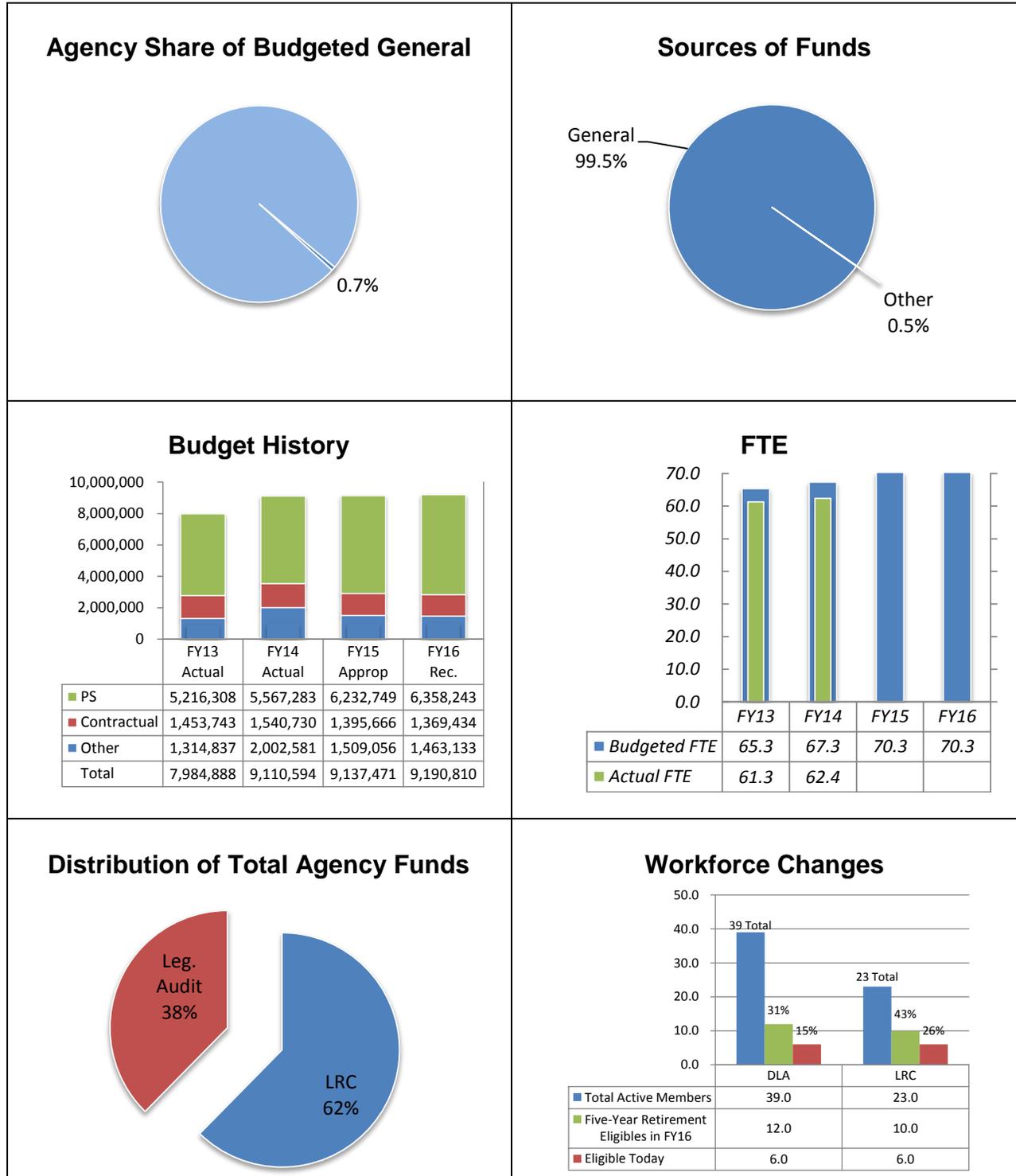


FY16 Budget Briefing

The Legislative Branch

Information contained in this document is based on the Governor's original recommended FY16 budget.
This document may not correspond with the final FY16 budget adopted by the Legislature.



