### HOUSE JOINT RESOLUTION 18

## Introduced by S. Rice

Introduced
Referred to Appropriations
First Reading
Hearing
Committee ReportBill Passed
2nd Reading Passed
3rd Reading Passed
Transmitted to Senate
First Reading
Referred to Finance & Claims
Hearing
Committee Report Bill Concurred
2nd Reading Concurred
3rd Reading Concurred
Returned to House
Signed by Speaker
Signed by President
Filed with Secretary of State

1	Heuse Joint Resolution No. 18
2	INTRODUCED BY SRICE
3	
4	A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF
5	REPRESENTATIVES OF THE STATE OF MONTANA TO ALLOW CERTAIN
6	STATE AGENCIES TO BE SELECTED FOR A PILOT PROJECT ON
7	·· ·· ··- ·· ·· ·· ·· ·· ·· ·
8	LUMP-SUM BUDGETING FOR THE BIENNIUM BEGINNING JULY 1, 1995.
-	
9	WHEREAS, government exists to provide to people services
10	that the private sector cannot or will not provide; and
11	WHEREAS, the Legislature is the policymaking body that
12	decides on behalf of the people of Montana which services
13	state government can and must provide, consistent with the
14	provisions of the Montana Constitution; and
15	WHEREAS, the Legislature enables the provision of these
16	services by determining the missions and goals for Executive
17	Branch agencies and by providing the fiscal resources
18	necessary to achieve the missions and goals through agency
19	budgets; and
20	WHEREAS, the Executive Branch agencies are responsible
21	and accountable for achieving their missions and goals for
22	providing services to Montana people within the constraints
23	of their budgets; and
24	•
	WHEREAS, the budget-setting process cannot anticipate
25	and detail the individual actions necessary to achieve

agency missions and goals in providing services to people
and
WHEREAS, state agency managers are hired specifically to
bring about the individual actions necessary to achieve
agency missions and goals in providing services to people
and
WHEREAS, the Legislature's present practice of
establishing Executive Branch budgets includes detailed line
items that direct and restrict agency spending; and
WHEREAS, the detailed spending directions and
restrictions inhibit achievement of agency missions and
goals by preventing agency managers from identifying and
implementing creative alternatives for reaching their
missions and goals and restrict the ability to respond to
changed circumstances; and
WHEREAS, line-item budgets become an end rather than a
means because they focus the energy, talents, and attention
of agency managers on complying with the details of their
budgets rather than pursuing the agency missions and goal:
in providing services to people; and
WHEREAS, line-item budgets encourage agency managers to
spend their budget allotments because they cannot redirec
savings to other necessary activities and, more importantly
because there is the risk of having future budgets reduce
by the amount of the unspent line item.

LC 1416/01

	WHEREAS,	lump-sum	budgets	without	line	items	allow
age	ncy manage	rs the fle	xibility	to create	incent	tive s	ystems
tha	t encourage	e achievem	ent of a	gency miss	ions a	nd goal	s with
gre	ater effic	iency and	less sper	nding; and			

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whereas, the existing accounting and audit systems in state government can ensure that the increased flexibility would not be abused through any spending that is not directed at achieving agency missions and goals; and

WHEREAS, the Legislature can direct the Governor and Executive Branch agency directors to increase the reporting by agencies to the public and the Legislature regarding the missions and goals to be achieved and the manner in which agencies are allocating budgets to achieve the missions and goals; and

WHEREAS, changing from a line-item approach to a lump-sum budgeting process throughout state government would be impractical during the current biennium; and

WHEREAS, a demonstration of the advantages of lump-sum budgeting in a carefully selected and limited number of agencies for which the Legislature has clearly established missions and goals would be practical and beneficial.

NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA:

(1) That the 53rd Legislature create a pilot project in

1 lump-sum budgeting for state agencies for presentation to

2 the 54th Legislature and allow no more than 10 Executive

3 Branch agencies or subdivisions of Executive Branch agencies

4 to apply for lump-sum budgeting for the biennium beginning

July 1, 1995, based on the following provisions:

6 (a) that each agency that applies agrees to a voluntary
7 10% reduction in general fund dollars for the biennium
8 beginning July 1, 1995;

9 (b) that each agency that applies proposes a
10 performance contract to be made with the Senate Finance and
11 Claims Committee and the House Appropriations Committee and
12 for any standards of performance to which the agency agrees;

13 (c) that instead of the line-item review of spending
14 levels, the appropriations process becomes a negotiation of
15 the performance standards acceptable to the Senate Finance
16 and Claims Committee, the House Appropriations Committee,
17 and the agency; and

18 (d) that the proposed performance standards must 19 include measurable objectives and the consequences for staff 20 for achieving or failing to meet the objectives.

21 (2) That based on the applications submitted, the
22 Senate Finance and Claims Committee and the House
23 Appropriations Committee will qualify up to 10 Executive
24 Branch agencies or subdivisions of agencies for the lump-sum
25 budget process.

- 1 BE IT FURTHER RESOLVED, that each agency selected to
- 2 participate in lump-sum budgeting report to the 55th
- 3 Legislature the results of the pilot project, including the
- 4 measurement of the performance contract completion.

