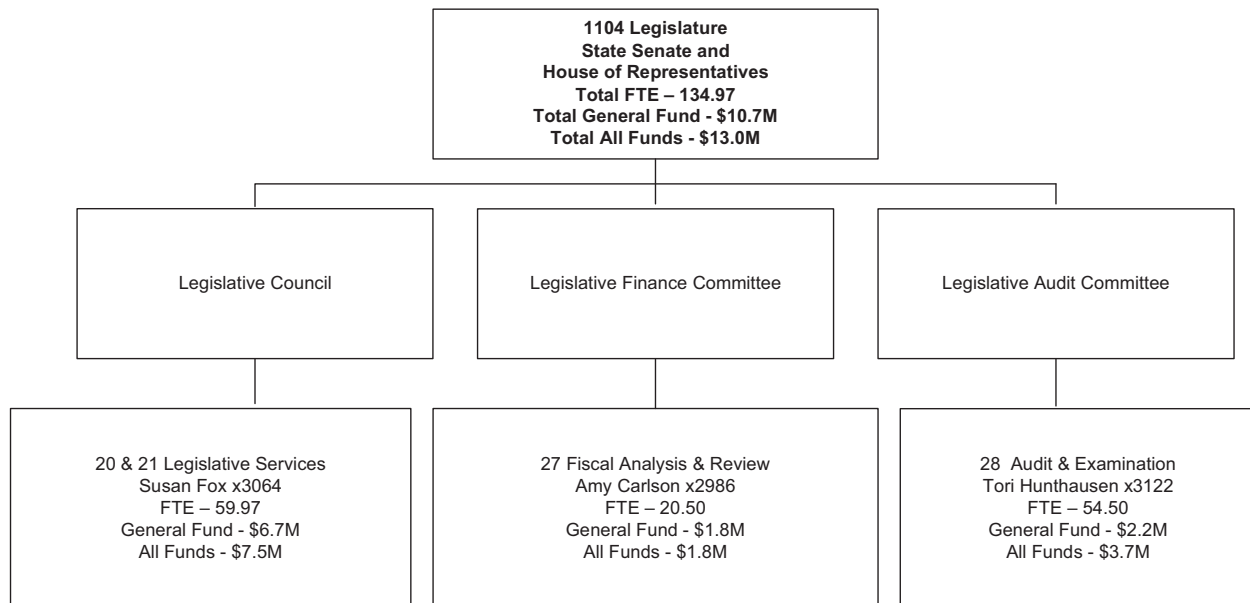


Agency Budget Comparison

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	134.97	140.14	134.97	140.14	140.14	140.14	0.00	0.00%
Personal Services	9,975,053	11,251,586	10,873,290	10,858,306	21,226,639	21,731,596	504,957	2.38%
Operating Expenses	2,926,260	3,701,538	3,483,472	3,230,219	6,627,798	6,713,691	85,893	1.30%
Equipment & Intangible Assets	133,233	80,729	75,000	75,000	213,962	150,000	(63,962)	(29.89%)
Benefits & Claims	250	0	0	0	250	0	(250)	(100.00%)
Total Costs	\$13,034,796	\$15,033,853	\$14,431,762	\$14,163,525	\$28,068,649	\$28,595,287	\$526,638	1.88%
General Fund	10,671,264	12,745,186	11,763,554	12,140,721	23,416,450	23,904,275	487,825	2.08%
State Special	2,363,532	2,288,667	2,668,208	2,022,804	4,652,199	4,691,012	38,813	0.83%
Total Funds	\$13,034,796	\$15,033,853	\$14,431,762	\$14,163,525	\$28,068,649	\$28,595,287	\$526,638	1.88%

The following is the agency organizational chart, with contact information. The chart has been modified by the LFD to include the FY 2010 base budget FTE, general fund, and total funds for each program. As applicable, total agency proprietary funds and statutory appropriations, along with associated FTE, are also shown.



Agency Description

Principal entities of the Legislative Branch (Branch) consolidated under 5-2-503, MCA, include the Senate and the House of Representatives, the Legislative Services Division, the Legislative Fiscal Division, and the Legislative Audit Division. The Senate and the House of Representatives together comprise the Legislature, which exercises the legislative power of state government, creates the laws of the state, and appropriates funds for the functions of state government.

