

HOUSE BILL 71

Introduced by Tash, et al.

12/07	Introduced
12/07	Referred to Appropriations
12/07	First Reading
12/10	Hearing
12/10	Tabled in Committee
12/14	Taken from the Table
12/14	Committee Report--Bill Passed as Amended
12/16	2nd Reading Passed
12/16	3rd Reading Passed
	Transmitted to Senate
12/17	First Reading
12/17	Referred to Finance & Claims
12/18	Hearing
12/19	Died in Committee

1 House BILL NO. 71
2 INTRODUCED BY Tash
3 Ever Bird John James
4 A BILL FOR AN ACT ENTITLED: AN ACT PROVIDING AUTHORITY FOR
5 LUMP-SUM APPROPRIATIONS TO AGENCIES; REQUIRING AN AGENCY
6 THAT RECEIVES A LUMP-SUM APPROPRIATION TO ADOPT GOALS AND
7 OBJECTIVES AND PERFORMANCE MEASURES FOR THE AGENCY THAT CAN
8 BE OBJECTIVELY EVALUATED IN A PERFORMANCE AUDIT; AMENDING
9 SECTIONS 17-7-111, 17-7-123, 17-7-131, AND 17-7-138, MCA;
10 AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

13 **Section 1.** Section 17-7-111, MCA, is amended to read:

14 "17-7-111. Agency program budgets -- form distribution
15 and contents. (1) In the preparation of a state budget, the
16 budget director shall, not later than July 1 in the year
17 preceding the convening of the legislature, distribute to
18 all state offices and departments, including the judicial
19 branch and the legislative branch, the proper forms
20 necessary for the preparation of budget estimates. These
21 forms must be prescribed by the budget director to procure
22 the information required by subsection (2).

23 (2) The agency budget requests, when completed by the
24 budget office, must set forth a balanced financial plan for
25 the agency completing the forms for each fiscal year of the

1 ensuing biennium. The plan must consist of:

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

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

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

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

24 (i) ~~a statement of agency goals and objectives and a~~
25 ~~statement of goals and objectives for each program of the~~

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

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

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

21 (e) a statement of agency goals and objectives and a
 22 statement of goals and objectives for each program of the
 23 agency. The goals and objectives must include, in a concise
 24 form, the following:

25 (i) sufficient specific information and quantifiable

1 information to enable the legislature to formulate an
 2 appropriations policy regarding the agency and its programs
 3 and to allow a determination, at some future date, on
 4 whether the agency has succeeded in attaining its
 5 objectives;

6 (ii) a list of duties prioritized by the department
 7 director to reflect the director's opinion concerning the
 8 importance of the duties assigned to the agency by law;

9 (iii) an enumeration of any discretionary programs
 10 established by the agency that are not required by law; and

11 (iv) for an agency requesting a lump-sum appropriation,
 12 additional performance measures, including definitions and
 13 data collection methods, to be submitted as a basis for
 14 reaching an agreement on appropriation levels and to provide
 15 criteria that can be objectively evaluated in a performance
 16 audit.

17 ~~(e)~~(f) other information the budget director feels is
 18 necessary for the preparation of a budget.

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

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

25 (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

(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 the accounts, itemized by revenue source and project for each year of the current and ensuing bienniums.

(5) The budget director may not obtain copies of

individual income tax records protected under 15-30-303. The department of revenue shall make individual income tax data available by removing names, addresses, occupations, social security numbers, and taxpayer identification numbers. The department of revenue may not alter the data in any other way. The data is subject to the same restrictions on disclosure as are individual income tax returns."

Section 2. Section 17-7-123, MCA, is amended to read:

"17-7-123. Form of executive budget. (1) The budget submitted must set forth a balanced financial plan for the state government for each fiscal year of the ensuing biennium~~7~~. which Subject to subsection (2), the plan must consist of:

~~(1)~~(a) a consolidated budget summary setting forth the aggregate figures of the budget in a manner that shows 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 explanatory schedules or statements, classifying receipts and disbursements contained therein in the budget by fund and, when applicable, organizational unit;

~~(2)~~(b) an analysis of the actual and projected

receipts, disbursements, and solvency of each accounting entity within each fund for the current and subsequent biennium;

{3}(c) a detailed analysis of receipts by accounting entity within fund indicating classification and source of funds;

