

TESTIMONY OF

Joe Morrisette, Director, Office of Management and Budget

Good afternoon, Chairman Schauer and committee members. I am Joe Morrisette, Director of the Office of Management and Budget. I am here to testify in support of SB 2029.

This bill would raise the current limits that restrict the authority of the Emergency Commission to approve additional special and federal funds that become available to state agencies during the interim. It would also make the limits dynamic as a percentage of the state budget rather than a fixed dollar amount. This is a reasonable approach as it allows the caps to grow over time as the state budget grows. The 2021-23 biennium was the first biennium where the Emergency Commission authority was subject to caps. Those caps were \$50 million for federal fund approvals and \$5 million for special funds. Thankfully, the legislature addressed the inadequacy of the special funds cap during the 2021 special session and temporarily increased the cap to \$20 million.

This bill would adjust the cap for federal funds to 2% of general fund budget, which in the current biennium would put that cap at \$99.9 million. The cap for special funds would be set at 1% of the general fund budget, which in the current biennium would be \$49.9 million.

During the 2021-23 biennium, the Emergency Commission approved the expenditure of an additional \$49.7 million of federal funds and additional \$19.7 million of special funds. This left a cushion for federal authority of just \$332,000, or 0.70% and a cushion for special fund authority of just \$345,000, or 1.73%. Some requests were amended or not approved to avoid exceeding the cap. The emergency clause added by the Senate in section 3 of the bill is important. Without the emergency clause, this bill would take effect August 1 and we would have little capacity under existing law to make budget adjustments through the Emergency Commission process to close out the 2021-23 biennium.

The caps proposed in this bill would have been adequate to approve all requests presented to the Emergency Commission during the current biennium. Although I think caps are an unnecessary restriction on the authority of the Emergency Commission, the caps proposed in this bill are an improvement over current law and will help ensure that a special legislative session is not required to approve a federal grant opportunity. We are experiencing unprecedented levels of federal appropriations, and new federal funding opportunities are available to state agencies. This bill would provide additional flexibility to allow the state to take advantage of new federal funding opportunities.

Chairman Schauer and committee members, this concludes my testimony. I ask for your support for SB 2029. I would be happy to answer any questions.