

**LEGISLATURE**

Items 0110-0130 from the General Fund

Budget p. LJE 1

Requested 1986-87 .....	\$146,010,000
Estimated 1985-86.....	131,606,000
Actual 1984-85 .....	122,118,000
Requested increase \$14,404,000 (+10.9 percent)	
Total recommended reduction .....	None

**1986-87 FUNDING BY ITEM AND SOURCE**

Item—Description	Fund	Amount
0110-001-001—Senate	General	\$56,984,000
0120-011-001—Assembly	General	87,926,000
0130-021-001—Joint Expenses	—	0
Subtotal, Budget Bill Appropriation		\$144,910,000
Continuous Appropriation— Legislators' Retirement System	General	1,100,000
Total		\$146,010,000

**GENERAL PROGRAM STATEMENT**

The California Constitution grants to the Legislature the legislative powers of the state, except for the powers of initiative and referendum which are reserved for the people. Under this authority, the Legislature enacts laws, makes appropriations, and levies taxes.

The Legislature consists of a Senate with 40 members who are elected for four-year terms, and an Assembly with 80 members who are elected for two-year terms. Currently, each Senator represents approximately 600,000 people, while each Assembly member has about 300,000 constituents.

The Legislature meets in two-year sessions starting on the first Monday in December of each even-numbered year. It remains in session, except for recesses, until November 30 of the following even-numbered year. The Governor, by proclamation, may call the Legislature into a special session to enact legislation to deal with extraordinary circumstances specified by the Governor.

The major portion of legislative business is conducted through a system of committees. Each committee is responsible for acting on measures in a specific subject area. Currently, the Assembly has 30 standing committees and the Senate has 22. In addition, various select and special committees hold hearings and conduct research on topics of particular concern to the Legislature.

The Senate, Assembly, and the Joint Committees had 2,087 employees at the end of 1985.

**ANALYSIS AND RECOMMENDATIONS**

The Legislature's budget includes appropriations totaling \$146,010,000 for 1986-87. This amount includes \$1,100,000 for contributions to the Legislators' Retirement System. The proposed appropriations exceed expenditures in the current year by \$14,404,000, or 10.9 percent.

Table 1 shows the sources and uses of funds for legislative expenses,

**LEGISLATURE—Continued**

excluding contributions to the Legislators' Retirement System, in the prior, current, and budget years.

**Table 1**  
**California Legislature**  
**Sources and Uses of Funds<sup>a</sup>**  
**1984-85 through 1986-87**  
**(dollars in thousands)**

<i>Sources of Funds</i>	<i>Actual 1984-85</i>	<i>Est. 1985-86</i>	<i>Prop. 1986-87</i>	<i>Percent Change from 1985-86</i>
General Fund Appropriations .....	\$102,168	\$130,786	\$144,910	10.8%
Contingent Funds Carry-over .....	17,745	—	—	—
Reimbursements .....	315	—	—	—
Reappropriation <sup>b</sup> .....	1,240	—	—	—
Totals, All Funds .....	\$121,468	\$130,786	\$144,910	10.8
<i>Uses of Funds</i>				
Senate .....	\$49,617	\$51,430	\$56,984	10.8
Assembly .....	65,816	79,356	87,926	10.8
Joint Expenses .....	6,035	—	—	—

<sup>a</sup> Amounts do not include contributions to the Legislators' Retirement System.

<sup>b</sup> From Contingent Funds of the Assembly and Senate per Chapter 1757, Statutes of 1984.

### **CONTRIBUTIONS TO LEGISLATORS' RETIREMENT FUND**

The Legislators' Retirement Fund (LRF) provides benefits to legislators, constitutional officers and legislative statutory officers, as well as to their survivors. The fund is administered by the Public Employees' Retirement System (PERS).

The state's contribution to the Legislators' Retirement System (LRS) is set at 18.8 percent of members' salaries. Funds to pay this contribution are continuously appropriated by statute from the General Fund.

The budget proposes a state contribution of \$1,100,000 to the LRF in 1986-87. This is an increase of \$280,000, or 34 percent, over estimated current-year expenditures. This projected growth is due to two factors: (1) salary increases for legislators (to take effect in December 1986) and constitutional officers (to take effect in January 1987) and (2) an anticipated increase in membership from the election of new legislators in 1986. Membership in the LRS is optional.

