



Legislative Finance Committee

56th Montana Legislature

Room 494 Federal Building, • P.O. Box 201711 • Helena, MT 59620-1711 • (406) 444-2986 • FAX (406) 444-3971

SENATE MEMBERS

GREG JERGESON, CHAIRMAN
ARNIE MOHL, SECRETARY
THOMAS A. "TOM" BECK
B.F. "CHRIS" CHRISTIAENS
EVE FRANKLIN
CHARLES "CHUCK" SWYSGOOD

HOUSE MEMBERS

LILA TAYLOR, VICE CHAIRMAN
MATT McCANN
BOB RANEY
JOE TROPILA
JOHN WITT
TOM ZOOK

MINUTES

October 7 & 8, 1999

Room B7, Federal Building

Helena, Montana

ROLL CALL FOR OCTOBER 7, 1999

Sen. Greg Jergeson
Sen. Chuck Swysgood
Sen. Tom Beck
Sen. Chris Christiaens
Sen. Eve Franklin
Sen. Arnie Mohl
Rep. Lila Taylor
Rep. Matt McCann, Excused
Rep. Bob Raney
Rep. Joe Tropila
Rep. John Witt
Rep. Tom Zook
Clayton Schenck, Legislative Fiscal Analyst
Cindy Campbell, Committee Secretary

Call to Order (Tape 1A-010)

The 172nd meeting of the Legislative Finance Committee (LFC) was called to order at 3:08 p.m. by Senator Greg Jergeson, Chair, on Thursday, October 7, 1999. The meeting was held in Room B7 of the Federal Building, Helena, Montana.

1. Approval of Minutes for November 13, 1998, January 4, 1999, and June 17, 1999 (Tape 1A-05)

Senator Swysgood moved the minutes of the June 17, 1999, meeting be approved with changes as stated by **Senator Jergeson**. **VOTE:** The motion carried unanimously. **Representative Zook** moved approval of the January 4, 1999, minutes as presented. **VOTE:** The motion

carried unanimously. **Senator Beck** moved to approve the minutes of the November 13, 1999, meeting as presented. **VOTE:** The motion carried unanimously.

2. SB 19 Operating Plan Changes (Tape 1A-086)

Taryn Purdy, Principal Fiscal Analyst, presented the SB 19 operating plan changes, which included a time sensitive report from Office of Budget and Program Planning (OBPP). (Exhibit 1) Dave Lewis responded on behalf of the OBPP. Ms. Purdy answered questions from the committee members and discussion ensued regarding oversight by the LFC and possible options for better tracking of executive actions prior to a final decision. Members of the LFC were especially concerned about this information being conveyed to the new members of the upcoming legislature. **MOTION: Senator Beck** moved the LFC give direction to the LFD staff to include these transfers as they relate to the time sensitive waiver provisions of SB 19 in the budget analysis presented to the subcommittees next session. **VOTE:** Motion carried with **Senator Swysgood** and **Senator Mohl** voting no.

3. Informational Reports (Tape 1A-425)

Clayton Schenck presented the following required reports:

- A. Budget Amendment Summary Report (Exhibit 2)
- B. Personal Services Contingency Report (Exhibit 2A)
- C. Travel and Dues Report (Exhibit 2B)
- D. Required Reports (Exhibit 2C)

4. 2001 Biennium Proposed Work Plan: Update (Tape 1A-465)

Mr. Schenck provided an update on the 2001 Biennium Proposed Work Plan. (Exhibit 3) He summarized the past discussions and decisions on the work plan and again presented the issue of staffing the Funding and Management of Wildlife Resources (HJR 33) Subcommittee. Roger Lloyd, Senior Fiscal Analyst, presented a computer version of his report titled, "Fish and Wildlife Study – A Workplan for LFC Consideration." (Exhibit 3A)

MOTION: Representative Raney moved that the LFC conduct the HJR 33 study. Discussion was held regarding staffing resources, scope of involvement for both staff and the public, and the

level of study. At the request of **Representative Tropila**, Representative Haines, sponsor of HJR 33, addressed the committee and explained the background and purpose of the bill. Pat Graham, Director for the Department of Fish, Wildlife and Parks (DFWP), also addressed the committee, offering DFWP staff and resources to assist the subcommittee.

