



HOUSE APPROPRIATIONS AND SENATE FINANCE AND CLAIMS

65TH Legislature

TO: HB 2 Subcommittee Chairs
FROM: Senator Ryan Osmondson, Chair, Senate Finance & Claims Committee

A handwritten signature in black ink, appearing to be "Nancy Ballance".

Representative Nancy Ballance, Chair, House Appropriations Committee

A handwritten signature in black ink, appearing to be "Carl Glimm".

Representative Carl Glimm, Chair, House Appropriations Committee

DATE: December 4, 2018

A handwritten signature in black ink, appearing to be "Carl Glimm".

RE: Budget Policy Recommendations

BUDGET INSTRUCTIONS

The following instructions will be used to keep consistency between subcommittees in application of certain budget issues:

Instructions for the Application of Certain Budget Issues

- 1) The starting point motion will be the 2019 Base budget as submitted by the executive and tied out by the Legislative Fiscal Division.
- 2) Personal Services – Recommend subcommittees consider the statewide present law (SWPL) personal services adjustments with the following decision points:
 - a) Formula based changes
 - b) Management Decisions
 - c) Proposed reinstatements of personal services budgets, including adjustments in vacancy savings rates
 - d) Budget modifications that impacted personal services budgets
- 3) Fixed Costs – Recommend the Section A and Section C subcommittees examine fixed cost rates and provide directions regarding the acceptance of the rates to the other subcommittees. Any adjustments should be made on a consistent basis.
- 4) Inflation/Deflation – Direct the Section A subcommittee to examine the inflation/deflation factors and provide directions to the other subcommittees. Any adjustments shall be made on a consistent basis.
- 5) Proposals requiring Legislation – Appropriations for items requiring statutory change should not be included in HB 2 until the required legislation passes, except for K-12 present law inflation and items contained in a HB 2 Companion bill.
- 6) Internal Service Programs – The appropriation subcommittees should not approve decision packages of internal service funded proprietary programs unless quantifiable rate impact information is provided.

- 7) HB 2 Companion Bill – Appropriation subcommittees shall determine any appropriate items for inclusion in a HB 2 companion bill and provide those items to the full House Appropriations Committee for further review. House Appropriations Committee Leadership will provide a vehicle or vehicles for enacting substantive language related to the implementation of appropriations in HB 2 and this legislation will be considered as part of the appropriations process.
- 8) Subcommittees are encouraged to use the following tools to evaluate agency budgets both in the current session and propose for the following session:
 - a) Set outcome goals for the current budget evaluation that include:
 - i. Carefully consider those programs with budgets that were requested by the 2017 legislature to be explained from zero to recommended level
 - ii. Evaluate items that warranted further study during the previous interim and any one-time-only appropriations from the previous session.
 - iii. Other items identified by the committee
 - iv. Consider specific areas that might benefit from a more thorough review of the entire budget, including the base, in this session.
 - b) Set outcome goals for the next session such as:
 - i. Specific areas for evidence based analysis
 - ii. Specific budget areas that explain budgets from zero to recommended
 - iii. Specific performance measures to evaluate new programs
 - iv. Other items identified by the committee
- 9) Volume 10 - Information technology budget process recommendations. Each subcommittee should consider the comparisons in volume 10 when adopting the IT budget for each agency. Section A subcommittee should review format of volume 10 and make recommendations for the next session.
- 10) Only approve statutory appropriations that meet all of the statutory guidance MCA---. Specifically, do not approve statutory appropriations for administrative or operational expenditures.
- 11) For subcommittee hearing process: Require all agency presentation materials be delivered to subcommittee members not later than 3 committee days before the presentation (three hole punched).