



LEGISLATIVE FINANCE COMMITTEE

60TH Montana Legislature

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

SENATE MEMBERS

TRUDI SCHMIDT--Chair
KEITH BALES
JOHN BRUEGGEMAN
JOHN COBB
DAVID WANZENRIED
CAROL WILLIAMS

HOUSE MEMBERS

RICK RIPLEY--Vice Chair
RON ERICKSON
CYNTHIA HINER
DAVE KASTEN
JON SESSO
JANNA TAYLOR

MINUTES

October 9 & 10, 2007
Room 102, State Capitol
Helena, Montana

Please note: These are summary minutes. Testimony and discussion are paraphrased and condensed. The minutes are also accompanied by an audio recording. For each action listed, the minutes indicate the approximate amount of time in hours, minutes, and seconds that has elapsed since the start of the meeting. This time may be used to locate the activity on the audio recording.

An electronic copy of these minutes and the audio recording may be accessed from the Legislative Fiscal Division home page at <http://leg.mt.gov/css/fiscal/default.asp>. On the left-side column of the home page, select *Committees*, then *Interim*, and then the appropriate committee.

To view the minutes, locate the meeting date and click on minutes. To hear the audio recording, click on the Real Player icon. Note: You must have Real Player installed to listen to the audio recording.

MEMBERS PRESENT

Sen. Keith Bales
Sen. John Brueggeman
Sen. John Cobb
Sen. Trudi Schmidt
Sen. Dave Wanzenried
Sen. Carol Williams

Rep. Ron Erickson
Rep. Cynthia Hiner
Rep. Dave Kasten
Rep. Rick Ripley
Rep. Janna Taylor

STAFF PRESENT

Clayton Schenck, Legislative Fiscal Analyst
Diane McDuffie, Committee secretary

ATTACHMENTS

Roll call #1
Proxy #2
Visitor's list #3

Tape 1 - Side A

00:04:17 **Call to Order**

Senator Trudi Schmidt, Chair, called the 201st meeting of the Legislative Finance Committee (LFC) to order at 1:00 p.m. on Tuesday, October 9th, 2007. The meeting was held in Hearing Room 102 of the State Capitol, Helena, Montana. The secretary noted the roll. (Attachment #1)

Approval of Minutes for June 18, 2007

Rep. Ron Erickson noted on page 6 he was referred to as "Senator". **MOTION: Senator Keith Bales** moved the minutes be approved with the correction noted above. **VOTE:** The motion carried.

00:06:10 **Fiscal Year 2007 Fiscal Year End General Fund Status Report**

Terry Johnson, Principal Fiscal Analyst, with the Legislative Fiscal Division (LFD) provided a report and power point presentation on Fiscal Year 2007 General Fund Status. (Exhibit 1)

This report provides a comparison between budgeted data as developed by the 60th Legislature and what actually occurred in fiscal 2007. It also provides aggregate information on revenue estimates and collections, disbursements and reversions, and an updated fund balance statement for the 2009 biennium, including actions by the September 2007 Special Legislative Session.

Mr. Johnson reported that the general fund account GAAP balance at the end of fiscal 2007 was projected to be \$458.9 million. This estimate was based on House Joint Resolution 2 (HJ 2) revenue estimates and disbursement budgets adopted during the 60th regular and May special session. The preliminary general fund account balance for fiscal year 2007 was \$543.5 million, or \$84.6 million above the level anticipated by the 60th Legislature. It should be noted that the preliminary general fund balance for fiscal 2007 does not include the impacts of the fiscal policy "triggers" enacted during the May Special Legislative Session.

The September 2007 Special Legislative Session adopted \$82.3 million of additional transfers and appropriations for the 2009 biennium. With this amount included, the projected general fund balance at the end of the 2009 biennium will be \$125.0 million provided there are no supplemental appropriations needed for other state services.