Standing and interim committees of the Legislature, aided by supporting divisions of the Branch, monitor the functions of state government and report to the Legislature. The Legislative Audit Committee, Legislative Council, and Legislative Finance Committee provide oversight and management of legislative divisions during the interim.

The budget for the three staff divisions and legislative interim work is presented in HB 2. The budget for House and Senate activity is presented in HB 1, the "feed bill."

Agency Highlights

Legislative Branch Major Budget Highlights	
♦	The budget would increase 1.9% from the 2011 biennium, including a 2.1% increase in general fund, due to the following: <ul style="list-style-type: none"> • Statewide present law adjustments • Funding of the Districting and Apportionment Commission and a portion of organizational dues • Retrofits of the State Capitol building to address work health issues
Legislative Action Issues	
♦	Interim Committee Recommendation
♦	Funding for the Districting and Apportionment Commission
♦	Funding to address healthy work environment recommendations <ul style="list-style-type: none"> • The Legislative Finance Committee recommends that the budget starting point be the adjusted base minus 5%

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.

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. The LFC did not identify any critical goals for monitoring during the session.

5% Reduction Plan

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. The following summarizes the plan submitted for this program.

Total 5% Reduction Plan Identified by Legislative Branch, By Division Included and Not Included in Executive Budget 2013 Biennium					
Program/DP Number/Description	FTE	General Fund	Percent Of Total	State Special Revenue	Percent Of Total
<u>Legislative Branch</u>					
<i>Not Included in Executive Budget</i>					
Legislative Services Division		\$674,447	63.3%	\$88,430	37.4%
Committees and Activities		45,206	4.2%	0	0.0%
Legislative Fiscal Division		147,935	13.9%	0	0.0%
Legislative Audit Division		<u>198,172</u>	18.6%	<u>148,278</u>	62.6%
Total Legislative Branch		\$1,065,760		\$236,708	

Each division would leave professional-level positions open, including 2 in LSD, 1 in LFD, and 3 in LAD. Various supplies, training, lodging, and equipment would also be curtailed. Interim committee budgets and the Legislative Council's emergent issues appropriation would also be reduced. Further detail is included in the individual division budget narratives that follow.

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 **Labor Market Experience** – The branch has had adequate applicant pool sizes for the majority of its positions and small pool sizes for others. Turnover trends have been normal with a few more retirements than in the past. Twice during the past biennium the recruitment process had to be extended past the original deadline. There have been a few rejections of offers because the agency was not willing to pay what the applicant was requesting.
- o **Pay Philosophy** – The branch pay plan encompasses the agency pay philosophy and provides parameters for pay adjustments. The Legislative Branch typically hires at entry and will continue to do so. The pay philosophy for career ladders will remain the same as in the past--when promoted the employee's rate of pay will go to entry of the new pay range unless the employee's pay is already above the entry level of the new range.
- o **Obstacles** - Limited space to accommodate staff may be an obstacle to retaining qualified workers.

Funding

The following table summarizes funding for the agency, by program and source, as recommended by the Branch. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding 2013 Biennium Budget				
Agency Program	General Fund	State Spec.	Grand Total	Total %
20 Legislative Services Division	\$ 14,137,078	\$ 1,237,771	\$ 15,374,849	53.77%
21 Legis. Committees & Activities	1,147,216	-	1,147,216	4.01%
27 Fiscal Analysis & Review	3,708,663	-	3,708,663	12.97%
28 Audit & Examination	<u>4,911,318</u>	<u>3,453,241</u>	<u>8,364,559</u>	<u>29.25%</u>
Grand Total	<u>\$ 23,904,275</u>	<u>\$ 4,691,012</u>	<u>\$ 28,595,287</u>	<u>100.00%</u>

Statutory Appropriations

The following details the total statutory appropriations associated with this agency. Because statutory appropriations do not require reauthorization each biennium, they do not appear in HB 2 and are not routinely examined by the legislature. The Legislative Branch has three statutory appropriations:

- 1) Legislative Branch reserve account is any portion of unexpended and unencumbered money included in the "feed bill" and remaining carry forward appropriations for the divisions. The funds may be used for major Legislative

Branch information technology projects including hardware, software, and consultant services for new initiatives and replacement and upgrading of existing systems. In the 2011 interim a total of \$92,874 was expended.

