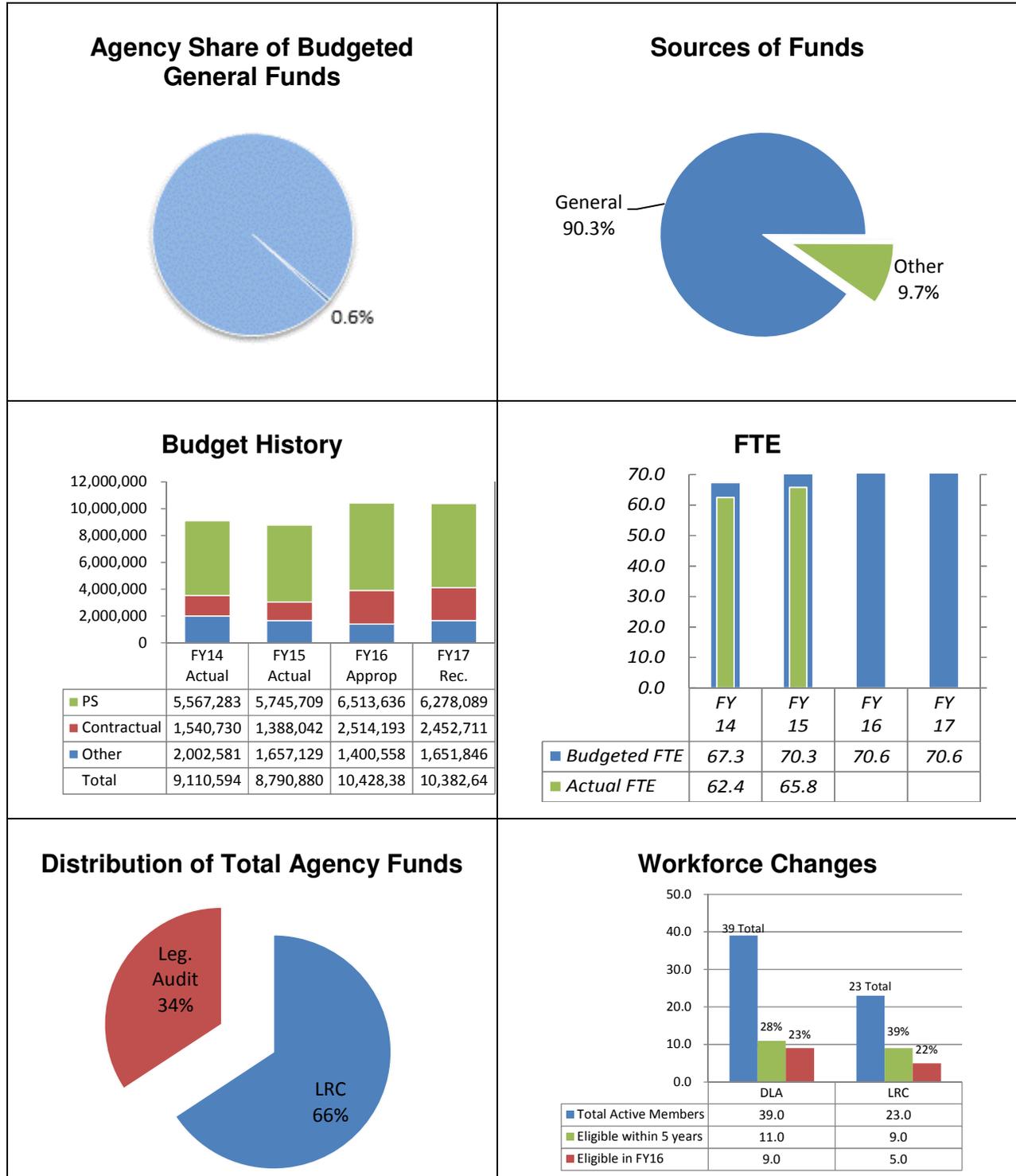


FY17 Budget Briefing

The Legislative Branch

Information contained in this document is based on the Governor's original recommended FY17 budget.
This document may not correspond with the final FY17 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 FY2014	Actual FY2015	Budgeted FY2016	Agency Request FY2017	Gov Rec FY2017	Gov Rec Inc/Dec FY2017	% Change From FY2016
Personal Services							
Employee Salaries	4,516,986	4,679,708	5,310,173	5,277,573	5,094,073	(216,100)	(4.1%)
Employee Benefits	1,050,297	1,066,001	1,203,463	1,185,789	1,184,016	(19,447)	(1.6%)
FTE	62.4	65.8	70.6	70.6	70.6	0.0	0.0%
Funding Types							
General	5,567,283	5,745,709	6,513,636	6,463,362	6,278,089	(235,547)	(3.6%)
Federal	0	0	0	0	0	0	0.0%
Other	0	0	0	0	0	0	0.0%
Total PS	5,567,283	5,745,709	6,513,636	6,463,362	6,278,089	(235,547)	(3.6%)
Operating Expenses							
Travel	987,175	1,042,562	1,220,580	1,334,849	1,334,849	114,269	9.4%
Contractual Services	1,540,730	1,388,042	2,514,193	2,452,711	2,452,711	(61,482)	(2.4%)
Supplies & Materials	122,989	155,004	154,336	154,336	154,336	0	0.0%
Capital Outlay	892,417	459,562	25,642	162,661	162,661	137,019	534.4%
Funding Types							
General	3,539,365	3,011,662	2,908,751	3,098,557	3,098,557	189,806	6.5%
Federal	0	0	0	0	0	0	0.0%
Other	3,946	33,509	1,006,000	1,006,000	1,006,000	0	0.0%
Total OE	3,543,311	3,045,171	3,914,751	4,104,557	4,104,557	189,806	4.8%
Totals							
Funding Types							
General	9,106,648	8,757,371	9,422,387	9,561,919	9,376,646	(45,741)	(0.5%)
Federal	0	0	0	0	0	0	0.0%
Other	3,946	33,509	1,006,000	1,006,000	1,006,000	0	0.0%
Total	9,110,594	8,790,880	10,428,387	10,567,919	10,382,646	(45,741)	(0.4%)

Major Expansions and Reductions

Total Legislative Branch	Governor's Recommendation				