{4}(d) a departmental analysis summarizing past and proposed spending plans by agency and the means of financing the proposed plan. Information presented must include the following:

{a}(i) a summary of departmental goals and objectives ~~and--a-statement-of-goals-and-objectives-for-each-program-of the-department;~~

{b}(ii) actual disbursements for the completed fiscal year of the current biennium, estimated disbursements for the current fiscal year, and the current funding level and the modified funding level, if any, for each department and each program of the department; and

{c}(iii) a statement containing recommendations of the governor for the ensuing biennium by program and disbursement category and other matters considered necessary; ~~and.~~

{5}(e) detailed recommendations for the state long-range building program. Each recommendation must be presented by department, institution, agency, or branch by

funding source, with a description of each proposed project. An appropriation measure must be presented by project, source of funding, and department, agency, institution, or branch for which the project is primarily intended.

(2) The executive budget may propose a lump-sum appropriation for an agency. The performance measures for an agency receiving a lump-sum appropriation must provide criteria that can be objectively evaluated in a performance audit."

Section 3. Section 17-7-131, MCA, is amended to read:

"17-7-131. Legislative action. The presiding officers of the house of representatives and of the senate shall promptly refer the executive budgets and budget bills to the proper committees. The budget bill for the maintenance of the agencies of state government and the state institutions ~~shall~~ must be based upon the executive budget and proposed budget bill ~~so-submitted~~. The legislature may amend the proposed budget bill, but it may not amend the proposed budget bill so as to affect either the obligations of the state or the payment of any salaries required to be paid by the constitution and laws of the state. The legislature may provide an agency with a lump-sum appropriation for the operation of all agency programs and for carrying out agency responsibilities. An agency requesting a lump-sum appropriation shall work with the appropriations committee

1 to adopt performance measures related to funding levels. The
 2 performance measures for the agency must provide criteria
 3 that can be objectively evaluated in a performance audit.
 4 The appropriation for the agency must be based on the
 5 performance measures. Funding adjustments must be tied to
 6 revised performance measures."

7 **Section 4.** Section 17-7-138, MCA, is amended to read:

8 "17-7-138. Operating budget. (1) Expenditures Except
 9 for an agency receiving a lump-sum appropriation,
 10 expenditures by a state agency must be made in substantial
 11 compliance with an operating budget approved by an approving
 12 authority. Substantial compliance means that a first-level
 13 category in the operating budget may not be exceeded by more
 14 than 5%. Except as provided in subsection (2), the
 15 expenditure of money appropriated in the general
 16 appropriations act is contingent upon approval of an
 17 operating budget by August 1 of each fiscal year. An
 18 approved original operating budget must comply with state
 19 law and any statement of intent adopted as part of a bill.

20 (2) The expenditure of money appropriated in the
 21 general appropriations act to the university system units,
 22 as defined in 17-7-102, is contingent upon approval of an
 23 operating budget by October 1 of each fiscal year. All other
 24 requirements in this section apply to the university system.

25 (3) The operating budget for money appropriated by the

1 general appropriations act must be separate from the
 2 operating budget for money appropriated by another law
 3 except a law appropriating money for the state pay plan or
 4 any portion of the state pay plan. Each operating budget
 5 must include expenditures for each agency program, detailed
 6 at least by first-level categories as provided in
 7 17-1-102(3). Each agency shall record its operating budget
 8 and any approved changes on the statewide budget and
 9 accounting system. Forms used for changing an operating
 10 budget must reference the current, complete, and approved
 11 operating budget, show the proposed changes to the operating
 12 budget, and reference any other pending documents to change
 13 the operating budget."

14 **NEW SECTION. Section 5.** Effective date. [This act] is
 15 effective on passage and approval.

