

Agency Biennium Comparison

The following table compares the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Agency Biennium Comparison				
Budget Item	Appropriated Budget 20-21	Requested Budget 22-23	Biennium Change	Biennium % Change
Personal Services	26,134,687	27,743,757	1,609,070	6.16 %
Operating Expenses	8,713,687	9,697,731	984,044	11.29 %
Equipment & Intangible Assets	3,600,200	1,654,196	(1,946,004)	(54.05)%
Transfers	298,837	288,000	(10,837)	(3.63)%
Total Expenditures	\$38,747,411	\$39,383,684	\$636,273	1.64 %
General Fund	33,736,148	34,458,045	721,897	2.14 %
State/Other Special Rev. Funds	5,011,263	4,925,639	(85,624)	(1.71)%
Total Funds	\$38,747,411	\$39,383,684	\$636,273	1.64 %
Total Ongoing	\$34,907,411	\$39,343,684	\$4,436,273	12.71 %
Total OTO	\$3,840,000	\$40,000	(\$3,800,000)	(98.96)%

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.

Please refer to the agency profile for the Legislative Branch at <https://leg.mt.gov/lfd/state-agency-profiles/legislative-branch> for additional information about the agency's organization structure, historical expenditures, FY 2020 expenditure dashboard, and recent studies, audits, and legislation.

Agency Highlights

Legislative Branch Major Budget Highlights
<ul style="list-style-type: none"> • The Legislative Branch’s 2023 biennium budget request is approximately \$0.6 million or 1.6% higher than the 2021 biennium budget. Significant changes include: <ul style="list-style-type: none"> ◦ Proposed changes for statewide present law adjustments for personal services, fixed costs, and inflation/deflation ◦ Proposed increases for information technology costs ◦ New proposals to address retention and recruitment and information technology (IT) training
Legislative Action Issues
<ul style="list-style-type: none"> • The legislature may wish to designate the \$1.2 million in general fund that is being requested for upgrades and the Districting and Apportionment Commission as one-time-only appropriations as the expenditures are not considered ongoing

Agency Actuals and Budget Comparison

The following table compares the last full fiscal year actuals, previous biennium appropriations by year, and current annual biennium budget request by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Request Fiscal 2022	Request Fiscal 2023
FTE	0.00	141.89	141.89	141.89	141.89
Personal Services	12,445,539	12,983,524	13,151,163	13,838,931	13,904,826
Operating Expenses	4,111,116	4,764,596	3,949,091	5,085,130	4,612,601
Equipment & Intangible Assets	2,469,472	2,603,200	997,000	1,059,696	594,500
Transfers	142,042	149,419	149,418	144,000	144,000
Total Expenditures	\$19,168,169	\$20,500,739	\$18,246,672	\$20,127,757	\$19,255,927
General Fund	16,659,486	17,672,574	16,063,574	17,487,529	16,970,516
State/Other Special Rev. Funds	2,508,683	2,828,165	2,183,098	2,640,228	2,285,411
Total Funds	\$19,168,169	\$20,500,739	\$18,246,672	\$20,127,757	\$19,255,927
Total Ongoing	\$16,684,966	\$17,580,739	\$17,326,672	\$20,107,757	\$19,235,927
Total OTO	\$2,483,203	\$2,920,000	\$920,000	\$20,000	\$20,000

Agency Discussion

FY 2020 Appropriation Compared to FY 2020 Actual Expenditures

The Legislative Branch expended 93.5% of its \$20.5 million FY 2020 modified HB 2 budget. Personal services were 95.9% expended, operating expenses were 86.3% expended, equipment & intangible assets were 94.9% expended and transfers-out were 95.1% expended.

Personal services expenditures were lower than anticipated in the budget due to staff retention issues in the Legislative Fiscal and Audit Divisions. Operating expenses were lower mostly due to impacts of the COVID-19 pandemic on the ability of:

- Legislative committees to meet during the interim
- Staff to travel for training

FY 2020 Appropriations Compared to FY 2021 Appropriations

FY 2021 appropriations are \$2.3 million lower than FY 2020 mostly due to biennial appropriations for information technology projects in the Legislative Services Division, which were included in operating expenses and equipment & intangible assets in the first year of the biennium.

Comparison of the FY 2021 Legislative Budget to FY 2021 Base

Figure 1 illustrates the beginning FY 2021 budget as adopted by the 2019 Legislature compared to the finalized FY 2021 base budget, which includes modifications made during the interim as authorized in statute. The FY 2021 base budget was agreed upon by the executive and legislative branches to be the point from which any changes would be recorded for the 2023 biennium budgeting process.

Figure 1

FY 2021 Legislative Appropriations - Legislative Branch				
	Legislative Action	Executive Modifications per Statutory Authority	Executive Base	% Change from Legislative Action
20 LEGISLATIVE SERVICES				
61000 Personal Services	6,498,678	2,602	6,501,280	0.0%
62000 Operating Expenses	2,987,245	-	2,987,245	0.0%
63000 Equipment & Intangible Assets	97,000	-	97,000	0.0%
68000 Transfers-out	149,418	-	149,418	0.0%
20 LEGISLATIVE SERVICES Total	9,732,341	2,602	9,734,943	0.0%
21 LEGIS COMMITTEES & ACTIVITIES				
61000 Personal Services	116,559	-	116,559	0.0%
62000 Operating Expenses	636,777	-	636,777	0.0%
21 LEGIS COMMITTEES & ACTIVITIES Total	753,336	-	753,336	0.0%
27 FISCAL ANALYSIS & REVIEW				
61000 Personal Services	2,038,180	4,493	2,042,673	0.2%
62000 Operating Expenses	110,198	-	110,198	0.0%
27 FISCAL ANALYSIS & REVIEW Total	2,148,378	4,493	2,152,871	0.2%
28 AUDIT & EXAMINATION				
61000 Personal Services	4,497,746	(7,095)	4,490,651	-0.2%
62000 Operating Expenses	194,871	-	194,871	0.0%
28 AUDIT & EXAMINATION Total	4,692,617	(7,095)	4,685,522	-0.2%
11040 LEGISLATIVE BRANCH Total	17,326,672	-	17,326,672	0.0%

Legislative action includes the FY 2021 budget as adopted by the 2019 Legislature in HB 2 and changes included in the pay plan (HB 175).