- 2) The retirement reserve account was a one-time-only appropriation of \$400,000 approved by the 2007 Legislature for retirement payouts. A total of \$32,160 was expended in FY 2010.
- 3) All money for audits transferred to the legislative auditor must be deposited in a state special revenue fund in the state treasury to the credit of the Office of the Legislative Auditor. The money deposited in excess of general and pay plan appropriations is derived from higher than estimated audit revenues and may be used to pay expenses incurred in auditing state agencies based on an approved operating plan. No funds were expended in FY 2010.

Budget Summary by Category

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

Budget Summary by Category								
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	10,671,264	10,671,264	21,342,528	89.28%	13,034,796	13,034,796	26,069,592	91.17%
Statewide PL Adjustments	605,283	1,053,414	1,658,697	6.94%	894,279	997,540	1,891,819	6.62%
Other PL Adjustments	167,285	336,321	503,606	2.11%	182,965	51,467	234,432	0.82%
New Proposals	319,722	79,722	399,444	1.67%	319,722	79,722	399,444	1.40%
Total Budget	\$11,763,554	\$12,140,721	\$23,904,275		\$14,431,762	\$14,163,525	\$28,595,287	

Program Budget Comparison

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

Program 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	59.00	64.17	59.00	64.17	64.17	64.17	0.00	0.00%
Personal Services	4,606,243	5,302,075	4,980,614	5,046,772	9,908,318	10,027,386	119,068	1.20%
Operating Expenses	2,342,462	2,850,300	2,641,646	2,555,817	5,192,762	5,197,463	4,701	0.09%
Equipment & Intangible Assets	133,233	80,729	75,000	75,000	213,962	150,000	(63,962)	(29.89%)
Total Costs	\$7,081,938	\$8,233,104	\$7,697,260	\$7,677,589	\$15,315,042	\$15,374,849	\$59,807	0.39%
General Fund	6,197,641	7,837,919	6,789,946	7,347,132	14,035,560	14,137,078	101,518	0.72%
State Special	884,297	395,185	907,314	330,457	1,279,482	1,237,771	(41,711)	(3.26%)
Total Funds	\$7,081,938	\$8,233,104	\$7,697,260	\$7,677,589	\$15,315,042	\$15,374,849	\$59,807	0.39%

Program Description

The Legislative Services Division provides objective research, reference, legal, technical, information technology, and business services to the House, Senate, and other divisions of the Legislative Branch. Division services include: 1) bill and amendment drafting, preparation of bills for introduction, and engrossing and enrolling bills; 2) publication of legislative documents of record; 3) provision of legislative research and reference services; 4) legal counseling on legislative matters and agency legal support; 5) personnel and business services; 6) planning, installation, and maintenance of agency information technology; 7) legislative committee staffing and support; 8) preparation, publication, and distribution of the Montana Code Annotated text and annotations; 9) review of the text of proposed ballot measures; 10) broadcasting of state government and public policy events; and 11) provision of legislative information to the public. The Legislative Council provides policy guidance to the Legislative Services Division.

Program Highlights

Legislative Services Division Major Budget Highlights	
<ul style="list-style-type: none"> ◆ The budget would increase slightly due to: <ul style="list-style-type: none"> • Statewide present law adjustments • \$240,000 to address healthy work environment recommendations ◆ Expenditures are offset by a cyclical reduction in costs of the Montana Code Annotated 	

Program Narrative

The general fund budget for the division would slightly increase due to statewide present law adjustments, funding for the Districting and Apportionment Commission, and a Capitol building retrofit to address work health issues. The division also has a net reduction in cyclical costs associated with production of the Montana Code Annotated (MCA).

5% Reduction Plan

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. The following summarizes the plan for the division.

The division would reduce personal services by leaving two professional-level positions open, replacing two long-term employees with entry-level employees, and unidentified vacancy savings. The division would also reduce out-of-state

travel expenses, printing, supplies, training, equipment and software, and audio/visual equipment for TVMT. The division notes that extended vacancies prohibit effective succession planning and reduce staff development. Using equipment longer increases the risk of failure and significant reductions in hardware and software impact all divisions and the House and Senate. The unidentified vacancy savings could impact essential services to the legislature in areas such as bill drafting, committee support, business services, or technical support.

