

Agency Biennium Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Agency Biennium Comparison				
Budget Item	Appropriated Budget 18-19	Requested Budget 20-21	Biennium Change	Biennium % Change
Personal Services	23,500,738	25,896,540	2,395,802	10.19 %
Operating Expenses	6,158,321	8,279,709	2,121,388	34.45 %
Equipment & Intangible Assets	272,308	3,322,000	3,049,692	1,119.94 %
Transfers	298,837	298,837	0	0.00 %
Total Expenditures	\$30,230,204	\$37,797,086	\$7,566,882	25.03 %
General Fund	25,798,559	33,095,578	7,297,019	28.28 %
State/Other Special Rev. Funds	4,431,645	4,701,508	269,863	6.09 %
Total Funds	\$30,230,204	\$37,797,086	\$7,566,882	25.03 %
Total Ongoing	\$30,230,204	\$34,797,086	\$4,566,882	15.11 %
Total OTO	\$0	\$3,000,000	\$3,000,000	100.00 %

Mission Statement

The mission of the Legislature is to exercise the legislative power of state government vested by the Constitution of the State of Montana and to fulfill its constitutional duties. The mission of the agencies within the Legislative Branch, i.e., the consolidated legislative agency, is to provide the administration structure to support accomplishment of the powers and duties of the Legislature.

For additional information, please refer to the agency profile found at: <https://leg.mt.gov/lfd/publications/>.

Agency Highlights

Legislative Branch Major Budget Highlights
<ul style="list-style-type: none"> • The Legislative Branch's 2021 biennium ongoing budget request is approximately \$4.6 million or 15.1% higher than the 2019 biennium ongoing budget. Significant changes include: <ul style="list-style-type: none"> ◦ Proposed increases in general fund and state special revenue for statewide present law adjustments for personal services, fixed costs, and inflation/deflation ◦ Proposed increases in general fund and state special revenue for information technology costs due to declining hardware and software, Legislative Branch audit costs, actuarial services, fraud hotline software and training • In addition to the ongoing budget request, the Legislative Branch budget includes proposed one-time-only funding from the general fund for: <ul style="list-style-type: none"> ◦ The final phase of the session systems replacement project, which includes the bill draft editor, chamber, and legislator portal projects ◦ The final phase of an upgrade to change vote display boards from analog to digital displays

Agency Actuals and Budget Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2018	Approp. Fiscal 2018	Approp. Fiscal 2019	Request Fiscal 2020	Request Fiscal 2021
FTE	0.00	139.89	139.89	141.89	141.89
Personal Services	10,804,581	11,243,949	12,256,789	12,953,584	12,942,956
Operating Expenses	2,820,823	3,172,020	2,986,301	4,286,707	3,993,002
Equipment & Intangible Assets	172,307	172,308	100,000	2,025,000	1,297,000
Transfers	138,710	150,178	148,659	149,419	149,418
Total Expenditures	\$13,936,421	\$14,738,455	\$15,491,749	\$19,414,710	\$18,382,376
General Fund	11,940,778	12,538,240	13,260,319	16,871,159	16,224,419
State/Other Special Rev. Funds	1,995,643	2,200,215	2,231,430	2,543,551	2,157,957
Total Funds	\$13,936,421	\$14,738,455	\$15,491,749	\$19,414,710	\$18,382,376
Total Ongoing	\$13,936,421	\$14,738,455	\$15,491,749	\$17,614,710	\$17,182,376
Total OTO	\$0	\$0	\$0	\$1,800,000	\$1,200,000

Agency Discussion*FY 2018 Appropriations Compared to FY 2018 Actual Expenditures*

The Legislative Branch's modified HB 2 budget of \$14.7 million, comprised of general fund and state special revenue, was 94.6% expended as of the end of FY 2018. Operating expenses of \$3.2 million were 88.9% expended which is slightly below anticipated expenditures. Lower operating expenditures are due to lower information technology expenditures, timing associated with interim committee work plans, and lower travel expenditures in FY 2018. These are biennial appropriations and are anticipated to be used in FY 2019.

FY 2018 Appropriations Compared to FY 2019 Appropriations

There are differences between the FY 2018 and FY 2019 appropriations, which are primarily in personal services and operating expenses. The main differences in personal services appropriations are due to the cyclical nature of the legislative business cycle, state share contribution reduction in FY 2018, and restorations of budget reductions in FY 2019. The difference in operating expenses appropriations is primarily due to the cyclical nature of the legislative business cycle and SB 9 restorations in FY 2019.

Executive Request

The Legislative Branch requests an increase above the FY 2019 base in general fund and state special revenue funds of \$3.9 million in FY 2020 and \$2.9 million in FY 2021. Overall, statewide present law adjustments for personal services, fixed costs, and inflation/deflation are contributing to the requested increases. Additionally, the completion of the final phase of the session system replacement project and final phase of the upgrade to change the vote display boards from analog to digital are contributing to the requested increase in general fund.

These requests will be discussed in further detail at the program level.

Comparison of FY 2019 Legislative Budget to FY 2019 Base

Figure 1 illustrates the beginning FY 2019 budget as adopted by the 2017 Legislature compared to the finalized 2019 Base Budget, which includes modifications done by the executive (as authorized in statute) during the interim. The 2019 Base Budget was agreed upon by the executive and legislative branches to be the point from which any changes would be recorded for the 2021 biennium budgeting process.