Key Personnel

Legislative Research Council

- Jason Hancock, Director
- Annie Mehlhaff, Budget Officer

Legislative Audit

- Martin L. Guindon, Auditor General

Departmental Total

Mission of the Agency

To represent the people of South Dakota and protect their general welfare by formulating policies through the adoption and revision of legislation by the state legislature; to perform studies and analyses of state policies through the Legislative Research Council; and, to perform the post-audit functions through the Division of Legislative Audit.

	Actual FY13	Actual FY14	Budgeted FY15	Agency Request FY16	Gov Rec FY16	Gov Rec Inc/Dec for FY16	% Change From FY2015
Personal Services							
Employee Salaries	4,269,918	4,516,986	5,101,681	5,253,619	5,167,471	65,790	1.3%
Employee Benefits	946,390	1,050,297	1,131,068	1,190,885	1,190,772	59,704	5.3%
FTE	61.3	62.4	70.3	70.3	70.3	0.0	0.0%
Funding Types							
General	5,216,308	5,567,283	6,232,749	6,444,504	6,358,243	125,494	2.0%
Federal	0	0	0	0	0	0	0.0%
Other	0	0	0	0	0	0	0.0%
Total PS	5,216,308	5,567,283	6,232,749	6,444,504	6,358,243	125,494	2.0%
Operating Expenses							
Travel	858,409	987,175	1,283,578	1,293,602	1,283,156	(422)	(0.0%)
Contractual Services	1,453,743	1,540,730	1,395,666	1,497,883	1,369,434	(26,232)	(1.9%)
Supplies & Materials	203,222	122,989	212,248	154,336	154,336	(57,912)	(27.3%)
Capital Outlay	253,207	892,417	13,230	25,642	25,642	12,412	93.8%
Funding Types							
General	2,541,405	3,539,365	2,869,722	2,965,463	2,826,568	(43,154)	(1.5%)
Federal	0	0	0	0	0	0	0.0%
Other	227,175	3,946	35,000	6,000	6,000	(29,000)	(82.9%)
Total OE	2,768,580	3,543,311	2,904,722	2,971,463	2,832,568	(72,154)	(2.5%)
Totals							
Funding Types							
General	7,757,713	9,106,648	9,102,471	9,409,967	9,184,811	82,340	0.9%
Federal	0	0	0	0	0	0	0.0%
Other	227,175	3,946	35,000	6,000	6,000	(29,000)	(82.9%)
Total	7,984,888	9,110,594	9,137,471	9,415,967	9,190,811	53,340	0.6%

Major Expansions and Reductions

Total Legislative Branch	Governor's Recommendation				
	General Funds	Federal Funds	Other Funds	TOTALS	FTE
Legislative Research Council	-	-	(29,000)	(29,000)	0.0
Legislative Audit	82,340	-	-	82,340	0.0
TOTALS	82,340	-	(29,000)	53,340	0.0

Individual budgets for the Legislative Research Council and Legislative Audit are included on the following pages.

LRC Other Fund Balances (DLA does not use other funds)

Company and Fund Name	Blue Book Page	Ending Cash and Investment Balance			Average Cash Balance	Lowest Monthly Cash Balance in Past Four Yrs	
		FY2012	FY2013	FY2014		Amount	Month
Company 3024 -Legislative Capitol Renovation Fund	285	\$ 221,534	\$ 221,534	\$ 38,369	\$ 212,214	\$ 38,369	June 2014
Company 6501 -Postage Administration	286	\$ -	-	-	\$ 2,613	\$ -	July 2010

Combined LRC and Legislative Audit - Agency Billings

Below are the sources of funds the LRC and DLA used to pay for services provided by central governmental bureaus in FY14.

FY14 Actual Expenditures	General Funds	Federal Funds	Other Funds	Total Funds
Bureau of Administration	477,375	-	-	477,375
Bureau of Finance and Management	234	-	-	234
Bureau of Human Resources	149	-	-	149
Bureau of Information and Telecommunications	363,940	-	-	363,940
<i>Total Bureau Billings</i>	841,699	-	-	841,699

LEGISLATIVE RESEARCH COUNCIL

Created by SDCL 2-9-1, the members of the Senate and the House of Representatives comprise the membership of the Legislative Research Council (LRC). The 15 member Executive Board appoints the director who hires all other LRC employees. Through the LRC, legislative policies are analyzed, and legislation is drafted. The Office of Code Counsel is also organized within the LRC. The Code Counsel assists the Code Commission in the revision and publication of the South Dakota Codified Laws; the Counsel also staffs the Rules Review Committee.

