

SUBJECT: Codification of Article 9 provisions on agency reporting and accounting

COMMITTEE: Appropriations — committee substitute recommended

VOTE: 22 ayes — Junell, West, Coleman, Cuellar, Farrar, Flores, Gallego, Giddings, Glaze, Heflin, Hochberg, Janek, Luna, McReynolds, P. Moreno, Mowery, Pickett, Pitts, Puente, Staples, Tillery, Van de Putte

0 nays

5 absent — Delisi, Eiland, Gutierrez, Hartnett, S. Turner

SENATE VOTE: On final passage, March 11 — voice vote

WITNESSES: For — None

Against — None.

On — Ken Welch, State Comptroller's Office

BACKGROUND: The general appropriations act traditionally has contained an article that includes provisions that direct or limit travel, purchasing, contracting, and employment-related activities of most, if not all, state agencies and institutions. In the proposed budget for fiscal 2000-01, as in budgets since 1995, these provisions have been placed in Article 9. These provisions generally direct state agencies in their use and management of budgeted dollars on:

- ! employee salaries and benefits;
- ! building construction;
- ! computer support and Y2K activities;
- ! rulemaking and board per diem;
- ! use of telecommunications;
- ! financing of property or other purchases;
- ! publications;
- ! contracting with historically underutilized businesses;
- ! transportation; and
- ! workers' compensation payments.

Article 9 also includes general provisions on state employee conduct standards; work holidays and vacation leave; equal opportunity employment; use of federal funds, special funds, reimbursements, and revenues from the sale of surplus property and other goods and services; the transfer of funding between budget strategies; and budget performance and accounting requirements. For fiscal 1998-99, Article 9 provisions also contained contingency riders that set aside funds for unanticipated caseload growth and other situations that could require additional spending.

Many of the provisions in Article 9 have been reenacted with each budget bill with little change.

Sometimes provisions added to this article have been challenged as violating the constitutional prohibition, in Art. 3, sec. 35, against using the appropriations bill to make or change general law. House Rule 8, sec. 4 also includes this prohibition. In the fiscal 1998-99 budget, two Article 9 provisions were challenged on this basis and found unconstitutional: sec. 174, commonly called the "rap rider," prohibiting state investments in companies that produce recordings with objectionable song lyrics, and sec. 142, relating to Human Rights Commission training activities. Also, Article 9, sec. 24 of the fiscal 1998-99 budget, relating to state employees as expert witnesses, was found to be an unconstitutional intrusion on free speech.

SB 174, 175, 176 and 177 by Ratliff would place in statute many of the provisions now found in Article 9, thereby focusing future budget bills on spending issues relevant to the budget itself and avoiding future violations of constitutional prohibitions.

DIGEST:

CSSB 176 would codify the following sections of Article 9, with any addition to or difference from Article 9 of the House-passed version of HB 1 by Junell noted under the appropriate section:

- ! Minutes of board meetings;
 - ! Certification summary required;
 - ! Annual reports and inventories;
- CSHB 176 would authorize the comptroller to request any other financial information desired for the annual report. It would authorize the Legislative Budget Board to require any information necessary to document the proper or cost-efficient use of a state aircraft.

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- ! Federal funds/block grants;
 - ! Internal audit findings;
 - ! Construction project analysis required; and
 - ! Reporting of lawsuits against the state.
- CSSB 176 would omit the requirement for an annual lawsuit update.

CSSB 176 also would require state agencies to report to the Legislative Budget Board on the contracts awarded to nonresident bidders. The LBB would prepare a summary report for the Legislature of state contracts awarded to nonresident bidders.

The bill would take effect September 1, 1999.

NOTES:

The Senate version of SB 176 generally was based on Article 9 sections in the general appropriations act for fiscal 1999-99. The House committee substitute generally reflects the version of Article 9 in the House-passed version of HB 1 by Junell, the proposed general appropriations act for fiscal 2000-01.