.

In this decision the Commission follows the suggestion of the Democratic platform that proper provision be made for emergencies or contingencies.

For these reasons the Commission is of the opinion that it is advisable to give the Legislature the power to initiate appropriations for objects for which the Governor has made no estimates. The Commission feels, however, that it is necessary to prevent the recurrence of deficits in the finances of the State, and to fix the responsibility for any derangement of the financial plans of the Governor. It has accordingly framed the proposed constitutional amendment in such a way as to permit the Legislature by a three-fifths vote, and subject to the usual provisions with regard to the approval of the Governor, to appropriate money for a purpose not included in the Governor's estimates, on the condition that provision is made in the act of appropriation for the levy of a tax sufficient in amount to defray the expenses necessitated by such act of appropriation.

Apart from this power of initiating appropriations the Commission has believed that the example offered by city charters might be followed. It has accordingly, and in compliance with the Democratic platform, provided that as a general thing the Legislature may not alter the estimates of appropriations submitted by the Governor except to strike out or reduce them, and it has confined the power of the Legislature at a regular session to initiate an appropriation to the period of the legislative session subsequent to action upon the estimates submitted by the Governor.

It is further to be noted that the Commission has felt that the separation of the three great departments of government, which is such a characteristic feature of American political organization, makes it desirable to treat the estimates for the legislative and judiciary departments differently from the other estimates. The estimates for the Legislature and judiciary are not to be subject to the revisory powers of the Governor. Those for the Legislature and judiciary are to be certified to the Governor, and are to be transmitted by him without revision to the Legislature. The estimates of the judiciary as provided by law are to be certified by the Comptroller, and the Legislature may increase them, but not reduce them. The effect of this method of treating the estimates for the judiciary will be that no reduction in the provision made by the law for the judiciary may be made in an Appropriation Act. The Legislature may, however, by an Act, not an Appropriation Act, but subject to the limitations of the Constitution, change the provision made by law for the Courts. In case it should do so, the Comptroller must, the next time a Budget Bill is presented, certify the estimates for the judiciary, as provided by the law.

The estimates for the Legislature are to be certified by the presiding officer of each House for transmission without revision to the Legislature, which may increase or reduce them.

In order to carry out the spirit of the provision of the platform which seeks to protect "the State's outstanding obligations," and in order to preserve as far as possible unchanged the present provisions of the Constitution, we have provided that the Governor shall in his estimates make provision for the State debt, for salaries payable by the Constitution and laws of the State, for a free public school system, as provided by law, and for such other purposes as are set forth in the Constitution. The amendment also prevents the Legislature from amending the Budget Bill so as to affect the State debt; from reducing the salaries of public officers during their term of office, the rule of the present Constitution, or from altering the estimates for the free school system as submitted by the Governor.

Finally, the constitutional amendment which we have proposed provides for the contingency that the Legislature does not act upon the Budget Bill during its regular session, by authorizing the Governor to extend that session. In case he does so, the amendment provides that the Legislature may not consider during the extended session any other matter than the Budget Bill. We have also specifically provided that the amendment proposed shall not be construed as preventing the Governor from

calling extraordinary sessions of the Legislature, as now provided in the Constitution, nor as preventing the Legislature at such extraordinary sessions from considering emergency appropriations.

Our thought in drafting the proposed amendment has been:

First—To impose upon the Governor the sole responsibility, within the limits of the Constitution and the provisions of existing law, of presenting to the Legislature a complete and comprehensive statement of the needs and resources of the State based upon:

(a) Estimates made by those applying for State moneys;

(b) Evidence brought out at public hearings on those estimates; and

(c) Administrative revision by the Governor of all estimates, except those for the Legislature and the judiciary, and for purposes for which provision has been made by the Constitution or existing law.

Second—To make it impossible for the Legislature so to change the plans proposed by the Governor as to produce a deficit; but

Third—To permit the Legislature to make provision for any purpose not included in the Governor's plan on the condition that it provide also for the revenue which the accomplishment of its purpose necessitates.

Fourth—We have not attempted in the amendment proposed to deal with existing continuing appropriations. We have felt that it would be improper to repeal such appropriations by constitutional provision. Indeed, so far as a continuing appropriation is a part of a contractual obligation, as for example, a continuing appropriation for interest and sinking fund for the State debt; a repeal of such an appropriation in the State Constitution would be unavailing, since it would contravene that provision of the United States Constitution which forbids a State to pass any law impairing the obligation of a contract.

We have, however, provided in the amendment submitted that the Legislature may from time to time enact such laws not inconsistent with the amendment as may be necessary and proper to carry out any of its provisions. Under this clause the Legislature may repeal all continuing appropriations not of a contractual character. Such a policy it is to be remembered is approved by the platform of the party under the instructions of which this Commission has been working. It is, however, a policy which would be realized rather by legislation than by constitutional provision.

Out of abundant caution and in order to carry out the purpose of the platform to protect the "State's outstanding obligations," we have left it in the power of the Legislature to pass at any time and in the usual manner an Appropriation Bill for the payment of all the State's obligations protected by the provision of the Constitution of the United States forbidding a State to pass any law impairing the obligation of contracts.

In conclusion, we beg to emphasize the fact that in the opinion of the Commission the proposed amendment is in all its details in exact accordance with the provisions of the Democratic platform.

Frank J. Goodnow, Chairman.
James Alfred Pearce.
Joseph D. Baker.
B. Howell Griswold, Jr.,
Philip D. Laird,
William M. Maloy,
F. Neal Parke.

EXPLANATION OF THE BUDGET AMENDMENT.

The following statement from *"The Baltimore Sun"* of Sept. 4, will explain the purpose of the articles published herewith through the courtesy of *"The Sun"*:

Believing that the budget amendment, which will be voted upon by the people this fall, is a matter of the most far-reaching importance to the State of Maryland, and fearing that in the stress of the national campaign it may be overlooked by the voters, The Sun some time ago requested the members of the Economy and Efficiency Commission, which framed the amendment after weeks of study, to prepare articles setting forth the reasons for their belief that it should be made a part of the State Constitution.

Below is the first of these articles—prepared by former Judge James Alfred Pearce. It is hardly necessary to tell who Judge Pearce is. For nearly two decades he was an honored member of the Court of Appeals, was regarded by lawyers as "the scholar of the bench," was known far and wide as thoroughly saturated with the principles of American institutions. Articles by Dr. Goodnow, Mr. Laird and the other members of the commission will be published, one each week.

NEED OF BUDGET.

(*Baltimore Sun,* Sept. 4, 1916.)

By James Alfred Pearce.

Since the passage by the General Assembly of the act proposing an amendment to the Constitution of Maryland creating a budget system nearly five months have passed, and during that period public attention has been directed almost exclusively to the consideration of questions involved in our primaries for United States Senator, in the approaching Presidential campaign and other matters of national import, and in consequence there has been no discussion of the amendment clearly disclosing the attitude of the people toward it.

I feel, therefore, the reasonableness of The Sun's suggestion that the members of the Commission appointed by the last Democratic State Convention to prepare for submission a budget amendment, and who gave their best thought to that work for more than four months, should, each for himself, state as briefly as he may the considerations which governed in framing the amendment, and which they believe should secure its adoption.

In this day of manifold and ever extending governmental agencies, no one, I believe, will dispute the need of some system of State appropriations based upon the budget principle, and, so far as I have observed, such objection as has been made to that proposed in this State is expressed in the vague and unsupported suggestion that it is "un-American and undemocratic," and it is to this criticism that I wish to speak.

Developed in England.

The germ of the budget, its vital principle, is inseparable from, and may even be said to be coeval with, civilized government; at least, with what is now understood by constitutional government. It had its early development in the parliamentary practice of England, our mother country, from which we have inherited our most cherished institutions, and, since our independence, have adopted so many of our more modern methods of procedure, and that would be a rash judgment which would declare any principle "un-American" because it was practiced in England, or "undemocratic" because England's government is a constitutional monarchy, while ours is a constitutional republic.

The President is required by the Constitution, from time to time, to recommend to Congress such measures as he shall judge necessary and expedient, thus recognizing his initiative in legislation.

The Constitution of Maryland of 1851 in the light of experience, required the Governor to recommend to the Legislature, from time to time, such measures as he may deem necessary and expedient. The two succeeding Constitutions have repeated this mandate, and similar provisions are now found in the Constitutions of most of the states of the Union.

During Mr. Taft's administration the demand for public economy was so insistent that he urged upon Congress provision for "a definite budget, a concrete and well considered program of work to be financed." During this discussion Senator Aldrich declared that such a program would save the country $300,000,000 a year, and a commission of inquiry was appointed, which made an elaborate report, and, though Congress has not acted in the matter, the subject is a live one in the public mind and has the earnest advocacy of Mr. Wilson and Secretary of the Treasury McAdoo, and the support of much the larger and most enlightened and influential representatives of the press of the country. The assertion that it is an "un-American" idea may be therefore dismissed as without foundation.

Is Not "Undemocratic."

The companion criticism that it is "undemocratic" is equally vague, though it is more likely to excite the hostility or rouse the apprehension of careless thinkers, as implying tho invasion or impairment of some fundamental principle of popular government. But even a superficial consideration of this objection will suffice to show that the budget idea contravenes no fundamental principle of popular government; that it destroys or impairs no power of control by the popular branch of the Government, and that it is, essentially, only a method of procedure in the application of one of the most jealously guarded principles of popular government, with a view to the fuller protection of the people in the raising and disbursing of their own revenues. It has been well said that the history of the development of representative government is the record of a struggle for popular control of the public purse, and that "there is no principle upon which our political institutions are more firmly based than that the public finances, both with respect to the raising of revenues and the expenditure of state funds, should be regulated by those upon whom levies are to be made."

A chairman of the Appropriations Committee of Congress, as the result of long study, has recently said in reply to tho objection that "we should not restrict tho right of tho representatives of the people to loosen up tho pursestrings, that the universal condition of this country today is not that we must safeguard the rights of the people to got money for things. The whole curse of our condition is that everybody is doing his utmost to get it, and succeeds, and the evil to be corrected is the evil of his excessive expenditure."

