



House Bill 2 General Appropriations Act

A Legislator's Guide to the HB 2
Process

HB 2 Process

Subcommittees:
First 2 months of
session up to about
the 40th day

House Action:
45th day to the
67th day

Senate:
67th day to the
80th day

Final Action:
After the 80th day

Introduced
Governor's HB
2

Section Sub-
committees

House
Appropriations
Committee

House Floor
debate

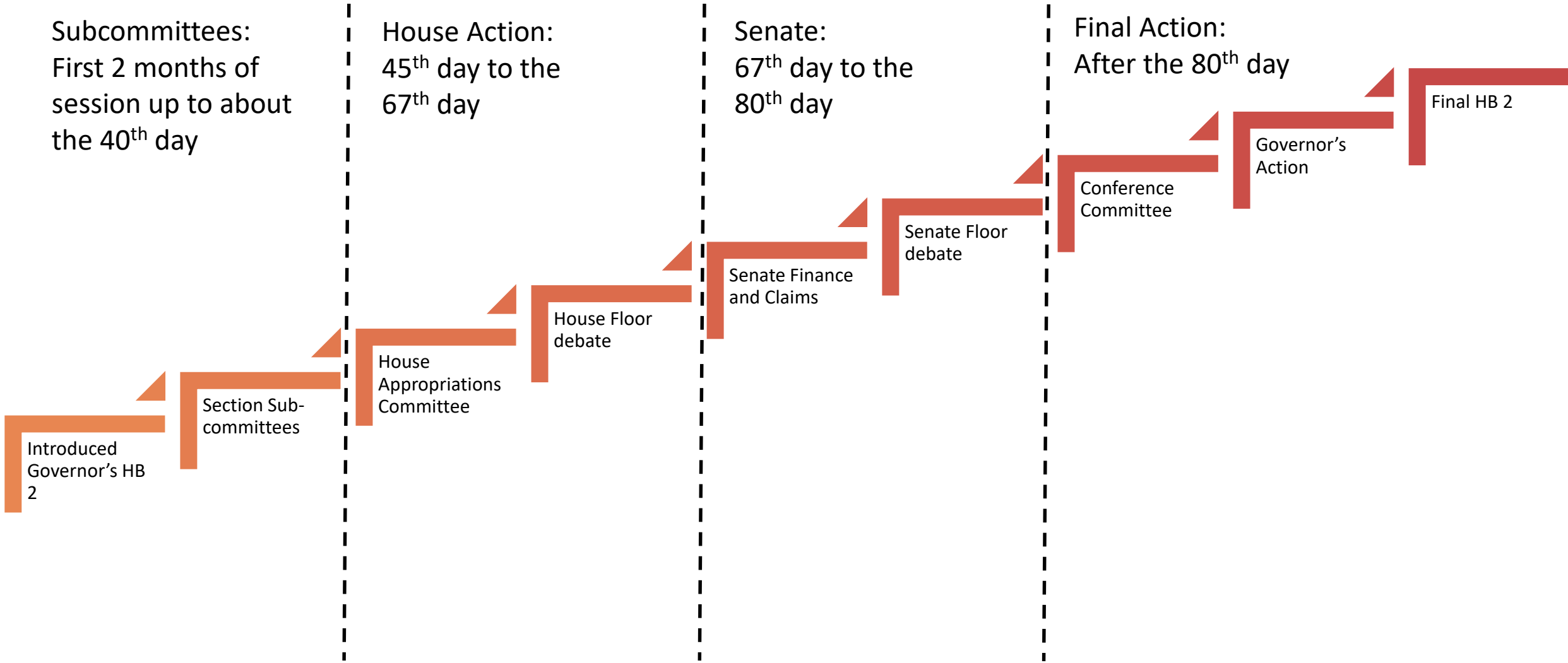
Senate Finance
and Claims

Senate Floor
debate

Conference
Committee

Governor's
Action

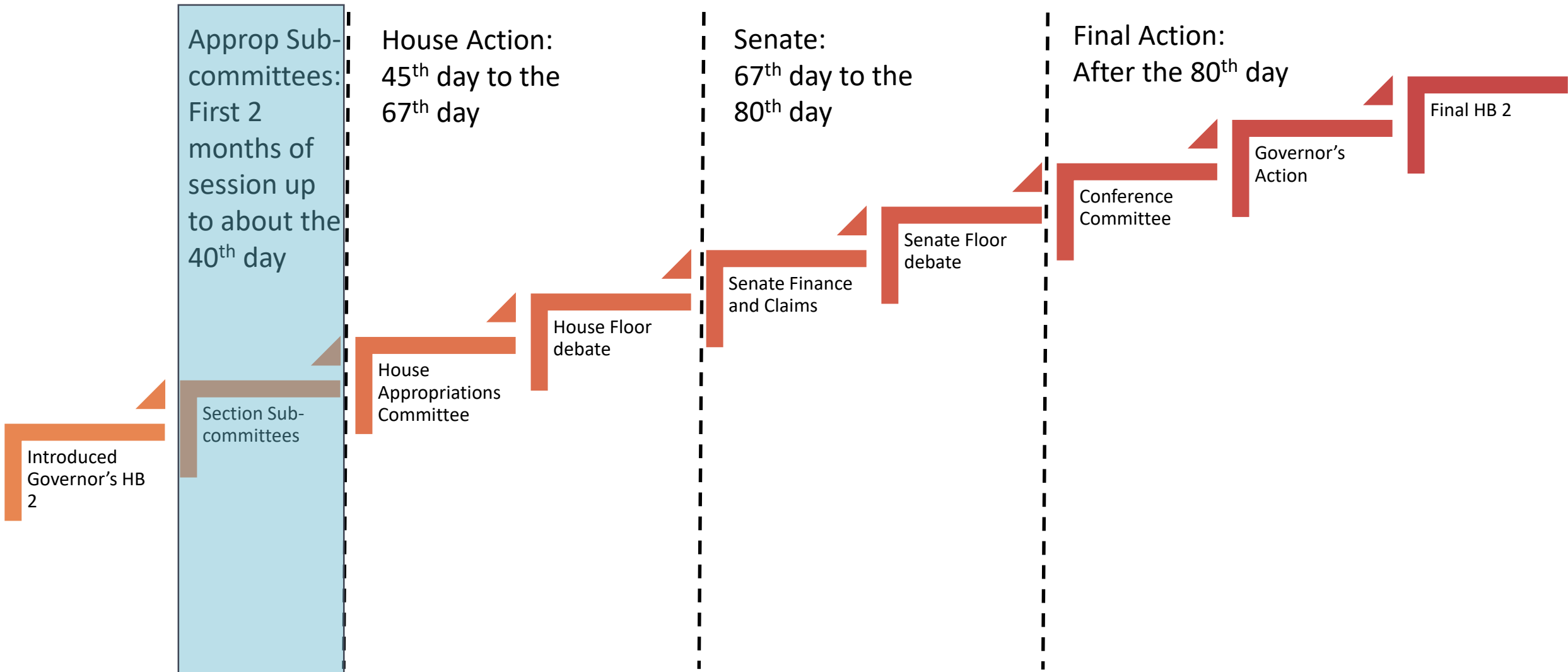
Final HB 2



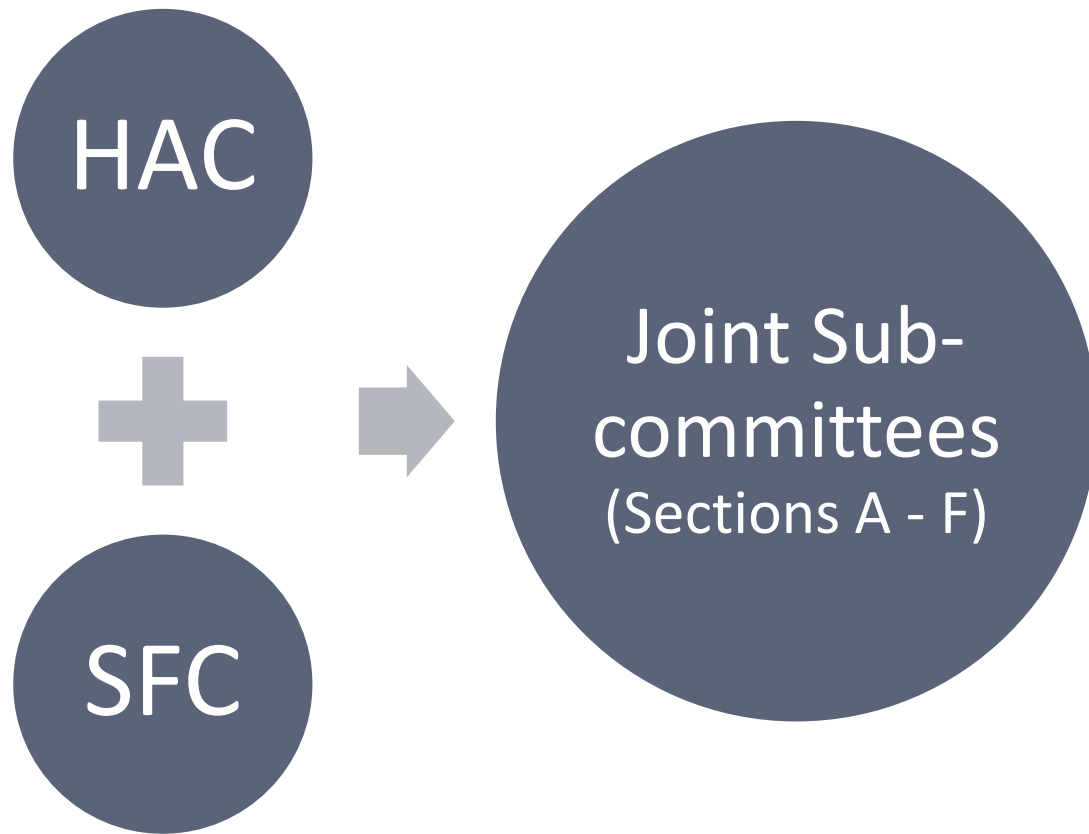


Step 1: Appropriations Subcommittees

HB 2 Process: Subcommittees

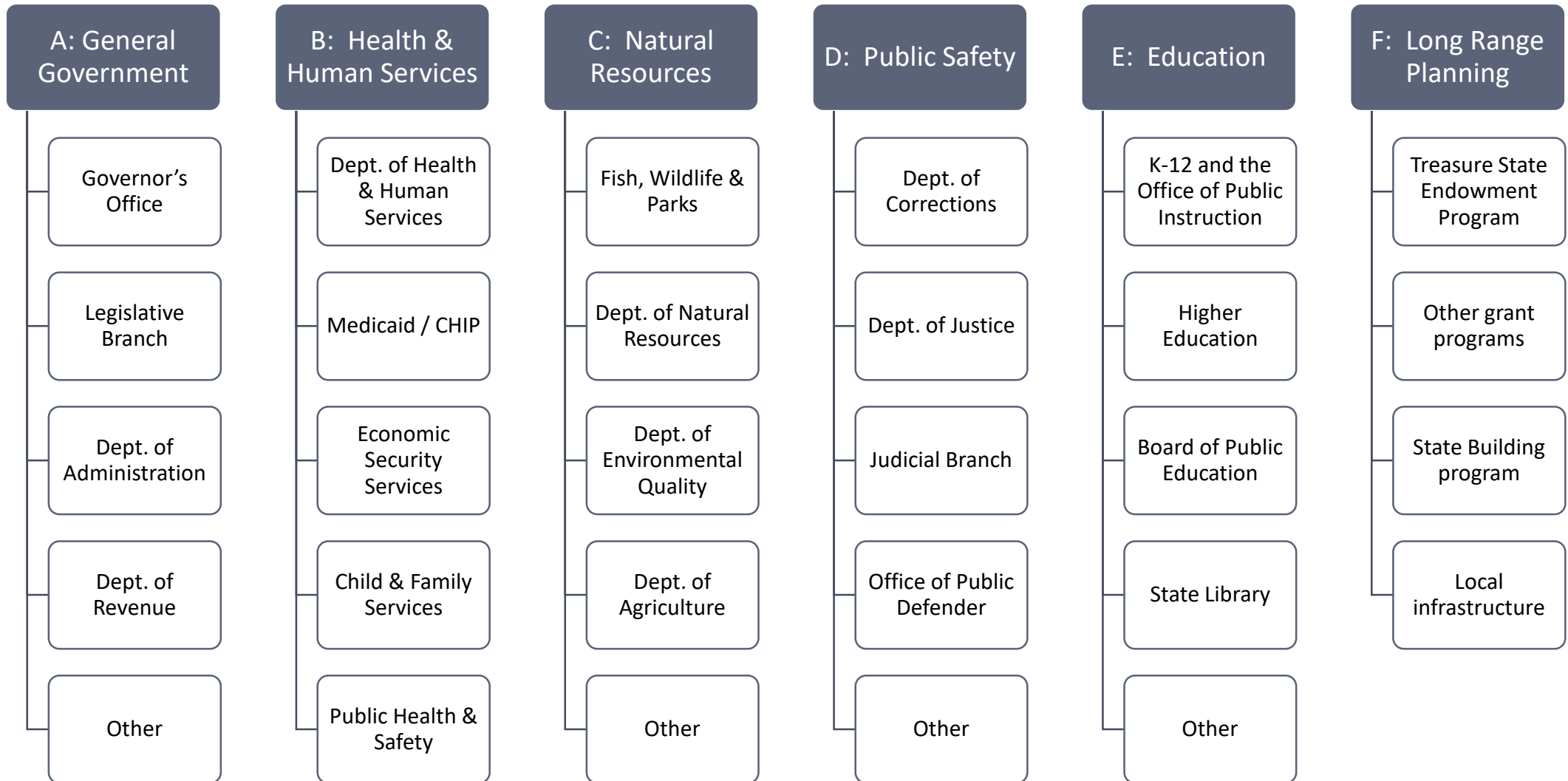


Joint Subcommittees



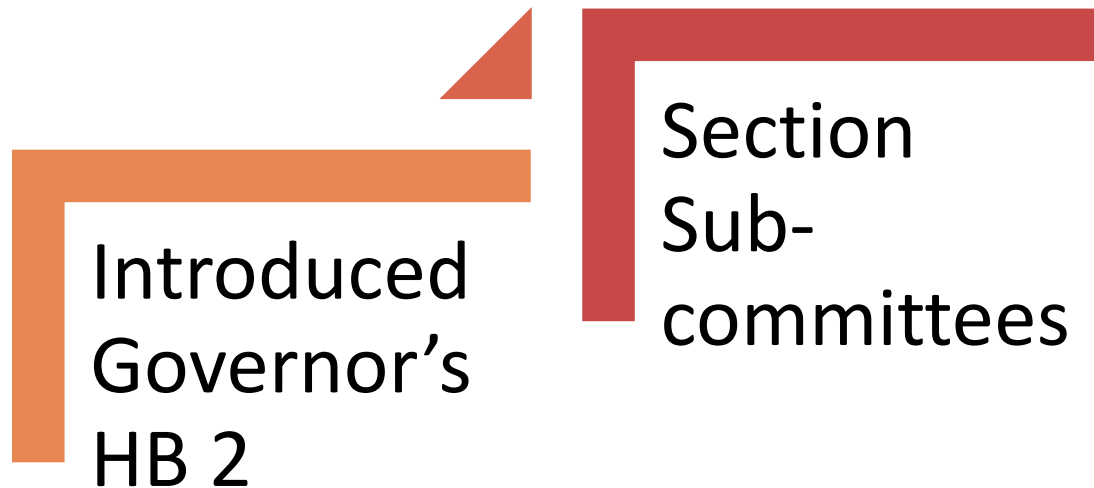
- Members of House Appropriations Committee (HAC) and Senate Finance and Claims Committee (SFC) comprise the membership of Section Subcommittees

Joint Sub-committee Sections



HB 2 Process in Joint Subcommittee

Subcommittees: First 2 months of session up to about the 40th day



- Review agency budgets in detail
- Adopt a budget for each agency through motions guided by the chairs of HAC and SFC
- Provide recommendations for HAC to consider in creating a bill (HB 2)

Detail by Agency



Receive Budget Instructions

