

Agency Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	Total Exec. Budget Fiscal 04-05
FTE	125.27	(1.50)	0.00	123.77	(1.50)	0.00	128.94	128.94
Personal Services	6,639,917	1,003,955	26,226	7,670,098	957,977	0	7,597,894	15,267,992
Operating Expenses	3,202,051	373,380	244,619	3,820,050	(607,135)	66,225	2,661,141	6,481,191
Equipment	6,890	13,110	0	20,000	13,110	0	20,000	40,000
Total Costs	\$9,848,858	\$1,390,445	\$270,845	\$11,510,148	\$363,952	\$66,225	\$10,279,035	\$21,789,183
General Fund	7,670,815	1,228,488	270,845	9,170,148	858,516	66,225	8,595,556	17,765,704
State/Other Special	2,178,043	161,957	0	2,340,000	(494,564)	0	1,683,479	4,023,479
Total Funds	\$9,848,858	\$1,390,445	\$270,845	\$11,510,148	\$363,952	\$66,225	\$10,279,035	\$21,789,183

Agency Description

The Legislative Branch consists of the legislature and supporting staff divisions as provided in 5-2-504, MCA. The principal agency entities are the Senate, the House of Representatives, the Legislative Services Division, the Legislative Fiscal Division, and the Legislative Audit Division. The budget for the three staff divisions and legislative interim work is presented in HB 2. The budget for House and Senate session activity is presented in HB 1, the "feed bill."

Agency Discussion

Legislative Branch Major Budget Highlights
<ul style="list-style-type: none"> ○ Over 80 percent of increase due to present law adjustments ○ Includes cyclical costs of session year, not in base year ○ New proposals for data processing and access, and legislator services ○ Budget presented per statute, with expectation branch will participate in budget solutions

The Legislative Branch budget is presented here as it was adopted by the approving legislative committees in September at the time original agency budgets were required to be submitted. It represents a present law budget, consistent with the original submissions by executive branch agencies. The executive is required to present the Legislative Branch budget as submitted. Adjustments to reflect a fair participation in the current budget shortfall will be presented to approving authority leadership and legislative and appropriations leadership before the budget is considered in the Joint General Government Subcommittee.

Funding

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

Total Agency Funding 2005 Biennium Executive Budget				
<u>Agency Program</u>	<u>General Fund</u>	<u>State Spec.</u>	<u>Grand Total</u>	<u>Total %</u>
Audit & Examination	\$ 4,466,915	\$ 2,707,319	\$ 7,174,234	32.9%
Fiscal Analysis & Review	2,572,448	-	2,572,448	11.8%
Legis. Committees & Activities	999,614	-	999,614	4.6%
Legislative Services	<u>9,726,727</u>	<u>1,316,160</u>	<u>11,042,887</u>	<u>50.7%</u>
Grand Total	<u>\$ 17,765,704</u>	<u>\$ 4,023,479</u>	<u>\$ 21,789,183</u>	<u>100.0%</u>

Biennium Budget Comparison								
Budget Item	Present Law Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	Present Law Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	Total Biennium Fiscal 02-03	Total Exec. Budget Fiscal 04-05
FTE	123.77	0.00	123.77	123.77	0.00	128.94	125.27	128.94
Personal Services	7,643,872	26,226	7,670,098	7,597,894	0	7,597,894	13,778,287	15,267,992
Operating Expenses	3,575,431	244,619	3,820,050	2,594,916	66,225	2,661,141	6,093,291	6,481,191
Equipment	20,000	0	20,000	20,000	0	20,000	106,890	40,000
Total Costs	\$11,239,303	\$270,845	\$11,510,148	\$10,212,810	\$66,225	\$10,279,035	\$19,978,468	\$21,789,183
General Fund	8,899,303	270,845	9,170,148	8,529,331	66,225	8,595,556	15,896,490	17,765,704
State/Other Special	2,340,000	0	2,340,000	1,683,479	0	1,683,479	4,081,978	4,023,479
Total Funds	\$11,239,303	\$270,845	\$11,510,148	\$10,212,810	\$66,225	\$10,279,035	\$19,978,468	\$21,789,183

New Proposals

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

New Proposals	-----Fiscal 2004-----					-----Fiscal 2005-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 2 - Connect Legislator Laptop Computers to Network	20	0.00	0	0	0	0	0.00	66,225	0	0	66,225
DP 4 - Participation, Pacific Northwest Economic Region	21	0.00	51,337	0	0	51,337	0.00	0	0	0	0
DP 5 - Legislative Council on River Governance	21	0.00	10,000	0	0	10,000	0.00	0	0	0	0
DP 6 - Dues, Council of State Governments	21	0.00	73,880	0	0	73,880	0.00	0	0	0	0
DP 7 - Participation, NCSL and CSG	21	0.00	110,628	0	0	110,628	0.00	0	0	0	0
DP 10 - Branch EDP Security Review	28	0.00	25,000	0	0	25,000	0.00	0	0	0	0
Total	0.00	\$270,845	\$0	\$0	\$270,845	0.00	\$66,225	\$0	\$0	\$66,225	

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	Total Exec. Budget Fiscal 04-05
FTE	49.50	0.00	0.00	49.50	0.00	0.00	54.67	54.67
Personal Services	2,680,398	390,048	0	3,070,446	455,038	0	3,135,436	6,205,882
Operating Expenses	2,546,554	6,829	0	2,553,383	(369,157)	66,225	2,243,622	4,797,005
Equipment	6,890	13,110	0	20,000	13,110	0	20,000	40,000
Total Costs	\$5,233,842	\$409,987	\$0	\$5,643,829	\$98,991	\$66,225	\$5,399,058	\$11,042,887
General Fund	4,328,746	377,942	0	4,706,688	625,068	66,225	5,020,039	9,726,727
State/Other Special	905,096	32,045	0	937,141	(526,077)	0	379,019	1,316,160
Total Funds	\$5,233,842	\$409,987	\$0	\$5,643,829	\$98,991	\$66,225	\$5,399,058	\$11,042,887

Program Description

The Legislative Services Division provides research, reference, legal, technical, information technology, and administrative support 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, legal counseling on legislative matters, and agency legal support; 4) agency management and business services; 5) planning, installation, and maintenance of the agency computer network and applications; 6) legislative committee staffing and support; 7) preparation, publication, and distribution of the Montana Code Annotated text and annotations; 8) review of the text of proposed ballot measures; 9) broadcasting of legislative activities; and 10) provision of legislative information to the public. The Legislative Council provides policy guidance to the Legislative Services Division.

Program Narrative

Legislative Services Division Major Budget Highlights	
o	Funding increases attributed to statewide present law adjustments
o	Personal services increases due to vacancy savings, longevity increases, annualization of pay plan
o	Operating expenses increase due to cyclical nature of legislature and legislator data access

Funding

The following table shows program funding, by source, for the base year and for the 2005 biennium as recommended by the Governor.

Program Funding Table Legislative Services							
Program Funding	Base Fiscal 2002	% of Base Fiscal 2002	Budget Fiscal 2004	% of Budget Fiscal 2004	Budget Fiscal 2005	% of Budget Fiscal 2005	
01100 General Fund	\$ 4,328,746	82.7%	\$ 4,706,688	83.4%	\$ 5,020,039	93.0%	
02800 Reimbursable Activities	905,096	17.3%	897,891	15.9%	358,269	6.6%	
02985 State Government Broadcasting	-	-	39,250	0.7%	20,750	0.4%	
Grand Total	\$ 5,233,842	100.0%	\$ 5,643,829	100.0%	\$ 5,399,058	100.0%	

The Legislative Services Program is funded by general fund except for state special revenue appropriations that support costs associated with the preparation, publication, and distribution of Montana Code Annotated text and annotations. For the 2005 biennium, \$9.7 million general fund provides 88 percent of division funding, and \$1.3 million state special revenue provides 12 percent of the division budget.

Present Law Adjustments	-----Fiscal 2004-----					-----Fiscal 2005-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					390,048					437,038
Vacancy Savings					0					0
Inflation/Deflation					7,621					7,699
Fixed Costs					41,905					140,004
Total Statewide Present Law Adjustments					\$439,574					\$584,741
DP 1 - LSD Biennial Program Operations	0.00	(81,134)	51,547	0	(29,587)	0.00	(152,783)	(332,967)	0	(485,750)
Total Other Present Law Adjustments	0.00	(\$81,134)	\$51,547	\$0	(\$29,587)	0.00	(\$152,783)	(\$332,967)	\$0	(\$485,750)
Grand Total All Present Law Adjustments					\$409,987					\$98,991

Executive Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

LFD COMMENT	<p>This program, in addition to increases in personal services for vacancy savings and pay plan increases, has increases for the cyclical session employee costs in fiscal 2005. These costs do not occur in the non-session base year.</p> <p>This program pays all fixed costs for the Legislative Branch programs. A significant portion of the increase in operating costs is attributable to increases of over \$40,000 in fiscal 2004 and over \$140,000 in fiscal 2005 for fixed costs assessed by other agencies for services such as rent and operation of the state central computer system.</p>
--------------------	--

DP 1 - LSD Biennial Program Operations – The Legislative Branch business cycle is biennial, related to the cyclical nature of legislative sessions, production and publication of the Montana Codes Annotated, interim study committees and activities, and biennial audit work. Revenue collections spike and ebb in response to the biennial cycle. The Legislative Services Division budget is presented in annual format for budget review only; the budget will be established as biennial to respond to the need to responsibly manage the branch cyclical expenditures and revenues.

Included in this package are increases from base in staff overtime and temporary services staffing of the bill status system related to the non-base year 2005 legislative session. Significant operational decreases occur in consulting services, travel, and minor equipment, as well as printing, shipping, and credit card and royalty fees related to non-base year reductions in the publication and distribution of the Montana Codes Annotated. Fixed cost expenses, included in statewide present law adjustments, increase \$181,909 over the biennium.

New Proposals	-----Fiscal 2004-----					-----Fiscal 2005-----					
	Program	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 2 - Connect Legislator Laptop Computers to Network	20	0.00	0	0	0	0	0.00	66,225	0	0	66,225
Total	0.00	\$0	\$0	\$0	\$0	\$0	0.00	\$66,225	\$0	\$0	\$66,225

New Proposals

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

DP 2 - Connect Legislator Laptop Computers to Network - The Legislative Branch Computer System Planning Council, established in 5-11-402, MCA, is responsible for developing and maintaining the Legislative Branch computer system plan. Included in the 2005 biennium plan is a proposal requesting funding to connect 75 laptop computers, personally owned by legislators, to the state data network during the 2005 regular legislative session. The proposal totals \$66,225, including funding for contracted support services and monthly network connection fees, and would be a biennial appropriation placed in the first year.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	Total Exec. Budget Fiscal 04-05
FTE	0.97	0.00	0.00	0.97	0.00	0.00	0.97	0.97
Personal Services	68,842	49,759	26,226	144,827	(68,842)	0	0	144,827
Operating Expenses	306,254	328,914	219,619	854,787	(306,254)	0	0	854,787
Total Costs	\$375,096	\$378,673	\$245,845	\$999,614	(\$375,096)	\$0	\$0	\$999,614
General Fund	348,012	405,757	245,845	999,614	(348,012)	0	0	999,614
State/Other Special	27,084	(27,084)	0	0	(27,084)	0	0	0
Total Funds	\$375,096	\$378,673	\$245,845	\$999,614	(\$375,096)	\$0	\$0	\$999,614

Program Description

The Legislative Committees and Activities Program processes and monitors the expenditures of various legislative committees and activities, particularly those conducted during the interim between legislative sessions. Services include: 1) limited support of interim studies activities established under 5-5-202 through 5-5-217, MCA; 2) support of interstate cooperation activities of the legislature; and 3) support of other legislative activities for which appropriations are made.

Program Narrative

Legislative Committees and Activities Major Budget Highlights	
o	Present Law adjustments increase funding slightly over fiscal 2002 base year expenditures
o	New proposals for dues and to allow legislators to participate in various organizations

Funding

The following table shows program funding, by source, for the base year and for the 2005 biennium as recommended by the Governor.

Program Funding Table Legis. Committees & Activities						
Program Funding	Base Fiscal 2002	% of Base Fiscal 2002	Budget Fiscal 2004	% of Budget Fiscal 2004	Budget Fiscal 2005	
01100 General Fund	\$ 348,012	92.8%	\$ 999,614	100.0%	\$ -	
02482 Program 21 Interim Studies	27,084	7.2%	-	-	-	
Grand Total	\$ 375,096	100.0%	\$ 999,614	100.0%	-	

The program is funded with general fund.

	-----Fiscal 2004-----					-----Fiscal 2005-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					(11,226)					(11,423)
Vacancy Savings					0					0
Inflation/Deflation					609					709
Total Statewide Present Law Adjustments					(\$10,617)					(\$10,714)
DP 3 - Interim Committee Biennial Operations	0.00	389,290	0	0	389,290	0.00	(364,382)	0	0	(364,382)
Total Other Present Law Adjustments	0.00	\$389,290	\$0	\$0	\$389,290	0.00	(\$364,382)	\$0	\$0	(\$364,382)
Grand Total All Present Law Adjustments					\$378,673					(\$375,096)

Executive Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

LFD COMMENT	Personal services in this program are for the pay of legislators participating in interim committees and activities. No FTE are assigned to this program (0.97 FTE is a "placeholder" for legislator salaries).
--------------------	---

DP 3 - Interim Committee Biennial Operations - The Legislative Committees & Activities Program supports the activities of statutory committees, interim committees, and interstate organizational participation. The budget is presented as a biennial appropriation in the first year to reflect the biennial nature of legislative operations. The biennial increase above base is approximately \$3,500.

New Proposals	-----Fiscal 2004-----					-----Fiscal 2005-----					
	Program	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 4 - Participation, Pacific Northwest Economic Region	21	0.00	51,337	0	0	51,337	0.00	0	0	0	0
DP 5 - Legislative Council on River Governance	21	0.00	10,000	0	0	10,000	0.00	0	0	0	0
DP 6 - Dues, Council of State Governments	21	0.00	73,880	0	0	73,880	0.00	0	0	0	0
DP 7 - Participation, NCSL and CSG	21	0.00	110,628	0	0	110,628	0.00	0	0	0	0
Total	0.00	\$245,845	\$0	\$0	\$245,845	0.00	\$0	\$0	\$0	\$0	\$0

New Proposals

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

DP 4 - Participation, Pacific Northwest Economic Region - The Pacific Northwest Economic Region (PNWER) is an international organization promoting greater regional collaboration among the states of Alaska, Idaho, Montana, Oregon, and Washington, the provinces of Alberta and British Columbia, and the Yukon Territory. In 2001, the legislature authorized a Montana annual membership in the PNWER (Title 5, Chapter 11, part 7, MCA). However, no funds were appropriated for payment of Montana membership dues or to allow legislative delegates to participate in PNWER activities. A budget of \$51,337 is proposed to provide funding for Montana dues of \$32,699 and legislator participation.

DP 5 - Legislative Council on River Governance - The Legislative Council on River Governance is comprised of legislators from Montana, Oregon, Idaho, and Washington. The council mission is to assert state legislative authority over natural resources and river governance issues and to unite states for a proactive agenda of legislative action. In 2001, the Legislature approved a one-time appropriation of \$10,000 for the 2003 biennium for legislator participation in council meetings and activities. This proposal, implemented with a biennial appropriation placed in the first year, includes \$10,000 for legislative participation in council meetings and activities for the 2005 biennium.