Figure 1

FY 2019 Legislative Appropriations -Legislative Branch				
	Legislative Action	Executive Modifications per Statutory Authority	Executive Base	% Change from Legislative Action
20 Legislative Services				
61000 Personal Services	5,990,534	31,482	6,022,016	0.5%
62000 Operating Expenses	2,254,388	(31,482)	2,222,906	-1.4%
63000 Equipment & Intangible Assets	100,000	-	100,000	0.0%
68000 Transfers-out	148,659	-	148,659	0.0%
Program Total	8,493,581	-	8,493,581	0.0%
21 Legis. Committees & Activities				
61000 Personal Services	84,859	-	84,859	0.0%
62000 Operating Expenses	499,609	-	499,609	0.0%
Program Total	584,468	-	584,468	0.0%
27 Fiscal Analysis & Review				
61000 Personal Services	1,925,713	-	1,925,713	0.0%
62000 Operating Expenses	100,724	-	100,724	0.0%
Program Total	2,026,437	-	2,026,437	0.0%
28 Audit & Examination				
61000 Personal Services	4,224,201	-	4,224,201	0.0%
62000 Operating Expenses	163,062	-	163,062	0.0%
Program Total	4,387,263	-	4,387,263	0.0%
Grand Total	15,491,749	-	15,491,749	0.0%

The legislative action budget includes the FY 2019 budget as adopted during the November 2017 Special Session, specific other house and senate bills, and SB 9 restorations. The Legislative Branch had one senate bill and restorations that resulted from SB 9 that are included in this section. The 2017 Legislature enacted SB 279 and the related appropriation of \$42,101 is included as part of the base budget. This bill requires the Legislative Services Division to offer to provide a history of the subject matter requested in a bill draft request. SB 9, also enacted by the legislature, restored general fund appropriations of approximately \$444,000 to the Legislative Branch's FY 2019 budget.

The Legislative Branch had one modification to the FY 2019 budget, which is shown in the table. The Legislative Services Division transferred appropriation authority from operating expenses to personal services to establish modified FTE positions for student interns.

5.0% Plan

Statute requires agencies submit plans to reduce general fund and certain state special revenue funds by 5.0%. The Legislative Branch has provided a plan for a reduction of \$597,039 general fund and \$101,147 state special revenue. The plan includes potential reductions in the number of interim committee meetings, support costs associated with interim committees, information technology expenditures, contracted services for state broadcasting, and vacancy savings.

The agency submitted plan is in the appendix.

Agency Personal Services

In order to explain the factors influencing personal services changes, the proposed statewide personal services present law adjustment (DP 1) has been broken down into four categories, as follows:

1. Formula Based

Formula based changes are calculated independent of agency choices, such as: annualize personal services costs including FY 2019 statewide pay plan adjustments, changes to benefit rates, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot, plus rate changes for workers' compensation and unemployment insurance.

A detailed illustration of this methodology is included in the Budget Analysis Appendix.

2. Personal Services Management Decisions

Any agency management decisions that adjusted employee pay or transferred personal services authority between programs. This includes raises or position changes that may increase or reduce a budget, such as hiring FTE at a lower rate to replace retired senior staff or moving FTE and funding between programs.

3. Proposed Reinstatement of Personal Services Base Budget Reductions

Most agencies requested reinstatement of personal services budget reductions taken last session. The single largest reinstatement is due to the lower vacancy savings rate requested by the executive. The FY 2019 personal services base included approximately 6.0% vacancy savings reduction as part of the funding adopted in HB 2. Generally, the executive requested a 2.0% vacancy savings reduction for 2021 biennium.

Agencies funded with general fund may have additional personal services reductions such as those reduced from the triggers in SB 261 from last session.

In some instances, the lower personal services budgets caused agencies to make management decisions that lowered the ongoing cost of personal services. When this occurred, the LFD reflected the lower reinstatement requested rather than the total of all personal services reductions made by the previous legislature.

4. Budget Modifications

This category includes modifications to the FY 2019 personal services budget such as transfer of personal services authority to operating expenses that occurred during the interim. These transfers may impact the overall size of the personal services present law adjustment (DP 1).

The Figure shows the analysis of the proposed changes.

Figure 2

Personal Services Present Law DP 1 - FY 2020					
Program	Formula Based	Management Decisions	Proposed Reinstatement of PS	Budget Modifications	DP1 SWPL
20 LEGISLATIVE SERVICES	75,916	23,069	72,591	(31,482)	140,094
21 LEGIS. COMMITTEES & ACTIVITIES	3,311	78,516	(3,225)	-	78,602
27 FISCAL ANALYSIS & REVIEW	17,564	42,704	16,650	-	76,918
28 AUDIT & EXAMINATION	70,795	108,336	58,468	-	237,599
Agency Total	\$167,586	\$252,626	\$144,484	(\$31,482)	\$533,213

Personal services were \$12.3 million or 79.1% of total FY 2019 appropriations. The Legislative Branch proposes an increase of approximately \$533,000 in FY 2020 and \$523,000 in FY 2021. Formula based changes, management decisions, and the proposed reinstatement of personal service base budget reductions are primarily contributing to the statewide present law adjustment to personal services.

Details of significant factors included in the statewide present law adjustment for personal services will be discussed at the program level.

Funding

The following table shows proposed agency funding by source of authority.

Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	30,095,578	3,000,000	0	0	33,095,578	87.56 %
State Special Total	4,701,508	0	0	0	4,701,508	12.44 %
Federal Special Total	0	0	0	0	0	0.00 %
Proprietary Total	0	0	0	0	0	0.00 %
Other Total	0	0	0	0	0	0.00 %
Total All Funds	\$34,797,086	\$3,000,000	\$0	\$0	\$37,797,086	
Percent - Total All Sources	92.06 %	7.94 %	0.00 %	0.00 %		

The Legislative Branch is primarily funded with general fund. State special revenues support the costs associated with the state broadcasting service; the preparation, publication, and distribution of the Montana Code Annotated; and a portion of the activities of the Legislative Audit Division.

While not shown in the table above, the Legislative Branch has statutory appropriation authority for the Legislative Branch reserve account. This account receives unexpended and unencumbered money included in the “feed bill” (the bill that funds the legislative session each year) and remaining carryforward appropriation for the divisions. The funds may be used for major Legislative Branch information technology projects including hardware, software, consulting services for new initiatives, and replacement and upgrading of existing systems. All projects and funding from the reserve account must be approved by the Legislative Council. During the November 2017 Legislative Session, the legislature approved a transfer of \$500,000 from the reserve account to the general fund.

Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget
2019 Base Budget	13,260,319	13,260,319	26,520,638	80.13 %	15,491,749	15,491,749	30,983,498	81.97 %
SWPL Adjustments	609,147	757,703	1,366,850	4.13 %	759,228	716,296	1,475,524	3.90 %
PL Adjustments	1,050,759	855,835	1,906,594	5.76 %	1,212,799	823,769	2,036,568	5.39 %
New Proposals	1,950,934	1,350,562	3,301,496	9.98 %	1,950,934	1,350,562	3,301,496	8.73 %
Total Budget	\$16,871,159	\$16,224,419	\$33,095,578		\$19,414,710	\$18,382,376	\$37,797,086	

Program Biennium Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 18-19	Requested Budget 20-21	Biennium Change	Biennium % Change
Personal Services	11,671,266	12,683,715	1,012,449	8.67 %
Operating Expenses	4,564,894	6,384,695	1,819,801	39.87 %
Equipment & Intangible Assets	272,308	3,322,000	3,049,692	1,119.94 %
Transfers	298,837	298,837	0	0.00 %
Total Expenditures	\$16,807,305	\$22,689,247	\$5,881,942	35.00 %
General Fund	15,995,604	21,965,584	5,969,980	37.32 %
State/Other Special Rev. Funds	811,701	723,663	(88,038)	(10.85)%
Total Funds	\$16,807,305	\$22,689,247	\$5,881,942	35.00 %
Total Ongoing	\$16,807,305	\$19,689,247	\$2,881,942	17.15 %
Total OTO	\$0	\$3,000,000	\$3,000,000	100.00 %

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:

- Bill and amendment drafting, preparation of bills for introduction, and engrossing and enrolling bills
- Publication and records management of legislative documents of record
- Preparation, publication, and distribution of the Montana Code Annotated text and annotations
- Provision of legislative research and reference services
- Support for session and interim committees
- Legal services and counseling on legislative matters and agency legal support
- Review of the text of proposed ballot measures
- Personnel and business services
- Planning, installation, and maintenance of branch information technology
- Broadcasting of state government and public policy events
- Provision of legislative information to the public

The Legislative Council provides policy guidance to the Legislative Services Division.

Program Highlights

Legislative Services Division Major Budget Highlights
<ul style="list-style-type: none"> • The Legislative Services Division’s 2021 biennium ongoing budget request is approximately \$2.9 million or 17.2% higher than the 2019 biennium ongoing budget. Significant changes include: <ul style="list-style-type: none"> ◦ Proposed increases in general fund and state special revenue for statewide present law adjustments for personal services and fixed costs ◦ Proposed increases in general fund for 2.00 FTE for one network administrator and one business analyst ◦ Proposed increases in general fund due to a present law adjustment that is mainly comprised of information technology costs • In addition to the ongoing budget request, the Legislative Services Division’s budget includes proposed one-time-only, biennial funding from the general fund for: <ul style="list-style-type: none"> ◦ The bill draft editor, chamber, and legislator portal projects. These projects are the final phase in the session systems replacement project that started in 2013 ◦ The final phase of an upgrade to change vote display boards from analog to digital displays

Program Actuals and Budget Comparison

The following table compares FY 2018 actual expenditures to the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2018	Approp. Fiscal 2018	Approp. Fiscal 2019	Request Fiscal 2020	Request Fiscal 2021
FTE	0.00	65.67	65.67	67.67	67.67
Personal Services	5,440,462	5,649,251	6,022,015	6,313,043	6,370,672
Operating Expenses	2,083,648	2,341,988	2,222,906	3,283,533	3,101,162
Equipment & Intangible Assets	172,307	172,308	100,000	2,025,000	1,297,000
Transfers	138,710	150,178	148,659	149,419	149,418
Total Expenditures	\$7,835,127	\$8,313,725	\$8,493,580	\$11,770,995	\$10,918,252
General Fund	7,456,684	7,874,586	8,121,018	11,244,679	10,720,905
State/Other Special Rev. Funds	378,443	439,139	372,562	526,316	197,347
Total Funds	\$7,835,127	\$8,313,725	\$8,493,580	\$11,770,995	\$10,918,252
Total Ongoing	\$7,835,127	\$8,313,725	\$8,493,580	\$9,970,995	\$9,718,252
Total OTO	\$0	\$0	\$0	\$1,800,000	\$1,200,000

Program Discussion -*FY 2018 Appropriations Compared to FY 2018 Actual Expenditures*

The Legislative Services Division expended 94.2% of its \$8.3 million FY 2018 modified HB 2 budget. Personal services were 96.3% expended, operating expenses were 89.0% expended, equipment and intangible assets were 100.0% expended, and transfers-out were 92.4% expended. Operating expenses, budgeted at \$2.3 million, had a slightly lower percentage expended because the division was managing information technology expenditures until information on SB 9 restorations was available. The division is expecting to utilize these funds in FY 2019.

FY 2018 Appropriations Compared to FY 2019 Appropriations

There are differences between FY 2018 and FY 2019 appropriations, which are primarily in personal services. Significant differences in personal services include:

- A decrease in the FY 2018 appropriation of approximately \$120,000 resulting from legislative action that reduced the state share contribution
- An increase in the FY 2019 appropriation resulting from legislative action. The legislature approved a statewide present law adjustment for personal services that was approximately \$90,000 in FY 2019. This increase in FY 2019 is due to the cyclical nature of the legislative business cycle
- An increase in the FY 2019 appropriation resulting from legislative action. SB 9 restorations of approximately \$91,000 were applied to personal services

Executive Request

The Legislative Services Division is requesting an increase above the FY 2019 base in general fund and state special revenue funds of approximately \$3.3 million in FY 2020 and \$2.4 million FY 2021. The proposed increases are primarily due to new proposals that are requesting one-time-only, general fund. This includes funding for the completion of the session system replacement (SSR) project (bill drafting editor, chamber, and legislator portal projects) that began in 2013 and for the final phase of an upgrade to change vote display boards from analog to digital displays.

The Legislative Services Division has one additional new proposal for general fund. The division is requesting funding for 2.00 FTE for a network administrator and business analyst.

Further details on the Legislative Services Division's proposals are provided in the Present Law Adjustments and New Proposal sections below.

Program Personal Services Narrative

Personal services were \$6.0 million or 70.9% of FY 2019 appropriations. The Legislative Services Division proposes a statewide present law increase for personal services of approximately \$140,000 in FY 2020 and \$198,000 in FY 2021. The majority of this increase is due to formula based changes and the proposed reinstatement of personal services base budget reductions.

Funding

The following table shows proposed program funding by source of authority.

