

**Agency Budget Comparison**

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	129.97	135.14	134.97	140.14	135.14	140.14	5.00	3.70%
Personal Services	8,819,756	10,781,395	10,581,045	10,607,339	19,601,151	21,188,384	1,587,233	8.10%
Operating Expenses	2,484,603	2,663,615	3,813,259	3,088,060	5,148,218	6,901,319	1,753,101	34.05%
Equipment & Intangible Assets	69,801	139,699	75,000	75,000	209,500	150,000	(59,500)	(28.40%)
Transfers	0	0	0	0	0	0	0	n/a
<b>Total Costs</b>	<b>\$11,374,160</b>	<b>\$13,584,709</b>	<b>\$14,469,304</b>	<b>\$13,770,399</b>	<b>\$24,958,869</b>	<b>\$28,239,703</b>	<b>\$3,280,834</b>	<b>13.14%</b>
General Fund	9,116,067	11,249,936	11,812,196	11,775,305	20,366,003	23,587,501	3,221,498	15.82%
State Special	2,258,093	2,334,773	2,657,108	1,995,094	4,592,866	4,652,202	59,336	1.29%
<b>Total Funds</b>	<b>\$11,374,160</b>	<b>\$13,584,709</b>	<b>\$14,469,304</b>	<b>\$13,770,399</b>	<b>\$24,958,869</b>	<b>\$28,239,703</b>	<b>\$3,280,834</b>	<b>13.14%</b>

**Agency Description**

Agency Mission: The mission of the Legislature is to exercise the legislative power of state government vested in the legislature by the Constitution of the State of Montana. The mission of the Legislative Branch, i.e., the consolidated legislative agency defined in 5-2-503, MCA is to provide the administrative structure to support accomplishment of the mission of the Legislature.

The Legislative Branch (Branch) consists of entities consolidated as provided in 5-2-503, MCA. The principal consolidated entities include the Senate, 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 compose 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 Legislative 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**

<b>Legislative Branch HB 2 Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ Legislatively approved funding for the agency increases by 13.14 percent (\$3.28 million) over the 2009 biennium due to:                             <ul style="list-style-type: none"> <li>• \$1.0 million to continue and expand broadcasting of the legislative session and interim committees</li> <li>• Statewide present law adjustments for annualization of the pay plan and market adjustments</li> <li>• Implementation of HB 13, the pay plan bill</li> <li>• Monitoring of the state’s implementation of the American Recovery and Reinvestment Act</li> </ul> </li> <li>◆ The legislature funded the addition of 4.0 FTE for increased staffing requirements, legislative initiatives passed in the 2009 session, fiscal note</li> </ul>

<p>analysis, and 1.0 FTE for systems analysis</p> <ul style="list-style-type: none"> <li>◆ The legislature applied a 2 percent vacancy savings to the agency totaling a reduction of \$415,754 over the biennium</li> <li>◆ A 2 percent unspecified general fund reduction totaling \$478,251 was applied to the branch</li> </ul>
<b>HB 645 Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ Funding for participation in the National Conference of State Legislatures was shifted from HB 2 to HB 645</li> </ul>

### Summary of Legislative Action

The legislature added an additional 1.0 FTE to provide systems analysis for the branch. This addition was coupled with a reduction in contracted services for systems that will be managed and maintained by the new position. 4.0 FTE were added by the legislature to accommodate the increased staffing requirements of expanded sub-committees, legislative initiatives passed in the 2009 session, and fiscal note analysis in the Legislative Fiscal Division. The personal services budget for the program was further impacted by legislative approval of funding for HB 13, the pay plan bill, and the application of a 2 percent vacancy savings reduction to all of the Legislative Branch divisions.

Increased funding was provided by the legislature for agency operations and for operational expenses that were not captured during the base year due to the cyclical nature of the division's operations. Funding also included increased costs for districting and apportionment, lodging, mileage, organizational dues, training, and conference registration fees; and reestablishment of the Legislative Council discretionary fund for emerging issues. The legislature funded decision packages for expanded committee expenses and monitoring the state's implementation of the federal American Recovery and Reinvestment Act (ARRA). A biennial appropriation of \$35,914 was added by the legislature to fund a portion of the costs associated with SB 22, the water policy interim committee bill. Funding for the payments of dues and fees for participation in the National Conference of State Legislatures (NCSL) and the funding for the legislator technology allowance were shifted from HB 2 by the legislature. Funding for NCSL was added to HB 645, and the technology allowance will be requested in the feed bill.

An unspecified 2.0 percent reduction of general fund was applied by the legislature as well as language added to the bill that allows the distribution of the reduction among programs at the discretion of the agency.

### Agency Discussion

The Legislative Branch budget includes cyclical FTE and costs in the second year of the biennium for the cyclical session employee costs and operating expenses. For this reason, the FTE in FY 2011 are higher than the FTE in FY 2010.

The Legislative Branch business cycle is biennial, related to the cyclical nature of legislative session, production and publication of the Montana Codes Annotated, interim study committees and activities, and biennial audit work. As such, the Legislative Branch receives biennial appropriations. However, as a means to facilitate comparison, the budget is presented in the annual format. Changes to the base year reflect the difference of activity from legislative session to interim years. Comparisons to the base year give a distorted picture in that session costs are not in the budget base year (even years), yet recur every other year (odd year).

### Funding

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

Total Agency Funding 2011 Biennium Budget				
Agency Program	General Fund	State Spec.	Grand Total	Total %
20 Legislative Services Division	\$ 13,967,451	\$ 1,279,483	\$ 15,246,934	53.99%
21 Legis. Committees & Activities	1,077,115	-	1,077,115	3.81%
27 Fiscal Analysis & Review	3,883,159	-	3,883,159	13.75%
28 Audit & Examination	4,659,776	3,372,719	8,032,495	28.44%
Grand Total	<u>\$ 23,587,501</u>	<u>\$ 4,652,202</u>	<u>\$ 28,239,703</u>	<u>100.00%</u>