Funding

The following table shows program funding, by source, for the base year and for the 2013 biennium as recommended by the Branch

Program Funding Table							
Legislative Services Division							
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	\$ 6,197,641	87.5%	\$ 6,789,946	88.2%	\$ 7,347,132	95.7%
	01100 General Fund	6,197,641	87.5%	6,789,946	88.2%	7,347,132	95.7%
02000	Total State Special Funds	884,297	12.5%	907,314	11.8%	330,457	4.3%
	02800 Reimbursable Activities	859,631	12.1%	882,962	11.5%	306,001	4.0%
	02985 State Government Broadcasting	24,666	0.3%	24,352	0.3%	24,456	0.3%
Grand	Total	<u>\$ 7,081,938.00</u>	<u>100.0%</u>	<u>\$ 7,697,260.00</u>	<u>100.0%</u>	<u>\$ 7,677,589.00</u>	<u>100.0%</u>

The Legislative Services Division is mainly funded by general fund. State special revenue funding supports the costs associated with the state broadcasting service (TVMT) and the preparation, publication, and distribution of the Montana Codes Annotated.

Budget Summary by Category

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

Budget Summary by Category								
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	6,197,641	6,197,641	12,395,282	87.68%	7,081,938	7,081,938	14,163,876	92.12%
Statewide PL Adjustments	343,855	828,816	1,172,671	8.30%	358,242	566,880	925,122	6.02%
Other PL Adjustments	8,450	320,675	329,125	2.33%	17,080	28,771	45,851	0.30%
New Proposals	240,000	0	240,000	1.70%	240,000	0	240,000	1.56%
Total Budget	\$6,789,946	\$7,347,132	\$14,137,078		\$7,697,260	\$7,677,589	\$15,374,849	

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					374,371					440,529	
Inflation/Deflation					567					568	
Fixed Costs					(16,696)					125,783	
Total Statewide Present Law Adjustments		\$343,855	\$14,387	\$0	\$358,242		\$828,816	(\$261,936)	\$0	\$566,880	
DP 201 - LSD Cyclical Program Operations											
	0.00	8,450	8,630	0	17,080	0.00	320,675	(291,904)	0	28,771	
Total Other Present Law Adjustments		0.00	\$8,450	\$8,630	\$0	\$17,080	0.00	\$320,675	(\$291,904)	\$0	\$28,771
Grand Total All Present Law Adjustments		0.00	\$352,305	\$23,017	\$0	\$375,322	0.00	\$1,149,491	(\$553,840)	\$0	\$595,651

Program 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** – None
- o **Program Specific Obstacles** – Requirements for an advanced degree and/or experience attract fewer applicants but the division has been able to hire. The bad economy is bringing more applicants.
- o **Vacancy** – IT personnel have high turnover. The learning curve makes for less efficiency. IT projects have been reprioritized, some duties reassigned, and temporary help has been on staff almost constantly for the entire biennium.
- o **Legislatively Applied Vacancy Savings** – The division held positions open to generate the necessary vacancy savings.
- o **Pay/Position Changes** – An administrative support secretary was reclassified to legislative secretary based on a change in duties, funded with vacancy savings. An attorney's pay was adjusted for temporary duties as the code commissioner, also funded with vacancy savings.
- o **Retirements** – For the branch, 18 employees are eligible, or will become eligible, for full retirement in the current fiscal year. Eight more employees become eligible in FY 2012 and FY 2013. That total, 26 employees, is 20% of the agency total. Compensated absence liability on the books as of August, 2010, for all 26 employees is \$635,042. In this division, the financial manager will retire in the 2013 biennium.

DP 201 - LSD Cyclical Program Operations - All increases and decreases contained in this proposal reflect the cyclical nature of the legislative business cycle. An \$8,000 general fund increase each year supports the work of the Districting & Apportionment Commission following the national census. A \$9,000 special revenue fund increase in Montana Code Annotated costs in the first year is more than offset by a second year reduction of \$292,348 related to the production and publication of the MCA. Other second year changes, totaling \$321,000, fund costs of the 2013 legislative session which are not included in the base year or which increase during a session year. Such costs include streaming legislative proceedings over the internet, production costs of TVMT, temporary staff support of House and Senate secretaries, and contracted services for support of the LAWS system, session network buildup, and computer-related assistance to legislators.

