



Legislative Finance Committee

56th Montana Legislature

Room 108, State Capitol • P.O. Box 201711 • Helena, MT 59620-1711 • (406) 444-2986 • FAX (406) 444-3036

SENATE MEMBERS

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BOB RANEY
JOE TROPILA
JOHN WITT
TOM ZOOK

MINUTES

June 8 & 9, 2000
Hearing Room 137, State Capitol
Helena, Montana

ROLL CALL FOR JUNE 8, 2000

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, Excused
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 175th meeting of the Legislative Finance Committee (LFC) was called to order at 1:05 p.m. by Senator Greg Jergeson, Chair, on Thursday, June 8, 2000. The meeting was held in Hearing Room 137 of the State Capitol, Helena, Montana.

1. Approval of Minutes for March 9, 2000 (Tape 1A-05)

Senator Christiaens moved the minutes of the March 9, 2000, meeting be approved as presented. **VOTE:** The motion carried unanimously.

2. LFA Comments/Introduction of New Staff (Tape 1A-019)

Clayton Schenck, Director of the Legislative Fiscal Division (LFD), introduced Todd Younkin, the newest LFD associate fiscal analyst. He also announced the retirement of Sandy Whitney, the current expenditure analyst for the university systems. Pam Joehler will be taking over her responsibilities, which will leave a vacancy on the revenue side. **Senator Jergeson** welcomed Mr. Younkin and congratulated Sandy Whitney and Pam Joehler.

3. Fiscal Report – May 2000 Special Session (Tape 1A-065)

Clayton Schenck presented the Legislative Fiscal Report Special Session May 2000 (Exhibit 1) and responded to questions from the committee members.

4. Long-Range Building Subcommittee: Staffing Issues (Tape 1A-104)

This agenda item, originally scheduled for Friday, June 9, was presented to the LFC on June 8 by Taryn Purdy, Principal Fiscal Analyst. (Exhibit 2) **MOTION:** Following a lengthy discussion, **Senator Swysgood** moved that the Long-Range Building Subcommittee staffing be left as it currently is and that the Culture and Aesthetic trust grants be moved to the education subcommittee. **VOTE:** Motion carried unanimously.

5. LFD Interim Work Plan: Review /Update (Tape 1A-455)

Clayton Schenck presented an update on the LFD Interim Work Plan. (Exhibit 3) He reviewed the work plan with the committee and there were no concerns.

6. Foster Care Issues (Tape 1A-500)

Pat Gervais, Associate Fiscal Analyst, presented a report on foster care funding issues. (Exhibit 4) The report provided an update on the proposed foster care report as well as an update on the budget status of the Department of Public Health and Human Services (DPHHS). Ms. Gervais also reported to the LFC recent information from DPHHS, which projects a \$3.2 to 4.2 million shortfall in fiscal 2000. Her report included options for consideration by the LFC

Dave Lewis from the Office of Budget and Program Planning (OBPP) provided a response on behalf of DPHHS. He stated that OBPP had just received a supplemental request, which would

be submitted to the Governor next week for approval. Mr. Lewis stated that pending review with DPHHS and a decision by the Governor, if that decision is to proceed with the supplemental, they will then submit it to the LFC the middle of next week. **Senator Jergeson** and other members of the LFC presented numerous questions to Mr. Lewis regarding this action by DPHHS and why the request was not made in a timely manner prior to fiscal year end. One of the reasons Mr. Lewis stated as a cause for the delay was the unavailability of current budget information. Members of the LFC voiced concerns and raised questions regarding the lack of current budget information and the problems the LFD staff encountered while trying to obtain accurate figures for their reports to the LFC. Mr. Lewis then asked Mike Billings of DPHHS to respond to these questions and concerns by the LFC.

In response to questions regarding the availability of cost allocation reports, Mr. Billings stated that the department does have a cost allocation plan and knows where they stand for January and February 2000, but did not have the final numbers for March because “something went haywire with mental health”. He stated that DPHHS did not publish a cost allocation report in March due to the numbers being so out of line. However, he stated that DPHHS staff feel they have this situation under control and are now looking at a \$3.5 million shortfall in mental health.

