

HOUSE BILL NO. 8

INTRODUCED BY BARDANOUE

IN THE HOUSE

JULY 6, 1992                   INTRODUCED AND REFERRED TO COMMITTEE  
                                  ON APPROPRIATIONS.

                                  FIRST READING.

JULY 14, 1992                   COMMITTEE RECOMMEND BILL  
                                  DO PASS AS AMENDED. REPORT ADOPTED.

                                  PRINTING REPORT.

                                  SECOND READING, DO PASS AS AMENDED.

                                  THIRD READING, PASSED.  
                                  AYES, 88; NOES, 10.

JULY 15, 1992                   ENGROSSING REPORT.

                                  TRANSMITTED TO SENATE.

IN THE SENATE

JULY 16, 1992                   INTRODUCED AND REFERRED TO COMMITTEE  
                                  ON FINANCE & CLAIMS.

                                  FIRST READING.

JULY 18, 1992                   COMMITTEE RECOMMEND BILL BE  
                                  CONCURRED IN AS AMENDED. REPORT  
                                  ADOPTED.

                                  THIRD READING, CONCURRED.  
                                  AYES, 38; NOES, 10.

                                  RETURNED TO HOUSE WITH AMENDMENTS.

IN THE HOUSE

JULY 18, 1992                   RECEIVED FROM SENATE.

                                  SECOND READING, AMENDMENTS  
                                  CONCURRED IN.

                                  THIRD READING, AMENDMENTS  
                                  CONCURRED IN.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

HOUSE BILL NO. 8  
INTRODUCED BY BARDANOUE

A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING THAT THE GOVERNOR HAS THE AUTHORITY TO DIRECT AGENCIES TO REDUCE SPENDING IN THE EVENT OF A PROJECTED GENERAL FUND BUDGET DEFICIT; PROVIDING GUIDELINES FOR DIRECTING AGENCIES TO REDUCE GENERAL FUND SPENDING; PROVIDING PROCEDURES TO BE USED IN DETERMINING WHEN A PROJECTED GENERAL FUND BUDGET DEFICIT EXISTS AND IN ESTABLISHING REDUCTIONS IN GENERAL FUND SPENDING; CLARIFYING THAT REVERSIONS FROM ALL GENERAL FUND APPROPRIATIONS THAT RESULT FROM REDUCTIONS IN SPENDING MUST REVERT TO THE GENERAL FUND; DEFINING THE TERM "PROJECTED GENERAL FUND BUDGET DEFICIT"; AMENDING SECTIONS 17-7-140 AND 17-7-304, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A TERMINATION DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 17-7-140, MCA, is amended to read:

"17-7-140. Reduction of--appropriation in spending.

(1) (a) As the chief budget officer of the state, the governor shall ensure that the expenditure of appropriations does not exceed available revenue. Except as provided in subsection (2), in the event of a shortfall-in-revenue projected general fund budget deficit, the governor, taking

into account the criteria provided in subsection (1)(b), may shall direct agencies to reduce appropriations spending in an amount that ensures that the projected ending general fund balance for the biennium will be at least 1% of all general fund appropriations during the biennium. An appropriation agency may not be reduced required to reduce general fund spending for any program, as defined in each general appropriations act, by more than 15% 10% during a biennium. The legislature may exempt from a reduction an appropriation item within a program or may direct that the appropriation item may not be reduced by more than 10%.

(b) The governor shall direct agencies to manage their budgets in order to reduce general fund expenditures. Prior to directing agencies to reduce spending as provided in subsection (1)(a), the governor shall direct each agency to analyze the nature of each program that receives a general fund appropriation to determine whether the program is mandatory or permissive and to analyze the impact of the proposed reduction in spending on the purpose of the program. An agency shall submit its analysis to the office of budget and program planning and shall at the same time provide a copy of the analysis to the legislative fiscal analyst. The office of budget and program planning shall review each agency's analysis, and the budget director shall submit to the governor a copy of the office of budget and



program planning's recommendations for reductions in spending. The budget director shall provide a copy of the recommendations to the legislative fiscal analyst at the time the recommendations are submitted to the governor and shall provide the legislative fiscal analyst with any proposed changes to the recommendations. The legislative finance committee shall meet within 20 days of the date that the proposed changes to the recommendations for reductions in spending are provided to the legislative fiscal analyst. The legislative fiscal analyst shall provide a copy of the legislative fiscal analyst's review of the proposed reductions in spending to the budget director at least 5 days before the meeting of the legislative finance committee. The committee may make recommendations concerning the proposed reductions in spending. The governor shall consider each agency's analysis and the recommendations of the office of budget and program planning and the legislative finance committee in determining the agency's reduction in spending. Reductions in spending must be designed to have the least adverse impact on the provision of services determined to be most integral to the discharge of the agency's statutory responsibilities.

(2) ~~The--appropriations~~ Reductions in spending for the following may not be reduced directed by the governor:

- (a) payment of interest and principal on state debt;

- (b) the legislative branch;
- (c) the judicial branch;
- (d) the school foundation program, including special education; and
- (e) salaries of elected officials during their terms of office.

(3) (a) As used in this section, "projected general fund budget deficit" means an amount, certified by the budget director to the governor, of the projected negative ending general fund balance for the biennium or 2% of the general fund appropriations for the second fiscal year of the biennium. In determining the amount of the projected general fund budget deficit, the budget director shall take into account revenue, established levels of appropriation, anticipated supplemental appropriations for school equalization aid, and anticipated reversions.

(b) If the budget director determines that an amount of actual or projected receipts will result in an amount less than the amount projected to be received in the revenue estimate established pursuant to 5-18-107, the budget director shall notify the revenue oversight committee of the estimated amount. Within 20 days of notification, the revenue oversight committee shall provide the budget director with any recommendations concerning the amount. The budget director shall consider any recommendations of the

1 revenue oversight committee prior to certifying a projected  
2 general fund budget deficit to the governor."