	General Funds	Federal Funds	Other Funds	TOTALS	FTE
Legislative Research Council	(83,938)	-	-	(83,938)	0.0
Legislative Audit	38,197	-	-	38,197	0.0
TOTALS	(45,741)	-	-	(45,741)	0.0

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

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.

	<u>Actual</u> <u>FY2014</u>	<u>Actual</u> <u>FY2015</u>	<u>Budgeted</u> <u>FY2016</u>	<u>Agency</u> <u>Request</u> <u>FY2017</u>	<u>Gov Rec</u> <u>FY2017</u>	<u>Gov Rec</u> <u>Inc/Dec</u> <u>FY2017</u>	<u>% Change</u> <u>From</u> <u>FY2016</u>
Personal Services							
Employee Salaries	2,448,671	2,352,480	2,795,004	2,744,053	2,560,553	(234,451)	(8.4%)
Employee Benefits	458,020	444,734	531,412	508,021	508,021	(23,391)	(4.4%)
FTE	28.9	29.7	31.6	31.6	31.6	0.0	0.0%
Funding Types							
General	2,906,691	2,797,214	3,326,416	3,252,074	3,068,574	(257,842)	(7.8%)
Federal	0	0	0	0	0	0	0.0%
Other	0	0	0	0	0	0	0.0%
Total PS	2,906,691	2,797,214	3,326,416	3,252,074	3,068,574	(257,842)	(7.8%)
Operating Expenses							
Travel	875,868	935,843	1,084,637	1,195,906	1,195,906	111,269	10.3%
Contractual Services	1,270,622	1,217,953	2,340,844	2,266,460	2,266,460	(74,384)	(3.2%)
Supplies & Materials	100,973	128,508	131,836	131,836	131,836	0	0.0%
Capital Outlay	865,241	397,856	24,000	161,019	161,019	137,019	570.9%
Funding Types							
General	3,108,758	2,646,652	2,575,317	2,749,221	2,749,221	173,904	6.8%
Federal	0	0	0	0	0	0	0.0%
Other	3,946	33,509	1,006,000	1,006,000	1,006,000	0	0.0%
Total OE	3,112,704	2,680,161	3,581,317	3,755,221	3,755,221	173,904	4.9%
Totals							
Funding Types							
General	6,015,449	5,443,867	5,901,733	6,001,295	5,817,795	(83,938)	(1.4%)
Federal	0	0	0	0	0	0	0.0%
Other	3,946	33,509	1,006,000	1,006,000	1,006,000	0	0.0%
Total	6,019,395	5,477,375	6,907,733	7,007,295	6,823,795	(83,938)	(1.2%)

