

APPENDIX B

BUDGET TRANSPARENCY

Transparency is the T in the definition of SMART budgeting (Specific, Measurable, Accountable, Responsive and Transparent). A budget is transparent if it is easily accessible and understandable by the general public. The Center on Budget and Policy Priorities in Washington, as part of a study of the New Jersey budget, states that transparency will have a major impact on the following three areas:

Fiscal Stability: Poor budgets are often a function of insufficient information. Short term projections are not enough. Projections should estimate the cost of maintaining current levels of service for at least 5 years to show areas of greatest future need. This practice makes it unnecessary to just increase all programs by the same percentage whether needed or not.

Informed Debate: The public should participate in the debate on the use of public funds. This requires well presented and understandable budget information. Because the Governor's budget is advisory, it is important that it be possible to compare it to alternative proposals from the House and Senate.

Accountability: Citizens must be able to evaluate decisions accurately. It would be good to include performance data that illustrate the expected results of proposed expenditures. One suggestion for accountability is to include "tax expenditures," These are revenues lost from tax abatements, subsidies to businesses through exempting certain items of revenue. Many of these last for years.

A budget is truly transparent only if citizens and interest groups have the opportunity to analyze proposals at each step of the budget deliberations and be able to comment on them. The legislative process should allow adequate time for legislative and public review.

See *Selected References*. Center on Budget and Policy Priorities, "The Transparency of New Jersey's Budget Process" and "Budget Process and Development and Purpose of the Budget Transparency Scorecard."