- HAC and SFC Chairs will provide budget instructions to the subcommittee members
- Budget instructions typically ask members to adopt a starting point motion and direct them to study certain parts of the budget in greater detail

Starting Point Motion: Usually the Base Budget

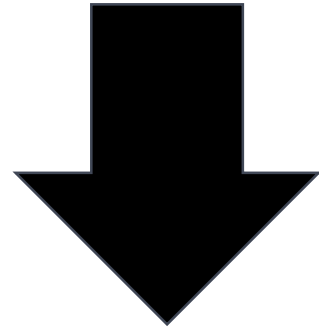
- Typically will adopt the Base Budget for the agency
- The Base Budget for the 2021 Biennium Budget is the FY 2019 ongoing budget
- Sometimes the Chairs of HAC and SFC will ask subcommittees to start a different amount
- Last session the Chairs asked subcommittees to adopt the Base Budget less 5% as the starting point motion

New Proposal

Present Law

Base

Hearings and Work Sessions



Learn Agency Programs and Budgets

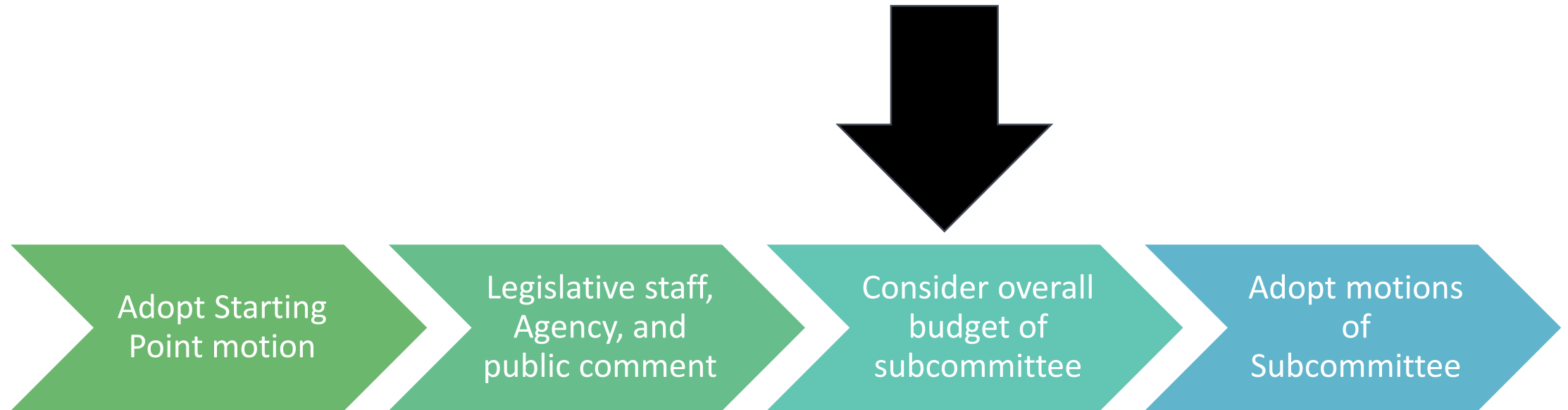
Hearings

- LFD Analysts provide in depth agency and program materials in the Budget Analysis
- Agencies present to the subcommittees. They explain and justify the budget requests
- Lobbyists and the public provide testimony regarding the budget

Work Sessions

- Legislative staff provide additional training and explanation as needed by the subcommittee on items like:
 - Accounting details
 - Budgeting details
 - Process
 - Legal
- Agency staff may be invited to explain details

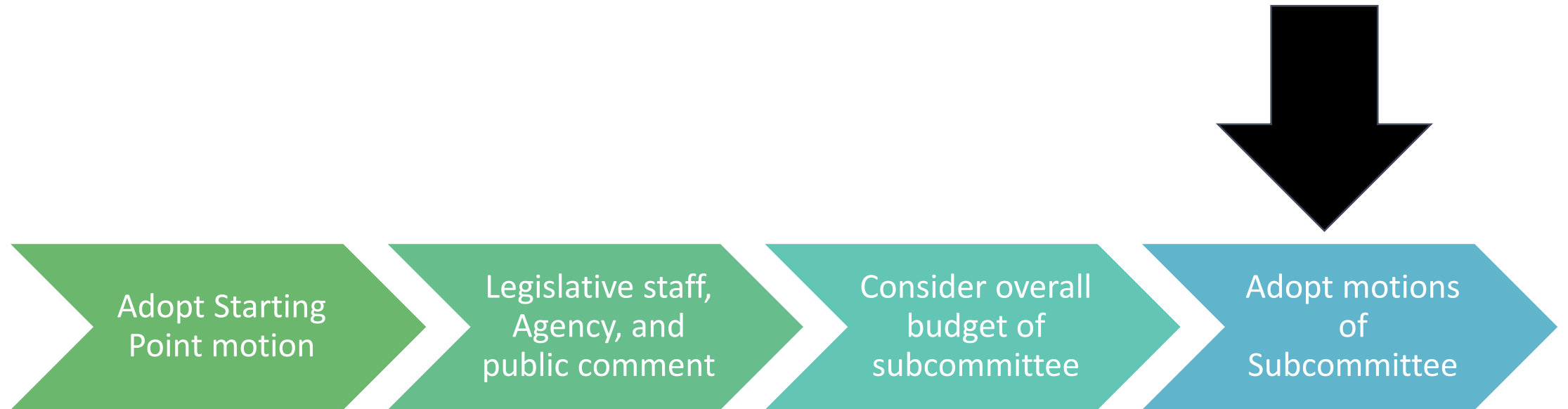
Evaluate Budget Requests of the Subcommittee