Department Object Detail – Legislative Research Council

Item	Actual FY2013	Actual FY2014	Actual FY2015	Budgeted FY2016	Governor Rec FY2017	Inc/Dec Over FY2016	% Change Over FY2016
PERSONAL SERVICES							
General	2,676,945	2,906,691	2,797,214	3,326,416	3,068,574	(257,842)	(7.8%)
Federal	0	0	0	0	0	0	0.0%
Other Funds	0	0	0	0	0	0	0.0%
Total Personal Services	2,676,945	2,906,691	2,797,214	3,326,416	3,068,574	(257,842)	(7.8%)
FTE	28.9	28.9	29.7	31.6	31.6	0.0	0.0
TRAVEL							
General	751,819	875,868	935,843	1,084,637	1,195,906	111,269	10.3%
Federal	0	0	0	0	0	0	0.0%
Other Funds	0	0	0	0	0	0	0.0%
Total Travel	751,819	875,868	935,843	1,084,637	1,195,906	111,269	10.3%
CONTRACTUAL SERVICES							
General	1,260,468	1,269,324	1,214,444	1,340,844	1,266,460	(74,384)	(5.5%)
Federal	0	0	0	0	0	0	0.0%
Other Funds	36,749	1,298	3,509	1,000,000	1,000,000	0	0.0%
Total Contractual Services	1,297,217	1,270,622	1,217,953	2,340,844	2,266,460	(74,384)	(3.2%)
SUPPLIES AND MATERIALS							
General	160,887	98,325	128,508	125,836	125,836	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other Funds	3,543	2,648	0	6,000	6,000	0	0.0%
Total Supplies and Materials	164,430	100,973	128,508	131,836	131,836	0	0.0%
CAPITAL OUTLAY							
General	58,150	865,241	367,857	24,000	161,019	137,019	570.9%
Federal	0	0	0	0	0	0	0.0%
Other Funds	186,884	0	29,999	0	0	0	0.0%
Total Capital Outlay	245,034	865,241	397,856	24,000	161,019	137,019	570.9%
TOTAL							
General	4,908,269	6,015,449	5,443,866	5,901,733	5,817,795	(83,938)	(1.4%)
Federal	0	0	0	0	0	0	0.0%
Other Funds	227,176	3,946	33,508	1,006,000	1,006,000	0	0.0%
Total All Funds	5,135,445	6,019,395	5,477,374	6,907,733	6,823,795	(83,938)	(1.2%)

