

KEISHA PATENT: OK, I'll go ahead and start. I'm Keisha Patent, Legislative Fiscal Analyst, and I'm bringing this to the board because there has been some interest from some of the senators and, and division directors and staff to maybe address the Legislature's budget in the mid-biennium. The Legislature didn't submit any mid-bienium adjustments, but this is basically a proposal that would look at the Executive Board potentially requesting this to adjust the budget during this mid-biennium year for the current biennium that we're in. So how our budget was approved and is enacted for this biennium is that our new appropriation of general funds was held fairly flat. Over the two years, it was about a negative 0.4 percent difference over fiscal year 25. And instead, there was general funds that were unexpended in previous years that were carried forward into this biennium that the, the Legislature authorized yourselves to use to pay for the growth in, in expenditures related to-- mostly related to personnel. So part of the reason why we have had slightly larger-than-average perhaps increases in expenditures last year and, and planning to, to carry that forward this year is because, as the Executive Board is probably aware, there have been some changes to the Legislature's pay and classification plan that had been approved. There were some previous pay increases in the, in the past biennium that were funded partly by new appropriation, but also partly by carryover funds. So this has kind of led to increased costs for staffing. So what this proposal looks at is, I'll try and go through it as simply as possible. So our budget for this biennium, in that first column, the enacted new appropriation, we have about \$27.5 million per year of new general funds for the agency to expend. Our estimated expenditures are projected in the second column, about \$29.9 million for this year and about \$32.3 million for next year. And that is in part due, of course, to these staffing changes and, and other costs, the raises, the 3.25 percent raises for staff across the board this year and next year. Those sorts of items. Now, because, as I said, we have carryover funds from previous years that we can use, that total amount of funds is \$9.5 million. That is in the far right-hand column. Those are treated as one-time funds, though. So once we use them, they, they are not replenished going forward. So if we do-- if the Legislature does nothing, we would be projected to use about \$7 million of that \$9.5 million these two years. And we would be looking at a very significant, very significant, I think in, in a lot of people's perceptions, budget growth in the next biennium. Because

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we will have utilized these carryover funds for a lot of our ongoing expenses, like staffing costs, we will, the Legislature as a whole, would be looking at about a 20% budget increase in the next biennium to continue paying for the staff and the, the costs of the agency. So what this proposal looks at, this idea for your consideration, is to replace some that carryover funding with adding new appropriation to the legislative budget so that we would increase our base going forward. We would be looking at a much smaller increase in the next biennium, but it would be, because we have carryover funds available, you could give those back to the general fund and it would very close to general-fund-neutral for this biennium. So this has basically two components. The \$9.5 million that we carried over from previous years, we would lapse back almost all of that to the general fund and instead replace it with new appropriation in the amounts shown here in that "new appropriation needed" column. This does have-- there is about a \$350 million--\$350 million-- \$350,000 difference between those two numbers, which can be adjusted by the Appropriations Committee to look at either lapsing that small amount from also Program 122 or reducing the new appropriation for program 122 by that amount so that it would be completely neutral to the general fund. So that is a possibility. But what this does is we would have about 7 percent budget growth this biennium and it would-- we would have an increased base of new appropriation going into the next biennium, where we would be looking at you know, maybe a 3 percent budget growth then. If, if the request is not made and these changes aren't made, there would be no change right now and, like I said, about a 20 percent jump in fiscal year '28. So that's how this works. I'm very happy to answer any questions if that's not clear, if something, something isn't-- I didn't explain it right.

HANSEN: Senator Clements.

CLEMENTS: Thank you Mr. Chairman. You said that we would use almost all the carryover funds, but I think you need-- you mean excluding line 122, the \$2.8 million. Because the 9.5-- if you don't lapse the \$2.8 million you have \$6,653,000--

KEISHA PATENT: Yes.

CLEMENTS: --of carryover to use, and you're showing \$6,651,00.

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KEISHA PATENT: Do they not match? Yeah, so what-- so what I'm--

CLEMENTS: I did it by pencil here.

KEISHA PATENT: Yeah, so what I'm showing is, so we have \$9.5 million available that we carried over from, from the last fiscal year that ended in June. So this would lapse the \$6.6 million that would be almost enough to cover the \$7 million of new--

CLEMENTS: Right.

KEISHA PATENT: --appropriation that's needed. It would retain the \$2.8 million of carryover funds in Program 122 to provide the Legislature some flexibility, if there are unexpected expenses. I know there have been a lot of things talked about, like security and contracts and, and those sorts of things. So, so this would leave the \$2.8 million carryover in Program 122, but it would lapse the rest of it and replace that with new appropriation.

CLEMENTS: I've been expecting to carry over the \$2 million-type number, and I think this is a good plan. It's workable. So I would recommend accepting this.

HANSEN: OK. Just not-- we're not taking any votes or anything. I think we're just--

ARCH: I think when we--

HANSEN: Go ahead, Speaker Arch.

ARCH: I think when we first talked about this internally, is this-- it, it really is the optics, and it's for those of you that will be here, trying to explain a 22% increase. It really isn't. I mean, it's-- we have-- we did our salaries, we adjusted those. It's, it's already in place. It's not like next year suddenly you're going to spend 22% more. It's in the pipeline. And so this is-- this helps, I think, helps with just explaining to the public if people are asking, why'd you spend 20% more in the Legislature in one year? Well, we really didn't so.

CLEMENTS: Yeah, and--

HANSEN: Yeah, Senator.

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CLEMENTS: Thank you. The rate-- the pay increases are recent enough that raising our base at this time is easier to explain than another year later when this isn't in people's minds. So I think this is an, it's an appropriate thing to carry over a little over \$2 million with some items that we may have for expenses. And we, we don't really need the \$9.5 million. And the good news is we can find, find \$350,000. I was worried that you were gonna--

KEISHA PATENT: Usually.

CLEMENTS: --ask for \$7 million. Thank you.

HANSEN: And so I, I believe the process would be then tomorrow we would take a vote on this.

KEISHA PATENT: Yeah, I guess normally how this works with appropriations, if, if the agency would like to make this an official request to adjust the budget, it would be good if the Executive Board voted on it to request this-- these changes, basically, to the budget.

HANSEN: And then we'd have to bring an A bill?

KEISHA PATENT: No, it would be, it would be treated as an agency request.

HANSEN: Oh, OK.

KEISHA PATENT: And it-- we would bring it in front of the Appropriations Committee for them to look at.

HANSEN: OK. All right, any other questions while she's here?

KEISHA PATENT: Any other questions?

HANSEN: All right, thank you. Appreciate it. And that--

FREDRICKSON: So this will go to-- we have to-- we vote on something tomorrow? OK, got it.

HANSEN: Yeah, we have to approve all this, yeah. If we would do it. And just to touch briefly on the security issue, we're working with the Clerk's Office right now to get something draft--