Evaluate Budget Requests

Motions of Subcommittee



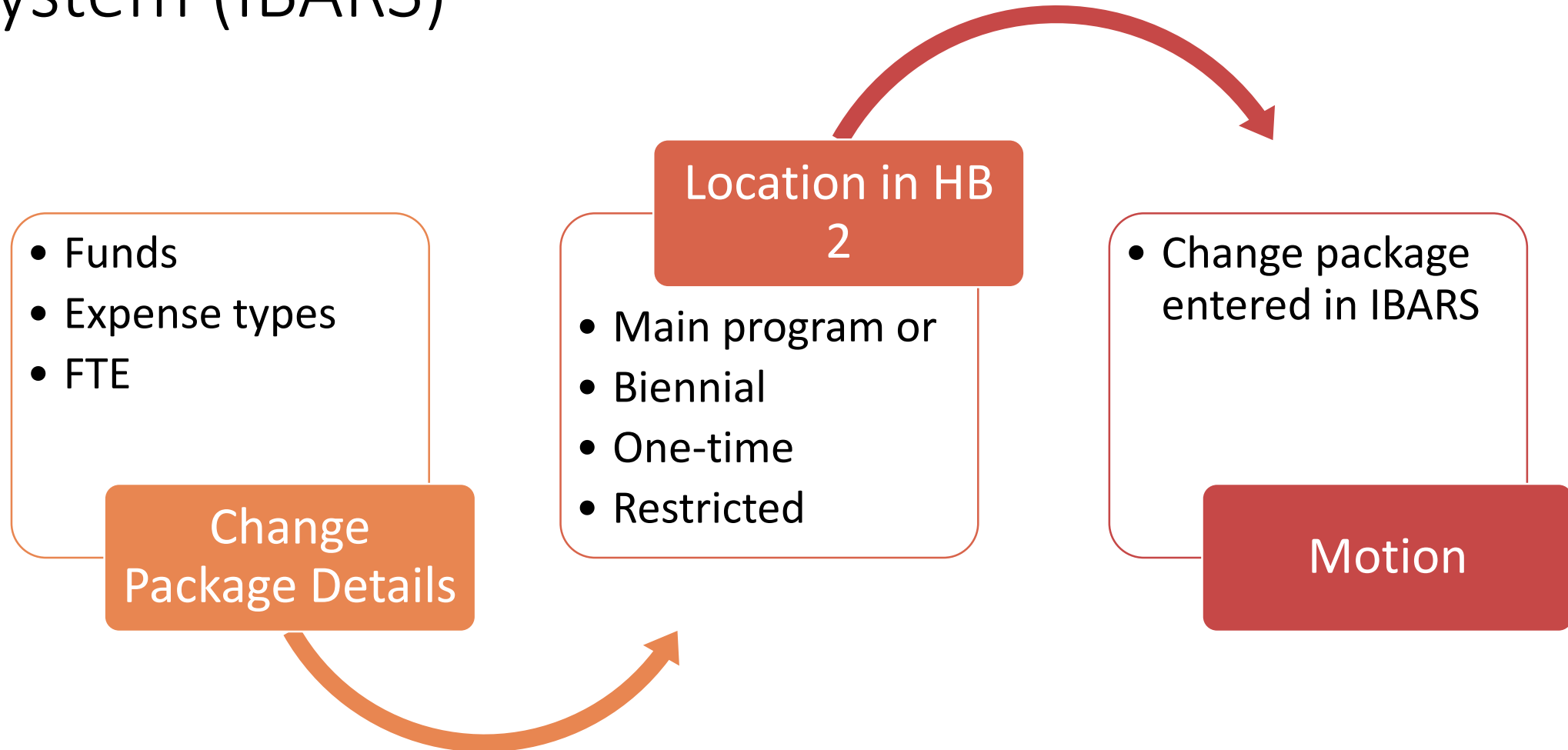
Present Law

- Three types of present law
- Statewide Present Law (SWPL) that is adopted by another subcommittee
 - Fixed Costs
 - Inflation
- Statewide Present Law personal services as determined by the executive: amount determined by each subcommittee
- Other Present Law specific to each agency: must fit present law definition

New Proposal

Present Law

Details of Motions Tracked in Change Packages in Internet Budgeting Accounting Human Resource System (IBARS)



Present Law Definition: MCA 17-7-102(12)

(12) "Present law base" means 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:

(a) changes resulting from legally mandated workload, caseload, or enrollment increases or decreases;

(b) changes in funding requirements resulting from constitutional or statutory schedules or formulas;

(c) inflationary or deflationary adjustments; and

(d) elimination of nonrecurring appropriations.

Does Executive Personal Services SWPL meet the PL definition for the 2021 Biennium?

changes resulting from legally mandated workload, caseload, or enrollment increases or decreases

- No change from the Base

changes in funding requirements resulting from constitutional or statutory schedules or formulas

- No statutory requirement change

inflationary or deflationary adjustments

- Backfill is not inflationary

New Proposal Motions

- Include changes in funding
- Include policy decisions that are not straight caseload such as increases in the Department of Corrections where the legislature needs to determine where to house new populations
- New services, levels of service, or methods of service to Montanans
- Non-mandatory price increases

New Proposal

Present Law

Base

Final Motions and Wrap Up

New Proposal

Present Law

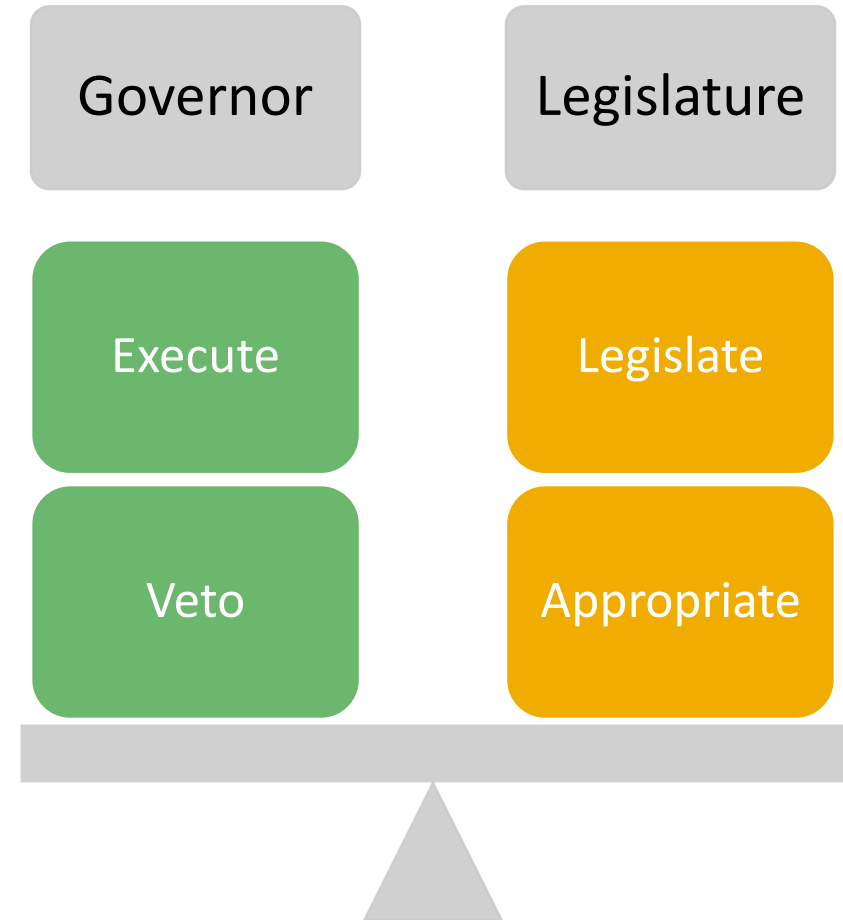
Base

- Subcommittee
 - Any last minute adjustments of the subcommittee are adopted
- LFD Staff
 - Summarize all subcommittee action and report to the subcommittee
 - Motions are recorded in IBARS
 - Create “Gray” bill combination of all motions

Legislative Control of Spending

Executive and Legislative Balance of Power

- The Constitution divides the power of state government between branches

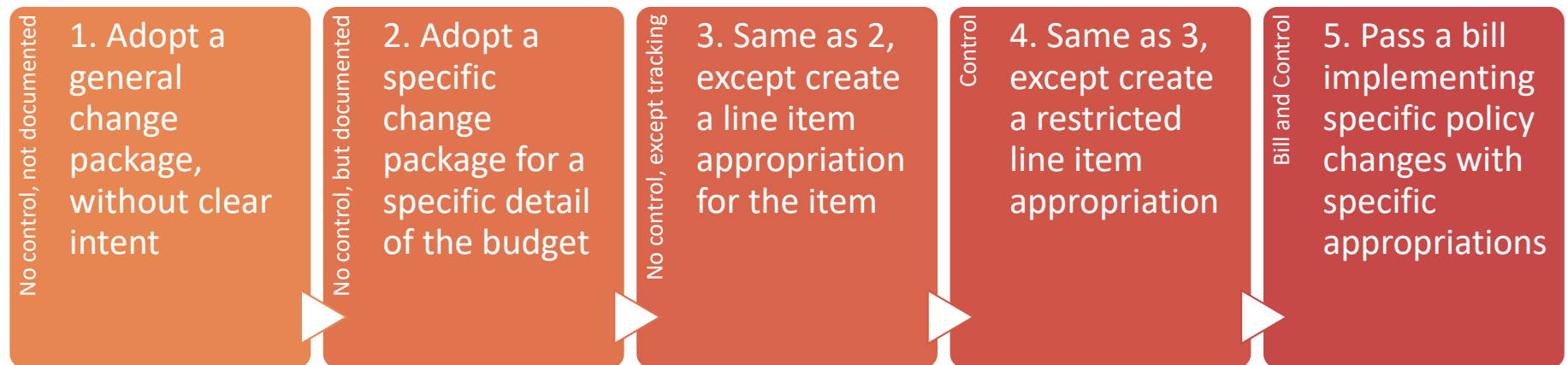


Executive Statutory Appropriation Flexibility

- Each session the Legislature appropriates funds. While appropriations can be restricted or conditioned to certain purposes and within condition they cannot change statute.
- The Governor and other Executive Branch agencies executes the law, including appropriations.
- Statute governs how the Executive Branch can execute appropriations



Continuum of Legislative Control



1. No control, no documentation

No control, not documented

1. Adopt a general change package, without clear intent

- The legislature may wish to not document the details of funding details.
- The details may not be available and the legislature may have a general agreement with the executive for a general need for more funding without precise intent.