Definition is Presented.

I adopt as accurate and scientific, yet simplo, the definition of a budget given by Frederick A. Cleveland, director of the Bureau of Municipal Research of New York City, viz: "A plan for financing an enterprise or government during a definite period, which is prepared and submitted by a responsible executive to a representative body, whose approval and authorization are necessary before the plan may be executed," and I believe the amendment to be submitted to the people of Maryland at the November election conforms to this definition and is free from violation of any popular right—or of any true democratic principles.

An examination of its provisions will show that it is in perfect accord with the principle that the public purse shall always

be under the free control of the representatives of tho people, and that it merely provides an orderly method of procedure in tho application of this principle. The amendment as a whole provides a concrete and carefully considered plan of work to be financed by the State, leaving no element or item to hasty, or haphazard action. This plan is to be prepared and submitted by the Executive, who is in fact responsible for the execution of the laws, and who is held responsible by the people for safe and wise leadership. It is impracticable within the limits of this articlo to consider in detail why this duty is committed to the Governor rather than to some other officer or board, but the reasons were convincing to every member of the commission, and I am confident will be found so by the great majority of careful thinkers.

The plan is to be submitted to the General Assembly within 20 days after it convenes, in order to give ample time for its consideration, but at the same time is illustrated the care with which the control of the representative branch of the government is preserved, in the provision that the Assembly may extend this time if it is deemed necessary or desirable to give further time for its preparation.

Governor Acts on Advice.

The plan is not the arbitrary or unaided idea of the Governor. Ho is required to act upon estimates and statements from all tho departments, boards and agencies in the State, as to the anticipated revenues of the State as compared with those of tho two preceding years, and as to the reasonable and probable needs of such departments, boards, etc., as well as of all institutions applying for State aid, and both he and they have the right and may be required, whenever requested by either House, to appear and answer queries relative to the plan; and the Governor may requiro public hearings on all estimates submitted to him beforo acting upon them.

Each budget is to be in two parts designated, respectively, "governmental appropriations" and "general appropriations." The former will embrace (1) those for the General Assembly, just as certified to the Governor by the presiding officer of each houso; (2) those for the executive department; (3) those for the judiciary as provided by law certified by the Comptroller to the Governor; (4) for principal and interest of the public debt as required by the Constitution; (5) for salaries as provided by law; (6) for maintenance of public schools as commanded by

the Constitution, and (7) for any other purposes made mandatory by the Constitution.

This constitutes a segregation of items, analogous to fixed and overhead charges, and results in determining a general balance of estimated revenue available for general appropriations, which embrace all those not designated as governmental appropriations, and which, however proper and necessary under the scheme of modern government prevailing in all the States of the Union, are not strictly speaking part of the machinery of the State, and which for that very reason require more caution in granting them. The General Assembly may amend the budget bill by increasing or decreasing the items for their own expenses and by increasing the items for the judiciary, but may not otherwise alter the bill except to strike out or reduce items therein, provided that officers' salaries shall not thus be reduced during their term of office.

Action of Assembly Limited.

In acting upon the General Budget bill, as it may be properly designated, the General Assembly may not increase any item, except as above mentioned. This is an apparent, but only apparent, restriction upon its power to grant appropriations. The amendment makes specific and ample provision for supplemental appropriations at pleasure, after the General Budget bill has passed both Houses, subject only to the requirement that each bill for supplemental appropriations shall be limited to a single object or purpose stated therein; that it shall provide the necessary additional revenue by a tax to be laid as directed in the bill, and that it shall receive in each House a majority of all the members elected thereto. Thus, while the exercise of the right to make appropriations is regulated as to the time of its exercise, the ultimate power is undiminished.

No meritorious object which would have received the approval of the Assembly, if included in the general bill, need ever fail when presented in a supplemental bill; while many an unwise or excessive appropriation, which would have slipped through under the present mode of procedure, would be relegated to the discard.

This provision, the members of the Commission felt to be a most valuable feature of the amendment, fully meeting and disarming hostile criticism as respects any impairment of the power of the Legislative branch, and strongly commending the whole amendment to every taxpayer and to every citizen jealous of the good name and credit of the State.

GAIN FOR STATE IN BUDGET PLAN.

(*Baltimore Sun*, Sept. 11, 1916.)

By Philip D. Laird.

(*Member of the Public Service Commission and Speaker of the House of Delegates in the last Legislature.*)

Among the matters to be passed upon by the citizens of Maryland at the next election is the budget system which the Legislature of 1916 submitted, in the form of a Constitutional amendment, for approval or rejection by the people. So far as the State is concerned, no more important measure, when the practical results aimed at are considered, has ever been presented for the final determination of the voter; and the issues of a Presidential election, nation-wide and serious as they are conceded to be, should not be permitted to overshadow the vital local interests involved in the establishment of sound principles and methods to safeguard the financial integrity of the State and lighten the burden of taxation. Indeed, it would seem to be short-sighted patriotism to show indifference to any one of the elements which combine to produce desired results, and no State can properly discharge its duty to the Union unless its own affairs are well managed and its resources conserved to meet contingencies as they arise, as well as to meet its daily recurring obligations.

In discussing the budget amendment it is essential to keep in mind the conditions and practices which it is designed to correct. For many years loose methods of appropriation of public funds prevailed in the General Assembly, without regard to probable revenue and, apparently, without knowledge of its sources under existing laws. The practice has grown up and become fixed of applying for State aid for all sorts of local purposes which should have been provided for by counties and municipalities, and delegations combined to carry their measures through under the mistaken idea that, as the counties and cities made no direct levies for the object, they were relieved from the resulting taxation. This condition was taken advantage of by designing men who possessed political influence, to secure support for measures in which they had a special interest. These men would threaten the defeat of local bills unless

their authors agreed to vote for the bills which the politicians desired to have passed, and the fear of unpopularity at home, in case the local measure failed, was usually strong enough to influence delegations to accept the conditions. This log-rolling process went on in the face of warnings from the fiscal officers of the State and the press, and each party, when in control, acted with the same disregard of consequences. But in fairness it should be said that much of the extravagance of later years that produced the deficit of 1915 and 1916 was in response to popular demand for facilities and to the constantly increasing number of schemes for "uplift," whose promoters swarmed in the State House appealing for money. Furthermore, in forming our judgment of the Legislature, it would be unfair to overlook the fact that, while warnings had been sounded, comprehensive statements of fiscal affairs, such as would be really informing, were not furnished to the members, and they were obliged to act, generally in the closing days of the session, upon reports of committees which contained no comment, or upon the hasty explanations of overworked chairmen. These untoward conditions were prominently in evidence in the last session of the Legislature. It was necessary to make provision for a large deficit, and to meet the increased expenditure which this and other causes occasioned, new sources of revenue had to be found and the measure of taxation worked out and adjusted to produce the best and fairest results. It was impossible to formulate the appropriation bills until the approximate revenue was ascertained, and it was not until the very last day of the session that the more important appropriation bills were introduced and passed under suspension of the rules.

Too many dangers lurk in such a situation to permit its recurrence in the legislative experience of the State. The remedy lies in a rule which will be binding upon the General Assembly and which guarantees investigation of the public needs and resources, and forethought in the effort to promote the public welfare, before the Legislature is called upon to act. The advantage of this to the responsible legislator and to the whole body of citizens is so obvious that argument to prove it would seem to be a waste of time. The legislator, I am sure, would welcome it, and the citizen would rejoice to know in advance what was proposed and be in a position to make his views known to his representatives. A distinct advance in administrative reform will be made when the fiscal scheme of the ensuing two years is laid bare in the early days of the session of the Legislature, and subjected to the scrutiny of the press and the people—something that has been missed in all these years—and the citizens are brought into intelligent and intimate touch with affairs of State that affect them in a thousand ways.

The object of the budget system is to abolish the abuses above referred to and others that might be named, and establish in their place an orderly, systematic, detailed statement of the financial condition of the State, accompanied by recommendations, in the form of bills, for the appropriations for the ensuing two fiscal years and for raising the revenues to pay them. This could have been accomplished by a statute, but after a full discussion and serious consideration, the Commission reached the conclusion that the purpose would be more effectively carried out by a constitutional amendment. A statute would have been binding so long as it remained unrepealed, but it is within the range of possibility—in some conditions, of probability—that the influences friendly to the old and easy-going methods might be strong enough to effect the repeal of the law before its merits could be tested by time, or to so modify it as to destroy its value. A constitutional provision, however, would have the merit of stability; and the approval of the people, expressed at a general election, would have the effect of stimulating those charged with the preparation of the budget to unusual care in their work, and those responsible for its adoption to unusual care in analyzing and acting upon it.

The admirable article by Judge Pearce, in The Sun of September 4, sets forth the reasons which influenced the Commission in committing the preparation of the budget to the Governor, and discusses with force and precision the objections to that provision. He also disposes of the contention that the amendment is "un-American" and deprives the Legislature of powers and prerogatives which properly belong to it. Probably a discussion of those items from a different standpoint would be worth while and it may be undertaken at a later date. But the present purpose is to indicate the lines along which the Commission worked in the effort to produce practical results that must necessarily prove beneficial. The space at command does not permit, at this time, elaborate discussion of details, and it is sufficient to say that the object was to establish in public affairs the same care, intelligence and mastery of details that has enabled men in commercial pursuits to overcome difficulties and achieve splendid triumphs in the business world.

There is not one rule of economy and business oversight and attention for the individual or private corporation and another rule for the State. The difficulties of the State are in some

respects more numerous and irritating, because conflicting local interests and invisible political influences are constantly at work; but the fundamentals of efficient management are the same in both cases. In its essence, the budget system is simply an established method of management of public fiscal affairs which shall be open and aboveboard to all who have an interest. As it is viewed by those who have given special study to the subject, a distinct advantage will be gained by compelling the Governor to prepare the budget, because the work will give him first-hand information of matters over which his executive functions properly extend, and equip him to adequately fulfill the responsibilities of his trust. The Constitution now compels him to recommend to the General Assembly such measures as he deems wise and expedient in the public interest. The proposed amendment only requires that as to certain things he shall furnish the details which will enable the Assembly to act intelligently and promptly. In this, it is submitted, there is no cause for alarm.