Mr. Billings continued to respond to further questioning by various LFC members regarding the LFD staff’s ability to obtain accurate and current budget information from the department as requested by the LFC.

Chuck Hunter, DPHHS, provided a response regarding the foster care funding issues. He stated that the Child and Adult Protective Services System (CAPS) data is accurate and they are able to predict costs. Mr. Hunter explained the shifts in funding for foster care and subsidized adoption services and talked about steps being taken to trim costs in foster care. He stated that DPHHS does not expect to have a deficit in the general fund in the area of foster care. Mr. Hunter responded to various questions from committee members. **Senator Franklin** inquired about the availability of certain information and he stated he would research this information, which is available through CAPS, and send it to her.

7. Information Technology Management Study – Governance Recommendations (Tape 2A-120)

Pam Joehler, Senior Fiscal Analyst, updated the LFC on the status of the Information Technology Management Study Subcommittee (IT Subcommittee) (Exhibit 5) and presented the subcommittee's recommendations on IT governance, which were outlined on the handout. (Exhibit 5A) Mrs. Joehler asked the LFC to take action on the following: 1) the IT Subcommittee's recommendation to create a department of IT; and 2) the subcommittee's recommendation to form a select committee during the 2001 session to review the unified computer budget summary, which was presented at the March LFC meeting. (The LFC delayed action on this issue until the June meeting.)

Mrs. Joehler provided a brief background summary on the unified computer budget summary and then briefed the LFC on the discussion and rationale for the subcommittee's recommendation to create an IT department. She also distributed a copy of Lois Menzies' comments in support of a department of IT, which was given to the subcommittee members at the meeting on June 7. (Exhibit 5B) **Senator Jergeson** asked Ms. Menzies, Director of Administration, to address the LFC and explain the rationale for supporting the creation of a department rather than an office under the Governor.

Discussion was held and various members commented on behalf of the subcommittee with regard to the rationale of their decision.

MOTION: **Senator Beck** moved that the LFC accept the recommendation of the IT Subcommittee to form a select subcommittee to address IT-related appropriation issues during the 2001 legislature. This recommendation also defines the membership of this committee. (See page 12, Exhibit 5). **DISCUSSION:** LFC members discussed the makeup and possible meeting schedule of this subcommittee during the upcoming legislature. **VOTE:** Motion carried unanimously.

MOTION: With regard to the duties of the select subcommittee, **Representative Zook** moved that the LFC accept the recommendations of the IT Subcommittee as outlined on page 12, Exhibit 5. **VOTE:** Motion carried with **Senator Mohl** and **Representative Taylor** voting no.

Representative Zook recommended that action on IT governance be delayed until tomorrow because of today's absence of **Representative Raney**, the chairman of the IT Subcommittee. LFC members concurred. This issue was then presented for action Friday morning, June 9. (See page 8 of these minutes)

8. HB 540 – Impact on Local Government and School Districts (Tape 2B-145)

Jim Standaert, Senior Fiscal Analyst, presented a report on HB 540 – Impact on Local government and School Districts. (Exhibit 6) He responded to questions from LFC members.

9. Committee Business (Tape 3A-20)

Clayton Schenck presented the items under committee business. (Exhibit 7) He explained the Legislative Council Branch Personnel Policy, adopted 3/31/00, submitted for ratification to: Legislative Audit Committee and Legislative Finance Committee. This policy would authorize a one-time buy-out of staff excess compensatory time balances down to a manageable level of 500 hours.

MOTION: **Senator Swysgood** moved that the LFC ratify the Legislative Council Branch Personnel Policy. **VOTE:** Motion carried unanimously.

FRIDAY, JUNE 9, 2000

ROLL CALL FOR JUNE 9, 2000

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 3A-130)

The 175th meeting of the Legislative Finance Committee (LFC) reconvened on Friday, June 9, 2000, and was called to order at 8:10 a.m. by **Senator Greg Jergeson**, Chair, in Hearing Room 137 of the State Capitol.

