

June 1998

## LEGISLATIVE BUDGET - COMMITTEES, ACTIVITIES, AND COSTS

This memorandum presents committees, activities, and associated costs that could be involved in the development of a legislative budget by the close of the legislative session.

### COMMITTEES

The Legislative Council would create a legislative budget committee and an estimated four interim budget committees to review, analyze, and evaluate programs, budgets, and budget requests of agencies in order to develop budget recommendations to assist the Legislative Assembly in approving a legislative budget by the close of the legislative session. The legislative budget committee would coordinate and direct the activities of the interim budget committees as well as provide guidelines and parameters for the committees to utilize in the development of their recommendations. Each interim committee would be assigned specific agencies and budget-related studies and program reviews by the legislative budget committee.

### ACTIVITIES

The interim committees may be assigned the following duties:

1. Monitor the implementation of agency budgets as approved by the Legislative Assembly.
2. Monitor income and expenditures of agencies compared to their projected income and expenditures.
3. Review agency programs as directed by the legislative budget committee.
4. Conduct budget-related studies as directed by the Legislative Assembly or the legislative budget committee.
5. Visit state institutions (budget tours).
6. Consider alternative budget scenarios for an agency.
7. Review, analyze, and evaluate programs and activities of an agency.
8. Review agency program goals and objectives and monitor their progress toward achieving the goals and objectives.
9. Review performance measures of agencies and monitor their actual performance.
10. Review agency budget requests.
11. Receive input from agency personnel and the public regarding agency budgets and performance.
12. Identify legislative priorities relating to agency budgets.

13. Identify major budget issues the Legislative Assembly should consider addressing.
14. Develop budget-related recommendations.
15. Monitor general fund revenue collections of the current biennium.
16. Monitor special fund revenues and balances and federal fund receipts of the current biennium and project revenues and receipts for the subsequent budgeting cycle.
17. Develop, in cooperation with the Tax Department and the Office of Management and Budget (OMB), recommendations relating to general fund revenue projections for the subsequent budgeting cycle.
18. Report to the legislative budget committee on findings and recommendations.

Explanations of select committee responsibilities include:

- Budget-related studies - These studies would be directed by the Legislative Assembly in a concurrent resolution or a section of a bill and prioritized and assigned to an interim committee by the legislative budget committee. The legislative budget committee may also assign budget-related studies that it determines necessary to interim committees during the interim. The purpose of the studies would be to address a specific budget concern or issue identified by the Legislative Assembly or the legislative budget committee. Examples of these types of studies may include a study of transportation funding, funding for libraries, methods of appropriating funds to human service centers, feasibility of a separate women's correctional facility, and methods of forecasting revenues.
- Program reviews - These reviews would be directed by the legislative budget committee as it determines necessary. The purpose of the reviews would be to assess the value of a program, determine its efficiency and effectiveness, analyze its costs and benefits, evaluate the level of customer satisfaction, and consider alternative funding levels or alternative methods of providing the service. The review may involve agency presentations on the program relating to its purpose, goals and objectives, costs, individuals served, and benefits; input from the program's customers and the public either by direct testimony or from surveys; and committee review of program costs and processes, analysis of costs and benefits, and consideration of

alternative funding levels or alternative methods of providing the services.

- Budget monitoring - As requested by the legislative budget committee, the interim committees would monitor income and program expenditure estimates of assigned agencies. The committees could compare actual income and expenditures to agency estimates throughout the biennium. Agencies may be asked to provide explanations of major variances between the estimates and actual income and expenditures. Currently, the higher education institutions and the charitable and penal institutions report on estimated and actual expenditures and income for each six-month period of the biennium.
- Performance measure reporting - As requested by the legislative budget committee, agencies involved in performance budgeting would report on their development of major performance goals and objectives, where applicable, and subsequently report to the appropriate interim budget committee periodically on each agency's progress in meeting its goals and objectives, using appropriate performance measures as a basis of its report.

### TIMELINE

The example below presents a timeline of major activities that could be involved in the development of a legislative budget by the close of the 2001 legislative session:

January-April 1999

- Legislative Assembly approves agency appropriations for the 1999-2001 biennium.
- Legislative Assembly identifies interim budget-related studies (in a resolution or section of a bill).

April 1999

- Legislative Council names members of the legislative budget committee.