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										
Program	FTE	Fiscal 2012				Fiscal 2013				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 206 - Retro-Commissioning the Capitol Building										
20	0.00	240,000	0	0	240,000	0.00	0	0	0	0
Total	0.00	\$240,000	\$0	\$0	\$240,000	0.00	\$0	\$0	\$0	\$0

DP 206 - Retro-Commissioning the Capitol Building - During the 2011 biennium, the LSD contracted for an analysis and the development of a Capitol Building Master Plan as it relates to the Legislature's needs and the needs of the public within legislative space. The work provides a long-term guideline to use in conjunction with the Capitol Campus Master Plan and considers the historic character of the building while looking at public accessibility, public participation in the legislative process, efficiency in the delivery of services, and provision of a safe and healthy work environment. Funding for the Capitol Building Master Plan will be considered in the arena of long-term building requests in a future session.

This proposal provides one-time biennial funding for shorter-term options related to a healthy work environment and includes retro-commissioning the mechanical system and controls within the Capitol building and the central plant, upgrading lighting, and opening window wells closed over during Capitol renovation.

Program Budget Comparison

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

Program 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	0.97	0.97	0.97	0.97	0.97	0.97	0.00	0.00%
Personal Services	99,245	70,074	125,722	48,375	169,319	174,097	4,778	2.82%
Operating Expenses	352,826	490,584	593,758	379,361	843,410	973,119	129,709	15.38%
Total Costs	\$452,071	\$560,658	\$719,480	\$427,736	\$1,012,729	\$1,147,216	\$134,487	13.28%
General Fund	452,071	560,658	719,480	427,736	1,012,729	1,147,216	134,487	13.28%
Total Funds	\$452,071	\$560,658	\$719,480	\$427,736	\$1,012,729	\$1,147,216	\$134,487	13.28%

Program Description

The Legislative Committees and Activities Program supports the activities of standing and interim legislative committees that are conducted during the interim between legislative sessions. Program expenditures support: 1) interim study activities as defined in 5-5-202 through 5-5-217, MCA; 2) cooperative interstate, international and intergovernmental activities as outlined in 5-11-303 through 5-11-305, MCA; and 3) other legislative activities for which appropriations are made.

Program Highlights

Legislative Committees and Activities Major Budget Highlights	
◆	General fund would increase 13.3% due primarily to the following: <ul style="list-style-type: none"> • Funding of the Districting and Apportionment Commission • A portion of dues to four legislative organizations, including NCSL, CSG, NCCUSL, and PNWER • Reinstatement of the Legislative Council's emerging issues fund

Program Narrative

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. The following summarizes the plan for the division.

Each interim committee's budget would be reduced by \$2,000, and the Legislative Council's emerging issues budget would be reduced by \$11,603. The division notes that a reduction in interim committee budgets places a budgetary restriction on the scope of the committee's work, and could restrict subcommittee work. The reduction in the emergent issues budget places limits on the council's ability to respond to issues in the interim. Both reductions could reduce the information available to subsequent legislatures.

Funding

The following table shows program funding, by source, for the base year and for the 2013 biennium as recommended by the Branch

The program is entirely funded with general fund.

Program Funding Table						
Legis. Committees & Activities						
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	\$ 452,071	100.0%	\$ 719,480	100.0%	\$ 427,736	100.0%
01100 General Fund	452,071	100.0%	719,480	100.0%	427,736	100.0%
Grand Total	<u>\$ 452,071</u>	<u>100.0%</u>	<u>\$ 719,480</u>	<u>100.0%</u>	<u>\$ 427,736</u>	<u>100.0%</u>

Budget Summary by Category

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

Budget Summary by Category								
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	452,071	452,071	904,142	78.81%	452,071	452,071	904,142	78.81%
Statewide PL Adjustments	38,102	(68,953)	(30,851)	(2.69%)	38,102	(68,953)	(30,851)	(2.69%)
Other PL Adjustments	149,585	(35,104)	114,481	9.98%	149,585	(35,104)	114,481	9.98%
New Proposals	79,722	79,722	159,444	13.90%	79,722	79,722	159,444	13.90%
Total Budget	\$719,480	\$427,736	\$1,147,216		\$719,480	\$427,736	\$1,147,216	

