

**Agency Budget Comparison**

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	134.97	140.14	134.22	139.39	140.14	139.39	(0.75)	(0.54%)
Personal Services	9,656,006	11,214,831	10,406,346	10,499,612	20,870,837	20,905,958	35,121	0.17%
Operating Expenses	2,707,982	3,305,252	3,839,107	3,607,578	6,013,234	7,446,685	1,433,451	23.84%
Equipment & Intangible Assets	60,495	89,505	75,000	50,000	150,000	125,000	(25,000)	(16.67%)
Transfers	0	0	0	0	0	0	0	n/a
<b>Total Costs</b>	<b>\$12,424,483</b>	<b>\$14,609,588</b>	<b>\$14,320,453</b>	<b>\$14,157,190</b>	<b>\$27,034,071</b>	<b>\$28,477,643</b>	<b>\$1,443,572</b>	<b>5.34%</b>
General Fund	10,271,712	12,309,086	11,799,235	12,152,408	22,580,798	23,951,643	1,370,845	6.07%
State Special	2,152,771	2,300,502	2,521,218	2,004,782	4,453,273	4,526,000	72,727	1.63%
<b>Total Funds</b>	<b>\$12,424,483</b>	<b>\$14,609,588</b>	<b>\$14,320,453</b>	<b>\$14,157,190</b>	<b>\$27,034,071</b>	<b>\$28,477,643</b>	<b>\$1,443,572</b>	<b>5.34%</b>

**Agency Description**

The mission of the legislature is to exercise the legislative power of state government vested in the legislature by the Constitution of the State of Montana. The mission of the Legislative Branch, i.e., the consolidated legislative agency, is to provide the administrative structure to support accomplishment of the mission of the legislature.

**Agency Highlights**

<b>Legislative Branch Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ Operating expense increases include:                             <ul style="list-style-type: none"> <li>● Present law adjustments for cyclical adjustments related to the 2015 Legislative Session</li> <li>● Information technology cost increases of \$225,000</li> <li>● Continued enhancements of Television MT, \$275,000</li> <li>● Funding of \$160,000 general fund over the biennium for participation in the capitol complex security plan (in the future, it is thought that the executive branch agencies will share this cost)</li> </ul> </li> <li>◆ Personal service increases include:                             <ul style="list-style-type: none"> <li>● Present law adjustments in the Legislative Audit Division related to vacancies in FY 2012, partially offset by a reduction of funding for 0.75 FTE</li> <li>● \$173,468 to bring branch-wide staff up to 87.0% of market pay, which is in line with the executive branch</li> </ul> </li> <li>◆ Partially offsetting personal service increases is a vacancy savings rate of 2%</li> <li>◆ All appropriations of the branch are biennial</li> </ul>

**Summary of Legislative Action**

The legislature approved the Legislative Branch budget with an increase of \$1.4 million, or 5.3%, over the 2013 biennium. A portion of the increase in operating expenses results from information technology upgrades to cover the costs of hardware and software replacement. This funding corresponds with a project in the Long-Range Information Technology Program (HB 10) that will replace and update many of the branch legacy information technology systems. The appropriation included in HB 10 will impact the branch information technology division, since much of the

associated work will be done in-house. Operating expenses also increase with the inclusion of contracted service costs for increased security for the capitol complex.

The personal service budget for the branch includes present law adjustments that will fund the branch workforce with a vacancy savings reduction of 2%. Language allowing the branch to allocate the vacancy savings among the divisions is seen in the “Language and Statutory Authority” section of this report. The branch received a one-time-only increase in personal service costs that is intended to bring staff up to 87.0% of market. This increase would bring branch staff compensation to a level more consistent with the executive branch.

The table does not include pay increases associated with HB 13, the state pay plan. HB 13 provides branch wide appropriations, which may be allocated among the divisions for pay rate and health benefit increases. The appropriations for the Legislative Branch are shown in the adjacent figure.

Legislative Branch Pay Plan Appropriations (HB 13)		
2015 Biennium		
Funding Source	FY 2014	FY 2015
General Fund	\$397,735	\$808,775
State Special Revenue	<u>52,500</u>	<u>142,820</u>
Total	<u>\$450,235</u>	<u>\$951,595</u>

In addition to the appropriations shown above, this legislation provides \$100,000 in general fund for the 2015 biennium to be used when retirement costs exceed agency resources or other contingencies arise. With the impacts of HB 13, the branch personal services budget for the 2015 biennium will be \$22.4 million, an increase of 7.4% from the 2013 biennium. The legislation also requires the branch to report to the Legislative Finance Committee and the Legislative Fiscal Analyst, in an electronic format, on the implementation of pay increases and the impacts on lower pay bands on December 31, 2013 and December 31, 2014. For a discussion of the pay plan, see Volume 1 of the 2015 Biennium Fiscal Report.