**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 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	9,116,067	9,116,067	18,232,134	77.30%	11,374,160	11,374,160	22,748,320	80.55%
Statewide PL Adjustments	1,318,178	1,652,380	2,970,558	12.59%	1,717,135	1,707,797	3,424,932	12.13%
Other PL Adjustments	966,374	581,142	1,547,516	6.56%	997,955	294,394	1,292,349	4.58%
New Proposals	411,577	425,716	837,293	3.55%	380,054	394,048	774,102	2.74%
<b>Total Budget</b>	<b>\$11,812,196</b>	<b>\$11,775,305</b>	<b>\$23,587,501</b>		<b>\$14,469,304</b>	<b>\$13,770,399</b>	<b>\$28,239,703</b>	

**Other Legislation**

**HB 645** – This bill is for the state’s implementation of the federal American Recovery and Reinvestment Act (ARRA). The following table shows HB 645 total funding by program:

Total Agency Funding 2011 Biennium Budget			
Agency Program	General Fund	Grand Total	Total %
21 Legis. Committees & Activities	\$ 238,604	\$ 238,604	100.00%
Grand Total	<u>\$ 238,604</u>	<u>\$ 238,604</u>	<u>100.00%</u>

A portion of the federal funds provided by the ARRA to Montana for certain programs enabled the legislature to free-up general fund for use in implementing the intent of the ARRA at the state level. These funds are either

appropriated directly in HB 645 or transferred into state special fund accounts for appropriation. Funds were provided by the legislature to the agency through the bill for the payments of dues and fees for continued participation in the National Conference of State Legislatures.

*HB 2 and HB 645 Combined*

The following table illustrates HB 2 and HB 645 agency funding combined. The first two columns show the appropriations in HB 2 and HB 645 side by side and the third column shows the total fund for the agency from both bills. A detailed explanation of impacts to individual programs, including ongoing funding and present law adjustments due to using one-time-only funding from HB 645 in existing programs, is presented at the program level when applicable.

2011 Biennium HB 2 and HB 645 Combined Legislative Branch			
Fund	HB 2	One-time HB 645 Appropriations	2011 Biennium Revised Total
General Fund	\$23,587,501	\$238,604	\$23,826,105
State Special Revenues	4,652,202	0	\$4,652,202
Federal Special Revenues	0	0	0
Total Funds	<u>\$28,239,703</u>	<u>\$238,604</u>	<u>\$28,478,307</u>

**HB 657** – This bill requires the Revenue and Transportation Interim Committee to appoint a sub-committee to conduct a study of the classification, valuation, and taxation of oil and natural gas property. The bill intends to provide legislative guidance due to questions arising out of a recent Supreme Court decision and failure of legislation proposed during the legislative session. The bill provides an appropriation of \$20,000 over the biennium to the Legislative Services Division for the purposes set forth in the bill.

**HB 659** – This bill directs the State Administration and Veterans’ Affairs Interim Committee to examine and recommend to the 62<sup>nd</sup> Legislature funding and benefit changes in the Statewide Public Employees’ and Teachers’ Retirement Systems. The creation of the bill was prompted by the recent economic downturn and devaluation of the stock market because the solvencies of these funds are correlated with the underlying investments. The bill provides an appropriation of \$200,000 to the Legislative Services Division for the purposes set forth in the bill.

**SB 22** – This bill creates the Water Policy Committee and amends current law to recognize the new committee and define the responsibilities and duties of the committee. While an appropriation is not provided in the bill, the legislature provided an appropriation of \$35,914 in HB 2 to Legislative Committees and Activities for some of the anticipated costs.

### Executive Budget Comparison

The following table compares the legislative budget in the 2011 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2008	Executive Budget Fiscal 2010	Legislative Budget Fiscal 2010	Leg – Exec. Difference Fiscal 2010	Executive Budget Fiscal 2011	Legislative Budget Fiscal 2011	Leg – Exec. Difference Fiscal 2011	Biennium Difference Fiscal 10-11
FTE	129.97	130.97	134.97	4.00	136.14	140.14	4.00	
Personal Services	8,819,756	10,419,541	10,581,045	161,504	10,404,371	10,607,339	202,968	364,472
Operating Expenses	2,484,603	4,089,785	3,813,259	(276,526)	3,649,692	3,088,060	(561,632)	(838,158)
Equipment & Intangible Assets	69,801	75,000	75,000	0	75,000	75,000	0	0
Transfers	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$11,374,160</b>	<b>\$14,584,326</b>	<b>\$14,469,304</b>	<b>(\$115,022)</b>	<b>\$14,129,063</b>	<b>\$13,770,399</b>	<b>(\$358,664)</b>	<b>(\$473,686)</b>
General Fund	9,116,067	11,895,695	11,812,196	(83,499)	12,102,301	11,775,305	(326,996)	(410,495)
State/Other Special	2,258,093	2,688,631	2,657,108	(31,523)	2,026,762	1,995,094	(31,668)	(63,191)
<b>Total Funds</b>	<b>\$11,374,160</b>	<b>\$14,584,326</b>	<b>\$14,469,304</b>	<b>(\$115,022)</b>	<b>\$14,129,063</b>	<b>\$13,770,399</b>	<b>(\$358,664)</b>	<b>(\$473,686)</b>

HB 2 includes the addition of 4.0 FTE and general fund of \$426,040 in FY 2010 and \$361,363 in FY2011 for staffing of expanded interim committees, additional fiscal note analysis, and monitoring of federal stimulus act implementation; and a biennial appropriation of \$35,914 for costs associated with implementation of SB 22 that were not included in the executive budget.

The legislature approved budget reductions for the Legislative Branch not originally included in the executive proposal that include a biennial reduction in total funding for personal services of \$424,754 to apply a 2 percent vacancy savings initiative, elimination of funding for the payments of dues and fees for participation in the National Conference of State Legislatures (moved to HB 645), a 2 percent unspecified reduction in general fund totaling \$478,251 over the biennium, a reduction in TVMT transmission budget of \$180,000 general fund for the biennium, and a reduction of \$180,000 general fund in FY 2011 for the elimination of the legislator technology allowance.

### Language and Statutory Authority

The legislature added the following language to HB 2:

“Legislative Services includes unspecified reductions in general fund money of \$239,126 in fiscal year 2010 and \$239,125 in fiscal year 2011. The agency may allocate these reductions in funding among programs when developing 2011 biennium operating plans.

Fiscal Analysis and Review includes one-time-only money of \$97,713 general fund money in fiscal year 2010 and \$53,592 general fund money in fiscal year 2011 for monitoring of the federal American Recovery and Reinvestment Act of 2009.”