### **Legislators' Retirement System Funding Status**

The latest actuarial valuation (conducted as of June 30, 1984, and published in April 1985) indicates some short-term improvements in the financial condition of the system since the last valuation four years ago. The "normal cost" (that is, the cost of funding retirement benefits *being earned* in a given year) has declined from 21.3 percent of members' salaries in 1980 to 15.3 percent of salaries in 1984. In addition, the size of the LRS "unfunded liability" (the cost of retirements benefits earned in *prior* years but not funded by assets on hand) has declined from about \$25 million to about \$20 million. These improvements are due primarily to a projected increase in earnings on the system's assets.

The long-term financial condition of the LRS, however, is not as en-

couraging. Although employer contributions (18.8 percent of salaries) are sufficient to cover the system's normal cost (15.3 percent of salaries), it is not large enough to pay off the system's unfunded liability. To amortize this liability over a 40-year period, the state would have to increase its current contribution by 16.2 percent of salaries (about \$947,000 in 1986-87).

If the state maintains the existing 18.8 percent contribution rate, the LRS's assets will begin to decline by 1995, and will be depleted by 2003. At that time, additional funds, in rapidly increasing annual amounts, will be needed to meet the system's annual benefit payments.

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### AUDITOR GENERAL

Item 0155 from the General  
Fund

Budget p. LJE 5

Requested 1986-87 .....	\$8,829,000
Estimated 1985-86.....	8,567,000
Actual 1984-85 .....	5,028,000
Requested increase \$262,000 (+3.1 percent)	
Total recommended reduction .....	None

#### 1986-87 FUNDING BY ITEM AND SOURCE

Item—Description	Fund	Amount
0155-001-001—Support	General	\$8,395,000
Expenditure from Carryover Balance	Auditor General	434,000
Total		\$8,829,000

#### GENERAL PROGRAM STATEMENT

The Auditor General conducts independent audits of the programs and fiscal operations of state government. The financial, performance, and investigative audits and other special studies conducted by the Auditor General provide the executive and legislative branches with objective information for use in establishing fiscal and administrative policy for the state.

Prior to 1984-85, the Auditor General's office was financed from the Contingent Funds of the Assembly and Senate. Chapter 1594, Statutes of 1984, as further modified by Chapter 833, Statutes of 1985, created the Auditor General Fund for the purpose of paying the costs of audits performed by the Auditor General.

The Auditor General had 162 employees at the end of 1985.

#### ANALYSIS AND RECOMMENDATIONS

*We recommend approval.*

The budget proposes an appropriation of \$8,395,000 from the General Fund plus \$434,000 in Auditor General Fund carry-over balances for support of the Auditor General's office in 1986-87. The total amount—\$8,829,000—is \$262,000, or 3.1 percent, more than estimated current-year expenditures. The increase would offset the effects of inflation on the

**AUDITOR GENERAL—Continued**

amount budgeted for operating expenses and equipment.

The amount included in the Governor's Budget is not sufficient to meet the office's total expenditure needs in 1986-87. The Department of Finance's staff indicate that funds are not included for salary increases in 1986-87, and state that a budget amendment letter will be submitted to the Legislature.

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**LEGISLATIVE COUNSEL BUREAU**

Item 0160 from the General  
Fund

Budget p. LJE 6

Requested 1986-87 .....	\$26,819,000
Estimated 1985-86.....	24,205,000
Actual 1984-85 .....	21,847,000
Requested increase \$2,614,000 (+10.8 percent)	
Total recommended reduction .....	None

**1986-87 FUNDING BY ITEM AND SOURCE**

Item—Description	Fund	Amount
0160-001-001—Support	General	\$14,777,000
Reimbursements	—	<u>12,042,000</u>
Total		\$26,819,000

**GENERAL PROGRAM STATEMENT**

The Legislative Counsel Bureau provides legal assistance to the members and committees of the Legislature. The bureau provides legal opinions, drafts bills, provides legal counsel, supplies attorney support for legislative committee hearings, and represents the Legislature in litigation. It also prepares necessary indices and tables to identify legislative measures, and compiles and indexes statutes and codes. In addition, the bureau operates a data processing system which is used for the payroll, personnel, and accounting systems maintained by both houses of the Legislature, and in the drafting of bills.

The bureau is authorized 364.8 personnel-years in the current year.

**ANALYSIS AND RECOMMENDATIONS**

*We recommend approval.*

The budget proposes total expenditures of \$26,819,000 for the Legislative Counsel Bureau in 1986-87. This amount includes a General Fund appropriation of \$14,777,000, and \$12,042,000 in reimbursements—primarily from the Assembly Contingent Fund.

Proposed expenditures are \$2,614,000, or 10.8 percent, higher than estimated expenditures in the current year. The additional funding is requested to cover the cost of (1) salary increases, (2) 10 new positions needed to continue implementation of the legislative information system, and (3) 4.5 internship positions.

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