00:41:34 **May 2007 Special Session Fiscal Policy Triggers**

Terry Johnson, Principal Fiscal Analyst, LFD gave a brief overview of the May 2007 Special Legislative Session Fiscal Policy Triggers. (Exhibit 2)

Mr. Johnson reported that during the May 2007 Special Legislative Session, the legislature enacted two bills that contain fiscal policy "triggers" that are dependent upon the amount of general fund revenue received in fiscal year 2007. The language in HB 2 references fiscal year 2007 revenue collections in general terms and does not require any certification process. HB 9 has a very specific definition of general fund revenues and requires the Department of Administration to certify that the general fund revenues are according to generally accepted accounting principles.

The certification letter from the Department of Administration acknowledges that the fiscal year 2007 certified revenue amount "includes an error that was discovered after the records were closed in July 2007". This means the certified revenue amount was overstated by \$8.2 million. Also, general fund revenue as defined by generally accepted accounting principles does not include certain items such as transfers, proceeds of general fixed asset disposition, and inception of lease amounts. If these items had been excluded, then fiscal year 2007 revenues defined would have been \$1,769,007,440. If this definition had been used as prescribed by law, no funds would be available for tax credits.

This report was presented to the Revenue and Transportation Interim Committee (RTIC) on September 19, 2007. The RTIC voted to request a formal legal analysis regarding the language in each bill from the code commissioner, Greg Petesch.

00:51:27 **Trigger Language for Property Tax Income Tax Credit**

Lee Heiman, Attorney, LSD, provided a legal analysis of the Trigger Language for Property Tax Income Tax Credit. (Exhibit 3) Mr. Heiman's analysis states that the certification differs from the requirements of 15-30-140(1)(a)(ii), MCA, in two respects. First; an error was recorded after the FY 2007 records were closed, and second, the assumptions are based upon the 2007 Regular Session revenue estimates instead of generally accepted accounting principles.

00:54:38

Representative Erickson asked what options does the LFC have in terms of following through with the intent of HB 9. Mr. Heiman said a special session could be called to correct the language, a lawsuit to prevent action on HB 9, or do nothing.

Senator Bales asked what is the definition of general fund revenue and how is that affected by generally accepted accounting principles. Mr. Johnson said general fund revenue includes all types of revenue whether generated from a tax, fee, or transfer. According to generally accepted accounting principles, transfers are not revenue.

Senator Cobb asked Mr. Johnson if the ending fund balance should be revised by \$36.0 million because of the fiscal policy "triggers". Mr. Johnson said the administration testified at the RTIC they are going to issue the tax credits and so the general fund ending balance is being reported as we will not receive that revenue.

01:11:46

Mr. Schenck said that the Audit Division felt it would be inappropriate to comment at this time because they will be auditing this issue within a year.

01:15:04 **Break**

01:28:50 **K-12 Facility Condition and Needs Assessment and Energy Audit Phase II**

Cathy Duncan, Fiscal Analyst, LFD provided a report on K-12 Facility Condition and Needs Assessment and Energy Audit Phase II. (Exhibit 4). Ms. Duncan's report includes background information on passage of HB 1 in the December 2005 Special Session, Phase I of the project, and a proposal summary of Phase II.

Joe Triem, Project Manager, Department of Administration, Architect and Engineering Division reported that the project completion date is on or before July 1, 2008. Phase I is completed and Phase II is underway. The two major objectives of Phase I were to gather basic background data about each school's facilities and early information related to school utilities and utility providers. Phase II objectives include on-site assessments of facilities located at each school within the Montana K-12 public school system, collections and analysis of 2 years utility data for each school, and delivery of a final report summarizing all findings and recommendations.

Representative Kasten said he can see major problems moving forward with Phase II of the project. Mr. Triem said they are only collecting the data for the executive and legislative branches to propose solutions to the problems. The facility assessment tool is intended to recur every 2 to 3 years so schools can continue this either with in-house staff or through consultants.

