



MONTANA LEGISLATIVE BRANCH

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Legislative Fiscal Analyst
CLAYTON SCHENCK

DATE: September 16, 2009
TO: Members of the ARRA Subcommittee
FROM: Barbara Smith, Fiscal Analyst II
RE: Next Steps to Oversight

Providing oversight to HB 645 spending can include assuring that the funds reach the ground in a timely manner as the legislature intended. Timeliness is dependent upon the ability of the agencies to implement the steps necessary to get the cash to the ground as well as the unforeseen issues such as delays in federal funds, contracting issues, and even the weather. At the end of December, the state will have available six months worth of data to establish a baseline in which to measure progress of HB 645.

To do this, LFD staff would utilize the December 2009 data provided from the Governor's office and information obtained through routine monitoring of HB 645 activities to establish the following points of reference.

- 1) Expenditures - Using expenditure data, it can be determined how much of HB 645 funds have been spent. This allows the subcommittee to look at the areas where the cash has been expended, and where it has not. This will also aid the legislature in examining the FY 2010 HB 645 expenditures that are considered part of the base budget that will impact the crafting of the 2013 biennial budget.
- 2) Pipeline – Using the projected start/finish dates, it can be determined which projects are in the pipeline and ready to go. This indicates where the state is at in preparing to release funds, and what is anticipated to be spent prior to the next quarter. This data portion of the Governor's report often contains the same date for multiple projects. With some oversight the quality of this data may improve.
- 3) New Projects – The LFD staff collates all budget change documents that are adding authority to HB 645. This occurs when the appropriation in HB 645 is too low or when an agency receives an ARRA competitive grant. This information would allow the legislature to know what other activities have been funded through ARRA but are not in HB 645. In addition, these projects will be indentified in the pipeline as they are included in the Governor's report.
- 4) Altered/Abandoned Projects – Through the routine monitoring of expenditures within HB 645, LFD staff may raise issues where the original intent of the appropriation was

changed or if it was abandoned. These issues would be raised to the subcommittee in attempt to identify what changed, and why, and potential options for legislative response.

The format of this legislative status report has yet to be developed. Subcommittee staff would utilize September 2009 reports to create the process, establish the format, and produce the report. The draft report would be sent to the subcommittee for review. After the review, subsequent changes will be made for the first official report utilizing December 2009 data.

If the subcommittee is interested in this process, LFD staff would recommend updating the report every three months to determine quarterly progress and allow for an annual report.