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EXTEND GOV'S BUDGET DEADLINE

Senate Bill 134 with House Committee
amendment
First Analysis (2-10-93)

Sponsor: Senator Harry Gast
Senate Committee: Appropriations
House Committee: Appropriations

THE APPARENT PROBLEM:

The Management and Budget Act requires the governor to submit his or her budget to the legislature within 30 days after the legislature convenes in regular session, except for the first year in office of a newly-elected governor, when 60 days is allowed. A relatively new element in the budget process is the requirement for a consensus revenue estimate developed at the revenue estimating conferences held according to Public Act 431 of 1991, which calls for the state budget director and the directors of the House and Senate Fiscal Agencies or their designees to establish an official economic forecast of major variables of the national and state economies. By statute, a revenue estimating conference is to be held in the second week of January and the last week in May of each year; however, this year, the January conference, though briefly convened on January 15, was essentially postponed to January 29. It has been suggested that special circumstances this year make it necessary to postpone the statutory deadline for submission of the governor's budget, which under current statute would be due February 12.

THE CONTENT OF THE BILL:

The bill would amend the Management and Budget Act to allow the governor an additional 30 days to submit the budget in calendar year 1993. The budget would be due 60 days after the legislature convened in regular session, or March 14, 1993.

MCL 18.1363

HOUSE COMMITTEE ACTION:

As passed by the Senate, the bill would have extended the deadline for submission of the executive budget to the third Friday in March of each year. The House Committee on

Appropriations amended the bill to extend the deadline for this year only to 60 days after the legislature convened.

FISCAL IMPLICATIONS:

Fiscal information is not available. (2-9-93)

ARGUMENTS:

For:

The bill would grant the governor and the Department of Management and Budget a reasonable amount of additional time to develop their budget proposals this year. With this year's revenue estimating conference having been delayed, such a postponement is both reasonable and fair.

Response:

It is not fully clear that statutory change is necessary. While statute should be obeyed, it probably would not be catastrophic if exceptional circumstances caused the deadline to be missed one year.

Against:

It would be preferable to enact a permanent postponement of the budget submission deadline. The current deadline dates to when the fiscal year ran from July to June; with the current October to September fiscal year, there is very little current year expenditure information upon which to base budget planning for the next year. Developing an accurate budget proposal by the statutory deadline has frequently been a problem. Further, even when the January revenue estimating conference is held on time, it can be difficult to employ the consensus estimate in fulfilling the complex task of developing the coming fiscal year's budget to meet the current deadline. Finally, some sort of extension of the

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deadline would be helpful if a biennial budget were to be developed and proposed.

Response:

A permanent postponement would mean that the legislature permanently would have less time to respond to the governor's budget proposals and work on the budget bills. A case can be made that special circumstances warrant a postponement this year; however, the current deadline has functioned well in the past and can continue to do so in the future. The legislature has accepted budget revisions from the governor in the past; any necessary adjustments to the governor's original proposals can continue to be made during the course of legislative deliberations on the budget.

Against:

The bill should postpone the deadline beyond the proposed date in mid-March; the original bill would have extended the deadline to March 31 of each year, and the later date may be preferable, allowing the executive budget experts additional time to formulate a sound budget.

Response:

To further postpone the deadline would be to further postpone when the legislature can get to work on the budget. Legislative work on the budget entails an enormous amount of attention to detail and constant accommodation of shifting budgetary and economic realities. The process would not be served by delaying its start until virtually after the spring recess.

POSITIONS:

There are no positions at present. (2-9-93)