

INTERIM COMMITTEE BILLS APPROPRIATIONS-RELATED CONSIDERATIONS

BACKGROUND

Several of the bill drafts that the Children, Families, Health, and Human Services Interim Committee has requested for its mental health and child protective services studies would require new expenditures to pay for the changes being proposed. The committee can take two approaches to address the fiscal impact of these bills:

- include an appropriation to cover the anticipated costs of a bill; or
- introduce the bill without an appropriation. In that case, the Office of Budget and Program Planning (OBPP) would develop a fiscal note during the 2023 legislative session and indicate that the cost must be included in House Bill 2, the main budget bill.

This briefing paper outlines some key factors related to appropriations bills. It also contains questions to consider if the committee decides to include an appropriation in any of the bill drafts.

TEMPORARY NATURE OF APPROPRIATIONS BILLS

Bills that appropriate money outside of HB 2 are commonly known as "cat-and-dog" bills. These bills make money available for the biennium for which it's appropriated. However, that funding might not be carried into future state budgets unless the legislative intent is clear.

When OBPP and the Legislative Fiscal Division are preparing for the next budget cycle, they review each cat-and-dog appropriation that was passed during the previous legislative session to see if the bill appropriated money for what was expected to be an ongoing government expense. Deciding that question is easier if the Legislature indicates its intent in the bill itself. When it doesn't, the two offices try to determine what lawmakers wanted.

Indicating legislative intent for "cat-and-dog bills" helps future Legislatures know whether to continue the funding.

If the committee proceeds with a bill containing an appropriation, members may want to clearly state in the bill whether the activity should be an ongoing or one-time expense.

As an example, HB 39-1 appropriates money to pay for the costs of expanding the use of prehearing conferences in child abuse and neglect cases. If the committee intends for those costs to be funded into future bienniums, the bill should clearly state that intent with language noting:

“The legislature intends that the appropriation be considered as part of the ongoing base for the next legislative session.”

If the committee wants the appropriation to be made only for the 2025 biennium, the bill should state that it's providing a one-time-only appropriation.

ANNUAL VS. BIENNIAL APPROPRIATIONS

A bill may designate an appropriation as either:

- an annual amount for one or both years of the two-year budget period; or
- as a biennial amount.

An appropriation that is not designated as biennial and that contains a specific amount for each fiscal year gives a state agency authority to spend that amount of money only in the specified year. If expenses are higher than expected in either of the fiscal years, the agency can only spend the amount that was appropriated. If expenses are lower, the unspent money cannot be carried into the next fiscal year.

An agency may spend a biennial amount as needed throughout the biennium. For example, if the agency is starting a new program and doesn't spend half of the appropriation in the first year of the biennium, it is able to spend all the remaining funds in the second year if its costs reach that level. Conversely, if it spends more than half the appropriation in the first half of the biennium, it generally would be able to spend only the remaining amount in the second year — even if expenses were higher.

UNSPENT FUNDS

When money in a cat-and-dog bill is designated for a specific purpose, it must be spent in the manner outlined in the bill. If the agency is unable to spend all of the appropriation, the money reverts to the account from which it was appropriated unless the bill specifically allows for the funds to be used for another purpose.

COMMITTEE DECISION POINTS

If the committee decides to introduce any bill with an appropriation, members should decide the following questions to allow for final drafting of the bills.

1. Does the committee want the activity that is funded with the appropriation to continue into future budgets or to be limited to the biennium in which funding is provided?
 - a. Does the committee want to include language to indicate its intent in the bill draft?
2. Should the appropriation be made on an annual or biennial basis?
 - a. If the appropriation is made annually, should the amount of the appropriation be the same in each year of the biennium?
3. Should any unspent money revert to the general fund or be allocated for another purpose?