

HOUSE BILL 583

Introduced by S. Rice

2/10	Introduced
2/10	Referred to Appropriations
2/10	First Reading
2/11	Fiscal Note Requested
2/16	Fiscal Note Received
2/17	Fiscal Note Printed
3/02	Hearing
3/17	Tabled in Committee

1 House BILL NO. 583
2 INTRODUCED BY SR
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING INCENTIVES
5 FOR AGENCIES TO REDUCE GENERAL FUND SPENDING; ALLOWING AN
6 AGENCY TO RETAIN 50 PERCENT OF GENERAL FUND REVERSIONS IN
7 THE CALCULATION OF CURRENT FUNDING LEVEL; ALLOWING AN AGENCY
8 TO RETAIN 5 PERCENT OF GENERAL FUND SAVINGS TO BE USED TO
9 PAY FOR PERFORMANCE OF EMPLOYEES; AMENDING SECTIONS 17-7-102
10 AND 17-7-304, MCA; AND PROVIDING AN EFFECTIVE DATE."

11
12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13 **Section 1.** Section 17-7-102, MCA, is amended to read:

14 "17-7-102. Definitions. As used in this chapter, the
15 following definitions apply:

16 (1) "Additional services" means different services or
17 more of the same services.

18 (2) "Agency" means each state office, department,
19 division, board, commission, council, committee,
20 institution, university unit, or other entity or
21 instrumentality of the executive branch, office of the
22 judicial branch, or office of the legislative branch of
23 state government, except for purposes of capital projects
24 administered by the department of administration, for which
25 institutions are treated as one department and university

1 units as one system.

2 (3) "Approved long-range building program budget
3 amendment" means approval by the budget director of a
4 request submitted through the architecture and engineering
5 division of the department of administration to transfer
6 excess funds appropriated to a capital project within an
7 agency to increase the appropriation of another capital
8 project within that agency or to obtain financing to expand
9 a project with funds that were not available for
10 consideration by the legislature.

11 (4) "Approving authority" means:

12 (a) the governor or his the governor's designated
13 representative for executive branch agencies;

14 (b) the chief justice of the supreme court or his the
15 chief justice's designated representative for judicial
16 branch agencies;

17 (c) the speaker for the house of representatives;

18 (d) the president for the senate;

19 (e) appropriate legislative committees or a designated
20 representative for legislative branch agencies; or

21 (f) the board of regents of higher education or its
22 designated representative for the university system.

23 (5) "Budget amendment" means a legislative
24 appropriation to increase spending authority for the special
25 revenue fund, proprietary funds, or unrestricted subfund,

1 contingent on total compliance with all budget amendment
2 procedures.

3 (6) "Current funding level" means that level of funding
4 required to maintain operations and services at the level
5 authorized by the previous legislature, after adjustment for
6 inflation and including 50% of any general fund
7 appropriations reverted during the prior biennium.

8 (7) "Effectiveness measure" means a criterion for
9 measuring the degree to which the objective sought is
10 attained.

11 (8) "Emergency" means a catastrophe, disaster,
12 calamity, or other serious unforeseen and unanticipated
13 circumstance that has occurred subsequent to the time an
14 agency's appropriation was made, that was clearly not within
15 the contemplation of the legislature and the governor, and
16 that affects one or more functions of a state agency and the
17 agency's expenditure requirements for the performance of the
18 function or functions.

19 (9) "Modified funding level" means the current funding
20 level as adjusted to reflect workload increases, the
21 provision of new services, or changes in authorized funding.

22 (10) "Necessary" means essential to the public welfare
23 and of a nature that cannot wait until the next legislative
24 session for legislative consideration.

25 (11) "Priority listing" means a ranking of proposed

1 expenditures in order of importance.

2 (12) "Program" means a combination of resources and
3 activities designed to achieve an objective or objectives.

4 (13) "Program size" means the magnitude of a program
5 such as the size of clientele served, the volume of service
6 in relation to the population or area-etc.

7 (14) "Program size indicator" means a measure to
8 indicate the magnitude of a program.

9 (15) "Requesting agency" means the agency of state
10 government that has requested a specific budget amendment.

11 (16) "University system unit" means the board of regents
12 of higher education, office of the commissioner of higher
13 education, university of Montana at Missoula, Montana state
14 university at Bozeman, Montana college of mineral science
15 and technology at Butte, eastern Montana college at
16 Billings, northern Montana college at Havre, western Montana
17 college of the university of Montana at Dillon, the
18 agricultural experiment station with central offices at
19 Bozeman, the forest and conservation experiment station with
20 central offices at Missoula, the cooperative extension
21 service with central offices at Bozeman, the bureau of mines
22 and geology with central offices at Butte, the fire services
23 training school at Great Falls, the vocational-technical
24 centers at Billings, Butte, Great Falls, Helena, and
25 Missoula, or the community colleges at Miles City, Glendive,

and Kalispell."