10. Flexible Spending of TANF and MOE Funds (Tape 3A-136)

Pat Gervais presented the report, Flexible Spending of TANF and MOE Funds. (Exhibit 8) Her report provided several options for consideration by the LFC, which were listed on pages 13-15. Hank Hudson provided comments on behalf of DPHHS. He told the committee that the department basically agreed with the figures in her report and are preparing proposals for submission to the next legislature.

MOTION: Representative Raney moved that the LFD staff conduct the research and prepare for legislation prior to the next legislature. **ROLL CALL VOTE:** Motion failed with **Senators Jergeson, Beck, Franklin and Representatives Raney and Tropila** voting yes, and **Senators Swysgood and Mohl, and Representatives Taylor, Witt and Zook** voting no.

MOTION: Following further discussion of the options, **Senator Franklin** moved that the LFC adopt option 5, which states, “The LFC may wish to request that the Children, Families, Health and Human Services Committee (CFHHSC) comment on the report and the options discussed in the report. The CFHHSC meets June 21, 2000.” **VOTE:** The motion carried with **Senator Swysgood** voting no.

In regard to staff research on this issue, Mr. Schenck commented that if the LFC opts to take no action now regarding direction to staff, staff will still continue to work independently on this. The LFC could then offer direction in October for inclusion in the budget analysis. However,

Mr. Schenck stated that if the LFC gives no direction, as part of the routine budget analysis, staff will proceed with these issues.

Senator Franklin asked if the LFC would reconsider **Representative Raney's** motion now that **Senator Christiaens** and **Senator Beck** had returned from attendance at the Legislative Council meeting. However, she asked for comments from Hank Hudson regarding his perspective on this issue prior to the LFC's reconsideration.

Hank Hudson told the committee that the department is considering a child support assurance model, which is similar to the one **Representative Raney** is suggesting, that would be targeted to families who are receiving some type of child support. One of the other options they are considering is direct pass through. They will be looking at both these options, costing them out, and looking at what kind of language is necessary. He stated that they don't want a repeat of last session and want to get ahead of the child support assurance debate this time.

Senator Jergeson clarified **Representative Raney's** motion for the benefit of **Senators Christiaens and Beck**. He stated that the motion was not to ask the LFC to endorse or oppose the child support assurance program as a committee bill, but to ask staff, as they are working with DPHHS on these options, to look at some of the elements of some of the child support assurance proposal to see if they are workable. He explained that the motion ended in a tie vote and there would need to be a motion to reconsider it, if they wanted to bring it back.

MOTION: **Senator Franklin** moved that the LFC reconsider **Representative Raney's** motion.

DISCUSSION: In response to a question by **Senator Beck** regarding the department's direction on this for the upcoming biennium, Hank Hudson told the LFC that the department is looking at this in a couple of different forms and even if it is not the direction DPHHS decides on, they will still do the analysis. **VOTE:** The motion carried with **Senators Swysgood and Mohl and Representatives Witt and Taylor** voting no.

MOTION: **Representative Raney** moved that staff research elements of the child support assurance proposal. He stated that this doesn't mean the LFC is going to endorse this, but at

least some research will be done. **ROLL CALL VOTE:** The vote resulted in 6 “yes” and 5 “no”. There was discussion on the rules for majority vote and **Senator Jergeson** declared that the motion would stand as passing unless further research revealed that another vote was needed for majority rule. Mr. Schenck researched the rules and discovered that one more “yes” vote was needed for majority rule. **Representative Zook** then changed his vote to “yes”. The motion then carried with 7 “yes” and 4 “no”. **Details of vote: Senators Jergeson, Beck, Christiaens, Franklin and Representatives Raney, Tropila and Zook voted yes. Senators Swysgood and Mohl and Representatives Taylor and Witt voted no.**

11. Department of Corrections: Fiscal 2000 Funds (Tape 3B-340)

Lorene Thorson, Senior Fiscal Analyst, presented her report on Department of Corrections: Fiscal 2000 Funds. (Exhibit 9) Following Ms. Thorson’s report, Joe Williams provided a response on behalf of the Department of Corrections (DOC) and answered questions from the committee members. **Senator Franklin** asked for some additional information regarding referrals to the women’s prerelease center and Medicaid payments for prisoners in state and county institutions. Mr. Williams said he would research these issues and provide her with a response.

Mr. Williams also reported to the LFC that on June 17, 2000, corrections officers will be getting a dollar an hour increase, with another dollar an hour increase in June of 2001, increasing their pay to \$10.16 an hour. He thanked Senator Beck and Senator Swysgood for their efforts in helping to achieve this much-needed increase.

12. “Cat and Dog” Appropriation Bills – Authority for Fund Transfers (Tape 4A-253)

The report on “Cat and Dog” Appropriation Bills was presented by Jon Moe, Fiscal Specialist. (Exhibit 10) This report was prepared in response to a request by the LFC at their March meeting, the key question being, “What level of guidance does the legislature wish to provide for “cat and dog” appropriations?” Mr. Moe’s report further explained the issue and offered several options, which were discussed by the LFC members.

MOTION: Senator Swysgood moved that the LFC adopt option number 2, which is defined on page 2 of Exhibit 10. **VOTE:** Motion carried unanimously.

13. Information Technology Management Study – Governance Recommendations
(Continued from Thursday, June 8) (Tape 4B-057)

The LFC took the following action on the IT issues presented earlier in the meeting on June 8.

MOTION: Representative Zook moved that the LFC approve the recommendation of the IT Subcommittee to establish, in statute, the Legislative Guiding Principles statements listed on page 5 of the June 8, 2000, Information Technology Management Study Subcommittee Update and Recommendations, by Pamela Joehler and Greg DeWitt. **VOTE:** Motion carried unanimously.

MOTION: Senator Beck moved that the LFC approve the recommendation of the IT Subcommittee to establish a Department of Information Technology as detailed on pages 6 and 7 of the June 8, 2000, Information Technology Management Study Subcommittee Update and Recommendations, by Pamela Joehler and Greg DeWitt. **DISCUSSION: Representative Raney** explained the recommendation and rationale of the subcommittee. Other members of the subcommittee commented on department organization details and discussed advantages and disadvantages of a department versus an IT office under the Governor. **Representative Raney** also explained the LFD staff's recommendation for creating an office under the Governor versus the Department of Administration's support for the creation of an IT department. **VOTE:** Motion carried unanimously.

MOTION: Representative Zook moved that the LFC approve the recommendation of the IT Subcommittee to create an information technology board as an advisory board, having duties and jurisdiction as listed on pages 8 and 9 of the June 8, 2000, Information Technology Management Study Subcommittee Update and Recommendations, by Pamela Joehler and Greg DeWitt. **VOTE:** Motion carried unanimously.

MOTION: Representative Taylor moved that the LFC approve the recommendation of the IT Subcommittee to assign session oversight of IT to the Long-Range Planning Subcommittee and interim oversight of IT to the LFC, with the duties and jurisdiction as listed on page 9 of the June 8, 2000, Information Technology Management Study Subcommittee Update and Recommendations, by Pamela Joehler and Greg DeWitt. **VOTE:** Motion carried unanimously.

MOTION: Representative Zook moved that the LFC approve the recommendation of the IT Subcommittee to consolidate information technology related statutes into one section of law and codify the requirements for agency and statewide information technology strategic plans as listed on pages 6 and 7 of the June 8, 2000, Information Technology Management Study Subcommittee Update and Recommendations, by Pamela Joehler and Greg DeWitt. **VOTE:** Motion carried unanimously.

14. Metal Mines Performance Bonds and State Liability: Subcommittee Report (Tape 4B-353)

Roger Lloyd, Senior Fiscal Analyst, presented the subcommittee recommendations on Metal Mines Performance Bonds. (Exhibit 11) He provided a background summary and then explained the subcommittee recommendations listed on page 2 of Exhibit 11. **Senator Beck** explained that recommendations 1-4, 6, and 8 require statute changes.

MOTION: Senator Beck moved that the LFC endorse recommendations 1-4, 6 and 8 and that the Department of Environmental Quality address these issues in draft legislation. **VOTE:** Motion carried with **Senator Swysgood** voting no.

