

HJR 24 STUDY: APPROPRIATIONS-RELATED CONSIDERATIONS

Background

Several of the bill drafts that the Children, Families, Health, and Human Services Interim Committee has requested for its House Joint Resolution 24 study include appropriations to fund the changes being sought.

This briefing paper outlines considerations related to appropriation bills, as well as questions for the committee to review and decide as members refine any bill drafts they would like to propose to the 2019 Legislature.

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, that funding might not be carried into future state budgets unless the legislative intent is clear.

When the Office of Budget and Program Planning and the Legislative Fiscal Division are preparing for the next budget cycle, they review each cat-and-dog appropriation that was passed during the previous legislative session to see if the bill appropriated money 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, LCCF02 appropriates money to increase direct-care worker wages. If the committee intends for the pay raise to be funded into future bienniums, the bill should clearly state that intent with language noting:

"The legislature intends that the appropriation be considered as part of the ongoing base for the next legislative session."

Conversely, if the committee wants the appropriation to be made only for the 2021 biennium, the bill should state that it's providing a one-time-only appropriation. Without explicit direction, the Budget Office and the Legislative Fiscal Division will try to determine legislative intent.

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 only in the specified year. If expenses are higher than expected in either of the fiscal years, the agency can spend only up to the amount that was appropriated. If expenses are lower, the unspent money cannot be carried into the next fiscal year.

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 any bill with an appropriation, members should decide the following questions to allow for final drafting of the bills.

1. Does the committee want the activity that is funded with the appropriation to continue into future budgets or to 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?

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