**Program Budget Comparison**

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	56.00	61.17	59.00	64.17	61.17	64.17	3.00	4.90%
Personal Services	3,978,079	4,801,677	4,876,901	4,972,814	8,779,756	9,849,715	1,069,959	12.19%
Operating Expenses	1,886,980	1,919,104	2,791,105	2,456,114	3,806,084	5,247,219	1,441,135	37.86%
Equipment & Intangible Assets	69,801	139,699	75,000	75,000	209,500	150,000	(59,500)	(28.40%)
Transfers	0	0	0	0	0	0	0	n/a
<b>Total Costs</b>	<b>\$5,934,860</b>	<b>\$6,860,480</b>	<b>\$7,743,006</b>	<b>\$7,503,928</b>	<b>\$12,795,340</b>	<b>\$15,246,934</b>	<b>\$2,451,594</b>	<b>19.16%</b>
General Fund	5,059,302	6,508,221	6,812,225	7,155,226	11,567,523	13,967,451	2,399,928	20.75%
State Special	875,558	352,259	930,781	348,702	1,227,817	1,279,483	51,666	4.21%
<b>Total Funds</b>	<b>\$5,934,860</b>	<b>\$6,860,480</b>	<b>\$7,743,006</b>	<b>\$7,503,928</b>	<b>\$12,795,340</b>	<b>\$15,246,934</b>	<b>\$2,451,594</b>	<b>19.16%</b>

**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 of 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 (council) provides policy guidance to the Legislative Services Division.

**Program Highlights**

<b>Legislative Services Division HB 2 Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ Legislatively approved funding for the LSD increases 19.16 percent, or \$2.45 million over the 2009 biennium including :                             <ul style="list-style-type: none"> <li>• \$1.0 million to continue and expand broadcasting of the legislative session and interim committees on public television</li> <li>• Statewide present law adjustments for annualization of the pay plan and market adjustments</li> <li>• Implementation of HB 13, the pay plan bill</li> </ul> </li> <li>◆ The legislature funded the addition of 2.0 FTE for increased staffing requirements, legislative initiatives passed in the 2009 session, and 1.0 FTE for systems analysis</li> <li>◆ The legislature applied a 2 percent vacancy savings to the division totaling a reduction of \$190,403 over the biennium</li> <li>◆ A 2 percent unspecified general fund reduction totaling \$478,251 was applied to the division, to be allocated branch-wide</li> </ul>

**Program Narrative**

The Legislative Services Division (LSD) 2011 biennium budget increases 19.16 percent when compared to the 2009 biennium. Information technology services, financial services, and personnel services for the Senate, House, LSD, Legislative Fiscal Division (LFD), and the Legislative Audit Division (LAD) are included in the LSD program budget rather than allocated separately to each program budget.

The legislature added an additional 1.0 FTE to provide systems analysis for the branch. This addition was coupled with a reduction in contracted services for systems that will be maintained by the new position. 2.0 FTE were added to support increased committee staffing and to be employed in the succession plan for the program. The personal services budget for the program was further impacted by legislative approval of funding for HB 13, the pay plan bill, and the application of a 2 percent vacancy savings reduction to all of the Legislative Branch Divisions.

Increased funding was provided by the legislature for program operations and for the funding of the workers' compensation management plan. The legislature funded the expansion of transmission and coverage for TVMT, the state broadcasting service.

An unspecified reduction of general fund was applied to the division by the legislature as well as language added to the bill that allows the distribution of the reduction among programs at the discretion of the branch.

**Funding**

The following table shows program funding, by source, for the base year and for the 2011 biennium as adopted by the legislature.

Program Funding Table						
Legislative Services Division						
Program Funding	Base FY 2008	% of Base FY 2008	Budget FY 2010	% of Budget FY 2010	Budget FY 2011	% of Budget FY 2011
01000 Total General Fund	\$ 5,059,302	85.2%	\$ 6,812,225	88.0%	\$ 7,155,226	95.4%
01100 General Fund	5,059,302	85.2%	6,812,225	88.0%	7,155,226	95.4%
02000 Total State Special Funds	875,558	14.8%	930,781	12.0%	348,702	4.6%
02800 Reimbursable Activities	833,638	14.0%	903,161	11.7%	321,699	4.3%
02985 State Government Broadcasting	41,920	0.7%	27,620	0.4%	27,003	0.4%
Grand Total	\$ 5,934,860	100.0%	\$ 7,743,006	100.0%	\$ 7,503,928	100.0%

The Legislative Services Program 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 Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	5,059,302	5,059,302	10,118,604	72.44%	5,934,860	5,934,860	11,869,720	77.85%
Statewide PL Adjustments	870,094	1,193,901	2,063,995	14.78%	902,559	962,630	1,865,189	12.23%
Other PL Adjustments	619,974	547,658	1,167,632	8.36%	643,722	253,077	896,799	5.88%
New Proposals	262,855	354,365	617,220	4.42%	261,865	353,361	615,226	4.04%
<b>Total Budget</b>	<b>\$6,812,225</b>	<b>\$7,155,226</b>	<b>\$13,967,451</b>		<b>\$7,743,006</b>	<b>\$7,503,928</b>	<b>\$15,246,934</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes to the adjusted base budget made by the legislature. "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 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					751,164	0.00				818,311
Inflation/Deflation					769	0.00				1,007
Fixed Costs					150,626	0.00				143,312
<b>Total Statewide Present Law Adjustments</b>		<b>\$870,094</b>	<b>\$32,465</b>	<b>\$0</b>	<b>\$902,559</b>	<b>0.00</b>	<b>\$1,193,901</b>	<b>(\$231,271)</b>	<b>\$0</b>	<b>\$962,630</b>
					0	0.00				0
DP 1 - Program Operations, Legislative Services Division										
	0.00	619,974	23,748	0	643,722	0.00	547,658	(294,581)	0	253,077
					0	0.00				0
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$619,974</b>	<b>\$23,748</b>	<b>\$0</b>	<b>\$643,722</b>	<b>0.00</b>	<b>\$547,658</b>	<b>(\$294,581)</b>	<b>\$0</b>	<b>\$253,077</b>
					0	0.00				0
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$1,490,068</b>	<b>\$56,213</b>	<b>\$0</b>	<b>\$1,546,281</b>	<b>0.00</b>	<b>\$1,741,559</b>	<b>(\$525,852)</b>	<b>\$0</b>	<b>\$1,215,707</b>

DP 1 - Program Operations, Legislative Services Division - The legislature has approved funding that includes a \$39,348 increase in FY 2010 and a \$278,981 decrease in FY 2011 related to publication and distribution of the Montana Code Annotated and \$52,979 in FY 2010 and \$15,604 in FY 2011 for an increase in library subscription costs. The remaining amount includes the addition of a videoconferencing bridge as an alternative to travel, an increase in state broadcasting distribution costs, and information officer activities not fully captured in the base year. The majority of the general fund cost is for the branch computer network budget as approved by the Computer Systems Planning Council.

