

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1004 - Funding Summary

| | Base Budget | Final Legislative Action | Comparison to Base Budget |
|------------------------------------|--------------------|---------------------------------|----------------------------------|
| State Auditor | | | |
| Salaries and wages | \$12,668,218 | \$13,123,559 | \$455,341 |
| Operating expenses | 1,161,820 | 1,371,703 | 209,883 |
| Information technology consultants | 450,000 | 450,000 | |
| | <hr/> | <hr/> | <hr/> |
| Total all funds | \$14,280,038 | \$14,945,262 | \$665,224 |
| Less estimated income | 4,173,178 | 5,826,152 | 1,652,974 |
| General fund | <hr/> \$10,106,860 | <hr/> \$9,119,110 | <hr/> (\$987,750) |
| FTE | 58.00 | 61.00 | 3.00 |
| Bill total | | | |
| Total all funds | \$14,280,038 | \$14,945,262 | \$665,224 |
| Less estimated income | 4,173,178 | 5,826,152 | 1,652,974 |
| General fund | <hr/> \$10,106,860 | <hr/> \$9,119,110 | <hr/> (\$987,750) |
| FTE | 58.00 | 61.00 | 3.00 |

House Bill No. 1004 - State Auditor - House Action

| | Base Budget | House Changes | House Version |
|------------------------------------|--------------------|----------------------|----------------------|
| Salaries and wages | \$12,668,218 | (\$787,730) | \$11,880,488 |
| Operating expenses | 1,161,820 | 100,727 | 1,262,547 |
| Information technology consultants | 450,000 | | 450,000 |
| | <hr/> | <hr/> | <hr/> |
| Total all funds | \$14,280,038 | (\$687,003) | \$13,593,035 |
| Less estimated income | 4,173,178 | 494,607 | 4,667,785 |
| General fund | <hr/> \$10,106,860 | <hr/> (\$1,181,610) | <hr/> \$8,925,250 |
| FTE | 58.00 | (4.00) | 54.00 |

Department 117 - State Auditor - Detail of House Changes

| | Adjusts Funding for Base Payroll Changes¹ | Adds Funding for Salary and Benefit Increases² | Removes Higher Education Division Audit Positions³ | Adds Local Government Division Audit Positions⁴ | Removes Auditor IV Positions⁵ | Adjusts Funding for Operating Expenses⁶ |
|------------------------------------|---|--|--|---|---|---|
| Salaries and wages | (\$217,304) | \$272,392 | (\$854,231) | \$351,385 | (\$339,972) | |
| Operating expenses | | | | 20,844 | (20,000) | \$92,723 |
| Information technology consultants | | | | | | |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total all funds | (\$217,304) | \$272,392 | (\$854,231) | \$372,229 | (\$359,972) | \$92,723 |
| Less estimated income | (90,826) | 89,101 | 0 | 372,229 | 0 | 122,700 |
| General fund | <hr/> (\$126,478) | <hr/> \$183,291 | <hr/> (\$854,231) | <hr/> \$0 | <hr/> (\$359,972) | <hr/> (\$29,977) |
| FTE | 0.00 | 0.00 | (4.00) | 2.00 | (2.00) | 0.00 |

| | Adds Funding for Microsoft Office 365 License Expenses⁷ | Total House Changes |
|------------------------------------|---|--------------------------------|
| Salaries and wages | | (\$787,730) |
| Operating expenses | \$7,160 | 100,727 |
| Information technology consultants | | |
| | | |
| Total all funds | \$7,160 | (\$687,003) |
| Less estimated income | 1,403 | 494,607 |
| General fund | \$5,757 | (\$1,181,610) |
| | | |
| FTE | 0.00 | (4.00) |

¹ Funding is adjusted for base payroll changes.

² The following funding is added for 2021-23 biennium salary adjustments of 1.5 percent on July 1, 2021, and July 1, 2022, with a minimum monthly increase of \$100 and a maximum monthly increase of \$250 for both years, and increases in health insurance premiums from \$1,427 to \$1,429 per month:

| | General Fund | Other Funds | Total |
|---------------------------|-------------------------|------------------------|--------------|
| Salary increase | \$181,401 | \$88,169 | \$269,570 |
| Health insurance increase | <u>1,890</u> | <u>932</u> | <u>2,822</u> |
| Total | \$183,291 | \$89,101 | \$272,392 |

³ Four FTE Higher Education Division audit positions are removed.

