

EXHIBIT

1

DATE 1/9/13

HB Training-Budget

**Introduction to Budgeting
Montana Style**

OR

**"THERE IS NO COMING TO
CONSCIOUSNESS WITHOUT
PAIN."** CARL JUNG

Goals of Training

- Know the subcommittee structure, role, and procedures
- Know your staff resources
- Know how budgets are put together
- Get an introduction to some of the most important terminology
- Get a flavor of subcommittee life

Your Legislative Fiscal Division Staff

<ul style="list-style-type: none"> • Work for the legislature, not the executive • Non-partisan, objective • Experts on assigned agencies' operations and budgets • Provide analysis of executive budget and other fiscal issues • Provide alternate budget perspectives and options 	<ul style="list-style-type: none"> • 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
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Why Are You Here?

- The subcommittees aid the legislature in its primary role of determining
 - The essential functions and programs of state government
 - The resources necessary to implement and maintain those functions and programs
- HB 2 is too big and too complex to go through the normal hearing process
- Divide the budget into chunks that allow for more detailed discussion and allows members to become very knowledgeable about the agencies within the subcommittee's purview
- Make recommendations to House Appropriations Committee

On Other Committees Prior to This Assignment?

- Forget that process – it's all different here
- All subcommittees "hear" HB 2 for over 40 days
 - HB 2 does not look like other bills
- Subcommittees don't amend a bill
 - Start from scratch, using the executive budget as the general starting point/LFD budget analysis
 - You can build the budget you want, regardless of the executive budget
- Staff have a different role
 - Issues/options
 - Alternate points of view and potential decisions

Subcommittee Schedules

- You notice a meeting by publishing a schedule
- The schedule will be adjusted as the session goes forward
- The schedule shows when agencies will be heard and acted on

Terms and Concepts

- What is HB 2?
 - General appropriations act - HB 2 funds the functions of state government
 - About 90% of 90% of all general fund is appropriated here
- What are appropriations?
 - The means by which the legislature authorizes entities of state government to spend money
 - Money cannot be spent without an appropriation (some exceptions)
 - The legislature is the appropriations entity of state government

The Main Table

FTI and the various types of expenditures are in the top half, by what is called "the level" of expenditure. This is the level you budget at, although information is available and used to build the budget at lower levels.

Program Budget Component	Appropriation	Appropriation	Budget	Budget	Revenue	Revenue	Revenue	Revenue
Subfunction	Function	Subfunction	Function	Subfunction	Function	Subfunction	Function	Subfunction
PS	283	283	283	283	283	283	283	283
General Services	1000000	1000000	1000000	1000000	1000000	1000000	1000000	1000000
Public Safety	1000000	1000000	1000000	1000000	1000000	1000000	1000000	1000000
Health Care	1000000	1000000	1000000	1000000	1000000	1000000	1000000	1000000
State Fund	1000000	1000000	1000000	1000000	1000000	1000000	1000000	1000000
Other	1000000	1000000	1000000	1000000	1000000	1000000	1000000	1000000
Total	1000000	1000000	1000000	1000000	1000000	1000000	1000000	1000000

Funding is on the bottom half - how are these expenditures to be paid for? Funding is by source and allocable one.

Terms and Concepts, cont.

- Types of funding
 - General fund
 - State special
 - Federal funds
 - Other (budgeted and non-budgeted proprietary funds)

The Base



- Define: Ongoing expenditures in the last completed fiscal year
- Does not include all expenditures of state government
 - No statutory appropriations
 - No expenditures designated as one-time-only
 - No expenditures added via budget amendment
 - Other

Changes to the Base



- Done in decision packages, not amendments
- You never see a copy of the bill itself until House Appropriations or Senate Finance and Claims

Are Your Decisions Confined to the Decision Packages Presented?



- No. You can make any changes to the base, up or down, that you wish

How do Subcommittees Work?



- We'll show you