*Boilerplate*

The boilerplate section in HB 2 includes the following language:

“It is the intent of the legislature that the appropriations for personal services contained in this bill for fiscal year 2014 and fiscal year 2015, except for the reductions contained in decision packages that remove an additional vacancy savings amount, are supported by only the number of FTE that are funded. It is the intent of the legislature that this net level of FTE is the level that will be used to calculate personal services funding in the next biennium.”

The administrative committees of the branch typically do not recommend the division budgets include vacancy savings, and in the 2015 biennium request, no vacancy savings in addition to the reduction in decision packages were budgeted. As a result, the Legislative Branch is considered to be exempt from the boilerplate language.

**Agency Discussion**

The budget of the Legislative Branch functions is presented in HB 2 as a biennial budget due to the cyclical nature of the legislative sessions and the many costs associated therein. Many of the costs of the Legislative Branch are incurred in non-base years, as the sessions are held in the second year of the biennium, while budgets are prepared from the even-numbered base years. The cyclical nature of the legislature leads to multiple adjustments in the branch budget.

HB 1 contains the costs associated with the activities of the legislative session and is not included as a component of the HB 2 budget. From the total appropriations of \$9.2 million provided in HB 1, \$8.7 million is for the operation of the 63rd legislature and the costs of preparing for the 64th legislature. The legislation also provides \$579,617 specifically provided for the preparation activities of the 64th Legislative Session. The appropriations fund the salaries and per-diem of the members of the 63rd Legislature and the costs of temporary staff and operational costs related to the session. From those appropriations, \$586,699 is directed to the operations of Legislative Services (program 22-“Feed-Bill” program) in FY 2013 through FY 2015 and an additional \$16,500 for FY 2015. The funding will be used for session related activities that include:

- Bill printing & distribution
- Legislative publications (printing of Session Laws, Rule Books, certain LFD publications)
- Legislative information office

- Legislative telephones
- Legislator technology allowance
- Session start-up costs

**Funding**

The following table shows agency funding by source of authority. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Legislative Branch Funding by Source of Authority 2015 Biennium Budget					
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	\$23,951,643	\$0	\$0	\$23,951,643	84.1%
State Special Total	4,526,000	-	-	4,526,000	15.9%
Federal Special Total	-	-	-	-	0.0%
Proprietary Total	-	-	-	-	0.0%
Current Unrestricted	-	-	-	-	0.0%
Other Total	-	-	-	-	0.0%
<b>Total All Funds</b>	<b>\$28,477,643</b>	<b>\$0</b>	<b>\$0</b>	<b>\$28,477,643</b>	
<b>Percent - Total All Sources</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>		

The Legislative Branch is mainly funded with general fund. State special revenues are derived from:

- A percentage of the fees charged to lobbyists, which supports the state broadcasting service (TVMT)
- Sales of the Montana Codes Annotated, which supports the preparation; publication; and distribution of the MCA
- Audit fees charged to state agencies, which support the activities of the Legislative Audit Division

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	10,271,712	10,271,712	20,543,424	85.77%	12,424,483	12,424,483	24,848,966	87.26%
Statewide PL Adjustments	736,657	1,041,525	1,778,182	7.42%	1,106,033	1,215,886	2,321,919	8.15%
Other PL Adjustments	531,854	598,489	1,130,343	4.72%	573,823	319,222	893,045	3.14%
New Proposals	259,012	240,682	499,694	2.09%	216,114	197,599	413,713	1.45%
<b>Total Budget</b>	<b>\$11,799,235</b>	<b>\$12,152,408</b>	<b>\$23,951,643</b>		<b>\$14,320,453</b>	<b>\$14,157,190</b>	<b>\$28,477,643</b>	

**Other Legislation**

**HB 1** – This legislation includes total appropriations of \$9.2 million for the operation of the 63rd legislature and the costs of preparing for the 64<sup>th</sup> legislature. The appropriations fund the salaries and per-diem of the members of the 63<sup>rd</sup> Legislature, the costs of temporary staff, and operational costs related to the session.