**New Proposals**

New Proposals	-----Fiscal 2010-----					-----Fiscal 2011-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 2 - Systems Analyst FTE and Contracted Srv Reduction											
20	1.00	(41,362)	0	0	(41,362)	1.00	77,665	0	0	77,665	
DP 3 - TVMT Consolidation of Funding & Transmission											
20	0.00	528,288	0	0	528,288	0.00	666,876	0	0	666,876	
DP 205 - Add FTE for committee staffing and succession plan											
20	2.00	170,497	0	0	170,497	2.00	155,657	0	0	155,657	
DP 206 - Reduction in TVMT and Technology Allowance											
20	0.00	(90,000)	0	0	(90,000)	0.00	(270,000)	0	0	(270,000)	
DP 207 - Legislative Branch Vacancy Savings											
20	0.00	(98,039)	(990)	0	(99,029)	0.00	(99,370)	(1,004)	0	(100,374)	
DP 6013 - 2011 Biennium Pay Plan - HB 13											
20	0.00	18,050	0	0	18,050	0.00	54,491	0	0	54,491	
DP 6014 - Pay Plan Lump Sum Payment - OTO											
20	0.00	6,397	0	0	6,397	0.00	0	0	0	0	
DP 6101 - Fixed Cost Workers Comp Mgmt Program Allocation											
20	0.00	8,150	0	0	8,150	0.00	8,171	0	0	8,171	
DP 6105 - 2 Percent Unspecified Reduction of General Fund											
20	0.00	(239,126)	0	0	(239,126)	0.00	(239,125)	0	0	(239,125)	
<b>Total</b>	<b>3.00</b>	<b>\$262,855</b>	<b>(\$990)</b>	<b>\$0</b>	<b>\$261,865</b>	<b>3.00</b>	<b>\$354,365</b>	<b>(\$1,004)</b>	<b>\$0</b>	<b>\$353,361</b>	

DP 2 - Systems Analyst FTE and Contracted Srv Reduction - The legislature has approved an appropriation that includes a biennial general fund decrease of \$119,000 in present law contracted services from the branch computer network budget and a biennial increase of \$155,303 in personal services for the 1.00 FTE systems analyst position. The net biennial increase is \$36,303. The analyst will document Legislative Fiscal Division (LFD) business processes and existing computer systems and support and maintain those systems in the branch network environment.

DP 3 - TVMT Consolidation of Funding & Transmission - The legislature has approved the appropriation of \$283,570 over the biennium to consolidate the funding for TVMT. TVMT has been previously from a variety of funding sources, the majority of which were not included in the base budget. In addition, the legislature has approved appropriation of \$911,594 over the biennium to increase transmissions to reach Montana communities not previously included in the TVMT viewing area and to continue the same transmission effort during the legislative interim as during a legislative session.

DP 205 - Add FTE for Committee Staffing and Succession Plan - The legislature has approved funding for 2.0 FTE to support initiatives approved by the 2009 legislature and associated operating expenses to aid the legislature with the increased committee staffing requirements.

DP 206 - Reduction in TVMT and Technology Allowance - The legislature approved the reduction of the TVMT transmission costs in the amount of \$90,000 in FY 2010 and \$90,000 in FY 2011 general fund. In addition, the funding for legislator information technology allowance is reduced by \$180,000 in FY 2011, and will be included instead in the legislative feed bill.

DP 207 - Legislative Branch Vacancy Savings - The legislature approved a 2 percent vacancy savings reduction for the legislative branch. This decision package reduces total funding for the Legislative Services Division in the amount of \$90,029 in FY 2010 and \$100,374 in FY 2011.

DP 6013 - 2011 Biennium Pay Plan - HB 13 - The legislature passed a pay plan that provides an additional \$53 per month in health insurance contribution for CY 2010 and an additional \$54 per month for CY 2011. These amounts represent this program's allocation of costs to fund this pay plan. In addition, the legislature provided a one-time-only payment of \$450 for all employees earning less than \$45,000 annually. These costs are included in DP 6014.

DP 6014 - Pay Plan Lump Sum Payment - OTO - This DP funds this program's cost of providing a one-time-only payment of \$450 to each full-time employee making less than \$45,000 annually and \$225 for half-time employees making \$21.635 per hour or less.

DP 6101 - Fixed Cost Workers Comp Mgmt Program Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 6105 - 2 Percent Unspecified Reduction of General Fund - This item provides an unspecified reduction in general fund of 2 percent for the agency. Language included in the bill allows the branch to allocate the reduction in funding among programs when developing 2011 biennium operating plans.

#### **Language and Statutory Authority**

The legislature added the following language to HB 2:

“Legislative Services includes unspecified reductions in general fund money of \$239,126 in fiscal year 2010 and \$239,125 in fiscal year 2011. The agency may allocate these reductions in funding among programs when developing 2011 biennium operating plans.”

### Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	0.97	0.97	0.97	0.97	0.97	0.97	0.00	0.00%
Personal Services	79,884	88,921	135,189	34,129	168,805	169,318	513	0.30%
Operating Expenses	393,579	432,098	649,269	258,528	825,677	907,797	82,120	9.95%
<b>Total Costs</b>	<b>\$473,463</b>	<b>\$521,019</b>	<b>\$784,458</b>	<b>\$292,657</b>	<b>\$994,482</b>	<b>\$1,077,115</b>	<b>\$82,633</b>	<b>8.31%</b>
General Fund	473,463	521,019	784,458	292,657	994,482	1,077,115	82,633	8.31%
<b>Total Funds</b>	<b>\$473,463</b>	<b>\$521,019</b>	<b>\$784,458</b>	<b>\$292,657</b>	<b>\$994,482</b>	<b>\$1,077,115</b>	<b>\$82,633</b>	<b>8.31%</b>

### 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

<b>Committees and Activities Program HB 2 Budget Highlights</b>	
<ul style="list-style-type: none"> <li>◆ The legislature approved an operational adjustment of \$322,812 for cyclical expenses not captured in the base year</li> <li>◆ An additional \$35,914 appropriation was provided to support a portion of the costs due to implementation of SB 22 (creation of water policy committee)</li> <li>◆ The legislature eliminated funding in HB 2 for payments of dues and fees for participation in the National Conference of State Legislatures, but added the funding in HB 645</li> </ul>	

### Program Narrative

The legislatively approved budget for the Legislative Committees and Activities Program increases 8.31 percent when compared to the 2009 biennium. The legislature funded a present law adjustment for program operations of \$323,000 over the biennium. It includes increased costs for districting and apportionment, lodging, mileage, organizational dues, training, and conference registration fees; and reestablishment of the Legislative Council discretionary fund for emerging issues. A biennial appropriation of \$35,914 was added by the legislature to fund a portion of the costs associated with SB 22, the water policy interim committee bill. Funding for the payments of dues and fees for participation in the National Conference of State Legislatures in HB 2 was eliminated by the legislature. Funds for that purpose were provided by the legislature in HB 645.

The following bills were passed by the legislature that request or require committee action on a number of legislative and policy issues:

- HB 657 – Subcommittee to conduct a study of the classification, valuation, and taxation of oil and natural gas property (appropriation provided to Legislative Services Division)
- HB 658 – The revenue and transportation interim committee is requested, under the committee's oversight duties, as provided in 5-5-227, to review methods of providing assistance to property taxpayers, including circuit breaker

programs and assistance to low-income, veteran, and elderly property owners and whether the assistance should be accomplished through income tax or property taxation means.

- HB 659 – Examination and recommendations regarding funding and benefit changes in the Statewide Public Employees’ and Teachers’ Retirement systems (appropriation provided to Legislative Services Division)
- SB 22 – Creation of water policy committee
- HJ 1 – Study to evaluation the feasibility of expanded use of biomass feedstock for energy use
- HJ 6 – Urging the Superintendent of Public Instruction and the Board of Public Education to work with the Education and Local Government Interim Committee on developing K-12 shared policy goals and accountability measures
- HJ 15 – Study to evaluate the feasibility of and funding sources for a monetary incentive program to encourage and compensate private landowners who grant public access to their property
- HJ 30 – Designate appropriate interim or statutory committee to study wildland fire suppression
- HJ 32 – Study to evaluate the economic impact of historic preservation and strategies for historic preservation
- HJ 35 – Study of pay policies and practices on bonuses for state government employees
- HJ 36 – Study of how to enhance economic security of Montanans through family asset building, education in home ownership and personal finance, and development of small businesses (not approved for study)
- HJ 39 – Study of the development of additional community services for individuals with developmental disabilities and co-occurring mental illness or certain behaviors
- SJ 2 – Study to reexamine the community college establishment process
- SJ 3 – Study to consider the possible establishment of a Montana scholarship program (not approved for study)
- SJ 5 – Request to continue monitoring of efforts to make health care costs more understandable
- SJ 8 – Urging the Board of Regents, Commissioner of Higher Education, the Superintendent of Public Instruction and the Board of Public Education to work with the Education and Local Government Interim Committee on developing K-20 shared policy goals and accountability measures
- SJ 9 – Study of the student financial assistance system in Montana
- SJ 14 – Study to examine the possibility of state agencies developing and maintaining joint laboratory facilities for testing related to wildlife, livestock, agriculture, and public health
- SJ 16 – Study to investigate the issues of underinsured and uninsured motorists in Montana and calculate the cost to Montana’s citizens
- SJ 28 – Study to evaluate methods for increasing recycling and solid waste recovery within the state of Montana
- SJ 29 – Study to examine the retention and preservation of biological evidence by state and local law enforcement agencies
- SJ 30 – Study to examine the premium cost drivers in Montana’s workers’ compensation system and laws related to the Montana State Fund
- SJ 35 – Study matters related to health care
- SJ 37 – Study of the filing options for married taxpayers under Montana’s individual income tax law
- SJ 39 – Study of driving under the influence of alcohol or drugs in Montana

For all study resolutions, the legislature votes on its priorities and studies will be organized accordingly. As noted above SJ 3 and HJ 36 were not approved for study.

Each additional committee requires leadership or the presiding officer of the committee to appoint members and provide funding support for travel and per diem costs while meeting. If the committee determines out-of-Helena meetings are appropriate, staff travel time and costs increase. It also requires Legislative Services or Fiscal Division staff to provide research, legal advice, and/or secretarial support.

### **Funding**

The following table shows program funding, by source, for the base year and for the 2011 biennium as adopted by the legislature.

Program Funding Table Legis. Committees & Activities						
Program Funding	Base FY 2008	% of Base FY 2008	Budget FY 2010	% of Budget FY 2010	Budget FY 2011	% of Budget FY 2011
01000 Total General Fund	\$ 473,463	100.0%	\$ 784,458	100.0%	\$ 292,657	100.0%
01100 General Fund	473,463	100.0%	784,458	100.0%	292,657	100.0%
<b>Grand Total</b>	<b>\$ 473,463</b>	<b>100.0%</b>	<b>\$ 784,458</b>	<b>100.0%</b>	<b>\$ 292,657</b>	<b>100.0%</b>

The program is funded with general fund.

