

Legislative Research Council

Fiscal Office

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MEMORANDUM

TO: Members of the Joint Appropriations Committee, Interim

FROM: Fred Schoenfeld, Chief Fiscal Analyst, LRC

DATE: October 14, 2011

SUBJECT: Condition Statements

At the June JCA meeting initial discussion was had concerning whether or not to request Condition Statements from BFM during this budget cycle. The matter was held over for further discussion at this meeting.

In the effort to add focus to the earlier discussion, I thought it would be useful for me to make a recommendation as the starting point today. Based on the reaction to this proposal, we can either go forward with it or come to some alternative which is agreeable to the various parties.

Recommendation:

That we continue with the practice in place before the last budget cycle, i.e., that the JCA Co-Chairs request from BFM Condition Statements on selected Other Funds to include the major funds and any others involving some particular issue. This list to be based on a LRC staff recommendation together with any others identified by appropriators. Each statement should reflect the Governor's FY13 budget recommendations.

Rationale:

1. This is the only way we are able to know the Administration's position regarding alternative uses of particular Other Funds while at the same time protecting legislator confidentiality.
2. Our confidence in these statements as indicators of amounts "available for appropriation" remains mixed. This is primarily due to the assumptions used to project commitments for the balance of the current fiscal year and the coming budget year. Therefore, as in the past, we will

continue to track projections to actual, 4-year average balances, and lowest monthly balances over the previous 4 years.

3. We believe this approach is compatible with GOAC's procedures as we understand them:
 - a. GOAC develops the Blue Book for prior fiscal years.
 - b. Then GOAC meets with selected agencies to discuss the purpose, sources, and uses of certain funds.
 - c. This information is made available to the JCA through the overlapping membership (currently 7 members).
 - d. The recommended approach to Conditions Statements will add FY12 and FY13 estimates to some GOAC information.
 - e. The availability of FY12 and FY13 data will facilitate the GOAC deliberations as well as those of the JCA.
4. The LRC fiscal staff will advise members who come to us seeking sources of funding for various projects that the JCA may likely consider information contained in the Condition Statements and/or GOAC materials. Therefore, it will be advisable to consider those priorities and possibly discuss them with the JCA leadership to increase chances of success in proposing alternative priorities for the use of Other Funds.
5. We believe the demands on BFM in generating these Condition Statements is manageable and we will take steps to further minimize the impacts.
 - a. BFM requests Condition Statements from all information budgets as part of its budget call. As regards the remaining funds, they have to know this information as part of their due diligence on agency appropriation requests.
 - b. We plan to get the initial list to BFM in November so that work on it can begin as time permits with the understanding they will hold transmittal to us until the release of the Governor's budget.
 - c. We will ask BFM to provide the larger funds to us first with the smaller funds to follow as completed rather than requesting a single deadline for all Statements.