3 **Section 2.** Section 17-7-304, MCA, is amended to read:

4 "17-7-304. Disposal of unexpended appropriations. (1)

5 All moneys money appropriated for any specific purpose  
6 except those appropriated for the university system units  
7 listed in subsection (2) shall, after the expiration of the  
8 time for which ~~so~~ appropriated, revert to the several funds  
9 and accounts from which originally appropriated. However,  
10 any unexpended balance in any specific appropriation may be  
11 used for the years for which the appropriation was made.

12 (2) Except as provided in 17-2-108 and subsection (3)  
13 of this section, all money appropriated for the university  
14 of Montana at Missoula, Montana state university at Bozeman,  
15 Montana college of mineral science and technology at Butte,  
16 eastern Montana college at Billings, northern Montana  
17 college at Havre, western Montana college of the university  
18 of Montana at Dillon, the agricultural experiment station  
19 with central offices at Bozeman, the forest and conservation  
20 experiment station with central offices at Missoula, the  
21 cooperative extension service with central offices at  
22 Bozeman, the bureau of mines and geology with central  
23 offices in Butte, and the vocational-technical centers at  
24 Billings, Butte, Great Falls, Helena, and Missoula must,  
25 after the expiration of the time for which appropriated,

1 revert to an account held by the board of regents. The board  
2 of regents is authorized to maintain a fund balance. There  
3 is a statutory appropriation, as provided in 17-7-502, to  
4 use the funds held in this account in accordance with a  
5 long-term plan for major and deferred maintenance  
6 expenditures and equipment or fixed assets purchases  
7 prepared by the affected university system units and  
8 approved by the board of regents. The affected university  
9 system units may, with the approval of the board of regents,  
10 modify the long-term plan at any time to address changing  
11 needs and priorities. The board of regents shall communicate  
12 the plan to each legislature, to the finance committee when  
13 requested by the committee, and to the office of budget and  
14 program planning.

15 (3) Subsection (2) does not apply to reversions that  
16 are the result of a reduction in spending directed by the  
17 governor pursuant to 17-7-140. Any amount that is a result  
18 of a reduction in spending directed by the governor must  
19 revert to the fund or account from which it was originally  
20 appropriated. (Subsection (2) terminates June 30, 1996--sec.  
21 23, Ch. 787, L. 1991.)"

22 **NEW SECTION. Section 3.** Effective date -- termination.

23 [This act] is effective on passage and approval, and  
24 [section 2] terminates June 30, 1996.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

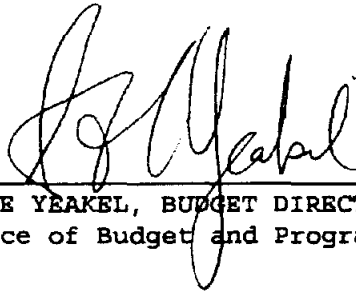
In compliance with a written request, there is hereby submitted a Fiscal Note for HB0008, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act clarifying that the governor has the authority to direct agencies to reduce spending in the event of a projected general fund budget deficit; providing guidelines for directing agencies to reduce general fund spending; providing procedures to be used in determining when a projected general fund budget deficit exists and in establishing reductions in general fund spending; clarifying that reversions from all general fund appropriations that result from reductions in spending must revert to the general fund; defining the term "projected general fund budget deficit"; providing an immediate effective date.

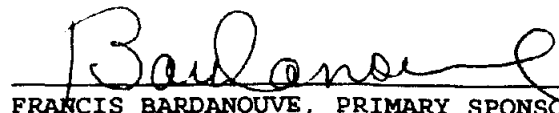
FISCAL IMPACT:

The proposed legislation has no fiscal impact in and of itself. The assumption is made that the current special session takes care of any general fund budget deficit through the end of FY93. The legislation would help in securing a better bond rating for any TRANS issue.



STEVE YEAKEL, BUDGET DIRECTOR  
Office of Budget and Program Planning

2/7/92  
DATE



FRANCIS BARDANOUE, PRIMARY SPONSOR

DATE

Fiscal Note for HB0008, as introduced

HB 8

1 HOUSE BILL NO. 8

2 INTRODUCED BY BARDANOUVE

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING THAT THE  
5 GOVERNOR HAS THE AUTHORITY TO DIRECT AGENCIES TO REDUCE  
6 SPENDING IN THE EVENT OF A PROJECTED GENERAL FUND BUDGET  
7 DEFICIT; PROVIDING GUIDELINES FOR DIRECTING AGENCIES TO  
8 REDUCE GENERAL FUND AND SCHOOL EQUALIZATION AID SPENDING;  
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10 PROJECTED GENERAL FUND BUDGET DEFICIT EXISTS AND IN  
11 ESTABLISHING REDUCTIONS IN GENERAL FUND AND SCHOOL  
12 EQUALIZATION AID SPENDING; CLARIFYING THAT REVERSIONS FROM  
13 ALL GENERAL FUND APPROPRIATIONS THAT RESULT FROM REDUCTIONS  
14 IN SPENDING MUST REVERT TO THE GENERAL FUND; DEFINING THE  
15 TERM "PROJECTED GENERAL FUND BUDGET DEFICIT"; AMENDING  
16 SECTIONS 17-7-140 AND, 17-7-304, 20-9-344, AND 20-9-351,  
17 MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A  
18 TERMINATION DATE."  
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1 subsection (2), in the event of a shortfall-in-revenue  
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5 an amount that ensures that the projected ending general  
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8 appropriation agency may not be reduced required to reduce  
9 general fund spending for any program, as defined in each  
10 general appropriations act, by more than 15% 10% 4% during a  
11 biennium. The legislature may exempt from a reduction an  
12 appropriation item within a program or may direct that the  
13 appropriation item may not be reduced by more than 10% 4%.

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15 budgets in order to reduce general fund AND SCHOOL  
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17 to reduce spending as provided in subsection (1)(a), the  
18 governor shall direct each agency to analyze the nature of  
19 each program that receives a general fund appropriation to  
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24 shall at the same time provide a copy of the analysis to the  
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 9 legislative finance committee shall meet within 20 days of  
 10 the date that the proposed changes to the recommendations  
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- 6 education; and
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 24 estimated amount. Within 20 days of notification, the  
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 13 used for the years for which the appropriation was made.

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 15 of this section, all money appropriated for the university  
 16 of Montana at Missoula, Montana state university at Bozeman,  
 17 Montana college of mineral science and technology at Butte,  
 18 eastern Montana college at Billings, northern Montana  
 19 college at Havre, western Montana college of the university  
 20 of Montana at Dillon, the agricultural experiment station  
 21 with central offices at Bozeman, the forest and conservation  
 22 experiment station with central offices at Missoula, the  
 23 cooperative extension service with central offices at  
 24 Bozeman, the bureau of mines and geology with central  
 25 offices in Butte, and the vocational-technical centers at

1 Billings, Butte, Great Falls, Helena, and Missoula must,  
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 4 of regents is authorized to maintain a fund balance. There  
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 6 use the funds held in this account in accordance with a  
 7 long-term plan for major and deferred maintenance  
 8 expenditures and equipment or fixed assets purchases  
 9 prepared by the affected university system units and  
 10 approved by the board of regents. The affected university  
 11 system units may, with the approval of the board of regents,  
 12 modify the long-term plan at any time to address changing  
 13 needs and priorities. The board of regents shall communicate  
 14 the plan to each legislature, to the finance committee when  
 15 requested by the committee, and to the office of budget and  
 16 program planning.

17 (3) Subsection (2) does not apply to reversions that  
 18 are the result of a reduction in spending directed by the  
 19 governor pursuant to 17-7-140. Any amount that is a result  
 20 of a reduction in spending directed by the governor must  
 21 revert to the fund or account from which it was originally  
 22 appropriated. (Subsection (2) terminates June 30, 1996--sec.  
 23 23, Ch. 787, L. 1991.)"

24 **SECTION 3.** SECTION 20-9-344, MCA, IS AMENDED TO READ:

25 **"20-9-344. Purpose of state equalization aid and duties**

1 of board of public education for distribution -- conditions  
2 of first payment. (1) The money available for state  
3 equalization aid must be distributed and apportioned to  
4 provide:

5 (a) an annual minimum operating revenue for the  
6 elementary and high schools in each county, exclusive of  
7 revenues required for debt service and for the payment of  
8 any costs and expense incurred in connection with any adult  
9 education program, recreation program, school food services  
10 program, new buildings and grounds, and transportation; and

11 (b) the Montana educational telecommunications network  
12 as provided in 20-32-101.

13 (2) The board of public education shall administer and  
14 distribute the state equalization aid in the manner and with  
15 the powers and duties provided by law. To this end, the  
16 board of public education shall:

17 (a) adopt policies for regulating the distribution of  
18 state equalization aid in accordance with the provisions of  
19 law and in a manner that provides for monthly distribution  
20 to each district of its foundation program amount and to  
21 each county and district distribution of its guaranteed tax  
22 base aid;

23 (b) have the power to require reports from the county  
24 superintendents, budget boards, county treasurers, and  
25 trustees as it considers necessary; and

1 (c) order the superintendent of public instruction to  
2 distribute the state equalization aid on the basis of each  
3 district's annual entitlement to the aid as established by  
4 the superintendent of public instruction. In ordering the  
5 distribution of state equalization aid, the board of public  
6 education may not increase or decrease the state  
7 equalization aid distribution to any district on account of  
8 any difference that may occur during the school fiscal year  
9 between budgeted and actual receipts from any other source  
10 of school revenue.

11 (3) The board of public education may order the  
12 superintendent of public instruction to withhold  
13 distribution of state equalization aid or order the county  
14 superintendent of schools to withhold county equalization  
15 money from a district when:

16 (a) directed by the governor to reduce spending  
17 pursuant to 17-7-140; or

18 (b) the district fails to:

19 (a)(i) submit reports or budgets as required by law or  
20 rules adopted by the board of public education; or

21 (b)(ii) maintain accredited status.

22 (4) Prior to any proposed order by the board of public  
23 education to withhold distribution of state equalization aid  
24 or county equalization money, the district is entitled to a  
25 contested case hearing before the board of public education,

1 as provided under the Montana Administrative Procedure Act.

2 (5) If a district or county receives more state  
3 equalization aid than it is entitled to, the county  
4 treasurer shall return the overpayment to the state upon the  
5 request of the superintendent of public instruction in the  
6 manner prescribed by the superintendent of public  
7 instruction.

8 (6) (a) The first foundation program payment and  
9 guaranteed tax base aid payment must be based on an estimate  
10 of 20% of the entitlement of each district or county and  
11 distributed by July 15 of the school fiscal year.

12 (b) Each subsequent monthly payment must be at least 7%  
13 of the entitlement of each district or county."

14 **SECTION 4. SECTION 20-9-351, MCA, IS AMENDED TO READ:**

15 "20-9-351. Funding of deficiency in state equalization  
16 aid. If the money available for state equalization aid is  
17 not the result of a reduction in spending under 17-7-140 and  
18 is not sufficient to provide the foundation program schedule  
19 support determined in 20-9-348 and the guaranteed tax base  
20 aid required under 20-9-366 through 20-9-369, the  
21 superintendent of public instruction shall request the  
22 budget director to submit a request for a supplemental  
23 appropriation in the second year of the biennium that is  
24 sufficient to complete the funding of guaranteed tax base  
25 aid and the foundation programs of the elementary or

1 secondary schools, or both, for the current biennium."

2 **NEW SECTION. Section 5. Effective date -- termination.**

3 [This act] is effective on passage and approval, and  
4 [section 2] terminates June 30, 1996.

-End-

HOUSE BILL NO. 8

INTRODUCED BY BARDANOUVE

A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING THAT THE GOVERNOR HAS THE AUTHORITY TO DIRECT AGENCIES TO REDUCE SPENDING IN THE EVENT OF A PROJECTED GENERAL FUND BUDGET DEFICIT; PROVIDING GUIDELINES FOR DIRECTING AGENCIES TO REDUCE GENERAL FUND ~~ANB-SCHOOL--EQUALIZATION--AID~~ SPENDING; PROVIDING PROCEDURES TO BE USED IN DETERMINING WHEN A PROJECTED GENERAL FUND BUDGET DEFICIT EXISTS AND IN ESTABLISHING REDUCTIONS IN GENERAL FUND ~~ANB--SCHOOL~~ ~~EQUALIZATION-AID~~ SPENDING; CLARIFYING THAT REVERSIONS FROM ALL GENERAL FUND APPROPRIATIONS THAT RESULT FROM REDUCTIONS IN SPENDING MUST REVERT TO THE GENERAL FUND; DEFINING THE TERM "PROJECTED GENERAL FUND BUDGET DEFICIT"; AMENDING SECTIONS 17-7-140 ~~AND~~, 17-7-304, ~~20-9-344~~ ~~7~~ AND 20-9-351, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A TERMINATION DATE."

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1 legislative fiscal analyst. The office of budget and program  
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 24 cooperative extension service with central offices at  
 25 Bozeman, the bureau of mines and geology with central

1 offices in Butte, and the vocational-technical centers at  
 2 Billings, Butte, Great Falls, Helena, and Missoula must,  
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 7 use the funds held in this account in accordance with a  
 8 long-term plan for major and deferred maintenance  
 9 expenditures and equipment or fixed assets purchases  
 10 prepared by the affected university system units and  
 11 approved by the board of regents. The affected university  
 12 system units may, with the approval of the board of regents,  
 13 modify the long-term plan at any time to address changing  
 14 needs and priorities. The board of regents shall communicate  
 15 the plan to each legislature, to the finance committee when  
 16 requested by the committee, and to the office of budget and  
 17 program planning.

18 (3) Subsection (2) does not apply to reversions that  
 19 are the result of a reduction in spending directed by the  
 20 governor pursuant to 17-7-140. Any amount that is a result  
 21 of a reduction in spending directed by the governor must  
 22 revert to the fund or account from which it was originally  
 23 appropriated. (Subsection (2) terminates June 30, 1996--sec.  
 24 23, Ch. 787, L. 1991.)"

25 ~~**SECTION 3.--SECTION 20-9-344, MCA, IS AMENDED TO READ--**~~

1 "20-9-344. Purpose of state equalization aid and duties of board of public education for distribution conditions of first payment; (1) The money available for state equalization aid must be distributed and apportioned to provide:

6 (a) an annual minimum operating revenue for the elementary and high schools in each county, exclusive of revenues required for debt service and for the payment of any costs and expense incurred in connection with any adult education program, recreation program, school food services program, new buildings and grounds, and transportation; and

12 (b) the Montana educational telecommunications network as provided in 20-32-181;

14 (2) The board of public education shall administer and distribute the state equalization aid in the manner and with the powers and duties provided by law. To this end, the board of public education shall:

18 (a) adopt policies for regulating the distribution of state equalization aid in accordance with the provisions of law and in a manner that provides for monthly distribution to each district of its foundation program amount and to each county and district distribution of its guaranteed tax base aid;

24 (b) have the power to require reports from the county superintendents, budget boards, county treasurers, and

1 trustees as it considers necessary; and  
2 (c) order the superintendent of public instruction to  
3 distribute the state equalization aid on the basis of each  
4 district's annual entitlement to the aid as established by  
5 the superintendent of public instruction. In ordering the  
6 distribution of state equalization aid, the board of public  
7 education may not increase or decrease the state  
8 equalization aid distribution to any district on account of  
9 any difference that may occur during the school fiscal year  
10 between budgeted and actual receipts from any other source  
11 of school revenue.

12 (3) The board of public education may order the  
13 superintendent of public instruction to withhold  
14 distribution of state equalization aid or order the county  
15 superintendent of schools to withhold county equalization  
16 money from a district when:

17 (a) directed by the governor to reduce spending  
18 pursuant to 17-7-140; or

19 (b) the district fails to:

20 (a)(i) submit reports or budgets as required by law or  
21 rules adopted by the board of public education; or

22 (b)(ii) maintain accredited status;

23 (4) Prior to any proposed order by the board of public  
24 education to withhold distribution of state equalization aid  
25 or county equalization money, the district is entitled to a

1 ~~contested case hearing before the board of public education,~~  
2 ~~as provided under the Montana Administrative Procedure Act:~~

3 ~~{5}--If--a--district--or--county--receives--more--state~~  
4 ~~equalization--aid--than--it--is--entitled--to--the--county~~  
5 ~~treasurer shall return the overpayment to the state upon the~~  
6 ~~request--of--the--superintendent--of--public--instruction--in--the~~  
7 ~~manner--prescribed--by--the--superintendent--of--public~~  
8 ~~instruction:~~

9 ~~{6}--(a) The--first--foundation--program--payment--and~~  
10 ~~guaranteed tax base aid payment must be based on an estimate~~  
11 ~~of 20% of the entitlement of each--district--or--county--and~~  
12 ~~distributed by July 15 of the school fiscal year:~~

13 ~~{b}--Each subsequent monthly payment must be at least 7%~~  
14 ~~of the entitlement of each district or county."~~

15 **SECTION 3.** SECTION 20-9-351, MCA, IS AMENDED TO READ:

16 "20-9-351. Funding of deficiency in state equalization  
17 aid. If the money available for state equalization aid is  
18 not the result of a reduction in spending under 17-7-140 and  
19 is not sufficient to provide the foundation program schedule  
20 support determined in 20-9-348 and the guaranteed tax base  
21 aid required under 20-9-366 through 20-9-369, the  
22 superintendent of public instruction shall request the  
23 budget director to submit a request for a supplemental  
24 appropriation in the second year of the biennium that is  
25 sufficient to complete the funding of guaranteed tax base

1 aid and the foundation programs of the elementary or  
2 secondary schools, or both, for the current biennium."

3 **NEW SECTION.** Section 4. Effective date -- termination.

4 [This act] is effective on passage and approval, and  
5 [section 2] terminates June 30, 1996.

-End-



SENATE STANDING COMMITTEE REPORT

Page 1 of 1  
July 18, 1992

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. 8 (third reading copy -- blue), respectfully report that House Bill No. 8 be amended and as so amended be concurred in:

1. Amend Senate Finance and Claims committee report dated July 16, 1992.

Amendment No. 1

Strike amendment No. 1 in its entirety.

AND THAT HOUSE BILL NO. 8, THIRD READING COPY, BE FURTHER AMENDED AS FOLLOWS:

2. Page 2, line 11.

Following: "biennium."

Insert: "Departments or agencies headed by elected officials or the board of regents may not be required to reduce general fund spending by a percentage greater than the percentage of general fund spending reductions required for the total of all other executive branch agencies."

3. Page 4, line 12.

Following: "governor."

Strike: "of"

Insert: "by which"

Strike: "negative"

4. Page 4, line 13.

Following: "biennium"

Strike: "or"

Insert: "is less than"

Signed:

*Judy H. Jacobson*  
Judy H. Jacobson, Chairman

*MR 7-14-92*  
Ad. Coord.

*SB 7-14-92*  
Sec. of Senate

SENATE

ji

SENATE COMMITTEE OF THE WHOLE AMENDMENT

July 18, 1992 1:32 pm

July 18, 1992

Page 2 of 3

Mr. Chairman: I move to amend House Bill No. 8 (third reading copy -- blue) as follows:

1. Title, line 15.

Following: ";"

Insert: "REQUIRING A DEPARTMENT HEAD TO PRIORITIZE THE DUTIES OF THE DEPARTMENT IN SUBMITTING A BUDGET IN ORDER TO ASSIST THE GOVERNOR IN MAKING DECISIONS CONCERNING REDUCTIONS IN SPENDING;"

2. Title, line 16.

Following: "SECTIONS"

Insert: "17-7-111,"

3. Page 10, line 3.

Following: line 2

Insert: "Section 4. Section 17-7-111, MCA, is amended to read:

"17-7-111. Agency program budgets -- form distribution and contents. (1) In the preparation of a state budget, the budget director shall, not later than July 1 in the year preceding the convening of the legislature, distribute to all state offices and departments, including the judicial branch and the legislative branch, the proper forms necessary for the preparation of budget estimates. These forms shall be prescribed by the budget director to procure the information required by subsection (2).

(2) The agency budget requests, when completed by the budget office, must set forth a balanced financial plan for the agency completing the forms for each fiscal year of the ensuing biennium. The plan must consist of:

(a) a consolidated agency budget summary for current level expenditures and for each modification request setting forth the aggregate figures of the full-time equivalent personnel positions (FTE) and the budget in such manner as to show a balance between the total proposed disbursements and the total anticipated receipts, together with the other means of financing the budget for each fiscal year of the ensuing biennium, contrasted with the corresponding figures for the last completed fiscal year and the fiscal year in progress. The consolidated budget summary must be supported by schedules classifying receipts and disbursements contained therein by fund and, where applicable, organizational unit.

(b) a schedule of the actual and projected receipts, disbursements, and solvency of each accounting entity within each fund for the current and subsequent biennium;

(c) a detailed schedule of receipts, by accounting entity within each fund, indicating classification and source of funds;

(d) an agency schedule summarizing past and proposed spending plans and the means of financing the proposed plan.

Information presented shall include the following:

(i) a statement of agency goals and objectives and a statement of goals and objectives for each program of the agency. Such goals and objectives must include, in a concise form, sufficient specific information and quantifiable information to enable the legislature to formulate an appropriations policy regarding the agency and its programs and to allow a determination, at some future date, on whether the agency has succeeded in attaining its goals and objectives. The goals and objectives must contain a list of duties prioritized by the department director to reflect the director's opinion concerning the importance of the duties assigned to the agency by law. Any discretionary programs established by the agency that are not required by law must also be enumerated.

(ii) actual FTE and disbursements for the completed fiscal year of the current biennium, estimated FTE and disbursements for the current fiscal year, and the agency's request for the ensuing biennium, by program; and

(iii) actual disbursements for the completed fiscal year of the current biennium, estimated disbursements for the current fiscal year, and the agency's recommendations for the ensuing biennium, by disbursement category;

(e) any other information the budget director feels is necessary for the preparation of a budget.

(3) The budget director must also prepare and submit to the legislative fiscal analyst in accordance with 17-7-112:

(a) detailed recommendations for the state long-range building program. Each recommendation shall be presented by department, institution, agency, or branch by funding source, with a description of each proposed project; and

(b) the proposed pay plan schedule for all executive branch employees, with the specific cost and funding recommendations for each agency. Submission of a pay plan schedule under this subsection is not an unfair labor practice under 39-31-401.

(4) The board of regents shall submit, with its budget request for each university unit in accordance with 17-7-112, a report on the university system bonded indebtedness and related finances as provided in this subsection (4). The report must include the following information for each year of the biennium, contrasted with the same information for the last completed fiscal year and the fiscal year in progress:

(a) a schedule of estimated total bonded indebtedness for each university unit by bond indenture;

(b) a schedule of estimated revenue, expenditures, and fund balances by fiscal year for each outstanding bond indenture, clearly delineating the accounts relating to each indenture and the minimum legal funding requirements for each bond indenture; and

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Page 3 of 3

(c) a schedule showing the total funds available from each bond indenture and its associated accounts, with a list of commitments and planned expenditures from such accounts, itemized by revenue source and project for each year of the current and ensuing bienniums."

