

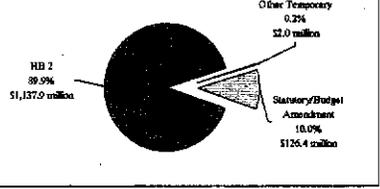
- ✦ Work for legislature, not the executive
- ✦ Non-partisan, objective
- ✦ Experts on assigned agencies' operations and budgets
- ✦ Provide analysis of executive budget and other fiscal issues
- ✦ Experts on budgeting and appropriations
- ✦ Advise on procedures and options
- ✦ Provide any research or clarification as requested
- ✦ Write all language, HB 2 narrative, and HB 2 itself

- ✦ With very limited exceptions, agencies must have an appropriation to expend money
- ✦ The legislature is the constitutional appropriations source
- ✦ The constitution allows the legislature to place conditions on appropriations
 - if the agency accepts the money, it accepts the condition

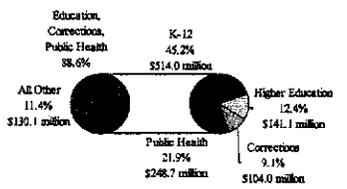
Fund Types are Based on Source and Use of Funds

- GOVERNMENTAL FUNDS
 - GENERAL FUND
 - SPECIAL FUNDS
 - STATE SPECIAL REVENUE
 - FEDERAL REVENUE
 - OTHER
 - CAPITAL PROJECTS
 - DEBT SERVICE

General Fund Expenditures by Appropriations Source
Fiscal 2004



Total HB 2* General Fund Expenditures by Program Area
Fiscal 2004



Budgeting is
Determining:

- Policy
- Level of resources necessary to effectively and efficiently deliver the policy

Budget Analysis
Involves:

- Examining current and past operations
- Examining trends and factors influencing future costs
- Providing options for more efficient delivery and/or policy change

Spending

- House Appropriations and Senate Finance and Claims are the "spending" committees
- HB 2 is assigned to house appropriations
- Size and complexity require partitioning

- Various budget areas are assigned to subcommittees for most in-depth review and recommendations to full committees
- Six committees usually have six members
- Chair is a representative, subcommittee is usually evenly divided by chamber

Created by LFD staff prior to session start
Lay out the order and duration of hearings and executive action
Purpose – provide order for accomplishment of the subcommittee task and allow for appropriate public notice

Where almost 90 percent of state government gets financed
Temporary spending bill – requires reauthorization in two years
Consists of numerical appropriations and conditions on the appropriation
Very powerful public policy tool

Boilerplate language
– General instructions
– Legal niceties
– Conditions that apply to all agencies
Appropriations by agency and program, including line-items
Agency specific language
Internal service rates

Language
Line Items
Other Conditions
 Restricted
 One-time-Only
 Biennial

Structure of budgeting and the budgeting system
Total expenditures minus adjustments =
Base + present law adjustments =
Present law adjusted base +
New proposals =
Total budget

Defined in statute:
That level of funding needed under present law to maintain operations and services at the level authorized by the previous legislature, including but not limited to:
 *...Workload...caseload...enrollment...
 ...Changes in funding requirements...
 ...Inflationary or deflationary adjustments...
 Elimination of nonrecurring appropriations.*
Different character depending upon agency.
 Most cases fairly routine.
 Exceptions: education enrollments; human services caseload; corrections population.
2007 Biennium

Statutorily defined.
Requests to provide new non-mandated services, to change program services, to eliminate existing services, or to change sources of funding."
Where new initiatives and programs are requested.
Generally receives more scrutiny in most agencies.

include any change to the base, except statewide present law adjustments
increases or decreases
Funding changes

Levels of expenditure
Personal services
"Snapshot"
Adjustments
Full funding
Benefit changes
Annualization of pay plan
Incremental
Benefits, local assistance, grants

Subcommittees have Limited Options – Must Change Underlying Conditions

- * Personal Services
 - Full funding of positions
 - Change in benefits
 - Pay Plan
 - Elimination of certain types of expenditures
- * Fixed Costs
- * Inflation
- * Vacancy Savings

<p>* CANNOT:</p> <ul style="list-style-type: none"> - Appropriate FTE - Provide upgrades or downgrades - Require an agency to hire or not hire a position, or hire or fire an individual - Change benefit levels 	<p>* CAN:</p> <ul style="list-style-type: none"> - Eliminate funding for FTE - Change certain personal services such as overtime and differential - Enact vacancy savings - Restrict funding
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<p>* The legislature:</p> <ul style="list-style-type: none"> - Examines the internal service accounts - Examines the major changes proposed by the agency and their impact on rates - Approves the rate 	<p>* The legislature does not:</p> <ul style="list-style-type: none"> - Appropriate operating funds - Approve or disapprove decision packages
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The agencies cannot increase the rate beyond the legislatively approved level, although they can charge less.