The Legislative Branch had modification to the FY 2021 budget as shown in Figure 1.

The Legislative Audit Division transferred personal services appropriation authority to the Legislative Services and Legislative Fiscal Divisions to correct the allocation of the pay plan appropriation.

2023 Biennium Budget Request

The Legislative Branch’s 2023 biennium budget request is \$600,000 or 1.6% higher than the 2021 biennium budget. The proposed changes are primarily due to:

- Statewide present law adjustments for personal services, fixed costs, and inflation/deflation
- Present law adjustments for information technology projects
- New proposals to address recruitment and retention issues

Further detail on the proposals are provided in the program narratives that follow.

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 \$718,000 general fund and \$119,000 state special revenue. The plan includes potential reductions in vacancy savings, the number of interim committee meetings, support costs associated with interim committees, and information technology expenditures.

A summary of the entire 2023 biennium 5.0% plan submitted for this agency can be found online at the Section A subcommittee page on “Tab D Materials”.

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 three categories, as follows:

1. Expected Changes - This category includes those adjustments explicitly approved by the legislature, such as expected changes to annualize personal services costs including FY 2021 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.
2. Personal Services Management Decisions - Any agency management decisions that adjusted employee pay. 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 between programs.
3. Modifications to the Personal Services Base Budget - Other modifications to the FY 2021 personal services base like operating plan transfers that occurred during the interim may impact the overall size of the personal services present law adjustment (DP 1)

The figure below shows the analysis of the executive budget for personal services compared to the expected personal services budget for each program.

Figure 2

Personal Services Present Law				
DP 1 - FY 2022				
Program	Expected Changes	Management Decisions	Budget Modification	DP 1 SWPL
Legislative Services	60,352	111,441	-	171,793
Legislative Committees & Activities	88,536	-	-	88,536
Fiscal Analysis & Review	13,243	80,110	-	93,353
Audit & Examination	81,484	202,107	-	283,591
Agency Total	\$ 243,615	\$ 393,658	\$ -	\$ 637,273

Personal services were \$13.2 million or 75.9% of the FY 2021 base budget. The Legislative Branch proposes an increase of about \$637,000 in FY 2022 and \$619,000 in FY 2023. As reflected in Figure 2, expected changes and management decisions are contributing to the statewide present law adjustment to personal services.

In addition to the statewide present law adjustment, the Legislative Fiscal Division is requesting additional funding to address retention issues in a new proposal.

Funding

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

Total Legislative Branch Funding by Source of Authority 2023 Biennium Budget Request - Legislative Branch						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	34,434,845	23,200	0	0	34,458,045	87.49 %
State Special Total	4,908,839	16,800	0	0	4,925,639	12.51 %
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	\$39,343,684	\$40,000	\$0	\$0	\$39,383,684	
Percent - Total All Sources	99.90 %	0.10 %	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 figure above, the Legislative Branch has statutory appropriation authority for three accounts:

- Legislative Branch reserve account
- Legislative audit specialist services reserve account
- Legislative Branch retirement termination reserve account

The Legislative Branch reserve account receives unexpended and unencumbered money including funding remaining at the end of the biennium from the “feed bill” (HB 1, the bill that funds the legislative session each biennium) and remaining carryforward appropriations from the various divisions within the branch. The legislative audit specialist services reserve account receives remaining carryforward appropriations from the Legislative Audit Division. The Legislative Branch retirement reserve account has been funded with general fund transfers provided by the legislature or through deposit of carryforward appropriations.

The funds in the Legislative Branch reserve account 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 Legislative Branch reserve account must be approved by the Legislative Council. In FY 2020, \$85,000 in operating expenses and \$281,000 in equipment & intangible assets were expended from the Legislative Branch reserve account. Fund balance at the beginning of FY 2021 was \$992,088.

The funds in the legislative audit specialist services reserve account may be used for contracted services necessary to provide specialist expertise in support of audit activities. All allocations of funds must be approved by the Legislative Audit Committee. In FY 2020, \$2,850 in operating expenses were expended from the legislative audit specialist services account. Fund balance at the beginning of FY 2021 was \$47,832.

The funds in the Legislative Branch retirement termination reserve account may be used for staff retirement termination pay in the Legislative Branch. The funds may only be expended with the approval of the appropriate branch division director. In FY 2020, there were no expenditures from the Legislative Branch retirement termination reserve account. Fund balance at the beginning of FY 2021 was \$396.

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](#).

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget
2021 Base Budget	15,150,597	15,150,597	30,301,194	87.94 %	17,326,672	17,326,672	34,653,344	87.99 %
SWPL Adjustments	485,451	882,203	1,367,654	3.97 %	813,580	1,027,866	1,841,446	4.68 %
PL Adjustments	1,717,597	719,672	2,437,269	7.07 %	1,845,221	674,945	2,520,166	6.40 %
New Proposals	133,884	218,044	351,928	1.02 %	142,284	226,444	368,728	0.94 %
Total Budget	\$17,487,529	\$16,970,516	\$34,458,045		\$20,127,757	\$19,255,927	\$39,383,684	

HB 2 Language

The Legislative Branch proposes the following language for inclusion in HB 2:

“All appropriations for the Legislative Branch are biennial.”