2. No control, but documented

No control, but documented

2. Adopt a specific change package for a specific detail of the budget

- The Legislature may want a specific budget item in the budget, but may choose to allow the Executive the flexibility to spend it in that location or in another as the Executive believes is the best outcomes overall.

3. No control, except tracking

No control, except tracking

3. Same as 2.
except create a
line item
appropriation
for the item

- At times, the Legislature may wish to not only be specific about the intent of an appropriation and want tracking if the Executive chooses to spend differently.
- Due to overriding statute, this action does not prevent movement of these appropriations to other legal purposes within the agency.
- This is called a line item appropriation

4. Legislative Appropriation Control

Control

4. Same as 3.
except create
a restricted
line item
appropriation

- At times, the Legislature may wish to not only be specific about the intent of an appropriation, but to restrict spending to only that purpose.
- Due to overriding statute, unless the Legislature restricts the appropriation few limits exist.
- This is called a restricted line item appropriation

5. Pass legislation with specific appropriation

Bill and Control

5. Pass a bill implementing specific policy changes with specific appropriations

- Similar to 4, but also changes specific policies within the agency regarding how the funds are spent
- Does not require a line item appropriation, but may be desirable

Question: I keep hearing the term RL4, what are they and how do they fit in this process?

Technical and Reporting

- RL4 are the smallest unit of the budget tracked in the budgeting system IBARS
- Detailed expenditures and funding can be reported easily

Control versus Document

- RL4s alone do not control the budget
- RL4s do document the budget at the lowest level of detail
- RL4s do not necessarily persist to the next session

Details of HB 2 Appropriations

HB 2 Appropriation

Fund-
Account

Agency
Program

1st Level
Expenditure
Account

Restriction

Executive Fund-Account Modifications

Executive Allowed

- Fund type a grouping of individual fund-accounts
- Fund type: General Fund, State Special, Federal Special

Executive Not Allowed

- Changes between fund type unless specifically allowed by law

Agency or Program Modifications

Executive Allowed

- Transfer between programs within an agency
- Limited by MCA 17-7-139
- Significant transfers presented to the Legislative Finance Committee
- Reviewed by the Legislative Fiscal Division
- Transfers to another agency must maintain purpose of appropriation

Executive Not Allowed

- Transfers between agencies that do not maintain original purpose

1st Level Expenditure Account Modifications

Executive Allowed

- Transfer between types of expenditures
- Limited by MCA 17-7-138
- Significant transfers presented to the Legislative Finance Committee
- Reviewed by the Legislative Fiscal Division

Executive Not Allowed

- All allowed unless specific restriction disallows

Restriction Appropriation Modifications

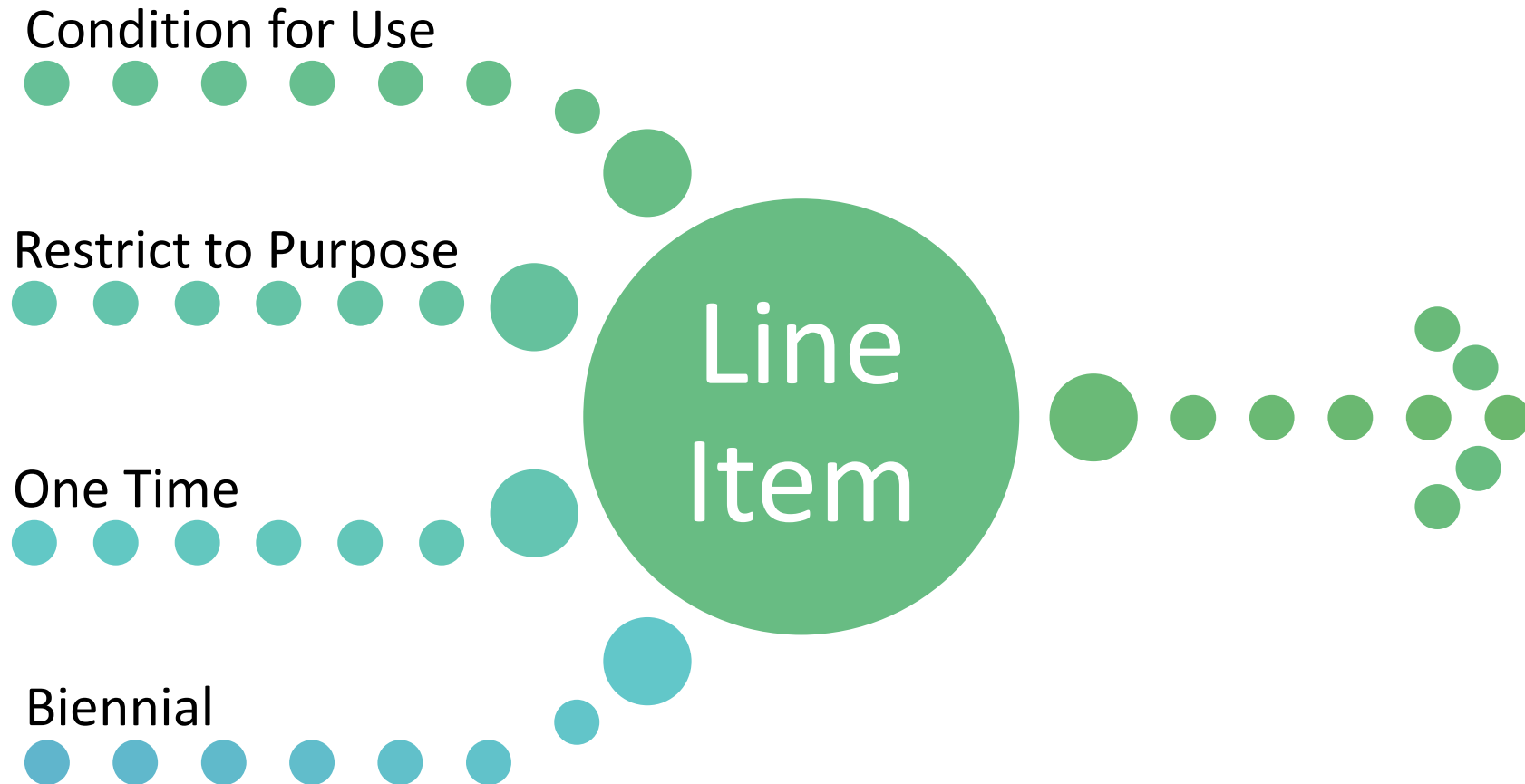
Executive Allowed

- Only modifications are included in the original appropriation restriction
- Could transfer to another agency if original restrictions remain