	Actual FY13	Actual FY14	Budgeted FY15	Agency Request FY16	Gov Rec FY16	Gov Rec Inc/Dec for FY16	% Change From FY2015
Personal Services							
Employee Salaries	2,258,720	2,448,671	2,659,209	2,741,937	2,701,619	42,410	1.6%
Employee Benefits	418,225	458,020	523,314	523,958	523,958	644	0.1%
FTE	28.9	28.9	31.3	31.3	31.3	0.0	0.0%
Funding Types							
General	2,676,945	2,906,691	3,182,523	3,265,895	3,225,577	43,054	1.4%
Federal	0	0	0	0	0	0	0.0%
Other	0	0	0	0	0	0	0.0%
Total PS	2,676,945	2,906,691	3,182,523	3,265,895	3,225,577	43,054	1.4%
Operating Expenses							
Travel	751,819	875,868	1,147,635	1,157,659	1,147,213	(422)	(0.0%)
Contractual Services	1,297,216	1,270,622	1,232,071	1,249,888	1,201,439	(30,632)	(2.5%)
Supplies & Materials	164,430	100,973	185,248	131,836	131,836	(53,412)	(28.8%)
Capital Outlay	245,034	865,241	11,588	24,000	24,000	12,412	107.1%
Funding Types							
General	2,231,324	3,108,758	2,541,542	2,557,383	2,498,488	(43,054)	(1.7%)
Federal	0	0	0	0	0	0	0.0%
Other	227,175	3,946	35,000	6,000	6,000	(29,000)	(82.9%)
Total OE	2,458,499	3,112,704	2,576,542	2,563,383	2,504,488	(72,054)	(2.8%)
Totals							
Funding Types							
General	4,908,269	6,015,449	5,724,065	5,823,278	5,724,065	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other	227,175	3,946	35,000	6,000	6,000	(29,000)	(82.9%)
Total	5,135,444	6,019,395	5,759,065	5,829,278	5,730,065	(29,000)	(0.5%)

Department Object Detail – Legislative Research Council

Item	Actual FY2012	Actual FY2013	Actual FY2014	Budgeted FY2015	Governor Rec FY2016	Inc/Dec Over FY2015	% Change Over FY2015
PERSONAL SERVICES							
General	2,634,514	2,676,945	2,906,691	3,182,523	3,225,577	43,054	1.4%
Federal	0	0	0	0	0	0	0.0%
Other Funds	0	0	0	0	0	0	0.0%
Total Personal Services	2,634,514	2,676,945	2,906,691	3,182,523	3,225,577	43,054	1.4%
FTE						0.0	0.0
TRAVEL							
General	649,061	751,819	875,868	1,147,635	1,147,213	(422)	(0.0%)
Federal	0	0	0	0	0	0	0.0%
Other Funds	0	0	0	0	0	0	0.0%
Total Travel	649,061	751,819	875,868	1,147,635	1,147,213	(422)	(0.0%)
CONTRACTUAL SERVICES							
General	843,110	1,260,468	1,269,324	1,232,071	1,201,439	(30,632)	(2.5%)
Federal	0	0	0	0	0	0	0.0%
Other Funds	5,057	36,749	1,298	0	0	0	0.0%
Total Contractual Services	848,167	1,297,217	1,270,622	1,232,071	1,201,439	(30,632)	(2.5%)
SUPPLIES AND MATERIALS							
General	130,148	160,887	98,325	150,248	125,836	(24,412)	(16.2%)
Federal	0	0	0	0	0	0	0.0%
Other Funds	81	3,543	2,648	35,000	6,000	(29,000)	(82.9%)
Total Supplies and Materials	130,229	164,430	100,973	185,248	131,836	(53,412)	(28.8%)
CAPITAL OUTLAY							
General	61,799	58,150	865,241	11,588	24,000	12,412	107.1%
Federal	0	0	0	0	0	0	0.0%
Other Funds	0	186,884	0	0	0	0	0.0%
Total Capital Outlay	61,799	245,034	865,241	11,588	24,000	12,412	107.1%
TOTAL							
General	4,318,632	4,908,269	6,015,449	5,724,065	5,724,065	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other Funds	5,138	227,176	3,946	35,000	6,000	(29,000)	(82.9%)
Total All Funds	4,323,770	5,135,445	6,019,395	5,759,065	5,730,065	(29,000)	(0.5%)