Those countries which have adopted the budget system—confessedly the best managed, financially, in the world—would not consent to a change, and among them no personal liberties of the people, and no fundamental parliamentary rights have been curtailed or endangered by it. There is nothing peculiar in our institutions, as will be shown later, which makes them amenable to assault through the adoption of sound business methods which will conserve the resources of the State, ultimately close numerous channels of extravagance and waste, and remove the opportunities for sinister and demoralizing practices.

HUMAN INTEREST SIDE OF THE BUDGET QUESTION.

(*Baltimore Sun*, Sept. 18, 1916.)

BY WILLIAM MILNES MALOY.

(*Former State Senator.*)

If the Maryland legislator served his State as well as he serves his county or district, a budget system would not be necessary in Maryland. This is not a reflection upon the legislators of Maryland in particular, for, regretfully, it must be said that most of the members of Parliament, of Congress and of every State Legislature in the Union are more mindful of the public interests of the localities they respectively represent than of the general welfare of the nation or State.

The division of Maryland by a great body of water into an Eastern and a Western Shore, embracing a diversity of mountain slopes, low-lying plateaus, interrange valleys and coastal plains, exhibiting every variety of soil and crops, and the great aggregation of half the population of the State in an industrial and seaport city, with the other half scattered between trading villages and farming communities, present to the General Assembly, charged with the duty of choosing the channels into which to divert the quickening stream of public appropriations, a perplexing confusion of interests, activities and needs, made still more complex by our long-established custom of distributing State funds among private institutions, doing or claiming to do public work.

Every hospital, asylum and home singles out a forceful member to make the appropriation for that particular institution his chief aim at Annapolis. Every State-aided college seeks an alumnus member to champion the cause of his alma mater with the zeal of a Daniel Webster pleading for Dartmouth. Every county leader holding office as chief of a State department interests his delegation in the allotment for that branch of the administrative service which his close-range vision magnifies to be the very keystone of the governmental arch. As a side interest almost every member has a county road at home which he regards as the most important highway in the State and wants improved and maintained as a part of the State Roads System. Constituents and sponsors of the Senator or

Delegate too often judge his record by the result of his efforts to secure the coveted appropriation. Throughout the session these ultimate aims influence votes and alignments on men and measures. Messrs. Campbell, Gorman, Benson, Price and Wilkinson, during years of service at Annapolis, have struggled to restrict the appropriations to State-wide projects in commensurate amounts, but have found it impossible to contend against the combinations effected to compel favorable reports on local appropriations and on additions to the regular bills which have resulted in making the total expenditures exceed the highest estimate of State revenues.

These over-appropriations have been going on for years, but somehow or other the State Treasury stood the strain until last year, when the Comptroller announced that the appropriations made by the Legislature of 1914 could not be met. Then followed the report of Mr. Harvey S. Chase, who had been retained to examine and report on the State's finances, and it was disclosed that on January 1, 1916, the Treasury of Maryland faced a deficit of one and one-quarter millions, representing not mere gratuities to private institutions only, but unpaid appropriations for the maintenance of such State agencies as the Tuberculosis Sanatorium, Springfield, Spring Grove and Crownsville Asylums for the Insane, the Rosewood School for Defectives, the Workshop for the Blind, the House of Correction, the Confederate Home at Pikesville, and many others. The total later grew to $2,000,000, which was paid by the proceeds of a bond issue, to meet the principal and interest of which, the people of Maryland will be taxed for the next 10 years. Thus, for the first time in 75 years, and perhaps for the first time in the history of the State, Maryland is paying current expenses out of a bond issue.

In attempting to shift the blame, certain legislators claimed that the Governor should have totaled the mass of omnibus, governmental, special and local appropriation bills, and have vetoed the excess sum. The friends of the Governor urged with justice that as the Constitution reposed the duty of appropriating public moneys and raising the necessary revenue in the Legislature, it was not fair to expect the Executive to use his veto to save the General Assembly from the political consequences of its misdeeds, especially when some of the bills appeared to have been passed with full expectation that the Governor would have to veto them. Other legislators found fault with the Comptroller, and when that official's friends pointed to his report embodying a technical performance of the Comptroller's duties of

estimating revenues and warning against extravagance, the lawmakers replied that the report was not intelligible anyhow; that the warnings against extravagance had been couched in the same language for a generation by successive Comptrollers, and as each Legislature had disregarded them, so had the Legislature of 1914. Here the attempt to shirk the responsibility still remains—the Governor, Comptroller and Assembly (as a newspaper cartoonist represented it) standing in a ring, each pointing an accusing finger at the other, with no end to the circle of censure.

The truth of the matter is that the system is faulty in that it supposes the Legislature to possess the knowledge, have the time and be the place to formulate a State financial scheme with a finely adjusted and balanced schedule of revenues and appropriations. After an experience of three sessions as a member and another session as an officer of the General Assembly, I say without any reservation that the legislators are just as honest and conscientious in the discharge of their duties as are business and professional men in attending to the matters intrusted to them, but it is only too true that the average member represents his county only, cannot see or understand the State as a whole, and never does acquire an adequate understanding of the State's finances. The Governor, as the officer who does represent and understand the entire State, and is accountable to all the people, should be charged with the task of framing financial policies, determining the avenues of State expenditure, and especially so as he has to carry out the provisions of the enacted measures. The wholesome check upon this power is that the Legislature must approve the plans, policies and recommendations of the Governor.

Before condemning this method of placing the responsibility on the Chief Executive of the State, it should be remembered that this is the last resort of those who have sought a remedy for the present unsatisfactory condition. Means of improvement and correction by internal changes have been tried by earnest legislators seeking a remedy. The legislative committee system has been condemned on the ground that a small body should not control the appropriations. The committees have been enlarged and even doubled, with a corresponding increase in the appropriations as a result. As another expedient, the money bills have been distributed among several committees, with the consequence, as in Congress, where it was tried, that the appropriations have grown to a billion dollars, and more recently to nearly two billion dollars. To correct the trouble

constitutional amendments have been adopted in many States, including Maryland, giving the Governor the right to veto individual money items, and the Executive has usurped the further power of reducing items. The creation of advisory bodies, such as the Maryland Board of State Aid and Charities, has made but little improvement. The performance by the Governor and the Comptroller of their constitutional duties of informing the Legislature of the condition of the State, with recommendations concerning the increase of revenues and curtailment of expenditures, has produced no appreciable betterment. Maryland has tried all previous expedients and has a $2,000,000 over-appropriation to meet. The real remedy is to place the responsibility on the Governor, and to impose the duty in such a way that he cannot evade it. Let him get such assistance as he may see fit, but the responsibility must be his, and for the performance of his duty he is accountable to the people of the State. This feature of executive initiative of and responsibility for financial policies, as contained in the Maryland budget amendment, has the indorsement of President Wilson, former President Taft, Dr. Goodnow and Dr. Cleveland, and of many experienced members of Congress.

In the discussion of the budget amendment it must not be forgotten that the plan of raising revenue and the schedules of appropriations originated by the Governor require legislative approval. The Legislature may strike out or reduce items of general appropriation. It may make supplementary appropriations provided it raises the revenue by taxation, which is an effective check against local appropriations and the creation of a deficit. Congressman Fitzgerald, for years chairman of the Committee on Appropriations of the United States House of Representatives, goes so far as to suggest depriving the individual member of the right to initiate appropriation measures. The Maryland budget plan does not go to this extreme, but it does provide that if a member introduce and the Legislature pass a supplementary appropriation bill the necessary revenue must be raised then and there by direct or indirect taxation.

I hope there will be no attempt to argue that the budget plan gives the Governor too much power. For many years the Maryland Legislature has passed its appropriation bills in the last hours of the final days of the session, then adjourned and left the Governor with absolute power to veto any or all appropriations, and in recent years to decrease the items at will. The Executive has refused to exercise this power to prevent a deficit, claiming that the duty is imposed on the Legislature. The proposed amendment gives the Governor the power before, instead of after, action by the Legislature, and locates without possibility of evasion, the responsibility for devising the fiscal arrangements of the State, which responsibility now is distributed among 129 men, each politically accountable only to the voters of a single county or district. No one familiar with legislative methods in Maryland can truthfully say that there is anything revolutionary in this part of the budget amendment.

Another important feature of the budget amendment is the right which it gives to the Executive to appear and defend his financial recommendations. That this is not revolutionary is shown by a learned professor in one of our leading universities who in a recent article contends that this was the plan that the framers of the United States and State constitutions had in mind, but that in practice we have widely departed from it. That a return to the original procedure or the adoption of the innovation is necessary the leading authorities and students of our governmental system all agree. Our own experience in Maryland shows how necessary it is for the Executive to be able to enter the legislative councils and face those combatting his financial policies in order that the people may learn the merits of the controversy. More than one Governor in Maryland has bartered State offices for progressive financial legislation. At each session for years an astute old county leader has caused his delegation to revolt and vote against administration measures until he has obtained the political pelf that he demands. A Governor who has arrayed against him the corrupt among the political bosses frequently finds the chairmen of committees picked from among the opposing faction and is powerless to advance his plans until he makes terms with his enemies. The right to come before the Legislature in person and in the white light of publicity explain his plans and expose the motives of his opponents will be a tower of strength to an honest executive and will enable him successfully to fight the "invisible government". With this right the Budget Amendment endows the Governor of Maryland.