Program Biennium Comparison

The following table compares the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 20-21	Requested Budget 22-23	Biennium Change	Biennium % Change
Personal Services	12,856,026	13,377,990	521,964	4.06 %
Operating Expenses	6,378,690	7,226,627	847,937	13.29 %
Equipment & Intangible Assets	3,600,200	1,654,196	(1,946,004)	(54.05)%
Transfers	298,837	288,000	(10,837)	(3.63)%
Total Expenditures	\$23,133,753	\$22,546,813	(\$586,940)	(2.54)%
General Fund	22,409,965	21,883,596	(526,369)	(2.35)%
State/Other Special Rev. Funds	723,788	663,217	(60,571)	(8.37)%
Total Funds	\$23,133,753	\$22,546,813	(\$586,940)	(2.54)%
Total Ongoing	\$19,633,753	\$22,546,813	\$2,913,060	14.84 %
Total OTO	\$3,500,000	\$0	(\$3,500,000)	(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:

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

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

Program Highlights

Legislative Services Divison Major Budget Highlights
<ul style="list-style-type: none"> • The Legislative Services Division’s 2023 biennium ongoing budget request is approximately \$2.9 million or 14.8% higher than the 2021 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 a present law adjustment mainly comprised of information technology service costs
Legislative Action Items
<ul style="list-style-type: none"> • The legislature may wish to designate \$1.1 million in general fund proposed for information technology upgrades as one-time-only appropriations, as the expenditures would not be considered ongoing

Program Actuals and Budget Comparison

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Request Fiscal 2022	Request Fiscal 2023
FTE	0.00	67.67	67.67	67.67	67.67
Personal Services	6,332,061	6,354,746	6,501,280	6,673,073	6,704,917
Operating Expenses	3,108,113	3,391,445	2,987,245	3,764,076	3,462,551
Equipment & Intangible Assets	2,469,472	2,603,200	997,000	1,059,696	594,500
Transfers	142,042	149,419	149,418	144,000	144,000
Total Expenditures	\$12,051,688	\$12,498,810	\$10,634,943	\$11,640,845	\$10,905,968
General Fund	11,542,649	11,972,417	10,437,548	11,131,659	10,751,937
State/Other Special Rev. Funds	509,039	526,393	197,395	509,186	154,031
Total Funds	\$12,051,688	\$12,498,810	\$10,634,943	\$11,640,845	\$10,905,968
Total Ongoing	\$9,711,336	\$9,898,810	\$9,734,943	\$11,640,845	\$10,905,968
Total OTO	\$2,340,352	\$2,600,000	\$900,000	\$0	\$0

Program Discussion -

FY 2020 Appropriations Compared to FY 2020 Actual Expenditures

The Legislative Services Division expended 96.4% of its \$12.5 million FY 2020 modified HB 2 budget. Personal services were 99.6% expended, operating expenses were 91.6% expended, equipment and intangible assets were 94.9% expended and transfers-out were 95.1% expended. Operating expenses, budgeted at \$3.4 million, had a slightly lower percentage

expended because expenditures for the \$200,000 biennial appropriation established for furniture for the House and Senate and were included in FY 2020 and will be expended in FY 2021.

FY 2020 Appropriations Compared to FY 2021 Appropriations

Overall the FY 2021 appropriation is \$1.9 million lower than the FY 2020 appropriation. In FY 2020 restricted biennial appropriations were established for the following projects without a corresponding level of appropriation in FY 2021:

- Bill drafting editor - \$500,000
- Digital vote boards - \$700,000
- Chamber design for session system replacement - \$300,000
- House and senate furniture replacement - \$200,000

This makes up the majority of the differences in operating expenses and equipment between the two fiscal years.

2023 Biennium Budget Request

The Legislative Services Division is requesting an increase above the 2021 biennium base budget of approximately \$1.9 million in FY 2022 and \$1.2 million in FY 2023. The proposed increases are primarily due to present law adjustments for information technology projects. This includes funding for legislative audit work paper automation and upgrades to the laws, legislator portal, codification application, hearing room and broadcasting systems. Higher costs for State Information Technology Services Division assessments related to device authentication and network connectivity are also included.

Further detail on the Legislative Services Division’s proposals are provided in the Present Law Adjustments section on the following page.

Program Personal Services

Personal services were \$6.5 million or 66.8% of the FY 2021 base budget. The Legislative Services Division proposes a statewide present law increase for personal services of about \$172,000 in FY 2022 and \$204,000 in FY 2023. The majority of the increase is due to annualizing the pay plan authorized by the 2019 Legislature and statutorily required increases in retirement costs and longevity, which are considered expected changes in the figure in the Agency Discussion.

LFD COMMENT	The statewide present law adjustment for personal services includes a funding shift, reducing general fund and increasing state special revenue in FY 2022 to support personal services. The cyclical nature of the legislature includes changes to statutes in the odd year, after the legislature finishes its work. Those changes are codified by the Legislative Services Division. Once the codification is completed, copies of the revised Montana Code Annotated (MCA) are sold to the public. Most sales occur in the even year of the biennium. As revenues for the sale of the MCAs deposited into the state special revenue fund fluctuate between fiscal years, the funding supporting adjustments to personal services also fluctuates.
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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	21,883,596	0	0	0	21,883,596	97.06 %
02042 Legislative Audit	0	0	0	0	0	0.00 %
02800 Reimbursable Activities	603,865	0	0	0	603,865	91.05 %
02985 State Government Broadcasting	59,352	0	0	0	59,352	8.95 %
State Special Total	\$663,217	\$0	\$0	\$0	\$663,217	2.94 %
03615 LEG COVID19 EXP	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	\$22,546,813	\$0	\$0	\$0	\$22,546,813	

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

Figure 3 shows the fund balance, revenues, and expenditures for the reimbursable activities account between FY 2018 and FY 2023.