Legislative Branch, 20-Legislative Services Division Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	18,965,584	3,000,000	0	0	21,965,584	96.81 %
02042 Legislative Audit	20	0	0	0	20	0.00 %
02800 Reimbursable Activities	664,305	0	0	0	664,305	91.80 %
02985 State Government Broadcasting	59,338	0	0	0	59,338	8.20 %
State Special Total	\$723,663	\$0	\$0	\$0	\$723,663	3.19 %
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$19,689,247	\$3,000,000	\$0	\$0	\$22,689,247	

The Legislative Services Division is mainly funded by general fund. State special revenue funding supports the costs associated with the state broadcasting service and the preparation, publication, and distribution of the Montana Code Annotated.

Program Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget
2019 Base Budget	8,121,018	8,121,018	16,242,036	73.94 %	8,493,580	8,493,580	16,987,160	74.87 %
SWPL Adjustments	335,934	511,033	846,967	3.86 %	358,546	383,527	742,073	3.27 %
PL Adjustments	836,793	738,292	1,575,085	7.17 %	967,935	690,583	1,658,518	7.31 %
New Proposals	1,950,934	1,350,562	3,301,496	15.03 %	1,950,934	1,350,562	3,301,496	14.55 %
Total Budget	\$11,244,679	\$10,720,905	\$21,965,584		\$11,770,995	\$10,918,252	\$22,689,247	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes from the FY 2019 base appropriation to the budget proposed by the executive. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	-----Fiscal 2020-----					-----Fiscal 2021-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	117,798	22,296	0	140,094	0.00	325,799	(127,704)	0	198,095
DP 2 - Fixed Costs	0.00	218,111	316	0	218,427	0.00	185,203	198	0	185,401
DP 3 - Inflation Deflation	0.00	25	0	0	25	0.00	31	0	0	31
DP 4 - Present Law Adjustment	0.00	836,793	131,142	0	967,935	0.00	738,292	(47,709)	0	690,583
Grand Total All Present Law Adjustments	0.00	\$1,172,727	\$153,754	\$0	\$1,326,481	0.00	\$1,249,325	(\$175,215)	\$0	\$1,074,110

**Total Funds” amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The Legislative Branch requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Formula Based
- Personal services management decisions
- Reinstatement of personal services previously reduced
- Modifications made to the personal services budget in the 2019 biennium

DP 2 - Fixed Costs -

The Legislative Branch requests adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The Legislative Branch requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

DP 4 - Present Law Adjustment -

The Legislative Branch requests an increase in general fund and state special revenue funds in FY 2020 and an increase in general fund and decrease in state special revenue funds in FY 2021. This request includes:

- Increases in general fund of approximately \$760,000 in FY 2020 and \$685,000 in FY 2021 for information technology costs and state broadcasting
 - Increases for information technology costs are related to the replacement of declining hardware and software. The proposal includes contracted services for network support and programming related to the LAWS II system and the restoration of budget reductions from the 2017 legislative special session
 - Increases for state broadcasting are due to increases in contracted services to produce, broadcast, and stream the legislature during session and the interim. The branch is working to formalize ongoing maintenance and replacement costs
- Increases in general fund of approximately \$43,000 in FY 2020 and \$18,000 in FY 2021 for training
- Increases in general fund of approximately \$34,000 in FY 2020 and \$35,000 in FY 2021 for operating expenses. This request includes office supplies, printing, and miscellaneous services to support the Legislative Branch that were reduced during the 2017 regular session and November 2017 special session
- An increase in state special revenue of approximately \$155,000 in FY 2020 for a cyclical adjustment for the costs related to producing the Montana Code Annotated (MCA) and ancillary publications, and a decrease in state special revenue of approximately \$48,000 in FY 2021 related to the anticipated reduction in printing costs for the MCA
- A decrease in state special revenue of approximately \$24,000 in FY 2020 due to an anticipated decrease in revenue that supports the state broadcasting service

**LFD
COMMENT**

State special revenue collections from the sale of Montana Code Annotated and ancillary publications are decreasing because fewer copies are printed and sold. While revenues are decreasing, costs to produce the MCA are not decreasing at the same rate. This results in the need for additional general fund to produce these texts. This portion of the change package, which is a decrease in state special revenue and increase in general fund of approximately \$52,000 is a fund switch which is typically shown as a new proposal. As such, the legislature may want to consider this portion of DP 4 as they would a new proposal.

New Proposals

The "New Proposals" table shows new changes to spending.

New Proposals	-----Fiscal 2020-----					-----Fiscal 2021-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 5 - FTE Request Net Admin, IT BA	2.00	150,934	0	0	150,934	2.00	150,562	0	0	150,562
DP 6 - Bill Draft Editor Project OTO/BIEN	0.00	500,000	0	0	500,000	0.00	0	0	0	0
DP 7 - Chamber Project OTO/BIEN	0.00	600,000	0	0	600,000	0.00	600,000	0	0	600,000
DP 8 - Legislator Portal Project OTO/BIEN	0.00	0	0	0	0	0.00	300,000	0	0	300,000
DP 9 - Digital Vote Boards OTO/BIEN	0.00	700,000	0	0	700,000	0.00	300,000	0	0	300,000
Total	2.00	\$1,950,934	\$0	\$0	\$1,950,934	2.00	\$1,350,562	\$0	\$0	\$1,350,562

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 5 - FTE Request Net Admin, IT BA -

The Legislative Branch requests general fund for 2.00 FTE. The request is for one network administrator and one business analyst. Increased workload in the information technology area, due to large information technology (IT) projects, increased complexity of the IT environment, and growing business requirements, has created the need for two additional full-time positions for the division.

DP 6 - Bill Draft Editor Project OTO/BIEN -

The Legislative Branch requests one-time-only, biennial general fund in FY 2020 for the Bill Draft Editor Project. This project is a continuation and final phase of the session systems replacement project which began in 2013. When completed, SSR implements a system that will provide enterprise content management of the fully versioned MCA datastore and system functionality for bill and amendment drafting and chamber business processes. This project includes development of the bill draft editor solution, system integration testing of the bill draft editor solution, training, user acceptance testing, and production that will go-live in the summer of 2020 for the 2021 Legislative Session.