Major Expansions and Reductions – Legislative Research Council

Legislative Research Council	General	Federal	Other	TOTALS	FTE
	Funds	Funds	Funds		
<u>Agency Request</u>					
A. Per Diem/Salary Increase in 2013 from \$123 to \$129	30,621			30,621	
B. Legislative Organization Dues	23,642			23,642	
C. Death and Dismemberment Insurance	24,807			24,807	
D. Travel Reimbursement Rate Increase	10,446			10,446	
E. Fiscal Office Computer Intern	9,697			9,697	
F. Other Fund Expenditure Authority			(29,000)	(29,000)	
Leg. Res. Council Request Total	99,213	-	(29,000)	70,213	0.0
<u>Governor Recommended</u>					
F. Other Fund Expenditure Authority			(29,000)	(29,000)	
Governor Recommended Total	-	-	(29,000)	(29,000)	0.0

A. Per Diem/Salary Increase – The current budget (FY15) includes funding for Legislative Per Diem at \$123 per day for a 40-day session. SDCL 2-4-2 sets the amount to the greater of \$123 or the “amount fixed for the per diem allowance that is authorized by the United States Internal Revenue Service to be excluded from the gross income without itemization as of October first of each year.” The IRS rate, on October 1, 2013, increased to \$129 and will remain the same in Federal Fiscal Year 2015 (as per the U.S. General Services Administration website on 9/8/2014). **The Governor did not recommend this requested increase.**

B. Legislative Organization Dues – increase of \$23,642 as follows:

- a. Council of State Governments (CSG) - \$90,667 (\$157 inc.)
- b. National Conference of State Legislatures (NCSL) - \$121,462 (\$2,585 inc.)
- c. Uniform Laws Commission (ULC) - \$31,500 (\$900 inc.)
- d. Education Commission of the States (ECS) - \$17,700 (no FY16 increase)
- e. Midwestern Higher Education Compact (MHEC) - \$115,000 (\$20,000 inc.)
- f. International Legislators Forum \$10,000 (no FY16 increase)

The Governor did not recommend this requested increase.

C. Insurance prepayment – In FY13, the LRC was able to prepay three years of accidental death and dismemberment insurance premiums for legislators. Coverage is 24 hours per day, seven days a week throughout the year. This insurance was reinstated in May 2013 (FY13) and paid through May 2016. The next payment will be due in May 2016 (FY16) at an estimated cost of \$24,807 and will provide coverage until May 2019. This item was to be removed from the FY17 and FY18 budgets, however, **the Governor did not recommend this requested increase.**

Major Expansions and Reductions, cont.

D. Travel Reimbursement Rate Increase – \$10,446

- a. The City of Pierre began changing an Occupancy Tax of \$2.00/night at most of the lodging establishments in August of 2014.
- b. The State Board of Finance approved an increase to the in-state lodging reimbursement rate effective January 1, 2015 from \$50.00 plus tax per day to \$55.00 plus tax per day from September 1 through June 1, and \$70.00 plus tax per day from June 1 through September 1.
- c. Approximately 80% of the interim meetings are held in Pierre and occur between the dates of June 1 and September 1.

The Governor did not recommend this requested increase.

- E. Fiscal Office Computer Intern – Requested expansion of \$9,697 for an additional computer intern to assist the fiscal office staff with the electronic minutes project, the OneNote fiscal information delivery system, and provide support for other computer and data related projects. **The Governor did not recommend this requested increase.**
- F. Other Fund Expenditure Authority decrease – The Postage Reimbursement Fund authorized in SDCL 2-9-7 and 2-9-7.1 receives revenue from the sale of legislative documents. Sales have greatly reduced due to the availability of documents on-line. Requested reduction of \$29,000 in other fund authority **was approved by the Governor.**

The Legislative Research Council has adjusted, and will continue to adjust, the budget as it relates to the internal organization as per recommendations from an audit done by the National Conference of State Legislatures. In FY14 the Legislature approved \$500k to fund the recommendations. The funding was temporarily added to the operating expense/travel budget and is being distributed to the proper areas as the various recommendations are addressed. The net effect of the redistribution is zero.

AUDITOR GENERAL

The Department of Legislative Audit, headed by the Auditor General, serves the Legislature and the people of the state by providing independent audits and assistance to enhance public accountability by improving the reliability of financial reports and strengthening the operational controls of the state and local governments. In addition to its main office in Pierre, Legislative Audit has field staff in Aberdeen, Huron, Lead, Mitchell, Parker, Rapid City, Sioux Falls, Wallace, and Wentworth; the field staff manager is located in Brookings.

	Actual FY13	Actual FY14	Budgeted FY15	Agency Request FY16	Gov Rec FY16	Gov Rec Inc/Dec for FY16	% Change From FY2015
Personal Services							
Employee Salaries	2,011,198	2,068,315	2,442,472	2,511,682	2,465,852	23,380	1.0%
Employee Benefits	528,165	592,277	607,754	666,927	666,814	59,060	9.7%
FTE	32.4	33.5	39.0	39.0	39.0	0.0	0.0%
Funding Types							
General	2,539,363	2,660,592	3,050,226	3,178,609	3,132,666	82,440	2.7%
Federal	0	0	0	0	0	0	0.0%
Other	0	0	0	0	0	0	0.0%
Total PS	2,539,363	2,660,592	3,050,226	3,178,609	3,132,666	82,440	2.7%
Operating Expenses							
Travel	106,590	111,307	135,943	135,943	135,943	0	0.0%
Contractual Services	156,526	270,108	163,595	247,995	167,995	4,400	2.7%
Supplies & Materials	38,792	22,015	27,000	22,500	22,500	(4,500)	(16.7%)
Capital Outlay	8,173	27,177	1,642	1,642	1,642	0	0.0%
Funding Types							
General	310,081	430,607	328,180	408,080	328,080	(100)	(0.0%)
Federal	0	0	0	0	0	0	0.0%
Other	0	0	0	0	0	0	0.0%
Total OE	310,081	430,607	328,180	408,080	328,080	(100)	(0.0%)
Totals							
Funding Types							
General	2,849,444	3,091,199	3,378,406	3,586,689	3,460,746	82,340	2.4%
Federal	0	0	0	0	0	0	0.0%
Other	0	0	0	0	0	0	0.0%
Total	2,849,444	3,091,199	3,378,406	3,586,689	3,460,746	82,340	2.4%

Department Object Detail – Legislative Audit

Item	Actual FY2012	Actual FY2013	Actual FY2014	Budgeted FY2015	Governor Rec FY2016	Inc/Dec Over FY2015	% Change Over FY2015
PERSONAL SERVICES							
General	2,493,753	2,539,363	2,660,592	3,050,226	3,132,666	82,440	2.7%
Federal	0	0	0	0	0	0	0.0%
Other Funds	0	0	0	0	0	0	0.0%
Total Personal Services	2,493,753	2,539,363	2,660,592	3,050,226	3,132,666	82,440	2.7%
FTE						0.0	0.0
TRAVEL							
General	113,822	106,590	111,307	135,943	135,943	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other Funds	0	0	0	0	0	0	0.0%
Total Travel	113,822	106,590	111,307	135,943	135,943	0	0.0%
CONTRACTUAL SERVICES							
General	155,523	156,526	270,108	163,595	167,995	4,400	2.7%
Federal	0	0	0	0	0	0	0.0%
Other Funds	0	0	0	0	0	0	0.0%
Total Contractual Services	155,523	156,526	270,108	163,595	167,995	4,400	2.7%
SUPPLIES AND MATERIALS							
General	18,136	38,792	22,015	27,000	22,500	(4,500)	(16.7%)
Federal	0	0	0	0	0	0	0.0%
Other Funds	0	0	0	0	0	0	0.0%
Total Supplies and Materials	18,136	38,792	22,015	27,000	22,500	(4,500)	(16.7%)
CAPITAL OUTLAY							
General	6,213	8,173	27,177	1,642	1,642	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other Funds	0	0	0	0	0	0	0.0%
Total Capital Outlay	6,213	8,173	27,177	1,642	1,642	0	0.0%
TOTAL							
General	2,787,447	2,849,444	3,091,199	3,378,406	3,460,746	82,340	2.4%
Federal	0	0	0	0	0	0	0.0%
Other Funds	0	0	0	0	0	0	0.0%
Total All Funds	2,787,447	2,849,444	3,091,199	3,378,406	3,460,746	82,340	2.4%

