LEGISLATIVE FINANCE COMMITTEE

64th Montana Legislature

Room 110 Capitol Building * P.O. Box 201711 * Helena, MT 59620-1711 * (406) 444-2986 * FAX (406) 444-3036

SENATE MEMBERS
JON SESSO--Chair
MARY CAFERRO
LLEW JONES
BOB KEENAN
FREDERICK (ERIC) MOORE
CYNTHIA WOLKEN

HOUSE MEMBERS
NANCY BALLANCE--Vice Chair
KIMBERLY DUDIK
PAT NOONAN
RYAN OSMUNDSON
MITCH TROPILA
BRAD TSCHIDA

JULIE JOHNSON, Staff Attorney
DIANE MCDUFFIE, Secretary
AMY CARLSON, Director

MINUTES LOG

December 7-8, 2015
Room 102, Capitol Building
Helena, Montana

Please note: This document is a Minutes Log and provides a notation of the time elapsed between the beginning of the meeting and the time at which the item was presented or discussed, a motion was made, or a vote was taken. The narrative presented here is provided only as a guide to the audio or video record of the meeting. The official discussion, motion, or vote is available on the audio or video archive of this meeting. The Legislature does not prepare a transcript of meeting activities. The time designation may be used to locate the referenced discussion on the audio or video recording of this meeting.

Access to an electronic copy of these minutes and the audio or video recording is provided from the Legislative Branch home page at http://leg.mt.gov. On the left-side menu of the home page, select Committees, then Interim. Once on the page for Interim Committees, scroll down to the appropriate committee. The written Minutes Log, along with the audio and video recordings, is listed by meeting date on the interim committee's web page. Each of the Exhibits is linked and can be viewed by clicking on the Exhibit of interest. All Exhibits are public information and may be printed.

Please contact the Legislative Services Division at 406-444-3064 for more information.

COMMITTEE MEMBERS PRESENT

SEN. JON SESSO, Chair
REP. NANCY BALLANCE, Vice Chair

SEN. LLEW JONES
SEN. BOB KEENAN
SEN. FREDERICK (ERIC) MOORE
SEN. CYNTHIA WOLKEN

REP. KIMBERLY DUDIK
REP. PAT NOONAN
REP. RYAN OSMUNDSON
REP. MITCH TROPILA

COMMITTEE MEMBERS EXCUSED

SEN. MARY CAFERRO
REP. BRAD TSCHIDA

STAFF PRESENT

JULIE JOHNSON, Staff Attorney
DIANE MCDUFFIE, Secretary
AMY CARLSON, Director

VISITORS' LIST(Attachment 1)

AGENDA(Attachment 2)

COMMITTEE ACTIONS

Approved September 24 and 25 minutes as amended
Approved budget policy Option E-2 (Exhibit 18)
Approved community college Option 2 (Exhibit 21)
Approved future meeting dates (Exhibit 26)

CALL TO ORDER AND ROLL CALL

00:07:41 Sen. Sesso called the called the Legislative Finance Committee to order at 10: a.m. The committee secretary called roll. Attachment 3. Senator Caferro and Rep. Tschida were excused.

00:08:44 **MOTION:** Rep. Dudik moved to approve the minutes of the previous meeting. Rep. Ballance amended the minutes under *MMIS Subcommittee Update* to include:

T*he following should be standard functions on a project of this size:*

- *A risk assessment in addition to a gap analysis*
- *Critical path reporting on the project*
- *Understand the underlying causes for the missed milestones*
- *Base platform certification process by DPHHS*
- *Projected date of completion*

00:03:01 **SUBSTITUTE MOTION:** Rep. Dudik moved to approve the minutes as amended.
00:03:04 **VOTE:** Motion carried unanimously.