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					40,658					(66,400)
Inflation/Deflation					(119)					(116)
Fixed Costs					(2,437)					(2,437)
Total Statewide Present Law Adjustments		\$38,102	\$0	\$0	\$38,102		(\$68,953)	\$0	\$0	(\$68,953)
DP 211 - Interim Committees Cyclical Program Operations	0.00	149,585	0	0	149,585	0.00	(35,104)	0	0	(35,104)
Total Other Present Law Adjustments	0.00	\$149,585	\$0	\$0	\$149,585	0.00	(\$35,104)	\$0	\$0	(\$35,104)
Grand Total All Present Law Adjustments	0.00	\$187,687	\$0	\$0	\$187,687	0.00	(\$104,057)	\$0	\$0	(\$104,057)

DP 211 - Interim Committees Cyclical Program Operations - Adjustments from base, including the \$25,742 reduction to personal services in statewide present law, total \$88,739. An operational increase of \$49,134 relates to decennial work of the Districting & Apportionment Commission, a \$25,354 reduction "pools" organizational dues, a \$8,785 increase relates to personal car mileage, and a \$50,000 increase relates to re-establishment of the Legislative Council's discretionary fund for emerging issues which was not expended in the base year. The emerging issues fund is the same amount approved in the last two bienniums and is not an increase when comparing biennium to 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										
Program	FTE	-----Fiscal 2012-----				-----Fiscal 2013-----				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 212 - Interstate Organization Dues										
21	0.00	79,722	0	0	79,722	0.00	79,722	0	0	79,722
Total	0.00	\$79,722	\$0	\$0	\$79,722	0.00	\$79,722	\$0	\$0	\$79,722

DP 212 - Interstate Organization Dues - This proposal provides funding for interstate organizational dues in an amount equal to 30% of the total dues for the 2013 biennium for four interstate organizations including the National Conference of Commissioners on Uniform State Law (NCCUSL), the Pacific Northwest Economic Region (PNWER), the National Conference of State Legislatures (NCSL) and the Council of State Governments (CSG). The program's present law budget contains funding sufficient to pay 50% of the dues--this proposal would increase the total funding to 80% of the anticipated cost.

Program Budget Comparison

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

Program 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	20.50	20.50	20.50	20.50	20.50	20.50	0.00	0.00%
Personal Services	1,771,252	1,811,909	1,779,940	1,776,959	3,583,161	3,556,899	(26,262)	(0.73%)
Operating Expenses	54,931	86,707	55,359	96,405	141,638	151,764	10,126	7.15%
Total Costs	\$1,826,183	\$1,898,616	\$1,835,299	\$1,873,364	\$3,724,799	\$3,708,663	(\$16,136)	(0.43%)
General Fund	1,826,183	1,898,616	1,835,299	1,873,364	3,724,799	3,708,663	(16,136)	(0.43%)
Total Funds	\$1,826,183	\$1,898,616	\$1,835,299	\$1,873,364	\$3,724,799	\$3,708,663	(\$16,136)	(0.43%)

Program Description

The Legislative Fiscal Division provides the legislature with objective fiscal information and analysis relevant to Montana public policy and budget determination. Division services include: 1) fiscal analysis of state government and the furnishing of information bearing upon the financial matters of the state; 2) identification of ways to effect economy and efficiency in state government; 3) estimation of revenue and analysis of tax policy; 4) analysis of the executive budget; 5) compiling and analyzing fiscal information for legislators and legislative committees; and 6) staffing and support for legislative committees, including the preparation and processing of the appropriation bills for the legislative, judicial, and executive agencies. The Legislative Finance Committee provides guidance to the Legislative Fiscal Division.

Program Highlights

Legislative Fiscal Division Major Budget Highlights	
◆	The budget would decrease slightly compared to the 2011 biennium due to a higher personal services cost in FY 2011
◆	Funds for cyclical session expenses are included in FY 2013 at the FY 2011 level

Program Narrative

The budget shows a slight decrease from the 2011 biennium level because unspent authority in FY 2010 shifted to FY 2011 because the appropriation for the 2011 biennium was biennial.

5% Reduction Plan

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. The following summarizes the plan for the division.

The division would leave one professional-level position vacant for the biennium. Operating reductions would also be made to supplies and contracted services. The division notes that an extended vacancy directly impacts the division's ability to provide enhanced services identified as critical by the previous legislature and places the division focus on essential services like the budget analysis. The vacancy also reduces the division's ability to develop staff expertise prior to staff retirement.

Funding

The following table shows program funding, by source, for the base year and for the 2013 biennium as recommended by the Governor.