DP 7 - Chamber Project OTO/BIEN -

The Legislative Branch requests one-time-only, biennial general fund in FY 2020 and FY 2021 for the Chamber Project. This project is a continuation and final phase of the session systems replacement project which began in 2013. When completed, SSR implements a system that will provide enterprise content management of the fully versioned MCA datastore and system functionality for bill and amendment drafting and chamber business processes. Proposed funding is for detail design and integration, testing and delivery of automation of the chamber processes, including agenda process for second and third reading, the journal, committee reports and minutes, and the amendments of bills on second reading.

DP 8 - Legislator Portal Project OTO/BIEN -

The Legislative Branch requests one-time-only, biennial general fund for the Legislative Portal Project. This project is a continuation and final phase of the session systems replacement project which began in 2013. When completed, SSR implements a system that will provide enterprise content management of the fully versioned MCA datastore and system functionality for bill and amendment drafting and chamber business processes. This project provides integration with the legislative website and individual legislator pages that eventually will allow legislators to access and receive notices regarding their bill drafts, introduction of bills, floor agendas, and committee and other notices.

DP 9 - Digital Vote Boards OTO/BIEN -

The Legislative Branch requests one-time-only, biennial general fund for voting displays. Upgrades to the hardware and software for the House and Senate vote systems have been completed. The voting displays, which are analog technology, need to be upgraded to digital displays in order to complete the vote system replacement project.

Program Biennium Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 18-19	Requested Budget 20-21	Biennium Change	Biennium % Change
Personal Services	206,766	287,852	81,086	39.22 %
Operating Expenses	1,059,221	1,228,924	169,703	16.02 %
Total Expenditures	\$1,265,987	\$1,516,776	\$250,789	19.81 %
General Fund	1,265,987	1,516,776	250,789	19.81 %
Total Funds	\$1,265,987	\$1,516,776	\$250,789	19.81 %
Total Ongoing	\$1,265,987	\$1,516,776	\$250,789	19.81 %
Total OTO	\$0	\$0	\$0	0.00 %

Program Description

The Legislative Committees and Activities program supports the activities of legislators and legislative committees that are conducted during the interim between legislative sessions.

Program expenditures support:

- The Legislative Council
- Interim study activities, as defined in 5-5-202 through 5-5-217, MCA
- Cooperative interstate, international, and intergovernmental activities, as outlined in 5-11-303 through 5-11-305, MCA
- Other legislative activities for which appropriations are made

Program Highlights

Legislative Committees and Activities Major Budget Highlights
<ul style="list-style-type: none"> • Legislative Committees and Activities' 2021 biennium budget request is approximately \$251,000 or 19.8% higher than the 2019 biennium budget. Significant changes include: <ul style="list-style-type: none"> ◦ Proposed increases in general fund due to a statewide present law adjustment for personal services ◦ Proposed increases in general fund due to present law adjustments to account for increases in national organizational dues, restoration of budget reductions, and an additional meeting for each interim committee ◦ Proposed increases in general fund due to a present law adjustment for employer health insurance premiums, pursuant to federal requirements, for the interim committee secretary position

Program Actuals and Budget Comparison

The following table compares FY 2018 actual expenditures to the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2018	Approp. Fiscal 2018	Approp. Fiscal 2019	Request Fiscal 2020	Request Fiscal 2021
FTE	0.00	0.97	0.97	0.97	0.97
Personal Services	117,468	121,907	84,859	176,109	111,743
Operating Expenses	503,221	559,612	499,609	659,801	569,123
Total Expenditures	\$620,689	\$681,519	\$584,468	\$835,910	\$680,866
General Fund	620,689	681,519	584,468	835,910	680,866
Total Funds	\$620,689	\$681,519	\$584,468	\$835,910	\$680,866
Total Ongoing	\$620,689	\$681,519	\$584,468	\$835,910	\$680,866
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

FY 2018 Appropriations Compared to FY 2018 Actual Expenditures

Legislative Committees and Activities expended 91.1% of its approximately \$682,000 FY 2018 modified HB 2 budget. Personal services were 96.4% expended and operating expenses were 89.9% expended. Operating expenditures, budgeted at approximately \$560,000, had a slightly lower percentage expended in FY 2018 due to timing associated with interim committee work plans over the biennium. The division is anticipating using the remaining funds in FY 2019.

FY 2018 Appropriations Compared to FY 2019 Appropriations

There are differences between the FY 2018 and FY 2019 appropriations in Legislative Committees and Activities. The primary reason for the difference is the cyclical nature of the legislative business cycle.

Executive Request

Legislative Committees and Activities is requesting an increase above the FY 2019 base in general fund of approximately \$251,000 in FY 2020 and \$96,000 in FY 2021. Statewide present law adjustments for personal services and present law adjustments for personal services and operating expenses are contributing to the requested increase. These adjustments will be discussed in further detail in the Present Law Adjustments section below.

Program Personal Services Narrative

Personal services were approximately \$85,000 or 14.5% of total FY 2019 appropriations. The Legislative Branch proposes a statewide present law increase for personal services of approximately \$79,000 in FY 2020 and \$14,000 in FY 2021.

The difference between the FY 2020 and FY 2021 proposed adjustment is due to the cyclical nature of the legislative cycle. The odd year in the biennium, which is the base budget year, has a lower budget because interim committees have less meetings due to session. Therefore, the adjustment for FY 2020 is larger because of the increase required to go from a base budget with minimal interim meetings to FY 2020 when most of the interim meetings occur.

Additionally, there are increases related to additional meeting days and increases in committee secretary hours.

Funding

The following table shows proposed program funding by source of authority.

Legislative Branch, 21-Legis. Committees & Activities Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	1,516,776	0	0	0	1,516,776	100.00 %
State Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$1,516,776	\$0	\$0	\$0	\$1,516,776	

Legislative Committees and Activities are funded entirely with general fund.