2017 Biennium Budget Status Report

00:04:26 Amy Carlson, Director, discussed the process in presenting the 2017 Biennium Budget Status Report. (Exhibit 1)

General Fund Summary

00:05:45 Susie Lindsay, Communications Supervisor, discussed the general fund balance sheet beginning on page 2 of the report. (Exhibit 1). Changes that occurred are:

- carryforward authority added
- reduction for HB 33 $1.0 million in each fiscal year
- transfer in FY 2017 of $17.5 million in one-time-only
- contingent transfer in SB 261 from HB 2 to one-time-only line

Revenue

00:08:07 Stephanie Morrison, Fiscal Analyst, presented the FY 2016 Year to Date Revenue portion of the report. (Exhibit 1) FY 2016 general fund revenues through the end of November are $10.2 million ahead of FY 2015 revenues through the same period. Individual income tax collections are $41.8 million above the year-to-date collections in FY 2015.

00:14:07 Nick Brown, Fiscal Analyst, reported on year-to-date property taxes and oil & natural gas taxes. Property tax collections are below last year by $3.3 million and oil and natural gas production tax collections show zero through November. This is expected due to the statutory requirement of when taxes are due.

00:18:18 Sam Schaefer, Fiscal Analyst, reported on corporation tax, vehicle tax and video gaming tax. Corporation tax is 15.0 % below the year-to-date collections, vehicle fees and tax is currently above HJ 2, and video gaming tax appears low due to an accounting anomaly.

Committee Questions
00:19:45 Sen. Jones
00:23:10 Sen. Sesso
00:24:45 Sen. Jones
00:26:02 Sen. Sesso

00:26:29 Cynthia Hollimon, Fiscal Analyst, reported current insurance tax collections are $1.1 million above the FY 2015 year-to-date.

00:27:00 Stephanie Morrison, Fiscal Analyst, summarized the updated revenue trends. The 2017 biennium is in aggregate consistent with HJ 2, with a decrease of $13.2 million over the biennium.

Budget and Expenditures
00:29:10 Barbara Smith, Operations Manager, introduced the new layout of the expenditure and budget section of the 2017 Biennium Budget Update beginning on page 6. She also provided a guide to Appendix A. (Exhibit 1a) With the initiation of the new format, new terminology is used throughout the report and most specifically in Appendix A. The terms "allocated" and modified budget" are defined in the preface.

Committee Questions
00:36:36 Sen. Keenan
00:41:22 Rep. Ballance
00:44:3010 Sen. Jones

00:48:20 Kris Wilkinson, Fiscal Analyst, summarized the type of information found in the narrative portion of the report, which includes HB 2 changes; both allocated and modified budget; proprietary funds; and statutory appropriations and budget amendments. Ms. Wilkinson provided a revision to the budget amendment Appendix F. (Exhibit 1b)

01:04:52 Kris Wilkinson, Fiscal Analyst, LFD discussed the budget for the Legislative Branch including allocated pay plan funding, operating plan changes, HB 2 expenditures, other bills, and carryforward.

Committee Questions
00:58:03 Sen. Sesso

01:00:07 Sen. Moore
01:00:49 Rep. Tropila

01:01:53 Kris Wilkinson, Fiscal Analyst, discussed the agency transfer and reorganization in the Department of Administration. The transfer is reflected in the other category in Appendix A-4. In addition, she discussed the non-budgeted proprietary fund pressures for the information technology services, state employee group benefits, and state agency self-insurance. Issues in the Department of Commerce, Department of Labor and Industry and Military Affairs were also discussed.

Committee Questions
01:04:51 Rep. Ballance
01:05:37 Rep. Tropila
01:07:18 Sen. Sesso
01:09:35 Rep. Tropila

01:17:04 Micaela Kurth, Fiscal Analyst, LFD summarized the changes in the Governor's Office and the State Auditor's Office. Information on Consumer Counsel, Secretary of State, and Commissioner of Political Practices are discussed in the report.

01:19:30 Sam Schaefer, Fiscal Analyst, summarized the HB 2 budget and expenditures for the Department of Revenue. The 1.00 modified FTE created in the Liquor Control Division and the 9.00 modified FTE created in the in Property Assessment Division are expected to become permanent due to the additional workload.