Executive Not Allowed

- All unless specifically granted

Appropriation Line Item Control Options



Details of HB 2 Appropriations

HB 2 Appropriation

Fund-
Account

Agency
Program

1st Level
Expenditure
Account

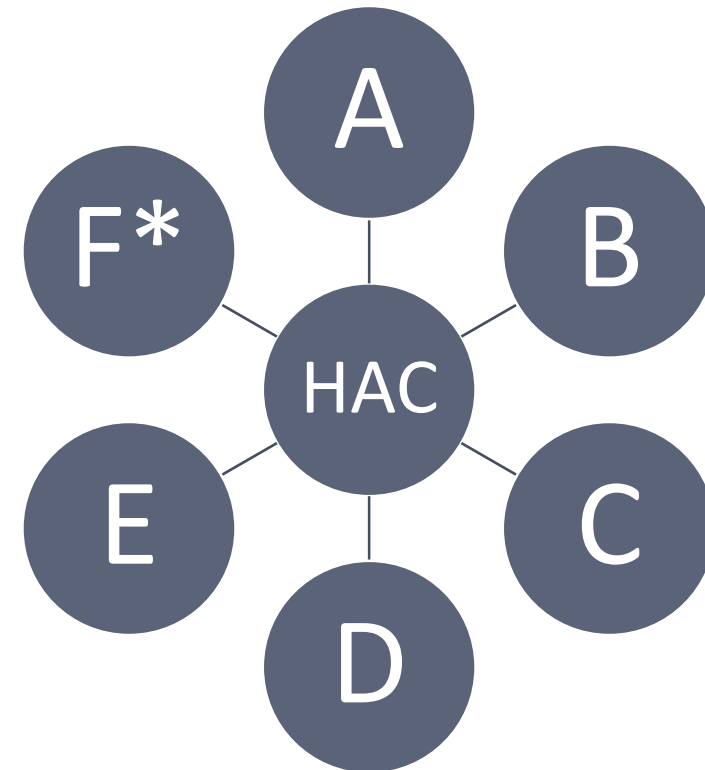
Restriction

Next Steps

Final Subcommittee Action



Next Steps: Present to HAC



F* - Section F does not hear HB 2, but other bills presented separately

Subcommittees Complete Around Day 40

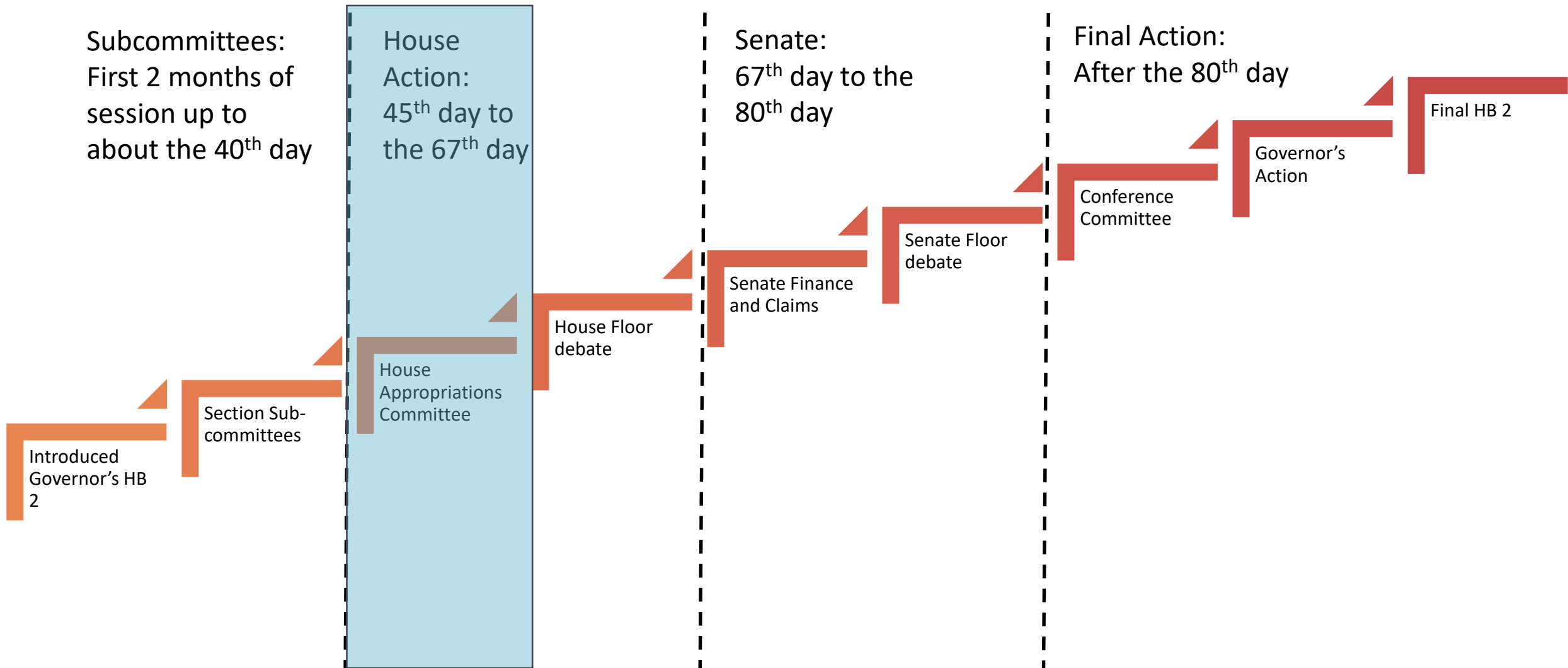
- Before HB 2 is considered by House Appropriations Committee (HAC) the subcommittees take preliminary action
- Subcommittee work is submitted to HAC by the Chair of HAC as an amendment to the Governor's Introduced version of HB 2
- Chair's motion is deliberated on in HAC by section



Step #2 House Appropriation Committee

HB 2 General Appropriations Act Process

HB 2 Process



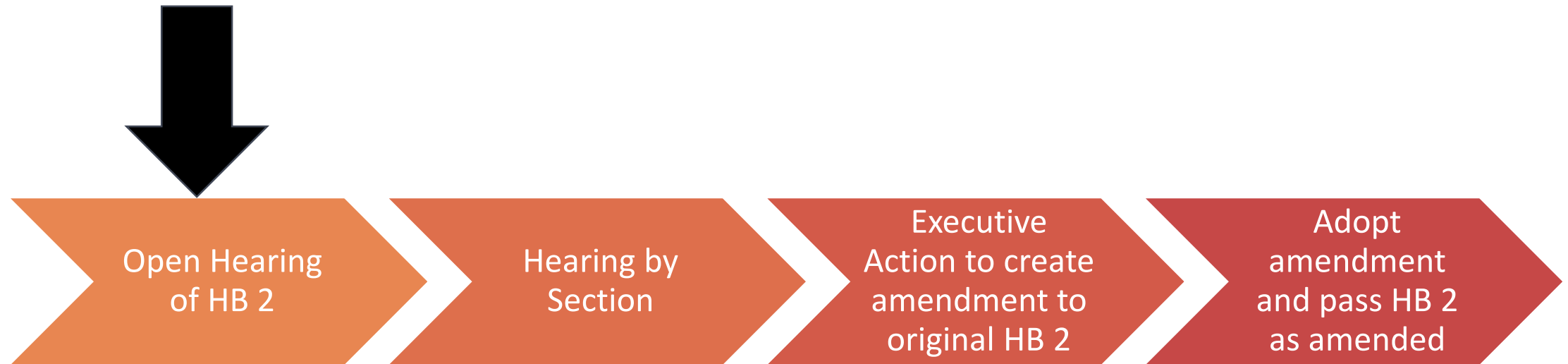
Typical HB 2 Process:

Can vary based on chair preferences



Typical HB 2 Process:

Step 1: Open Hearing on HB 2



Step 1: Hear overall bill

- HAC chairman opens hearing for the bill: *“I open the hearing for House Bill 2.”*
- Sponsor introduction of the whole bill
- Legislative Fiscal Analyst overview of HB 2
- Chairman Announcements *[general sequence of HB 2 hearing and executive process, witnesses to sign in, submission of written testimony, committee rules, and time management announcements (time limits)]*
- Boilerplate hearing/discussion of amendments
- Individual section hearings *(see below)*

Step 1: Hear overall bill

HAC Chair or Vice Chair opens hearing

Sponsor (typically Chair) introduces the bill

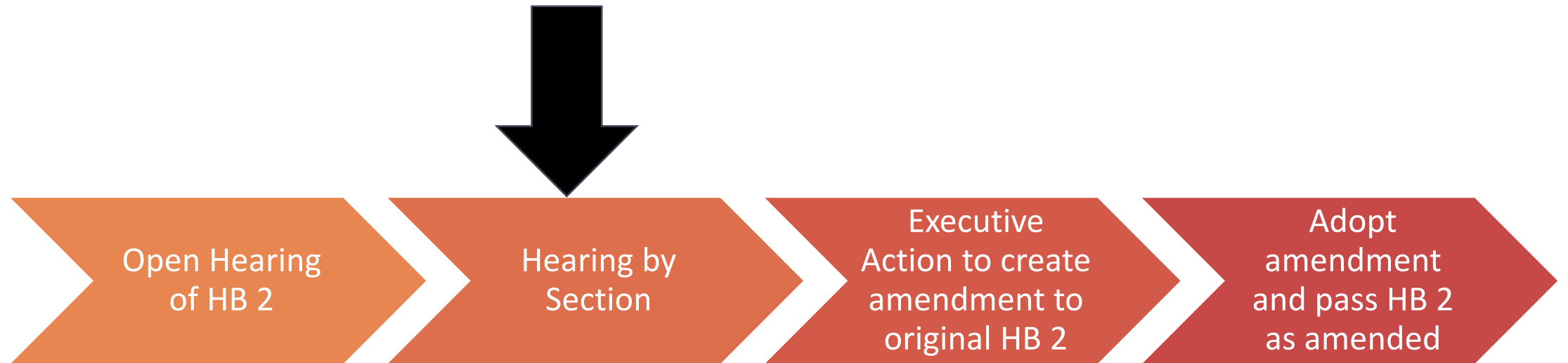
Legislative Fiscal Analyst gives summary of Subcommittee action

Budget Director option to speak to the bill

Announcements and discussion of technical items

Typical HB 2 Process:

Step 2: Hearings by Section



Step 2: Hearings by Section

Subcommittee Chair opening statement



Executive and Agency Comments



Public Comment



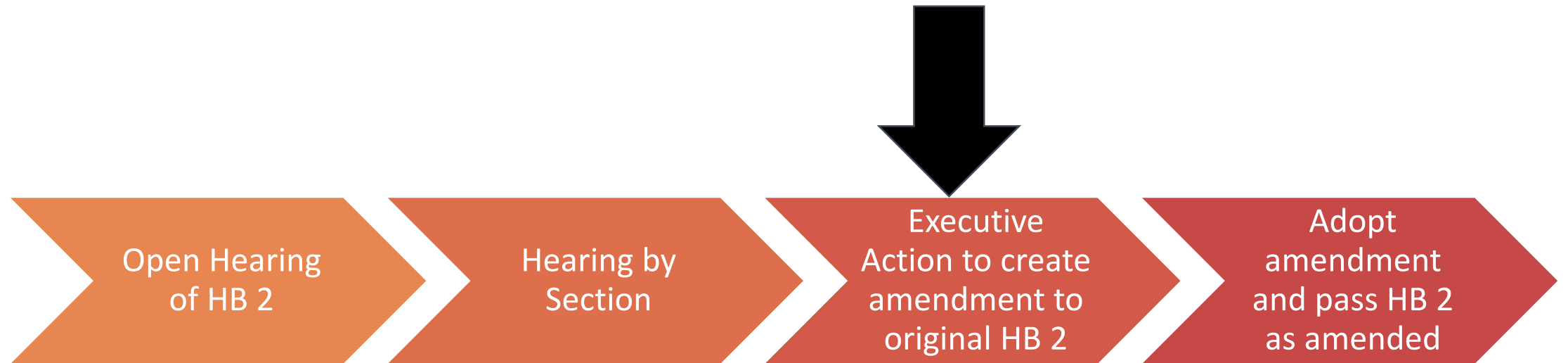
Questions from the Committee



Next Agency or Section

Typical HB 2 Process:

Step 2: Hearings by Section



Step 3: Executive Action on Amendment

HAC Chair opens executive action



Executive Action on Boilerplate (1)



Executive Action on Global Amendments (2)