It has been advanced that the adoption of the budget system would drain the Legislature of its political power and reduce that body to the condition of City Councils since the inauguration of boards of estimates. This is far from true. It would make the General Assembly a forum of debate and deliberation—its proper sphere—which it is far from being today. When the Governor's bills shall have been introduced early in the session, as required, the proceedings will be well worth

attending. For instance, should the Governor recommend an appropriation to bridge Sinepuxent Bay, on the Eastern Shore, the interrogatories put to the Executive by the Western Maryland and Baltimore City members would be enlightening. Were the Governor to advocate the donation of money from the State Treasury to erect a large building for the Methodist College at Westminster, it would be refreshing to hear from the member from the Tenth Ward of Baltimore City. Did the Governor but suggest the construction of a road in Anne Arundel County paralleling another completed State road at no point over one and three-quarter miles apart, and over the vigorous protest of the State Roads Commission, it would be entertaining to hear from the Delegates from Washington County, that great tax-paying county of Western Maryland, with but one State road within its broad confines. Let the Executive's recommendations include such a strange provision as an appropriation for the State to buy 200 copies of that law book, "Contest of Wills," the remarks of the members from frugal Frederick would be plain and to the point. And yet bills containing these items have been passed in the last days of recent sessions without a dozen members knowing that they were included. Far from deteriorating, the Legislature under the budget procedure would, on the contrary, develop into a body of constant inquiry where the appropriations in the Executive's bills would be carefully weighed and all found wanting be eliminated. For membership in such a body the best equipped of our public-spirited citizens would contend and there find full play for the exercise of their talents.

As the Budget Amendment embraces the features of the plan indorsed by the State platforms of both political parties, it should receive the vote of every loyal party man; and as it will safeguard the public revenues and effectually prevent a future deficit in the State Treasury, it is entitled to the support of every citizen of Maryland who has the good of his State at heart.

BUDGET SYSTEM MERELY A CHANGE IN PROCEDURE.

(*Baltimore Sun*, Sept. 25, 1916.)

BY FRANCIS NEAL PARKE.

The proposed budget system is submitted to the voters of Maryland as a tested and approved method of securing economy and efficiency in public finance, through a union of power and responsibility, without violating the integrity of the legislative, judicial and executive branches of the government.

The taxpayers have seen and endured throughout many years a constantly increasing burden of taxes and imposts by reason of steadily mounting expenditures, voted by the General Assembly. This weight of taxation grew while every political party advocated and promised economy, when every official was pledged to it, and when every legislator affirmed it to be his one inviolable principle. With no significant exception, these professions were intended—whether through motives of principle or of expediency is immaterial—to be translated into action. Every legislator, every public official and every political party knew that economy was indispensable to personal and party preferment and power, yet the distinguishing characteristic of legislative appropriations was waste and extravagance.

As the indignant citizen reviewed the work of the Legislature and paid his heavy taxes, he found himself charging the Legislature with being extravagant and corrupt. Yet when the voter turned to the individual members of the House of Delegates and of the Senate he found them to be, in the main, if not of capacity, at least honest, economical and patriotic—average men whose personal character and the result of their political course were anomalous. As the nature of its units must determine the nature of the mass, so a representative body whose individual membership is preponderantly upright, intelligent and frugal will not legislate in a wasteful and extravagant manner, unless the methods by which the individuals act as a body present insuperable obstacles to the play of their uprightness, intelligence and frugality.

A survey of legislative bodies in action discloses that the fatal inpediment to economy and efficiency, and the cause of acts being passed inconsiderately, is the procedure of referring all

bills calling for appropriations to comparatively small committees, which, by reason of the volume, complexity, difficulty and gravity of their duties, almost necessarily hold the bills in committee until they are finally consolidated in one or two huge acts and presented to the Legislature when it is about to adjourn, and then precipitately passed without an expiring Legislature having adequate knowledge of their contents or the time for pausing to acquire it. By this procedure the General Assembly has virtually abdicated its powers and transferred them to the two committees of Finance and Ways and Means. While it is conceded that the vast bulk of business cast upon a biennial legislative body can be dispatched only by a division among committees, yet experience has demonstrated that this procedure is too dangerous and costly in the granting of appropriations and the raising of revenues, and must be reformed. "Whilst institutions directly repugnant to good management are suffered to remain, no effectual or lasting reform can be introduced," writes Burke.

The fundamental defects of the existing legislative procedure with reference to bills affecting public finance are the substantially complete surrender to committees of a vital function of the legislative body, and the uncontrolled exercise of this function by the committees in comparative, if not actual, secrecy. The present procedure leaves the individual member in the dark as to the various items of appropriations, denies him time to weigh the merits of the items of the appropriation measures, throttles discussion and compels precipitate action in the turmoil, confusion and exhaustion of the closing days of the session. Because of the impossibility of locating individual responsibility for what is done in the dark by unknown authors, the public has long since become apathetic to these conditions.

No matter what may be the capacity, the intelligence and the frugality of legislators, ignorance of what they are called upon to do and an absence of an adequate opportunity for consideration, debate and deliberation, with haste in the doing of it, result uniformly in wasteful, extravagant and pernicious appropriations of money, and make log-rolling inevitable and an apparently natural method of legislation. While statesmen and political economists and the experience of well governed countries have pointed the way to remedy this disastrous procedure in the preparation and passage of appropriation and revenue measures, the people of Maryland were not awake to its grave import to them until aroused by a huge deficit and the necessity of providing for current expenses by public loans, "which," as

Bagehot pertinently observes, "under ordinary circumstances are shameful."

The accepted reform to correct the evils of committee rule in fiscal matters is a budget system, which will modify the procedure in framing appropriation acts, but which will not affect the wise and deeply rooted principle of our governmental structure that the General Assembly shall vote all appropriations.

In the first place, the present secrecy attending the framing of appropriation bills, which is provocative of injustice, inequality and prodigality, will pass with the adoption of the budget system. The Legislature will no longer act in ignorance, but with full information from an authoritative source of the resources, liabilities and financial condition of the State; of the proposed appropriations, and of their effect upon revenues measured in terms of estimated deficit or surplus, and of their significance and necessity when judged by similar appropriations of the two preceding fiscal years. And this information will be imparted within the first 20 days of the session in a digested and easily available form, with the items classified and clearly itemized, and regularly and methodically arranged. Not only will every dollar and every object of the bills be known to every member of the General Assembly, but the press—the great organ of publicity—will know, and every citizen may know, the contents. Complete publicity is assured, and no more indispensable and efficient guardian of the public purse can be provided.

In the second place, with the early submission of the budget and a full knowledge of its proposals, the Legislature will be freed from the dominion of its committees, and will have an opportunity to consider, weigh and discuss its provisions with the care, deliberation and publicity which so important a measure demands. In short, the Legislature will regain its constitutional function as a deliberate body and as the controlling power in the granting of money and imposing taxes. In the third place, the budget system will fix responsibility. While power is restored to the legislative body by the budget, it imposes upon each legislator a responsibility which must be discharged in such a manner as to enable his constituents to reward or punish him for his act.

The limitation upon the Legislature that it may not increase any item in the budget bills submitted by the Governor, except those relating to the General Assembly and the judiciary, is not an impairment of any legislative power, as it merely amounts to the Governor advising the Legislature at the beginning of

the session that he will not approve a specific appropriation for more than a designated amount.

In effect, it is a veto at the beginning of the session, instead of one at the end, when a veto usually is final because the Legislature has adjourned and, of course, has no chance to act. Should the Legislature desire to make a given appropriation larger than was provided by the Governor in the budget, it may do so, after action upon the budget, by passing a special act and providing therein the revenue necessary for the amount thus appropriated.

The more the budget plan is examined the more conclusive it appears that the amendment will not impair the power of the Legislature over all appropriations and revenue measures, but will correct a disastrous procedure in legislation now preventing the proper discharge of that power. Nor has power been conferred upon the executive at the expense of either the legislative or judicial departments.

In designating the Governor as the author of the budget, the proposed constitutional amendment has made specific the general requirements of the Constitution that "He shall from time to time inform the Legislature of the conditions of the State, and recommend to their consideration such measures as he may judge necessary and expedient." In imposing upon the Governor the onerous responsibility of preparing a budget, it was believed that as the first citizen and the executive officer of the State, he was logically the State official to prepare the budget. The Governor is always at the heart of public affairs. Through the hierarchy of State officers, he is daily brought in contact with the administration of public affairs in every portion of the State. He gathers better than anyone else the public aspirations, views and necessities, and he knows the urgency of particular public demands and their comparative importance. Occupying this unique position, and having a knowledge and vision coextensive with the boundaries of the State, the Governor is best qualified to prepare the budget.

Moreover, the Governor will act under a greater sense of responsibility and with more incentive to produce an acceptable budget than any other State official or group of officials by reason of his conspicuous position, natural pride of place, and a desire for honor, public esteem and approval. Furthermore, no one else bears the same weight of political responsibility—because the Governor is the titular, if not the real, leader of a political party, and he cannot afford to make mistakes. If his budgets are not distinguished by wisdom, skill and economy,

and if they improvidently increase the burden of the taxpayer, neither he nor his party will survive.

On the contrary, a brilliant budget will bring rich reward to its author and his party.

No one else should share this power and responsibility with the Governor. He must stand in a splendid isolation. With both power and responsibility in him exclusively, the Governor may deny neither, and thereby a timid Governor will be supplied with a backbone by his power, and a bold executive will be restrained by his responsibility. With a Governor of either type, the people, knowing that he has both power and responsibility, will reward or punish a worthy or a recreant executive according to his deeds.

If the Board of Public Works, or any other group of two or more officials, had been designated to prepare the budget, there would have been a division of power and of responsibility among the entire number with no certainty as to which would be responsible for this or that portion of the budget. And the great principle and safeguard of individual and unescapable responsibility for the exercise of power would have been sacrificed. In addition to these objections, there are some peculiar to the Board of Public Works, which arise from the fact that two of its members are elected by the people, and one by the Legislature; that two hold office for two years and one for four years, and that while they generally are, yet none need be, of the same political party. All these things would make for confusion, conflict, and cross-purposes, and diminish political responsibility.

The experience of civilized mankind is that efficiency and economy in Government follow where power and responsibility are united, and the earlier this principle is adopted in Maryland the better it will be for the Commonwealth.

