cluded a separate capital outlay section in the annual budget document. In 1964 and 1965, the governor submitted a long-range (6-year) capital improvements program. The program is comprehensive in terms of the project list, but not in terms of supporting information and detail.

One limitation to effective use of the capital budget is the lack of adequate estimates of future revenues going beyond the current fiscal period in many states (see page 38). Useful for planning the current budget, revenue projections are indispensable for obtaining maximum value from capital planning.

Annual Versus Biennial Fiscal Periods

Early writers on government administration included "annuality" among principles for sound budgeting, although there has never been complete agreement upon the soundness of any set of such principles.[26]

In the past several decades there has been a definite trend toward the use of annual fiscal periods in budgeting. The majority of the states, however, remain on a biennial basis.

With a biennial budget, the period for which revenues and expenditures must be estimated extends 12 months beyond that of an annual budget. In some cases projections must be made for 30 months in advance of actual developments, with the attendant threat to accuracy. Thus unforeseen changes in economic conditions or in program operations may subsequently require adjustments in the original budget.

Much of the support for the biennial budget appears to rest on the belief that use of an annual budget tends to raise expenditures above the level that would prevail under a biennial budget. Some states which have annual budgets and special budget sessions in the odd-numbered years seek to prevent growth of spending by stipulating that spending requests for new programs or increases in existing activities must be confined to the general sessions in even-numbered years. Thus, budget sessions in states such as California and Pennsylvania are devoted primarily to approval of a continuing budget.

The majority of states (31) presently use a biennial fiscal period.[27]

Questionnaire respondents from these states were asked whether they felt that it would be advantageous to change to an annual budget period. Most replies were in favor of retaining the 2-year periods (see exhibit).

Attitude of respondent	*Number of replies*
There would be an advantage to shifting to an annual basis	6
There would *not* be an advantage to shifting to an annual basis . .	21
Information not available	4

Several objections to the annual budget were expressed by respondents. Some replied that use of an annual budget would increase government costs beyond any offset in the form of oper-

26. According to Burkhead, *op. cit.*, p. 107: "These principles may be useful as a means of examining some aspects of the budgetary process. But if viewed as commandments, they are hopelessly unrealistic . . . . There is only one principle which is likely to be useful—that of operational adequacy."

27. In addition, in Florida the legislative budget is on a biennial basis, although the remainder of the operating budget is on an annual basis.

ational efficiency. Other opinions were that the size of government operations in a particular state does not warrant annual budget sessions; that an additional budget session would disrupt normal governmental operations and procedures; that the pattern of revenues and spending is sufficiently stable to permit satisfactory use of the longer fiscal period; or that use of an annual budget would be satisfactory only if the additional budget session were limited to taxation, appropriations, and "urgent emergency measures."

One respondent pointed out that in his state budgetary revisions occasioned by unforeseen developments can be made when the legislature is in session during the second year of the biennium.

On the other hand, some respondents commented that the biennial fiscal period is not suited to the needs of a state with a rapidly expanding population and economy; that changing economic conditions can play hob with revenue estimates for the second year of a biennial period; that an annual fiscal period would permit the legislature to acquire greater familiarity with the state budget; and that the annual budget would permit tighter fiscal control. One respondent favored an annual budget, provided that the additional budget session would be limited to fiscal matters.

Inclusion of Explanatory Background Material

Irrespective of the type of budget document used, inclusion of certain information is an important aid—and the lack of it is a serious handicap—to a legislature.

Essential for capital budgeting, projections of costs and revenues are also important in budgeting for current operations. Programs when adopted may be adequately financed by available revenues. Over the course of time, however, program costs can and often do increase to an extent that will cause imbalances between future expenditures and revenues.

Only 10 states reportedly include estimates of expenditures and revenues beyond the current fiscal period in their budget documents.[28] In Alaska, 5-year revenue projections are prepared as a supplement to the budget document; in California selected projections are sometimes made; in Georgia, the new budget statute requires 5-year projections of capital outlay requirements; while in Hawaii projections are made for total revenues and total expenditure needs for 5-year periods. In Kansas, projections for only 1 year beyond the current biennium are made for revenues and expenditures of the state general fund (which comprises nearly 40 percent of the state budget). The Maine budget contains projections, but only for the state highway fund. In Michigan, the budget division prepares, annually, a 5-year capital outlay budget. In Oregon and Washington such advance estimates are limited to the capital construction program, but are made for 6-year periods. In Texas, projections are not made on a systematic basis; however, occasionally some special studies undertaken by the legislative budget board include projections of both expenditures and revenues for 10-year periods.