⁴ Two FTE Local Government Division audit positions, including salaries and wages and operating expenses, are added.

⁵ Two vacant FTE auditor IV positions and related salaries and wages and operating expenses are removed.

⁶ Funding is adjusted for various operating expenses, including a general fund reduction of \$79,368 related to the elimination of the Higher Education Division.

⁷ Funding is added for Microsoft Office 365 licensing expenses.

This amendment also adds a section to provide the statutory changes necessary to increase the State Auditor's salary from the current salary of \$110,582 to \$112,241 (1.5 percent) in fiscal year 2022 and to \$113,925 (1.5 percent) in fiscal year 2023.

House Bill No. 1004 - State Auditor - Senate Action

| | Base Budget | House Version | Senate Changes | Senate Version |
|------------------------------------|------------------------|--------------------------|---------------------------|---------------------------|
| Salaries and wages | \$12,668,218 | \$11,880,488 | \$1,408,596 | \$13,289,084 |
| Operating expenses | 1,161,820 | 1,262,547 | 119,156 | 1,381,703 |
| Information technology consultants | 450,000 | 450,000 | | 450,000 |
| | | | | |
| Total all funds | \$14,280,038 | \$13,593,035 | \$1,527,752 | \$15,120,787 |
| Less estimated income | 4,173,178 | 4,667,785 | 1,158,367 | 5,826,152 |
| General fund | \$10,106,860 | \$8,925,250 | \$369,385 | \$9,294,635 |
| | | | | |
| FTE | 58.00 | 54.00 | 8.00 | 62.00 |

Department 117 - State Auditor - Detail of Senate Changes

| | Adjusts Funding for Salary Increases ¹ | Adds Local Government Division Audit Positions ² | Restores Auditor IV Positions ³ | Total Senate Changes |
|---------------------------------------|--|--|--|-------------------------|
| Salaries and wages | \$14,469 | \$1,054,155 | \$339,972 | \$1,408,596 |
| Operating expenses | | 99,156 | 20,000 | 119,156 |
| Information technology consultants | | | | |
| Total all funds | \$14,469 | \$1,153,311 | \$359,972 | \$1,527,752 |
| Less estimated income | 5,056 | 1,153,311 | 0 | 1,158,367 |
| General fund | \$9,413 | \$0 | \$359,972 | \$369,385 |
| FTE | 0.00 | 6.00 | 2.00 | 8.00 |

¹ Funding is adjusted to provide salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100, and 2 percent on July 1, 2022. The House provided salary adjustments of 1.5 percent on July 1, 2021, and July 1, 2022, with a minimum monthly increase of \$100 and a maximum monthly increase of \$250.

² Six FTE Local Government Division audit positions, including salaries and wages and operating expenses, are added to provide a total of 8 new Local Government Division audit positions. Funding for operating expenses for each new audit position is increased from \$10,422 as provided by the House to \$15,000.

³ Two vacant FTE auditor IV positions and related salaries and wages and operating expenses removed by the House are restored.

This amendment also:

- Amends Section 3 to provide the statutory changes necessary to increase the State Auditor's salary from the current salary of \$110,582 to \$112,241 (1.5 percent) in fiscal year 2022, and to \$114,486 (2 percent) in fiscal year 2023.
- Adds Section 4 to increase the:
 - Threshold for political subdivisions to provide an annual report in lieu of an audit from \$300,000 of annual receipts to \$750,000 of annual receipts;
 - Hourly fee for the review of political subdivision annual reports from \$80 per hour to \$86 per hour;
 - Hourly fee for the review of political subdivision audit reports and workpapers from \$80 per hour to \$86 per hour;
 - Maximum fee for review of political subdivision audit reports and workpapers from \$500 per review to \$600 per review.
- Adds Section 5 to increase the hourly fee for the review of occupational and professional board annual reports from \$50 per hour to \$86 per hour.