THE A-B-C OF THE BUDGET PLAN.

(*Baltimore Sun*, Oct. 2, 1916.)

By Joseph D. Baker.

Question—What is the budget?

Answer—Simply a commonsense way of transacting business. The Government ascertains first how much money it will have for general expenditures in the year, and then divides that sum between its departments and institutions, and the private institutions it desires to aid. The budget means order and foresight.

Q.—Do you mean to say that has not been the rule in the past in handling the finances of the State of Maryland?

A.—Unfortunately, that has not been the rule. Otherwise the State would not have had to borrow the huge sum of $2,000,000 to meet a deficit in its general treasury; it would not have had to borrow that sum to pay current expenses which should have been met with current income.

Q.—Well, what system has the State used in handling its finances?

A.—The 129 members of the Legislature have done the best they could, without having any system worthy the name. The only information they had about expected receipts was the general estimate included in the Comptroller's report. They had only the most haphazard information about the needs of the departments and institutions seeking appropriations. And most of the 129 members were men who had had no previous experience in legislative work and, consequently, were totally unfamiliar with the business of distributing the State's money. What happened was this: Nearly every fellow made it his business to look after the department in which he had friends, or the institution situated in his locality. Pressure from home made him do that. Then he found that if he were to get what he asked he had to let the other fellow get what he asked. It was "Kiss me and I'll kiss you." The men who did that were not bad; most of them were good, decent fellows; they simply followed the line of least resistance. But the result was bad, because nearly everyone was interested in getting through one or more appropriations, and hardly anyone was interested in

keeping them down. The end of it all was a great over-appropriation, and the State was compelled to borrow that $2,000,000 in order to make the over-appropriation good.

Q.—You say that under the budget system the State will ascertain how much money it will have, will limit its expenditures to that amount and then will divide it. Will you explain more fully the details of that plan?

A.—Some months before the Legislature meets the Comptroller will hand the Governor an itemized statement of the expected receipts for each of the next two years. The Governor will deduct from the amounts for each year such sums as will be necessary to meet the expenses of the Legislature and the judiciary, to pay the salaries of officials and to meet other expenses prescribed by the Constitution or the laws. These amounts will be in the nature of fixed charges. When they have been deducted what remains will be available for general appropriations.

Then the Governor will have each State department and institution, and each private institution seeking State aid present to him a statement of its needs. That statement must be in detail, and will be made public. It must show how much is needed for each purpose. It also must show how much, if anything, was spent for that purpose in the previous year. When the Governor has studied all this information, he will frame budget bills, dividing the available money among the departments and institutions. These bills then will go to the Legislature.

Q. What will the Legislature do with them?

A.—It may strike out or reduce any appropriation.

Q.—Why is it given that power?

A.—So that the representatives of the people will have a check upon the Governor. If he abuses the trust given him and improperly favors some institution with a too high appropriation, the Legislature can reduce or eliminate it.

Q.—Can the Legislature put items into the budget bills or increase ones put in by the Governor?

A.—No. If that could be done the door would be opened again for a mad scramble by each of the 129 legislators to increase the appropriations to the departments or institutions in which he was interested. And that would mean danger of another over-appropriation and another deficit.

Q.—But suppose the Governor had a grudge against some institution and did not give it its fair share of money. If the

Legislature could not increase the appropriation to that institution would it not be subjected to great injustice?

A.—Provision is made for such contingencies. The Legislature may pass special acts of appropriation, if it provide in them for revenue sufficient to meet the sums appropriated. In case the Governor treated some institution unjustly the Legislature could meet the situation with that machinery.

Q.—Will not that power lead to the Legislature again piling up excess appropriations?

A.—If it should, there could not be another deficit, for each such appropriation act must carry provision for its own payment. And it is improbable that the power will be abused. It is easy to get an appropriation through the Legislature, but it is hard to get through new taxation to meet it, unless the purpose be clearly good. New taxation hits some or all of the people, and must be explained satisfactorily to them.

Q.—Is not the power to frame the budget bills too much power to put into the hands of one man, the Governor?

A.—He has as much power now, and there has been no charge of abuse. The Governor may veto any appropriation made by the Legislature. And as appropriation bills for years have been passed too late to override the veto, the Governor has had an almost absolute power. He really will have less absolute power under the budget system, for the Legislature will have ample time to reduce or eliminate any item he may put in the budget bills, or to pass special acts appropriating money—and providing the revenue—for any purposes he may have neglected.

The important difference between the old way and the budget is that in the past the Governor acted upon appropriation bills in the hurry and turmoil of the end of the legislative session, when it was practically impossible for him carefully to consider the purpose for which appropriations were made; whereas, under the budget system, he will have months to go over the entire business and to act carefully and deliberately.

As said before, the budget is simply a commonsense way of transacting business, and the commonsense of the people should make certain its adoption in the November election.

THE FACTS CAUSING THE NECESSITY OF A BUDGET.

(*Baltimore Sun*, Oct. 9, 1916.)

By B. Howell Griswold, Jr.

Let us glance at the State's recent financial history.

Gross Debt—The gross bonded debt of the State is reported as follows:

In 1906 the State owed	$6,167,926.13
In 1916 the State owed	26,285,880.55
Increase in 10 years	$20,117,954.42

Net Debt—The State's net debt is reported as follows:

1906	$838,201.41
1916	17,869,613.96
Increase in 10 years	$17,031,412.55

Note that within the brief period of 10 years the State has passed from a position practically free from debt to the position of a debtor owing nearly 18 millions of dollars.

Yearly receipts and expenditures (not including bond proceeds):

	1896.	1906.	1915.
Receipts	$2,544,091.84	$4,388,460.07	$7,176,337.56
Disbursements	2,744,036.27	4,036,000.78	7,267,719.83

Note that the State now receives and expends nearly five millions of dollars more in a year than it did 20 years ago and about three millions more a year than it did 10 years ago—that is to say, our "living expenses" have increased nearly 200 per cent in 20 years and about 80 per cent. in 10 years.

Tax Rate:

In 1906	23½ cents.
In 1916	32 1/3 cents.

Note that while our assessable basis in 10 years has increased 50 per cent., our tax rate at the same time has increased about 40 per cent.

The purpose of this comparison is not to indicate that the State's money has been wasted—that is a different problem.

For example, a very substantial portion of the proceeds of our loans has gone into State roads. The purpose is to show how rapid has been the growth of the State's receipts and expenditures and to emphasize how vital it is to the taxpayers of the State that a proper system be introduced at once which will tend to check all waste.

Injury to the State.

A man running a small business may struggle along, running into debt before knowing what his income is going to be, but the man who tries this on a million-dollar scale is headed for bankruptcy.

The State of Maryland has been appropriating money in years past—millions of dollars—without an accurate statement at hand as to where the money was to come from.

The inevitable result was that the State began to live beyond its income some years ago, attempted to recuperate by increasing the tax rate, and finally "blew up" in 1914 with a big deficit.

The people of the State were aroused. Both parties found it expedient to give to the voters a solemn pledge that a budget system would be enacted into law which would prevent a recurrence of such a condition of affairs.

One Debt Paid With Another.

The State has now paid off its creditors and many people feel comfortable again. But it's like the man who gave a new promissory note to take up an old one and said, "Thank heaven, that debt's paid."

For the State paid off its creditors by selling $2,000,000 of bonds, which must in turn be paid by taxing the people of the State for the next 15 years.

Are we going to let this happen again?

The Voter's Chance.

The Democratic party has fulfilled its pledge so far practically to the letter. A Democratic Legislature voted in favor of and a Democratic Governor signed a bill submitting to the people this fall a constitutional amendment which will prevent the recurrence of a deficit and do more than any other single act to reduce the useless expenditure of State money. This law also received the support of Republicans in fulfillment of their party pledge.

It is now up to the voters of the State. Will they allow their own lethargy or neglect to defeat their best interest? If so, they will pay heavily for it in cold cash in the years to come.

Do not let anyone fool you on this and discuss theories with you. The simple fact is that if the budget amendment is not passed this fall the taxpayers of the State will pay heavily for it.

How the Budget Amendment Was Framed.

The amendment has been so fully and ably explained by my associates on the Goodnow Commission that it is a waste of space to repeat this explanation in different terms.

The framing of the amendment required several months of hard work by members of the commission. The proposed system is founded on elementary requirements of exact business adjusted to governmental needs and sound principles of government. It represents the composite judgment not only of the members of the commission, but of many men called into conference—the leading constitutional lawyers of the State, men of wide experience in State finance and in practical government, officials and former officials of the State of Maryland—all giving their time and advice freely to help solve this question which is of such vast importance to the taxpayers of the present as well as to the future prosperity of our State.

The Kind of Objection That May be Raised.

Every State has in it men who express doubts on any big proposition. No man's voice has been raised in open opposition to the budget system. Objections to details of the plan prepared by the Goodnow Commission have been brought forward. This was to be expected.

No one, for example, would question the necessity of having a Court House in a big community. Some people, however, would have it of stone, some prefer green window shades and some a slanting roof.

The man who would say that the Court House should not be erected until all the people are prepared to agree with his own taste as to details has lost his sense of proportion.

And yet you will perhaps find men small-minded enough to advise that a reform of great benefit to the State be rejected because one or two details do not satisfy their particular points of view.

Vote for the Amendment.

We have this amendment before us—we have a remarkable opportunity. I do not believe that sensible voters will allow big phrases from small men criticizing diminutive technicalities to influence their judgment against their own best interest. No other form of argument can be used against the amendment.

The taxpayers' money is a trust fund. The men who pay taxes are entitled to have their money spent not only honestly but wisely, economically and with foresight. No State can do this thoroughly without a budget system.

Every voter should make a mental note now how to vote for the budget amendment on November 7.

A SIMPLE STATEMENT OF THE BUDGET PLAN.

(*Baltimore Sun*, Oct. 16, 1916.)

By Dr. Frank J. Goodnow.

