

LEGISLATIVE BRANCH

Section A

JOINT SUBCOMMITTEE OF HOUSE APPROPRIATIONS AND SENATE FINANCE AND CLAIMS COMMITTEES

-----Agencies-----

Commissioner of Political Practice
Dept. of Administration
Dept. of Commerce
Dept. of Labor & Industry
Dept. of Military Affairs
Dept. of Revenue

Governor's Office
Legislative Branch
Montana Consumer Counsel
Secretary of State
State Auditor's Office

-----Committee Members-----

House

Representative Terry Falk (Chair)
Representative Luke Musziewicz
Representative Ken Walsh

Senate

Senator Forrest Mandeville (Vice Chair)
Senator Derek Harvey
Senator Tony Tezak

-----Fiscal Division Staff-----

Molly DelCurto
Ethan Bergen
Katie Guenther

Agency Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Agency Base Budget Comparison						
Budget Item	Base Budget	Requested Budget		Biennium Change from Base		
	FY 2025	FY 2026	FY 2027	Amount	Percent	
PB	169.34	171.59	171.59	2.25	0.7%	
General Fund	24,272,162	27,645,732	24,552,399	3,653,807	7.5%	
State/Other Special Rev. Funds	2,419,181	3,160,590	3,152,234	1,474,462	30.5%	
Total Funds	26,691,343	30,806,322	27,704,633	5,128,269	9.6%	
Personal Services	19,841,829	21,170,933	20,852,939	2,340,214	5.9%	
Operating Expenses	6,124,127	6,715,749	5,325,654	(206,851)	(1.7%)	
Equipment & Intangible Assets	530,347	2,769,640	1,376,040	3,084,986	290.8%	
Transfers	195,040	150,000	150,000	(90,080)	(23.1%)	
Total Expenditures	26,691,343	30,806,322	27,704,633	5,128,269	9.6%	
Total Ongoing	26,691,343	30,520,895	27,551,378	4,689,587	8.8%	
Total One-Time-Only	1,105,750	285,427	153,255	(1,772,818)	(80.2%)	

Agency Highlights

Legislative Branch Major Budget Highlights
<ul style="list-style-type: none"> • The Legislative Branch’s 2027 biennium budget request is approximately \$5.1 million or 9.6% higher than the FY 2025 base budget. Significant changes include: <ul style="list-style-type: none"> ◦ An increase in general fund of approximately \$2.9 million primarily for information technology upgrades ◦ An increase in general fund and state special revenue of \$1.4 million for personal services because of benefits, longevity, and pay rate changes ◦ An increase in general fund of \$880,000 in Legislative Committees and Activities because of the cyclical nature of the legislative cycle and increases in the allowed lodging and mileage rates, legislator activity dues, and increasing interim committee meetings

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Legislative Branch 2027 Biennium Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	24,272,162	2,419,181	0	26,691,343	86.6%	24,272,162	2,419,181	0	26,691,343	96.3%
Statewide PL										
Personal Services	599,130	130,050	0	729,180	2.4%	568,755	130,985	0	699,740	2.5%
Fixed Costs	(591,805)	(2,525)	0	(594,330)	(1.9%)	(677,669)	(2,525)	0	(680,194)	(2.5%)
Inflation Deflation	(376)	(233)	0	(609)	(0.0%)	(254)	(157)	0	(411)	(0.0%)
Total Statewide PL	6,949	127,292	0	134,241	0.4%	(109,168)	128,303	0	19,135	0.1%
Present Law (PL)	3,357,382	162,109	0	3,519,491	11.4%	578,527	144,390	0	722,917	2.6%
New Proposals	9,239	452,008	0	461,247	1.5%	(189,122)	460,360	0	271,238	1.0%
Total HB 2 Adjustments	3,373,570	741,409	0	4,114,979	13.4%	280,237	733,053	0	1,013,290	3.7%
Total Requested Budget	27,645,732	3,160,590	0	30,806,322		24,552,399	3,152,234	0	27,704,633	

Statewide Present Law Adjustment for Personal Services

In order to explain the factors influencing personal services changes, the proposed statewide personal services present law adjustment (DP1) has been broken down into three categories, as follows:

- Legislative changes - This category includes adjustments explicitly approved by the legislature, such as, changes to benefit rates, longevity adjustments required by statute, and changes in rates for workers' compensation and unemployment insurance
- Management changes - This category includes agency management decisions that adjust personal services related to changes in pay. This includes changes such as hiring positions budgeted (PB) at a lower rate to replace senior staff and broadband pay adjustments for recruitment and retention
- Budget modifications - This category includes other modifications to the FY 2025 personal services base budget such as management decisions to transfer personal services funding between programs within an agency or movement of personal services funding to or from another expenditure category (e.g. moving funding from operating expenses to personal services)

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

Statewide Present Law Adjustment for Personal Services				
FY 2026 Decision Package 1				
Program	Legislative Changes	Management Decisions	Budget Modifications	Decision Package 1
Legislative Services Division	\$ 256,292	\$ 144,807	\$ (35,999)	\$ 365,100
Legislative Committees and Activities	(756)	3,549	-	2,793
Legislative Fiscal Division	62,799	28,612	(19,125)	72,286
Legislative Audit Division	121,839	112,038	55,124	289,001
Total	\$ 440,174	\$ 289,006	\$ -	\$ 729,180

Additional analysis on the statewide present law adjustment for personal services will be provided at the program level.

Funding

The following table shows proposed agency funding for all sources of authority.

Total Legislative Branch Funding by Source of Authority 2027 Biennium Budget Request						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	52,269,708	(71,577)			52,198,131	89.2%
02042 Legislative Audit	5,161,068	682,997			5,844,065	10.0%
02800 Reimbursable Activities	468,759				468,759	0.8%
State Special Revenue Total	5,629,827	682,997	-	-	6,312,824	10.8%
Federal Special Revenue Total	-	-	-	-	-	0.0%
Proprietary Fund Total	-	-	-	-	-	0.0%
Total of All Funds	57,899,535	611,420	-	-	58,510,955	
Percent of All Sources of Authority	99.0%	1.0%	0.0%	0.0%		

HB 2 Appropriations

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

Statutory Appropriations

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

Typically, 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 funds in this 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.

The legislative audit specialist services reserve account receives remaining carryforward appropriations from the Legislative Audit Division. The funds in this 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.

The Legislative Branch retirement reserve account has been funded with general fund transfers provided by the legislature or through the deposit of carryforward appropriations. The funds in this 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.