Figure 3

Legislative Branch Reimbursable Activities						
	Actuals FY 2018	Actuals FY 2019	Actuals FY 2020	Budgeted FY 2021	Proposed FY 2022	Proposed FY 2023
Beginning Fund Balance	\$51,753	\$294,203	\$97,078	\$257,879	\$209,859	\$293,374
Revenues						
Sale of documents	638,009	126,287	580,577	125,000	575,000	10,000
Grants/Transfers/Misc	<u>0</u>	<u>0</u>	<u>100</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	638,009	126,287	580,677	125,000	575,000	10,000
Expenditures						
Personal services	54,338	177,704	203,276	53,743	253,743	63,743
Operating expenses	<u>341,221</u>	<u>145,708</u>	<u>288,130</u>	<u>119,277</u>	<u>237,742</u>	<u>48,637</u>
Total Expenditures	395,559	323,412	491,406	173,020	491,485	112,380
Adjustment	<u>0</u>	<u>0</u>	<u>71,530</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Fund Balance	<u>\$294,203</u>	<u>\$97,078</u>	<u>\$257,879</u>	<u>\$209,859</u>	<u>\$293,374</u>	<u>\$190,994</u>

State special revenue collections from the sale of the Montana Code Annotated and ancillary publications have decreased because fewer copies are printed and sold due to the availability of the publications digitally. While revenues are decreasing, costs to produce the MCA have not been declining.

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.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget
2021 Base Budget	9,537,548	9,537,548	19,075,096	87.17 %	9,734,943	9,734,943	19,469,886	86.35 %
SWPL Adjustments	138,004	592,081	730,085	3.34 %	340,704	604,781	945,485	4.19 %
PL Adjustments	1,450,218	616,419	2,066,637	9.44 %	1,559,309	560,355	2,119,664	9.40 %
New Proposals	5,889	5,889	11,778	0.05 %	5,889	5,889	11,778	0.05 %
Total Budget	\$11,131,659	\$10,751,937	\$21,883,596		\$11,640,845	\$10,905,968	\$22,546,813	

As shown in the figure above, the 2021 base budget is \$900,000 less than total FY 2021 budget reflected in the agency actuals and budget comparison table. In FY 2021, one-time-only funding was provided to the Legislative Services Division for information technology projects.

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(28,207)	200,000	0	171,793	0.00	193,637	10,000	0	203,637
DP 2 - Fixed Costs	0.00	166,237	2,700	0	168,937	0.00	398,460	2,700	0	401,160
DP 3 - Inflation Deflation	0.00	(26)	0	0	(26)	0.00	(16)	0	0	(16)
DP 4 - Present Law Adjustment	0.00	1,450,218	109,091	0	1,559,309	0.00	616,419	(56,064)	0	560,355
Grand Total All Present Law Adjustments	0.00	\$1,588,222	\$311,791	\$0	\$1,900,013	0.00	\$1,208,500	(\$43,364)	\$0	\$1,165,136

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

DP 1 - Personal Services -

The executive 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:

- Expected changes
- Personal services management decisions
- Modifications made to the personal services budget in the 2021 biennium

DP 2 - Fixed Costs -

The executive 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 executive 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 -

This proposal includes changes from the FY 2021 base budget as follows:

- Legislative audit work paper automation - \$360,000
- Laws II upgrades - \$125,000
- Legislator portal - \$40,000
- Codification application upgrade – \$50,000
- Hearing room audio /video upgrades - \$325,000
- Broadcasting upgrades - \$173,000

ITSD increased due to rate increases and increase in units

- Network connectivity increase 1 gigabyte (gb) to 10 gb connections - \$93,000
- Remote services (video conferencing licenses) - \$17,000
- Device authentication - \$220,000
- Enterprise rates (including Service Now) increased - \$35,000

Contingency Services

- Programming - \$210,000
- Web development - \$105,000

LFD COMMENT	As shown in the present law adjustment table, the Legislative Services Division is proposing a fund switch of \$56,064 in FY 2023 between state special revenue and general fund. By statute, fund switches are to be included in the budget as a new proposal. The legislature may wish to consider this portion of DP 4 as a new proposal.
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LFD ISSUE	<p><u>Legislature may wish to designate \$1.1 million requested for proposed upgrades as one-time-only</u></p> <p>Included in the proposal is \$1.1 million in general fund for new automation system or upgrades to existing systems. These expenditures are not ongoing in future biennia. The legislature may wish to designate the costs of new automation systems and the system upgrades as one-time-only.</p> <p>Legislative Option</p> <ul style="list-style-type: none"> • Designate the automation system and system upgrades of \$1.1 million in the 2023 biennium as one-time-only • Adopt the Legislative Service Division proposal for funding the present law adjustment
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New Proposals

The New Proposals table shows new changes to spending

New Proposals	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 2005 - NRIS/GIS Fixed Costs	0.00	5,889	0	0	5,889	0.00	5,889	0	0	5,889
Total	0.00	\$5,889	\$0	\$0	\$5,889	0.00	\$5,889	\$0	\$0	\$5,889

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

DP 2005 - NRIS/GIS Fixed Costs -

The 2019 Legislature enacted HB 633 requiring the Legislative Finance Committee (LFC) to conduct a study of the funding of digital library services. The LFC recommended that the Office of Budget and Program Planning include an assessment for the natural resource information system (NRIS) and the geographic information system (GIS) as a fixed cost to state agencies beginning in the 2023 biennium. The assessment is made to those agencies that utilize the NRIS/GIS.