(*President Johns Hopkins University.*)

The last few years have proved that the financial methods of the State of Maryland should be changed. To provide the necessary modifications in those financial methods is the purpose of the constitutional amendment passed by the last Legislature and to be submitted to the voters of the State at the coming election in November.

The budget amendment, as this proposed amendment has been called, attempts to do the following things:

In the first place, its purpose is to place before the Legislature at the beginning of each regular session a complete picture of the State's financial conditions, from the point of view both of the revenues which are to be expected for the next two years and of the needs of the State for the same period. These estimates of revenue and expenditure are to be made up prior to the assembling of the Legislature. They are to be based upon the

statements of the different State officers and the heads of private institutions asking for State moneys, supplemented by public hearings, at which those asking for State moneys may be called upon to show what are their needs and whether they have made an efficient use of the moneys guaranteed to them in the past.

The Board of State Aid and Charities, which under the law has certain powers over against State-aided institutions, may be called upon at such hearings or otherwise to give its judgment, both as to the efficiency and needs of such institutions. The per capita law passed by the last Legislature both makes necessary the action of the board and facilitates the exercise of its powers of supervision.

In the second place, the proposed budget amendment concentrates in the Governor both the powers and the responsibility for making the estimates to be submitted to the Legislature.

Finally, the budget amendment provides that the Legislature may not add new items to the estimates as submitted by the Governor or increase items contained therein, except upon the condition that it make provision for such increases by levying special taxes therefor. The Legislature may, however, reduce or strike out any items in the estimates except those necessary for fulfilling the financial obligations of the State.

The only real difference between the method proposed in the budget amendment and the present method is that the action of the Governor is by the former had before, by the latter subsequent to action by the Legislature. At the present time the Governor may through the exercise of his veto power determine within the limits fixed by the Legislature the amount of every appropriation. By the proposed amendment he must take action under the public eye. By present methods he may act in the secrecy of the executive chamber.

Such in brief is the scope of the proposed budget amendment. It is based, as all will recognize, on the charter of the City of Baltimore, which has been in successful operation for almost 20 years. No one when called to vote for the amendment may feel any hesitation about casting his vote in favor of an untried and perhaps dangerous expedient. The experience which the City of Baltimore has had since 1898 lays the basis for the expectation that nothing but good will follow the adoption by the people of the State of Maryland of the proposed budget amendment to the State Constitution.

THE STATE BUDGET.[1]

(*Horace E. Flack, Department of Legislative Reference, Baltimore, Md.*)

I have been requested to prepare a statement showing particularly what the Constitutional Convention of the State of New York has done in regard to making provision for a scientific State Budget. In view of the fact that this question is now being discussed, relative to securing some form of state budget for Maryland, it seems worth while to give a brief summary of what has been done in other states in regard to this very important matter.

Statements were quite freely made before the Committees and Delegates of the New York Constitutional Convention, that no state in this country had made provision for a really scientific budget, and these statements seemed to have gone uncontradicted. Efforts of course, have been made in a few states to provide for a state budget, and the term "state budget" has been used in a few instances to characterize these efforts.

Indiana seems to have been the first state to pass a law requiring submission of a report containing recommendations for the appropriations needed for the state departments and institutions, this law being passed in 1901. This law provides for the appointment by the Governor within ten days after each general election. of a committee of three members-elect of the General Assembly. It is the duty of this committee to visit and investigate all the state penal, benevolent, educational, and reformatory institutions, and all state departments for which the state makes appropriations, and to prepare and submit to the Legislature a report, showing the appropriations recommended for each department and institution. While this report and recommendation do not constitute a scientific budget, it has been stated that it is a great improvement over the former method.

The State Board of Control of California has been given authority to prepare a budget covering the financial needs of

[1]This article was printed in the *Baltimore Municipal Journal* of September 17, 1915. No effort has been made to bring the article up-to-date, but it should be added that the proposed Constitution of New York, which included a provision for a State Budget, was defeated. No opportunity, however, was given for a separate vote on the budget proposal.

the different state departments and institutions. The Board divided the proposed appropriations under the two main headings of General Appropriations and Special Appropriations. The report submitted to the Legislature of 1915 by the Board of Control gives a reference to the constitution or statute authorizing the appropriation for each department or institution with the amount of appropriation made by the preceding Legislature, the amount requested by the department or institution and the amount recommended by the Board. The total amounts requested by the several departments or institutions amounted to over $17,000,000, and the amounts recommended by the Board of Control amounted to over $15,000,000, being a reduction of a little more than $2,000,000. The total special appropriation requested, amounted to over $7,000,000, and the total special appropriation recommended by the Board of Control amounted to over $3,000,000, being a reduction of nearly $4,000,000. The report submitted by the Board of Control also contained a statement showing the estimated receipts.

The State Board of Public Affairs in Wisconsin submits a budget to the Legislature containing the requests for appropriations submitted to the Board by the various state departments and institutions. The Board, however, makes no recommendations and it is stated by the Board itself that it does not regard it as its duty to do more than gather the facts and requests of the several departments and institutions, and to submit this data in a systematic way for the use of the Legislature. The report submitted by the Board of Public Affairs shews the actual receipts and disbursements for the three preceding fiscal years, the estimated receipts and disbursements for the current year and the appropriations requested for the next biennial period. The Board states that by means of this budget the Legislature will be able to work out a final fiscal plan which will become the official budget of the Legislature when adopted. The Board also states that it is the purpose of the budget to give the Legislature full and complete information in regard to financial facts and to help the Legislature in determining policies and drafting appropriation measures; to substitute knowledge for guess, and to develop an equilibrium between estimated receipts and estimated disbursements. It is stated that prior to 1913 there was no Legislative plan of appropriations, that appropriation clauses were not uniform in language, and that the appropriation measures were scattered throughout the statutes and session laws. The Legislature of 1913, however, adopted uniform phraseology in drafting appropriation measures and a uniform plan of mak-

ing appropriations. It was felt desirable to have all appropriations, whether temporary or permanent, brought together in one place. It was not considered wise, however, to make appropriations for the individual departments and institutions in exhaustive detail, since this would not give reasonable opportunity for the officials to exercise judgment in administering the affairs in their charge. The budget as proposed in Wisconsin, however, does not demand the passage of a consolidated appropriation bill, but seems to have been designed with a view to the preparation of separate appropriation bills for each department or institution of the state. The Board points out that there must be complete harmony between the classification of accounts as used in the budget, and the classification of accounts as used by the various departments in recording their disbursements.

In 1913, Ohio passed an act for the establishment of a budget system for all state departments and institutions, and this act seems to come nearer making provision for a scientific budget than any act passed prior to that time. The Ohio act provides for an executive budget, that is a budget prepared by the Governor for submission to the Legislature. This act makes it the duty of all state officers and institutions to submit to the Governor on or about the 15th day of November prior to the assembling of the Legislature an estimate in itemized form, stating the amount of money needed for the next biennial period. It is also made the duty of the State Auditor to furnish the Governor with statements, showing the annual revenues and expenditures on account of each appropriation for the preceding four years, together with certain other financial statements. The Governor is given authority to appoint competent disinterested persons to examine, without notice, the affairs of any department or institution for the purpose of ascertaining facts and to make recommendations relative to increasing the efficiency and curtailing the expenses therein. Under authority of this law, the Governor appointed a Budget Commissioner who prepared a very comprehensive budget which was submitted to the Legislature in 1915. This budget contained an itemized statement of the requests made by each department or institution, very much on the order of requests which are submitted by the Municipal Departments of Baltimore to the Board of Estimates, the requests being given in the first column, and the recommendation of the Budget Commissioner being given in the next column. The budget as submitted also gave the appropriations for each of these items for the year 1914. Following the budget for each department or institution, there was given

the critical comment of the Budget Commissioner, containing his reasons for the recommendations made by him. The budget as submitted consisted of 369 pages and was indexed, so that it was quite easy for a member of the Legislature to find any information desired.

A few other states have made some progress in improving their system of making appropriations, but as a general thing the budget or appropriation bills are prepared by the legislative committees. The question of a proper budget has received considerable attention in a number of states, and the Legislative Investigating Committee appointed by the Alabama Legislature in the early part of the year submitted a report July 13, 1915, recommending that the state budget be compiled and submitted to the Legislature by the Governor. The recommendation of this Committee was to the effect that the budget include not only an estimate of what amounts may be necessary for the conduct of state affairs, but the method of raising the amount of revenues necessary to meet the outlay. The Committee drafted a bill to carry out their recommendation in this regard. The Committee called attention to the practice there in which the heads of departments and state institutions presented appropriation bills through some friend in the Legislature, and that this system resulted in activities more or less akin to lobbying for the purpose of bringing about favorable legislation and appropriations. The following quotation is taken from the report of the Alabama Committee: "In the hurly-burly of a short legislative session, the result is that appropriations do not receive the necessary consideration. The consideration that is given is not supported by any intelligent advice or investigation, the result being that the department, interest or institution which has the most influential friends present obtains the largest appropriation without reference to the relation the several departments bear to each other or the State. Alabama can never enter on a high plane in the conduct of its business affairs until some more rational and business-like system is devised. Throughout the country what is known as the budgetary laws are coming to be considered by way of meeting the objections described above. A budget has been defined as, 'the financial statement of the government for a definite period which reveals in details the objects and amount of expenditures, the source and yield of revenues and the way the expenditures and revenues are made to balance'. It properly includes estimates both of revenues as well as of expenditures."

The Alabama Committee also cites the fact that the Governors of Alabama, Colorado, Massachusetts, Michigan, Minnesota, Nevada, New York, North Dakota, Tennessee, Washington and West Virginia, urge state budget laws.