Senator Wanzenried commented that the reason for the needs assessment and energy audit is a direct result of the lawsuit and the issue of whether or not the state has financial responsibility. This report is being prepared to help identify what the potential state cost would be if it assumed any.

The committee agreed they would like a presentation of the final report.

01:56:36 **Capital Complex Master Plan and Historical Society Museum Building**

Cathy Duncan, Fiscal Analyst, LFD provided a brief update of the Capital Complex Master plan and Historical Society Museum Building updates. (Exhibit 5) Ms. Duncan explained that HB 4 of the May 2007 Special Session appropriated funds for a project titled "Campus Master Planning. A portion of the appropriation would enable the Dept. of Admin. to prepare a new Capital Complex Master Plan. The current plan has not been updated since 1972. The proposed plan was presented to the Capital Complex Advisory Council on September 12 and the council is taking public commentary on the plan through October 12, 2007. The new Capitol Complex Master Plan does include a new building that has been approved by the legislature.

The 59th Legislature passed HB 5 with the authority to spend \$30.0 million of donated funds on a new Historical Society Museum Building now named "Heritage Center". The legislature also passed HB 540, which provided \$7.5 million in bond proceeds for this project. Implicitly, the funds were provided to allow negotiations for the mall to proceed in earnest, yet formally, the bond proceeds were simply made available for the new museum building. After receiving the results of the due

diligence surveys, the decision was made not to pursue the purchase of the mall because the recommended funding would not be sufficient to construct the new building, estimated to cost \$64.5 million. Both A&E and the consultants who designed the Capitol Complex Master plan believe the best location for the Heritage Center is at the corner of 6th Street and Roberts, in the Helena Capitol Complex.

Tom O'Connell, Architect, Department of Administration provided a handout on the Capitol Campus Master Complex Plan (Exhibit 6) and a comparison of the Recommended Site to Capital Hill Mall Site for the new Heritage Center (Exhibit 6a). Mr. O'Connell provided background information on the original Master Plan developed in 1972 and discussed the recommendations for the Master Plan that was presented to the Capital Complex Advisory Council. The 10-year plan shows proposed sites for 3 new buildings and a parking garage. One of the first buildings affected by the new Master Plan would be the location of the Heritage Center. The recommended site is in the parking lot across the street from the Historical Society. The proposal has underground parking as part of the facility and develops the old Motor Pool site. The net gain in parking would be 196 spaces. Comparison of the recommended site to Capital Hill Mall site shows the proposed site is within the appropriation given by the legislature.

Recommendations for the 20-year plan included purchasing five homes on Broadway Avenue, replace or significantly upgrade the existing Mitchell building, and the Scott Hart building. Other options would be to add new additions and a parking garage. After the Master Plan was presented to the Capitol Complex Advisory Council, Governor Brian Schweitzer wrote a letter to Janet Kelly requesting that the five homes be removed from the Master Plan. (Exhibit 6b). The Long Range Expansion plan proposes buying commercial property on 11th avenue if the Capitol Campus needs to grow. Another option would be to grow in the Montana Department of Transportation land. (Exhibit 6c)

Senator Brueggeman said the \$7.5 million was appropriated because a plan was brought to the Long Range Building Subcommittee for a one-time opportunity to pursue acquisition of the mall and if the state is not going to purchase the mall, the bond authority should be revoked.

Senator Wanzenried asked if the language in HB 540 is specific to any location. Mr. O'Connell said the language states \$7.5 million for a new Montana historical society building. There is no clarification beyond that.

Sharon Lincoln, President, Montana Historical Society Board of Trustees, explained that at the October 2004 board meeting, Westfield Properties presented drawings and figures showing the mall building would cost approximately \$25 million as opposed to \$43 million if the building were torn down. A study was done on the mall building by A&E and it was found to be structurally unsound. Also, other stake holders in the property would complicate the purchase. The Board didn't think the

State of Montana should pay almost \$1.0 million an acre for this property. The Board unanimously decided to back the Capitol Complex Plan recommended site on the corner of Roberts and Sixth.