01:23:54 Stephen Forrest, Fiscal Analyst discussed the HB 2 budget and expenditure highlights for the Department of Fish, Wildlife, and Parks, Department of Environmental Quality, Department of Livestock, and Department of Natural Resources and Conservation and Department of Agriculture.

Committee Questions
01:25:54 Sen. Jones
01:29:24 Rep. Tropila
01:33:09 Sen. Moore

01:35:23 John Scully, Board of Livestock, advised the committee on the status of personnel changes, audit functions and the per capita fund.

01:48:20 Cathy Duncan, Fiscal Analyst, summarized the HB 2 budget and expenditures for the Department of Transportation. In addition, the fund balance for Highway State Special Restricted Revenue Account (HSRA) has been declining, putting pressure on Montana Department of Transportation.

01:54:38 Greg DeWitt, Fiscal Analyst, discussed the expenditures, budget changes and required reports for the Judicial Branch, Law Enforcement and Justice section. Based on current expenditure patterns, the Court Help Program could exceed its appropriation level. For the Board of Crime Control, HB 2 includes language that

authorizes unexpended federal pass-through grant authority to be continued into the 2017 biennium. Since the September meeting, three required reports were received from the Office of State Public Defender. (Exhibit 1c) An additional Program Transfer was received after the writing of this report. (Exhibit 1d)

Committee Questions

01:56:13 Rep. Dudik
02:03:43 Rep. Tropila
02:06:4 Rep. Tropila
02:07:46 Rep. Dudik

02:09:23 Rob Miller, Fiscal Analyst, summarized the HB 2 budget and expenditures for the Office of Public Instruction, Board of Public Education, Montana School for the Deaf and Blind, and Montana State Library. As of this report, payments for BASE Aid are anticipated to be $0.8 million higher than FY 2016 legislative appropriations. Factors impacting expenditures; 1) guarantee account revised forecast; and 2) unanticipated increases in enrollment.

02:25:35 Micaela Kurth, Fiscal Analyst, completed Section E with a summary of HB 2 budget and expenditures for the Commissioner of Higher Education. Additionally, the University of Montana recently announced budget reductions due to receiving less than anticipated tuition revenue. The budget reductions do not impact HB 2 as the lump sump appropriation is not affected by changes in tuition revenue for the 2017 biennium.

LUNCH RECESS

03:06:04 Scot Conrady, Fiscal Analyst, discussed the HB 2 budget, expenditures, and amendments for the Department of Public Health and Human Services. Several program transfers occurred in the first quarter of FY 2016 in various programs. Several budget amendments were added for FY 2016 including the Substance Abuse and Mental Health Services Administration (SAMHSA).

Committee Questions

03:09:39 Rep. Ballance
03:11:36 Sen. Keenan

03:12:02 Scott Conrady, Fiscal Analyst, gave a brief update on SB 411 the closure of Montana Developmental Center. Benchmark has been approved to provide services under the Montana HCBS Developmental Disabilities waiver. The waiver payment mechanisms are being updated to prepare for these clients, and it is unclear what will happen to the 10 criminally placed individuals. The next meeting is January 28th in Boulder, Montana.

MEDICAID MONITORING

03:18:55 Quinn Holzer, Fiscal Analyst, presented the Medicaid Monitoring Report. (Exhibit 2) As part of the LFC interim work plan, the committee chose to monitor the Medicaid program administered by the Department of Public Health and Human Services. This report covers Medicaid benefits only, which is a subset of total Department of Health and Human Services expenditures.

SB 405 MEDICAID EXPANSION UPDATE

03:23:30 Quinn Holzer, Fiscal Analyst, presented the SB 405 Medicaid Expansion Update. (Exhibit 3) The HELP Act (SB 405) of the 2015 Legislature that expands Medicaid in Montana. Specifically, this will provide Medicaid coverage for adults ages 19-64, with income less than 138% of the federal poverty rate for Montana. The implementation of this Act will significantly impact the budget of the State of Montana. DPHHS has begun enrolling members with an anticipated benefit plan implementation of January 1, 2016.