Major Expansions and Reductions Legislative Audit

Legisliative Audit	Governor's Recommendation				
	General Funds	Federal Funds	Other Funds	TOTALS	FTE
<u>Agency Request</u>					
A. E-Board Approved Compensation Program	83,383			83,383	
B. One-time Retirement Severance Pay	45,000			45,000	
C. New Computer Programs	80,000			80,000	
D. Other Adjustments	(100)			(100)	
Legislative Audit Request Total	208,283	-	-	208,283	0.0
<u>Governor Recommended</u>					
A. E-Board Approved Compensation Program	82,440			82,440	
D. Other Adjustments	(100)			(100)	
				-	
Governor Recommended Total	82,340	-	-	82,340	0.0

- A. Funds were recommended by the Executive Board of the Legislative Research Council for the different components of the Legislative Audit compensation program. The program components include movement to midpoint, promotions, and certification pay. The **Governor recommended \$82,440** of the requested \$83,383 for the DLA compensation package.
- B. The Executive Board of the Legislative Research Council also approved the request for \$45,000 to fund the costs associated with the retirement of two employees. **The Governor did not recommend this request.**
- C. Funds were requested to update and modernize the DLA website (\$15,000) and to create electronic annual report forms to be completed by city and county officials (\$65,000). **The Governor did not recommend this request.**
- D. Other minor adjustments in travel, contractual services, and supplies net to a negative \$100, which were all recommended by the Governor.

Governor's Recommended State Employee Compensation Plan – LRC and DLA

For FY16, the Governor recommended the 1) state employee compensation plan, 2) bureau billings, and 3) captive insurance be placed in a pool in BFM to be distributed to each agency. *Therefore, individual agency personal services and contractual services budgets do not reflect budget increases for the compensation plan, bureau billings, or captive insurance.*

- Below are the estimated distributions for employee compensation for FY16. BFM will distribute dollars from the Pool after employees are placed in the new General Pay Structure and career band pay-for-performance scores and percentages are calculated. The distributed amount to the agency will be in addition to the agency's appropriated personal services budget.

Est. FY16 Expenditures	General Funds	Federal Funds	Other Funds	Total Funds
Market Adjustments	105,252	0	0	105,252
Movement Toward Market Value	0	0	0	-
<i>Total Comp Pkg</i>	105,252	-	-	105,252

- Recommended FY16 – 2% market adjustment for all permanent employees (except Career Bands); 0%-6.6% market adjustments for Career Bands; 2.5% movement toward market value for General Pay Structure and PACE; 0% to 4.5% pay for performance for Career Bands; 0% health insurance.
- FY15 – 3% across-the-board/market adjustment for all permanent employees (including Career Bands); 3% adjustment toward job worth for PACE; 0%-4.5% pay for performance for Career Bands; targeted compensation adjustments for a small number of hard-to-fill, below market vocational jobs; 18.6% health insurance.
- FY14 – 3% across-the-board for all permanent employees (except Career Bands); 3.5% to 4% market adjustment for Career Bands; 3.5% adjustment toward job worth for PACE; 0%-4.5% pay for performance for Career Bands; 14.7% health insurance.
- FY13 – 3% across-the-board for all permanent employees (including Career Bands); 2.5% adjustment toward job worth for PACE; 0%-7% adjustment toward market value for Career Bands; 3.3% health insurance.

- Below are the estimated bureau billing distributions for FY16. The amount distributed to the agency will be in addition to the agency's appropriated contractual services budget.

Est. FY16 Expenditures	General Funds	Federal Funds	Other Funds	Total Funds
Bureau Billings for Expansion	33,709	0	0	33,709
Bureau Billings for Comp Pkg	10,832	0	0	10,832
<i>Total</i>	44,541	-	-	44,541

- The estimated distribution to each agency for Captive Insurance was not available at the time of this writing.