Major Expansions and Reductions – Legislative Research Council

FY17 Major Items Requested - LRC		General Funds	Federal Funds	Other Funds	TOTALS	FTE
A.	Legislative Per Diem/Salary Increase from \$123 to \$140 - SDCL 2-4-2 sets the amount of legislator per diem to the federal GSA per diem amount. The current budget includes funding for \$123/ day, even though the per diem paid was increased last year to \$129. On Oct. 1, 2015, the rate will increase again to \$140.	86,498			86,498	
B.	Board of Finance Approved Travel Increase - Effective July 1, 2015, the SD Board of Finance approved an increase in the travel rates as follows: Mileage - .37/mile increased to .42/mile; Meals - \$26/day increased to \$32/day; Lodging - \$50/day increased to \$55/day in off-season and \$70/day during tourist season.	44,423			44,423	
C.	National Legislative Organization Dues Decrease - Organization dues increased the last two years by \$11,062. Discontinue membership in MHEC on June 30, 2015 (\$95,000).	(83,938)			(83,938)	
D.	Non-Legislative Committee Salaries - The LRC budget pays the interim salary for those legislators serving on committees, task forces, and workgroups created by other entities. This expense is not included in the base budget and is requested in the FY17 budget.	37,527			37,527	
E.	Salaries for Two Additional Session Employees - The legislature approved an increase of .3 FTE which has been added to an existing vacant .2 FTE to create two session positions that will work for the Speaker and the President Pro Tem. This request funds the salary and benefits for the .5 FTE.	10,052			10,052	
F.	Historical Law Book Restoration - Funding to continue the restoration of antique law books.	5,000			5,000	
Legislative Research Council Request Total		99,562	-	-	99,562	0.0
<u>Governor Recommended</u>						
1. LRC Requested Items		99,562			99,562	
2. Personal Services Adjustment		(183,500)			(183,500)	
Governor Recommended Total		(83,938)	-	-	(83,938)	0.0

A. Per Diem/Salary Increase – The current budget (FY16) 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 ear.” The IRS rate, on

Major Expansions and Reductions, cont.

*October 1, 2013, increased to \$129 and increased again to \$140 for Federal Fiscal Year 2016. **The Governor recommended this requested increase.***

B. Board of Finance approved travel increase – The State Board of Finance approved an increase to the in-state lodging reimbursement rate effective January 1, 2015 from the rate of \$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. Approximately 80% of the interim meetings are held in Pierre and occur between the dates of June 1 and September 1. **The Governor recommended this requested increase.**

C. Legislative Organization Dues – increase of \$11,062 and decrease of \$95,000 as follows:

- a. Council of State Governments (CSG) - \$94,294 (\$3,784 inc.)
- b. National Conference of State Legislatures (NCSL) - \$123,755 (\$4,878 inc.)
- c. Uniform Laws Commission (ULC) - \$33,000 (\$2,400 inc.)
- d. Education Commission of the States (ECS) - \$17,700 (no FY17 increase)
- e. Midwestern Higher Education Compact (MHEC) - \$115,000 FY17 (Budgeted at FY15 level of \$95,000 decrease)
- f. International Legislators Forum \$10,000 (no FY17 increase)

The Governor recommended the changes in organizational dues for a net change of -83,938.

D. Non-Legislative committee expenses – The LRC budget pays the interim salary for legislators serving on the estimated 22 committees, task forces, and workgroups created by other entities. This expense is not included in the base budget and was requested in the FY17 budget. **The Governor recommended the \$37,527 requested.**

E. Two additional session staff members – Additional money was requested to fund two part-time positions that would work for the Speaker and the President Pro Tem during session. **The Governor recommended the requested amount of \$10,052.**

F. Historical Law Book Restoration – The Legislative Research Council is the curator of several pre-statehood and early-statehood legislative books. The books are still used for research and require restoration to maintain their usefulness. The agency requested ongoing funding of \$5,000 to restore a portion of the library each year. **The Governor recommended this funding.**

1. The Governor recommended all items requested by LRC.

2. The Governor also recommended a DECREASE in Personal Services in the amount of \$183,500.

Total Governor's Recommended Change for the Legislative Research Council is a DECREASE of \$83,938.

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.