Committee Questions

03:27:52 Sen. Moore
03:33:27 Rep. Ballance
03:41:33 Rep. Ballance
03:45:38 Rep. Noonan
03:48:14 Sen. Moore
03:49:41 Sen. Wolken
03:55:03 Sen. Moore

PUBLIC COMMENT

No public comment.

MEDICAID MODEL COMPARISON

03:58:25 Barbara Smith, Operations Manager, introduced Eric Higginbotham, DPHHS and Cynthia Hollimon, LFD. The purpose of the presentation is to identify differences in Medicaid forecasting with the Department of Public Health and Human Services and the LFD.

04:00:58 Cynthia Hollimon, Fiscal Analyst, LFD discussed the general approach the LFD uses to forecast Medicaid estimates. The LFD Medicaid model is solely a numerical and statistical model. Ms. Hollimon provided slides of her discussion. (Exhibit 4)

04:09:18 Sen. Jones
04:10:39 Sen. Sesso
04:11:17 Rep. Ballance
04:12:13 Rep. Dudik
04:14:49 Sen. Jones

04:25:29 Eric Higginbotham, Department of Health and Human Services (DPHHS) discussed Medicaid modeling by the DPHHS. DPHHS uses several different models to develop estimates for claim based provider types. When the models

differ further analysis and discussion is generated and a final projection is agreed upon. Mr. Higginbotham provided slides of his testimony. (Exhibit 5)

Committee Questions

04:44:52 Sen. Keenan
04:46:22 Sen. Wolken
04:47:20 Sen. Sesso
04:48:54 Rep. Ballance
04:49:53 Rep. Dudik
04:53:54 Rep. Noonan
04:54:45 Rep. Dudik
05:00:22 Sen. Keenan.
05:00:41 Sen. Sesso
05:05:12 Sen. Keenan
05:06:31 Rep. Noonan
05:10:11 Rep. Ballance
05:11:26 Sen. Jones
05:13:41 Sen. Sesso
05:21:29 Sen. Keenan

05:29:55 Ms. Carlson summarized her understanding of what she thought the committee wanted. Our next plan for a Medicaid forecast is the outlook in June. The next opportunity would be December a year from now when the department would have a forecast they are using in the budget. Staff could have a forecast available as well.

Committee Questions

05:31:43 Sen. Sesso
05:33:20 Rep. Dudik
05:34:05 Rep. Noonan
05:35:11 Rep. Osumdson

SITSD INFORMATION TECHNOLOGY

05:47:05 Kris Wilkinson, Fiscal Analyst, presented the following items under information technology:

- IT Project Cost and Development Tracking (Exhibit 6)
- CIO Policy Report (Exhibit 6a)
  - GDE-Data Classification Guideline (Exhibit 6b)

Also included in the committee notebooks are:

- IT Project Portfolio Report (Exhibit 6c)
- Post Implementation Reports (Exhibit 6d)
- Supplemental Report (Exhibit 6e)

05:49:30 Lynn Pizzini, Deputy CIO, summarized the GDE-Data Classification Guideline. (Exhibit 6b) This document is a guideline to the Data Classification Policy and it is noted in that document. If there is conflict between the Data Classification Policy and this document, the Data Classification Policy shall prevail.

Committee Questions

05:53:14 Rep. Ballance
05:57:04 Rep. Tropila
05:59:01 Sen. Sesso

Update on Volume 10

06:07:55 Ms. Pizzini gave a brief update on the status of Volume 10, which is the Information Technology budget that will be provided for the next legislative session. Information provided by SABHRs financial system will be reviewed to begin developing the content of volume 10.

06:05:58 Stuart Fuller, CIO, Department of Health and Human Services explained the funding for the case management replacement of CAPS. The department will be recoding an existing system within the Department of Corrections. Priorities are established in the budgeting process and submission of the budget to the executive.

MMIS Update
06:08:19 Marie Matthews, DPHHS gave an update on the Medicaid Management Information System (MMIS) and provided a handout on the Financial Implications and the details of the MMIS project expenditures and MMIS project funding. (Exhibit 7 & 7a)

Committee Questions
06:17:45 Sen. Moore
06:20:21 Sen. Sesso
06:23:23 Rep. Ballance
06:26:42 Rep. Tropila
06:28:14 Sen. Sesso
06:37:18 Rep. Tropila

PUBLIC COMMENT
No public comment.