Renumber: subsequent section

ADOPT

REJECT

Signed:   
Senator Grosfield

AKC 7-18-92  
Amd. Coord.  
875 7-18-92  
Sec. of Senate

HOUSE BILL NO. 8  
INTRODUCED BY BARDANOUE

A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING THAT THE GOVERNOR HAS THE AUTHORITY TO DIRECT AGENCIES TO REDUCE SPENDING IN THE EVENT OF A PROJECTED GENERAL FUND BUDGET DEFICIT; PROVIDING GUIDELINES FOR DIRECTING AGENCIES TO REDUCE GENERAL FUND ~~AND-SCHOOL-EQUALIZATION-AID~~ SPENDING; PROVIDING PROCEDURES TO BE USED IN DETERMINING WHEN A PROJECTED GENERAL FUND BUDGET DEFICIT EXISTS AND IN ESTABLISHING REDUCTIONS IN GENERAL FUND ~~AND-SCHOOL-EQUALIZATION-AID~~ SPENDING; CLARIFYING THAT REVERSIONS FROM ALL GENERAL FUND APPROPRIATIONS THAT RESULT FROM REDUCTIONS IN SPENDING MUST REVERT TO THE GENERAL FUND; DEFINING THE TERM "PROJECTED GENERAL FUND BUDGET DEFICIT"; REQUIRING A DEPARTMENT HEAD TO PRIORITIZE THE DUTIES OF THE DEPARTMENT IN SUBMITTING A BUDGET IN ORDER TO ASSIST THE GOVERNOR IN MAKING DECISIONS CONCERNING REDUCTIONS IN SPENDING; AMENDING SECTIONS 17-7-111, 17-7-140 AND, 17-7-304, 20-9-344, AND 20-9-351, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A TERMINATION DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**Section 1.** Section 17-7-140, MCA, is amended to read:

"17-7-140. Reduction of ~~an~~ appropriation in spending.

(1) (a) As the chief budget officer of the state, the governor shall ensure that the expenditure of appropriations does not exceed available revenue. Except as provided in subsection (2), in the event of a ~~shortfall in revenue~~ projected general fund budget deficit, the governor, taking into account the criteria provided in subsection (1)(b), may shall direct agencies to reduce appropriations spending in an amount that ensures that the projected ending general fund balance for the biennium will be at least 1% of all general fund appropriations during the biennium. An appropriation agency may not be reduced required to reduce general fund spending for any program, as defined in each general appropriations act, by more than 15% ~~10%~~ 4% 10% during a biennium ~~NOR MAY ANY AGENCY BE REQUIRED TO REDUCE GENERAL FUND SPENDING BY A PERCENTAGE GREATER THAN ANY OTHER AGENCY, BASED ON A CONSISTENT BASE. DEPARTMENTS OR AGENCIES HEADED BY ELECTED OFFICIALS OR THE BOARD OF REGENTS MAY NOT BE REQUIRED TO REDUCE GENERAL FUND SPENDING BY A PERCENTAGE GREATER THAN THE PERCENTAGE OF GENERAL FUND SPENDING REDUCTIONS REQUIRED FOR THE TOTAL OF ALL OTHER EXECUTIVE BRANCH AGENCIES. The legislature may exempt from a reduction an appropriation item within a program or may direct that the appropriation item may not be reduced by more than 10% ~~10%~~ 4% 10%.~~

(b) The governor shall direct agencies to manage their

1 budgets in order to reduce general fund ~~AND---SCHOOL~~  
 2 EQUALIZATION--AID expenditures. Prior to directing agencies  
 3 to reduce spending as provided in subsection (1)(a), the  
 4 governor shall direct each agency to analyze the nature of  
 5 each program that receives a general fund appropriation to  
 6 determine whether the program is mandatory or permissive and  
 7 to analyze the impact of the proposed reduction in spending  
 8 on the purpose of the program. An agency shall submit its  
 9 analysis to the office of budget and program planning and  
 10 shall at the same time provide a copy of the analysis to the  
 11 legislative fiscal analyst. The office of budget and program  
 12 planning shall review each agency's analysis, and the budget  
 13 director shall submit to the governor a copy of the office  
 14 of budget and program planning's recommendations for  
 15 reductions in spending. The budget director shall provide a  
 16 copy of the recommendations to the legislative fiscal  
 17 analyst at the time the recommendations are submitted to the  
 18 governor and shall provide the legislative fiscal analyst  
 19 with any proposed changes to the recommendations. The  
 20 legislative finance committee shall meet within 20 days of  
 21 the date that the proposed changes to the recommendations  
 22 for reductions in spending are provided to the legislative  
 23 fiscal analyst. The legislative fiscal analyst shall provide  
 24 a copy of the legislative fiscal analyst's review of the  
 25 proposed reductions in spending to the budget director at

1 least 5 days before the meeting of the legislative finance  
 2 committee. The committee may make recommendations concerning  
 3 the proposed reductions in spending. The governor shall  
 4 consider each agency's analysis and the recommendations of  
 5 the office of budget and program planning and the  
 6 legislative finance committee in determining the agency's  
 7 reduction in spending. Reductions in spending must be  
 8 designed to have the least adverse impact on the provision  
 9 of services determined to be most integral to the discharge  
 10 of the agency's statutory responsibilities.

11 (2) The-appropriations Reductions in spending for the  
 12 following may not be reduced directed by the governor:

13 (a) payment of interest and principal on state debt;

14 (b) the legislative branch;

15 (c) the judicial branch;

16 (d) the school foundation program, including special  
 17 education; and

18 (e) salaries of elected officials during their terms of  
 19 office.

20 (3) (a) As used in this section, "projected general  
 21 fund budget deficit" means an amount, certified by the  
 22 budget director to the governor, of BY WHICH the projected  
 23 negative ending general fund balance for the biennium or IS  
 24 LESS THAN 2% of the general fund appropriations for the  
 25 second fiscal year of the biennium. In determining the

1 amount of the projected general fund budget deficit, the  
 2 budget director shall take into account revenue, established  
 3 levels of appropriation, anticipated supplemental  
 4 appropriations for school equalization aid, and anticipated  
 5 reversions.

