



Interim Budget Changes

When the legislature is not in session, agency budgets are monitored as directed in statute. The interim process begins after the legislative session, when agencies must establish a budget operating plan in the state accounting system. The plan provides a financial outline detailing how the agency expects to expend the appropriation provided by the legislature. The initial operating plan must be an exact reflection of the appropriation authorized by the legislature.

- Agencies cannot, under any circumstances, overspend their appropriations — either appropriation authority must be increased, or expenditures must be reduced
- Only the legislature can increase an agency’s general fund appropriation over the biennium

Can Budget Operating Plans Change?

Yes, but there are rules in statute, and *agencies cannot change restricted HB 2 appropriations, which are limited to the purpose and amount.*

How Do Agencies Change Budget Plans?

Budget Change Documents

[Program transfers](#) and [operating plan changes](#)

Agencies can move funds between programs and among the categories of operating expenditures within programs. These type of changes are offsetting, either between programs or types of expenditures, and do not add any overall authority to the agency.

[Budget amendments](#) ([17-7-402, MCA](#))

Agencies can add new federal funds (and state special revenue funds in an emergency) if the funds were not anticipated by the legislature and do not make any present or future commitment of general fund. Budget amendments represent an increase in the overall appropriation authority available to an agency.

[Supplemental Appropriation Transfers](#) ([17-7-301, MCA](#))

Agencies with annual appropriation authority may transfer appropriation authority, including general fund, from the second year of the biennium to the first to cover shortfalls in appropriation authority. In most instances, the agency provides a plan for reducing second year expenses.

[Fiscal Year Transfers](#) ([17-7-311, MCA](#))

Agencies with biennial appropriation authority may transfer funds, including general fund, between years as needed.

Post Session and Interim In Brief

- Changes can be made in the way agencies spend money during the interim.
- Appropriation authority can be added under strictly controlled circumstances. No general fund can be added without the approval of the full legislature.
- The Governor must order agencies to reduce spending if the projected general fund ending fund balance falls below a statutory trigger point.
- The Governor and other approving authorities can transfer funds (including general fund) from the second year of the biennium to the first to cover shortfalls in appropriation authority.
- Legislative oversight through the Legislative Finance Committee and/or the Legislative Fiscal Analyst exists in all instances.

Is There Oversight for Budget Operating Plan Changes?

Absolutely.

Legislative Oversight

Statute doesn't put any limit on the size or number of changes, although the "approving authority" ([defined in 17-7-102, MCA](#)) must approve all budget plan changes. If the change is significant enough to signal a potential change in policy from the legislative appropriation (this criteria is defined in statute), it must be reviewed by the Legislative Finance Committee prior to enactment.

What is the Legislative Finance Committee's Role in Budget Oversight?

Before the Governor or other approving authority can approve the transfer of general fund from the second year to the first, the Legislative Finance Committee must review the proposed budget change. The committee can choose to report to the approving authority on whether it believes statutory requirements have been met, or it can choose not to report. If the committee chooses not to report, the approving authority must wait 90 days before it can approve the transfer.

Imbalance Between Revenues and Expenditures

Circumstances can result in fiscal difficulties during the interim (such as an increase in prison population) and an imbalance between revenues and expenditures may occur.

The legislature has provided direction in statute ([17-7-140, MCA](#)) for dealing with these circumstances.

An Agency Needs More Appropriation Authority and the Legislature is in Session, How Do They Get It?

If the agency anticipates spending more in the second year than is available through appropriation, it must request additional authority from the legislature during the legislative session. Typically this is accomplished through [HB 3](#).