-End-

APPROVED BY COMMITTEE
ON APPROPRIATIONS

HOUSE BILL NO. 71

INTRODUCED BY TASH, TUSS, EWER, BIRD, KASTEN,
GRIMES, GRADY, J. RICE, PETERSON, HIBBARD

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING AUTHORITY FOR
LUMP-SUM APPROPRIATIONS TO AGENCIES; REQUIRING AN AGENCY
THAT RECEIVES A LUMP-SUM APPROPRIATION TO ADOPT GOALS AND
OBJECTIVES AND PERFORMANCE MEASURES FOR THE AGENCY THAT CAN
BE OBJECTIVELY EVALUATED IN A PERFORMANCE AUDIT; AMENDING
SECTIONS 17-7-111, 17-7-123, 17-7-131, AND 17-7-138, MCA;
AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

Section 1. 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 must 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, showing 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
in the summary by fund and, when 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 must include the following:

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

1 ~~statement--of--goals--and-objectives-for-each-program-of-the~~
 2 ~~agency--The-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 ~~{++} 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 ~~{+++}(ii) actual disbursements for the completed fiscal~~
 19 ~~year of the current biennium, estimated disbursements for~~
 20 ~~the current fiscal year, and the agency's recommendations~~
 21 ~~for the ensuing biennium, by disbursement category; and~~

22 ~~(e) a statement of agency goals and objectives and a~~
 23 ~~statement of goals and objectives for each program of the~~
 24 ~~agency. AN AGENCY THAT IS CONSIDERED FOR A LUMP-SUM~~
 25 ~~APPROPRIATION IS AN AGENCY AS DEFINED IN 17-7-102. The goals~~

1 and objectives must include, in a concise form, the
 2 following:

3 (i) 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
 8 objectives;

9 (ii) a list of duties prioritized by the department
 10 director to reflect the director's opinion concerning the
 11 importance of the duties assigned to the agency by law;

12 (iii) an enumeration of any discretionary programs
 13 established by the agency that are not required by law; and

14 (iv) for an agency requesting a lump-sum appropriation,
 15 additional performance measures, including definitions and
 16 data collection methods, to be submitted as a basis for
 17 reaching an agreement on appropriation levels and to provide
 18 criteria that can be objectively evaluated in a performance
 19 audit.

20 ~~{+}(f)~~ other information the budget director feels is
 21 necessary for the preparation of a budget.

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

24 (a) detailed recommendations for the state long-range
 25 building program. Each recommendation must 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

(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 the

accounts, itemized by revenue source and project for each year of the current and ensuing bienniums.

(5) The budget director may not obtain copies of individual income tax records protected under 15-30-303. The department of revenue shall make individual income tax data available by removing names, addresses, occupations, social security numbers, and taxpayer identification numbers. The department of revenue may not alter the data in any other way. The data is subject to the same restrictions on disclosure as are individual income tax returns."

Section 2. Section 17-7-123, MCA, is amended to read:

"17-7-123. **Form of executive budget.** (1) The budget submitted must set forth a balanced financial plan for the state government for each fiscal year of the ensuing biennium~~7~~. which Subject to subsection (2), the plan must consist of:

~~(1)~~(a) a consolidated budget summary setting forth the aggregate figures of the budget in a manner that shows 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 explanatory schedules or statements, classifying receipts

1 and disbursements contained therein in the budget by fund
2 and, when applicable, organizational unit;

3 {2}{b} an analysis of the actual and projected
4 receipts, disbursements, and solvency of each accounting
5 entity within each fund for the current and subsequent
6 biennium;

7 {3}{c} a detailed analysis of receipts by accounting
8 entity within fund indicating classification and source of
9 funds;

10 {4}{d} a departmental analysis summarizing past and
11 proposed spending plans by agency and the means of financing
12 the proposed plan. Information presented must include the
13 following:

14 {a}{i} a summary of departmental goals and objectives
15 ~~and a statement of goals and objectives for each program of~~
16 ~~the department;~~

17 {b}{ii} actual disbursements for the completed fiscal
18 year of the current biennium, estimated disbursements for
19 the current fiscal year, and the current funding level and
20 the modified funding level, if any, for each department and
21 each program of the department; and

22 {c}{iii} a statement containing recommendations of the
23 governor for the ensuing biennium by program and
24 disbursement category and other matters considered
25 necessary; and.

1 {5}{e} detailed recommendations for the state
2 long-range building program. Each recommendation must be
3 presented by department, institution, agency, or branch by
4 funding source, with a description of each proposed project.
5 An appropriation measure must be presented by project,
6 source of funding, and department, agency, institution, or
7 branch for which the project is primarily intended.