	<u>Actual FY2014</u>	<u>Actual FY2015</u>	<u>Budgeted FY2016</u>	<u>Agency Request FY2017</u>	<u>Gov Rec FY2017</u>	<u>Gov Rec Inc/Dec FY2017</u>	<u>% Change From FY2016</u>
Personal Services							
Employee Salaries	2,068,315	2,327,228	2,515,169	2,533,520	2,533,520	18,351	0.7%
Employee Benefits	592,277	621,267	672,051	677,768	675,995	3,944	0.6%
FTE	33.5	36.2	39.0	39.0	39.0	0.0	0.0%
Funding Types							
General	2,660,592	2,948,495	3,187,220	3,211,288	3,209,515	22,295	0.7%
Federal	0	0	0	0	0	0	0.0%
Other	0	0	0	0	0	0	0.0%
Total PS	2,660,592	2,948,495	3,187,220	3,211,288	3,209,515	22,295	0.7%
Operating Expenses							
Travel	111,307	106,719	135,943	138,943	138,943	3,000	2.2%
Contractual Services	270,108	170,089	173,349	186,251	186,251	12,902	7.4%
Supplies & Materials	22,015	26,496	22,500	22,500	22,500	0	0.0%
Capital Outlay	27,177	61,706	1,642	1,642	1,642	0	0.0%
Funding Types							
General	430,607	365,010	333,434	349,336	349,336	15,902	4.8%
Federal	0	0	0	0	0	0	0.0%
Other	0	0	0	0	0	0	0.0%
Total OE	430,607	365,010	333,434	349,336	349,336	15,902	4.8%
Totals							
Funding Types							
General	3,091,199	3,313,505	3,520,654	3,560,624	3,558,851	38,197	1.1%
Federal	0	0	0	0	0	0	0.0%
Other	0	0	0	0	0	0	0.0%
Total	3,091,199	3,313,505	3,520,654	3,560,624	3,558,851	38,197	1.1%

Department Object Detail – Legislative Audit

Item	Actual FY2013	Actual FY2014	Actual FY2015	Budgeted FY2016	Governor Rec FY2017	Inc/Dec Over FY2016	% Change Over FY2016
PERSONAL SERVICES							
General	2,539,363	2,660,592	2,948,495	3,187,220	3,209,515	22,295	0.7%
Federal	0	0	0	0	0	0	0.0%
Other Funds	0	0	0	0	0	0	0.0%
Total Personal Services	2,539,363	2,660,592	2,948,495	3,187,220	3,209,515	22,295	0.7%
FTE	32.4	33.5	36.2	39.0	39.0	0.0	0.0
TRAVEL							
General	106,590	111,307	106,719	135,943	138,943	3,000	2.2%
Federal	0	0	0	0	0	0	0.0%
Other Funds	0	0	0	0	0	0	0.0%
Total Travel	106,590	111,307	106,719	135,943	138,943	3,000	2.2%
CONTRACTUAL SERVICES							
General	156,526	270,108	170,089	173,349	186,251	12,902	7.4%
Federal	0	0	0	0	0	0	0.0%
Other Funds	0	0	0	0	0	0	0.0%
Total Contractual Services	156,526	270,108	170,089	173,349	186,251	12,902	7.4%
SUPPLIES AND MATERIALS							
General	38,792	22,015	26,496	22,500	22,500	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other Funds	0	0	0	0	0	0	0.0%
Total Supplies and Materials	38,792	22,015	26,496	22,500	22,500	0	0.0%
CAPITAL OUTLAY							
General	8,173	27,177	61,706	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	8,173	27,177	61,706	1,642	1,642	0	0.0%
TOTAL							
General	2,849,444	3,091,199	3,313,505	3,520,654	3,558,851	38,197	1.1%
Federal	0	0	0	0	0	0	0.0%
Other Funds	0	0	0	0	0	0	0.0%
Total All Funds	2,849,444	3,091,199	3,313,505	3,520,654	3,558,851	38,197	1.1%

