

Admin.

September 13, 1995

Memorandum 95-55**Budget Issues**

This memorandum reports developments concerning both the Commission's current budget (1995-96) and its projected budget for 1996-97.

1995-96 Fiscal Year

Our budget allotment for 1995-96 is \$417,000. Of this amount, our projected personnel expenditure is \$366,000 (including staff salaries, benefits, and Commissioner compensation). This leaves \$51,000 for operating expenses. Historically, the Commission's operating expenses for normal operations have run in excess \$100,000 annually, the amount varying with printing costs and consultant contracts for the year.

Projected actual expenditures for operations for the current fiscal year are:

Office Space	\$26,000
Administrative Services (Accounting, Personnel)	\$25,000
Travel	\$14,000
Photocopier Supplies and Maintenance	\$8,000
Postage and Shipping	\$3,000
Telecommunications	\$2,000
<u>Miscellaneous</u>	<u>\$2,000</u>
TOTAL	\$80,000

This projected operating budget does not reflect actual expenses, since we have decided to consume all existing supplies without replenishing them in order to function normally this fiscal year. Thus, for postage and shipping, in addition to the projected \$3,000 of shipping expenses, we will consume about \$5,500 of our postage inventory. We will actually consume office supplies amounting to \$5,000, but we will use our supply inventory without replenishing it. Actual printing expenses we project at \$17,000, but we will try to print out of funds encumbered from prior fiscal years without making any new expenditures. We also will make no expenditures for consultant contracts, and will rely on library donations.

This still leaves us with a budget shortfall of \$29,000. A number of Commissioners have waived their compensation for the fiscal year, which will yield savings of about \$4,500. The remainder of the shortfall we hope to make up out of sales of our documents. Income from sales fluctuates from year to year, but is likely to be low this year due to a shortage of high-demand reports. We may be able to just cover the remaining \$24,500 out of sales.

These numbers are based on the budget bill as enacted. However, we have now been informed by the Department of Finance that our budget allotment will be reduced from \$417,000 to \$412,000, pursuant to control language in the Budget Act imposing an unallocated reduction on all general fund allotments. Our share of the general reduction is \$5,000.

We have previously decided that the next step in balancing our budget will have to be a further reduction in staff time base (specifically, a reduction of Bob Murphy's staff counsel position from 3/5 to 1/2 time), but this is a last resort. **I plan to continue to monitor actual expenses and income until the middle of the fiscal year, and will implement the time base reduction only if necessary at that time to balance our budget.**

1996-97 Fiscal Year

Our long-term plan to balance our budget is to obtain a budget increase, and we have previously decided to apply to the Department of Finance for an increase. I have executed the necessary documents for an increase for next fiscal year and have filed them with the Department of Finance in a timely fashion, despite several strongly-worded memos from the Department stating flatly that any budget change proposal that involves an increase in funding will be "rejected without consideration".

Nonetheless, I am optimistic about our proposed increase because I have couched it in terms other than a budget increase, and have not asked for any increase in the number of positions (although ultimately we need an administrative assistant at least half time and an increase in one of our staff counsel positions to full time). Specifically, I have requested that the Commission not be required to budget for anticipated salary savings resulting from staff turnover, and can make a very strong case for this position. The net effect of this accounting change would be to increase the Commission's budget allotment by \$28,000 annually.

If this budget change proposal is rejected, we will need to go outside regular channels. Perhaps Dan Kolkey can give us some help in the Governor's office. **I would appreciate any thoughts Commissioners may have on this.** A failure to obtain the necessary increase will necessitate further substantial reductions in the Commission's staffing, and a consequent substantial decrease in productivity.

Respectfully submitted,

Nathaniel Sterling
Executive Secretary