Agency Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	169.34	169.34	171.59	171.59
Personal Services	17,208,312	18,540,509	19,841,829	21,170,933	20,852,939
Operating Expenses	6,483,294	7,137,725	6,199,127	6,715,749	5,325,654
Equipment & Intangible Assets	1,034,370	1,783,173	1,561,097	2,769,640	1,376,040
Transfers	125,000	200,560	195,040	150,000	150,000
Total Expenditures	\$24,850,976	\$27,661,967	\$27,797,093	\$30,806,322	\$27,704,633
General Fund	22,527,740	25,140,407	25,377,912	27,645,732	24,552,399
State/Other Special Rev. Funds	2,323,236	2,521,560	2,419,181	3,160,590	3,152,234
Total Funds	\$24,850,976	\$27,661,967	\$27,797,093	\$30,806,322	\$27,704,633
Total Ongoing	\$24,395,795	\$26,375,717	\$26,691,343	\$30,520,895	\$27,551,378
Total OTO	\$455,181	\$1,286,250	\$1,105,750	\$285,427	\$153,255

Agency Description

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 duty. The divisions within the Legislative Branch support the legislature in enacting laws, including those appropriating funding for state government within a balanced budget, and provide accountability for state programs and state spending.

Please refer to the agency profile at <https://www.legmt.gov/lfd/committees/section-a/agency-profile-legislative-branch/> for additional information about the agency’s organization structure, historical expenditures, goals and objectives, and recent studies and audits.

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

Overall, the Legislative Branch expended 89.8% of its \$27.7 million HB 2 modified budget as of the end of FY 2024. This is in line with the historical average percent expended of 90.6%. Equipment and intangible assets are 58.0% expended and transfers-out are 62.3% expended at the end of the fiscal year. The majority of the budget for equipment and intangible assets is for the branch integration of finance (BIF) project, which had moved from the planning phase to the executing phase at the end of the fiscal year. The transfers-out includes an annual transfer to the General Services Division for security in the Capitol. The remaining appropriation is for archiving, which has previously been completed by the Montana Historical Society. The branch anticipates completing archiving internally moving forward.

FY 2024 Appropriations Compared to FY 2025 Appropriations

Overall, the FY 2025 appropriation is \$135,000 or 0.5% higher than the FY 2024 appropriation. This is not significantly different at the agency level and more details are included at the program level.

Comparison of FY 2025 Legislative Budget to FY 2025 Base

The figure below illustrates the beginning FY 2025 budget as adopted by the 2023 Legislature compared to the FY 2025 base budget, which includes modifications as approved by the approving authority (as authorized in statute) during the interim. The FY 2025 base budget was agreed upon by the Office of Budget and Program Planning and the Fiscal Division to be the point from which any changes would be recorded for the 2027 biennium budgeting process.

Legislative Branch				
Comparison of the FY 2025 Legislative Budget to the FY 2025 Base Budget				
	Legislative Budget	Executive Modifications	Base Budget	% Change
Legislative Services Division				
61000 Personal Services	\$ 10,410,094	\$ 35,999	\$ 10,446,093	0.3%
62000 Operating Expenses	4,914,240	-	4,914,240	0.0%
63000 Equipment & Intangible Assets	530,347	-	530,347	0.0%
68000 Transfers	195,040	-	195,040	0.0%
Total	16,049,721	35,999	16,085,720	0.2%
Legislative Committees and Activities				
61000 Personal Services	260,779	-	260,779	0.0%
62000 Operating Expenses	788,340	-	788,340	0.0%
Total	1,049,119	-	1,049,119	0.0%
Legislative Fiscal Division				
61000 Personal Services	3,366,537	19,125	3,385,662	0.6%
62000 Operating Expenses	178,046	-	178,046	0.0%
Total	3,544,583	19,125	3,563,708	0.5%
Legislative Audit Division				
61000 Personal Services	5,804,419	(55,124)	5,749,295	-0.9%
62000 Operating Expenses	243,501	-	243,501	0.0%
Total	6,047,920	(55,124)	5,992,796	-0.9%
Legislative Branch Total	\$ 26,691,343	\$ -	\$ 26,691,343	0.0%

The Legislative Branch had one budget modification that moved personal services funding from the Legislative Audit Division to the Legislative Services Division and the Legislative Fiscal Division to realign personal services funding in the Legislative Branch.

HB 2 Language -

LFD COMMENT	Historically, certain language has been included in HB 2 for the Legislative Branch. The legislature may wish to include this language in HB 2 again: "All appropriations for the Legislative Branch are biennial."
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Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison					
Budget Item	Base Budget	Requested Budget		Biennium Change from Base	
	FY 2025	FY 2026	FY 2027	Amount	Percent
PB	88.17	90.17	90.17	2.00	1.1%
General Fund	16,034,692	18,165,942	16,121,756	2,218,314	6.9%
State/Other Special Rev. Funds	51,028	238,739	230,020	366,703	359.3%
Total Funds	16,085,720	18,404,681	16,351,776	2,585,017	8.0%
Personal Services	10,446,093	10,979,486	11,072,427	1,159,727	5.6%
Operating Expenses	4,914,240	4,505,555	3,753,309	(1,569,616)	(16.0%)
Equipment & Intangible Assets	530,347	2,769,640	1,376,040	3,084,986	290.8%
Transfers	195,040	150,000	150,000	(90,080)	(23.1%)
Total Expenditures	16,085,720	18,404,681	16,351,776	2,585,017	8.0%
Total Ongoing	16,085,720	18,404,681	16,351,776	2,585,017	8.0%
Total One-Time-Only	1,055,750			(2,111,500)	(100.0%)

Program Highlights

Legislative Services Division Major Budget Highlights
<ul style="list-style-type: none"> • The Legislative Services Division’s 2027 biennium requested appropriations are approximately \$2.6 million or 8.0% higher than the FY 2025 base budget. Significant biennial changes include: <ul style="list-style-type: none"> ◦ An increase in general fund of approximately \$2.9 million primarily for information technology upgrades ◦ A decrease in general fund of approximately \$1.3 million in fixed costs, primarily due to decreases in State Information Technology Services Division rates