8 (2) The SUBJECT TO THE PROVISIONS OF SUBSECTION (3),
9 THE executive budget may propose a lump-sum appropriation
10 for an agency, EXCEPT THE DEPARTMENT OF PUBLIC SERVICE
11 REGULATION OR THE CONSUMER COUNSEL. The performance measures
12 for an agency receiving a lump-sum appropriation must
13 provide criteria that can be objectively evaluated in a
14 performance audit.

15 (3) AN AGENCY ADMINISTERING A PROGRAM FUNDED BY FEES
16 ESTABLISHED TO RAISE THE AMOUNT APPROPRIATED FOR THE PROGRAM
17 MAY NOT INCLUDE THE APPROPRIATIONS FOR THAT PROGRAM IN ITS
18 REQUEST FOR A LUMP-SUM APPROPRIATION. ALL APPROPRIATIONS FOR
19 SUCH PROGRAMS MUST BE MADE SEPARATELY IN ACCORDANCE WITH
20 TITLE 17, CHAPTER 7."

21 **Section 3.** Section 17-7-131, MCA, is amended to read:

22 *17-7-131. **Legislative action.** The presiding officers
23 of the house of representatives and of the senate shall
24 promptly refer the executive budgets and budget bills to the
25 proper committees. The budget bill for the maintenance of

1 the agencies of state government and the state institutions
 2 ~~shall~~ must be based upon the executive budget and proposed
 3 budget bill ~~so-submitted~~. The legislature may amend the
 4 proposed budget bill, but it may not amend the proposed
 5 budget bill so as to affect either the obligations of the
 6 state or the payment of any salaries required to be paid by
 7 the constitution and laws of the state. The legislature may
 8 provide an agency with a lump-sum appropriation for the
 9 operation of all agency programs and for carrying out agency
 10 responsibilities. THE LEGISLATURE SHALL GIVE PRIORITY TO
 11 THOSE AGENCIES RECOMMENDED FOR LUMP-SUM APPROPRIATIONS IN
 12 THE GOVERNOR'S OFFICE SECTION OF THE GENERAL APPROPRIATIONS
 13 ACT OF 1993. An agency requesting a lump-sum appropriation
 14 shall work with the appropriations committee to adopt
 15 performance measures related to funding levels. The
 16 performance measures for the agency must provide criteria
 17 that can be objectively evaluated in a performance audit.
 18 The appropriation for the agency must be based on the
 19 performance measures. Funding adjustments must be tied to
 20 revised performance measures."

21 **Section 4.** Section 17-7-138, MCA, is amended to read:

22 "17-7-138. Operating budget. (1) Expenditures Except
 23 for an agency receiving a lump-sum appropriation,
 24 expenditures by a state agency must be made in substantial
 25 compliance with an operating budget approved by an approving

1 authority. Substantial compliance means that a first-level
 2 category in the operating budget may not be exceeded by more
 3 than 5%. Except as provided in subsection (2), the
 4 expenditure of money appropriated in the general
 5 appropriations act is contingent upon approval of an
 6 operating budget by August 1 of each fiscal year. An
 7 approved original operating budget must comply with state
 8 law and any statement of intent adopted as part of a bill.

9 (2) The expenditure of money appropriated in the
 10 general appropriations act to the university system units,
 11 as defined in 17-7-102, is contingent upon approval of an
 12 operating budget by October 1 of each fiscal year. All other
 13 requirements in this section apply to the university system.

14 (3) The operating budget for money appropriated by the
 15 general appropriations act must be separate from the
 16 operating budget for money appropriated by another law
 17 except a law appropriating money for the state pay plan or
 18 any portion of the state pay plan. Each operating budget
 19 must include expenditures for each agency program, detailed
 20 at least by first-level categories as provided in
 21 17-1-102(3). Each agency shall record its operating budget
 22 and any approved changes on the statewide budget and
 23 accounting system. Forms used for changing an operating
 24 budget must reference the current, complete, and approved
 25 operating budget, show the proposed changes to the operating

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1 budget, and reference any other pending documents to change
2 the operating budget."