-End-

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# APPROVED BY COMMITTEE ON APPROPRIATIONS

1	House joint resolution no. 18
2	INTRODUCED BY SRICE
3	
4	A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF
5	REPRESENTATIVES OF THE STATE OF MONTANA TO ALLOW CERTAIN
6	STATE AGENCIES TO BE SELECTED FOR A PILOT PROJECT ON
7	LUMP-SUM BUDGETING FOR THE BIENNIUM BEGINNING JULY 1, 1995.
8	
9	WHEREAS, government exists to provide to people services
0	that the private sector cannot or will not provide; and
1	WHEREAS, the Legislature is the policymaking body that
2	decides on behalf of the people of Montana which services
.3	state government can and must provide, consistent with the
.4	provisions of the Montana Constitution; and
.5	WHEREAS, the Legislature enables the provision of these
.6	services by determining the missions and goals for Executive
17	Branch agencies and by providing the fiscal resources
18	necessary to achieve the missions and goals through agency
L9	budgets; and
20	WHEREAS, the Executive Branch agencies are responsible
21	and accountable for achieving their missions and goals for
22	providing services to Montana people within the constraints
23	of their budgets; and
24	WHEREAS, the budget-setting process cannot anticipate

and detail the individual actions necessary to achieve

-	agency missions and goals in providing services to people;
2	and
3	WHEREAS, state agency managers are hired specifically to
4	bring about the individual actions necessary to achieve
5	agency missions and goals in providing services to people;
6	and
7	WHEREAS, the Legislature's present practice of
8	establishing Executive Branch budgets includes detailed line
9	items that direct and restrict agency spending; and
10	WHEREAS, the detailed spending directions and
11	restrictions inhibit achievement of agency missions and
12	goals by preventing agency managers from identifying and
13	implementing creative alternatives for reaching their
14	missions and goals and restrict the ability to respond to
15	changed circumstances; and
16	WHEREAS, line-item budgets become an end rather than a
17	means because they focus the energy, talents, and attention
18	of agency managers on complying with the details of their
19	budgets rather than pursuing the agency missions and goals
20	in providing services to people; and
21	WHEREAS, line-item budgets encourage agency managers to
22	spend their budget allotments because they cannot redirect
23	savings to other necessary activities and, more importantly,
24	because there is the risk of having future budgets reduced

by the amount of the unspent line item; and



LC 1416/01

WHEREAS,	lump-sum	budgets	without	line	items	allow
agency manager	s the fle	<b>x</b> ibility	to create	incen	tive s	ystems
that encourage	achievem	ent of ag	ency miss	ions a	nd goal:	s with
greater effici	ency and	less spen	ding; and			

WHEREAS, the existing accounting and audit systems in state government can ensure that the increased flexibility would not be abused through any spending that is not directed at achieving agency missions and goals; and

WHEREAS, the Legislature can direct the Governor and Executive Branch agency directors to increase the reporting by agencies to the public and the Legislature regarding the missions and goals to be achieved and the manner in which agencies are allocating budgets to achieve the missions and goals; and

WHEREAS, changing from a line-item approach to a lump-sum budgeting process throughout state government would be impractical during the current biennium; and

WHEREAS, a demonstration of the advantages of lump-sum budgeting in a carefully selected and limited number of agencies for which the Legislature has clearly established missions and goals would be practical and beneficial.

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NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA:

(1) That the 53rd Legislature create a pilot project in

- lump-sum budgeting for state agencies for presentation to
  the 54th Legislature and allow no more than 10 Executive
  Branch agencies or subdivisions of Executive Branch agencies
  to apply for lump-sum budgeting for the biennium beginning
  July 1, 1995, based on the following provisions:
- 6 (a) that each agency that applies agrees to a voluntary
  7 10% reduction in general fund dollars for the biennium
  8 beginning July 1, 1995;
- 9 (b) that each agency that applies proposes a
  10 performance contract to be made with the Senate Finance and
  11 Claims Committee and the House Appropriations Committee and
  12 for any standards of performance to which the agency agrees;
- 13 (c) that instead of the line-item review of spending
  14 levels, the appropriations process becomes a negotiation of
  15 the performance standards acceptable to the Senate Finance
  16 and Claims Committee, the House Appropriations Committee,
  17 and the agency; and
- 18 (d) that the proposed performance standards must 19 include measurable objectives and the consequences for staff 20 for achieving or failing to meet the objectives.
- 21 (2) That based on the applications submitted, the
  22 Senate Finance and Claims Committee and the House
  23 Appropriations Committee will qualify up to 10 Executive
  24 Branch agencies or subdivisions of agencies for the lump-sum
  25 budget process.

BE IT FURTHER RESOLVED, that each agency selected to

participate in lump-sum budgeting report to the 55th

Legislature the results of the pilot project, including the

measurement of the performance contract completion.