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Legislative Services Division 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	16,034,692	51,028	0	16,085,720	87.4%	16,034,692	51,028	0	16,085,720	98.4%
Statewide PL										
Personal Services	365,100	0	0	365,100	2.0%	458,040	0	0	458,040	2.8%
Fixed Costs	(588,718)	0	0	(588,718)	(3.2%)	(674,582)	0	0	(674,582)	(4.1%)
Inflation Deflation	(16)	0	0	(16)	(0.0%)	(11)	0	0	(11)	(0.0%)
Total Statewide PL	(223,634)	0	0	(223,634)	(1.2%)	(216,553)	0	0	(216,553)	(1.3%)
Present Law (PL)	2,473,405	137,352	0	2,610,757	14.2%	422,496	128,633	0	551,129	3.4%
New Proposals	(118,521)	50,359	0	(68,162)	(0.4%)	(118,879)	50,359	0	(68,520)	(0.4%)
Total HB 2 Adjustments	2,131,250	187,711	0	2,318,961	12.6%	87,064	178,992	0	266,056	1.6%
Total Requested Budget	18,165,942	238,739	0	18,404,681		16,121,756	230,020	0	16,351,776	

Funding

The following table shows proposed program funding for all sources 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	34,114,960	172,738	0	0	34,287,698	98.7%	
02800 Reimbursable Activities	468,759	0	0	0	468,759	100.0%	
State Special Total	\$468,759	\$0	\$0	\$0	\$468,759	1.3%	
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.0%	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%	
Total All Funds	\$34,583,719	\$172,738	\$0	\$0	\$34,756,457		

HB 2 Appropriations

The Legislative Services Division is primarily funded with general fund. The reimbursable activities state special revenue fund supports the preparation, publication, and distribution of the Montana Code Annotated.

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	88.17	88.17	90.17	90.17
Personal Services	9,027,108	9,506,032	10,446,093	10,979,486	11,072,427
Operating Expenses	5,264,759	5,299,475	4,939,240	4,505,555	3,753,309
Equipment & Intangible Assets	1,034,370	1,783,173	1,561,097	2,769,640	1,376,040
Transfers	125,000	200,560	195,040	150,000	150,000
Total Expenditures	\$15,451,237	\$16,789,240	\$17,141,470	\$18,404,681	\$16,351,776
General Fund	15,211,032	16,539,748	17,090,442	18,165,942	16,121,756
State/Other Special Rev. Funds	240,205	249,492	51,028	238,739	230,020
Total Funds	\$15,451,237	\$16,789,240	\$17,141,470	\$18,404,681	\$16,351,776
Total Ongoing	\$15,003,640	\$15,567,990	\$16,085,720	\$18,404,681	\$16,351,776
Total OTO	\$447,597	\$1,221,250	\$1,055,750	\$0	\$0

Program Description

The Legislative Services Division provides objective research, reference, legal, technical, information technology, and business services to the House, Senate, and other divisions of the Legislative Branch.

Division services include:

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

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

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

The FY 2024 HB 2 budget for the Legislative Services Division was approximately \$15.6 million and was 92.0% expended as of the end of the fiscal year. Personal services were 95.0% expended and operating expenses were 99.3% expended at the end of FY 2024, which is in line with anticipated expenditures at the end of the fiscal year.

Equipment and intangible asset appropriations of \$1.8 million were 58.0% expended as of the end of FY 2024. The majority of the budget for equipment and intangible assets was for the branch integration of finance (BIF) project, which had moved from the planning phase to the executing phase at the end of the fiscal year. This project integrates the Legislative Fiscal Division (LFD) and the budgeting committees (House Appropriations Committee, Senate Finance and Claims Committee, and the six joint appropriations subcommittees) into the regular process of the Legislative Branch. The primary goal of the project is to make appropriation bill information as accessible to the public and legislators as information for other bills. This appropriation is biennial, which means it can be used in both FY 2024 and FY 2025 and work on this project has continued in FY 2025.

FY 2024 Appropriations Compared to FY 2025 Appropriations

Overall, the FY 2025 appropriation is approximately \$352,000 or 2.1% greater than the FY 2024 appropriation. This is primarily because the legislature approved HB 13 which included adjustment for the pay plan that were approximately \$382,000 greater in FY 2025.

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.

	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	365,100	0	0	365,100	0.00	458,040	0	0	458,040
DP 2 - Fixed Costs	0.00	(588,718)	0	0	(588,718)	0.00	(674,582)	0	0	(674,582)
DP 3 - Inflation Deflation	0.00	(16)	0	0	(16)	0.00	(11)	0	0	(11)
DP 4 - Present Law	0.00	2,473,405	137,352	0	2,610,757	0.00	422,496	128,633	0	551,129
Grand Total All Present Law Adjustments	0.00	\$2,249,771	\$137,352	\$0	\$2,387,123	0.00	\$205,943	\$128,633	\$0	\$334,576

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

DP 1 - Personal Services -

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

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2025 biennium

Legislative Branch Legislative Services Division FY 2026 Statewide Present Law Adjustment for Personal Services	
Legislative Changes	\$ 256,292
Management Changes	144,807
Total Budget Modifications	<u>(35,999)</u>
Total	<u>\$ 365,100</u>

The Legislative Service Division's statewide present law adjustment for personal services was primarily impacted by legislative and management changes, which include:

- Legislative changes were primarily impacted by changes in benefits and longevity
- Management decisions were mainly due to increases for market adjustments, hiring differences for new staff, retention adjustments, career ladder changes, and promotions. These increases are partially offset by the funding adopted by the 2023 Legislature to stabilize legislative staff with competitive pay

In addition to the management changes, there was a budget modification that moved personal services funding from the Legislative Audit Division to the Legislative Services Division to realign personal services funding in the Legislative Branch. Since personal services funding was transferred into the Legislative Services Division, the statewide present law adjustment for personal services was reduced (note: across the Legislative Branch, this is a net zero change).

DP 2 - Fixed Costs -

The Legislative Branch requests adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: audit fees, Capitol complex rent, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The Legislative Branch requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include in-state state motor pool and motor pool leased vehicles.

