

Memorandum to Honorable Farris Bryant

July 7, 1960

1. The Financial Situation. The 1959 Legislature appropriated about \$716 million from the general revenue fund. At least \$15 million of this (from school funds) will not be needed, and revenues should exceed spending by \$10 million. Revenues during 1961-63 may be estimated at this time at \$725 - \$750 million. Thus, it now appears that 1961 appropriations may exceed 1959-61 spending by some \$140 million. The public schools, under existing laws, will require some \$40 million more and the junior colleges will ask for about double the \$11 million they will spend in 1959-61. As there will be about 90,000 instruction units for the next two years, each \$100 increase in allotments will cost \$9 million. Thus, the situation may be similar to 1953, where reasonable improvements in State services may be financed without a major tax program.

2. Welfare. The caseload in welfare is stable, so that existing programs can be maintained without increased appropriations, but medical services and hospitalization will climb rapidly if restraints are not imposed. Legislation on relative responsibility, fraud, and lien and recovery acts should reduce welfare costs by 15 to 20 per cent.

3. The \$50 million dollar saving seemed to me to dramatize what a small improvement (3%) in efficiency would mean in dollars. Specifically, it meant that State services can be maintained and improved without \$50 million of new taxes each biennium.

4. Appointments. The 1959 Legislature changed the Director of Conservation and the Budget Director from appointment by the Governor

to selection by the Cabinet. This reduces the power of the Governor and will set a precedent if not challenged. In my opinion, this is unconstitutional, as the Legislature may give power by statute only to an officer elected by the people or appointed by the Governor. The Director of the Highway Patrol may also come under this problem, and House Joint Resolution No. 835, to be voted upon in November, proposes to put the Game Commission under the Cabinet.

Many other positions formerly under the Governor have been placed under the Merit System.

5. State Accounting and Reporting. One of the great problems is the "astonishing paucity of dependable information," and little progress has been made in recent years. A group of able men should be assigned the task of designing a modern system of state accounts and reports, which will provide necessary information. This is a long range task and could not be accomplished quickly; but it needs to be started now. Most of the constitutional officers will be involved and must be represented in this endeavor.

6. Personnel Problems. A number of serious problems relating to state employees are developing. The retirement systems are accruing large liabilities which need restudy. The value of perquisites given state employees is large. These are variously reported for the purposes of budgeting, social security, and state retirement. Provision for annual and sick leave and records of these are also haphazard. A statewide system of employee records and benefits is needed.