Program Funding Table Fiscal Analysis & Review						
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	\$ 1,826,183	100.0%	\$ 1,835,299	100.0%	\$ 1,873,364	100.0%
01100 General Fund	<u>1,826,183</u>	<u>100.0%</u>	<u>1,835,299</u>	<u>100.0%</u>	<u>1,873,364</u>	<u>100.0%</u>
Grand Total	<u>\$ 1,826,183</u>	<u>100.0%</u>	<u>\$ 1,835,299</u>	<u>100.0%</u>	<u>\$ 1,873,364</u>	<u>100.0%</u>

The division is entirely funded with general fund.

Budget Summary by Category

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

Budget Summary by Category								
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	1,826,183	1,826,183	3,652,366	98.48%	1,826,183	1,826,183	3,652,366	98.48%
Statewide PL Adjustments	9,116	2,181	11,297	0.30%	9,116	2,181	11,297	0.30%
Other PL Adjustments	0	45,000	45,000	1.21%	0	45,000	45,000	1.21%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$1,835,299	\$1,873,364	\$3,708,663		\$1,835,299	\$1,873,364	\$3,708,663	

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					8,688					4,207
Inflation/Deflation					(96)					(94)
Fixed Costs					524					(1,932)
Total Statewide Present Law Adjustments										
		\$9,116	\$0	\$0	\$9,116		\$2,181	\$0	\$0	\$2,181
DP 271 - LFD Cyclical Program Operations										
	0.00	0	0	0	0	0.00	45,000	0	0	45,000
Total Other Present Law Adjustments										
	0.00	\$0	\$0	\$0	\$0	0.00	\$45,000	\$0	\$0	\$45,000
Grand Total All Present Law Adjustments										
	0.00	\$9,116	\$0	\$0	\$9,116	0.00	\$47,181	\$0	\$0	\$47,181

Program 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** – None
- o **Program Specific Obstacles** - Requirements for an advanced degree and/or experience attract fewer applicants but the division has been able to hire. The bad economy is bringing more applicants.
- o **Vacancy** – None noted.
- o **Legislatively Applied Vacancy Savings** - The division held positions open to generate the necessary vacancy savings.
- o **Pay/Position Changes** – None noted beyond career ladder adjustments.
- o **Retirements** - For the branch, 18 employees are eligible, or will become eligible, for full retirement in the current fiscal year. Eight more employees become eligible in FY2012 and FY2013. That total, 26 employees, is 20% of the agency total. Compensated absence liability on the books as of August, 2010, for all 26 employees is \$635,042. In this division, one principal fiscal analyst and potentially one or more senior analysts may retire.

DP 271 - LFD Cyclical Program Operations - This proposal increases the FY 2013 budget by \$45,000 general fund in the categories of overtime, temporary services, printing, photocopy, and office supplies due to cyclical legislative session costs that are not captured in the base year. This is the same amount approved in the previous two biennia, and is not an increase when comparing biennium to biennium.

Program Budget Comparison

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

Program 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	54.50	54.50	54.50	54.50	54.50	54.50	0.00	0.00%
Personal Services	3,498,313	4,067,528	3,987,014	3,986,200	7,565,841	7,973,214	407,373	5.38%
Operating Expenses	176,041	273,947	192,709	198,636	449,988	391,345	(58,643)	(13.03%)
Benefits & Claims	250	0	0	0	250	0	(250)	(100.00%)
Total Costs	\$3,674,604	\$4,341,475	\$4,179,723	\$4,184,836	\$8,016,079	\$8,364,559	\$348,480	4.35%
General Fund	2,195,369	2,447,993	2,418,829	2,492,489	4,643,362	4,911,318	267,956	5.77%
State Special	1,479,235	1,893,482	1,760,894	1,692,347	3,372,717	3,453,241	80,524	2.39%
Total Funds	\$3,674,604	\$4,341,475	\$4,179,723	\$4,184,836	\$8,016,079	\$8,364,559	\$348,480	4.35%

Program Description

The Legislative Audit Division conducts independent audits and provides factual and objective information to the legislative and executive managers of the public trust. Division services include: 1) conducting and reporting of biennial financial-compliance audits, performance audits, information systems audits, and special audits of state agency operations; 2) reporting of violation of penal statutes, instances of misfeasance, malfeasance, or nonfeasance, and shortages discovered in an audit that are covered by surety; 3) auditing records of entities under contract with the state; and 4) assisting the legislature, its committees, and its members by providing information related to the fiscal affairs of state government. The Legislative Auditor consults with the Legislative Audit Committee.