DP 4 - Present Law -

The Legislative Branch requests an increase in general fund and state special revenue appropriations in FY 2026 and FY 2027. Significant increases requested for the biennium include:

- Closed-Circuit Cable System Replacement (\$450,000) – this project would replace the closed-circuit cable system in the Capitol that provides room broadcast and television programming to the monitors throughout the building with an internet protocol-based solution. Currently, the existing infrastructure that supports this system is incomplete, and OLIS cannot provide services to all areas of the Capitol
- Media Explorer Project (\$400,000) – this project would replace the current application used to view the online videos of legislative meetings. Anticipated improvements include a search capability, advanced agendas so users can follow along with meetings and have immediate access to all discussed documents, and streamlining the overall online streaming architecture to eliminate redundancy
- Website Enhancements (\$400,000) – this project will continue to increase the services and capabilities of the public, legislator, and staff portals. Anticipated improvements include increased filtering in the bill explorer, additional dashboards for reporting, increased calendar and search functionality, increased capability in public participation, and adding more forms
- Database Upgrades (\$300,000) – this project will analyze the remaining antiquated databases to determine viability and potential solutions
- Fiber Integration Upgrade (\$250,000) – this project will continue upgrading and conversion of committee rooms to IP-based signal transmission systems. These conversions allow for upgraded audio/video technology, reduced maintenance, and better signal quality
- Security Information and Event Management (\$180,000) – this project develops a comprehensive vulnerability management program that identifies, classifies, prioritizes, remediates, and reports on weaknesses in Legislative Branch IT infrastructure
- Network Microphone Solution (\$150,000) – this project includes installing network-based microphones in ten conference/hearing rooms. This conversion will reduce visible wiring and the microphone will be managed and supported remotely
- Vote System Upgrade (\$110,000) – this project will replace the display control equipment in the House and Senate chambers, which have reached the end of their support lifecycle
- Closed Captioning (\$104,000) – this project involves building a single in-house captioning system for compliance with the Federal Communications Commission (FCC) requirements and enhance Americans with Disabilities Act (ADA) accommodations for viewers
- VOIP Telephone Migration (\$100,000) – this project would migrate all telephony to systems supported by OLIS
- Montana Code Annotated (\$266,000) - preparation, publication, and distribution of the Montana Code Annotated

New Proposals

The "New Proposals" table shows new proposals for spending.

New Proposals	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 2005 - Capitol Security	0.00	60,000	0	0	60,000	0.00	60,000	0	0	60,000
DP 2006 - Mitchell Building Rent	0.00	(128,162)	0	0	(128,162)	0.00	(128,520)	0	0	(128,520)
DP 2007 - 1st Level Account Switch	0.00	0	0	0	0	0.00	0	0	0	0
DP 2008 - Modified PB to Permanent	2.00	0	0	0	0	2.00	0	0	0	0
DP 2009 - Fund Switch	0.00	(50,359)	50,359	0	0	0.00	(50,359)	50,359	0	0
Total	2.00	(\$118,521)	\$50,359	\$0	(\$68,162)	2.00	(\$118,879)	\$50,359	\$0	(\$68,520)

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

DP 2005 - Capitol Security -

The Legislative Branch requests general fund appropriations for the Legislative Branch's portion of the State Capitol security agreement.

DP 2006 - Mitchell Building Rent -

The Legislative Branch requests a decrease in general fund in FY 2026 and FY 2027 for Mitchell Building rent. This request is in conjunction with a request in the Legislative Audit Division (DP 2006) which proposes an increase in general fund and state special revenue appropriations for Mitchell Building rent. This reallocation would allow the rent to be split between general fund (55.0%) and state special revenue (45.0%) rather than 100.0% general fund.

DP 2007 - 1st Level Account Switch -

The Legislative Branch requests reallocating \$105,040 each fiscal year from transfers to operating expenses. The Legislative Branch previously transferred funding to the Montana Historical Society for digital archiving. The branch anticipates completing archiving internally moving forward.

DP 2008 - Modified PB to Permanent -

The Legislative Branch requests to make 2.00 modified PB permanent in FY 2026 and FY 2027. This proposal moves funding from operating expenses to personal services for the 2.00 PB, which has a net zero impact on general fund appropriations.

DP 2009 - Fund Switch -

The Legislative Branch requests a decrease in general fund and an increase in state special revenue for the expenditures related to the update and production of the MCA. The Legislative Branch requests this shift in funding because there is a sufficient fund balance to support the operating costs.

Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison						
Budget Item	Base Budget	Requested Budget		Biennium Change from Base		
	FY 2025	FY 2026	FY 2027	Amount	Percent	
PB	1.92	1.92	1.92	0.00	0.0%	
General Fund	1,049,002	2,141,424	1,214,790	1,258,210	60.0%	
State/Other Special Rev. Funds	117			(234)	(100.0%)	
Total Funds	1,049,119	2,141,424	1,214,790	1,257,976	60.0%	
Personal Services	260,779	641,138	274,775	394,355	75.6%	
Operating Expenses	788,340	1,500,286	940,015	863,621	54.8%	
Total Expenditures	1,049,119	2,141,424	1,214,790	1,257,976	60.0%	
Total Ongoing	1,049,119	1,907,497	1,114,535	923,794	44.0%	
Total One-Time-Only		233,927	100,255	334,182	0.0%	

Program Highlights

**Legislative Committees and Activities
Major Budget Highlights**

- Legislative Committees and Activities' 2027 biennium requested appropriations are approximately \$1.3 million or 60.0% higher than the FY 2025 base budget. Significant biennial requests in general fund include:
 - An increase of approximately \$880,000 due to:
 - The cyclical nature of the legislative cycle. The appropriations in the first year of the biennium are larger because most of the committee work is completed during this time. Since the second year of the budget is smaller than the base budget, there is a larger increase requested to fund interim activities
 - Increases in the allowed lodging and mileage rates, and legislator activity
 - An increase of approximately \$334,000 for the estimated costs of the school funding interim commission that is statutorily required to meet once every ten years
 - An increase of approximately \$95,000 for legislators to participate in a two-day meeting at the Capitol to discuss budget and policy and review interim studies in preparation of the 2027 Legislative Session

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Legislative Committees and Activities 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	1,049,002	117	0	1,049,119	49.0%	1,049,002	117	0	1,049,119	86.4%
Statewide PL										
Personal Services	2,793	0	0	2,793	0.1%	(103,199)	0	0	(103,199)	(8.5%)
Fixed Costs	0	0	0	0	0.0%	0	0	0	0	0.0%
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Statewide PL	2,793	0	0	2,793	0.1%	(103,199)	0	0	(103,199)	(8.5%)
Present Law (PL)	754,489	(117)	0	754,372	35.2%	125,356	(117)	0	125,239	10.3%
New Proposals	335,140	0	0	335,140	15.7%	143,631	0	0	143,631	11.8%
Total HB 2 Adjustments	1,092,422	(117)	0	1,092,305	51.0%	165,788	(117)	0	165,671	13.6%
Total Requested Budget	2,141,424	0	0	2,141,424		1,214,790	0	0	1,214,790	

Funding

The following table shows proposed program funding for all sources of authority.