Executive Action by Section



HB 2 Executive Action closed

Definitions

(1) Boilerplate

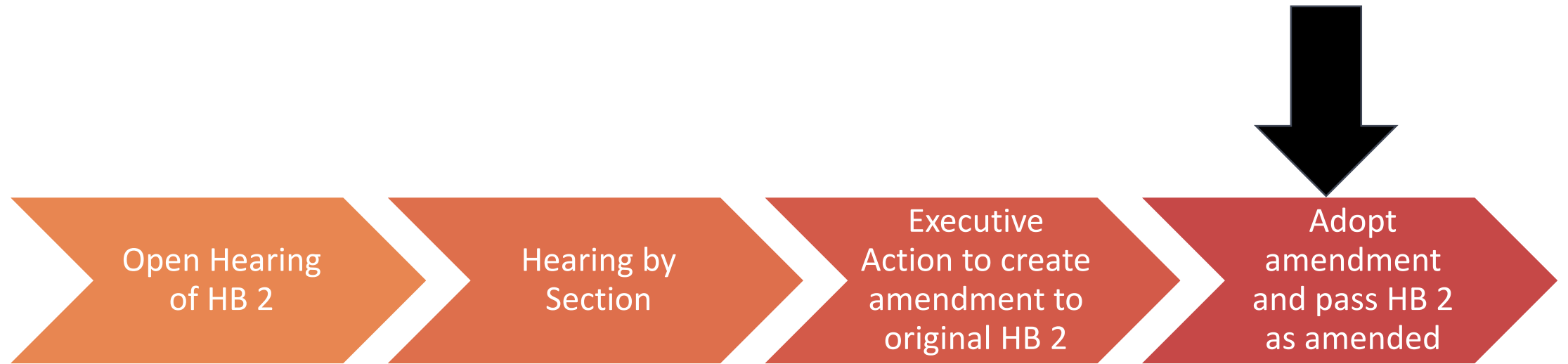
- Boilerplate is the beginning section of HB 2 that contains rules and definitions for the whole bill and all appropriations

(2) Global Amendments

- Global Amendments are amendments that affect more than one section of HB 2. Such as a change in rates for Department of Administration services known as “fixed costs” which change small amounts of costs in each section of the bill

Typical HB 2 Process:

Step 2: Hearings by Section



Step 4: Final Action

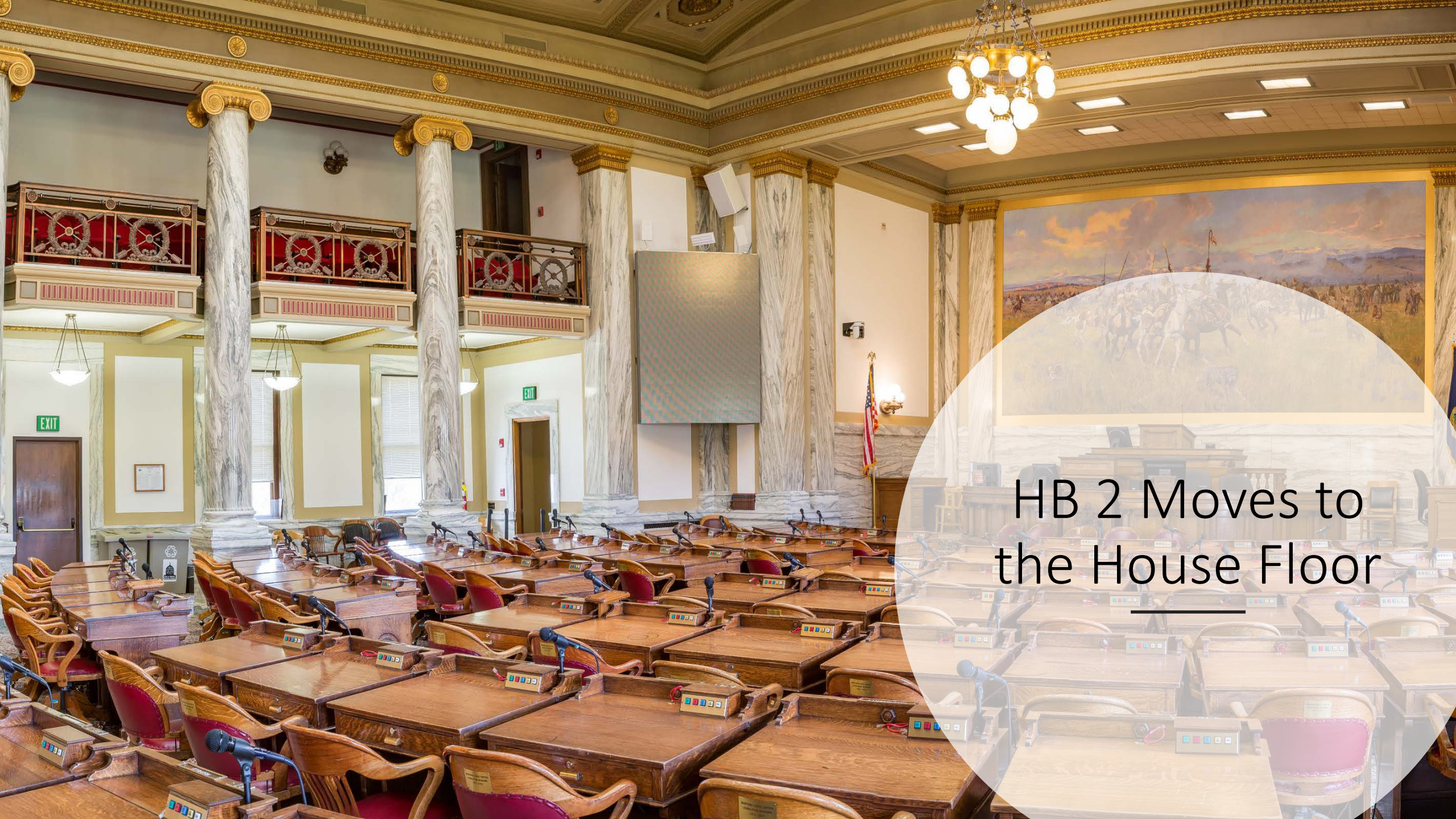
First motion: “Do Pass on HB 2”

A light gray downward-pointing arrow indicating the flow from the first motion to the second.

Second motion: strike introduced bill
and insert amended bill

A light gray downward-pointing arrow indicating the flow from the second motion to the final motion.

Final motion: “Do Pass for HB 2 as
Amended”



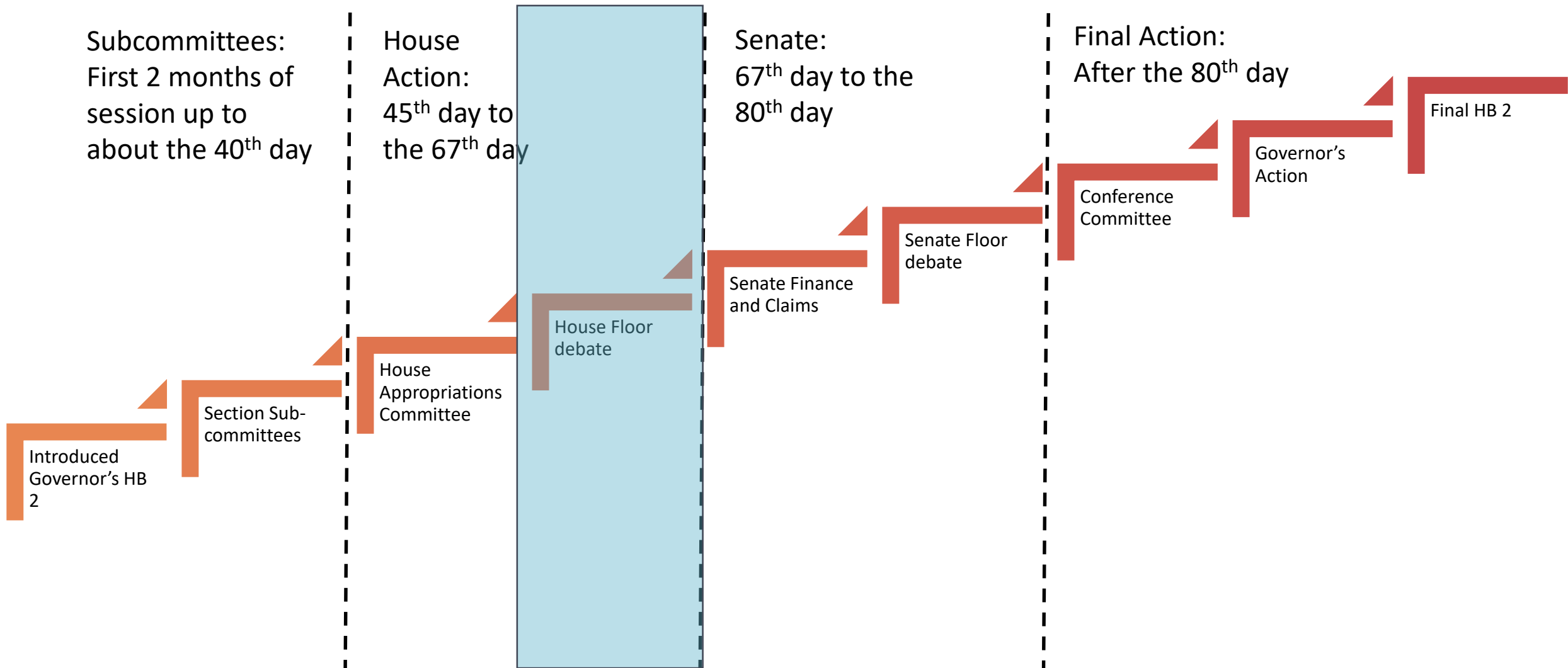
HB 2 Moves to
the House Floor



Step #3 House Floor

HB 2 General Appropriations Act Process

HB 2 Process



Typical HB 2 Process



Motions may occur after discussing all sections

Typical HB 2 Process:

Step 2: Debate by Section



Step 2: Debate by Section

Subcommittee Chair opening statement

Full committee discussion & questions

Motions

Next Section

Any Boilerplate (1) and Global Motions with first Section

Definitions

(1) Boilerplate

- Boilerplate is the beginning section of HB 2 that contains rules and definitions for the whole bill and all appropriations