House Bill No. 1004 - State Auditor - Conference Committee Action

| | Base Budget | House Version | Conference Committee Changes | Conference Committee Version | Senate Version | Comparison to Senate |
|---------------------------------------|----------------|------------------|------------------------------------|------------------------------------|-------------------|-------------------------|
| Salaries and wages | \$12,668,218 | \$11,880,488 | \$1,243,071 | \$13,123,559 | \$13,289,084 | (\$165,525) |
| Operating expenses | 1,161,820 | 1,262,547 | 109,156 | 1,371,703 | 1,381,703 | (10,000) |
| Information technology consultants | 450,000 | 450,000 | | 450,000 | 450,000 | |
| Total all funds | \$14,280,038 | \$13,593,035 | \$1,352,227 | \$14,945,262 | \$15,120,787 | (\$175,525) |
| Less estimated income | 4,173,178 | 4,667,785 | 1,158,367 | 5,826,152 | 5,826,152 | 0 |
| General fund | \$10,106,860 | \$8,925,250 | \$193,860 | \$9,119,110 | \$9,294,635 | (\$175,525) |
| FTE | 58.00 | 54.00 | 7.00 | 61.00 | 62.00 | (1.00) |

Department 117 - State Auditor - Detail of Conference Committee Changes

| | Adjusts Funding for Salary Increases ¹ | Adds Local Government Division Audit Positions ² | Restores Auditor IV Position ³ | Total Conference Committee Changes |
|---------------------------------------|--|--|---|---|
| Salaries and wages | \$14,469 | \$1,054,155 | \$174,447 | \$1,243,071 |
| Operating expenses | | 99,156 | 10,000 | 109,156 |
| Information technology consultants | | | | |
| Total all funds | \$14,469 | \$1,153,311 | \$184,447 | \$1,352,227 |
| Less estimated income | 5,056 | 1,153,311 | 0 | 1,158,367 |
| General fund | \$9,413 | \$0 | \$184,447 | \$193,860 |
| FTE | 0.00 | 6.00 | 1.00 | 7.00 |

¹ Funding is adjusted to provide salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100, and 2 percent on July 1, 2022, the same as the Senate version. The House provided salary adjustments of 1.5 percent on July 1, 2021, and July 1, 2022, with a minimum monthly increase of \$100 and a maximum monthly increase of \$250.

² Six FTE Local Government Division audit positions, including salaries and wages and operating expenses, are added to provide a total of 8 new Local Government Division audit positions, the same as the Senate version. Funding for operating expenses for each new audit position is increased from \$10,422 as provided by the House to \$15,000, the same as the Senate version. The House added 2 FTE Local Government Division audit positions, including salaries and wages (\$351,385) and operating expenses (\$20,844).

³ One vacant FTE auditor IV position and related salaries and wages and operating expenses removed by the House is restored. The Senate restored 2 FTE vacant positions removed by the House.

This amendment also:

- Amends Section 3 to provide the statutory changes necessary to increase the State Auditor's salary from the current salary of \$110,582 to \$112,241 (1.5 percent) in fiscal year 2022, and to \$114,486 (2 percent) in fiscal year 2023, the same as the Senate version. The House provided salary adjustments of 1.5 percent on July 1, 2021, and July 1, 2022, with a minimum monthly increase of \$100 and a maximum monthly increase of \$250.
- Adds Section 4, the same as the Senate version, to increase the:
 - Threshold for political subdivisions to provide an annual report in lieu of an audit from \$300,000 of annual receipts to \$750,000 of annual receipts;
 - Hourly fee for the review of political subdivision annual reports from \$80 per hour to \$86 per hour;
 - Hourly fee for the review of political subdivision audit reports and workpapers from \$80 per hour to \$86 per hour;
 - Maximum fee for review of political subdivision audit reports and workpapers from \$500 per review to \$750 per review.
- Removes the population thresholds for political subdivision reports in the amendments in Section 4. This change was not part of the House or Senate version.
- Adds Section 5 to increase the hourly fee for the review of occupational and professional board annual reports from \$50 per hour to \$86 per hour, the same as the Senate version.
- Adds Section 6 to require the State Auditor to contract to conduct prescription drug coverage performance audits of the main Public Employees Retirement System benefit plan.