Legislative Branch, 21-Legislative Committees and 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	3,022,032	334,182	0	0	3,356,214	100.0%	
State Special Total	\$0	\$0	\$0	\$0	\$0	0.0%	
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.0%	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%	
Total All Funds	\$3,022,032	\$334,182	\$0	\$0	\$3,356,214		

HB 2 Appropriations

Legislative Committees and Activities is funded entirely with general fund.

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	1.92	1.92	1.92	1.92
Personal Services	191,171	400,328	260,779	641,138	274,775
Operating Expenses	840,332	1,258,041	788,340	1,500,286	940,015
Total Expenditures	\$1,031,503	\$1,658,369	\$1,049,119	\$2,141,424	\$1,214,790
General Fund	1,031,503	1,658,252	1,049,002	2,141,424	1,214,790
State/Other Special Rev. Funds	0	117	117	0	0
Total Funds	\$1,031,503	\$1,658,369	\$1,049,119	\$2,141,424	\$1,214,790
Total Ongoing	\$1,031,503	\$1,658,369	\$1,049,119	\$1,907,497	\$1,114,535
Total OTO	\$0	\$0	\$0	\$233,927	\$100,255

Program Description

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

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

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

Overall, the HB 2 budget of approximately \$1.7 million was 62.2% expended as of the end of FY 2024. Lower percentage expended is a direct result of legislator participation and expenditure reimbursement. The budget for this program is based on every legislator attending every meeting to allow for full participation in meetings.

FY 2024 Appropriations Compared to FY 2025 Appropriations

Overall, the FY 2025 appropriation is approximately \$609,000 or 36.8% lower than the FY 2024 appropriation. The difference in appropriations is due to the cyclical nature of legislative business. Appropriations are less in the second year of the biennium because the majority of the interim work of the legislature occurs in the first year of the biennium.

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 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	2,793	0	0	2,793	0.00	(103,199)	0	0	(103,199)
DP 4 - Present Law	0.00	754,489	(117)	0	754,372	0.00	125,356	(117)	0	125,239
Grand Total All Present Law Adjustments	0.00	\$757,282	(\$117)	\$0	\$757,165	0.00	\$22,157	(\$117)	\$0	\$22,040

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

DP 1 - Personal Services -

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

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2025 biennium

The decrease in the FY 2027 is due to the cyclical nature of the legislative business cycle. Traditionally, there are fewer interim legislative meetings in the second year of the biennium because of the legislative session.

DP 4 - Present Law -

The Legislative Branch requests an increase in general fund appropriations in FY 2026 and FY 2027. The cyclical nature of legislative business in Legislative Committees and Activities results in uneven appropriations for each fiscal year. Appropriations in the first year of the biennium are higher because most of the interim committee work is completed during this time, and the base budget is based on the second year of the biennium, which has a lower appropriation. The requested biennial increase is also partially due to an increase in the allowed lodging and mileage rates, and legislator activities and dues.

The Legislative Branch also requests a reduction in state special revenue funds. This fund has not been in use by the Legislative Branch since FY 2023, does not have a dedicated revenue source, and there is no remaining fund balance.

New Proposals

The "New Proposals" table shows new proposals for spending.

New Proposals	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 2105 - 5-20-301, MCA School Funding Study (OTO)	0.00	233,927	0	0	233,927	0.00	100,255	0	0	100,255
DP 2106 - Legislator Days	0.00	66,213	0	0	66,213	0.00	28,376	0	0	28,376
DP 2107 - Legislator Participation for Educational Opportunities	0.00	35,000	0	0	35,000	0.00	15,000	0	0	15,000
Total	0.00	\$335,140	\$0	\$0	\$335,140	0.00	\$143,631	\$0	\$0	\$143,631

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

DP 2105 - 5-20-301, MCA School Funding Study (OTO) -

The Legislative Branch requests general fund appropriations in FY 2026 and FY 2027 for the school funding interim commission. Statute (5-20-301, MCA) requires the commission to meet once every ten years to conduct a study to reassess the educational needs and costs related to the basic system of free quality public elementary and secondary schools and, if necessary, recommend to the following legislature changes to the state's school funding formula.

DP 2106 - Legislator Days -

The Legislative Branch requests general fund appropriations for "Legislator Days." The requested funding allows for legislators to come to the Capitol in the summer preceding the next legislative session to discuss budget and policy issues and to review interim studies in process. This is in preparation of the 2027 Legislative Session.

DP 2107 - Legislator Participation for Educational Opportunities -

The Legislative Branch requests general fund appropriations for legislator participation in educational opportunities. Last interim, the Legislative Council approved up to \$3,000 per legislator to use for educational opportunities such as conferences hosted by the National Conference of State Legislatures (NCSL), Council of State Governments (CSG), Pacific Northwest Economic Region (PNWER), etc. Funding in the 2025 biennium came from surplus in the Legislative Committees and Activities' budget. This request would allow for funding to be included in the budget and part of the base budget moving forward.

Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison						
Budget Item	Base Budget	Requested Budget		Biennium Change from Base		
	FY 2025	FY 2026	FY 2027	Amount	Percent	
PB	26.50	26.50	26.50	0.00	0.0%	
General Fund	3,563,708	3,786,505	3,681,752	340,841	4.8%	
Total Funds	3,563,708	3,786,505	3,681,752	340,841	4.8%	
Personal Services	3,385,662	3,497,406	3,450,757	176,839	2.6%	
Operating Expenses	178,046	289,099	230,995	164,002	46.1%	
Total Expenditures	3,563,708	3,786,505	3,681,752	340,841	4.8%	
Total Ongoing	3,563,708	3,735,005	3,628,752	236,341	3.3%	
Total One-Time-Only	50,000	51,500	53,000	4,500	4.5%	

Program Highlights

Legislative Fiscal Division Major Budget Highlights
<ul style="list-style-type: none"> • The Legislative Fiscal Division’s 2027 biennium requested appropriations are approximately \$341,000 or 4.8% higher than the FY 2025 base budget. Significant requested biennial changes in general fund include: <ul style="list-style-type: none"> ◦ An increase of approximately \$126,000 for personal services because of benefits, longevity, and pay rate changes ◦ An increase of approximately \$110,000 to adjust for the cyclical nature of legislative committee activities, legislator salaries, and increased travel costs ◦ An increase of approximately \$105,000 for contracting actuarial analysis on the pension system

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Financial and Data Analysis 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	3,563,708	0	0	3,563,708	94.1%	3,563,708	0	0	3,563,708	96.8%
Statewide PL										
Personal Services	72,286	0	0	72,286	1.9%	53,821	0	0	53,821	1.5%
Fixed Costs	0	0	0	0	0.0%	0	0	0	0	0.0%
Inflation Deflation	(76)	0	0	(76)	(0.0%)	(51)	0	0	(51)	(0.0%)
Total Statewide PL	72,210	0	0	72,210	1.9%	53,770	0	0	53,770	1.5%
Present Law (PL)	99,087	0	0	99,087	2.6%	11,274	0	0	11,274	0.3%
New Proposals	51,500	0	0	51,500	1.4%	53,000	0	0	53,000	1.4%
Total HB 2 Adjustments	222,797	0	0	222,797	5.9%	118,044	0	0	118,044	3.2%
Total Requested Budget	3,786,505	0	0	3,786,505		3,681,752	0	0	3,681,752	

Funding

The following table shows proposed program funding for all sources of authority.

Legislative Branch, 27-Financial and Data Analysis Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	7,363,757	104,500	0	0	7,468,257	100.0%	
State Special Total	\$0	\$0	\$0	\$0	\$0	0.0%	
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.0%	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%	
Total All Funds	\$7,363,757	\$104,500	\$0	\$0	\$7,468,257		

HB 2 Appropriations

The Legislative Fiscal Division is funded entirely with general fund.

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	26.50	26.50	26.50	26.50
Personal Services	2,841,203	3,141,260	3,385,662	3,497,406	3,450,757
Operating Expenses	134,754	296,675	228,046	289,099	230,995
Total Expenditures	\$2,975,957	\$3,437,935	\$3,613,708	\$3,786,505	\$3,681,752
General Fund	2,975,957	3,437,935	3,613,708	3,786,505	3,681,752
Total Funds	\$2,975,957	\$3,437,935	\$3,613,708	\$3,786,505	\$3,681,752
Total Ongoing	\$2,968,373	\$3,372,935	\$3,563,708	\$3,735,005	\$3,628,752
Total OTO	\$7,584	\$65,000	\$50,000	\$51,500	\$53,000

Program Description

The Legislative Fiscal Division provides the legislature with objective fiscal information and analysis relevant to Montana public policy and budget determination.

Division services include:

- Fiscal and data analysis of state government, including local government and schools, and the furnishing of information bearing upon the financial matters of the state
- Identification of ways to effect economy and efficiency in state government
- Estimation of revenue and analysis of tax policy
- Analysis of the executive budget
- Compiling and analyzing fiscal information for legislators and legislative committees
- Staffing and support for legislative committees, including the preparation and processing of the appropriation bills for the legislative, judicial, and executive agencies

The Legislative Finance Committee provides guidance to the Legislative Fiscal Division.

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

Overall, the Legislative Fiscal Division’s HB 2 budget of approximately \$3.4 million was 86.6% expended at the end of FY 2024.

Personal services appropriations made up the majority of the Legislative Fiscal Division’s budget in FY 2024. Appropriations of \$3.1 million were 90.4% expended at the end of the fiscal year and 88.0% of the total personal services hours budgeted were utilized. The slightly lower personal services expenditures and hours utilized were due to retirements of two long-term staff and the Deputy Director working part-time for the Legislative Council on the legislative space planning process.

Appropriations for operating expenses totaled approximately \$297,000 and were 45.4% expended at the end of the fiscal year. Lower percentage expended is a direct result of legislator participation in the interim budget committees and Modernization and Risk Analysis Committee and expenditure reimbursement. The budget for committees in the Legislative Fiscal Division is based on every legislator attending every meeting to allow for full participation in meetings.

FY 2024 Appropriations Compared to FY 2025 Appropriations

Overall, the FY 2025 appropriation is approximately \$176,000 or 5.1% greater than the FY 2024 appropriation. This is primarily because of:

- The legislative approved funding for an additional 5.50 PB with staggered start dates. Appropriations for these PB were approximately \$136,000 greater in FY 2025
- The legislature approved HB 13 which included adjustment for the pay plan that were approximately \$112,000 greater in FY 2025

The increased appropriations in FY 2025 are slightly offset because of the cyclical nature of the Legislative Finance Committee and the Interim Budget Committees meetings during the interim. The legislature approved approximately \$64,000 less in FY 2025 because these interim committees meet more in the first year of the biennium.

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 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	72,286	0	0	72,286	0.00	53,821	0	0	53,821
DP 3 - Inflation Deflation	0.00	(76)	0	0	(76)	0.00	(51)	0	0	(51)
DP 4 - Present Law	0.00	99,087	0	0	99,087	0.00	11,274	0	0	11,274
Grand Total All Present Law Adjustments	0.00	\$171,297	\$0	\$0	\$171,297	0.00	\$65,044	\$0	\$0	\$65,044

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

DP 1 - Personal Services -

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

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2025 biennium

Legislative Branch Legislative Fiscal Division FY 2026 Statewide Present Law Adjustment for Personal Services	
Legislative Changes	\$ 62,799
Management Changes	28,612
Total Budget Modifications	<u>(19,125)</u>
Total	<u>\$ 72,286</u>

The Legislative Fiscal Division's statewide present law adjustment for personal services was primarily impacted by legislative and management changes, which include:

- Legislative changes were primarily impacted by changes in benefits and longevity
- Management decisions mainly were mainly due to increases for market adjustments, career ladder changes, performance adjustments, and promotions. These increases are partially offset by the funding adopted by the 2023 Legislature to stabilize legislative staff with competitive pay

In addition to the management changes, there was a budget modification that moved personal services funding from the Legislative Audit Division to the Legislative Fiscal Division to realign personal services funding in the Legislative Branch. Since personal services funding was transferred into the Legislative Fiscal Division, the statewide present law adjustment for personal services was reduced (note: across the Legislative Branch, this is a net zero change).

DP 3 - Inflation Deflation -

The Legislative Branch requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include in-state state motor pool and motor pool leased vehicles.

DP 4 - Present Law -

The Legislative Branch requests an increase in general fund appropriations in FY 2026 and FY 2027. The cyclical nature of legislative business for the Legislative Finance Committee, Interim Budget Committees and Modernization and Risk Analysis Committee results in uneven appropriations in each fiscal year. Appropriations in the first year of the biennium are higher for legislative committees because most of the interim committee work is completed during this time. The requested increases are due to:

- Salary increases for the Legislative Finance Committee, Interim Budget Committees, and Modernization and Risk Analysis Committee of approximately \$51,000
- Operating expenses of \$53,000 for interim legislative committees, which is not included in the base budget because of the legislative business cycle, and \$6,000 for increased travel costs for legislator and Legislative Fiscal Division staff

New Proposals

The “New Proposals” table shows new proposals for spending.

