

LEGISLATIVE AUDIT DIVISION

The Legislative Auditor, Angus Maciver, provided the following information requested by the General Government Joint Appropriations Subcommittee on the decline in Legislative Audit Division expenditures in the 2013 biennium.

During the FY 2011-2015 time period, LAD expenditures declined from approximately \$3.7 million annually to a low point of \$3.1 million in 2013, before rebounding to \$3.9 million in 2015. The following table shows the expenditure amounts for this time period:

<u>Fiscal Year</u>	<u>LAD Expenditures</u>
2011	\$3,726,005
2012	\$3,430,618
2013	\$3,120,905
2014	\$3,466,117
2015	\$3,897,395

The decline in expenditures for the 2012-2013 biennium was initially the result of budget reductions in the 2011 legislative session. The legislative branch implemented a 5% reduction plan for the 2013 biennium, which offset all statewide present law adjustments for LAD and kept our budget flat for the biennial period. Our budget remained essentially static for the 2015 biennium (fiscal years 2014 and 2015) at approximately \$4.02 million. The more significant impact on expenditures, however, was created by the effects of staff turnover in the division during this time period. Our internal records show the following turnover values for the same time period:

<u>Fiscal Year</u>	<u>LAD Staff Turnover</u>
2011	16%
2012	27%
2013	19%
2014	18%
2015	16%

Turnover averaging 20% annually made it difficult to keep-up with filling vacancies, which resulted in lower personal services expenditures, especially in FY 2013. A compounding factor was the retirement of 3 long-tenured staff during this period. When long-serving, higher-paid staff retire and are replaced by new/entry-level staff at lower salaries, lower expenditures and unused budget authority are a typical outcome.

Staff turnover during this time period did result in lower-than-expected expenditures, but it also degraded our knowledge base, imposed significant pressure on remaining employees, and affected our ability to produce timely products and services. This is not an experience we want to repeat and is one of the reasons our strategic planning process and associated Key Performance Indicators focus heavily on staff turnover and retention. More detailed information on this subject will be provided to the Section A sub-committee during our program budget hearing at the end of this month.