Program Biennium Comparison

The following table compares the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 20-21	Requested Budget 22-23	Biennium Change	Biennium % Change
Personal Services	297,484	336,944	39,460	13.26 %
Operating Expenses	1,664,232	1,756,876	92,644	5.57 %
Total Expenditures	\$1,961,716	\$2,093,820	\$132,104	6.73 %
General Fund	1,661,716	2,093,820	432,104	26.00 %
State/Other Special Rev. Funds	300,000	0	(300,000)	(100.00)%
Total Funds	\$1,961,716	\$2,093,820	\$132,104	6.73 %
Total Ongoing	\$1,661,716	\$2,093,820	\$432,104	26.00 %
Total OTO	\$300,000	\$0	(\$300,000)	(100.00)%

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 :

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

Program Highlights

Legislative Committees & Activities Division Major Budget Highlights
<ul style="list-style-type: none"> • The Legislative Committee and Activities’ 2023 biennium budget request is approximately \$132,000 or 6.7% higher than the 2021 biennium budget. Significant changes include: <ul style="list-style-type: none"> ◦ Proposed increase due to a statewide present law adjustment for personal services ◦ Proposed increase due to present law adjustments for increases in national organizational dues, increased committee membership, and the addition of two committees
Legislative Action Items
<ul style="list-style-type: none"> • The budget proposal for the Legislative Committee and Activities’ includes about \$101,000 to carry out the function of the District and Apportionment Commission during the 2023 biennium. The legislature may wish to designate appropriations for the Districting and Apportionment Commission as one-time-only as the committee meets only once every ten years

Program Actuals and Budget Comparison

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Request Fiscal 2022	Request Fiscal 2023
FTE	0.00	0.97	0.97	0.97	0.97
Personal Services	153,274	180,925	116,559	205,095	131,849
Operating Expenses	730,155	1,027,455	636,777	966,602	790,274
Total Expenditures	\$883,429	\$1,208,380	\$753,336	\$1,171,697	\$922,123
General Fund	750,958	908,380	753,336	1,171,697	922,123
State/Other Special Rev. Funds	132,471	300,000	0	0	0
Total Funds	\$883,429	\$1,208,380	\$753,336	\$1,171,697	\$922,123
Total Ongoing	\$750,958	\$908,380	\$753,336	\$1,171,697	\$922,123
Total OTO	\$132,471	\$300,000	\$0	\$0	\$0

Program Discussion -

FY 2020 Appropriations Compared to FY 2020 Actual Expenditures

Legislative Committees and Activities expended 73.1% of its \$1.2 million FY 2020 modified HB 2 budget. Personal services were 84.7% expended and operating expenses were 71.1% expended. Both categories show a lower percentage of expenditure due to the impacts of the COVID-19 pandemic on the ability of the interim committees to meet in person.

FY 2020 Appropriations Compared to FY 2021 Appropriations

The primary difference between FY 2020 appropriations compared to FY 2021 appropriations is the cyclical nature of the legislative business cycle with the majority of the interim work of the legislature occurring in the first year of the biennium.

2023 Biennium Budget Request

The Legislative Committees and Activities is requesting an increase of about \$418,000 in FY 2022 and \$169,000 in FY 2023 above the FY 2021 base budget. Statewide present law adjustments for personal services make up about 21.2% of the increase in FY 2022 and 9.1% in FY 2023 while present law adjustments to operating expenses make up the majority of the remainder. Included in the request for present law adjustments is about \$101,000 for the District and Apportionment Commission (DAC) which meets only every ten years once the federal census is completed. DAC uses the population data to draw the boundaries of congressional and legislative districts. Please see LFD Issues under the present law adjustments for more information on this request.

Program Personal Services

Personal services were approximately \$116,599 or 15.5% of the FY 2021 base budget. The Legislative Committees and Activities proposes a statewide present law adjustment of about \$89,000 in FY 2022 and \$15,000 in FY 2023.

The difference between the FY 2022 and FY 2023 proposed adjustments 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 the interim committees have fewer meetings during the year due to the legislative session. Therefore, the adjustment for FY 2022 is larger because of additional funding required to go from the base budget with minimal interim committee meetings to FY 2022 when the majority of the interim meetings occur.

Additionally, there are increases related to additional meeting days and increases in committee secretary hours, in part due to the District and Apportionment Commission.

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	2,093,820	0	0	0	2,093,820	100.00 %	
02573 Leg Interim Comm Activities	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	\$2,093,820	\$0	\$0	\$0	\$2,093,820		

Legislative Committees and Activities 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](#).