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

"17-7-304. (Temporary) Disposal of unexpended appropriations. (1) All Except as provided in subsection (4), money appropriated for any specific purpose except those that appropriated for the university system units listed in subsection (2) ~~shall~~ must, after the expiration of the time biennium for which appropriated, revert to the several funds and accounts from which originally appropriated. However, any unexpended balance in any specific appropriation may be used for the years for which the appropriation was made.

(2) Except as provided in 17-2-108 and subsection (3) of this section, all money appropriated for the university of Montana at Missoula, Montana state university at Bozeman, Montana college of mineral science and technology at Butte, eastern Montana college at Billings, northern Montana college at Havre, western Montana college of the university of Montana at Dillon, the agricultural experiment station with central offices at Bozeman, the forest and conservation experiment station with central offices at Missoula, the cooperative extension service with central offices at Bozeman, the bureau of mines and geology with central offices in Butte, and the vocational-technical centers at Billings, Butte, Great Falls, Helena, and Missoula must,

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

(3) Subsection (2) does not apply to reversions that are the result of a reduction in spending directed by the governor pursuant to 17-7-140. Any amount that is a result of a reduction in spending directed by the governor must revert to the fund or account from which it was originally appropriated.

(4) An agency may retain in a reserve account 5% of unexpended appropriations from the general fund appropriation. The agency may use the reserve account to pay for performance of employees pursuant to a plan approved by

1 the approving authority. The balance in the reserve account
 2 is carried forward to one succeeding biennium, after which
 3 it must revert to the general fund. A reserve account is
 4 statutorily appropriated, as provided in 17-7-502, to the
 5 agency. (Terminates June 30, 1996--sec. 23, Ch. 787, L.
 6 1991; sec. 5, Ch. 5, Sp. L. July 1992.)

7 17-7-304. (Effective July 1, 1996) Disposal of
 8 unexpended appropriations. (1) All moneys Except as provided
 9 in subsection (2), money appropriated for any specific
 10 purpose except those appropriated for the university--system
 11 units--listed--in--subsection--(2)--shall must, after the
 12 expiration of the time biennium for which so appropriated,
 13 revert to the several funds and accounts from which
 14 originally appropriated. However, any unexpended balance in
 15 any specific appropriation may be used for the years
 16 biennium for which the appropriation was made.

17 (2) An agency may retain in a reserve account 5% of
 18 unexpended appropriations from the general fund
 19 appropriation. The agency may use the reserve account to pay
 20 for performance of employees pursuant to a plan approved by
 21 the approving authority. The balance in the reserve account
 22 is carried forward to one succeeding biennium, after which
 23 it must revert to the general fund. A reserve account is
 24 statutorily appropriated, as provided in 17-7-502, to the
 25 agency."

1 NEW SECTION. Section 3. Effective date. [This act] is
 2 effective July 1, 1993.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0583, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act providing incentives for agencies to reduce general fund spending; allowing an agency to retain 50 percent of general fund reversions in the calculation of current funding level; allowing an agency to retain 5 percent of general fund savings to be used to pay for performance of employees; amending sections 17-7-102 and 17-7-304, MCA; and providing an effective date.

ASSUMPTIONS:


1. Anticipated general fund reversions will be \$3.642 million in FY94 and \$3.663 million in FY95 (LFA/OBPP).
2. Agencies will reserve 5% of their reversions to implement performance pay agreements thereby reducing reversions from estimated amounts. A total of \$0.365 million will be available during the 1995 biennium.
3. Appropriations remain active in a reverted status for one year after they lapse to allow agencies to properly debit the correct year for late bills, accrual reversals, etc. It is assumed the 5% performance pay account does not result in negative balances in the reverted appropriations.
4. OBPP and LFA will add 50% of the general fund reversions to the current level base for the 1997 biennium, without adjustments for reverted transactions.
5. Procedures will be developed to minimize additional workload and expenditures. It is assumed the additional requirements would be absorb in the current budget request.

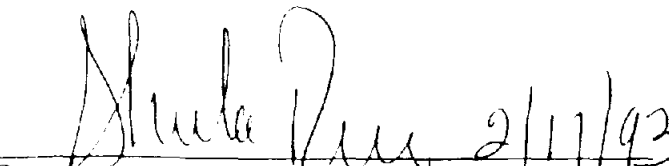
FISCAL IMPACT:

The 5% performance pay provision will reduce anticipated general fund reversions by \$0.365 million over the biennium.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

Allowing 50% of general fund reversions to be included in the 1997 biennium general fund budget will increase current level budget requests by a total of \$3.6 million.


DAVID LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning


SHELIA RICE, PRIMARY SPONSOR DATE

Fiscal Note for HB0583, as introduced

HB583