New Proposals	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 2705 - Pension Actuarial (OTO)	0.00	51,500	0	0	51,500	0.00	53,000	0	0	53,000
Total	0.00	\$51,500	\$0	\$0	\$51,500	0.00	\$53,000	\$0	\$0	\$53,000

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

DP 2705 - Pension Actuarial (OTO) -

The Legislative Branch requests general fund appropriations for contracting an actuarial analysis on the pension system. The review is intended to provide the legislature with information to fulfill its financial fiduciary responsibilities related to the pension system.

The 2023 Legislature approved funding for this purpose as one-time-only in the 2025 biennium. HB 2 included language that stated:

“It is the intent of the Legislature that, absent clear evidence that the Pension Actuarial Analysis contract has not been sufficiently utilized at the end of the 2025 biennium, the same funding, adjusted for inflation, be included as one-time-only in the Legislative Fiscal Division’s budget request for the 2027 biennium. It is the intent of the Legislature that the 2025 Legislature evaluate the results of the actuarial analyses utilized during the 2025 biennium.”

**LFD
COMMENT**

During the 2025 biennium the pension actuarial analysis appropriation was used for a variety of purposes. Primarily, members of the SJ 4 study committee, in conjunction with members from the Legislative Finance Committee (LFC), participated in phone calls with the contracted actuary regarding best materials to present to the SJ 4 committee. In March 2024 the contracted actuary presented to the SJ 4 committee a report titled "Retirement System Overview for Legislators". In this presentation the contracted actuary went over best practices of pension systems as well as possible risk assessment analyses. Following this meeting the contracted actuary conducted a stress test of the Public Employees' Retirement System (PERS) and Teachers' Retirement System (TRS) and presented the results at the October SJ 4 committee. The analysis will also be presented to the Legislative Finance Committee in December. The contracted actuary is also expected to be utilized in the 2027 Legislative Session to analyze pension proposals for the legislature.

Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison						
Budget Item	Base Budget	Requested Budget		Biennium Change from Base		
	FY 2025	FY 2026	FY 2027	Amount	Percent	
PB	52.75	53.00	53.00	0.25	0.2%	
General Fund	3,624,760	3,551,861	3,534,101	(163,558)	(2.3%)	
State/Other Special Rev. Funds	2,368,036	2,921,851	2,922,214	1,107,993	23.4%	
Total Funds	5,992,796	6,473,712	6,456,315	944,435	7.9%	
Personal Services	5,749,295	6,052,903	6,054,980	609,293	5.3%	
Operating Expenses	243,501	420,809	401,335	335,142	68.8%	
Total Expenditures	5,992,796	6,473,712	6,456,315	944,435	7.9%	
Total Ongoing	5,992,796	6,473,712	6,456,315	944,435	7.9%	
Total One-Time-Only					0.0%	

Program Highlights

Legislative Audit Division Major Budget Highlights
<ul style="list-style-type: none"> • The Legislative Audit Division's 2027 biennium requested appropriations are approximately \$944,000 or 7.9% higher than the FY 2025 base budget. Significant biennial changes include: <ul style="list-style-type: none"> ◦ An increase of \$580,000 for personal services because of benefits, longevity, and pay rate changes ◦ An increase of approximately \$257,000 for rent, which is offset by a decrease in rent in the Legislative Services Division

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Audit and Examination 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	3,624,760	2,368,036	0	5,992,796	92.6%	3,624,760	2,368,036	0	5,992,796	92.8%
Statewide PL										
Personal Services	158,951	130,050	0	289,001	4.5%	160,093	130,985	0	291,078	4.5%
Fixed Costs	(3,087)	(2,525)	0	(5,612)	(0.1%)	(3,087)	(2,525)	0	(5,612)	(0.1%)
Inflation Deflation	(284)	(233)	0	(517)	(0.0%)	(192)	(157)	0	(349)	(0.0%)
Total Statewide PL	155,580	127,292	0	282,872	4.4%	156,814	128,303	0	285,117	4.4%
Present Law (PL)	30,401	24,874	0	55,275	0.9%	19,401	15,874	0	35,275	0.5%
New Proposals	(258,880)	401,649	0	142,769	2.2%	(266,874)	410,001	0	143,127	2.2%
Total HB 2 Adjustments	(72,899)	553,815	0	480,916	7.4%	(90,659)	554,178	0	463,519	7.2%
Total Requested Budget	3,551,861	2,921,851	0	6,473,712		3,534,101	2,922,214	0	6,456,315	

Funding

The following table shows proposed program funding for all sources of authority.

Legislative Branch, 28-Audit and 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	7,768,959	(682,997)	0	0	7,085,962	54.8%
02042 Legislative Audit	5,161,068	682,997	0	0	5,844,065	100.0%
State Special Total	\$5,161,068	\$682,997	\$0	\$0	\$5,844,065	45.2%
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.0%
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%
Total All Funds	\$12,930,027	\$0	\$0	\$0	\$12,930,027	

HB 2 Appropriations

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 for audit services and is calculated in accordance with federal regulations.

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	52.75	52.75	53.00	53.00
Personal Services	5,148,830	5,492,889	5,749,295	6,052,903	6,054,980
Operating Expenses	243,449	283,534	243,501	420,809	401,335
Total Expenditures	\$5,392,279	\$5,776,423	\$5,992,796	\$6,473,712	\$6,456,315
General Fund	3,309,248	3,504,472	3,624,760	3,551,861	3,534,101
State/Other Special Rev. Funds	2,083,031	2,271,951	2,368,036	2,921,851	2,922,214
Total Funds	\$5,392,279	\$5,776,423	\$5,992,796	\$6,473,712	\$6,456,315
Total Ongoing	\$5,392,279	\$5,776,423	\$5,992,796	\$6,473,712	\$6,456,315
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Description

The Legislative Audit 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:

- Auditing the state's Annual Comprehensive 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.

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

Overall, the Legislative Audit Division's HB 2 budget of approximately \$5.8 million was 93.3% expended at the end of FY 2024. Personal services appropriations made up the majority of the division's budget in FY 2024. Personal services appropriations of \$5.5 million were 93.7% expended at the end of the fiscal year and 88.9% of the total personal services hours budgeted were utilized. The slightly lower personal services expenditures were due to staff turnover.