Program Highlights

Legislative Audit Division Major Budget Highlights	
◆	Costs would increase 4.4%, including a 5.8% increase in general fund, due to statewide present law adjustments

Program Narrative

The budget for the division would increase by 4.4%, including 5.8% general fund, due almost entirely to statewide present law adjustments. The division also requests a slight increase for various cyclical costs, including peer review.

5% Reduction Plan

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. The following summarizes the plan for the division.

The division would reduce expenditures primarily by leaving three professional-level positions vacant for an extended period of time. The division notes that extended vacancies reduce its ability to hire and train qualified audit staff while anticipating a loss of experience due to retirements. The division also plans to cancel certain phone leases and purchase phones, and use webinars and in-house training to continue professional development of staff.

Funding

The following table shows program funding, by source, for the base year and for the 2013 biennium as recommended by the Governor.

Program Funding Table							
Audit & Examination							
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	\$ 2,195,369	59.7%	\$ 2,418,829	57.9%	\$ 2,492,489	59.6%
	01100 General Fund	2,195,369	59.7%	2,418,829	57.9%	2,492,489	59.6%
02000	Total State Special Funds	1,479,235	40.3%	1,760,894	42.1%	1,692,347	40.4%
	02042 Legislative Audit	1,479,235	40.3%	1,760,894	42.1%	1,692,347	40.4%
Grand	Total	<u>\$ 3,674,604</u>	<u>100.0%</u>	<u>\$ 4,179,723</u>	<u>100.0%</u>	<u>\$ 4,184,836</u>	<u>100.0%</u>

This program is funded through a combination of general fund and state special revenue funds generated through the assessment to agencies of federally approved hourly rates charged for audit services.

Budget Summary by Category

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

Budget Summary by Category								
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	2,195,369	2,195,369	4,390,738	89.40%	3,674,604	3,674,604	7,349,208	87.86%
Statewide PL Adjustments	214,210	291,370	505,580	10.29%	488,819	497,432	986,251	11.79%
Other PL Adjustments	9,250	5,750	15,000	0.31%	16,300	12,800	29,100	0.35%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$2,418,829	\$2,492,489	\$4,911,318		\$4,179,723	\$4,184,836	\$8,364,559	

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					488,701					487,887
Inflation/Deflation					(1,106)					(1,089)
Fixed Costs					1,224					10,634
Total Statewide Present Law Adjustments		\$214,210	\$274,609	\$0	\$488,819		\$291,370	\$206,062	\$0	\$497,432
DP 281 - LAD Cyclical Program Operations										
	0.00	9,250	7,050	0	16,300	0.00	5,750	7,050	0	12,800
Total Other Present Law Adjustments	0.00	\$9,250	\$7,050	\$0	\$16,300	0.00	\$5,750	\$7,050	\$0	\$12,800
Grand Total All Present Law Adjustments	0.00	\$223,460	\$281,659	\$0	\$505,119	0.00	\$297,120	\$213,112	\$0	\$510,232

Program 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** - In order to remain competitive with private CPA firms, entry level auditors are hired at 93% of market rather than entry.
- o **Program Specific Obstacles** - Requirements for an advanced degree and/or experience attract fewer applicants but the division has been able to hire. The bad economy is bringing more applicants.
- o **Vacancy** – None noted.
- o **Legislatively Applied Vacancy Savings** - The division held positions open to generate the necessary vacancy savings.
- o **Pay/Position Changes** – None beyond career ladder and merit pay promotions.
- o **Retirements** - For the branch, 18 employees are eligible, or will become eligible, for full retirement in the current fiscal year. Eight more employees become eligible in FY2012 and FY2013. That total, 26 employees, is 20% of the agency total. Compensated absence liability on the books as of August, 2010, for all 26 employees is \$635,042. In this division, there are a number of potential audit management retirements.

DP 281 - LAD Cyclical Program Operations - Changes from the adjusted base include cyclical costs associated with a Peer Review required by Governmental Auditing Standards, the biennial Legislative Branch audit, and contract services for the potential use of actuarial expertise during the division's audits of the retirement systems and the Montana State Fund.