

**Agency Budget Comparison**

The following table summarizes the total executive budget for the agency by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	6.00	6.00	6.00	6.00	6.00	6.00	0.00	0.00%
Personal Services	259,692	294,068	306,774	307,028	553,760	613,802	60,042	10.84%
Operating Expenses	174,125	163,785	265,081	259,588	337,910	524,669	186,759	55.27%
Transfers	0	0	0	0	0	0	0	n/a
<b>Total Costs</b>	<b>\$433,817</b>	<b>\$457,853</b>	<b>\$571,855</b>	<b>\$566,616</b>	<b>\$891,670</b>	<b>\$1,138,471</b>	<b>\$246,801</b>	<b>27.68%</b>
General Fund	433,817	457,853	571,855	566,616	891,670	1,138,471	246,801	27.68%
<b>Total Funds</b>	<b>\$433,817</b>	<b>\$457,853</b>	<b>\$571,855</b>	<b>\$566,616</b>	<b>\$891,670</b>	<b>\$1,138,471</b>	<b>\$246,801</b>	<b>27.68%</b>

**Agency Description**

Agency Mission: To monitor and to enforce, in a fair and impartial manner, campaign practices and campaign finance disclosure, lobbying disclosure, business interest disclosure of statewide and state district candidates, elected state officials, and state department directors, ethical standards of conduct for legislators, public officers, and state employees, and to investigate legitimate complaints that arise concerning any of the foregoing.

The Commissioner of Political Practices (COPP) has responsibilities that were defined by a legislative initiative in 1980 requiring disclosure of acts by lobbyists and business interests of elected officials. COPP also has responsibility for the ethical standards of conduct for legislators, public officers, and state employees pursuant to Title 2, Chapter 2, MCA.

**Agency Highlights**

<b>Commission of Political Practices Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The requested total executive budget increases from the previous biennium due to:                             <ul style="list-style-type: none"> <li>● Statewide present law adjustments for personal services due to vacant positions and reallocation of fixed costs related to IT services</li> <li>● Increased funding for legal fees and court costs</li> </ul> </li> <li>◆ The executive has requested \$100,000 over the biennium for increased legal and court costs</li> <li>◆ As an agency with fewer than 20.00 FTE, COPP is exempt from the requirement to submit a plan to reduce base expenditures by 5%</li> <li>◆ The term of the current Commissioner of Political Practices is due to expire at the end of calendar year 2010</li> </ul>
<b>Legislative Action Issues</b>
<ul style="list-style-type: none"> <li>◆ Staff has provided options for the legislature to consider in dealing with the consistently high costs of legal fees and court costs</li> </ul>

## Agency Discussion

### *Goals and Objectives:*

State law requires agency and program goals and objectives to be specific and quantifiable to enable the legislature to establish appropriations policy. As part of its appropriations deliberations the legislature may wish to review the following:

- o Goals, objectives and year-to-date outcomes from the 2011 biennium.
- o Critical agency goals, objectives, and anticipated outcomes and their correlation to the executive's budget request for the 2013 biennium.

### 2011 Biennium Goals

The agency did not have any goals that were monitored during the 2011 biennium.

### 2013 Biennium Goals

During the interim the LFC met with the agency to select critical goals and performance measurements for the legislature to consider during the appropriation process. There were no goals chosen by the legislature for monitoring during the upcoming biennium.

### *Agency Overview*

The requested budget for the Commissioner of Political Practices grows by roughly 39% from the previous biennium. The increase is due to three factors:

- o Statewide present law adjustments
- o One-time-only and non-base expenditures in the base year
- o Increased funding requested for legal fees and court costs

The statewide present law adjustment consists of increases in personal services and operating expenses. The personal services adjustment fully funds an administrative assistant position that was unfilled during the base year. The adjustment of \$94,418 is roughly a 17% increase from the previous biennium, which is consistent with the vacant position.

The other component of the statewide present law adjustment is primarily due to a reallocation of the fixed cost portion of services provided by the Information Technology Services Division (ITSD) of the Department of Administration. Over the past few biennia, ITSD has been implementing a full-cost maturity model that correctly defines the total costs of a product and services delivered so that agencies are charged correctly for the precise services they are using, thus benchmarking products and services for competitive and business case analysis. The statewide result of this reallocation is a net reduction of specific information technology and professional services, but small agencies such as the Commissioner of Political Practices are realizing large increases (224% in FY 2012) as they are now being charged for actual cost units that may have been subsidized by larger agencies in prior biennia.

Base year expenditures were made from appropriations that are not included in the base year for the purposes of budget creation. These expenditures were \$40,000 in one-time-only funding for legal costs and \$13,663 in carry-forward authority that was used for operating expenses, primarily legal fees and court costs.

The executive has requested an additional \$50,000 annually for legal fees and court costs to deal with increases in costs, complexity, and case backload (see decision package NP 320001 and the associated LFD issue below).

The Commissioner of Political Practices is an appointed position with a six year term. The term of the current commissioner, Dennis Unsworth, will expire December 31, 2010. He is not eligible to serve another term. The Governor will appoint a new commissioner, subject to confirmation by a majority of the Senate, on January 1, 2011.

**5% Reduction Plan**

No plan is included because statute exempts agencies with 20 or fewer FTE from the requirement to submit a 5% reduction plan.

**Funding**

The following table summarizes funding for the agency, by source, as recommended by the executive.