3 NEW SECTION. **Section 5.** Effective date. [This act] is
4 effective on passage and approval.

-End-

HOUSE BILL NO. 71

INTRODUCED BY TASH, TUSS, EWER, BIRD, KASTEN,

GRIMES, GRADY, J. RICE, PETERSON, HIBBARD

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING AUTHORITY FOR LUMP-SUM APPROPRIATIONS TO AGENCIES; REQUIRING AN AGENCY THAT RECEIVES A LUMP-SUM APPROPRIATION TO ADOPT GOALS AND OBJECTIVES AND PERFORMANCE MEASURES FOR THE AGENCY THAT CAN BE OBJECTIVELY EVALUATED IN A PERFORMANCE AUDIT; AMENDING SECTIONS 17-7-111, 17-7-123, 17-7-131, AND 17-7-138, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

Section 1. 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 must 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, showing 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 in the summary by fund and, when 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 must include the following:

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

1 statement--of--goals--and-objectives-for-each-program-of-the
 2 agency--The-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 {iii} 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}{ii} actual disbursements for the completed fiscal
 19 year of the current biennium, estimated disbursements for
 20 the current fiscal year, and the agency's recommendations
 21 for the ensuing biennium, by disbursement category; and

22 (e) a statement of agency goals and objectives and a
 23 statement of goals and objectives for each program of the
 24 agency. AN AGENCY THAT IS CONSIDERED FOR A LUMP-SUM
 25 APPROPRIATION IS AN AGENCY AS DEFINED IN 17-7-102. The goals

1 and objectives must include, in a concise form, the
 2 following:

3 (i) 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
 8 objectives;

9 (ii) a list of duties prioritized by the department
 10 director to reflect the director's opinion concerning the
 11 importance of the duties assigned to the agency by law;

12 (iii) an enumeration of any discretionary programs
 13 established by the agency that are not required by law; and

14 (iv) for an agency requesting a lump-sum appropriation,
 15 additional performance measures, including definitions and
 16 data collection methods, to be submitted as a basis for
 17 reaching an agreement on appropriation levels and to provide
 18 criteria that can be objectively evaluated in a performance
 19 audit.

20 {e}{f} other information the budget director feels is
 21 necessary for the preparation of a budget.

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

24 (a) detailed recommendations for the state long-range
 25 building program. Each recommendation must be presented by

1 department, institution, agency, or branch by funding
2 source, with a description of each proposed project; and

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

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

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

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

23 (c) a schedule showing the total funds available from
24 each bond indenture and its associated accounts, with a list
25 of commitments and planned expenditures from ~~such~~ the

1 accounts, itemized by revenue source and project for each
2 year of the current and ensuing bienniums.

3 (5) The budget director may not obtain copies of
4 individual income tax records protected under 15-30-303. The
5 department of revenue shall make individual income tax data
6 available by removing names, addresses, occupations, social
7 security numbers, and taxpayer identification numbers. The
8 department of revenue may not alter the data in any other
9 way. The data is subject to the same restrictions on
10 disclosure as are individual income tax returns."

11 **Section 2.** Section 17-7-123, MCA, is amended to read:

12 "17-7-123. Form of executive budget. (1) The budget
13 submitted must set forth a balanced financial plan for the
14 state government for each fiscal year of the ensuing
15 biennium, which Subject to subsection (2), the plan must
16 consist of:

17 ~~(1)~~(a) a consolidated budget summary setting forth the
18 aggregate figures of the budget in a manner that shows a
19 balance between the total proposed disbursements and the
20 total anticipated receipts, together with the other means of
21 financing the budget for each fiscal year of the ensuing
22 biennium, contrasted with the corresponding figures for the
23 last completed fiscal year and the fiscal year in progress.
24 The consolidated budget summary must be supported by
25 explanatory schedules or statements, classifying receipts

1 and disbursements contained therein in the budget by fund
2 and, when applicable, organizational unit;

3 (2)(b) an analysis of the actual and projected
4 receipts, disbursements, and solvency of each accounting
5 entity within each fund for the current and subsequent
6 biennium;

7 (3)(c) a detailed analysis of receipts by accounting
8 entity within fund indicating classification and source of
9 funds;

10 (4)(d) a departmental analysis summarizing past and
11 proposed spending plans by agency and the means of financing
12 the proposed plan. Information presented must include the
13 following:

14 (a)(i) a summary of departmental goals and objectives
15 ~~and a statement of goals and objectives for each program of~~
16 ~~the department;~~

17 (b)(ii) actual disbursements for the completed fiscal
18 year of the current biennium, estimated disbursements for
19 the current fiscal year, and the current funding level and
20 the modified funding level, if any, for each department and
21 each program of the department; and

22 (c)(iii) a statement containing recommendations of the
23 governor for the ensuing biennium by program and
24 disbursement category and other matters considered
25 necessary; ~~and.~~

1 (5)(e) detailed recommendations for the state
2 long-range building program. Each recommendation must be
3 presented by department, institution, agency, or branch by
4 funding source, with a description of each proposed project.
5 An appropriation measure must be presented by project,
6 source of funding, and department, agency, institution, or
7 branch for which the project is primarily intended.