Explanations of the economic assumptions behind budget estimates for both revenue and expenditures would furnish

28. In 1 additional state, projections are given by the budget officer during budget hearings.

a basis for determining the validity of budget recommendations. Survey respondents indicated that such explanations are provided either in the budget document or in some other public source, in 26 states.[29] However, the scope and depth of these explanations appear to vary widely. In Nevada there are "quite detailed" assumptions, with a 5-year history of actual developments and projections for a 2-year period. In Florida, on the other hand, revenue estimates included in the governor's budget message are based on "briefly stated" major economic assumptions. Reports for some other states indicate that in Iowa the assumptions are not presented in any great detail; in Michigan they are set forth only in a "general manner"; in New Jersey, when such assumptions are presented they are "very general"; in New York the assumptions contained in the governor's budget message contain "very little detail"; while in Wisconsin the assumptions are stated in "broad terms" with varying amounts of detail.

Summary

Trends in the organization and content of state budgets include the incorporation of elements of program and performance budgeting to replace or supplement the traditional pure line-item, object-of-expenditure type of presentation; the use of separate budgets for capital improvements; and the use of annual instead of biennial fiscal periods, although many states continue to retain older methods. Many do not include background assumptions underlying the revenue and expenditure estimates, and few include projections of financial activities for current operations in future periods. Most fail to be comprehensive in their coverage of all state finances. Although budget documents in some states are reported to be in a state of flux, and many improvements have been introduced, state budgets by and large are not as effective as might be desired, either as a basis for legislative decisions or as a plan for the operation of the state government.

29. One additional state indicated that such explanations were to be provided for the next budget period.

IV.
Expenditure Authorization

Although legislatures in most states participate in some way in drafting the initial budget document, the principal budgetary role of the legislative branch consists of reviewing proposals set forth in the budget and authorizing amounts to be spent for specific purposes or functions. This role is the most important legislative device for controlling expenditures. Along with action on substantive legislation, it is the most effective way to control activities of state agencies.

Spending programs are often highly complex, and budget documents may be detailed and abstruse. Moreover, the time within which the legislators are required to make decisions on proposed budgets is limited.

In the opinion of respondents to the Tax Foundation survey, legislative procedures in expenditure authorization are the major factor tending to weaken expenditure control in the states (although several respondents attached equal importance to more than one factor—see exhibit).

Major factor lessening expenditure control	*Number of times mentioned*
Legislative procedures in budget examination and passage	19
Procedures followed in budget execution and post-audit	17
Executive procedures in budget preparation	14
Role of private pressure groups	8
Other	9

Recognition of these problems has led legislatures to give considerable attention to their committee and subcommittee organization for examining budget proposals, methods of authorizing expenditures, and procedural devices for coordinating spending decisions with other legislative functions.

Organization of the Legislature

Practically all states have special legislative committees for the initial examination of spending requests after they have been submitted to the legislature.[1] In the different states these committees are variously called committees on appropriations; finance, ways and means; revenue and taxation; finance and claims; appropriations and budget; and similar titles.[2]

Numerous suggestions have been made for organization of the committee system to make most effective use of

1. In Indiana, each house operates as a "committee of the whole" in dealing with budget matters. This procedure has reportedly been used at times in some other states.
2. Council of State Governments, *Roster of Chairmen of House and Senate Finance and Appropriations Committees,* Chicago, Illinois, February 1964.

time and to permit optimum coordination of the issues related to expenditure approval. In the opinion of questionnaire respondents, the legislatures in 31 states have adequate time for examination and approval of the budget (in only 13 states was sufficient time said to be lacking). However, other opinions have been expressed that the length of legislative sessions does not give lawmakers opportunity to consider fully all matters on which decisions must be made, particularly appropriations.[3]

Joint Appropriations Committees

Use of joint appropriations committees of the house and senate has been recommended on the grounds that it would:

1. avoid the time-consuming task of having 2 committees go over spending proposals;
2. provide better coordination of the work of the 2 houses;
3. permit more thorough examination of the budget and better utilization of available staff facilities;
4. reduce the need for companion bills and conference committees to resolve differences.[4]

There may also be disadvantages to the joint committee system. Use of separate committees permits the upper house to make an independent examination of spending requests and to serve as a "court of appeals" for actions by the lower house which may have been overly restrictive, or unwise in some other way. Moreover, in states in which the houses are controlled by different parties, a joint committee handling so political a matter as expenditures might encounter protracted delays in reaching decisions, thus vitiating any time-saving advantages.[5]

According to survey respondents, less than a fifth of the states have set up combined appropriations committees to serve both houses of the legislature (see exhibit).

Committee organization	*Number of states*
Separate appropriations committees in each house	41
Combined appropriations committee for both houses	9[a]

a. Nebraska has a unicameral legislature; thus its 1 combined appropriations committee serves the entire legislature.

However, in 10 of the states with separate committees, joint sessions are held as a matter of standard practice; they may at times be held in an additional 9 of these states.

Subcommittees

In the Federal government, subcommittees of the congressional appropriations committees, each entrusted with examination of particular spending areas, play a decisive role in review and approval of expenditure proposals.[6] While state activities are much more limited in scope, and ordinarily less complicated in detail, they are nevertheless

3. The Council of State Governments, *Fiscal Services for State Legislatures* (RM-352), Chicago, Illinois, August 1961, p. 3; Shadoan, *Preparation, Review, and Execution of the State Operating Budget*, *op. cit.*, p. 44; Scott, *op. cit.*, p. 22.
4. Belle Zeller, *American State Legislatures*, Report of the Committee on American Legislatures, American Political Science Association, New York, Thomas Y. Crowell Company, 1954, pp. 100-101.
5. In addition to the appropriations (and revenue) committees, a number of states have set up special interim committees, to maintain a continuous examination of budgetary matters during the intervals between sessions. More detailed treatment of these committees and their functions is contained in the discussion on staff facilities for legislative committees.
6. Tax Foundation, Inc., *Controlling Federal Expenditures*, *op. cit.*, pp. 21-22.

of a magnitude and complexity which makes their handling by single appropriations committees an exhaustive and time-consuming operation. However, appropriations committees are divided into special subcommittees as a matter of standard practice in only 17 states,[7] although subcommittees may at times and for particular purposes be set up in an additional 9 states.

Kansas (which has separate appropriations committees in each house, divided into separate subcommittees), has worked out an additional procedural device for a division of labor in reviewing spending requests for its 120 state agencies. The house and senate appropriations committees each assume responsibility for particular categories of expenditure proposals.[8]

Coordination Procedures for Special Problems

Two areas of decision-making in state legislatures are intimately related to the authorization of spending. One, revenue-raising, is concerned with the source and amount of available funds to support expenditures which may be approved. The other, often referred to as substantive legislation, may authorize new state programs, or change existing programs, but does not appropriate funds for their implementation; hence such legislation will generally require appropriations action at a later time. Many states have taken cognizance of the relationship of revenue-raising and substantive legislation to appropriations and have set up special coordination procedures.

Coordination of Appropriations and Revenue-Raising Procedures

Handling appropriations and revenues by separate legislative committees has been criticized as unrealistic and possibly damaging. It is said to hinder legislators from obtaining an integrated review of both sides of the budget picture. However, the contrary view has also been expressed—that appropriating and revenue-raising are two separate and distinct operations, involving different objectives and different criteria for decision-making. In addition, the use of combined appropriations-revenue committees may in practice prove to be overly cumbersome.

Less than one third of the states have combined appropriations—revenue committees in each house or for both houses (see exhibit).

However, in 7 states which have separate appropriations and revenue com-

Committee organization	*Number of states*
Separate appropriations and revenue committees in each house . .	33
Combined appropriations and revenue committees in each house	12
One combined appropriations-revenue committee for both houses	2[a]
Other	3[b]

a. Maine and Wisconsin have 1 combined appropriations-revenue committee for both houses.

b. In Louisiana, appropriations and revenue bills are ordinarily—but not always—sent to the same committee in each house; in New Jersey, the revenue committee is a subcommittee of the joint appropriations committee; in Virginia, appropriations and revenues are handled by 1 committee in the senate, but by separate committees in the house.