It remained, however, for the New York Constitutional Convention to propose a method for the state of New York which is very similar to the budget prepared by a large number of municipalities in this country. It has been noticed that the Ohio budget is prepared by the Governor or under his supervision, and that the proposed budget for Alabama provided for an executive budget, but in no case has there been any restriction placed upon the legislature as to its actions. The proposal as adopted by the New York Constitutional Convention prohibits the Legislature from increasing any item in the budget as submitted by the Governor, merely conferring on the Legislature the power to cut out or reduce any item. Provision is made, however, for separate appropriation bills, but none of these can be considered until after the budget as submitted by the Governor has been finally acted upon by the Legislature. In view of the very great importance of the subject and to the careful study given to it by the New York Constitutional Convention, it seems advisable to give the New York Proposal in full. The proposed amendment as submitted by the New York Convention is as follows:

SECTION 1. On or before the fifteenth day of November in the year nineteen hundred and sixteen and in each year thereafter, the head of each department of the State government except the Legislature and Judiciary, shall submit to the Governor itemized estimates of appropriations to meet the financial needs of such department, including a statement in detail of all monies for which any general or special appropriation is desired at the ensuing session of the Legislature, classified according to relative importance and in such form and with such explanation as the Governor may require.

The Governor, after public hearing thereon, at which he may require the attendance of heads of departments and their subordinates, shall revise such estimates according to his judgment.

Itemized estimates of the financial needs of the Legislature certified by the presiding officer of each House and of the Judiciary certified by the Comptroller, shall be transmitted to the Governor before the fifteenth day of January next succeeding for inclusion in the budget without revision, but with such recommendation as he may think proper.

On or before the first day of February next succeeding he shall submit to the Legislature a budget containing a complete plan of proposed expenditures and estimated revenues. It shall contain all the estimates so revised or certified and shall be accompanied by a bill or bills for all proposed appropriations and reappropriations, clearly itemized: it shall show the estimated revenues for the ensuing fiscal year and the estimated surplus or deficit of revenues at the end of the current fiscal year together with the measures of taxation, if any, which the Governor may propose for the increase of the revenues. It shall be accompanied by a statement of the current assets, liabilities, reserves and surplus or deficit of the State: statements of the debts and funds of the State: an estimate of its financial condition as of the beginning and end of the ensuing fiscal year: and a statement of revenues and expenditures for the two fiscal years next preceding said year, in form suitable for comparison. The Governor may, before final action by the Legislature thereon, amend or supplement the budget.

A copy of the budget and of any amendments or additions thereto shall be forthwith transmitted by the Governor to the Comptroller.

The Governor and the heads of such departments shall have the right, and it shall be their duty, when requested by either House of the Legislature, to appear and be heard in respect to the budget during the consideration thereof, and to answer inquiries relevant thereto. The procedure for such appearance and inquiries shall be provided by law. The Legislature may not alter an appropriation bill submitted by the Governor except to strike out or reduce items therein: but this provision shall not apply to items for the Legislature or Judiciary. Such a bill when passed by both Houses shall be a law immediately without further action by the Governor, except that appropriations for the Legislature and Judiciary shall be subject to his approval as provided in Section 9 of Article IV.

Neither House shall consider further appropriations until the appropriation bills proposed by the Governor shall have been finally acted on by both Houses: nor shall such further appropriations be then made except by separate bills each for a single work or object, which bills shall be subject to the Governor's approval as provided in Section 9 of Article IV. Nothing herein contained shall be construed to prevent the Governor from recommending that one or more of his proposed bills be passed in advance of the others to supply the immediate needs of government.

The above proposed constitutional amendment was drafted by the Finance Committee of the Convention after considering seven or eight proposals relative to a State budget. One of these proposals (No. 13) provided that there should be a Budget Commission composed of the Governor (with two votes), the Lieutenant-Governor, the Treasurer and the Comptroller. This proposal gave the Legislature the power to diminish but not to increase the appropriations for any subject included in the budget. Another proposal (No. 19) provided for the appointment of a Board of Estimate by the Governor, consisting of such heads of departments and members of the Legislature as he may select and of which he was to be chairman. This proposal also prohibited the Legislature from increasing any item and it also contained a provision that no legislative enactment should be attached to the annual appropriation bill. Proposal No. 223 provided for the formulation of a State budget by the Governor with the advice of his council, composed of the Secretary of State, the Comptroller, the Treasurer, the Attorney-General, and State Engineer. This proposal, however, left the Legislature free to amend the budget in any particular. Proposal No. 345 merely made it the duty of the heads of all departments and institutions to submit to the Governor a state-

ment, under oath, as to the appropriations needed for their respective departments and institutions and for the transmission of these requests, with his recommendations, to the Legislature. Proposal No. 444 made it the duty of the Governor to prepare a State budget and prohibited the Legislature from increasing any item. This proposal also contained a provision to the effect that if the Legislature failed to pass the appropriation bill, the several departments might expend during the ensuing fiscal year the same amounts as authorized for the current year. Provision was also made that no appropriation for any department, other than those provided for in the budget, should be made except by separate bill or bills, but that such separate bill or bills should proceed to passage only when the Governor, in a message to the Legislature, should have certified that there was a public emergency requiring such appropriation. This proposal would, of course, have made it impossible for the Legislature to make any appropriation which did not meet the approval of the Governor before its passage. Proposal No. 470 was prepared largely by the New York Bureau of Municipal Research and provided for the preparation of the budget by the Governor. This proposal also required the Legislature to resolve itself into a Committee of the Whole not less than one day each week, at which time the Governor and the heads of departments were to have the privilege of the floor to explain the estimates of the appropriations requested and answer such questions as may be asked by members of the Legislature. The appropriations for each department were to be considered separately. The Legislature could not, of course, increase but could decrease any item in the appropriation bill. When reported by the Committee of the Whole, the budget or appropriation bills were to take precedence over all other measures and no new subject or item could be appropriated except by separate bill, which separate bill might be vetoed by the Governor. This proposal also gave the Governor authority to authorize the several departments to make the same expenditures as provided by the last appropriation in case the Legislature failed to pass the budget. Proposal No. 646 provided for the preparation of a budget by the Governor, but unlike many of the other proposals, this one gave the Legislature the power by a three-fourths vote to increase any item in the budget.

It will be observed that the proposed amendment as finally submitted by the Convention contains some of the elements in nearly all of the proposals as submitted. The Finance Committee, which had charge of all proposals relating to the budget,

was composed of very able men, among them being Messrs. Henry L. Stimson, a member of President Taft's cabinet; Seth Low, former President of Columbia University and Mayor of New York City; Herbert Parsons, Robert F. Wagner, John B. Stanchfield and Delancey Nicoll. This Committee had several hearings on the subject and invited some of the ablest men in the country to discuss the subject with them, among these being former President Taft, President Goodnow, of the Johns Hopkins University; President Lowell, of Harvard University; Mr. Fitzgerald, the Chairman of the Appropriations Committee of the National House of Representatives; and former Governor Glynn, of New York.

Arguments for an Executive Budget.

The Finance Committee, after careful consideration, reported the amendment printed above on August 4th, at the same time submitting a report covering twenty-two pages, in which the Committee gave the results of its work and the reasons for recommending the amendment in that form. It was pointed out that the United States is substantially the only civilized country in which a scientific budget system is unknown and that this applies both to the National and State governments. The Committee called attention to the fact that no financial plan is presented to our legislative bodies by the men who are responsible for the conduct of government and that no material whatever for comparison with the past is presented by our executives, in such a way that the Legislature and the public can understand them and hold the spenders of public monies responsible, but that on the contrary, our appropriation and revenue bills are prepared in the "comparative secrecy of legislative committees and rushed through in the hurry of the final days of a legislative session". The Committee also pointed out that the law of 1910 requiring the several departments of the State government to submit annual estimates to the Comptroller, for submission by him to the Legislature, has proved of little or no value, since the only function of the Comptroller was to assemble these estimates and transmit them to the Legislature. The result was that every department made the estimates so high that very little attention was paid to them. The report of the Committee, which was approved by every member with a single exception, was to the effect that the Legislature was not the proper branch of government to initiate the budget, for the following reasons:

(1) That the proper function or work of the Legislature is legislative and that it has no administrative control or authority over the several bureaus and departments and that it could not exercise executive supervision to produce the desired result for less money by adopting a more efficient method. "In a word, it cannot produce the constant necessary team play and co-operation which is essential to economy."

(2) That the members of the Legislature are each responsible to and dependent upon a single district of the State and not responsible solely to the State as a whole. As a result of this, any financial program prepared by the Legislature necessarily tends to represent a compromise or bargain between different districts, this process being stigmatized by the terms "log rolling" and "pork barrel".

(3) That the preparation of the budget by the Legislature tends to shield it from real criticism, since no body can adequately criticise its own work. If, however, the budget is presented by the Executive, it will receive criticism and suggestions even from members of the party to which the Executive belongs, since the viewpoint of the man who grants money is different from that of the man who asks for it. Under present methods, the man who makes up the budget or appropriation bill is one who leads the debate on the majority side, so that no criticism can be expected from him. Attention was also called to the fact that the minority party have participated in the work of the committees and their views frequently accommodated, so that the budget debates have become formal and perfunctory.

(4) The fact that no program is formulated until the Legislature itself brings in the appropriation bill tends to destroy publicity and opportunity for debate. Under present methods, no citizen learns anything of the financial program until the committee reports the appropriation bill, which is usually so late in the session that no opportunity for effective suggestions or criticism is afforded. It was stated, as a matter of fact, that during the past twenty-one years, every appropriation bill passed by the New York Legislature, except one, had been hurried through in the final hours of the session, without the necessity even of being printed and lying on the desks of the members for three days. Under these conditions, it was, of course, impossible for members of the Legislature themselves to know the exact financial conditions of the State.

After giving the above reasons why the formulation of the State budget is not a legislative function, the Committee called

attention to some of the evils of the present system. The Committee found that the present system of permitting the Governor to veto items in appropriation bills prepared by the Legislature had resulted in transferring to the Governor, to a large extent, "the historic function of the Legislature of holding the purse strings of the State," and that the Legislature had passed many appropriation bills with items which they believed to be too large or improper, relying upon the Governor to prune them down. The Committee also called attention to the fact that under present methods, the members of the Legislature are not given adequate opportunity to ask questions in public concerning the estimates of the men who know most about them. The following reasons in support of the proposed amendment were submitted by the Committee:

(1) The Committee were unanimous in their belief that the department heads would exercise a greater sense of responsibility when required to submit their estimates according to their relative importance, since this duty of classification will tend to make the head of each department better acquainted with the needs of his various bureaus and subordinates.