Major Expansions and Reductions Legislative Audit

Legislative Audit	General Funds	Federal Funds	Other Funds	TOTALS	FTE
<u>Agency Request</u>					
A. E-Board Approved Compensation Program	24,068			24,068	
B. Travel	3,000			3,000	
C. Computer Services	12,902			12,902	
Legislative Audit Request Total	39,970	-	-	39,970	0.0
<u>Governor Recommended</u>					
A. E-Board Approved Compensation Program	22,295			22,295	
B. Travel	3,000			3,000	
C. Computer Services	12,902			12,902	
Governor Recommended Total	38,197	-	-	38,197	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 \$22,295** for the DLA compensation package.
- B.** Travel increase reflects in-state lodging and mileage increases. **The Governor recommended the \$3,000 increase.**
- C.** Increase for **Computer Services** is based on the cost of \$15,402 for the electronic workpaper software maintenance for the system that was implemented in FY15. DLA is also requesting a decrease of \$2,500 in B.I.T. payments based on historical actuals. **The Governor recommended the increase of \$12,902.**

Governor's Proposed Pools for Salary Policy and Bureau Billings – LRC and DLA

For FY17, the Governor recommended the funding for the state employee compensation plan and bureau billings 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 the decrease for health insurance.

- Below are the estimated distributions for employee compensation for FY17. BFM will distribute dollars from the Pool after calculating the increase for salary policy and the decrease for employee health insurance. The distributed amount to the agency will be in addition to the agency's appropriated personal services budget.

LRC FY17 Salary Policy Component	Object	General	Federal	Other	Total
Health Insurance	PS	(\$6,050)	\$0	\$0	(\$6,050)
Market Adjustment	PS	\$59,298	\$0	\$0	\$59,298
Movement Towards Market Value	PS	\$0	\$0	\$0	\$0
Health Insurance	OE	(\$1,241)	\$0	\$0	(\$1,241)
Market Adjustment	OE	\$3,967	\$0	\$0	\$3,967
Movement Towards Market Value	OE	\$3,060	\$0	\$0	\$3,060
Legislative Research Council Total		\$59,034	\$0	\$0	\$59,034

DLA FY17 Salary Policy Component	Object	General	Federal	Other	Total
Health Insurance	PS	(\$9,900)			(\$9,900)
Market Adjustment	PS	\$77,818	\$0	\$0	\$77,818
Movement Towards Market Value	PS	\$0	\$0	\$0	\$0
Health Insurance	OE	\$0	\$0	\$0	\$0
Market Adjustment	OE	\$0	\$0	\$0	\$0
Movement Towards Market Value	OE	\$0	\$0	\$0	\$0
Legislative Audit Total		\$67,918	\$0	\$0	\$67,918

- Recommended FY17 - 2.7% market adjustment for all permanent employees (except Career Bands); 0%-2.7% 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; decrease of \$275 per benefitted employee for the employer-paid portion of the health insurance plan.
 - 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.
- Below are the estimated increases to the bureau billings for FY17. The amount distributed from the BFM pool to the agency will be in addition to the agency's appropriated contractual services budget.

Estimated FY17	General	Federal	Other	Total
Bureau Billing Adjustments	2,374	-	-	2,374

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

Company and Fund Name	Blue Book Page	Investment Balance June 30					60-Month Average Cash Balance	Lowest Monthly Cash Balance in Past Five Years	
		FY2011	FY2012	FY2013	FY2014	FY2015		Amount	Month
Company 6501 - Postage Administration	284	0	0	0	0	0	1,153	0	July 2010
Company 9047 - Legislative Contingency Fund	285					1,000,000	16,667 #	1,000,000	June 2015

#Average cash balance and lowest cash balance are actually less than five years due to age of fund.

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 FY15.

Bureau Name	General	Federal	Other	Total
Bureau of Finance and Management	315	-	-	315
Bureau of Administration	481,756	-	-	481,756
Bureau of Information and Telecommunication	291,014	-	-	291,014
Bureau of Human Resources	65	-	-	65
Total FY15 Interagency Payments	773,150	-	-	773,150