**HB 10** – This legislation includes an appropriation of \$6,146,000 of general fund to the Legislative Branch for a major enterprise-level business system replacement project to upgrade multiple aging systems, including process design, MCA/annotations, LAWS database, editor system, HB 2 automation, engrossing and enrolling, and the MCA online system, all used to support the legislative session and related post-session publication processes.

**HB 13** – The legislature approved funding for a pay plan for state employees. The bill includes a lump sum appropriation for pay raises that will be determined for their respective employees by the executive, legislative, and judicial branches and the Montana University System. The bill also includes funding for a 10% insurance increase for all employees each year. The legislature did not specify a particular percentage salary increase a state employee should receive, but stipulated that the appropriated funds must be used to increase the base pay of each employee, with particular attention to the lower pay bands and employees who did not receive an increase in the 2013 biennium. For more information of the impacts of this legislation on the Legislative Branch, see the “Summary of Legislative Action” section of this report.

**Interim Study Resolutions** –18 interim study bills and resolutions were passed by the legislature and approved by the Governor. The Legislative Council will determine which the studies should be undertaken and which statutory or interim committee will complete the study. The resolution number and short title are as follows:

- HB 609 Study hunting and fishing licensing
- HJ 1 Study structure and duties of office of comm of political practices
- HJ 2 Study state/local gov electronic records management
- HJ 16 Study state-operated public institutions
- HJ 17 Study resolution on state pay plans
- HJ 25 Study workers' compensation and subrogation, other issues
- HJ 26 Study water ditch/canal easement restatement process options
- HJ 30 Study benefits for veterans
- SJ 3 Study the Board Pardons and Parole
- SJ 4 Study Virginia City, Nevada City, and Reeder's Alley
- SJ 6 Study the impacts of Montana's renewable portfolio standard
- SJ 14 Study local government election procedures
- SJ 15 Study public land management
- SJ 20 Study prescription drug abuse
- SJ 22 Study family law procedure alternatives
- SJ 23 Study the tax appeal process
- SJ 24 Study military training applicability to civilian jobs
- SJ 26 Study commerce corridors along Montana highways

**Executive Budget Comparison**

The following table compares the legislative budget in the 2015 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2012	Executive Budget Fiscal 2014	Legislative Budget Fiscal 2014	Leg – Exec. Difference Fiscal 2014	Executive Budget Fiscal 2015	Legislative Budget Fiscal 2015	Leg – Exec. Difference Fiscal 2015	Biennium Difference Fiscal 14-15
FTE	134.97	134.97	134.22	(0.75)	140.14	139.39	(0.75)	
Personal Services	9,656,006	10,615,555	10,406,346	(209,209)	10,710,158	10,499,612	(210,546)	(419,755)
Operating Expenses	2,707,982	3,757,535	3,839,107	81,572	3,526,011	3,607,578	81,567	163,139
Equipment & Intangible Assets	60,495	75,000	75,000	0	50,000	50,000	0	0
Transfers	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$12,424,483</b>	<b>\$14,448,090</b>	<b>\$14,320,453</b>	<b>(\$127,637)</b>	<b>\$14,286,169</b>	<b>\$14,157,190</b>	<b>(\$128,979)</b>	<b>(\$256,616)</b>
General Fund	10,271,712	11,883,974	11,799,235	(84,739)	12,238,304	12,152,408	(85,896)	(170,635)
State/Other Special	2,152,771	2,564,116	2,521,218	(42,898)	2,047,865	2,004,782	(43,083)	(85,981)
<b>Total Funds</b>	<b>\$12,424,483</b>	<b>\$14,448,090</b>	<b>\$14,320,453</b>	<b>(\$127,637)</b>	<b>\$14,286,169</b>	<b>\$14,157,190</b>	<b>(\$128,979)</b>	<b>(\$256,616)</b>

The budget was approved with a net biennial reduction of \$256,616 from the requested budget. Changes included:

- A reduction of \$419,755 with the adoption of an additional 2% in vacancy savings, including \$333,714 in general fund and \$85,981 state special revenue funds
- A biennial increase of \$160,000 for branch participation in capitol complex security

- A biennial increase of \$3,139 for the legislative changes to the statewide present law adjustments
- The removal of funding for 0.75 FTE in accordance with the intention of the Legislative Audit Division

**Language and Statutory Authority**

The legislature included the following language in HB 2.

"Legislative Services includes a reduction in general fund of \$166,311 in fiscal year 2014 and \$167,463 in fiscal year 2015 and state special revenue of \$42,898 in fiscal year 2014 and \$43,083 in fiscal year 2015. The reduction is the equivalent of an additional 2% vacancy savings. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans."