

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	937,894	1,026,646	88,752	9.46 %
Operating Expenses	484,068	687,237	203,169	41.97 %
Total Expenditures	\$1,421,962	\$1,713,883	\$291,921	20.53 %
General Fund	1,421,962	1,713,883	291,921	20.53 %
Total Funds	\$1,421,962	\$1,713,883	\$291,921	20.53 %
Total Ongoing	\$1,242,786	\$1,713,883	\$471,097	37.91 %
Total OTO	\$179,176	\$0	(\$179,176)	(100.00)%

Agency Biennium Comparison -

The biennium comparison table shows a total growth of 20.5%, which for the Commissioner of Political Practices is significantly influenced by the FY 2018 appropriation reductions. Compared to the FY 2019 base appropriation, the growth is 14.0%.

Mission Statement

To monitor and to enforce in a fair and impartial manner: campaign practices and campaign finance disclosure; lobbying disclosure; business interest disclosure of statewide and state district candidates, elected state officials, and state department directors; ethical standards of conduct for legislators, public officers, and state employees; and to investigate legitimate complaints that arise concerning any of the above.

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

Agency Highlights

Commissioner of Political Practices Major Budget Highlights
<ul style="list-style-type: none"> • The Commissioner of Political Practices' 2021 biennium budget request is \$292,000 or 20.5% higher than the 2019 biennium budget • Proposed increases include: <ul style="list-style-type: none"> ◦ Increases in general fund for statewide present law adjustments for personal services, fixed costs, and inflation/deflation ◦ Increases in general fund for the reauthorization of 1.00 FTE for legal counsel
Legislative Action Issues
<ul style="list-style-type: none"> • SB 9 restorations to operating expenses instead of personal services increase the total 2021 biennium appropriations by \$2,000 each year

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	6.00	6.00	7.00	7.00
Personal Services	430,061	432,618	505,276	513,598	513,048
Operating Expenses	194,081	237,508	246,560	349,827	337,410
Total Expenditures	\$624,142	\$670,126	\$751,836	\$863,425	\$850,458
General Fund	624,142	670,126	751,836	863,425	850,458
Total Funds	\$624,142	\$670,126	\$751,836	\$863,425	\$850,458
Total Ongoing	\$534,628	\$580,571	\$662,215	\$863,425	\$850,458
Total OTO	\$89,514	\$89,555	\$89,621	\$0	\$0

Agency Discussion

FY 2018 Appropriations Compared to FY 2018 Actual Expenditures

The modified HB 2 budget of approximately \$670,000 for the Commissioner of Political Practices was 93.1% expended in FY 2018. Legal costs were lower than anticipated due to delayed court cases.

FY 2018 Appropriations Compared to FY 2019 Appropriations

FY 2019 total appropriations are approximately \$82,000 or 12.2% higher than the FY 2018 total appropriation due to:

- 2017 Special Session reductions in both fiscal years that were subsequently restored by SB 9 for FY 2019, in the amount of approximately \$76,000
- SB 294 pay plan increase in FY 2019 of \$4,000

Executive Request

The total budget proposed by the executive is approximately \$292,000 or 20.5% greater than the 2019 biennium budget.

Personal services were approximately \$505,000 or 67.2% of total FY 2019 appropriations. The executive proposes an increase in general fund, totaling approximately \$8,000 in both FY 2020 and FY 2021. This increase is primarily due to the expiration of a one-time-only appropriation of approximately \$89,000 per year for 1.00 FTE for legal counsel and a new proposal for the reauthorization of that position with an appropriation of approximately \$99,000 per year. This increase combined with the decrease of approximately \$2,000 for the statewide present law adjustment each year results in the overall \$8,000 increase for the agency. These changes will be discussed in detail in the Program Personal Services and New Proposals sections below.

Operating expenses were approximately \$247,000 or 32.8% of total FY 2019 appropriations. The executive proposes an increase in general fund, totaling approximately \$103,000 in FY 2020 and \$91,000 in FY 2021. This increase is primarily due to the statewide present law adjustment for fixed costs, which will be discussed in detail in the Present Law Adjustments section below.

5% Plan

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5.0%. However, due to its small number of FTE, the Commissioner of Political Practices is exempt from the requirement.

FY 2019 Legislative Budget to FY 2019 Executive Modified 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 Action	Executive Modifications per Statutory Authority	Executive Base	% Change from Legislative Action
01 Administration				
61000 Personal Services	413,655	2,000	415,655	0.5%
62000 Operating Expenses	248,560	(2,000)	246,560	-0.8%
Program Total	662,215	-	662,215	0.0%
Grand Total	\$662,215	\$0	\$662,215	0.0%

The legislative action budget includes the FY 2019 budget as adopted during the November 2017 Special Session, other specific house and senate bills, and SB 9 restorations. SB 9 restored general fund appropriations of approximately \$76,000 to the Commissioner of Political Practices in FY 2019. The only modification to the legislative budget for the Commissioner of Political Practices was the implementation of the SB 9 restorations, of which \$2,000 was restored to personal services despite originally being cut from operating expenses.

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
01 ADMINISTRATION	1,856	(1,698)	-	(2,000)	(1,842)
Agency Total	\$1,856	(\$1,698)	\$0	(\$2,000)	(\$1,842)

Personal services were approximately \$505,000 or 67.2% of total FY 2019 appropriations for the Commissioner of Political Practices. The executive proposes a statewide present law decrease of \$1,842 for FY 2020 and a decrease of \$2,133 for FY 2021. In addition to the formula-based changes, the statewide present law adjustment for personal services includes:

- Wage changes due to the turnover of FTE
- The SB 261 general fund pay plan reduction to the personal services base
- A change in the SB 9 general fund restoration from the initial reduction. Reductions approved during the November 2017 Special Session that were applied to personal services were restored to operating expenses, which increased the statewide present law adjustment for personal services by \$2,000

**LFD
ISSUE**

Transferring Authority from Personal Services to Operating Expenses Appropriations Increases the 2021 Biennium Budget

In FY 2019, the Commissioner of Political Practices transferred approximately \$2,000 in personal services through modifications that moved authority out of personal services and into operating expenses.

Personal services appropriations for the 2021 biennium use the salary and related benefits associated with FTE to establish the level of appropriation required for personal services. Since the Commissioner of Political Practices did not reduce FTE when it eliminated personal services funding in FY 2019, the personal services reduction automatically returns when the personal services snapshot is used to establish the base level of funding required in the 2021 biennium. As a result, the Commissioner of Political Practices has a base budget \$2,000 higher than it would have been, had the appropriation remained in personal services instead of operating expenses, or as an alternative if FTE been reduced for the transfer of authority from personal services to operating expenses.

Legislative options:

- Reduce personal services funding supporting FTE to offset the transfer of personal services funding in FY 2019
- Reduce operating expenses by the amount restored
- Gain understanding from the agency regarding underlying specific funding requirements and adjust budget as needed

The Office of the Commissioner of Political Practices left one position open for FY 2018 in order to address the agency's budget reductions. The office consists of only 7.00 FTE, so the reduction in staff resulted in a backlog of compliance and general office work such as filing, and there was also more of a delay in the agency's response to inquiries. The open position was filled in October of 2018.

The Commissioner of Political Practices will have only one of its seven employees eligible for retirement in the 2021 biennium, and the office anticipates its retirement payouts will be less than \$5,000.

Funding

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

Total Commissioner of Political Practices Funding by Source of Authority 2021 Biennium Budget Request - Commissioner of Political Practices						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	1,713,883	0	0	0	1,713,883	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 %
Other Total	0	0	0	0	0	0.00 %
Total All Funds	\$1,713,883	\$0	\$0	\$0	\$1,713,883	
Percent - Total All Sources	100.00 %	0.00 %	0.00 %	0.00 %		

HB 2 Funding

The Office of the Commissioner of Political Practices is funded entirely with general fund. A small amount of revenue is generated from nominal fees for printing and distribution, as well as civil fines for violations of campaign laws. Both are deposited into the general fund.

In addition, the agency collects a \$150 lobbyist filing fee. Of this amount, \$50 is deposited into the general fund and \$100 is transferred to a state special revenue account. This state special revenue account is used for the development, operation, and maintenance of the state broadcasting system, Montana Public Affairs Network (MPAN).

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	662,215	662,215	1,324,430	77.28 %	662,215	662,215	1,324,430	77.28 %
SWPL Adjustments	101,425	88,717	190,142	11.09 %	101,425	88,717	190,142	11.09 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	99,785	99,526	199,311	11.63 %	99,785	99,526	199,311	11.63 %
Total Budget	\$863,425	\$850,458	\$1,713,883		\$863,425	\$850,458	\$1,713,883	

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	(1,842)	0	0	(1,842)	0.00	(2,133)	0	0	(2,133)
DP 2 - Fixed Costs	0.00	103,205	0	0	103,205	0.00	90,774	0	0	90,774
DP 3 - Inflation Deflation	0.00	62	0	0	62	0.00	76	0	0	76
Grand Total All Present Law Adjustments	0.00	\$101,425	\$0	\$0	\$101,425	0.00	\$88,717	\$0	\$0	\$88,717

***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:

- Formula-based changes
- 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 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.

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 3201 - Legal Counsel	1.00	99,785	0	0	99,785	1.00	99,526	0	0	99,526
Total	1.00	\$99,785	\$0	\$0	\$99,785	1.00	\$99,526	\$0	\$0	\$99,526

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

DP 3201 - Legal Counsel -

The 2017 Legislature restricted general fund personal services for an attorney position as one-time-only. The appropriation included language stating that if the person appointed as Commissioner of Political Practices was an attorney, the appropriation was void. However, the currently appointed Commissioner is not an attorney. The executive requests an ongoing general fund appropriation for the reestablishment of 1.00 FTE for legal counsel for the Commissioner of Political Practices.