

Agency Proposed Budget

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

Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	5.00	0.00	0.00	5.00	0.00	0.00	5.00	5.00
Personal Services	195,535	45,988	0	241,523	46,784	0	242,319	483,842
Operating Expenses	102,896	4,089	139,338	246,323	(1,804)	62,575	163,667	409,990
Total Costs	\$298,431	\$50,077	\$139,338	\$487,846	\$44,980	\$62,575	\$405,986	\$893,832
General Fund	298,431	50,077	139,338	487,846	44,980	62,575	405,986	893,832
Total Funds	\$298,431	\$50,077	\$139,338	\$487,846	\$44,980	\$62,575	\$405,986	\$893,832

Agency Description

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

Agency Highlights

Commissioner of Political Practices Major Budget Highlights
Total funding increases \$296,970 over the doubled FY 2006 base include: <ul style="list-style-type: none"> ◆ New proposals for campaign and lobbyist registration computer system ◆ Statewide present law adjustments
Major LFD Issues
<ul style="list-style-type: none"> ◆ Operating costs may not be sufficient to cover legal costs in the next biennium

Agency Discussion

Goals & 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:

- Goals, objectives and year-to-date outcomes from the 2007 biennium
- Goals and objectives and their correlation to the 2009 biennium budget request

The Commissioner of Political Practices (COPP) addresses its duties with one appointed official and four staff members. Personal services comprised 65 percent of the FY 2006 base budget. In the 2009 biennium this percentage drops to 54 percent due to the executive new proposals for a campaign filing and lobbyist registration system.

The other major expenditure for COPP relates to complaints that are handled by the Agency Legal Service Bureau at the Department of Justice or outside legal counsel. An outside counsel is used in cases where there is a conflict of interest. Legal fees comprise 46 percent of the operating costs and 16 percent of the total budget. The FY 2006 base budget cost for legal fees is \$47,500, a decrease of \$38,000 from the projected budget in the 2007 biennium.

**LFD
ISSUE**

COPP Legal Costs

As discussed above, COPP’s major operating cost is legal expenses incurred when resolving complaints. Legal costs vary based on the number and complexity of the cases filed. During the 2006 election, conducted during FY 2007, the number of complaints increased from 12 to 20 cases and the complexity of complaints filed with COPP also increased. As a result, the legal costs increased also. For example, from July through October the costs averaged \$4,500 a month, while in November 2006 the costs increased to \$8,000 for a single month. One of the complaints filed with the office, relating to three ballot initiatives financed through out-of-state assistance, is predicted to be an expensive investigation. COPP does not have control over the number or complexity of the complaints filed in any given year.

Many of the investigations are resolved over a long period of time. In some cases it takes 18 months after the case is accepted to complete the investigation and make a determination as to the resolution of the complaint. This timeframe would extend the costs of the investigations of complaints filed in November 2006 through FY 2008.

The figure presents the legal costs for COPP over the last 6 years.

The average legal costs over this period were \$71,000 per year or \$23,500 more than the appropriation included in the executive budget request. \$23,500 is five percent of the total budget request for the 2009 biennium. Due to the small size of the COPP’s budget it may not be able to absorb increased legal costs should they be incurred.

Commissioner of Political Practices Legal Costs	
FY 2001	\$47,514
FY 2002	83,754
FY 2003	100,999
FY 2004	85,805
FY 2005	60,433
FY 2006	47,536
6 year average	\$71,007

The average amount of legal costs over the last 2 biennia has been \$165,500. Creating a biennial appropriation to cover the anticipated legal costs would allow the agency additional flexibility to offset legal costs which vary from year to year. However, the FY 2006 base amount would give COPP a biennial appropriation of \$95,000 for legal costs over the biennium. This may not be sufficient to cover legal costs if the legal costs increase to the average of the last two biennia.

The legislature may wish to consider:

- increasing the general fund appropriation to COPP to include an additional \$23,500 for potential legal costs it may incur during the 2009 biennium
- establishing a biennial appropriation for agency legal costs

Funding

The following table shows program funding, by source, for the base year and for the 2009 biennium as recommended by the executive.