**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 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	473,463	473,463	946,926	87.91%	473,463	473,463	946,926	87.91%
Statewide PL Adjustments	55,551	(45,484)	10,067	0.93%	55,551	(45,484)	10,067	0.93%
Other PL Adjustments	336,614	(13,802)	322,812	29.97%	336,614	(13,802)	322,812	29.97%
New Proposals	(81,170)	(121,520)	(202,690)	(18.82%)	(81,170)	(121,520)	(202,690)	(18.82%)
<b>Total Budget</b>	<b>\$784,458</b>	<b>\$292,657</b>	<b>\$1,077,115</b>		<b>\$784,458</b>	<b>\$292,657</b>	<b>\$1,077,115</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the changes to the adjusted base budget made by the legislature. “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 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					55,305	0.00				(45,755)
Inflation/Deflation					246	0.00				271
<b>Total Statewide Present Law Adjustments</b>		<b>\$55,551</b>	<b>\$0</b>	<b>\$0</b>	<b>\$55,551</b>	<b>0.00</b>	<b>(\$45,484)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$45,484)</b>
					0	0.00				0
DP 5 - Program Operations, Committees & Activities Prog	0.00	336,614	0	0	336,614	0.00	(13,802)	0	0	(13,802)
					0	0.00				0
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$336,614</b>	<b>\$0</b>	<b>\$0</b>	<b>\$336,614</b>	<b>0.00</b>	<b>(\$13,802)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$13,802)</b>
					0	0.00				0
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$392,165</b>	<b>\$0</b>	<b>\$0</b>	<b>\$392,165</b>	<b>0.00</b>	<b>(\$59,286)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$59,286)</b>

DP 5 - Program Operations, Committees & Activities Prog - The legislature has approved a general fund increase of \$336,614 in FY 2010 and a decrease of \$13,802 in FY 2011 for adjustments related to the legislative interim. Biennial program increases include increased costs of lodging and mileage only partially captured in the base year, organizational dues, training and conference registration fees, and re-establishment of the Legislative Council discretionary fund for emerging issues. Additional funding is also included for the districting and apportionment cycle and legislative liaisons to the Board of Investments now required by 2-15-1808, MCA and the State Administration of Veteran's Affairs Interim Committee to meet statutory requirements of 5-5-228 MCA.

**New Proposals**

New Proposals	-----Fiscal 2010-----					-----Fiscal 2011-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 7 - Elimination of Payments to NCSL											
21	0.00	(117,084)	0	0	(117,084)	0.00	(121,520)	0	0	(121,520)	
DP 8 - Water policy committee bill											
21	0.00	35,914	0	0	35,914	0.00	0	0	0	0	
<b>Total</b>	<b>0.00</b>	<b>(\$81,170)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$81,170)</b>	<b>0.00</b>	<b>(\$121,520)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$121,520)</b>	

DP 7 - Elimination of Payments to NCSL - This item creates a budget reduction to eliminate payments of dues and fees for participation in the National Conference of State Legislatures (moved to HB 645).

DP 8 - Water Policy Committee Bill - This item provides an additional \$35,914 biennial general fund appropriation to accommodate some costs of the Senate Bill 22 water policy committee for legislator travel and committee expenses. Water policy committee will have 8 members and this budget allows for 10 meetings.

### Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	18.50	18.50	20.50	20.50	18.50	20.50	2.00	10.81%
Personal Services	1,457,907	1,545,574	1,798,927	1,792,046	3,003,481	3,590,973	587,492	19.56%
Operating Expenses	41,284	87,110	149,269	142,917	128,394	292,186	163,792	127.57%
<b>Total Costs</b>	<b>\$1,499,191</b>	<b>\$1,632,684</b>	<b>\$1,948,196</b>	<b>\$1,934,963</b>	<b>\$3,131,875</b>	<b>\$3,883,159</b>	<b>\$751,284</b>	<b>23.99%</b>
General Fund	1,499,191	1,632,684	1,948,196	1,934,963	3,131,875	3,883,159	751,284	23.99%
<b>Total Funds</b>	<b>\$1,499,191</b>	<b>\$1,632,684</b>	<b>\$1,948,196</b>	<b>\$1,934,963</b>	<b>\$3,131,875</b>	<b>\$3,883,159</b>	<b>\$751,284</b>	<b>23.99%</b>

### 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 oversight to the Legislative Fiscal Division.

### Program Highlights

<b>Legislative Fiscal Division HB 2 Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ Legislatively approved funding for the LFD increases 24.0 percent, or \$750,000 in the 2011 biennium from the 2009 biennium due to: <ul style="list-style-type: none"> <li>● Implementation of HB 13 pay plan</li> <li>● Increased operational expenses</li> <li>● Funding for the monitoring of the state's implementation of the American Recovery and Reinvestment Act</li> </ul> </li> <li>◆ The legislature funded the addition of 2.0 FTE for increased staffing requirements and legislative initiatives passed in the 2009 session</li> <li>◆ The legislature applied a 2 percent vacancy savings to the division totaling a reduction of \$72,359 over the biennium</li> </ul>

### Program Narrative

The Legislative Fiscal Division (LFD) legislatively approved budget increases by 24.0 percent due to the addition of FTE, increased services approved by the 2009 Legislature, operational adjustments, interim projects and the application of HB 13, the pay plan bill.

The legislature provided funding for operational expenses that were not captured during the base year due to the cyclical nature of the division's operations. Additionally, the legislature funded decision packages for expanded committee expenses and monitoring the implementation of the American Recovery and Reinvestment Act (ARRA).

Funding was provided by the legislature for the implementation of HB 13, the pay plan bill. The legislature also approved a decision package applying a 2 percent vacancy savings to all Legislative Branch divisions.

2.0 FTE were added by the legislature to accommodate the increased staffing requirements of expanded sub-committees, fiscal note analysis during the legislative session, and new initiatives approved by the 2009 Legislature.

**Funding**

The following table shows program funding, by source, for the base year and for the 2011 biennium as adopted by the legislature.

Program Funding Table						
Fiscal Analysis & Review						
Program Funding	Base FY 2008	% of Base FY 2008	Budget FY 2010	% of Budget FY 2010	Budget FY 2011	% of Budget FY 2011
01000 Total General Fund	\$ 1,499,191	100.0%	\$ 1,948,196	100.0%	\$ 1,934,963	100.0%
01100 General Fund	1,499,191	100.0%	1,948,196	100.0%	1,934,963	100.0%
Grand Total	\$ 1,499,191	100.0%	\$ 1,948,196	100.0%	\$ 1,934,963	100.0%

This program is funded entirely with general fund.

