

HJR 16: State-Operated Institutions

Considerations and Decision Points Related to LCCF04-LCCF07

Prepared for the Children, Families, Health, and Human Services Interim Committee
June 2014

Background

In May, the Children, Families, Health, and Human Services Interim Committee asked for four bill drafts to appropriate money for mental health crisis stabilization services. This briefing paper outlines considerations related to appropriation bills, as well as questions for the committee to review and decide.

Temporary Nature of Appropriation Bills

Bills that appropriate money outside of House Bill 2, the main budget bill, are commonly known as "cat-and-dog" bills. These bills make money available for the biennium for which it's appropriated. However, the funding often may not continue into future years without further legislative action.

The Office of Budget and Program Planning and the Legislative Fiscal Division review each cat-and-dog appropriation when preparing for the next budget cycle. The spending may be included if the two offices agree that it paid for what was expected to be an ongoing government expense. Deciding that question is easier if the Legislature indicates its intent in the bill itself. When it doesn't, the two offices try to determine what lawmakers wanted.

If the committee decides to proceed with any or all of the bills, members may want to clearly state in each bill whether the activity should be an ongoing or one-time expense.

As an example, LCCF04 includes language stating that the Legislature wants the spending for mobile crisis response to continue into future bienniums. Without this language, it's likely that LCCF04 would be considered an ongoing expense and incorporated into future budgets. However, the other bills would more likely be considered one-time appropriations.

Annual vs. Biennial Appropriations

A bill may designate an appropriation as either:

- an annual amount for one or both years of the two-year budget period; or
- a biennial amount.

An appropriation that is not designated as biennial and that contains a specific amount for each fiscal year gives a state agency authority to spend that amount of money in the given year. If expenses are higher than expected in either of the fiscal years, the agency can spend only the amount of money appropriated.

An agency may spend a biennial amount as needed throughout the biennium. If the agency is starting a new program and doesn't spend half of the appropriation in the first year of the biennium, it is able to spend all the remaining funds in the second year if its costs reach that level. Conversely, if it spends more than half the appropriation in the first half of the biennium, it generally would be able to spend only the remaining amount in the second year even if expenses were higher.

Unspent Funds

When money in a cat-and-dog bill is designated for a specific purpose, it must be spent in the manner outlined in the bill. If the agency is unable to spend all of the appropriation, the money reverts to the account from which it was appropriated unless the bill specifically allows for the funds to be used for another purpose.

Committee Decision Points

If the committee decides to introduce the draft legislation as committee bills, members should decide the following questions to allow for final drafting of the bills.

1. Does the committee want the activity funded with the appropriation to continue into future budgets or be limited to the biennium in which funding is provided?
 - a. Does the committee want to include language to indicate its intent in the bill draft?
2. Should the appropriation be made on an annual or biennial basis?
 - a. If the appropriation is made annually, should the amount of money be equal in each year of the biennium?
3. Should any unspent money revert to the general fund or be allocated for another purpose?