DP 6 - Dues, Council of State Governments - The base budget includes partial funding of Montana biennial dues in the Council of State Governments (CSG) as approved by the last legislature. This proposal, implemented with a biennial appropriation placed in the first year, includes \$73,880 for the balance of full biennial dues in the CSG.

DP 7 - Participation, NCSL and CSG - The base budget includes full funding of Montana biennial membership dues in the National Conference of State Legislatures (NCSL) and partial funding of membership dues in the Council of State Governments (CSG). The current level base budget does not include funds for delegate participation in either organization. This proposal, implemented with a biennial appropriation placed in the first year, includes funding for delegate participation in NCSL and CSG during the 2005 biennium.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	Total Exec. Budget Fiscal 04-05
FTE	18.80	0.00	0.00	18.80	0.00	0.00	18.80	18.80
Personal Services	1,086,713	119,171	0	1,205,884	127,530	0	1,214,243	2,420,127
Operating Expenses	54,418	2,489	0	56,907	40,996	0	95,414	152,321
Total Costs	\$1,141,131	\$121,660	\$0	\$1,262,791	\$168,526	\$0	\$1,309,657	\$2,572,448
General Fund	1,141,131	121,660	0	1,262,791	168,526	0	1,309,657	2,572,448
Total Funds	\$1,141,131	\$121,660	\$0	\$1,262,791	\$168,526	\$0	\$1,309,657	\$2,572,448

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 General Appropriations Act. The Legislative Finance Committee provides guidance to the Legislative Fiscal Division.

Program Narrative

Legislative Fiscal Division Major Budget Highlights	
o	Increases due to statewide present law adjustments and cyclical nature of cost of legislative sessions

Funding

The following table shows program funding, by source, for the base year and for the 2005 biennium as recommended by the Governor.

Program Funding Table Fiscal Analysis & Review						
Program Funding	Base Fiscal 2002	% of Base Fiscal 2002	Budget Fiscal 2004	% of Budget Fiscal 2004	Budget Fiscal 2005	% of Budget Fiscal 2005
01100 General Fund	\$ 1,141,131	100.0%	\$ 1,262,791	100.0%	\$ 1,309,657	100.0%
Grand Total	<u>\$ 1,141,131</u>	<u>100.0%</u>	<u>\$ 1,262,791</u>	<u>100.0%</u>	<u>\$ 1,309,657</u>	<u>100.0%</u>

This program is funded with general fund.

	-----Fiscal 2004-----					-----Fiscal 2005-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					119,171					121,030
Vacancy Savings					0					0
Inflation/Deflation					2,489					2,496
Total Statewide Present Law Adjustments					\$121,660					\$123,526
DP 8 - LFD Biennial 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					\$121,660					\$168,526

Executive Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 8 - LFD Biennial Program Operations - The Legislative Branch business cycle is biennial, related to the cyclical nature of legislative sessions, production and publication of the Montana Codes Annotated, interim study committees and activities, and biennial audit work. The Legislative Fiscal Division budget is presented in annual format for budget review only. The budget will be established as biennial to respond to the need to responsibly manage branch cyclical expenditures and revenues.

The level of funding requested for these cyclical session costs is the same as authorized for the 2003 biennium. Increases in operational costs relate to the non-base year regular legislative session and statewide present law adjustments. The categories affected include staff overtime, temporary services, printing, photocopy pool costs, and office supplies. Substantial printing costs are related to the budget analysis, session publications, budget summary pamphlets, and post-session reports.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	Total Exec. Budget Fiscal 04-05
FTE	56.00	(1.50)	0.00	54.50	(1.50)	0.00	54.50	54.50
Personal Services	2,803,964	444,977	0	3,248,941	444,251	0	3,248,215	6,497,156
Operating Expenses	294,825	35,148	25,000	354,973	27,280	0	322,105	677,078
Total Costs	\$3,098,789	\$480,125	\$25,000	\$3,603,914	\$471,531	\$0	\$3,570,320	\$7,174,234
General Fund	1,852,926	323,129	25,000	2,201,055	412,934	0	2,265,860	4,466,915
State/Other Special	1,245,863	156,996	0	1,402,859	58,597	0	1,304,460	2,707,319
Total Funds	\$3,098,789	\$480,125	\$25,000	\$3,603,914	\$471,531	\$0	\$3,570,320	\$7,174,234

