

Budgeting Basics

Analysis to Implementation

What is Budgeting and Budget Analysis?

- 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

Subcommittee Role and Structure

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

Subcommittee Role and Structure

- 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

Process

- Joint Appropriations sub committee
- House Appropriations
- House Floor
- Senate Finance and Claims
- Senate Floor
- Conference Committee

HB 2

- Where almost 90 percent of state government gets financed
- Consists of numerical appropriations and conditions on the appropriation
 - Restricted, Biennial, One-Time-Only
 - Language
- Very powerful public policy tool

Constructing and Acting on the Budget

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

Appropriations

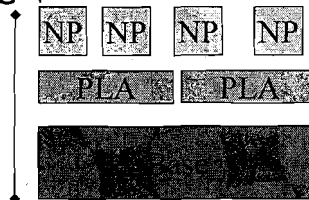
- With very limited exceptions, agencies must have an appropriation to expend money
- The legislature is **the** constitutional appropriations source
- The constitution allows the legislature to place conditions on appropriations
 - If the agency accepts the money, it accepts the condition
- Different types of appropriations
 - Temporary
 - Statutory
 - Budget Amendment

Appropriation Types

- Temporary
 - HB 2- General Appropriations Act
 - Valid for two years or less
 - Most state government operations
 - Cat & Dog Bills
 - Other bills with appropriations; pay plan
- Statutory
 - Include in statute
 - Not reviewed, valid until statute is changed
- Budget Amendments
 - Authority added when legislature is not in session
 - Statute controls circumstances and types of funds

Show Me The Money

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



Statewide Present Law Adjustments

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

Present Law

- 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.

New Proposals

- 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.

Decision Packages

- Include any change to the base, except statewide present law adjustments
- Increases or decreases
- Funding changes

DP 2402 - Water Resources Operating Adjustments - The executive requests \$75,531 general fund and \$91,485 state special revenue for FY 2006 and \$66,541 general fund and \$90,498 state special revenue for FY 2007 for operating adjustments. Over the biennium this would include; 1) \$28,500 for server and database equipment replacement, 2) \$67,620 for contracted services including participation in the USGS cooperative stream gauging program and records management; 3) \$46,950 for leased vehicles; 4) \$23,961 in rent adjustments for non-state owned buildings in Kalispell, Missoula and Bozeman, and 5) debt service for repayment of a federal loan for rehabilitation on the middle creek dam of \$161,404.