

FORTY-SEVENTH LEGISLATURE
FIRST SESSION, 2005

HB 404/a

March 18, 2005

Madam President:

Your **FINANCE COMMITTEE**, to whom has been referred

HOUSE BILL 404, as amended

has had it under consideration and reports same with recommendation that it **DO PASS**, amended as follows:

1. Strike Senate Public Affairs Committee Amendment 3.

2. On pages 1 through 15, strike Sections 1 through 15 in their entirety and insert in lieu thereof the following section:

"Section 1. BIENNIAL BUDGET PILOT PROJECT.--

A. The "biennial budget pilot project" is created as a four-year project to determine whether biennial budgeting will enhance the state's budget process. The biennial budget pilot project shall commence with preparation of the fiscal year 2008 budget and conclude at the end of fiscal year 2011. The biennium beginning July 1, 2007 shall be the 2008-2009 biennium.

B. The department shall administer the biennial budget pilot project in consultation with the committee through a joint biennial budgeting pilot project staff evaluation team, provided that, before commencing the biennial budget pilot project, the biennial budgeting pilot project staff evaluation team shall submit a plan for administering the project to the committee, the department and the New Mexico legislative council.

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

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(1) on or before June 15 of each even-numbered year, the state budget division of the department shall send to each participating agency biennial budget forms that provide for the collection of the information in Sections 6-3-18 and 6-3A-7 NMSA 1978 for the biennium last completed, the current biennium and the succeeding biennium;

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

(3) each participating agency shall fill out the forms provided in Paragraphs (1) and (2) of this subsection in the manner prescribed by the state budget division. Complete budget forms shall be returned to the state budget division and to the committee not later than September 1 of each year. Participating agencies shall not fill out or complete any budget forms in odd-numbered years when the agencies do not plan to request a deficiency appropriation or a supplemental appropriation for the remainder of the biennium;

(4) the governor shall include biennial budget recommendations for participating agencies in his budget submission to the committee and to each member of the legislature pursuant to Section 6-3-21 NMSA 1978 in odd-numbered years and shall include supplemental and deficiency recommendations for participating agencies in his budget submission to the committee and to each member of the legislature pursuant to Section 6-3-21 NMSA 1978 in even-numbered years;

(5) each participating agency shall, on or before May 1 of each odd-numbered year, submit to the state budget division a budget for each of the ensuing two fiscal years in the form

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prescribed by the division and containing information as may be prescribed by law or by rule of the state budget division. No expenditures shall be made by any participating agency for the biennium covered by the budget until the budget has been approved by the state budget division;

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

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

D. The department and the committee shall appoint a joint biennial budget pilot project staff evaluation team. Members of the team shall perform their duties under this section in addition to their current responsibilities with no additional compensation. The team shall:

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(1) determine baseline data for each participating agency's performance measures; the number of budget analysts employed by the agency, job titles of other agency personnel who devote time to preparing annual budget proposals and the number of hours spent by each in budget preparation; the estimated cost of printing, postage, supplies and other operating expenses used in preparing annual budget proposals; the overtime or compensatory time paid to employees to prepare annual budget proposals; the number of budget hearings attended by agency personnel; the number, types and amounts of budget adjustment requests by each budget program; and the number of supplemental and deficiency requests by each budget program;

(2) develop comparisons of baseline data and comparable agency data during the biennial budget pilot project;

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

(4) regularly report and consult with a subcommittee of the committee appointed for the purpose of advising the biennial budget pilot project staff evaluation team and overseeing the biennial budget pilot project; and

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

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E. For the purposes of this section:

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

(2) "department" means the department of finance and administration unless used in conjunction with the title of another agency; and

(3) "participating agencies" include the legislative finance committee, the department of finance and administration, the regulation and licensing department, the economic development department, the department of health and up to thirty-five executive agencies with annual budgets under five million dollars (\$5,000,000), selected to participate in the biennial budget pilot project by the biennial budget pilot project evaluation team. After two years of the biennial budget pilot project, the biennial budget pilot project evaluation team shall recommend to the New Mexico legislative council, committee and governor whether the biennial budget process should be expanded to include additional state agencies."

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Respectfully submitted,

Joseph A. Fidel, Chairman

Adopted _____ Not Adopted _____
(Chief Clerk) (Chief Clerk)

Date _____

The roll call vote was 5 For 1 Against
Yes: 5
No: Rawson
Excused: Beffort, Carraro, Leavell, Tsosie
Absent: None

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