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HOUSE BILL 300

47TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2006

INTRODUCED BY

Brian K. Moore

FOR THE LEGISLATIVE FINANCE COMMITTEE

AN ACT

RELATING TO STATE BUDGETS; PROVIDING FOR A BIENNIAL BUDGET
PILOT PROJECT TO DETERMINE THE EFFICACY OF BIENNIAL BUDGETING.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. BIENNIAL BUDGET PILOT PROJECT.--

A. For the purposes of this section:

(1) "committee" means the legislative finance
committee;

(2) "department" means the department of
finance and administration;

(3) "division" means the state budget division
of the department;

(4) "evaluation team" means the joint biennial
budget pilot project staff evaluation team; and

(5) "participating agency" means an executive

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1 agency with an annual budget of less than five million dollars
2 (\$5,000,000).

3 B. The "biennial budget pilot project" is created
4 as a four-year project to determine whether biennial budgeting
5 enhances the state's budget process. The biennial budget pilot
6 project shall commence with preparation of the fiscal year 2008
7 budget and conclude at the end of fiscal year 2011. The
8 biennium beginning July 1, 2007 shall be the 2008-2009
9 biennium.

10 C. The department shall administer the biennial
11 budget pilot project in consultation with the committee through
12 the evaluation team; provided, however, that before commencing
13 the pilot project, the evaluation team shall submit a plan for
14 administering the project to the department, the committee and
15 the New Mexico legislative council.

16 D. For the duration of the biennial budget pilot
17 project, the requirements of Sections 6-3-6, 6-3-7, 6-3-10,
18 6-3-11, 6-3-18, 6-3-19, 6-3-20, 6-3A-5, 6-3A-6, 6-3A-7, 6-5-10
19 and 6-10-4 NMSA 1978 shall be implemented for participating
20 agencies on a biennial basis rather than an annual basis as
21 specified in current statutory provisions. In particular, the
22 biennial budget process shall operate as follows for
23 participating agencies:

24 (1) on or before June 15 of each even-numbered
25 year, the division shall send to each participating agency

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1 biennial budget forms that provide for the collection of the
2 information in Sections 6-3-18 and 6-3A-7 NMSA 1978 for the
3 biennium last completed, the current biennium and the
4 succeeding biennium;

5 (2) on or before June 15 of each odd-numbered
6 year, the division shall send to each participating agency
7 supplemental budget forms to be submitted by participating
8 agencies that plan to request a deficiency appropriation or
9 supplemental appropriation for the remainder of the biennium.
10 The division shall prescribe the information required for each
11 deficiency appropriation or supplemental appropriation request;

12 (3) each participating agency shall fill out
13 the forms provided in Paragraphs (1) and (2) of this subsection
14 in the manner prescribed by the division. Complete budget
15 forms shall be returned to the division and to the committee no
16 later than September 1 of each year. Participating agencies
17 shall not fill out or complete any budget forms in odd-numbered
18 years when the agencies do not plan to request a deficiency
19 appropriation or a supplemental appropriation for the remainder
20 of the biennium;

21 (4) the governor shall include biennial budget
22 recommendations for participating agencies in the governor's
23 budget submission to the committee and to each member of the
24 legislature pursuant to Section 6-3-21 NMSA 1978 in
25 odd-numbered years and shall include supplemental and

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1 deficiency recommendations for participating agencies in the
2 governor's budget submission to the committee and to each
3 member of the legislature pursuant to Section 6-3-21 NMSA 1978
4 in even-numbered years;

5 (5) each participating agency shall, on or
6 before May 1 of each odd-numbered year, submit to the division
7 a budget for each of the ensuing two fiscal years in the form
8 prescribed by the division and containing information as may be
9 prescribed by law or by rule of the division. No expenditures
10 shall be made by any participating agency for the biennium
11 covered by the budget until the budget has been approved by the
12 division;

13 (6) the division, subject to the approval of
14 the secretary of finance and administration, may provide rules
15 for the periodic allotment of funds that may be expended by a
16 participating agency. The expenditures of a participating
17 agency for the first eighteen-month period of each biennium
18 shall be limited to three-fourths of the appropriation or
19 approved budget, whichever is less, for that biennium; provided
20 that this restriction does not apply to those agencies whose
21 operations are more efficiently measured by periods other than
22 a fiscal year and further provided that the department may also
23 allow expenditure of more than three-fourths of the
24 appropriation or approved budget for those agencies planning
25 major expenditures for capital outlay; and

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1 (7) unexpended or unencumbered balances in
2 reverting funds remaining at the end of a fiscal year ending in
3 an even-numbered year shall not revert, and all unreserved,
4 undesignated fund balances in reverting funds and accounts as
5 reflected in the central financial reporting and accounting
6 system as of June 30 of the second year of the biennium shall
7 revert by September 30. The department may adjust the
8 reversion within forty-five days of release of the audit report
9 for that biennium. The director of the financial control
10 division of the department may modify a reversion if the
11 reversion would violate federal law or rules pertaining to the
12 supplanting of state funds with federal funds or other
13 applicable federal provisions.

14 E. The evaluation team may exempt agencies from
15 participation in the pilot project. After two years of the
16 biennial budget pilot project, the evaluation team shall
17 recommend to the New Mexico legislative council, the committee
18 and the governor whether the biennial budget process should be
19 expanded to include additional state agencies.

20 F. The department and the committee shall appoint
21 the "joint biennial budget pilot project staff evaluation
22 team", consisting of two staff members of the division and two
23 staff members of the committee. Members of the evaluation team
24 shall perform duties enumerated in this subsection in addition
25 to their usual responsibilities with no additional

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1 compensation. The evaluation team shall:

2 (1) determine base-line data for each
3 participating agency's performance measures; the number of
4 budget analysts employed by the agency, job titles of other
5 agency personnel who devote time to preparing annual budget
6 proposals and the number of hours spent by each in budget
7 preparation; the estimated cost of printing, postage, supplies
8 and other operating expenses used in preparing annual budget
9 proposals; the overtime or compensatory time paid to employees
10 to prepare annual budget proposals; the number of budget
11 hearings attended by agency personnel; the number, types and
12 amounts of budget adjustment requests by each budget program;
13 and the number of supplemental and deficiency requests by each
14 budget program;

15 (2) develop comparisons of base-line data and
16 comparable agency data during the biennial budget pilot
17 project;

18 (3) if funding becomes available, contract
19 with the national conference of state legislatures, the
20 national association of state budget officers or any other
21 external consultant or organization for an external evaluation
22 of the biennial budget pilot project;

23 (4) regularly report and consult with a
24 subcommittee of the committee appointed for the purpose of
25 advising the evaluation team and overseeing the biennial budget

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pilot project; and

(5) provide an annual report on the biennial budget pilot project to the New Mexico legislative council, the committee and the governor by August 1 of each year.

G. Annual reports shall include, at a minimum, comparison of participating agencies' performance measures and budget preparation staffing and costs before and during the pilot project and changes in budget staffing; and deliberations in the department and committee. The evaluation team shall provide a final report in August 2010 with recommendations regarding continuation or expansion of biennial budgeting as well as modifications in the biennial budgeting process.