Program Funding Table Administration						
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
01000 Total General Fund	\$ 298,431	100.0%	\$ 487,846	100.0%	\$ 405,986	100.0%
01100 General Fund	298,431	100.0%	487,846	100.0%	405,986	100.0%
Grand Total	<u>\$ 298,431</u>	<u>100.0%</u>	<u>\$ 487,846</u>	<u>100.0%</u>	<u>\$ 405,986</u>	<u>100.0%</u>

This program is entirely funded with general fund. A small amount of revenue is generated from nominal fees charged for printing and distribution, as well as civil fines for violation of campaign laws. Both are deposited into the general fund. In addition, COPP collects a \$150 lobbyist filing fee, \$50 of which is deposited into the general fund and \$100 in a state special revenue account that is appropriated to the Legislative Services Division to fund the state broadcasting system. The lobbyist license expires at the end of each even-numbered year, just before the start of the legislative session. Thus, the majority of the revenues are collected in odd numbered years. Total deposited revenues for statewide broadcasting in FY 2005 were \$56,684.

Biennium Budget Comparison

The following table compares the executive budget request in the 2009 biennium with the 2007 biennium by type of expenditure and source of funding. The 2007 biennium consists of actual FY 2006 expenditures and FY 2007 appropriations.

Biennium Budget Comparison								
Budget Item	Present Law Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	Present Law Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Biennium Fiscal 06-07	Total Exec. Budget Fiscal 08-09
FTE	5.00	0.00	5.00	5.00	0.00	5.00	5.00	5.00
Personal Services	241,523	0	241,523	242,319	0	242,319	435,129	483,842
Operating Expenses	106,985	139,338	246,323	101,092	62,575	163,667	233,287	409,990
Total Costs	\$348,508	\$139,338	\$487,846	\$343,411	\$62,575	\$405,986	\$668,416	\$893,832
General Fund	348,508	139,338	487,846	343,411	62,575	405,986	668,416	893,832
Total Funds	\$348,508	\$139,338	\$487,846	\$343,411	\$62,575	\$405,986	\$668,416	\$893,832

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the Governor. “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									
FTE	-----Fiscal 2008-----				-----Fiscal 2009-----				
	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				45,988					46,784
Inflation/Deflation				321					386
Fixed Costs				3,768					(2,190)
Total Statewide Present Law Adjustments				\$50,077					\$44,980
Grand Total All Present Law Adjustments				\$50,077					\$44,980

New Proposals

Program	FTE	Fiscal 2008				Fiscal 2009				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Campaign Filing, Lobbyist/Principal Systems OTO 01	0.00	123,338	0	0	123,338	0.00	46,575	0	0	46,575
DP 2 - Auditing of campaign finance and lobbying reports 01	0.00	16,000	0	0	16,000	0.00	16,000	0	0	16,000
Total	0.00	\$139,338	\$0	\$0	\$139,338	0.00	\$62,575	\$0	\$0	\$62,575

DP 1 - Campaign Filing, Lobbyist/Principal Systems OTO - The executive requests funding to complete an internet-based system for candidate filing system and a lobbyist/principal registration system. The system would simplify filing, reduce errors and facilitate public inquiries. The project would utilize current in-house software development tools to promote rapid development of the applications and reduce overall costs. The database for this system was developed during FY 2005 and FY 2006. However, the web-based portion which allows access to file electronically has not been completed and requires additional funding to complete.

The following information is provided so that the legislature can consider various performance management principles when examining this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: The current paper-based system is both time intensive and error prone. Shifting to modern computer processes will simplify filing for most users, reduce errors, and ease public access to the data.

Goals: To allow easy-to-use electronic filing for candidates, committees, lobbyists and principals and to provide a convenient method for the public to access the data.

Performance Criteria: A project charter and a timeline for the project timeline is established to track progress.

Milestones: Testing will begin in FY 2008. The new system will be available to users for the 2008 campaign cycle and 2009 lobbyist reporting period.

FTE: Agency is contracting with IT personnel to complete the work.

Funding: Project will be 100 percent general fund.

Obstacles: The high costs and complexities of delivering IT projects are the biggest challenges. Further, since campaign and lobbying filing deadlines are firm, the tendency to miss implementation deadlines with these projects raises those attendant risks.

Risks: The risk of not implementing this project is the continuation of current inefficient processes and the related costs and difficulties for both staff and the public.

LFD ISSUE	Performance Criteria are not Outlined or Time Framed
	The performance criteria outlined above does not include benchmarks to be attained through this project nor a timeline for project implementation. The legislature may wish to request more specific performance measures.

DP 2 - Auditing of campaign finance and lobbying reports - This request is for \$16,000 general fund each year of the biennium for contracted services to conduct random audits of campaign finance and lobbying reports filed with the Commissioner of Political Practices office.