VOTE: Motion failed 8 to 3 with Senator Jergeson, Representative Raney and Representative Tropila voting yes.

The committee also discussed a letter from the State Administration, Public Retirement, and Veterans' Affairs Interim Committee (SAIC) requesting that the LFC authorize LFD to consult with LSD/SAIC staff regarding the SJR 9 study, particularly the study components to which LFD staff could lend their special expertise. (Exhibit 3B) There was no objection from committee members so **Senator Jergeson** will send a letter on behalf of the committee authorizing staff assistance with the SJR 9 study.

5. Fiscal 1999 General Fund Revenues and Fund Balance (Tape 1B-437)

Terry Johnson, Principal Fiscal Analyst, presented the general fund status report for fiscal year end 1999, summarizing the general information and highlighting the important issues. (Exhibit 4) The report provided a comparison between budgeted data as developed by the 55th and 56th Legislatures and what actually occurred in fiscal 1999. Mr. Johnson stressed the fact that the information contained in the report was preliminary and a more detailed analysis on revenue trends and the implications for the 2001 biennium will be completed in January 2000. He responded to questions from LFC members and then Dave Lewis presented the perspective of the OBPP on the general fund status.

FRIDAY, OCTOBER 8, 1999

ROLL CALL FOR OCTOBER 8, 1999

Sen. Greg Jergeson
Sen. Tom Beck
Sen. Chris Christiaens
Sen. Eve Franklin
Sen. Arnie Mohl

Sen. Chuck Swysgood
Rep. Lila Taylor
Rep. Matt McCann, Excused
Rep. Bob Raney
Rep. Joe Tropila
Rep. John Witt
Rep. Tom Zook
Clayton Schenck, Legislative Fiscal Analyst
Cindy Campbell, Committee Secretary

Call to Order (Tape 2A-266)

The 172nd meeting of the Legislative Finance Committee (LFC) reconvened on Friday, October 8, 1999, and was called to order at 8:05 a.m. by Senator Greg Jergeson, Chair, in Room B7 of the Federal Bldg.

6. Status of Interim Studies (Tape 2A-266)

Members of the LFD and LSD staff reported to the LFC on the status of the following interim studies:

- A. Postsecondary Education Policy & Budget Committee (PEPB) - Taryn Purdy (Exhibit 5)
- B. Highways State Special Revenue Account: Working Capital Update – Greg DeWitt (Exhibit 5A)
- C. SAIC – Dave Boyher (Exhibit 5B)

The reports on the PEPB and SAIC included detailed work plans, as well as and summarized general information about the subcommittees. Following the presentation on SAIC, committee members asked questions on various state contracts, which were answered by Lois Menzies, Director of Department of Administration (DOA).

7. MT PRRIME (SABHRS) – System Implementation Issues (Tape 2B-053)

Jim Turner, Senior Fiscal Analyst, provided an update on the MT PRRIME (SABHRS) system implementation issues. (Exhibit 6) He explained that since the MT PRRIME system is now completely implemented, the “MT PRRIME” acronym is no longer used officially. The system

is now officially known as the State Accounting, Budget, and Human Resources System (SABHRS).

Mr. Turner assured the committee that most of the system problems, which were recently detailed in the news, have already been resolved or are in the process of being resolved. However, agency personnel are still experiencing general system problems which can be categorized in one of the following three ways: 1) “Learning Curve” problems; 2) problems with the system which defeat the goal of improving efficiency; and 3) problems accessing information to produce reports. SABHRS officials are working with agency representatives to try and resolve existing problems.

Aside from the problems discussed above, Mr. Turner reported that there are additional problems with the system implementation and listed the following as those receiving the most recent attention: 1) payroll problems; 2) vendor payment problems; and 3) insufficient data to prepare federal reports. He stated although the aforementioned problems are likely to detract from the goals of increased efficiency and improved access to information in the long run, the legislature may wish to focus on and monitor progress toward solving the following: 1) system inefficiency and 2) data access problems and report generation problems. These problems were detailed in his report, along with responses by SABHRS officials and the executive. The report also outlined problems identified with each module. Mr. Turner offered several options for consideration by the LFC, which were also outlined in his report.

Lois Menzies presented a response to Mr. Turner’s report. She outlined achievements of the program, addressed the problems, explaining DOA’s solutions to them, and offered some general observations. (Exhibit 6A) Committee members asked numerous questions relating to the system, which were answered by Ms. Menzies, Jim Turner, and Clayton Schenck.

MOTION: Senator Swysgood moved that the LFC accept Option 2 on page 9 of Jim Turner’s report (Exhibit 6). **VOTE:** Motion carried unanimously.

8. TANF: Final Rule (Tape 3A-300)

A report on TANF final rule was presented to the committee by Lorene Thorson, Senior Fiscal Analyst. (Exhibit 7) Hank Hudson, Director of Human and Community Services Division, Department of Public Health and Human Services (DPHHS), presented a response on behalf of the department. (Exhibit 7A)

9. Mental Health Managed Care Subcommittee: Update (Tape 3A-500)

Lois Steinbeck, Senior Fiscal Analyst, presented an update on the status of the Mental Health Managed Care Subcommittee (HJR 35). (Exhibit 8) **Senator Franklin, Representative Taylor, and Senator Swysgood**, all members of the Mental Health Managed Care Subcommittee, commented on the workings of the committee.

Laurie Ekanger, Director of DPHHS, expressed her appreciation for the staff support Lois Steinbeck provided and commented on the status of the subcommittee. She and Dan Anderson, Director of Addictive & Mental Disorders Division of DPHHS, responded to questions from committee members regarding the status of the Mental Health Oversight Advisory Council and various DPHHS program issues.

10. Committee Business (Tape 3B-210)

Clayton Schenck presented the following items for consideration by the LFC (Exhibit 9):

- A. Work Plan Issues/Staff Workload
- B. Comp Time Status
- C. LC Personnel Subcommittee: Director Search Process
- D. Capitol Restoration Update
- E. LFD Cost Report
- F. Agenda Topics for next meeting
- G. LFA Issues/Comments
- H. Chairman Issues/Comment
- I. Next meeting date

During the discussion on the capitol restoration, **Senator Jergeson** asked Mr. Schenck to check on the possibility of the LFC touring the capitol at the time of the next meeting, December 9 & 10, 1999.

LFD Director's Salary (Tape 3B-410)

Senator Swysgood relayed a recommendation from the Management Advisory Committee, that the LFD director's base salary be increased by three percent, effective the first complete pay period in October, 1999, and that longevity pay be adjusted in accordance with the approved pay plan. **MOTION:** **Senator Swysgood** subsequently moved that the LFC approve the Management Advisory Committee's recommendation. Discussion was held regarding consistency among salaries of the directors of the three legislative divisions. **VOTE:** Motion carried unanimously.

Revisit of HJR 33 Subcommittee Issue (Tape 3B-715)

Representative Raney requested that the LFC consider a "scaled down proposal" for the Funding and Management of Wildlife Resources (HJR 33) Subcommittee. **MOTION:** He moved that the LFC authorize the LFD staff to do some work related to the various purposes and funding sources of DFWP and the spending patterns related to those sources. This information would then be compiled in a single report to be submitted to the LFC.

Following clarification and discussion of the motion relating to the type and use of the information being requested, LFD staff time involved, and whether this could be included in the work of the SB378 Subcommittee, **Representative Raney** withdrew his motion. The LFC asked Roger Lloyd to present a report at the next LFC meeting on the aforementioned issues, after which the committee will decide how to proceed. **Representative Witt** commented that maybe this type of review could be done for each of the state agencies and Mr. Schenck responded that this task could be accomplished in conjunction with the budget analysis.

11. Information Technology Study Committee: Work Plan/Scope of Study (Tape 4A-155)

Representative Raney, Chairman of the Information Technology Study Committee, provided a brief overview of the committee's first meeting. Pam Joehler, Senior Fiscal Analyst, presented a

background summary on the formation of the committee and provided a detailed status report on the meeting held just prior to the LFC meeting. She also outlined the committee's proposed workplan. (Exhibit 10)

12. Earmarked Revenue/Statutory Appropriations Interim Review: Subcommittee Work Plan (Tape 4A-315)

Roger Lloyd provided a background summary on the SB 378 Subcommittee, reported on action taken at the first meeting, and outlined the interim work plan.