8 (2) The SUBJECT TO THE PROVISIONS OF SUBSECTION (3),
9 THE executive budget may propose a lump-sum appropriation
10 for an agency, EXCEPT THE DEPARTMENT OF PUBLIC SERVICE
11 REGULATION OR THE CONSUMER COUNSEL. The performance measures
12 for an agency receiving a lump-sum appropriation must
13 provide criteria that can be objectively evaluated in a
14 performance audit.

15 (3) AN AGENCY ADMINISTERING A PROGRAM FUNDED BY FEES
16 ESTABLISHED TO RAISE THE AMOUNT APPROPRIATED FOR THE PROGRAM
17 MAY NOT INCLUDE THE APPROPRIATIONS FOR THAT PROGRAM IN ITS
18 REQUEST FOR A LUMP-SUM APPROPRIATION. ALL APPROPRIATIONS FOR
19 SUCH PROGRAMS MUST BE MADE SEPARATELY IN ACCORDANCE WITH
20 TITLE 17, CHAPTER 7."

21 **Section 3.** Section 17-7-131, MCA, is amended to read:

22 "17-7-131. **Legislative action.** The presiding officers
23 of the house of representatives and of the senate shall
24 promptly refer the executive budgets and budget bills to the
25 proper committees. The budget bill for the maintenance of

the agencies of state government and the state institutions ~~shall~~ must be based upon the executive budget and proposed budget bill ~~so-submitted~~. The legislature may amend the proposed budget bill, but it may not amend the proposed budget bill so as to affect either the obligations of the state or the payment of any salaries required to be paid by the constitution and laws of the state. The legislature may provide an agency with a lump-sum appropriation for the operation of all agency programs and for carrying out agency responsibilities. THE LEGISLATURE SHALL GIVE PRIORITY TO THOSE AGENCIES RECOMMENDED FOR LUMP-SUM APPROPRIATIONS IN THE GOVERNOR'S OFFICE SECTION OF THE GENERAL APPROPRIATIONS ACT OF 1993. An agency requesting a lump-sum appropriation shall work with the appropriations committee to adopt performance measures related to funding levels. The performance measures for the agency must provide criteria that can be objectively evaluated in a performance audit. The appropriation for the agency must be based on the performance measures. Funding adjustments must be tied to revised performance measures."

Section 4. Section 17-7-138, MCA, is amended to read:

"17-7-138. Operating budget. (1) Expenditures Except for an agency receiving a lump-sum appropriation, expenditures by a state agency must be made in substantial compliance with an operating budget approved by an approving

authority. Substantial compliance means that a first-level category in the operating budget may not be exceeded by more than 5%. Except as provided in subsection (2), the expenditure of money appropriated in the general appropriations act is contingent upon approval of an operating budget by August 1 of each fiscal year. An approved original operating budget must comply with state law and any statement of intent adopted as part of a bill.

(2) The expenditure of money appropriated in the general appropriations act to the university system units, as defined in 17-7-102, is contingent upon approval of an operating budget by October 1 of each fiscal year. All other requirements in this section apply to the university system.

(3) The operating budget for money appropriated by the general appropriations act must be separate from the operating budget for money appropriated by another law except a law appropriating money for the state pay plan or any portion of the state pay plan. Each operating budget must include expenditures for each agency program, detailed at least by first-level categories as provided in 17-1-102(3). Each agency shall record its operating budget and any approved changes on the statewide budget and accounting system. Forms used for changing an operating budget must reference the current, complete, and approved operating budget, show the proposed changes to the operating

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1 budget, and reference any other pending documents to change
2 the operating budget."

3 NEW SECTION. **Section 5.** Effective date. [This act] is
4 effective on passage and approval.

-End-