



# HOUSE APPROPRIATIONS AND SENATE FINANCE AND CLAIMS

65<sup>TH</sup> Legislature

TO: HB 2 Subcommittee Chairs

---

FROM: Senator Llew Jones, Chair, Senate Finance & Claims Committee

Handwritten signature of Llew Jones in cursive.

Representative Nancy Ballance, Chair, House Appropriations Committee

Handwritten signature of Nancy Ballance in cursive.

DATE: December 20, 2016

RE: Budget Policy Recommendations

## BUDGET INSTRUCTIONS

The following instructions will be used to keep consistency between subcommittees in application of certain budget issues:

### Instructions for the Application of Certain Budget Issues

- 1) In subcommittees, the starting point motion will include all negative change packages in the Governor's budget, plus additional reductions. These reductions include statutory calculations of the 5% plans, with some exceptions, and an additional 2% vacancy savings. If the Governor recommended greater than the 5% amounts, the Governor's recommendations and the additional 2% vacancy savings will be included in the starting point motion. Modifications to these amounts may be included if agency FY 2017 budgets are reduced in HB 3. Table A illustrates these figures. LFD subcommittee analysts will have detailed change package recommendations for consistent application in each agency.
- 2) Personal Services – Recommend subcommittees consider the statewide present law (SWPL) personal services adjustments in light of the following:
  - a) Statutory like changes included in the LFD calculated comparison
  - b) Changes associated with agency actions that impact salaries
  - c) 4% Vacancy Savings in the executive budget proposal
- 3) Fixed Costs – Recommend the Section A and Section C subcommittees examine fixed cost rates and provide directions regarding the acceptance of the rates to the other subcommittees. Any adjustments should be made on a consistent basis.
- 4) Inflation/Deflation – Direct the Section A subcommittee to examine the inflation/deflation factors and provide directions to the other subcommittees. Any adjustments shall be made on a consistent basis.
- 5) HB 2 Companion Bill – Appropriation subcommittees shall determine any appropriate items for inclusion into a HB 2 companion bill and provide those items to the full House Appropriations Committee for further review. House Appropriations Committee Leadership will provide a vehicle or vehicles for enacting substantive language related to the implementation of appropriations in HB 2 and this legislation will be considered as part of the appropriations process.

- 6) Proposals requiring Legislation – Appropriations for items requiring statutory change should not be included in HB 2 until the required legislation passes, except for K-12 present law inflation and items contained in a HB 2 Companion bill.
- 7) Key Performance Measures – Subcommittees should select a few critical performance measures for each agency for monitoring purposes during the 2019 interim and formalized as part of a separate bill(s) or resolution(s).
- 8) Internal Service Programs – The appropriation subcommittees should not to approve decision packages of internal service funded proprietary programs unless quantifiable rate impact information is provided.
- 9) One-Time-Only Alternative Designation – Appropriation subcommittees should not designate entire agency budgets as “one time only” (OTO). Please use the language herein to request an agency to provide a complete description of the budget for the subsequent legislative session.  
“It is the intent of the legislature to consider the 2021 biennium budget for the department of \_\_\_\_\_ from zero to the full recommended budget. The department shall explain the necessity of each reporting level (RL4) of the budget, including the base budget for the budget submission for the 2021 biennium budget.”
- 10) Volume 10 - Information technology budget process recommendations. Each subcommittee should consider the comparisons in volume 10 when adopting the IT budget for each agency. Section A subcommittee should review format of volume 10 and make recommendations for the next session.