13. Prison Population Estimates: Update (Tape 4A-391)

Skip Culver, Senior Fiscal Analyst, presented an update on the prison population estimates. (Exhibit 11) He provided a brief overview of the background on this issue and reported on the current status and fiscal impacts of the new projections. His report concluded that the actual inmate numbers for fiscal 1999 are down and the projections for the remainder of the 2001 biennium are also being revised downward. However, the change in inmate populations from what was projected only a year ago does highlight the ongoing concerns of the legislature that inmate projections have not been reliable for several biennia.

Mr. Culver closed his presentation with a statement to the LFC that there remains a strong need for improved forecasting of inmate populations by the executive branch for the coming biennium and beyond. He then entertained questions from the committee members.

14. Department of Corrections – Proposed Operating Plan Modifications (Tape 4A-500)

Mr. Culver also reported to the LFC on the Department of Corrections' (DOC) request to the Governor's office to increase the number of authorized FTE by 59.0 for the 2001 biennium. The requested positions would be classified as modified positions in the budget process and would have to be submitted as a new proposal in the Executive Budget in order to continue into the 2003 biennium. (Exhibit 12) His report included an overview of the budget history of the Montana State Prison and Community Corrections as well as a funding summary. It concluded by stating that the 1999 Legislature reviewed the DOC budget request and in its deliberations

specifically did not approve the requested number of FTE, but in fact funded a reduced number of FTE.

At the time of Mr. Culver's report, the Governor had not yet made a decision whether to approve the transfer and additional FTE, and this issue was presented to the LFC in order to allow the committee to provide input to the Governor prior to his final decision. However, **Senator Jergeson** received a letter today from the Governor to the LFC communicating his decisions and the rationale for these decisions. (Exhibit 12A) The letter states, "...I concur with the Department of Corrections request to move forward with filling "modified" FTE positions in the Probation and Parole Bureau and at Montana State Prison."

Rick Day, Director of DOC, addressed the committee with a response to Mr. Culver's report. (Exhibit 12B) He distributed a report titled, "Department of Corrections, Public Safety & Trust" (Exhibit 12C), which included many tables and graphs, information from the last legislative session, as well as other information pertaining to corrections population and the management of that population. Other documents submitted by Mr. Day included: 1) Montana Department of Corrections, Board of Pardons and Parole (Exhibit 12D); 2) Redefining Community Supervision Strategies for Montana Bureau of Probation and Parole: Observations and Draft Policies and Procedures by Patricia L. Hardyman, Ph.D., August 1, 1999 (Exhibit 12E); 3) Review and Evaluation of Population Projections for DOC State of Montana by Jack Leonard, Manager, Population Projections Unit, Department of Corrections, State of California, December 1998 (Exhibit 12F); and 4) Montana State Prison 99P1093, Staffing Analysis Report by John T. Milosovich, July 1999 (Exhibit 12G).

LFC members asked many questions regarding prison population, hiring practices, use of FTE, vacancy savings, contracts, and other related issues. Various DOC representatives responded to these questions including: Rick Day, Joe Williams, and Warden Mahoney.

Senator Christiaens distributed a DOC document titled, Professional Services Division, Montana State Prison, Institutional Population Report, October 7, 1999 (Exhibit 12H), which he requested during the morning session of today's meeting.

Members of the committee expressed frustration with the system and lack of opportunity to provide input prior to the Governor's final decision. **MOTION:** Following discussion regarding possible actions by the LFD, which would allow closer monitoring of this type of situation, **Senator Franklin** moved that the LFA ask Greg Petesch, Director of Legal Services, to review this action to determine whether the transfer of the Governor's line-item appropriation is legal. **VOTE:** Motion carried 7 to 4 with Senator Beck, Senator Swysgood, Senator Mohl, and Representative Zook voting no.

Next LFC Meeting

The next meeting of the LFC is scheduled for December 9 and 10, 1999.

ADJOURNMENT

MOTION: Senator Mohl moved to adjourn. Motion carried unanimously. Meeting adjourned at 3:30 p.m.

Senator Greg Jergeson, Chairman

Cindy Campbell, Committee Secretary