

We're used to bad news: For many years, governors of most states have been increasing the size and cost of government without proper regard to its burden on families and businesses. The results are predictable: At the slightest whiff of economic trouble, the shaky foundation begins to crumble.

Washington State now has one of the highest unemployment rates in the nation, and we're facing a \$2 billion deficit in the coming biennium. Economic troubles plague other states as well, but we have been particularly hard hit. Forecasters tell us we are at least two years—and a slow climb—from recovery.

So how about some good news? With 34 states facing collective deficits that total nearly \$60 billion, Gov. Gary Locke and his

1. How much money does the state have?
2. What does the state want to accomplish?
3. What is the most effective way to accomplish the state's goals with the money available?
4. How will the state measure its progress in meeting those goals?

Once the governor and his team determined what they believe to be the state's 10 core governing responsibilities, they identified measurable outcomes and prioritized agency programs within existing resources based on how effectively they would help meet those goals.

Of course, legislators from both parties and the governor are not likely to immediately

GOING BACK TO BASICS COULD BE KEY TO SOLVING STATE BUDGET WOES

by Bob Williams

budget team have come up with what may be the most innovative solution in the nation. Used properly, their new budget model would lay the foundation for responsible state spending, not only now, but in the future—and not only here, but in any state.

Conventional thinking says there are only two ways to balance a budget: raise taxes or cut important services. It says budgeting is all about maintaining the status quo. But the governor and his budget director, Marty Brown, say there's a third approach: budgeting based on results, without raising taxes.

Instead of blindly struggling to maintain the state's existing budget by adjusting for inflation and caseload increases and cutting or taxing to make up the difference, Locke and Brown have wiped the chalkboard clean and started by answering four very basic questions:

agree on what the state's core functions should be. Some Republicans don't like the model because Democrats came up with it. Some Democrats are furious with the governor because they think he just pushed the hard decisions off to them. Others are ready to throw the whole thing away because they don't like the 10 goals. So change them.

What the governor's model provides is a valuable new set of tools. It asks the right questions, provides a logical process for determining the answers and prioritizes spending accordingly.

Legislators now have a legitimate place to begin the debate and either ratify or modify these 10 functions. And they shouldn't do it arbitrarily. Lawmakers should keep in mind Article 1, Section 1, of the Washington State Constitution: "All political power is inherent in the people, and governments derive their

· just powers from the consent of the governed,
 · and are established to protect and maintain
 · individual rights.”

· The following questions should be asked
 · about potential core functions of state gov-
 · ernment:

- 1. What should government do, in a broad
 · sense?
- 2. What should it not do?
- 3. What essential services are required of
 · government, if it is to successfully fulfill its
 · proper functions?

· Once the Legislature has determined the
 · state’s core functions, they will serve as the
 · litmus test for the hundreds of agencies,
 · boards, commissions and programs currently
 · funded. If an agency or program is not
 · advancing one of the agreed-upon core
 · functions of government, it should be
 · eliminated.

· Of course, you can probably imagine the
 · wailing and anger from currently protected
 · special interests. The governor and legislators
 · will be pressed hard on all sides to throw this
 · idea in the trash. But if they embrace
 · Washington’s new budget tools, the state will
 · be a pioneer in responsible state budgeting.

· This model breaks from the status quo and
 · recognizes a sensible, responsible approach.
 · Throw in independent, comprehensive per-
 · formance audits from the state auditor and
 · taxpayers may finally have the accountability
 · they’ve justly been demanding.

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