MOTION: Senator Beck moved that the LFC accept the subcommittee's recommendation 5 as written and 7 with the addition of requesting a response from the insurance commissioner. **VOTE:** Motion carried unanimously.

15. Appropriation Transfer (Supplemental) Requests (Tape 4B-615)

Taryn Purdy presented the report on Appropriation Transfer (Supplemental) Requests (Exhibit 12) and offered options for LFC action. The first request was further explained by Gary Hamel,

Associate Fiscal Analyst, in an attached memorandum. This request from the Department of Natural Resources and Conservation (DNRC) is in the amount of \$3,578,986 for fire suppression costs. Mr. Hamel addressed the committee and explained his concern with this supplemental, which was detailed in his memo. Dave Lewis, OBPP, responded on behalf of the budget office and DNRC. He also commented on the supplemental request by the Montana Historical Society.

MOTION: Representative Zook moved that the LFC approve option #1 on page 2 of Exhibit 12, which states “Inform the Governor that the committee does not raise any issues of statutory compliance...” **VOTE:** Motion carried unanimously.

Dave Brown, Associate Fiscal Analyst, presented information on the second request from the Montana Historical Society for a \$125,000 supplemental for transport, storage, and rent of the Scriver Collection. Arnold Olsen, Director of the Montana Historical Society, provided additional information about the artist, Robert Scriver, and the Scriver Collection. (Exhibit 12A)

MOTION: Representative Tropila moved that the LFC approve option #1 on page 2 of Exhibit 12, which states “Inform the Governor that the committee does not raise any issues of statutory compliance...” **ROLL CALL VOTE:** Motion failed by a vote of 5 to 5 with **Senators Jergeson, Christiaens, Franklin and Representatives Tropila and Witt** voting yes, and **Senators Swysgood and Mohl, and Representatives Taylor, Raney and Zook** voting no.

MOTION: Representative Zook moved that with regard to the Montana Historical Society the LFC approve option #2 on page 2 of Exhibit 12, which states “Inform the Governor of statutory compliance issues with one or both of the requests.” **VOTE:** Motion carried unanimously.

16. Operating Plan Changes and Program Transfers (Tape 5A-365)

Taryn Purdy presented the reports on Operating Plan Changes and Program Transfers, as well as Section 7 of HB 2. (Exhibit 13) She stated that LFD staff has reviewed the changes and transfers and does not raise any concerns. Therefore, no action is required by the LFC.

17. Status of Interim Studies (Tape 5A-465)

Members of the LFD staff reported to the LFC on the status of the interim studies as follows:

- Postsecondary Education Policy and Budget Committee – Sandy Whitney (Exhibit 14)
- HJR 35 Interim Study of Public Mental Health Services – Lois Steinbeck (Exhibit 14A)
- Earmarked Revenues/Statutory Appropriations Interim Review Subcommittee – Lorene Thorson

18. Information Reports (Tape 5B-070)

Clayton Schenck briefly presented the following informational reports:

- Budget Amendments Summary Report (Exhibit 15)
- Required Reports (Exhibit 16)

19. Committee Business (Continued from June 8) (Tape 5B-82)

Mr. Schenck explained to the LFC that action was needed to approve the transfer of funds from the Legislative Services budget to the LFD budget to fund the comp time pay-outs, which were approved at the meeting yesterday.

MOTION: Senator Swysgood moved that the LFC approve the transfer. **VOTE:** Motion carried unanimously.

Mr. Schenck also asked the LFC to reaffirm the operating plan budget for the LFD, which is the same as the budget approved by the legislature. **MOTION: Senator Swysgood** so moved. **VOTE:** Motion carried unanimously.

20. LFD Web Site Demonstration (Tape 5B-115)

Mike Allen, Fiscal Information Specialist, provided a computer demonstration of the LFD Web site and answered questions from the LFC members.

Next LFC Meeting

The next meeting of the LFC is scheduled for October 2 & 3, 2000.

Adjournment

MOTION: Representative Tropila moved to adjourn. **VOTE:** Motion carried unanimously.

Meeting adjourned at 12:10 p.m.

Senator Greg Jergeson, Chairman

Cindy Campbell, Committee Secretary