**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 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	1,499,191	1,499,191	2,998,382	77.22%	1,499,191	1,499,191	2,998,382	77.22%
Statewide PL Adjustments	203,080	203,917	406,997	10.48%	203,080	203,917	406,997	10.48%
Other PL Adjustments	0	45,000	45,000	1.16%	0	45,000	45,000	1.16%
New Proposals	245,925	186,855	432,780	11.15%	245,925	186,855	432,780	11.15%
<b>Total Budget</b>	<b>\$1,948,196</b>	<b>\$1,934,963</b>	<b>\$3,883,159</b>		<b>\$1,948,196</b>	<b>\$1,934,963</b>	<b>\$3,883,159</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the changes to the adjusted base budget made by the legislature. “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 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					202,970	0.00				203,782
Inflation/Deflation					110	0.00				135
<b>Total Statewide Present Law Adjustments</b>		<b>\$203,080</b>	<b>\$0</b>	<b>\$0</b>	<b>\$203,080</b>	<b>0.00</b>	<b>\$203,917</b>	<b>\$0</b>	<b>\$0</b>	<b>\$203,917</b>
DP 6 - Program Operations, Legislative Fiscal Division					0	0.00				0
	0.00	0	0	0	0	0.00	45,000	0	0	45,000
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00</b>	<b>\$45,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$45,000</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$203,080</b>	<b>\$0</b>	<b>\$0</b>	<b>\$203,080</b>	<b>0.00</b>	<b>\$248,917</b>	<b>\$0</b>	<b>\$0</b>	<b>\$248,917</b>

DP 6 - Program Operations, Legislative Fiscal Division - The legislature approved an increase in the FY 2011 budget by \$45,000 general fund in the categories of overtime, temporary services, printing, photocopy, and office supplies, and are due to cyclical legislative session costs which are not captured in the base year. This is the same amount approved for the 2009 biennium session costs, and is not an increase when comparing biennium to biennium.

**New Proposals**

New Proposals Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 275 - Add FTE for committee staffing and succession plan										
27	2.00	157,830	0	0	157,830	2.00	152,114	0	0	152,114
DP 276 - Legislative Branch Vacancy Savings										
27	0.00	(36,171)	0	0	(36,171)	0.00	(36,188)	0	0	(36,188)
DP 278 - Monitoring of Federal ARRA										
27	0.00	97,713	0	0	97,713	0.00	53,592	0	0	53,592
DP 279 - Subcommittee staffing										
27	0.00	20,000	0	0	20,000	0.00	0	0	0	0
DP 6013 - 2011 Biennium Pay Plan - HB 13										
27	0.00	5,743	0	0	5,743	0.00	17,337	0	0	17,337
DP 6014 - Pay Plan Lump Sum Payment - OTO										
27	0.00	810	0	0	810	0.00	0	0	0	0
<b>Total</b>	<b>2.00</b>	<b>\$245,925</b>	<b>\$0</b>	<b>\$0</b>	<b>\$245,925</b>	<b>2.00</b>	<b>\$186,855</b>	<b>\$0</b>	<b>\$0</b>	<b>\$186,855</b>

DP 275 - Add FTE for Committee Staffing and Succession Plan - Additional funding was added for 2.0 FTE and associated operating expenses to aid the legislature with the increased committee staffing requirements, and fiscal note analysis.

DP 276 - Legislative Branch Vacancy Savings - The legislature approved a 2 percent vacancy savings reduction for the legislative branch. This decision package reduces total funding for the Legislative Fiscal Division in the amount of \$36,171 in FY 2010 and \$36,188 in FY 2011.

DP 278 - Monitoring of Federal ARRA - This item provides funding for the Legislative Fiscal Division of \$151,305 general fund over the biennium to monitor implementation of the federal stimulus. Funds would be for additional committee (or subcommittee) meetings, and consultant services.

DP 279 - Subcommittee Staffing - This item adds \$20,000 general fund in the Legislative Fiscal Division to fund the costs of subcommittees for the Legislative Finance Committee. The committee anticipates the appointment of several subcommittees in the 2011 biennium interim, including studies referred to the LFC in various bills and resolutions approved in the 2009 legislative session, and for a recruitment subcommittee to appoint a new Legislative Fiscal Analyst.

DP 6013 - 2011 Biennium Pay Plan - HB 13 - The legislature passed a pay plan that provides an additional \$53 per month in health insurance contribution for CY 2010 and an additional \$54 per month for CY 2011. These amounts represent this program's allocation of costs to fund this pay plan. In addition, the legislature provided a one-time-only payment of \$450 for all employees earning less than \$45,000 annually. These costs are included in DP 6014.

DP 6014 - Pay Plan Lump Sum Payment - OTO - This DP funds this program's cost of providing a one-time-only payment of \$450 to each full-time employee making less than \$45,000 annually and \$225 for half-time employees making \$21.635 per hour or less.

**Language and Statutory Authority**

The legislature added the following language to HB 2:

“Fiscal Analysis and Review includes one-time-only money of \$97,713 general fund money in fiscal year 2010 and \$53,592 general fund money in fiscal year 2011 for monitoring of the federal American Recovery and Reinvestment Act of 2009.”

**Program Budget Comparison**

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	54.50	54.50	54.50	54.50	54.50	54.50	0.00	0.00%
Personal Services	3,303,886	4,345,223	3,770,028	3,808,350	7,649,109	7,578,378	(70,731)	(0.92%)
Operating Expenses	162,760	225,303	223,616	230,501	388,063	454,117	66,054	17.02%
<b>Total Costs</b>	<b>\$3,466,646</b>	<b>\$4,570,526</b>	<b>\$3,993,644</b>	<b>\$4,038,851</b>	<b>\$8,037,172</b>	<b>\$8,032,495</b>	<b>(\$4,677)</b>	<b>(0.06%)</b>
General Fund	2,084,111	2,588,012	2,267,317	2,392,459	4,672,123	4,659,776	(12,347)	(0.26%)
State Special	1,382,535	1,982,514	1,726,327	1,646,392	3,365,049	3,372,719	7,670	0.23%
<b>Total Funds</b>	<b>\$3,466,646</b>	<b>\$4,570,526</b>	<b>\$3,993,644</b>	<b>\$4,038,851</b>	<b>\$8,037,172</b>	<b>\$8,032,495</b>	<b>(\$4,677)</b>	<b>(0.06%)</b>

**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 Audit Committee provides policy guidance to the Legislative Audit Division.