Committee Comment
06:46:53 Rep. Dudik

Tuesday, December 8, 2015

COMMITTEE MEMBERS PRESENT

SEN. JON SESSO, Chair
REP. NANCY BALLANCE, Vice Chair
SEN. LLEW JONES
SEN. BOB KEENAN
SEN. FREDERICK (ERIC) MOORE
SEN. CYNTHIA WOLKEN

REP. KIMBERLY DUDIK

COMMITTEE MEMBERS EXCUSED

SEN. MARY CAFERRO
REP. BRAD TSCHIDA

REP. PAT NOONAN
REP. RYAN OSMUNDSON
REP. MITCH TROPILA

STAFF PRESENT

JULIE JOHNSON, Staff Attorney
DIANE MCDUFFIE, Secretary
AMY CARLSON, Director

VISITORS' LIST(Attachment 4)

CALL TO ORDER AND ROLL CALL

00:00:13 The Legislative Finance Committee reconvened at 8:00 a.m. on Tuesday, December 8, 2015. The meeting was held in Hearing Room 102 of the State Capitol, Helena, MT. The secretary call roll. (Attachment 5)

HJ 27: STATUTORY APPROPRIATIONS

00:01:18 Sam Schaefer, Fiscal Analyst, presented the HJ 27 Statutory Appropriations Study memo. (Exhibit 8) Over the course of the next nine months, the LFD staff will update the previous study completed in November 2011. For the March meeting, LFD staff will analyze the guidelines outlined in 17-1-508(2), MCA. Mr. Schaefer provided charts showing statutory appropriations by fund type and general fund statutory appropriations as a percent of general fund. (Exhibit 8a)

Committee Questions
00:04:51 Rep. Ballance
00:06:38 Sen. Sesso
00:09:12 Sen. Jones

TEACHERS RETIREMENT SYSTEM AND PUBLIC EMPLOYEE RETIREMENT SYSTEM ACTUARIAL UPDATE

00:12:30 Denise Pizzini, Legal Counsel, Teachers Retirement System presented the Valuation Results July 1, 2015 Report (Exhibit 9) This report provides information on asset returns, funded ratio and amortization period.

Committee Questions
00:20:45 Sen. Sesso
00:21:15 Rep. Ballance
00:24:53 Sen. Sesso

MONTANA PUBLIC EMPLOYEES RETIREMENT ADMINISTRATION (MPERA)

00:25:09 Dore Schwinden, Director, MPERA presented a Summary of Actuarial Valuation Results June 30, 2015. (Exhibit 10) Mr. Schwinden discussed the retirement funding equation, overall valuation results, PERS summary, and other system summaries. Mr. Schwinden also provided a handout on Pensions Benefit Montana's Economy. (Exhibit 10a)

QUALITY SCHOOLS

00:35:35 Joe Triem, Fiscal Manager, introduced the quality schools portion of the agenda. Cathy Duncan, Fiscal Analyst, LFD will present a report followed by a panel discussion.

00:36:29 Cathy Duncan, Fiscal Analyst, presented the State Assistance For K-12 School Facility Improvements report. (Exhibit 11) The purpose of this report is to provide an understanding of past state assistance targeted towards K-12 facility improvements, including the Quality Schools Facilities Grant Program, and how schools finance facility maintenance and capital improvements.

Committee Questions
00:45:38 Sen. Wolken
00:47:53 Rep. Ballance
00:50:10 Sen. Jones
00:53:43 Sen. Sesso

K-12 Panel:
00:58:19 Steve Johnson, Bozeman, Deputy Superintendent of Operations (Exhibit 12)
01:07:06 Denise Williams, MASBO Executive Director (Exhibit 13)
01:20:55 Mike Arnold, Havre School District Business Manager (Exhibit 14)

Committee Questions
01:28:06 Sen. Jones
01:35:52 Sen. Sesso
01:38:20 Sen. Jones
01:39:40 Sen. Sesso
01:44:52 Sen. Jones
01:48:45 Sen. Sesso

01:50:35 Kelly Lynch, Administrator of Community Development Division, Dept. of Commerce concurred with the discussion and emphasized that they don't make up how the program is administered and that the legislature decides the priorities.