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 Narrative

Audit and Examination Major Budget Highlights	
o	Increases due to statewide present law adjustments and cyclical nature of biennial audit costs

Funding

The following table shows program funding, by source, for the base year and for the 2005 biennium as recommended by the Governor.

Program Funding Table Audit & Examination							
Program Funding	Base Fiscal 2002	% of Base Fiscal 2002	Budget Fiscal 2004	% of Budget Fiscal 2004	Budget Fiscal 2005	% of Budget Fiscal 2005	
01100 General Fund	\$ 1,852,926	59.8%	\$ 2,201,055	61.1%	\$ 2,265,860	63.5%	
02042 Legislative Audit	<u>1,245,863</u>	<u>40.2%</u>	<u>1,402,859</u>	<u>38.9%</u>	<u>1,304,460</u>	<u>36.5%</u>	
Grand Total	<u>\$ 3,098,789</u>	<u>100.0%</u>	<u>\$ 3,603,914</u>	<u>100.0%</u>	<u>\$ 3,570,320</u>	<u>100.0%</u>	

The Audit & Examination Program is funded by a combination of general fund and state special revenue appropriations. Special revenue is derived through the assessment, to agencies, of federally approved hourly rate charges for audit services. For the 2005 biennium, \$4.5 million general fund provides 62 percent of the division funding, while \$2.7 million state special revenue provides 38 percent.

	-----Fiscal 2004-----					-----Fiscal 2005-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					498,862					497,955
Vacancy Savings					0					0
Inflation/Deflation					2,990					3,694
Fixed Costs					(12,132)					(7,704)
Total Statewide Present Law Adjustments					\$489,720					\$493,945
DP 9 - LAD Biennial Program Operations	(1.50)	6,705	(16,300)	0	(9,595)	(1.50)	(8,271)	(14,143)	0	(22,414)
Total Other Present Law Adjustments	(1.50)	\$6,705	(\$16,300)	\$0	(\$9,595)	(1.50)	(\$8,271)	(\$14,143)	\$0	(\$22,414)
Grand Total All Present Law Adjustments					\$480,125					\$471,531

Executive Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 9 - LAD Biennial Program Operations - The Legislative Branch business cycle is biennial, related to the cyclical nature of legislative sessions, production and publication of the Montana Codes Annotated, interim study committees and activities, and biennial audit work. Revenue collections spike and ebb in response to the biennial cycle. The Legislative Audit Division budget is presented in annual format for budget review only. The budget will be established as biennial to respond to the need to responsibly manage branch cyclical expenditures and revenues.

Included in the budget request is a 1.5 FTE reduction, resulting from a change in audit approach for the Montana University System. This reduction will not reduce audit services, rather it saves the state money by consolidating the university financial statements. Other changes from base include cyclical costs associated with a biennial independent audit of the legislative branch and audit division, the biennial Peer Review required by Government Auditing Standards, and costs associated with preparation of a branch disaster recovery plan and reactive system development needs.

Program	-----Fiscal 2004-----					-----Fiscal 2005-----					
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds	
DP 10 - Branch EDP Security Review	28	0.00	25,000	0	0	25,000	0.00	0	0	0	0
Total	0.00	\$25,000	\$0	\$0	\$25,000	0.00	\$0	\$0	\$0	\$0	\$0

New Proposals

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

DP 10 - Branch EDP Security Review - This proposal provides funding for costs associated with a one-time only independent electronic data processing (EDP) security review of the Legislative Branch computer environment. A similar proposal brought forward last biennium was eliminated from the program's budget.