Program Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget
2019 Base Budget	584,468	584,468	1,168,936	77.07 %	584,468	584,468	1,168,936	77.07 %
SWPL Adjustments	78,602	14,236	92,838	6.12 %	78,602	14,236	92,838	6.12 %
PL Adjustments	172,840	82,162	255,002	16.81 %	172,840	82,162	255,002	16.81 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$835,910	\$680,866	\$1,516,776		\$835,910	\$680,866	\$1,516,776	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes from the FY 2019 base appropriation to the budget proposed by the executive. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	-----Fiscal 2020-----				-----Fiscal 2021-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	78,602	0	0	78,602	0.00	14,236	0	0	14,236
DP 4 - Present Law Adjustment	0.00	160,192	0	0	160,192	0.00	69,514	0	0	69,514
DP 10 - Health Ins Prem Int Comm Secretary Pos	0.00	12,648	0	0	12,648	0.00	12,648	0	0	12,648
Grand Total All Present Law Adjustments	0.00	\$251,442	\$0	\$0	\$251,442	0.00	\$96,398	\$0	\$0	\$96,398

**Total Funds* amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The Legislative Branch requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Formula Based
- Personal services management decisions
- Reinstatement of personal services previously reduced
- Modifications made to the personal services budget in the 2019 biennium

DP 4 - Present Law Adjustment -

The Legislative Branch requests general fund increases in FY 2020 and FY 2021. This change includes:

- Increases of approximately \$8,000 in FY 2020 and \$5,000 in FY 2021 related the Districting and Apportionment Committee. This committee is statutorily required in each session preceding each federal population census
- Increases of \$27,000 in FY 2020 and \$18,000 in FY 2021 to restore budget reductions experienced during the 2017 regular session and the November 2017 special session. This includes funding for travel, the Legislative Council's budget for emerging issues, and consulting services
- Increases of approximately \$125,000 in FY 2020 and \$46,000 in FY 2021 for an additional meeting for each interim committee

DP 10 - Health Ins Prem Int Comm Secretary Pos -

The Legislative Branch requests an increase in general fund in FY 2020 and FY 2021 for employer health insurance premiums for the interim committee secretary position. Based on the work cycle and number of hours for this position, and pursuant to federal requirements, the Legislative Branch is required to provide health insurance.

Program Biennium Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 18-19	Requested Budget 20-21	Biennium Change	Biennium % Change
Personal Services	3,648,084	4,004,268	356,184	9.76 %
Operating Expenses	183,424	195,343	11,919	6.50 %
Total Expenditures	\$3,831,508	\$4,199,611	\$368,103	9.61 %
General Fund	3,831,508	4,199,611	368,103	9.61 %
Total Funds	\$3,831,508	\$4,199,611	\$368,103	9.61 %
Total Ongoing	\$3,831,508	\$4,199,611	\$368,103	9.61 %
Total OTO	\$0	\$0	\$0	0.00 %

Program Biennium Comparison -

The biennium comparison table shows a total growth of 9.6%, which for the Legislative Fiscal Division is influenced by the FY 2018 appropriation reductions. Compared to the FY 2019 base appropriation, the growth is 3.6%.

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:

- Fiscal analysis of state government and the furnishing of information bearing upon the financial matters of the state
- Identification of ways to effect economy and efficiency in state government
- Estimation of revenue and analysis of tax policy
- Analysis of the Executive Budget
- Compiling and analyzing fiscal information for legislators and legislative committees
- 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 guidance to the Legislative Fiscal Division.

Program Highlights

Legislative Fiscal Division Major Budget Highlights
<ul style="list-style-type: none"> • The Legislative Fiscal Division’s 2021 biennium budget request is \$368,000 or 9.6% higher than the 2019 biennium budget. Significant changes: <ul style="list-style-type: none"> ◦ Proposed increases in general fund for statewide present law adjustments for personal services ◦ Proposed decreases in general fund in FY 2020 due to decreased printing, supplies, and travel ◦ Proposed increases in general fund in FY 2021 are due to increased printing costs during session

Program Actuals and Budget Comparison

The following table compares FY 2018 actual expenditures to the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Budget Item	Actuals Fiscal 2018	Approp. Fiscal 2018	Approp. Fiscal 2019	Request Fiscal 2020	Request Fiscal 2021
FTE	0.00	20.50	20.50	20.50	20.50
Personal Services	1,662,995	1,722,371	1,925,713	2,002,631	2,001,637
Operating Expenses	61,773	82,700	100,724	85,657	109,686
Total Expenditures	\$1,724,768	\$1,805,071	\$2,026,437	\$2,088,288	\$2,111,323
General Fund	1,724,768	1,805,071	2,026,437	2,088,288	2,111,323
Total Funds	\$1,724,768	\$1,805,071	\$2,026,437	\$2,088,288	\$2,111,323
Total Ongoing	\$1,724,768	\$1,805,071	\$2,026,437	\$2,088,288	\$2,111,323
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

FY 2018 Appropriations Compared to FY 2018 Actual Expenditures

The Legislative Fiscal Division expended 95.6% of its FY 2018 modified HB 2 budget. Personal services expenditures were 96.6% expended and operating expenses were 74.7% expended. Operating expenses, budgeted at approximately \$83,000, had a lower percentage expended because the division was managing budget reductions through reduced travel expenses.

FY 2018 Appropriations Compared to FY 2019 Appropriations

There are differences between the FY 2018 and FY 2019 appropriations, which is primarily in personal services. Significant differences in personal services include:

- A decrease in the FY 2018 appropriation resulting from legislative action that reduced the state share contribution by approximately \$36,000

- An increase of approximately \$47,000 in the FY 2019 appropriation resulting from legislative action. The legislature approved the partial restoration of the 5% base budget reductions
- An increase in the FY 2019 appropriation resulting from legislative action. SB 9 restorations of approximately \$32,000 were applied to personal services

Executive Request

The Legislative Fiscal Division is requesting an overall increase above the FY 2019 base in general fund of approximately \$62,000 in FY 2020 and \$85,000 in FY 2021. Statewide present law adjustments for personal services is primarily contributing to the requested increase. In FY 2021 the present law adjustment for printing costs is also contributing to the increase. Additional details on these adjustments are included in the Present Law Adjustments section below.

Program Personal Services Narrative

Personal services were \$1.9 million or 95.0% of total FY 2019 appropriations. The Legislative Fiscal Division proposes an increase of approximately \$77,000 in FY 2020 and \$76,000 in FY 2021. Formula based changes, management decisions, and the proposed reinstatement of personal service base budget reductions are primarily contributing to the statewide present law adjustment to personal services.