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget
2021 Base Budget	753,336	753,336	1,506,672	71.96 %	753,336	753,336	1,506,672	71.96 %
SWPL Adjustments	88,536	15,290	103,826	4.96 %	88,536	15,290	103,826	4.96 %
PL Adjustments	263,925	87,597	351,522	16.79 %	263,925	87,597	351,522	16.79 %
New Proposals	65,900	65,900	131,800	6.29 %	65,900	65,900	131,800	6.29 %
Total Budget	\$1,171,697	\$922,123	\$2,093,820		\$1,171,697	\$922,123	\$2,093,820	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	88,536	0	0	88,536	0.00	15,290	0	0	15,290
DP 4 - Present Law Adjustment	0.00	263,925	0	0	263,925	0.00	87,597	0	0	87,597
Grand Total All Present Law Adjustments	0.00	\$352,461	\$0	\$0	\$352,461	0.00	\$102,887	\$0	\$0	\$102,887

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

DP 1 - Personal Services -

The executive 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:

- Expected changes
- Personal services management decisions
- Modifications made to the personal services budget in the 2021 biennium

DP 4 - Present Law Adjustment -

This proposal includes changes from the 2021 base budget for the following:

- The Districting and Apportionment Commission occurs every 10 years. The 2023 biennium includes this committee -\$101,000
- Transportation Committee was established last biennium (5-5-223, MCA) with a limited budget attached -\$32,000
- Committee membership was increased for some committees - \$53,000
- Legislator activities dues increased 3.0% - \$22,000

LFD ISSUE

Legislature may wish to designate the funds for the Districting and Apportionment Commission one-time-only as the DAC will not meet in the biennia following the 2023 biennium

Statute requires the Districting and Apportionment Commission met to prepare plans for redistricting and reapportioning the state into legislative and congressional districts based on the federal census which is taken every 10

years. As this is not an ongoing process the legislature may wish to designate the costs of the DAC of \$101,000 general fund as one-time-only.

Legislative Option

- Designate the DAC costs of \$101,000 in the 2023 biennium as one-time-only
- Adopt the Legislative Service Division proposal for funding the DAC

New Proposals

The New Proposals table shows new changes to spending

New Proposals	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 2105 - Education Commission of the States (BIEN)	0.00	65,900	0	0	65,900	0.00	65,900	0	0	65,900
Total	0.00	\$65,900	\$0	\$0	\$65,900	0.00	\$65,900	\$0	\$0	\$65,900

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

DP 2105 - Education Commission of the States (BIEN) -

This new proposal is requesting general fund appropriations for participation in the Education Commission of the States, pursuant to 20-2-501 through 505, MCA. The request includes funds for the following participation dues to the Education Commission of the States and travel for two legislative members of the Education Compact to attend annual meetings of the commission.

Program Biennium Comparison

The following table compares the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 20-21	Requested Budget 22-23	Biennium Change	Biennium % Change
Personal Services	4,058,377	4,462,612	404,235	9.96 %
Operating Expenses	196,367	198,393	2,026	1.03 %
Total Expenditures	\$4,254,744	\$4,661,005	\$406,261	9.55 %
General Fund	4,254,744	4,661,005	406,261	9.55 %
Total Funds	\$4,254,744	\$4,661,005	\$406,261	9.55 %
Total Ongoing	\$4,254,744	\$4,661,005	\$406,261	9.55 %
Total OTO	\$0	\$0	\$0	0.00 %

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 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 2023 biennium budget request is approximately \$406,000 or 9.6% higher than the 2021 biennium ongoing budget. Significant changes include: <ul style="list-style-type: none"> ◦ Proposed increase due to a statewide present law adjustment for personal services ◦ Proposed decreases due to present law adjustments for costs associated with the legislative session that are not needed when the legislature is not in session ◦ A new proposal to address retention issues within the division

Program Actuals and Budget Comparison

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Request Fiscal 2022	Request Fiscal 2023
FTE	0.00	20.50	20.50	20.50	20.50
Personal Services	1,932,771	2,015,704	2,042,673	2,186,521	2,276,091
Operating Expenses	36,266	86,169	110,198	88,072	110,321
Total Expenditures	\$1,969,037	\$2,101,873	\$2,152,871	\$2,274,593	\$2,386,412
General Fund	1,969,037	2,101,873	2,152,871	2,274,593	2,386,412
Total Funds	\$1,969,037	\$2,101,873	\$2,152,871	\$2,274,593	\$2,386,412
Total Ongoing	\$1,969,037	\$2,101,873	\$2,152,871	\$2,274,593	\$2,386,412
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

FY 2020 Appropriations Compared to FY 2020 Actual Expenditures

The Legislative Fiscal Division expended 93.7% of its \$2.1 million FY 2020 modified HB 2 budget. Personal services were 95.9% expended and operating expenses were 42.1% expended. Significant staff turnover in FY 2020 resulted in lower expenditures for personal services. Operating expenses show a lower percentage of expenditure due to the impacts of the COVID-19 pandemic on the ability of the Legislative Finance Committee to meet in person, and curtailment of travel for staff training.

FY 2020 Appropriations Compared to FY 2021 Appropriations

Appropriations for FY 2021 appropriations for personal services are higher than FY 2020 due to the pay plan. Higher operating expenses in FY 2021 reflect the anticipated costs associated with the 2021 legislative session.

2023 Biennium Budget Request

The Legislative Fiscal Division’s 2023 biennium budget request is approximately \$406,000 or 9.6% higher than the 2021 biennium ongoing budget. Significant changes include:

- Proposed increase due to a statewide present law adjustment for personal services and fixed costs
- Proposed decreases due to present law adjustments for printing, supplies, and travel that are not needed in the interim
- A new proposal to address retention issues within the division

Program Personal Services

Personal services were \$2.0 million or 94.9% of the FY 2021 base budget. The Legislative Fiscal Division proposes an increase of about \$93,000 in FY 2022 and \$99,000 in FY 2023 in the statewide present law adjustment. Expected changes and management decision are contributing to the statewide present law adjustment request. For a breakdown of these amounts refer to Figure 2 in the agency narrative.

In addition, the Legislative Fiscal Division is requesting funding to address staff retention issues of about \$50,000 in FY 2022 and \$135,000 in FY 2023.