May 1999

- Legislative budget committee advises the Legislative Council on the interim budget committee structure needed to address legislative budget issues during the 1999-2000 interim, including its assignments of agencies, budget-related studies, and any program reviews to the interim budget committees.
- Legislative Council creates interim budget committees to assist the legislative budget committee.

June 1999

- Interim budget committees begin meeting to conduct budget-related studies, program reviews, and budget and performance monitoring of assigned agencies.

January 2000

- Interim budget committees report to the legislative budget committee on any budget forms, guidelines, or requests for supporting data that they recommend agencies include in their budget requests.
- Legislative budget committee considers the interim committee reports and develops budget forms, guidelines, or requests for supporting data that agencies need to include in their budget requests. These forms, guidelines, and requests are forwarded to OMB for inclusion in OMB's budget request guidelines.

March 2000

- The Office of Management and Budget releases its budget guidelines for agencies to utilize in preparing their budget requests.

June 2000

- Legislative budget committee develops budget guidelines and parameters for interim committees to utilize for developing their budget recommendations.
- Legislative Council considers and approves or disapproves the budget guidelines and parameters developed by the legislative budget committee.
- Interim budget committees conclude, when possible, their budget-related studies and program reviews.

August 2000

- The Office of Management and Budget begins its executive budget hearings on 2001-03 biennium agency budget requests.
- Interim budget committees begin meeting to review 2001-03 biennium budget requests of assigned agencies, identify major budget issues and legislative priorities, and develop budget-related recommendations.

November 2000

- Interim budget committees report to the legislative budget committee on their findings and budget-related recommendations for the committee's approval or disapproval.
- Legislative budget committee reports its findings and budget-related recommendations to the Legislative Council for the Council's approval or disapproval.

December 2000

- Governor presents the executive budget recommendation to the Legislative Assembly at the organizational session.
- Legislative budget committee reports its findings and budget-related recommendations as approved by the Legislative Council to the Legislative Assembly at the organizational session.
- Budget Section meets to review the executive budget and the findings and budget-related recommendations of the legislative budget committee.

- Legislative Council fiscal staff prepares its report analyzing the executive budget and providing comparisons to the legislative budget committee recommendations.
- Appropriations Committees may meet prior to the start of the session to begin conducting budget hearings and consider the findings and recommendations of the legislative budget committee and the executive budget recommendations.

January-April 2001

- Appropriations Committees conduct hearings on agency budgets and prepare the appropriations bills providing funds for their operations.
- Legislative Assembly approves agency appropriations for the 2001-03 biennium.
- Legislative Assembly identifies interim budget-related studies (in a resolution or section of a bill).
- The legislative budget committee could meet during the legislative session to carry out assignments directed by leadership, including resolving budget issues between the House and Senate.

May 2001

- Legislative Council fiscal staff prepares a report on the approved legislative budget, including comparisons to the executive budget recommendations.

**COSTS**

The estimated biennial cost of travel and per diem for the legislative budget committee and four interim budget committees totals \$141,080. The estimated biennial cost of two additional fiscal staff positions and one support position to meet the additional demand for staff services totals \$298,402. These estimates could be more or less depending on:

1. The extent to which studies now assigned to interim budget committees are done by the

committees created to assist the legislative budget committee.

2. The number and length of meetings of these new committees. The estimate assumes a similar meeting schedule as current interim budget committees.
3. The extent to which studies now assigned to interim budget committees are done by other Legislative Council committees or by additional Legislative Council committees.

The schedule below presents the detail of these cost estimates.

	<b>Estimated Biennial Cost</b>
Salaries and wages	
Committee member per diem	\$57,690
Permanent employees - 3 FTE	246,974
Total	\$304,664
Operating expenses	
Committee member travel	\$83,390
Data processing	24,128
Other	12,300
Total	\$119,818
Equipment	\$15,000
<b>Total</b>	<b>\$439,482</b>

If statutory changes are made providing for the Legislative Council to develop a comprehensive legislative budget proposal for presentation at the organizational session, an estimated two additional interim budget committees, four additional staff positions, and related per diem, travel, and other operating and equipment funding would be needed. The fiscal impact of this proposal would total \$971,041, \$531,559 more than the proposal reviewed above involving only budget-related recommendations.