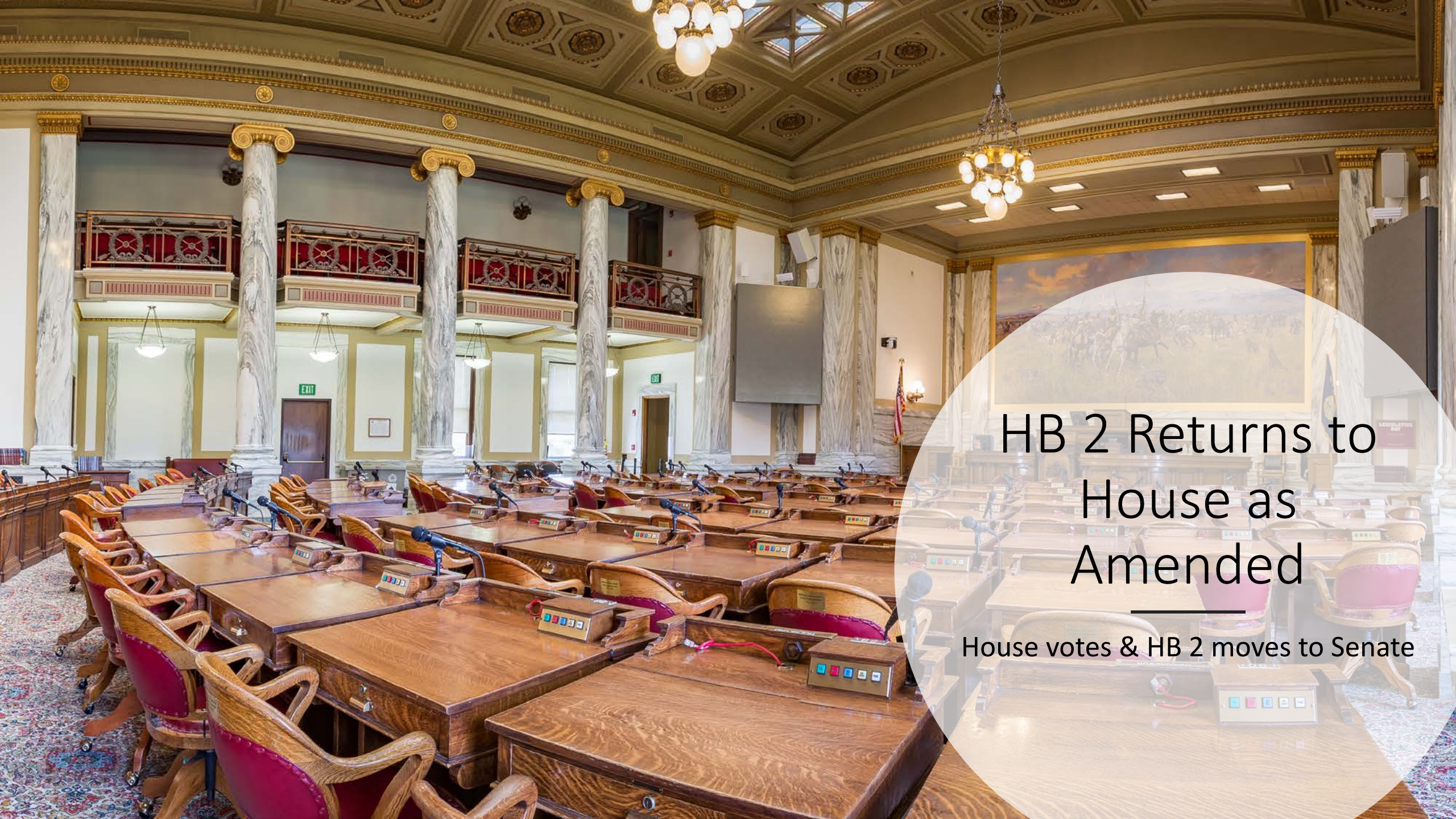
(2) Global Amendments

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Finalize HB 2 with 2nd and 3rd Reading



Note: after 2nd Reading, amendments need to be entered into the budgeting database, tied out, and a new bill created



HB 2 Returns to House as Amended

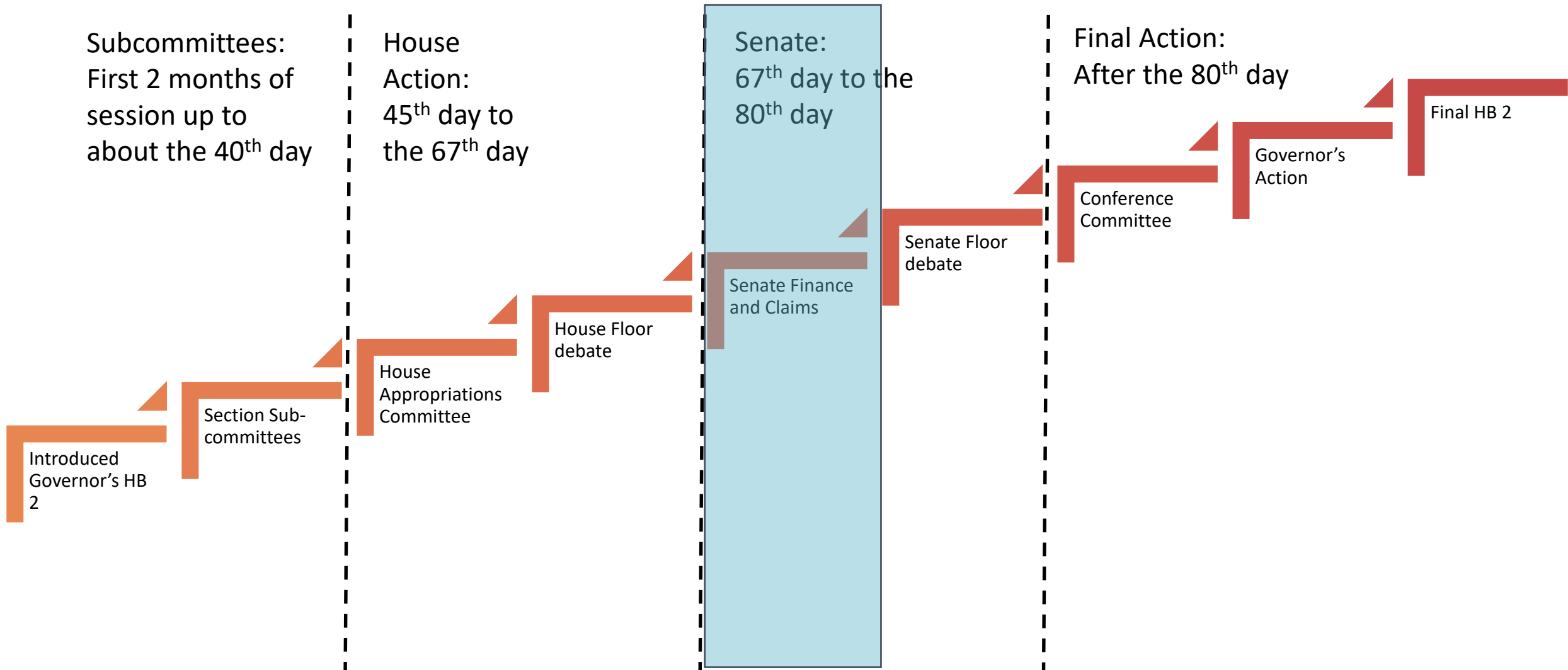
House votes & HB 2 moves to Senate



Step #4 Senate Finance And Claims Committee

HB 2 General Appropriations Act Process

HB 2 Process



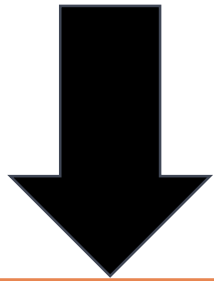
Typical HB 2 Process:

Can vary based on chair preferences



Typical HB 2 Process:

Step 1: Open Hearing on HB 2



Step 1: Hear overall bill

- SFC chairman opens hearing for the bill: *“I open the hearing for House Bill 2.”*
- Sponsor introduction of the whole bill
- Legislative Fiscal Analyst overview of HB 2
- Chairman Announcements *[general sequence of HB 2 hearing and executive process, witnesses to sign in, submission of written testimony, committee rules, and time management announcements (time limits)]*
- Boilerplate hearing/discussion of amendments
- Individual section hearings *(see below)*

Step 1: Hear overall bill

SFC Chair opens hearing



Sponsor (typically Chair of HAC) introduces the bill



Legislative Fiscal Analyst gives summary of current bill



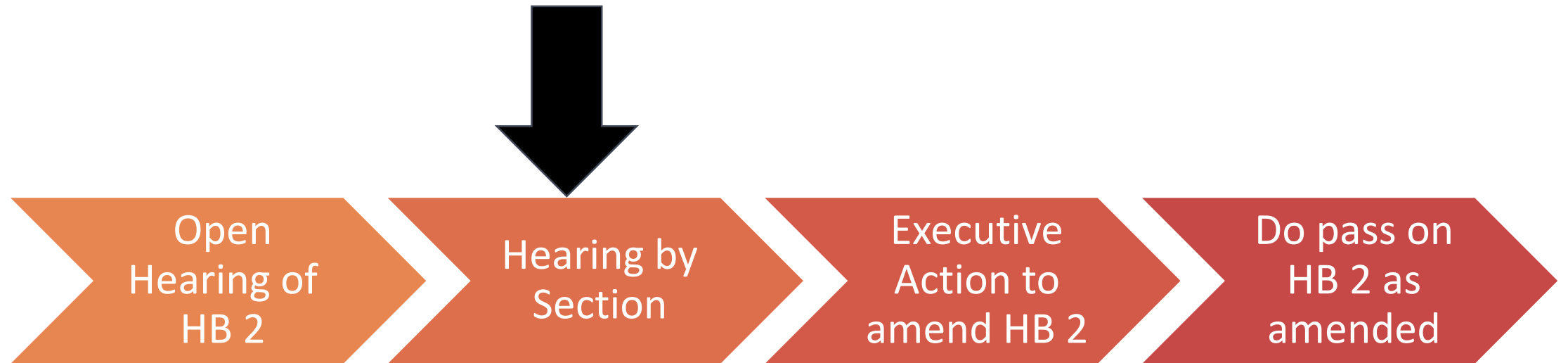
Budget Director option to speak to the bill



Announcements and discussion of technical items

Typical HB 2 Process:

Step 2: Hearings by Section



Step 2: Hearings by Section

Subcommittee Vice Chair opening statement



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graph TD; A[Subcommittee Vice Chair opening statement] --> B[Executive and Agency Comments]; B --> C[Public Comment]; C --> D[Questions from the Committee]; D --> E[Next Agency or Section];
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The diagram illustrates a five-step process for hearings by section. It begins with a teal box for the Subcommittee Vice Chair opening statement, followed by an orange box for Executive and Agency Comments. The subsequent steps are Public Comment, Questions from the Committee, and Next Agency or Section, all in teal boxes. Each step is connected to the next by a downward-pointing arrow, indicating a sequential flow.

Executive and Agency Comments

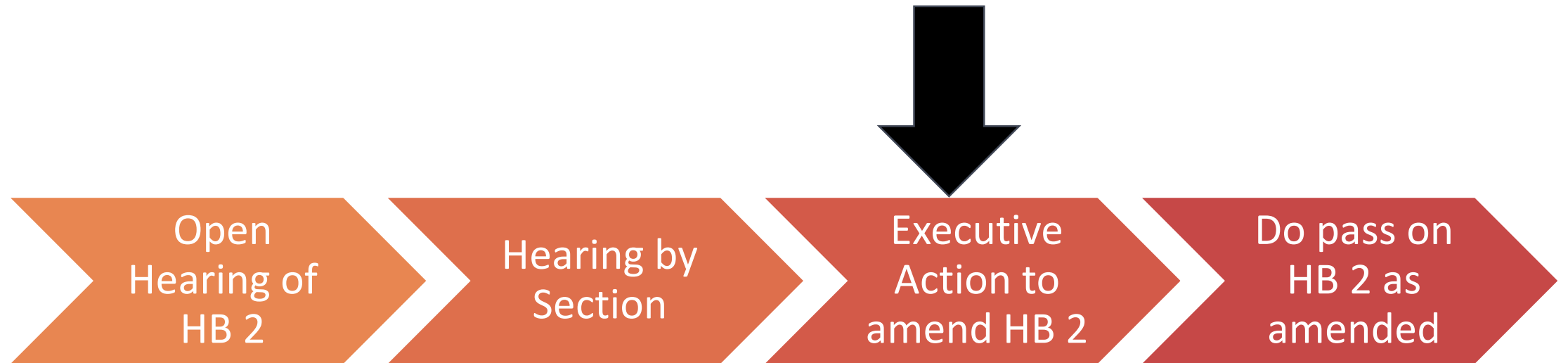
Public Comment

Questions from the Committee

Next Agency or Section

Typical HB 2 Process:

Step 2: Hearings by Section



Step 3: Executive Action on Amendment

SFC Chair opens executive action



Executive Action on Boilerplate (1)



Executive Action on Global Amendments (2)



Executive Action by Section



HB 2 Executive Action closed

Definitions

(1) Boilerplate

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(2) Global Amendments

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Typical HB 2 Process:

Step 4: Hearings by Section



Step 4: Final Action

First motion: “Do Pass on HB 2”

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Second motion: strike introduced bill
and insert amended bill

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Final motion: “Do Pass for HB 2 as
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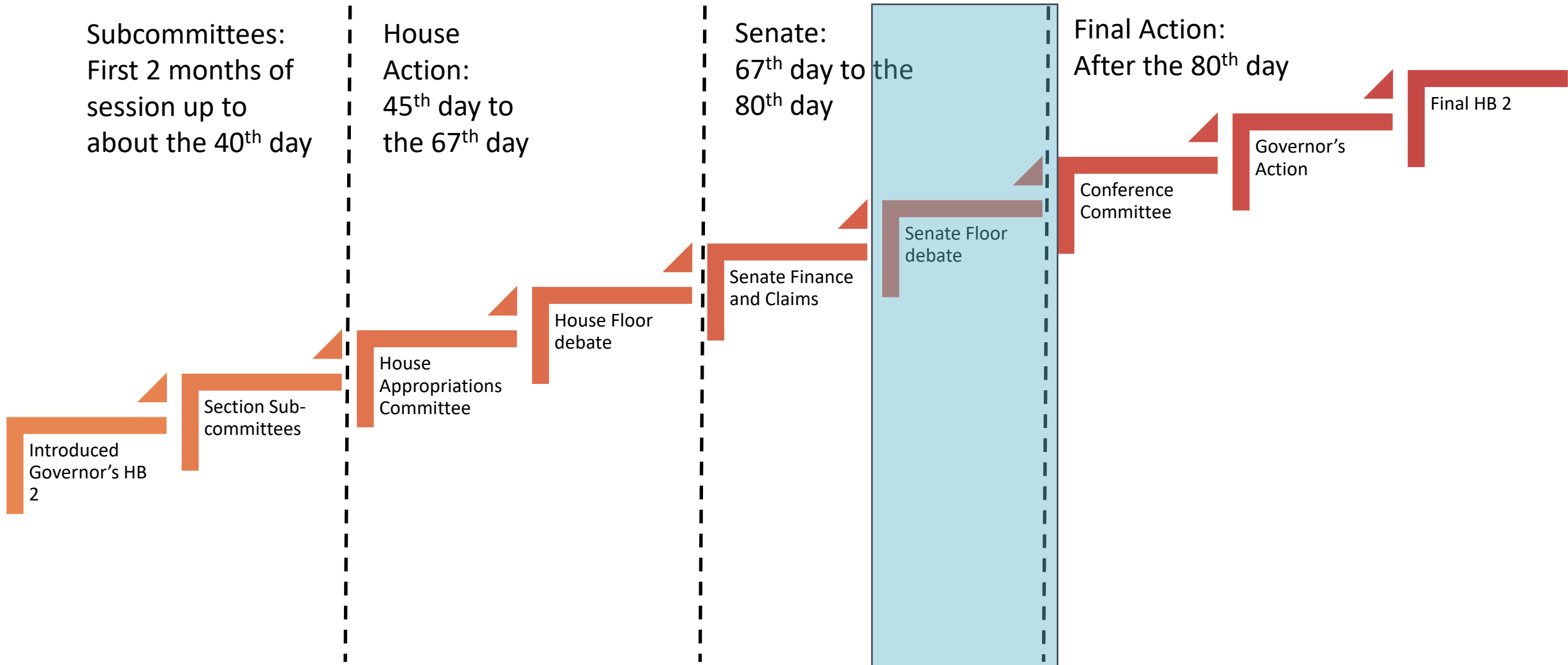


Step #5

Senate Floor

HB 2 General Appropriations Act Process

HB 2 Process



Typical HB 2 Process



Motions may occur after discussing all sections

Typical HB 2 Process:

Step 2: Debate by Section



Step 2: Debate by Section

Subcommittee Vice Chair opening statement

Full committee discussion & questions

Motions

Next Section

Any Boilerplate (1) and Global Motions with first Section

Definitions

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Finalize HB 2 with 2nd and 3rd Reading



Note: after 2nd Reading, amendments need to be entered into the budgeting database, tied out, and a new bill created

HB 2 Returns to House as Amended

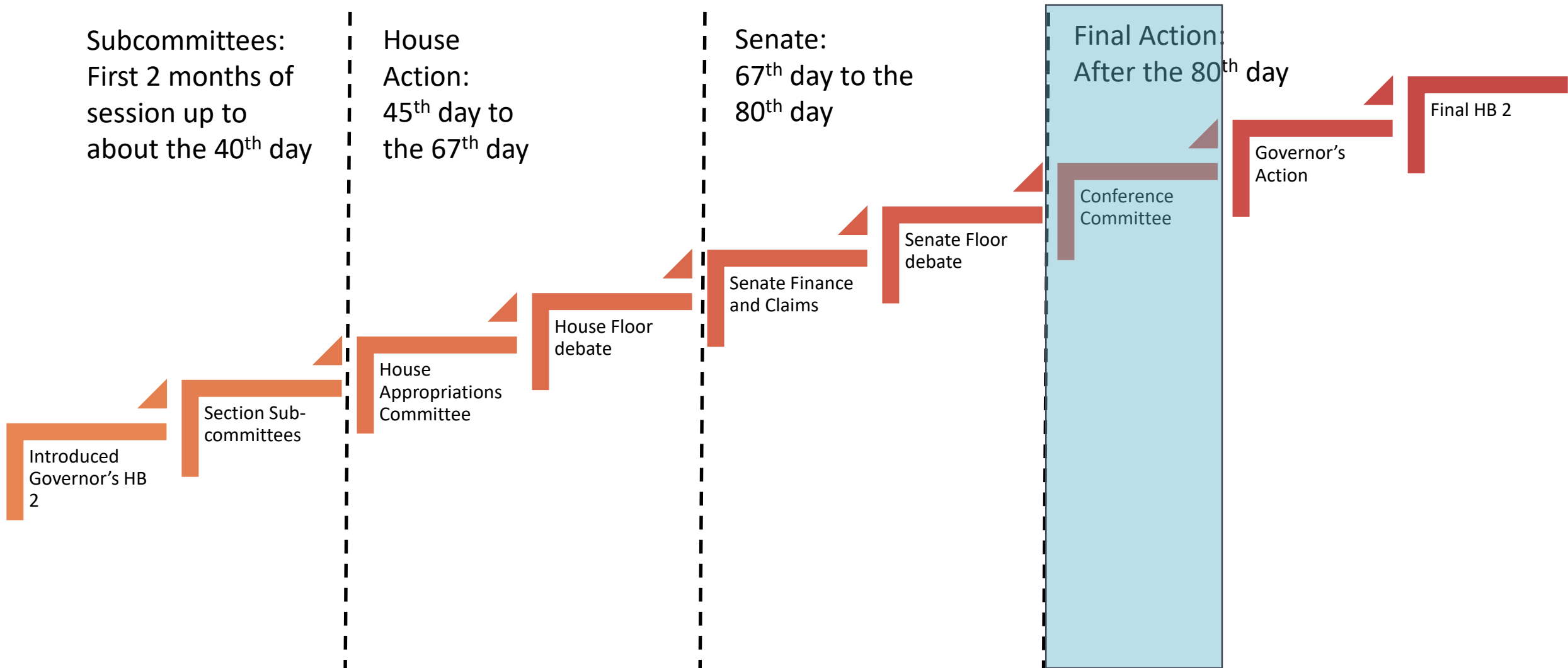
- If HB 2 amendments are not agreed upon by the House, HB 2 will move to a conference committee to resolve the differences between the House and Senate versions of HB 2
- Typically a free conference committee is created allowing any change to HB 2
- House and Senate members comprise the conference committee



Step # 6 Free Conference Committee

HB 2 General Appropriations Act Process

HB 2 Process



Typical HB 2 Process: Can vary based on chair preferences



Senate chairs the FCC. Positive motion of members of each house required for passage of motions.

Free Conference Committee (FCC)

- Can make any change to HB 2
- No public hearing, but motions are made and debated in public
- The appropriations for the fiscal impacts of other bills that have passed or anticipated to pass are included at this time (can also be done earlier in the process)
- The committee may convene at the call of the chair with little notice
- Motions may be by section or in any order



HB 2 Returns to
both houses for
approval of
amendments



Step # 7 Governor

HB 2 General Appropriations Act Process

Governor has choices:

- Sign into law
- Let the bill become law without signature
- Return to legislature with amendments (only if legislature still in session)
- Veto entire bill
- Line item veto