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	4,661,005	0	0	0	4,661,005	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	\$4,661,005	\$0	\$0	\$0	\$4,661,005	

The Legislative Fiscal Division is entirely funded 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](#).

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget
2021 Base Budget	2,152,871	2,152,871	4,305,742	92.38 %	2,152,871	2,152,871	4,305,742	92.38 %
SWPL Adjustments	93,367	98,886	192,253	4.12 %	93,367	98,886	192,253	4.12 %
PL Adjustments	(22,140)	0	(22,140)	(0.47)%	(22,140)	0	(22,140)	(0.47)%
New Proposals	50,495	134,655	185,150	3.97 %	50,495	134,655	185,150	3.97 %
Total Budget	\$2,274,593	\$2,386,412	\$4,661,005		\$2,274,593	\$2,386,412	\$4,661,005	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	93,353	0	0	93,353	0.00	98,763	0	0	98,763
DP 2 - Fixed Costs	0.00	140	0	0	140	0.00	202	0	0	202
DP 3 - Inflation Deflation	0.00	(126)	0	0	(126)	0.00	(79)	0	0	(79)
DP 4 - Present Law Adjustment	0.00	(22,140)	0	0	(22,140)	0.00	0	0	0	0
Grand Total All Present Law Adjustments	0.00	\$71,227	\$0	\$0	\$71,227	0.00	\$98,886	\$0	\$0	\$98,886

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

DP 1 - Personal Services -

The executive 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:

- Expected changes
- Personal services management decisions
- Modifications made to the personal services budget in the 2021 biennium

DP 2 - Fixed Costs -

The executive 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 executive 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 -

This proposal includes changes from the 2021 budget starting point for cyclical reductions to the FY 2022 general fund appropriations for session related operating expenditures.

New Proposals

The New Proposals table shows new changes to spending

	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 2705 - LFD Additional Personal Services (BIEN)	0.00	50,495	0	0	50,495	0.00	134,655	0	0	134,655
Total	0.00	\$50,495	\$0	\$0	\$50,495	0.00	\$134,655	\$0	\$0	\$134,655

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

DP 2705 - LFD Additional Personal Services (BIEN) -

The Legislative Fiscal Division (LFD) is having significant recruitment and retention issues relative to pay and requests consideration of this new proposal meant to address these challenges. This change package is submitted as a placeholder for a broader discussion during session of legislative branch employee pay. The three directors are working with the respective administrative committees (Legislative Council, Audit Committee, and Finance Committee) to develop a pay proposal for the branch to cover competitive and other pay concerns. In addition to the pay concerns, the directors will be requesting a \$300,000 transfer from the general fund to the legislative branch retirement reserve fund to offset a portion of the anticipated retirement payout expense.

In the last year, five legislative fiscal analysts left the Legislative Fiscal Division for higher paying positions in executive branch agencies or private industry. Experienced LFD staff are being hired by these entities for their advanced skills and knowledge developed during their tenure with LFD. Staff hired by executive branch agencies have received base salary increases averaging \$8,100, or 11.2% above their base salary at the LFD.

Figure 4 shows the comparison between average Executive Branch base salaries and average Legislative Branch base salaries for various fiscal analyst positions.

Figure 4

Comparison Between LFD and Executive Branch Base Pay				
Position	LFD	Executive	Difference	% Difference
	Average Base Salary	Average Base Salary		
Fiscal Analyst I	63,073	68,562	(5,489)	-8.7%
Senior Fiscal Analyst	77,270	95,288	(18,018)	-23.3%
Lead Fiscal Analyst	80,100	96,470	(16,370)	-20.4%
Web Communications Tech	42,950	46,508	(3,558)	-8.3%
Fiscal/Operations Manager	102,404	126,755	(24,351)	-23.8%
Source: Legislative Services Division Human Resources				

As shown, fiscal analyst positions within the Executive Branch have average base salaries significantly higher than those within the LFD.

The Legislative Branch utilizes a salary survey and target market ratios to establish base salaries. Target market ratios are a methodology that incrementally increases the base salary for a position with increasing years of experience. In recent biennia, budget constraints have not allowed the Legislative Fiscal Division to increase base salaries to the level recommended by the target market ratios. If LFD base salaries were to be raised to the level recommended by target market ratios in the 2023 biennium a 10.5% increase in personal services funding for salaries would be required.

In an effort to start on an incremental path to address these retention issues over the next few biennia the Legislative Fiscal Division is requesting general fund for additional personal services of \$50,500 or 3.0% in FY 2022 and an additional \$84,200 or 5.0% in FY 2023 for a biennial total of \$185,200. These amounts will not close the entire 10.5% gap with target market ratios but will be a meaningful step in the division's efforts to move salaries closer to similar positions in the executive branch.

Program Biennium Comparison

The following table compares the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 20-21	Requested Budget 22-23	Biennium Change	Biennium % Change
Personal Services	8,922,800	9,566,211	643,411	7.21 %
Operating Expenses	474,398	515,835	41,437	8.73 %
Total Expenditures	\$9,397,198	\$10,082,046	\$684,848	7.29 %
General Fund	5,409,723	5,819,624	409,901	7.58 %
State/Other Special Rev. Funds	3,987,475	4,262,422	274,947	6.90 %
Total Funds	\$9,397,198	\$10,082,046	\$684,848	7.29 %
Total Ongoing	\$9,357,198	\$10,042,046	\$684,848	7.32 %
Total OTO	\$40,000	\$40,000	\$0	0.00 %

Program Description

The division is the state's independent auditor and a key part of the Legislature's responsibility for strict accountability of public funds. The division's 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.