6 (b) If the budget director determines that an amount of  
 7 actual or projected receipts will result in an amount less  
 8 than the amount projected to be received in the revenue  
 9 estimate established pursuant to 5-18-107, the budget  
 10 director shall notify the revenue oversight committee of the  
 11 estimated amount. Within 20 days of notification, the  
 12 revenue oversight committee shall provide the budget  
 13 director with any recommendations concerning the amount. The  
 14 budget director shall consider any recommendations of the  
 15 revenue oversight committee prior to certifying a projected  
 16 general fund budget deficit to the governor."

17 **Section 2.** Section 17-7-304, MCA, is amended to read:

18 "17-7-304. Disposal of unexpended appropriations. (1)  
 19 All moneys money appropriated for any specific purpose  
 20 except those appropriated for the university system units  
 21 listed in subsection (2) shall, after the expiration of the  
 22 time for which ~~so~~ appropriated, revert to the several funds  
 23 and accounts from which originally appropriated. However,  
 24 any unexpended balance in any specific appropriation may be  
 25 used for the years for which the appropriation was made.

1 (2) Except as provided in 17-2-108 and subsection (3)  
 2 of this section, all money appropriated for the university  
 3 of Montana at Missoula, Montana state university at Bozeman,  
 4 Montana college of mineral science and technology at Butte,  
 5 eastern Montana college at Billings, northern Montana  
 6 college at Havre, western Montana college of the university  
 7 of Montana at Dillon, the agricultural experiment station  
 8 with central offices at Bozeman, the forest and conservation  
 9 experiment station with central offices at Missoula, the  
 10 cooperative extension service with central offices at  
 11 Bozeman, the bureau of mines and geology with central  
 12 offices in Butte, and the vocational-technical centers at  
 13 Billings, Butte, Great Falls, Helena, and Missoula must,  
 14 after the expiration of the time for which appropriated,  
 15 revert to an account held by the board of regents. The board  
 16 of regents is authorized to maintain a fund balance. There  
 17 is a statutory appropriation, as provided in 17-7-502, to  
 18 use the funds held in this account in accordance with a  
 19 long-term plan for major and deferred maintenance  
 20 expenditures and equipment or fixed assets purchases  
 21 prepared by the affected university system units and  
 22 approved by the board of regents. The affected university  
 23 system units may, with the approval of the board of regents,  
 24 modify the long-term plan at any time to address changing  
 25 needs and priorities. The board of regents shall communicate

1 the plan to each legislature, to the finance committee when  
 2 requested by the committee, and to the office of budget and  
 3 program planning.

4 (3) Subsection (2) does not apply to reversions that  
 5 are the result of a reduction in spending directed by the  
 6 governor pursuant to 17-7-140. Any amount that is a result  
 7 of a reduction in spending directed by the governor must  
 8 revert to the fund or account from which it was originally  
 9 appropriated. (Subsection (2) terminates June 30, 1996--sec.  
 10 23, Ch. 787, L. 1991.)"

11 ~~SECTION 3. SECTION 20-9-344, MCA, IS AMENDED TO READ:~~

12 ~~"20-9-344. Purpose of state equalization aid and duties~~  
 13 ~~of board of public education for distribution --- conditions~~  
 14 ~~of first payment; --- (1) The money available for state~~  
 15 ~~equalization aid must be distributed and apportioned to~~  
 16 ~~provide:~~

17 ~~(a) an annual minimum operating revenue for the~~  
 18 ~~elementary and high schools in each county, exclusive of~~  
 19 ~~revenues required for debt service and for the payment of~~  
 20 ~~any costs and expense incurred in connection with any adult~~  
 21 ~~education program, recreation program, school food services~~  
 22 ~~program, new buildings and grounds, and transportation; and~~

23 ~~(b) the Montana educational telecommunications network~~  
 24 ~~as provided in 20-32-101;~~

25 ~~(2) The board of public education shall administer and~~

1 ~~distribute the state equalization aid in the manner and with~~  
 2 ~~the powers and duties provided by law; to this end, the~~  
 3 ~~board of public education shall:~~

4 ~~(a) adopt policies for regulating the distribution of~~  
 5 ~~state equalization aid in accordance with the provisions of~~  
 6 ~~law and in a manner that provides for monthly distribution~~  
 7 ~~to each district of its foundation program amount and to~~  
 8 ~~each county and district distribution of its guaranteed tax~~  
 9 ~~base aid;~~

10 ~~(b) have the power to require reports from the county~~  
 11 ~~superintendents, budget boards, county treasurers, and~~  
 12 ~~trustees as it considers necessary; and~~

13 ~~(c) order the superintendent of public instruction to~~  
 14 ~~distribute the state equalization aid on the basis of each~~  
 15 ~~district's annual entitlement to the aid as established by~~  
 16 ~~the superintendent of public instruction; in ordering the~~  
 17 ~~distribution of state equalization aid, the board of public~~  
 18 ~~education may not increase or decrease the state~~  
 19 ~~equalization aid distribution to any district on account of~~  
 20 ~~any difference that may occur during the school fiscal year~~  
 21 ~~between budgeted and actual receipts from any other source~~  
 22 ~~of school revenue;~~

23 ~~(3) The board of public education may order the~~  
 24 ~~superintendent of public instruction to withhold~~  
 25 ~~distribution of state equalization aid or order the county~~

1 superintendent--of--schools--to--withhold--county--equalization  
2 money--from--a--district--when:

3 (a)--directed--by--the--governor--to--reduce--spending  
4 pursuant--to--17-7-140;--or

5 (b)--the--district--fails--to:

6 (a)(i)--submit--reports--or--budgets--as--required--by--law--or  
7 rules--adopted--by--the--board--of--public--education;--or

8 (b)(ii)--maintain--accredited--status;

9 (4)--Prior--to--any--proposed--order--by--the--board--of--public  
10 education--to--withhold--distribution--of--state--equalization--aid  
11 or--county--equalization--money,--the--district--is--entitled--to--a  
12 contested--case--hearing--before--the--board--of--public--education;  
13 as--provided--under--the--Montana--Administrative--Procedure--Act.