Program Funding Table							
Administration							
Program Funding	Base FY 2010	% of Base FY 2010	Budget FY 2012	% of Budget FY 2012	Budget FY 2013	% of Budget FY 2013	
01000 Total General Fund	433,817	100.0%	571,855	100.0%	566,616	100.0%	
01100 General Fund	<u>433,817</u>	<u>100.0%</u>	<u>571,855</u>	<u>100.0%</u>	<u>566,616</u>	<u>100.0%</u>	
Grand Total	<u>433,817</u>	<u>100.0%</u>	<u>571,855</u>	<u>100.0%</u>	<u>566,616</u>	<u>100.0%</u>	

The Office of the Commissioner of Political Practices is funded entirely with general fund. A small amount of revenue is generated from nominal fees charged for printing and distribution, as well as civil fines for violation of campaign laws. Both are deposited to the general fund. In addition, the COPP collects a \$150 lobbyist filing fee that is also deposited into the general fund, but \$100 of this amount is transferred to a state special revenue account for appropriation to the Legislative Services Division to support the state broadcasting system TVMT. The lobbyist license expires at the end of each odd numbered year, just before the start of the legislative session. The total amount collected by the agency in FY 2010 was \$38,436 with \$23,475 of that amount being transferred to the TVMT state special revenue account.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	433,817	433,817	867,634	76.21%	433,817	433,817	867,634	76.21%
Statewide PL Adjustments	88,038	82,799	170,837	15.01%	88,038	82,799	170,837	15.01%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	50,000	50,000	100,000	8.78%	50,000	50,000	100,000	8.78%
<b>Total Budget</b>	<b>\$571,855</b>	<b>\$566,616</b>	<b>\$1,138,471</b>		<b>\$571,855</b>	<b>\$566,616</b>	<b>\$1,138,471</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the executive. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					47,082					47,336
Inflation/Deflation					(31)					(28)
Fixed Costs					40,987					35,491
<b>Total Statewide Present Law Adjustments</b>		<b>\$88,038</b>	<b>\$0</b>	<b>\$0</b>	<b>\$88,038</b>		<b>\$82,799</b>	<b>\$0</b>	<b>\$0</b>	<b>\$82,799</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$88,038</b>	<b>\$0</b>	<b>\$0</b>	<b>\$88,038</b>	<b>0.00</b>	<b>\$82,799</b>	<b>\$0</b>	<b>\$0</b>	<b>\$82,799</b>

**Agency Personal Services Narrative**

The following information is provided so that the legislature can consider various personal services issues when examining the agency budget. It was submitted by the agency and edited by LFD staff as necessary for brevity and/or clarity.

- o **Pay Plan Exceptions** – The agency does not make exceptions to the pay plan that they have implemented.
- o **Program Specific Obstacles** – The largest difficulty that the agency experiences related to recruiting and retaining employees is the lack of a career track within the agency due to its small size. The entry level positions experience a great deal of turnover as employees leave for larger agencies with greater chances for career advancement.
- o **Vacancy** – The only vacancy that the agency is experiencing is the turnover in the entry level position of administrative assistant. This position was unfilled during the base year.
- o **Legislatively Applied Vacancy Savings** – Because of its size, 6.0 FTE, the agency is not subject to legislatively applied vacancy savings.
- o **Pay/Position Changes** – There have been no changes to pay rates or positions.
- o **Retirements** – The agency does not have any staff eligible to retire during the 2013 biennium.

**New Proposals**

The “New Proposals” table summarizes all new proposals requested by the Governor. Descriptions and LFD discussion of each new proposal are included in the individual program narratives.

New Proposals	-----Fiscal 2012-----					-----Fiscal 2013-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 32001 - Legal Budget Request											
01	0.00	50,000	0	0	50,000	0.00	50,000	0	0	50,000	
<b>Total</b>	<b>0.00</b>	<b>\$50,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$50,000</b>	<b>0.00</b>	<b>\$50,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$50,000</b>	

DP 32001 - Legal Budget Request - COPP is requesting general fund to increase the appropriation for legal fees to \$135,214 each year, primarily to reduce the current backlog and delays in case resolution.

**LFD  
ISSUE**Consistently High Legal Costs

The executive is requesting an increase for legal fees and court costs in each year of the biennium. FY 2010 expenditures totaled \$131,296. Of this amount \$40,000 was from a one-time-only appropriation and \$6,082 was from a FY 2008 carry-forward appropriation. Therefore, base expenditures totaled \$85,214. Should the legislature adopt this decision package, the operating expense budget for the agency would include \$135,214 annually in the upcoming biennium. This amount is 4% higher than the four year average for fiscal years 2007 to 2010. The agency has stated that increases in costs and complexity of lawsuits and investigation of complaints continue to create backlog and delayed resolutions resulting from lack of funding. According to COPP, the funds in the executive budget would reduce the backlog through 2009. The legislature may want to consider the option of designating all or a portion of the requested increase as one-time-only as was done in the prior two biennia so that the clearing of the backload of cases does not artificially increase the base budget expenditures for the agency.

## Options

1. Adopt all or a portion of the decision package as is, allowing the agency to increase its base level of expenditures due to the continued increase in legal costs;
2. Adopt the decision package, but designate all or a portion of the amount one-time-only to allow the agency to deal with its current backlog of cases, but not increase their base level of expenditures; or
3. Reject or reduce the amount of funding requested.