02:45:13 **Retirement Systems Unfunded Liability: Update**

Jon Moe, Fiscal Specialist, LFD provided a report of the Retirement Systems Unfunded Liability Update. (Exhibit 7) Mr. Moe reported that while the actions taken by the 2007 Legislature on HB 63 and HB 131 went a long way toward resolving the issue, another significant component of the retirement systems fiscal condition came into play. Investment returns for FY 2007 came in higher than the actuarial assumptions for the TRS and PERS plans. The average rate of return for the various retirement plans was 17.95 percent. Using the final report data for TRS and the preliminary numbers for the PERS plans, indications are that all of the retirement plans presently meet the constitutional requirement of being "funded on an actuarially sound basis" as shown in the table.

Senator Bales asked how these numbers impact the trigger mechanism in HB 131.

Scott Miller, Public Employee's Retirement System, explained that if the amortization period for the unfunded liability drops to 25 years and would not increase beyond 25 years if the additional employer contributions were taken away, the employer contribution terminates on July 1, immediately following the system's actuarial valuation. Mr. Miller said the system is not at that point yet but pretty close and the next actuarial valuations will provide a better indication.

02:54:29 **Workers' Compensation System: Overview**

Kris Wilkinson, Fiscal Analyst, LFD provided a power point presentation on Workers' Compensation Insurance. (Exhibit 8) Ms. Wilkinson provided a brief overview of Worker's Compensation Insurance, benefits, rates, and cost drivers. Most Montana employers and private employers must provide worker's compensation insurance in case an employee is injured or suffers an occupational disease. Montana's premium rates are ranked the 5th highest in the country. Montana has a high level of injuries compared to other states, high lost time frequency, extended return to work periods, higher medical costs, and settlement and closure of claims are some of the major cost drivers. The executive branch initiated a worker's compensation study to look at safety policies, medical topics, return to work, and settlement and closure of claims.

Senator Wanzenried asked how much the state spends for coverage with the State Fund. Ms. Wilkinson said that the State pays \$16 million for its employees and the University System pays \$3.8 million for a total of 19.8 million.

03:19:38 **State Fund Budget Proposal**

Kris Wilkinson, Fiscal Analyst, LFD provided a report on the Montana State Fund 2008 Budget Analysis. (Exhibit 9) Ms. Wilkinson discussed the analysis of the MSF board approved 2008 budget. She also raised the following issues: 1) the budget is presented on a cash basis; 2) dividends were declared in years when the MSF combined ratios were above 100 percent; and 3) equity is below the amount recommended in the equity analysis completed by the MSF actuary.

Laurence Hubbard, President, MSF, provided the following handouts:

- ▶ An Overview of Montana's Workers' Compensation System (Exhibit 10)
- ▶ MSF's Response to "Montana State Fund, 2008 Budget Analysis" (Exhibit 10a)
- ▶ MSF Strategic Business Plan (Exhibit 10b)

Mr. Hubbard briefly discussed Montana's Workers' Compensation System structure compared to other types of systems including monopolistic funds as well as assigned risk plans.

Mark Barry, Vice President, Corporate Support, MSF discussed the MSF's response to the LFD report and recommendations. The MSF does not concur with various issues and strongly disagrees with the recommendations in Ms. Wilkinson's report. The MSF believes the consequences of implementing such recommended legislation would have adverse impacts not only on the operations of MSF but also on the businesses insured by MSF.

Senator Bales asked what will the MSF recommend to the Board regarding the old fund unfunded liability. Mr. Barry said the only action the Board will take at the next meeting will be to approve a level of reserve for the financial statements. **Senator Bales** also asked how much influx of money would it take to make the old fund solvent. Mr. Barry said \$32.6 million.

Senator Wanzenried asked Mr. Barry to respond to a statement in Ms. Wilkinson's report of October 2006, that net earned premium budget estimates are 20 percent under-estimated. Mr. Barry said revenue estimates have been off.

