

HOUSE JOINT RESOLUTION 18

Introduced by S. Rice

2/15	Introduced
2/15	Referred to Appropriations
2/15	First Reading
3/02	Hearing
3/18	Committee Report--Bill Passed
3/23	2nd Reading Passed
3/24	3rd Reading Passed
	Transmitted to Senate
3/29	First Reading
3/29	Referred to Finance & Claims
4/13	Hearing
4/14	Committee Report--Bill Concurred
4/15	2nd Reading Concurred
4/15	3rd Reading Concurred
	Returned to House
4/21	Signed by Speaker
4/21	Signed by President
4/23	Filed with Secretary of State

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  
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

1    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  
25    by the amount of the unspent line item; and

1 WHEREAS, lump-sum budgets without line items allow  
2 agency managers the flexibility to create incentive systems  
3 that encourage achievement of agency missions and goals with  
4 greater efficiency and less spending; and

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

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

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

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

22  
23 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE  
24 OF REPRESENTATIVES OF THE STATE OF MONTANA:

25 (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  
5 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.

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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-

APPROVED BY COMMITTEE  
ON APPROPRIATIONS

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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

1 agency missions and goals in providing services to people;  
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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;  
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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  
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21 WHEREAS, line-item budgets encourage agency managers to  
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4 greater efficiency and less spending; and

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

9 WHEREAS, the Legislature can direct the Governor and  
10 Executive Branch agency directors to increase the reporting  
11 by agencies to the public and the Legislature regarding the  
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HJR 0018/02

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