(2) The Committee were unanimous in believing that the departmental estimates should be revised by a central executive authority before being transmitted to the Legislature.

(3) A great majority of the Committee were of the opinion that this ultimate responsibility of revising the estimates and preparing the budget should rest upon the Governor. The reasons for this opinion were that the Constitution imposes the duty upon the Governor of seeing that the laws are enforced and that the departments whose estimates comprise the greater part of the budget are the instruments through which that duty is performed. The Governor is also the head of the State and can best explain and defend a given fiscal policy to the people of the State, since he, above all others, in upholding before the people a policy of economy should be held responsible to them for the success or failure of such a policy.

(4) The Committee stated that no board composed of several co-ordinate members could perform the function of preparing a budget with equal efficiency, since the necessary authority over subordinates would be lacking. The Committee pointed out that the law of 1913, creating a Board of Estimate for the preparation of a budget, had proved a failure. This Board consisted of the Governor, Lieutenant-Governor, President of the Senate, Speaker of the House, Chairmen of the Finance and Ways and Means Committees, Comptroller, Attorney-General

and Commissioner of Efficiency and Economy. This Board was composed of four legislative and five executive members and according to the Committee, violated the principle which requires that the function of opposing a budget should be separated from the function of disposing of it. It was pointed out that although this Board was given ample power for the preparation and revision of estimates, it at once became deadlocked and was unable to agree. As a result of that failure, the Board was soon abolished by statute and "its fate amply demonstrated the error of confusing instead of defining responsibility". It was suggested to the Committee that the Comptroller and Attorney-General should share with the Governor the responsibility in preparing the budget. The Committee stated that the Comptroller should be consulted in respect to the budget, but should not be committed to it in advance, since his services should be at the disposal of the Legislature in criticizing and disposing of the budget. The Committee failed to see why the Attorney-General should be a member of the Committee, since he was not a financial officer and that imposing the duty on him to help prepare the budget would be an interference with his functions as chief law officer of the State and impose a useless burden upon him.

(5) The provision for public hearings before the Governor upon the estimates was for the purpose of securing publicity and to minimize the danger of unfairness of allotment between the different activities of the State.

(6) The Committee were of the opinion that the Governor's power of revision should not extend over the estimates of the legislative and judicial branches of the State, but that he should have, of course, authority to make recommendations in respect to them.

(7) The Committee fixed February 1st as the date for the submission of the budget to the Legislature, on the ground that it gave the Governor time for its preparation and yet allowed it to reach the Legislature in time for full discussion.

(8) The provision for the appearance of the Governor and departmental heads before the Legislature was for the purpose of receiving publicity and criticism on the part of the State and particularly to bring out any unfair treatment of any department or bureau.

(9) The Committee were of the opinion that if power were left in the Legislature to raise any item in the proposed budget, it would leave the door open to an entire abandonment of the budget system and would result in an immediate return to

present methods. The Committee also thought that it would tend to destroy all incentive on the part of the Governor to prepare the budget in advance and present it with a sense of responsibility. In order to meet the objection, however, that the Governor might misuse his power, either by starving objects which the Legislature deems worthy or by trade with individuals or localities, the Committee thought that the power of initiation of financial legislation should be left with the Legislature, subject to but two restrictions: first, such power not to be exercised until after the budget is finally disposed of by both branches of the Legislature; second, that such appropriations must be made by a separate bill for each single work or object. The Committee were of the opinion that this would adequately protect the budget system and yet keep it free from executive abuse. The Governor, of course, retains the right to veto the separate bills making appropriations, but these can be passed over his veto.

(10) The Committee were of the opinion that the present provision, permitting appropriations to continue for two years, should be changed so that all appropriations must expire three months after the end of the fiscal year. This provision would make all appropriations expire simultaneously and yet would give time for the payment of any bills accruing late in the preceding fiscal year.

The Committee answered the objection that the proposed system would give undue power to the Governor, by saying that it does not add one iota to his present power through the veto of items in the appropriation bills. On the other hand, the Committee pointed out that the power which the Governor now exercises is not subject to review, since the Legislature adjourns before the appropriation bills reach him, and that he is thus in a position to use the veto power as an instrument of reward or punishment, while the proposed system would deprive him of his veto as to budget items and would thus "compel him to use his influence in advance, in open, under the fire of legislative discussion and the scrutiny of the entire State. It would thus be the Legislature which would have the final word." The proposed system would, in the view of the Committee, require the Governor to devise systematic and rational methods of saving, since on him would squarely fall the responsibility for extravagance and to him would be given, as never before, credit for wise economy.

The conclusions of the Committee were based largely upon information produced at the hearings on the subject. For ex-

ample, former President Taft gave very strong endorsement to the idea of an executive budget, stating that he was convinced that there was no hope of real economy in the Federal Government until Congress gave the Executive power and the means to prepare a full statement of expenditures for which he was willing to become responsible. He stated that two of the Committees composed of the ablest men in Congress, one in the House and one in the Senate, had recommended this system. He emphasized the fact that many of the appropriations were made by Congress, without real regard for the needs of the government, since the members represent their congressional districts and not the entire country. He said that the man from the interior condemns the river and harbor bills, but that this same man would approve an appropriation of $500,000 for a postoffice in a town needing only a $100,000 postoffice, and that the reply of this man to criticism of appropriations of this kind is, "Well, this government is a great government and it needs a dignified place for its offices". He pointed out that if the government was to be shackled for fear that the people might elect a bad Governor some time, the result would be an ineffective government.

President Lowell, of Harvard University, gave information in regard to the English budget system, recounting the fact that since 1713 the House of Commons had, by a permanent order, deprived itself of the power to increase any appropriations recommended by the cabinet. President Lowell stated that for two hundred years that rule had been followed and that it had been very effective. He also stated that he regarded the budget as a public matter and not a collection of private matters and that it was, therefore, wiser to have it originated by public officials and not by a lot of people who represent private and local interests. He criticised the present "log rolling" methods of making appropriations and said that instead of giving the individual member of the Legislature the right to initiate and the Governor to veto, it would be much better to let the Governor initiate and the Legislature veto, in so far as appropriations are concerned.

President Goodnow, of the Johns Hopkins University, appeared before the Committee and endorsed the idea of an executive budget. President Goodnow also stated that he had drafted a provision for the Constitution of China, which prohibited the legislative bodies there from passing any bill making an appropriation until it had first been recommended by the President. This provision also prohibited the legislative body from increasing the amount recommended by the President. He stated that practically in every English-speaking country except the United States, a rule of this sort had been adopted in order to prevent the practice of "log rolling". He called attention to the fact that the idea prevalent in this country, that the Legislature should have the power to initiate and pass appropriations in order to control the purse strings, is not in keeping with the old idea as to control over the purse strings. He said that originally the theory was to close the purse, not to open it, but that the present system seemed to advocate the opening of the purse, while leaving with the Governor the right to close it.

Mr. Fitzgerald, Chairman of the Ways and Means Committee of the National House of Representatives, called the attention of the Committee to the fact that Article 1, Section 9 of the Confederate Constitution, provided for the submission of requests to the legislative body for the expenditures on account of the Confederate Government, and that it required a two-thirds vote of both Houses to appropriate any money, unless so requested by the President. Mr. Fitzgerald criticized the present methods of making appropriations by the National Congress. He advocated the concentration of power and the concentration of responsibility, if effective results were to be obtained. He was, therefore, in favor of having the budget prepared by the Executive, but would not make it absolutely impossible for the legislative body to initiate appropriations, but he would make it so difficult that it would only be done under the most peculiar and extraordinary circumstances.

The hearings before the Committee which were printed covered about 175 pages and the limits of this article make it impossible to give anything like a summary of the testimony given, but the above statements show that the Committee adopted the suggestions which were given by those who appeared before them. Furthermore, quite a number of the hearings were not printed.

Mr. Robert Wagner, a member of the Finance Committee of the Convention, filed a minority report against the proposed budget system. Mr. Wagner has, for quite a while, been the Democratic leader in the State Senate and a member of the Finance Committee of that body. He disagreed with the members of the Committee, believing that all appropriations should originate in the legislative branch of the government. He took the view that the term "executive budget" could not properly be applied to the British budget, since the cabinet there is composed of member of the legislative bodies and that it is really

a "parliamentary" and not an "executive budget". He also stated that the report of the Committee was inadequate and inconsistent, maintaining that if publicity is desirable on mere matters of administration, it was particularly desirable on special appropriation bills. He thought that if the Governor were to be prevented from making a political football of routine appropriations, he should also be prevented from making a political football of special appropriation bills. He, therefore, advocated the insertion of a provision requiring the members of the Legislature to file copies of proposed special appropriation bills with the Governor, the Comptroller, and the members of the Legislature fifteen days prior to the assembling of the Legislature. He would also have it a part of the duty of the Governor to submit a budget on these special bills within fifteen days after the Legislature meets, together with his recommendations on them. He took the position that this treatment of special appropriation bills would abolish the evils complained of by the majority report, namely, the rewarding of friends or punishing of enemies by preference in case of special appropriation bills. He also thought that sworn statements should accompany the requests made for appropriations to be submitted to the Governor by the heads of departments and institutions. As stated above, Mr. Wagner was really in favor of a legislative budget instead of an executive budget.

The question of a State Budget was debated quite at length in the Convention itself, but as these debates cover about 150 pages, it is impossible to give a summary in this article. The sources consulted in the preparation of this article are the proceedings of the New York Constitutional Convention, the proposed budgets in Wisconsin, Ohio, California and Indiana, and the report of the Legislative Investigating Committee of Alabama, all of which are on file in the Department of Legislative Reference of Baltimore.