PUBLIC COMMENT
01:55:03 Madalyn Quinlan, Chief of Staff, Office of Public and Instruction addressed the guaranteed tax base aid program.
01:59:10 Bob Vogel, Montana School Board Association commented on resources and funding for the school facility reimbursement program.

INFRASTRUCTURE
02:16:57 Joe Triem, Fiscal Manager, introduced the infrastructure portion of the agenda. A report will be presented by Cathy Duncan followed by the facility assessment and Management panel.

02:19:36 Cathy Duncan, Fiscal Analyst, presented the Background on State Building Maintenance and Construction report. (Exhibit 15) This report provides background information for understanding the focus of the state-owned infrastructure project. This report includes information on state building inventory, Long-Range Building Program, and drivers of the Long-Range Building projects.

Facility Assessment & Management Panel:

02:28:02 Jeff Butler, Director, MSU Office of Facilities (Exhibit 16)
02:50:30 Kevin Krebsbach, Interim Director, UM Facilities Services
02:52:51 Steve Baiamonte, Administrator, DOA General Services
03:00:11 Tom O'Connell, Administrator, DOA Architecture

Committee Questions

03:17:36 Sen. Wolken
03:19:30 Sen. Keenan
03:21:48 Rep. Tropila
03:25:35 Sen. Moore
03:30:26 Sen. Sesso

03:45:25 Joe Triem, Fiscal Manager,proposed the March meeting focus on leasing versus building, understanding lease laws, and how lease and ownership has changed.

HJ 8 MONTANA LAW ENFORCEMENT ACADEMY

05:00:10 Glen Stinar, Administrator, Montana Law Enforcement Academy MLEA) summarized the MLEA 2015 Survey results and provided a power point presentation on the MLEA Revenue and Expense Data. (Exhibit 17 & 17a) The report addresses the decline in surcharge revenues, funding sources, and expenses areas.

Committee Questions

05:25:02 Rep. Osmundson
05:30:41 Rep. Dudik
05:29:53 Sen. Sesso

PUBLIC COMMENT

05:34:44 Mark Murphy, Montana Association of Chiefs of Police commented on the importance of the MLEA and that legislative intent is implemented from the legislature to the community through the Montana Law Enforcement Academy.

LEGISLATIVE BASE BUDGET POLICY CHOICES

05:39:18 Barbara Smith, Operations Manager presented the Legislative Base Budget Policy Choices report. (Exhibit 18) This report includes a short historical background explaining the budget process used during the 2015 Legislature, provides a recap of the September LFC meeting, and includes a table that demonstrates the budget allocation and modification process.

Committee Questions

06:03:19 Rep. Noonan
06:06:29 Rep. Dudik
06:07:11 Sen. Sesso
06:07:34 Rep. Dudik
06:09:54 Sen. Jones
06:15:18 Rep. Ballance
06:16:25 Rep. Dudik
06:17:37 Sen. Sesso

06:20:49 Dan Villa, Budget Director, Office of Budget and Program Planning responded the executive is in favor of option E-2. This option better utilizes staff resources and time.

Committee Questions
06:26:05 Rep. Ballance
06:29:50 Sen. Sesso
06:32:13 Sen. Moore
06:36:24 Sen. Jones

06:35:58 **MOTION: Sen. Jones** moved that the LFC accept Option E-2 on page 21 of Barbara Smith's report (Exhibit 18) with some clarification. **DISCUSSION:** LFC members discussed the starting number prior to operating changes, availability of percentage differential, and staff would be able to detail any differences between the numbers as requested with the expectation that staff could potentially write one or more change packages.