Wage changes account for most of the changes in the management decisions category. Pay adjustments for the Legislative Fiscal Division primarily include market and career ladder adjustments. The pay adjustments are partially offset by employee turnover and retirements.

Funding

The following table shows proposed program funding by source of authority.

Legislative Branch, 27-Fiscal Analysis & Review Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	4,199,611	0	0	0	4,199,611	100.00 %
02128 Lab Study	0	0	0	0	0	0.00 %
State Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$4,199,611	\$0	\$0	\$0	\$4,199,611	

The Legislative Fiscal Division is funded entirely with general fund.

Program Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget
2019 Base Budget	2,026,437	2,026,437	4,052,874	96.51 %	2,026,437	2,026,437	4,052,874	96.51 %
SWPL Adjustments	76,827	75,862	152,689	3.64 %	76,827	75,862	152,689	3.64 %
PL Adjustments	(14,976)	9,024	(5,952)	(0.14)%	(14,976)	9,024	(5,952)	(0.14)%
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$2,088,288	\$2,111,323	\$4,199,611		\$2,088,288	\$2,111,323	\$4,199,611	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes from the FY 2019 base appropriation to the budget proposed by the executive. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2020-----					-----Fiscal 2021-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	76,918	0	0	76,918	0.00	75,924	0	0	75,924
DP 2 - Fixed Costs	0.00	(212)	0	0	(212)	0.00	(212)	0	0	(212)
DP 3 - Inflation Deflation	0.00	121	0	0	121	0.00	150	0	0	150
DP 4 - Present Law Adjustment	0.00	(14,976)	0	0	(14,976)	0.00	9,024	0	0	9,024
Grand Total All Present Law Adjustments	0.00	\$61,851	\$0	\$0	\$61,851	0.00	\$84,886	\$0	\$0	\$84,886

***Total Funds* amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The Legislative Branch requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Formula Based
- Personal services management decisions
- Reinstatement of personal services previously reduced
- Modifications made to the personal services budget in the 2019 biennium

DP 2 - Fixed Costs -

The Legislative Branch requests adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The Legislative Branch requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

DP 4 - Present Law Adjustment -

The Legislative Branch requests a general fund decrease in FY 2020 and a general fund increase in FY 2021. These changes primarily include:

- A decrease of approximately \$9,300 in FY 2020 and an increase of approximately \$9,300 in FY 2021 for printing and supplies
- A decrease of approximately \$5,700 in FY 2020 for travel

Program Biennium Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 18-19	Requested Budget 20-21	Biennium Change	Biennium % Change
Personal Services	7,974,622	8,920,705	946,083	11.86 %
Operating Expenses	350,782	470,747	119,965	34.20 %
Total Expenditures	\$8,325,404	\$9,391,452	\$1,066,048	12.80 %
General Fund	4,705,460	5,413,607	708,147	15.05 %
State/Other Special Rev. Funds	3,619,944	3,977,845	357,901	9.89 %
Total Funds	\$8,325,404	\$9,391,452	\$1,066,048	12.80 %
Total Ongoing	\$8,325,404	\$9,391,452	\$1,066,048	12.80 %
Total OTO	\$0	\$0	\$0	0.00 %

Program Biennium Comparison -

The biennium comparison table shows a total growth of 12.8%, which for the Legislative Audit Division is influenced by the FY 2018 appropriation reductions. Compared to the FY 2019 base appropriation, the growth is 7.0%.

Program Description

The mission of the Legislative Audit Division (LAD) is to increase public trust in state government by reporting timely and accurate information about agency operations, technology, and finances to the Legislature and the citizens of Montana.

The division is the state's independent auditor and a key part of the Legislature's responsibility for strict accountability of public funds. Products and services provide legislative and executive managers of the public trust with factual, objective and unbiased information on how state government works and how to make it work better. These products and services include the following:

- Auditing the state's Comprehensive Annual Financial Report and the biennial Federal Single Audit
- Conducting performance audits to focus on agency or program operations and management, efficiency and effectiveness in delivery of government services, or public policy outcomes and impacts
- Conducting financial-compliance audits of each state agency at least every two years to assess adherence to accounting principles, compliance with material laws, and internal controls
- Conducting information systems audits to address the design, operation and maintenance of technology systems and processes, and providing assurances on the quality and reliability of system data
- Maintaining the state's Hotline for reporting fraud, waste and abuse in state government and conducting work to verify allegations and substantiate reported cases
- Reporting violations of penal statutes, instances of misfeasance, malfeasance, or nonfeasance, and any instances of apparent criminal violations of the state code of ethics discovered in an audit
- Auditing records of entities under contract with the state
- Assisting the Legislature, its committees, and its members by providing information related to the fiscal affairs of state government

The Legislative Auditor is responsible for managing the division and appointing and defining the duties of the division's employees. The Legislative Auditor is appointed by the Legislative Audit Committee, a twelve-member, bipartisan, bicameral permanent joint committee of the legislature. The committee meets regularly to review audit reports and consult and advise with the Legislative Auditor.

Program Highlights

Legislative Audit Division Major Budget Highlights
<ul style="list-style-type: none"> • The Legislative Audit Division's 2021 biennium budget request is approximately \$1.1 million or 12.8% higher than the 2019 biennium budget. Significant changes include: <ul style="list-style-type: none"> ◦ Proposed increase in general fund and state special revenue due to statewide present law adjustments for personal services ◦ Proposed increases in general fund and state special revenue for the Legislative Branch audit and actuarial services ◦ Proposed increases in general fund and state special revenue for fraud hotline software and information technology training

Program Actuals and Budget Comparison

The following table compares FY 2018 actual expenditures to the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2018	Approp. Fiscal 2018	Approp. Fiscal 2019	Request Fiscal 2020	Request Fiscal 2021
FTE	0.00	52.75	52.75	52.75	52.75
Personal Services	3,583,656	3,750,420	4,224,202	4,461,801	4,458,904
Operating Expenses	172,181	187,720	163,062	257,716	213,031
Total Expenditures	\$3,755,837	\$3,938,140	\$4,387,264	\$4,719,517	\$4,671,935
General Fund	2,138,637	2,177,064	2,528,396	2,702,282	2,711,325
State/Other Special Rev. Funds	1,617,200	1,761,076	1,858,868	2,017,235	1,960,610
Total Funds	\$3,755,837	\$3,938,140	\$4,387,264	\$4,719,517	\$4,671,935
Total Ongoing	\$3,755,837	\$3,938,140	\$4,387,264	\$4,719,517	\$4,671,935
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

FY 2018 Appropriations Compared to FY 2018 Actual Expenditures

The Legislative Audit Division expended 95.4% of its modified HB 2 budget through FY 2018. Personal services were 95.6% and operating expenses were 91.7% expended.