FY 2024 Appropriations Compared to FY 2025 Appropriations

Overall, the FY 2025 appropriation is approximately \$216,000 or 3.7% greater than the FY 2024 appropriation. This is primarily because the legislature approved HB 13 which included adjustment for the pay plan that were approximately \$216,000 greater in FY 2025.

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.

	Fiscal 2026					Fiscal 2027				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	158,951	130,050	0	289,001	0.00	160,093	130,985	0	291,078
DP 2 - Fixed Costs	0.00	(3,087)	(2,525)	0	(5,612)	0.00	(3,087)	(2,525)	0	(5,612)
DP 3 - Inflation Deflation	0.00	(284)	(233)	0	(517)	0.00	(192)	(157)	0	(349)
DP 4 - Present Law	0.00	30,401	24,874	0	55,275	0.00	19,401	15,874	0	35,275
Grand Total All Present Law Adjustments	0.00	\$185,981	\$152,166	\$0	\$338,147	0.00	\$176,215	\$144,177	\$0	\$320,392

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

DP 1 - Personal Services -

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

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2025 biennium

Legislative Branch Legislative Audit Division FY 2026 Statewide Present Law Adjustment for Personal Services	
Legislative Changes	\$ 121,839
Management Changes	112,038
Total Budget Modifications	<u>55,124</u>
Total	<u>\$ 289,001</u>

The Legislative Audit Division's statewide present law adjustment for personal services was primarily impacted by legislative and management changes, which include:

- Legislative changes were primarily impacted by changes in benefits and longevity
- Management decisions were mainly due to increases for market adjustments, hiring differences for new staff, performance adjustments, and career ladder changes. These increases are partially offset by the funding adopted by the 2023 Legislature to stabilize legislative staff with competitive pay

In addition to the legislative and management changes, there was a budget modification that moved personal services funding from the Legislative Audit Division to other divisions to realign personal services funding in the Legislative Branch. Since personal services funding was transferred from the Legislative Audit Division, the statewide present law adjustment for personal services was increased (note: across the Legislative Branch, this is a net zero change).

DP 2 - Fixed Costs -

The Legislative Branch requests adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: audit fees, Capitol complex rent, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The Legislative Branch requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include in-state state motor pool and motor pool leased vehicles.

DP 4 - Present Law -

The Legislative Branch requests general fund and state special revenue appropriations for cyclical adjustments. In FY 2026, significant requested increases include:

- \$20,000 for the Legislative Branch’s contracted audit (funding for the contracted audit is not included in the base budget)
- \$15,000 for a peer review
- \$6,000 for estimated increases in lodging costs for travel
- \$7,000 for software upgrades
- \$6,500 for subscription services

In FY 2027, significant requested increases include:

- \$15,000 for a peer review
- \$6,000 for estimated increases in lodging costs for travel
- \$7,000 for software upgrades
- \$6,500 for subscription services

New Proposals

The “New Proposals” table shows new proposals for spending.

New Proposals	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 2006 - Mitchell Building Rent	0.00	70,489	57,673	0	128,162	0.00	70,686	57,834	0	128,520
DP 2805 - Modified PB to Permanent	0.25	8,034	6,573	0	14,607	0.25	8,034	6,573	0	14,607
DP 2806 - Fund Switch - Audit Appropriations (OTO)	0.00	(469,568)	469,568	0	0	0.00	(477,759)	477,759	0	0
DP 2807 - Fund Switch - Statewide Risk Assessment (OTO)	0.00	132,165	(132,165)	0	0	0.00	132,165	(132,165)	0	0
Total	0.25	(\$258,880)	\$401,649	\$0	\$142,769	0.25	(\$266,874)	\$410,001	\$0	\$143,127

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

DP 2006 - Mitchell Building Rent -

The Legislative Branch requests an increase in general fund and state special revenue funds in FY 2026 and FY 2027 for Mitchell Building rent. This request is in conjunction with a request in the Legislative Services Division (DP 2006) which proposes a reduction in general fund appropriations for Mitchell Building rent. This reallocation allows the rent to be split between general fund (55.0%) and state special revenue (45.0%) rather than 100.0% general fund.

DP 2805 - Modified PB to Permanent -

The Legislative Branch requests general fund and state special revenue appropriations for 0.25 PB (positions budgeted). This request would add 0.25 PB to an existing 0.75 PB to make this position a 1.00 PB. This position is on the editorial team. According to the Legislative Audit Division, this additional PB will assist in implementing provisions of HB 132 (2023 Legislative Session), aid in the transition to an annual federal Single Audit, support commitments to more timely reporting for the state's Annual Comprehensive Financial Report (ACFR) and allow for expansion of online reporting formats and citizen engagement.

DP 2806 - Fund Switch - Audit Appropriations (OTO) -

The Legislative Branch requests a one-time-only decrease in general fund and increase state special revenue for an anticipated change in audit appropriations for billed work. Higher Legislative Audit Division staffing levels, combined with statutory pay increases, have resulted in higher costs as a component of the divisions' billing rate. The increase in the billing rate has also combined with an increase in the number of hours associated with federal single audits in the next biennium, resulting in a significant increase in the amount of state special revenue the division anticipates collecting through agency billing.

As the number of hours needed to complete the federal single audit effort stabilizes through the transition to an annual cycle, as required under HB 132, the division anticipates this situation will reverse. State special revenue will proportionally decline as a funding source as more risk- based financial audits are implemented.

DP 2807 - Fund Switch - Statewide Risk Assessment (OTO) -

The Legislative Branch requests a one-time-only increase in general fund and a decrease in state special revenue to redirect existing resources in the division's information technology (IT) audit and analytics team. This team would assist in fully implementing a statewide risk assessment supporting the division's risk-based audit decisions and planning. This proposal redirects existing audit efforts at the Montana State Lottery, related to lottery security, and the Department of Administration, related to the Statewide Accounting, Budgeting and Human Resources System (SABHRS). The effort currently associated with these audits will instead be used to support the statewide risk assessment process, which will provide an assessment of significant IT risks across all agencies, focusing on mission-critical enterprise IT systems as well as general IT controls that support and manage those systems.

This request is one-time-only because the Legislative Audit Division is exploring other funding mechanisms for the 2029 biennium.

This decision package is contingent on other legislation that is required to address current provisions in law related to the Montana State Lottery security and IT audit.