7. In Texas the senate appropriations committee uses only 1 subcommittee for all functions; however, the house committee ordinarily is divided into 4 subcommittees. In North Dakota the subcommittee system was slated for introduction in 1965.

8. The house committee reviews requests for general government agencies, welfare, highways, mental hospitals, and agriculture; while the senate committee handles education, recreation, public safety, and miscellaneous areas.

mittees, joint sessions of the 2 types of committees may be held.[9] The objective is to derive whatever advantages there may be from coordinated handling of the spending and revenue-raising functions while avoiding practical disadvantages which might result from establishing large and *cumbersome* joint committees.

In addition to joint committees, or joint sessions of separate committees, 18 states reported other practices for coordinating appropriations and revenue-raising. Only 5 states indicated that they had no such procedures.[10] The "other" procedures in use are generally informal. They may consist of meetings between members of the appropriations and revenue committees, meetings between their chairmen, exchanges of information between the legislative leadership in each house, conferences, party caucuses, or actions taken by the executive branch – e.g., the governor or the budget office—to ensure that each type of fiscal committee operates with full knowledge of actions being taken by the other.

However, 6 states reported other more formal coordinating procedures. In Arizona, if additional revenues are required, the state tax commission levies a state property tax. In Florida, there are over-lapping chairmen and vice-chairmen of appropriations and revenue committees. In Michigan, one of the general appropriations bills as passed must contain an itemized statement of estimated revenue for each fund, which must not be less than total appropriations made for all funds in all general appropriations bills. In Minnesota, liaison committees are set up consisting of members of the appropriations and revenue committees in each house. Coordination in Oklahoma is reportedly achieved through the budget-balancing amendment to the state constitution which operates to achieve a balance as between officially-estimated revenue and total expenditures. In Texas, the legislative budget board[11] acts as a formal coordinating device.

Coordination of Appropriations with Substantive Legislation

While appropriations and revenue committees exercise primary influence over a state's fiscal operations, the committees which examine and pass on substantive legislation also play an important role. When substantive legislation spells out in detail activities which an agency must undertake, this may in effect pre-empt the decision of the appropriations committees in approving funds for that agency.[12]

Appropriations Determined by Prior Legislation. Substantive legislation becomes especially important as a determinant of current spending in the case of programs containing formulas, eligibility standards, etc., governing expenditures for particular purposes. In such cases, the language of the substantive legislation will control the amount which must automatically be appropriated so long as the basic legislation is not amended or repealed.

9. These states are: Arkansas, Florida, Nevada, New Mexico, New York, Utah, and Wyoming.
10. Delaware, Georgia, Nebraska, Pennsylvania, and West Virginia.
11. As indicated previously, this body prepares a separate legislative budget (in addition to the one prepared by the executive budget office), provides staff for the legislative committees during budget hearings, and performs certain other fiscal service functions for the legislative branch.
12. However, funds need not always be appropriated for activities authorized by substantive legislation. In 1 state all substantive legislation involving appropriations is watched by the budget office and reported to the governor. In this way little legislation requiring appropriations which were not approved in the budget act is passed. In another state, when activities are authorized by substantive legislation, for which no appropriations have been made, the governor must veto the legislation.

According to survey respondents, at least 43 states have 1 or more programs for which current spending is determined by prior legislation. Among the programs mentioned with greatest frequency were aid to public education, aid to local governments, pension payments, welfare, and highways (see exhibit). Other programs for which expenditures are determined in some states by prior substantive legislation include public health, higher education, homestead tax credits and homestead exemption payments, conservation, state parks and recreational facilities, debt service, and public housing.

Function for which spending is set by prior legislation	*Number of states*
Aid to public education (primary and secondary)	31
Aid to local government	14
Highways	12
Pension payments	11
Welfare	10
Other	18[a]
Undesignated	3
None	6[b]
Information not available	1

a. These other programs include public health, higher education, homestead tax credits and homestead exemption payments, wild life and conservation, state parks and recreational facilities, debt service, public housing, unemployment compensation, etc.

b. The 6 states which reported no governmental functions for which current expenditures are determined by prior legislation are: Hawaii, Maine, New Mexico, North Carolina, Tennessee, and West Virginia.

Coordination Devices – Fiscal Notes. The great majority of states have 1 or more formal procedures for coordinating the appropriating and substantive legislative processes (see exhibit). Although a considerable variety of specific procedures are in use, the most important devices in use are the practice of referring substantive legislation involving expenditures to appropriations committees, and the use of fiscal notes when considering substantive legislation involving expenditures.

Coordinating procedure	*Number of states*
Substantive legislation involving expenditures is referred to appropriations committees	26[a]
Substantive legislation involving expenditures has fiscal note attached	21[b]
Other[c]	17
No procedures reported	5[d]
Information not available	4

a. In 6 of these states, substantive legislation is usually—but not always—referred to the appropriations committees. In 1 additional state information indicates that this practice is sometimes followed.

b. In 12 states fiscal notes are mandatory in both houses; in 3 states, fiscal notes are mandatory in 1 house; and in the remaining 6 states, fiscal notes are permissive, or some other form of cost estimate is used.

c. In at least 6 of these states the executive branch (the budget office, department of finance, or the governor) was listed as playing a major role in coordinating appropriations and substantive legislation. For several other states, the reported procedures are wholly or partially of an informal nature.

d. Arkansas, Georgia, Hawaii, Pennsylvania, and South Carolina.

The Council of State Governments has recommended that all state legislatures require that each bill affecting income or appropriations be accompanied by an estimate of its fiscal impact. The Council further recommended that such estimates be prepared by the administering agency (or other appropriate agency), subject to review and revision by the legislative budget review agency.[13] Twenty-one states now utilize some form of "fiscal notes" or "price-tag"

13. The Council of State Governments, *Mr. President . . . Mr. Speaker . . .*, Report of the Committee on Organization of Legislative Services of the National Legislative Conference, Chicago, Illinois, 1963, p. 35.

legislation, either on a mandatory or permissive basis (see exhibit). Cost estimates are ordinarily worked out within the executive branch, and may or may not be subject to review or revision by a legislative staff agency.[14]

Use of cost estimates	*Number of states*
Fiscal notes are mandatory in both houses	12
Fiscal notes are mandatory in 1 house	3
Fiscal notes are permissive, or some other form of cost estimate is used	6
Fiscal notes were used in past, but abandoned	1
Fiscal notes have been considered	6[a]
Fiscal note legislation may be considered in 1965 legislative sessions	17

a. In 1963 the legislature in 1 of these states (Pennsylvania) voted to adopt the fiscal note procedure; however, the bill was vetoed by the governor.

To be effective, a fiscal note should estimate the long-range, as well as the initial, costs of spending proposals, and indicate whether marked variations in current costs may be expected in future years. The ultimate value of fiscal notes will of course depend on the accuracy of the estimates on which they are based, and the extent to which the estimates are revised to correspond to amendments made in bills as legislative action is taken on these measures.

Survey respondents in states where fiscal notes are used indicated mixed opinions as to their usefulness (see exhibit).

Opinions on effectiveness of of fiscal notes	*Number of states*
Effective or very effective	6
Little or no value	4
Uncertain	2[a]
Information not available	8

a. Respondents in these 2 states indicated that fiscal notes had been initiated only recently, and that no definite statement as to their effectiveness could as yet be made.

However, respondents in 1 state which does not use fiscal notes stated that such a procedure was needed.

Examples of State Procedures. Individual state procedures for coordination of the appropriations and substantive legislative processes, as shown in the table (page 46), would appear to merit note.

Methods of Expenditure Authorization

The standard method for authorizing expenditures from the general fund is through legislative appropriations. Eighteen states, however, make use of additional procedures.[15] Expenditures from special funds may be made, at least in some instances, without specific legislative appropriation in about three-fourths of the states (see Section VII).

Appropriations Bills

In some states the governor is required to submit budget bills to the leg-

14. *Ibid.*, p. 33.

15. The following are examples: The finance advisory committee in Connecticut may authorize additional funds for welfare grants; Federal aid funds becoming available in the Illinois general fund may be spent for authorized purposes irrespective of appropriations; the Louisiana board of liquidation of the state debt may authorize expenditure up to $1 million in each fiscal year; in Maryland, the purpose for which general fund appropriations have been made can be revised by approved budget amendments authorized by the governor; in Minnesota, supplemental requests for unanticipated emergencies may be approved by the governor; in North Carolina, non-tax receipts may be spent without appropriation; while in Oklahoma the governor may issue deficiency certificates not to exceed $500 thousand in the aggregate.

Individual State Coordination Procedures

State	*Procedure*
Delaware	Substantive legislation authorizing activities generally includes the appropriation for their financing. This takes the form of a supplemental appropriation which cannot be acted on until after passage of the general omnibus appropriations bill. Fiscal notes are generally used.
Kansas	The budget office lists and estimates the fiscal effects of any substantive bill introduced which has fiscal implications (fiscal note procedure). These bills are brought to the attention of the appropriations committees, who may – if they wish – provide funds for implementing the legislation. The omnibus appropriations bill is utilized for this purpose during the closing hours of a legislative session.
Michigan	The state constitution requires that the general appropriations bills, containing items set forth in the budget, must be acted on in either house, before that house passes any bill for items not in the budget (except for supplemental appropriations for current year operations). The rules of both legislative houses also require that any bill reported favorably from a committee, and which contains or requires an appropriation, must be referred to the respective appropriation committee for approval *prior to its final passage.*
North Carolina	All bills involving expenditures must go through the appropriations committees prior to final enactment.
North Dakota	All substantive bills containing an appropriation must be referred to the appropriating committees. The legislative research committee and the budget director jointly summarize the fiscal impact of all such bills in daily reports to the legislature.
Ohio	All substantive bills with fiscal implications are assigned to the appropriations committee of the house in which they originated, after the proposed legislation is reported out of its respective substantive committee, and *prior to final passage.* In addition, the finance department analyzes all bills requiring an appropriation.
Oklahoma	Nearly all appropriations bills, including substantive legislation requiring appropriations, only receive final passage after consideration by the joint conference committee on appropriations at the end of each session. This is said to have much the same effect as an omnibus appropriations bill. Fiscal notes are used.
South Dakota	Bills involving new program authorizations are generally "re-referred" to the appropriations committee after being sent to the respective substantive committees. Sometimes they may be sent *before,* not *after.* Fiscal notes are used.
Vermont	All bills considered to affect appropriations are referred to the appropriations committees for recommendation after being reported on by the respective substantive committees, and *prior* to final passage.
Wisconsin	All bills involving expenditures must go through the joint finance committee (which in Wisconsin coordinates both appropriations and revenue-raising functions for both houses). No appropriation for any item outside the budget can be adopted until the budget is passed. All bills involving expenditures must have fiscal notes.

islature, along with the budget document. In doing so the executive branch may thus exercise a strong influence on the form in which legislative appropriations are approved. In addition, in most states the formulation of appropriations bills appears to follow the format of the budget document, which is normally prepared under executive aegis.

Although some legislatures still use a separate appropriation bill for each agency or function of government,[16] the large majority employ an omnibus-type bill. Proponents of the single appropriations bill approach hold that use of a number of separate bills requires legislators to approve funds for particular agencies or purposes without relating the effects of these individual actions to total needs and without reference to available revenues.[17] At the same time such piecemeal handling is said to prevent the legislature from examining and deciding on each spending proposal in the light of alternative uses of funds.

Thirty-seven states have adopted the omnibus-type appropriations bill covering all or at least the bulk of appropriations. The majority of states thus have tightened their formal expenditure control procedures beyond what is done in the Federal government, where approximately a dozen separate major appropriations bills are used each year.

Even in states which use the omnibus-type appropriations bill, appropriations for such spending as capital construction, new programs, highways, conservation, and special appropriations are often handled in separate bills. In addition, supplemental and deficiency appropriations (which are reportedly used in all states but Alabama, North Carolina, and Virginia) are often approved in separate bills. Such spending, however, ordinarily amounts to only a small proportion of total expenditures.[18]

Types of Appropriations. Appropriations may be authorized in several forms —e.g., line-item, major expenditure object,[19] lump-sum by agency, and lump-sum by program. Most states employ 2 or more of these approaches. Legislators at times may approve lump-sum appropriations for agencies which have demonstrated administrative efficiency and well-planned budget execution, while establishing stringent regulations on use of funds for less fiscally-responsible departments. For example, in Texas the detail in which appropriations bills are voted is said to depend on legislators' confidence in the ability and responsibility of administering officials. According to the survey respondents, appropriations by major expenditure object, and lump-sum by agency are the most widely used (see exhibit).

Type of appropriation	*Number of states*[a]
Major expenditure object	25
Lump-sum by agency	20
Lump-sum by program	19[b]
Line-item	16

a. A number of states use more than 1 form of appropriations.
b. In 1 additional state, appropriations for 1965-1967 are to be by program.

16. In at least 1 state it was the practice to submit separate bills for individual divisions within agencies.
17. For a discussion of the arguments for and against the use of an omnibus appropriations bill at the Federal level, see *Controlling Federal Expenditures*, Tax Foundation, Inc., *op. cit.*, pp. 32-35.
18. Twenty-four respondents indicated specific percentages which supplemental and deficiency appropriations comprise of total expenditure authorization; 21 reported that they constitute 3 percent or less; of these, 15 indicated that they comprise 1 percent or less.
19. When appropriations are made by major object categories, such as "personal services," "contractual services," "travel," "supplies and equipment," etc., problems may at times arise as to whether particular spending items fall into one or the other of these groupings. Scott, *op. cit.*, p. 20.

Line-item apropriations reflect the desire of the legislature to exercise close control over all the detailed uses for which operating agencies spend funds.[20] Appropriations of this type set specific ceilings for each expenditure item; for example, each position slot or position category may be shown in detail for each departmental unit, with a listing of the number of employees and their remuneration. Appropriation by line-item is best suited for detailed post-auditing of actual expenditures. Object-of-expenditure appropriations, based on a grouping of individual items by broad categories, reflect the desire to give agency officials greater flexibility in the use of authorized funds, while the various types of lump-sum appropriations permit even more administrative discretion.[21]

Lump-sum appropriations may be made for entire agencies, without specific allocation of amounts for particular divisions; for component parts of agencies; or by work program. When allocated by program, they may be used in conjunction with program-type budget documents; however, some states which do not have program budgets use lump-sum appropriations. Conversely, not all states with program-type budget documents use this type of appropriation. Survey respondents reported that 38 states have their budget documents organized at least to some extent on a program basis,[22] but 12 of these states do not use any type of lump-sum appropriations. Conversely, of the 12 non-program budget states, 5 reported use of some type of lump-sum appropriation.

Time periods for Appropriations. Appropriations for capital improvements, or special appropriations,[23] are often made for indefinite periods, or for periods extending beyond the budget period. Current operation appropriations, however, are almost always made for periods which do not extend beyond the fiscal period (see exhibit).

Time period for current appropriations	*Number of states*
One-year	22
Two-year	21
Combination of one-year – two-year	7

These appropriations are ordinarily voted for time periods which coincide with the length of the budget period. However, 12 states which employ biennial budget periods make some or all of their current operation appropriations on an annual basis.[24] At the same time, 2 states—Florida and Massachusetts—which employ annual budget periods, make current operations appropriations for 2 year periods.

The great majority of states do not have the expenditure control problem which exists in the Federal government as a result of the dichotomy between "expenditure authority"[25] and the "actual expenditure" of funds.[26] In 31 states the legislatures apparently designate the specific time periods during which all appropriations, and other forms of spending authority, must be used (see exhibit).

20. See the discussion in Section III, pages 33-35.
21. Differentiation between "lump-sum" and "major expenditure object" appropriations may not always be clear; in practice, it may depend on particular interpretations.
22. See discussion in Section III, pages 29-32.
23. Special appropriations bills are often used as the vehicle for authorizing funds for various "pet projects" of individual legislators, not proposed in the original budget document or financed in the general appropriations bill or bills.
24. Arkansas, Connecticut, Kentucky, Maine, Minnesota, Missouri, Montana, South Dakota, Tennessee, Texas, Vermont and Virginia.
25. The authorization to spend particular sums for specific purposes, which Congress approves when it votes appropriations or provides in other forms.
26. Expenditures ordinarily take place according to a time schedule designated by the executive branch.