FY 2018 Appropriations Compared to FY 2019 Appropriations

There are differences between FY 2018 and FY 2019 appropriations, which is primarily in personal services. Significant differences in personal services include:

- A decrease in the FY 2018 appropriation of approximately \$89,000 resulting from legislative action that reduced the state share contribution
- An increase of approximately \$323,000 in the FY 2019 appropriation resulting from legislative action. The legislature approved the partial restoration of the 5% base budget reductions
- An increase in the FY 2019 appropriation resulting from legislative action. SB 9 restorations of approximately \$97,000 were applied to personal services

Executive Request

The Legislative Audit Division is requesting an increase above the FY 2019 base in general fund and state special revenue of approximately \$332,000 in FY 2020 and \$285,000 in FY 2021. These increases include statewide present law adjustments for personal services, a contracted Legislative Branch audit, actuarial services, professional license fees, information technology software and training, and the restoration of reductions.

Further details on the Legislative Audit Division’s proposals are provided in the Present Law Adjustments section below.

Program Personal Services Narrative

Personal services were \$4.2 million or 96.3% of total FY 2019 appropriations. The Legislative Audit Division proposes an increase of approximately \$238,000 in FY 2020 and \$235,000 in FY 2021. Formula based changes and management decisions are primarily contributing to the statewide present law adjustment to personal services.

Wage changes account for most of the changes in the management decisions category. Pay adjustment for the Legislative Audit Division primarily include market, career ladder, merit, and performance adjustments. The pay adjustments are partially offset by employee turnover and retirements.

Funding

The following table shows proposed program funding by source of authority.

Legislative Branch, 28-Audit & Examination Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	5,413,607	0	0	0	5,413,607	57.64 %
02042 Legislative Audit	3,977,845	0	0	0	3,977,845	100.00 %
State Special Total	\$3,977,845	\$0	\$0	\$0	\$3,977,845	42.36 %
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$9,391,452	\$0	\$0	\$0	\$9,391,452	

The Legislative Audit Division is funded with general fund and state special revenue. The state special revenue funds are generated through a charge to agencies of a billing rate calculated in accordance with federal regulations for audit services.

Program Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget
2019 Base Budget	2,528,396	2,528,396	5,056,792	93.41 %	4,387,264	4,387,264	8,774,528	93.43 %
SWPL Adjustments	117,784	156,572	274,356	5.07 %	245,253	242,671	487,924	5.20 %
PL Adjustments	56,102	26,357	82,459	1.52 %	87,000	42,000	129,000	1.37 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$2,702,282	\$2,711,325	\$5,413,607		\$4,719,517	\$4,671,935	\$9,391,452	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes from the FY 2019 base appropriation to the budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2020-----					-----Fiscal 2021-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	114,109	123,490	0	237,599	0.00	151,949	82,753	0	234,702
DP 2 - Fixed Costs	0.00	3,280	3,551	0	6,831	0.00	4,031	2,917	0	6,948
DP 3 - Inflation Deflation	0.00	395	428	0	823	0.00	592	429	0	1,021
DP 4 - Present Law Adjustment	0.00	25,650	19,350	0	45,000	0.00	0	0	0	0
DP 2802 - Present Law Adjustment- Pro License Fees	0.00	1,710	1,290	0	3,000	0.00	1,740	1,260	0	3,000
DP 2803 - Present Law Adjustment- LAD IT Operations	0.00	23,042	5,958	0	29,000	0.00	18,817	10,183	0	29,000
DP 2804 - Present Law Adjustment- Restoration of Reductions	0.00	5,700	4,300	0	10,000	0.00	5,800	4,200	0	10,000
Grand Total All Present Law Adjustments	0.00	\$173,886	\$158,367	\$0	\$332,253	0.00	\$182,929	\$101,742	\$0	\$284,671

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The Legislative Branch requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Formula Based
- Personal services management decisions
- Reinstatement of personal services previously reduced
- Modifications made to the personal services budget in the 2019 biennium

DP 2 - Fixed Costs -

The Legislative Branch requests adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The Legislative Branch requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

DP 4 - Present Law Adjustment -

The Legislative Branch requests general fund and state special revenue funds in FY 2020. This request includes:

- An increase of \$15,000 for the Legislative Branch audit, which is a cyclical, contracted service
- An increase of \$16,000 for a Government Accountability Office (GAO) required Peer Review. This peer review is a contracted service that occurs every three years
- An increase of \$14,000 for other post-employment benefits (OPEB) actuary services, which are contracted services

DP 2802 - Present Law Adjustment- Pro License Fees -

The Legislative Branch requests an increase in general fund and state special revenue funds for professional license fees for staff that are Certified Public Accountants (CPA) and lawyers.

LFD COMMENT	While the Legislative Audit Division has requirements related to financial compliance staff obtaining their CPA license, these licensing fees have not previously been included in the division's budget. The department is requesting general fund and state special revenue for these licensing fees. According to LAD, there are requirements set forth in the Yellow Book (which are the standards followed for governmental audits) which reference American Institute of Certified Public Accountants (AICPA) standards. These standards require CPA licensure for certain types of work performed by financial compliance staff.
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DP 2803 - Present Law Adjustment- LAD IT Operations -

The Legislative Branch requests general fund and state special revenue funds for FY 2020 and FY 2021. This request includes:

- Increases in general fund and state special revenue funds of approximately \$9,000 each fiscal year for the Legislative Audit fraud hotline software
- Increases in general fund and state special revenue funds of \$20,000 for information technology training related to Legislative Audit SABHRS support

DP 2804 - Present Law Adjustment- Restoration of Reductions -

The Legislative Branch requests general fund and state special revenue funds for the restoration of reduced operating authority from the 2017 session. This includes travel and other operating costs.