**Program Highlights**

<b>Legislative Audit Division HB 2 Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ Funds for the LAD declined slightly compared to the 2009 biennium</li> <li>◆ The legislature applied a 2 percent vacancy saving to the division totaling a reduction of \$152,992 over the biennium</li> <li>◆ The legislature provided funding for HB 13, the pay plan bill</li> </ul>

**Program Narrative**

The legislature approved funding for the division that included adjustments in operational expenses due to a number of cyclical costs in the upcoming biennium and HB 13, the pay plan bill. The legislature also applied a reduction to all branch divisions equivalent to a 2 percent vacancy savings rate.

The legislatively approved budget for the Legislative Audit Division (LAD) decreases 0.06 percent when compared to the 2009 biennium. The personal services category comprises 94.3 percent of the LAD budget. In FY 2008, LAD experienced a higher turnover rate than previous periods with subsequent hiring of new auditors at lower beginning salary. The result of this turnover in the base year is a reduced funding basis for the upcoming biennium budget. This and the legislatively applied 2 percent legislative branch vacancy savings resulted in a slightly reduced budget between the 2011 biennium and 2009 biennium.

**Funding**

The following table shows program funding, by source, for the base year and for the 2011 biennium as adopted by the legislature.

Program Funding Table Audit & Examination						
Program Funding	Base FY 2008	% of Base FY 2008	Budget FY 2010	% of Budget FY 2010	Budget FY 2011	% of Budget FY 2011
01000 Total General Fund	\$ 2,084,111	60.1%	\$ 2,267,317	56.8%	\$ 2,392,459	59.2%
01100 General Fund	2,084,111	60.1%	2,267,317	56.8%	2,392,459	59.2%
02000 Total State Special Funds	1,382,535	39.9%	1,726,327	43.2%	1,646,392	40.8%
02042 Legislative Audit	1,382,535	39.9%	1,726,327	43.2%	1,646,392	40.8%
<b>Grand Total</b>	<b>\$ 3,466,646</b>	<b>100.0%</b>	<b>\$ 3,993,644</b>	<b>100.0%</b>	<b>\$ 4,038,851</b>	<b>100.0%</b>

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 Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	2,084,111	2,084,111	4,168,222	89.45%	3,466,646	3,466,646	6,933,292	86.32%
Statewide PL Adjustments	189,453	300,046	489,499	10.50%	555,945	586,734	1,142,679	14.23%
Other PL Adjustments	9,786	2,286	12,072	0.26%	17,619	10,119	27,738	0.35%
New Proposals	(16,033)	6,016	(10,017)	(0.21%)	(46,566)	(24,648)	(71,214)	(0.89%)
<b>Total Budget</b>	<b>\$2,267,317</b>	<b>\$2,392,459</b>	<b>\$4,659,776</b>		<b>\$3,993,644</b>	<b>\$4,038,851</b>	<b>\$8,032,495</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the changes to the adjusted base budget made by the legislature. “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 2010-----				-----Fiscal 2011-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					512,708	0.00				529,112
Inflation/Deflation					3,584	0.00				5,065
Fixed Costs					39,653	0.00				52,557
<b>Total Statewide Present Law Adjustments</b>		<b>\$189,453</b>	<b>\$366,492</b>	<b>\$0</b>	<b>\$555,945</b>	<b>0.00</b>	<b>\$300,046</b>	<b>\$286,688</b>	<b>\$0</b>	<b>\$586,734</b>
					0	0.00				0
DP 7 - Program Operations, Audit & Examination Program	0.00	9,786	7,833	0	17,619	0.00	2,286	7,833	0	10,119
					0	0.00				0
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$9,786</b>	<b>\$7,833</b>	<b>\$0</b>	<b>\$17,619</b>	<b>0.00</b>	<b>\$2,286</b>	<b>\$7,833</b>	<b>\$0</b>	<b>\$10,119</b>
					0	0.00				0
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$199,239</b>	<b>\$374,325</b>	<b>\$0</b>	<b>\$573,564</b>	<b>0.00</b>	<b>\$302,332</b>	<b>\$294,521</b>	<b>\$0</b>	<b>\$596,853</b>

DP 7 - Program Operations, Audit & Examination Program - The legislature approved changes from the adjusted base that include cyclical costs associated with a Peer Review required by Government Auditing Standards, Legislative Branch audit, and contract services for the potential use of actuarial expertise on audits of the retirement systems and Montana State Fund.

**New Proposals**

New Proposals	-----Fiscal 2010-----					-----Fiscal 2011-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 288 - Legislative Branch Vacancy Savings											
28	0.00	(45,799)	(30,533)	0	(76,332)	0.00	(45,996)	(30,664)	0	(76,660)	
DP 6013 - 2011 Biennium Pay Plan - HB 13											
28	0.00	17,229	0	0	17,229	0.00	52,012	0	0	52,012	
DP 6014 - Pay Plan Lump Sum Payment - OTO											
28	0.00	12,537	0	0	12,537	0.00	0	0	0	0	
<b>Total</b>	<b>0.00</b>	<b>(\$16,033)</b>	<b>(\$30,533)</b>	<b>\$0</b>	<b>(\$46,566)</b>	<b>0.00</b>	<b>\$6,016</b>	<b>(\$30,664)</b>	<b>\$0</b>	<b>(\$24,648)</b>	

DP 288 - Legislative Branch Vacancy Savings - The legislature approved a 2 percent vacancy savings reduction for the legislative branch. This decision package reduces total funding for the Legislative Audit Division in the amount of \$76,332 in FY 2010 and \$76,660 in FY 2011.

DP 6013 - 2011 Biennium Pay Plan - HB 13 - The legislature passed a pay plan that provides an additional \$53 per month in health insurance contribution for CY 2010 and an additional \$54 per month for CY 2011. These amounts represent this program’s allocation of costs to fund this pay plan. In addition, the legislature provided a one-time-only payment of \$450 for all employees earning less than \$45,000 annually. These costs are included in DP 6014.

DP 6014 - Pay Plan Lump Sum Payment - OTO - This DP funds this program's cost of providing a one-time-only payment of \$450 to each full-time employee making less than \$45,000 annually and \$225 for half-time employees making \$21.635 per hour or less.