

## Legislative Options

If the legislature feels that a contingency appropriation is in order, the legislature may want to consider restricting the appropriation to the stated purpose. That way, if the event does not occur, the agency will not be able to move the authority to another area of the budget.

## Language Appropriations

Language appropriations are made in the language of HB 2, rather than in program or line item appropriations.

## Advantages and Disadvantages to Using Language Appropriations

Advantage: The bill does not include what may turn out to be superfluous appropriations that result in an inappropriate inflation of the totals. For example, a language appropriation may be requested in the event that a specific event happens, the possibility for which exists but not in any certainty. (E.g., DEQ requests state special revenue authority IN CASE they have to do an environmental impact study.)

Disadvantage: Funds that might be spent are not included in the bill totals and may be overlooked in examining the ending fund balance. Consequently, the picture of how much the *potential* appropriation is remains unclear. This is especially troublesome when the language appropriates general fund. Consequently, the legislature should be extremely careful when appropriating general fund in language.

## Required Elements

If a language appropriation is desired, certain elements, illustrated in the following example from the 2001 biennium, **must** be present if the appropriation is to be valid.

"The department is appropriated up to \$172,000 of additional federal spending authority during each year of the 2001 biennium for the purpose of complying with the clean water action plan when the use of the funds is identified and when the funds become available from EPA."

The four required elements:

- clearly states money is appropriated
- provides a maximum appropriation amount
- states the funding source
- details how the appropriation is to be use

## Legislative Contract Authority

Legislative contract authority (LCA) is a type of appropriation given to agencies that traditionally receive a number of budget amendments. The philosophy behind the LCA is that while agencies may know they will receive funds in the interim, they may not know when or what the funds are to be used for. LCA authority is requested so that they can spend this money without going through the budget amendment process (or meet any of the criteria for adding budget amendments<sup>8</sup>). The legislature essentially provides an appropriation in anticipation of an unknown.

<sup>8</sup> Budget amendments allow authorities other than the legislature to add spending authority when the legislature is not in session. The "approving authority" (usually the Governor) can only approve budget amendments that:

1. add federal funds (state special revenue funds can be added only due to an "emergency") or tuition (certain other minor exceptions exist in other funds);
2. make no present or future commitment of increased general fund;
3. provide additional services;
4. address issues that the legislature could have had no knowledge of during the legislative session; and
5. do not extend beyond the end of the biennium.