04:07:59 **Information Technology Management Update**

Greg DeWitt, Senior Fiscal Analyst, LFD explained under tab 8 of the committee notebook is the CIO Report (Exhibit 11), IT Policy and Standard Exception Log (Exhibit 11a), and Montana IT Portfolio Report (Exhibit 11b). He provided a brief explanation of each item and staff raises no concerns.

Jeff Brandt, Deputy CIO, Department of Administration, stated they received 8 requests for exceptions to policies and standards, all of which were technical issues. The Real and Personal Property Valuation and Assessment System (PVAS) is the only project not reporting out as green. This project rating is yellow due primarily to late delivery of contractor code. The delay has not impacted the project budget and scope. Mr. Brandt also reported that ITSD has started the process for updating the State Strategic IT Plan that must be delivered to the Governor by March 1, 2008.

04:24:05 **Other Reports**

Greg DeWitt, Senior Fiscal Analyst, LFD presented the Budget Amendments. (Exhibit 12) Mr. DeWitt informed the committee that staff has raised a concern with budget amendment 614 for the Central Management Division in the Department of Agriculture.

Pam Joehler, Senior Fiscal Analyst, LFD reported that this budget amendment adds federal appropriation authority for increased indirect cost recovery due to increased federal grant funding. The department noted that the funds would be used for existing FTE positions. No general fund reduction was included on the budget amendment. In a follow-up discussion with the agency, they expressed significant concern for the upcoming year in regard to the indirect cost recovery rate approved by the federal government. Later this year, the federal agency intends to issue a final indirect cost rate. LFD staff recommends that the LFC revisit this issue at either the March 2008 or June 2008 meeting.

Taryn Purdy, Principle Fiscal Analyst, LFD presented the Operating Plan Changes and Program Transfers (Exhibit 13 & 14) and the Operating Plan Changes of a Time Sensitive Nature (Exhibit 15).

Mr. Purdy explained that the Office of Budget and Program Planning (OBPP) has submitted 5 operating plan changes for review. Since the last LFC meeting, the OBPP approved as time sensitive 11 operating plan changes and 3 program transfers. Staff has reviewed these and raises no concerns.

Jon Moe, Fiscal Specialist, LFD provided a summary of the Required Reports (Exhibit 16). Mr. Moe explained that these reports are provided to the committee simply for information purposes unless there is an issued identified by the staff. He relayed to the committee that Alan Peura of the LFD, on behalf of the committee, would request that the Commissioner of Higher Education submit a follow-up request on inter-entity loans and negative cash balances that are specific to MSU Northern.

Wednesday, October 10, 2007

MEMBERS PRESENT

Sen. Keith Bales
Sen. John Brueggeman
Sen. John Cobb
Sen. Trudi Schmidt
Sen. Dave Wanzonried
Sen. Carol Williams

Rep. Ron Erickson
Rep. Dave Kasten
Rep. Rick Ripley
Rep. Janna Taylor

STAFF PRESENT

Clayton Schenck, Legislative Fiscal Analyst
Diane McDuffie, Committee secretary

00:00:09 **Call to Order**

The 201st meeting of the Legislative Finance Committee (LFC) reconvened on Wednesday, October 10th, 2007, and was called to order at 8:15 a.m. by Senator Trudi Schmidt, Chair, in Hearing Room 102 of the State Capitol, Helena, Montana.

00:00:29 **Update: 2007 Wildfire Season/Costs**

Barbara Smith, Fiscal Analyst, LFD provide a brief update on the 2007 Wildfire Season/Costs.