Committee Questions
06:39:50 Rep. Dudik
06:42:11 Sen. Sesso
06:42:42 Rep. Ballance
06:44:36 Rep. Osmundson
06:45:08 Sen. Moore
06:45:45 Sen. Sesso

06:45:54 Amy Carlson, LFA clarified that an example will be presented in March. Actual tables will be available in September and the committee will have an opportunity to make changes.

06:46:54 **VOTE:** Motion passed as amended.

COMMITTEE BUSINESS

06:49:35 Amy Carlson, LFA presented the updated 2017 Interim Work Plan (Exhibit 19) This report summarizes the proposed interim work plan for the 2017 biennium interim. It represents a recommendation based upon the June 18 retreat of the Legislative Finance Committee.

06:50:40 Greg DeWitt, Senior Fiscal Analyst, LFD discussed the Crossroads Correctional Project. (Exhibit 20) Since the September meeting, staff has re-examined the work plan given additional information that could make policy recommendations that could impact the need for state procurement of the building. Staff will continue to monitor this issue and provide updates to the LFC as necessary.

Committee Questions
06:52:36 Sen. Moore
06:53:06 Rep. Dudik

Community Colleges Scoping Document

06:54:13 Micaela Kurth, Fiscal Analyst presented the Community College Funding Formula

Study Scope. (Exhibit 21) The community college presidents have requested a review of the funding guidelines in 20-15-310, MCA in relation to the pay plan. The report provides options for the committee to consider.

Committee Questions
06:57:57 Sen. Jones
06:58:52 Sen. Moore
06:59:11 Sen. Sesso

Without objection from the Committee, Option 2 was selected. A formal report will be provided in September that will include evaluating the funding formula and effects of base budget changes.

PUBLIC COMMENT
06:59:30 Ed Bartlett, Community Colleges asked that the community colleges not be exempt from Option 2.

Children and Family Services interim Study Scope
07:00:19 Cynthia Hollimon, Fiscal Analyst, LFD discussed her memo on Child and Family Services Interim Study Scope. (Exhibit 22) The LFC chose to study various aspects of the Child and Family Services Division (CFSD). In addition, the LFD has identifed the following related topics of potential interest:

- HB 612 pilot project
- CFS performance audit
- Connections to the Office of Public Defender Task Force
- Connections to the Court Appointed Special Advocate program.

Committee Questions
07:03:05 Sen. Moore
07:03:44 Rep. Ballance
07:05:04 Rep. Tropila
07:05:59 Rep. Dudik

State Employee Group Benefit Plan
07:07:22 Kris Wilkinson, Senior Fiscal Analyst, LFD presented a memo on State Employee Group Benefit Plan. (Exhibit 23) The purpose of this memo is to provide a summarization of the items requested by the Legislative Finance Committee at its September 2015 meeting. The LFC also requested information on reference based pricing prior to its December meeting which is also included in the committee notebooks. (Exhibit 23a)

PUBLIC COMMENT

07:10:31 Bob Olsen, Montana Hospital Association commented on referenced base pricing.

07:10:53 Amy Carlson, Director clarified that LFD staff will provide an update on revenue item 16) in addition to 17) 19) 20) 22) 23). Also included in the committee notebooks is the General Fund Updated Revenue Trends and DOJ History in Highway State Special Revenue Account. (Exhibits 24 and 25). No formal presentation was given but committee members were invited to meet with staff after the meeting.

COMMITTEE BUSINESS

07:14:39 Amy Carlson, Director presented a review of the future committee meetings options. (Exhibit 26)

07:16:20 Without objection from the committee, future meeting dates are:
March 10 & 11, 2016
June 9 & 10, 2016.
September 29 & 30, 2016

07:19:02 Amy Carlson, Director presented Kris Wilkinson, LFD with a 10-year service pin.

COMMITTEE COMMENTS

07:20:04 Sen. Jones
07:21:25 Sen. Moore
07:22:44 Rep. Ballance

ADJOURNMENT

07:23:17 With no further business before the committee, the meeting adjourned at 3:20 p.m. The next meeting of the LFC is March 10 & 11, 2016.

draft