-End-

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2	INTRODUCED BY SRU
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3	WHEREAS, state agency managers are hired specifically to
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MHEREAS, the existing accounting and audit systems in state government can ensure that the increased flexibility would not be abused through any spending that is not directed at achieving agency missions and goals; and

WHEREAS, the Legislature can direct the Governor and Executive Branch agency directors to increase the reporting by agencies to the public and the Legislature regarding the missions and goals to be achieved and the manner in which agencies are allocating budgets to achieve the missions and goals; and

WHEREAS, changing from a line-item approach to a lump-sum budgeting process throughout state government would be impractical during the current biennium; and

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- 18 (d) that the proposed performance standards must 19 include measurable objectives and the consequences for staff 20 for achieving or failing to meet the objectives.
- 21 (2) That based on the applications submitted, the
  22 Senate Finance and Claims Committee and the House
  23 Appropriations Committee will qualify up to 10 Executive
  24 Branch agencies or subdivisions of agencies for the lump-sum
  25 budget process.

BE IT FURTHER RESOLVED, that each agency selected to
participate in lump-sum budgeting report to the 55th
Legislature the results of the pilot project, including the
measurement of the performance contract completion.

-End-

53rd Legislature

HJR 0018/02

HJR 0018/02

1	HOUSE JOINT RESOLUTION NO. 18	1	agency missions and goals in providing services to people;
2	INTRODUCED BY S. RICE	2	and
3		3	WHEREAS, state agency managers are hired specifically to
4	A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF	4	bring about the individual actions necessary to achieve
5	REPRESENTATIVES OF THE STATE OF MONTANA TO ALLOW CERTAIN	5	agency missions and goals in providing services to people;
6	STATE AGENCIES TO BE SELECTED FOR A PILOT PROJECT ON	6	and
7	LUMP-SUM BUDGETING FOR THE BIENNIUM BEGINNING JULY 1, 1995.	7	WHEREAS, the Legislature's present practice of
8		8	establishing Executive Branch budgets includes detailed line
9	WHEREAS, government exists to provide to people services	9	items that direct and restrict agency spending; and
10	that the private sector cannot or will not provide; and	10	WHEREAS, the detailed spending directions and
11	WHEREAS, the Legislature is the policymaking body that	11	restrictions inhibit achievement of agency missions and
12	decides on behalf of the people of Montana which services	12	goals by preventing agency managers from identifying and
13	state government can and must provide, consistent with the	13	implementing creative alternatives for reaching their
14	provisions of the Montana Constitution; and	14	missions and goals and restrict the ability to respond to
15	WHEREAS, the Legislature enables the provision of these	15	changed circumstances; and
16	services by determining the missions and goals for Executive	16	WHEREAS, line-item budgets become an end rather than a
17	Branch agencies and by providing the fiscal resources	17	means because they focus the energy, talents, and attention
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19	budgets; and	19	budgets rather than pursuing the agency missions and goals
20	WHEREAS, the Executive Branch agencies are responsible	20	in providing services to people; and
21	and accountable for achieving their missions and goals for	21	WHEREAS, line-item budgets encourage agency managers to
22	providing services to Montana people within the constraints	22	spend their budget allotments because they cannot redirect
23	of their budgets; and	23	savings to other necessary activities and, more importantly,
24	WHEREAS, the budget-setting process cannot anticipate	24	because there is the risk of having future budgets reduced
25	and detail the individual actions necessary to achieve	25	by the amount of the unspent line item; and

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agen	cy manage	rs the fle	xibility	to create	incen	tive s	systems
that encourage achievement of agency missions and goals with							
greater efficiency and less spending; and							

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WHEREAS, the Legislature can direct the Governor and Executive Branch agency directors to increase the reporting by agencies to the public and the Legislature regarding the missions and goals to be achieved and the manner in which agencies are allocating budgets to achieve the missions and goals; and

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NOW. THEREFORE. BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA:

(1) That the 53rd Legislature create a pilot project in

1 lump-sum budgeting for state agencies for presentation to 2 the 54th Legislature and allow no more than 10 Executive 3 Branch agencies or subdivisions of Executive Branch agencies to apply for lump-sum budgeting for the biennium beginning July 1, 1995, based on the following provisions:

- (a) that each agency that applies agrees to a voluntary 7 10% reduction in general fund dollars for the biennium 8 beginning July 1, 1995;
  - (b) that each agency that applies proposes a performance contract to be made with the Senate Finance and Claims Committee and the House Appropriations Committee and for any standards of performance to which the agency agrees;
- 13 (c) that instead of the line-item review of spending 14 levels, the appropriations process becomes a negotiation of 15 the performance standards acceptable to the Senate Finance and Claims Committee, the House Appropriations Committee, 16 17 and the agency; and
- 18 (d) that the proposed performance standards must include measurable objectives and the consequences for staff 19 20 for achieving or failing to meet the objectives.
- 21 (2) That based on the applications submitted, the 22 Senate Finance and Claims Committee and the House 23 Appropriations Committee will qualify up to 10 Executive 24 Branch agencies or subdivisions of agencies for the lump-sum 25 budget process.

-3-HJR 18

-4-HJR 18

#### HJR 0018/02

BE IT FURTHER RESOLVED, that each agency selected to
participate in lump-sum budgeting report to the 55th
Legislature the results of the pilot project, including the
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· -End-