



Montana Legislative Services Division
Office of the Executive Director

To: Members of the Legislative Council
From: Susan Byorth Fox
Re: Legislative Services Division/ Branch Budget Proposal
Date: August 21, 2012

Authority

Entities of the legislative branch, as consolidated, are required to submit its budget proposals through the Legislative Council (5-2-503, MCA). Entities are the Senate and House of Representatives, the Legislative Services Division, including the Environmental Quality Council, the Legislative Finance Committee and Fiscal Division, and the Legislative Audit Committee and Division.

Section 17-7-112, MCA, states: "By September 1, the consolidated legislative branch shall submit a preliminary draft of the information required under 17-7-111 to the budget director. By October 10, the consolidated legislative branch shall submit the information required under 17-7-111 in final form to the budget director." A 5% reduction plan is statutorily required to be developed and submitted and will be included in legislative branch submission.

The bottom line of the draft budget that is proposed for submittal to the Governor's Office of Budget and Program Planning is:

Program Name	2012-2013 Approved Budget	2014-2015 Proposed Budget
Legislative Services Division (LSD) Operations (20)	\$14,362,655	\$15,515,235
LSD Interim Committees/ Activities (21)	1,101,828	1,257,722
Legislative Fiscal Division (27)	3,557,175	3,738,237
Legislative Audit Division (28)	8,013,444	8,081,562
Total	\$27,035,102	\$28,592,756

This compares to:

2010-2011 Base Budget	\$28,068,649
proposed Present Law Budget for 2012-13	\$28,355,287
actual 2012-13 appropriations	\$27,275,102
2014-15 budget request	\$28,592,756

Biennium Budget Comparison - refer to attachments

- LB Biennium Budget Comparison: 2013 Biennium Appropriations to 2015 Biennium Requests indicate an overall increase of 5.76% over the last biennial budget - (biennial increase of \$1,557,654 over what was appropriated for last biennium.)
- Program 20 (LSD) and Program 21 (Interim Committees and Activities) Comparison to Base Expenditures. The largest increase compared to the base expenditures is in Program 20 operating expenses for the Branch in LSD.
- The difference between the biennium budget comparison between appropriations and the comparison to base expenditures is that the Branch did not spend the entire appropriation in the base year.

2015 Biennial Budget methods for budget submissions - refer to Comparison to Base spreadsheets

- Starting point: FY2012 base budgets which included 5% spending reductions from 2011 session
- Program 20: Present law adjustments to fixed costs, ITSD rates, and personal services of \$894,114 over base expenditures
- Program 20: Agency proposed adjustments of \$1,217,059 over base expenditures for:
 - ▶ IT as approved by the Computer System Planning Council
 - ▶ TVMT for replacement and upgrade of aging and obsolete equipment
 - ▶ cyclical adjustments
- Program 20: FFIS Subscription for LFD \$20,000
- Program 21: Increased budget requests for:
 - ▶ additional interim committee meetings
 - ▶ reinstate the emerging issues funds to \$45,000 (\$26,439 was appropriated last year and used as part of the 5% reduction)
 - ▶ reinstating dues to 100%
- All programs: Personal services includes a reinstatement of 2% vacancy savings
- Annotations/MCA: Special Revenue Fund is covering more of the personal services costs than last biennium due to Legal Office streamlining Annotations

Branch Pay Plan and New Proposal

The branch pay plan, as proposed, will have two distinct parts. First, to mirror the executive plan of a 5% increase each year of the biennium. This funding would be included in HB 13 and is not reflected in the proposed branch budgets. If adopted, this would add approximately \$1,225,464 to LSD's personal services budget for the biennium.

The second part was designed to raise the average target market ratio of the branch equal to that of the executive branch. These funds would be used by the division managers to work towards achieving target market ratios for employees who are significantly below market and have an acceptable performance appraisal. As of this writing, the LSD's average target market ratio is 84.92% and the Executive's is 87%. The required general fund budget authority to implement this change is \$50,409 for FY 2014, and \$100,817 in FY 2015. The total cost for the New Proposal for all three

divisions is \$173,468.

Retirement Reserve

All divisions within the branch are anticipating a number of retirements within the next biennium. The current estimated liability for the Branch is approximately \$677,704. The branch retirement reserve fund has been depleted over the past couple of years. Discussions regarding funding this liability include transfer of funds from the information technology reserve fund, temporary diversion of unexpended carry forward funds, or a direct appropriation. Staff of LSD is currently calculating the total liability of the branch and the available information technology reserve funds. The original retirement reserve fund was \$400,000 funded for the 2009 biennium. It has never been replenished and was depleted this fiscal year. Legislative Services has 15 staff eligible to retire through FY2015 and has retired many persons with the higher liability. Legislative Fiscal Division has 8 staff eligible to retire and its liability remains high relative to its personal services budget at this time (\$347,764). The Legislative Audit Division has experienced most of its retirements and liability is low at this time. Liability is greatest following session because of the comp time accumulation, the liability reduced over the course of the interim as people use their comp and vacation time. A \$400,000 fund transfer would cover approximately 60% of the current liability.

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