Program Highlights

Legislative Audit Division Major Budget Highlights
<ul style="list-style-type: none"> • The Legislative Audit Division's 2023 biennium budget request is about \$685,000 or 7.3% higher than the 2021 biennium budget. Significant changes include: <ul style="list-style-type: none"> ◦ Proposed changes for statewide adjustments for personal services, fixed costs, and inflation/deflation ◦ Proposed increase for training on information technology for the statewide accounting, budgeting, and human resource system (SABHRS)

Program Actuals and Budget Comparison

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Request Fiscal 2022	Request Fiscal 2023
FTE	0.00	52.75	52.75	52.75	52.75
Personal Services	4,027,433	4,432,149	4,490,651	4,774,242	4,791,969
Operating Expenses	236,582	259,527	214,871	266,380	249,455
Total Expenditures	\$4,264,015	\$4,691,676	\$4,705,522	\$5,040,622	\$5,041,424
General Fund	2,396,842	2,689,904	2,719,819	2,909,580	2,910,044
State/Other Special Rev. Funds	1,867,173	2,001,772	1,985,703	2,131,042	2,131,380
Total Funds	\$4,264,015	\$4,691,676	\$4,705,522	\$5,040,622	\$5,041,424
Total Ongoing	\$4,253,635	\$4,671,676	\$4,685,522	\$5,020,622	\$5,021,424
Total OTO	\$10,380	\$20,000	\$20,000	\$20,000	\$20,000

Program Discussion -

FY 2020 Appropriations Compared to FY 2020 Actual Expenditures

The Legislative Audit Division expended 90.9% of its \$4.7 million FY 2020 modified HB 2 budget. Personal services were 90.1% expended and operating expenses were 91.2% expended. Significant staff turnover in FY 2020 resulted in lower expenditures for personal services.

FY 2020 Appropriations Compared to FY 2021 Appropriations

Appropriations for FY 2021 appropriations for personal services are higher than FY 2020 due to the pay plan. Operating expenses are higher in FY 2020 due to appropriations established for:

- Legislative Branch audit
- Government Accountability Office required peer review
- Actuary services for other post-employment benefits

2023 Biennium Budget Request

The Legislative Audit Division is requesting an increase above the FY 2021 base budget of about \$355,000 in FY 2022 and \$356,000 in FY 2023. The increases are mainly due to statewide present law adjustments for personal services and a request to restore one-time-only training funds.

Program Personal Services

Personal services were \$4.5 million or 95.8% of the FY 2021 base budget. The Legislative Audit Division proposes an increase of \$284,000 in FY 2022 and \$301,000 in FY 2023 in the statewide present law adjustment. Expected changes and management decision are contributing to the statewide present law adjustment request. For a breakdown of these amounts refer to Figure 2 in the agency narrative.

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	5,796,424	23,200	0	0	5,819,624	57.72 %
02042 Legislative Audit	4,245,622	16,800	0	0	4,262,422	100.00 %
State Special Total	\$4,245,622	\$16,800	\$0	\$0	\$4,262,422	42.28 %
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$10,042,046	\$40,000	\$0	\$0	\$10,082,046	

The Legislative Audit Division is funded with general fund and state special revenue. The state special revenue funds are generated through a charge to state agencies for legislative audit services. The charge is based on 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](#).

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget
2021 Base Budget	2,706,842	2,706,842	5,413,684	93.02 %	4,685,522	4,685,522	9,371,044	92.95 %
SWPL Adjustments	165,544	175,946	341,490	5.87 %	290,973	308,909	599,882	5.95 %
PL Adjustments	25,594	15,656	41,250	0.71 %	44,127	26,993	71,120	0.71 %
New Proposals	11,600	11,600	23,200	0.40 %	20,000	20,000	40,000	0.40 %
Total Budget	\$2,909,580	\$2,910,044	\$5,819,624		\$5,040,622	\$5,041,424	\$10,082,046	

As shown in the figure above, the 2021 base budget is \$20,000 less than total FY 2021 budget reflected in the agency actuals and budget comparison table. In FY 2021, one-time-only funding was provided to the Legislative Audit Division for training on information technology related to SABHRS.

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	164,483	119,108	0	283,591	0.00	174,764	126,554	0	301,318
DP 2 - Fixed Costs	0.00	1,557	6,681	0	8,238	0.00	1,493	6,635	0	8,128
DP 3 - Inflation Deflation	0.00	(496)	(360)	0	(856)	0.00	(311)	(226)	0	(537)
DP 4 - Present Law Adjustment	0.00	25,594	18,533	0	44,127	0.00	15,656	11,337	0	26,993
Grand Total All Present Law Adjustments	0.00	\$191,138	\$143,962	\$0	\$335,100	0.00	\$191,602	\$144,300	\$0	\$335,902

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

DP 1 - Personal Services -

The executive 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:

- Expected changes
- Personal services management decisions
- Modifications made to the personal services budget in the 2021 biennium

DP 2 - Fixed Costs -

The executive 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 executive 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 -

This proposal includes present law changes from the 2021 base budget for the Legislative Audit Division cyclical contracted services and for the Government Accountability Office required Peer Review.

New Proposals

The New Proposals table shows new changes to spending

New Proposals	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 2805 - LAD IT Training (OTO)	0.00	11,600	8,400	0	20,000	0.00	11,600	8,400	0	20,000
Total	0.00	\$11,600	\$8,400	\$0	\$20,000	0.00	\$11,600	\$8,400	\$0	\$20,000

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

DP 2805 - LAD IT Training (OTO) -

This new proposal is requesting one-time-only general fund and state special revenue fund appropriations for FY 2022 and FY 2023 for the information technology training and Legislative Audit SABHRS support.