14 (5)--if--a--district--or--county--receives--more--state  
15 equalization--aid--than--it--is--entitled--to,--the--county  
16 treasurer--shall--return--the--overpayment--to--the--state--upon--the  
17 request--of--the--superintendent--of--public--instruction--in--the  
18 manner--prescribed--by--the--superintendent--of--public  
19 instruction.

20 (6)--(a)--The--first--foundation--program--payment--and  
21 guaranteed--tax--base--aid--payment--must--be--based--on--an--estimate  
22 of--20%--of--the--entitlement--of--each--district--or--county--and  
23 distributed--by--July--15--of--the--school--fiscal--year.

24 (b)--Each--subsequent--monthly--payment--must--be--at--least--7%  
25 of--the--entitlement--of--each--district--or--county."

1 **SECTION 3. SECTION 20-9-351, MCA, IS AMENDED TO READ:**

2 "20-9-351. Funding of deficiency in state equalization  
3 aid. If the money available for state equalization aid is  
4 not the result of a reduction in spending under 17-7-140 and  
5 is not sufficient to provide the foundation program schedule  
6 support determined in 20-9-348 and the guaranteed tax base  
7 aid required under 20-9-366 through 20-9-369, the  
8 superintendent of public instruction shall request the  
9 budget director to submit a request for a supplemental  
10 appropriation in the second year of the biennium that is  
11 sufficient to complete the funding of guaranteed tax base  
12 aid and the foundation programs of the elementary or  
13 secondary schools, or both, for the current biennium."

14 **SECTION 4. SECTION 17-7-111, MCA, IS AMENDED TO READ:**

15 "17-7-111. Agency program budgets -- form distribution  
16 and contents. (1) In the preparation of a state budget, the  
17 budget director shall, not later than July 1 in the year  
18 preceding the convening of the legislature, distribute to  
19 all state offices and departments, including the judicial  
20 branch and the legislative branch, the proper forms  
21 necessary for the preparation of budget estimates. These  
22 forms shall be prescribed by the budget director to procure  
23 the information required by subsection (2).

24 (2) The agency budget requests, when completed by the  
25 budget office, must set forth a balanced financial plan for



1 the agency completing the forms for each fiscal year of the  
2 ensuing biennium. The plan must consist of:

3 (a) a consolidated agency budget summary for current  
4 level expenditures and for each modification request setting  
5 forth the aggregate figures of the full-time equivalent  
6 personnel positions (FTE) and the budget in such manner as  
7 to show a balance between the total proposed disbursements  
8 and the total anticipated receipts, together with the other  
9 means of financing the budget for each fiscal year of the  
10 ensuing biennium, contrasted with the corresponding figures  
11 for the last completed fiscal year and the fiscal year in  
12 progress. The consolidated budget summary must be supported  
13 by schedules classifying receipts and disbursements  
14 contained therein by fund and, where applicable,  
15 organizational unit.

16 (b) a schedule of the actual and projected receipts,  
17 disbursements, and solvency of each accounting entity within  
18 each fund for the current and subsequent biennium;

19 (c) a detailed schedule of receipts, by accounting  
20 entity within each fund, indicating classification and  
21 source of funds;

22 (d) an agency schedule summarizing past and proposed  
23 spending plans and the means of financing the proposed plan.  
24 Information presented shall include the following:

25 (i) a statement of agency goals and objectives and a

1 statement of goals and objectives for each program of the  
2 agency. Such goals and objectives must include, in a concise  
3 form, sufficient specific information and quantifiable  
4 information to enable the legislature to formulate an  
5 appropriations policy regarding the agency and its programs  
6 and to allow a determination, at some future date, on  
7 whether the agency has succeeded in attaining its goals and  
8 objectives. The goals and objectives must contain a list of  
9 duties prioritized by the department director to reflect the  
10 director's opinion concerning the importance of the duties  
11 assigned to the agency by law. Any discretionary programs  
12 established by the agency that are not required by law must  
13 also be enumerated.

14 (ii) actual FTE and disbursements for the completed  
15 fiscal year of the current biennium, estimated FTE and  
16 disbursements for the current fiscal year, and the agency's  
17 request for the ensuing biennium, by program; and

18 (iii) actual disbursements for the completed fiscal year  
19 of the current biennium, estimated disbursements for the  
20 current fiscal year, and the agency's recommendations for  
21 the ensuing biennium, by disbursement category;

22 (e) any other information the budget director feels is  
23 necessary for the preparation of a budget.

24 (3) The budget director must also prepare and submit to  
25 the legislative fiscal analyst in accordance with 17-7-112:

1 (a) detailed recommendations for the state long-range  
2 building program. Each recommendation shall be presented by  
3 department, institution, agency, or branch by funding  
4 source, with a description of each proposed project; and

5 (b) the proposed pay plan schedule for all executive  
6 branch employees, with the specific cost and funding  
7 recommendations for each agency. Submission of a pay plan  
8 schedule under this subsection is not an unfair labor  
9 practice under 39-31-401.

10 (4) The board of regents shall submit, with its budget  
11 request for each university unit in accordance with  
12 17-7-112, a report on the university system bonded  
13 indebtedness and related finances as provided in this  
14 subsection (4). The report must include the following  
15 information for each year of the biennium, contrasted with  
16 the same information for the last completed fiscal year and  
17 the fiscal year in progress:

18 (a) a schedule of estimated total bonded indebtedness  
19 for each university unit by bond indenture;

20 (b) a schedule of estimated revenue, expenditures, and  
21 fund balances by fiscal year for each outstanding bond  
22 indenture, clearly delineating the accounts relating to each  
23 indenture and the minimum legal funding requirements for  
24 each bond indenture; and

25 (c) a schedule showing the total funds available from

1 each bond indenture and its associated accounts, with a list  
2 of commitments and planned expenditures from such accounts,  
3 itemized by revenue source and project for each year of the  
4 current and ensuing bienniums."

5 NEW SECTION. **Section 5.** Effective date -- termination.  
6 [This act] is effective on passage and approval, and  
7 [section 2] terminates June 30, 1996.

-End-