(Exhibit 17) Ms. Smith reported that as of September 20, 2007, the state has incurred \$107.4 million in fire suppression costs, of which \$64.7 million is reimbursable by other parties, creating a net cost to the state of \$42.7 million. This total compares to an average fire season cost prior to FY 2008 of \$13.3 million. Negotiating cost share can be an on-going process as fires move across multiple protection zones. There are four fires where the cost share methodology has yet to be established. In order to address this issue a four member cost negotiation team made up of two members from DNRC, one from the US Forest Services, and one from the Bureau of Indian Affairs was created. Between HB 1 appropriations and the Governor's emergency fund, the estimated state share of those fires will be covered. However, if the \$64.7 million owed to the state does not materialize, the burden on the state will increase proportionately. LFD staff will continue to monitor the cost settlement process.

Senator Bales asked who and why were the negotiations requested. Ms. Smith said the agencies came to the agreement together. Because these were large complex fires that moved quickly, negotiating on the front line didn't seem to be the correct answer.

Senator Wanzenried asked the Department of Natural Resources and Conservation (DNRC) to respond to the same question. Mary Sexton, Director, DNRC explained that because three of the fires involved forest service land, state land and tribal land, other options for cost share could be considered.

00:10:34 **Department of Corrections Supplemental Reversion/Fiscal Impacts**

Pat Gervais, Senior Fiscal Analyst, LFD provided a brief report on the Department of Corrections ADP (Exhibit 18) Ms. Gervais explained that while 2007 biennium expenditure levels did exceed the level of appropriation provided by the 2005 Legislature, it did not reach the level projected by the department. At FYE 2007 almost \$5.0 million of general fund was reverted by the department, including about \$3.5 million of the \$28.2 million provide by the legislature as a supplemental appropriation. Additionally, because projections of future ADP levels are based primarily on past experience and trending, the lower than anticipated FY 2007 population has resulted in a revised draft population projection. LFD staff estimates that the potential fiscal impact may be a general fund savings of \$10 to \$15 million for the biennium.

Mike Ferriter, Director, DOC reported that the department is currently working on establishing prerelease services in northwestern Montana as a large portion of the prison population comes from this area. To provide better outcomes, the department is addressing the recidivism rate of Native American offenders. A University of Montana study indicated that Native American offenders coming through prerelease are 2 1/2 times more likely to recidivate. The RFP would include a 40 bed facility in Kalispell and a 20 bed facility on the Flathead Reservation. Additionally, the department is:

- ▶ Planning on establishing a 116 bed sex offender facility;
- ▶ Establishing a work dorm at the Montana State Prison;
- ▶ In the process of hiring 36 probation parole officers; and
- ▶ Moving forward with contracts to assist with offenders with substance abuse and mental illness.

He also told the committee that currently, the department is not in a population crisis, bed space is available in all secure facilities. It would appear that the alternative facilities are reducing the recidivism numbers. The department is hopeful the picture will improve with the establishment of more alternative programs.

Gary Hamel, Administrator, Health Planning and Information Technology, DOC explained that the method for determining ADP projections has changed due to past inconsistencies. In the past, these calculations were done by one person. The department has developed a committee to utilize the correctional expertise within the department. Mr. Hamel pointed out that the numbers being used in the analysis were strictly based on the growth history for the past four years and are preliminary.

The department anticipates having the projections completed by the first of November and the LFD will receive a copy. Mr. Hamel responded to various questions from the committee.

00:55:04 **Subcommittee Report: Study of Budget and Appropriations Process**

Clayton Schenck, LFA provided a handout on the progress of the Study of Budget and Appropriations Process. (Exhibit 19) **Senator Wanzenried** explained that at the June Meeting, Chairman **Schmidt** appointed **Representatives Sesso, Taylor** and **Senators Wanzenried** and **Williams** to this subcommittee. This subcommittee met on September 11, 2007 and identified concerns of not only the committee but also LFD staff. **Senator Wanzenried** said he feels it is the responsibility of this committee to provide leadership during the legislature on a number of issues including the revenue estimates bill and the budget process.

Clayton Schenck, LFA, LFD discussed the seven items identified as the priority issues for interim study and provided a brief explanation of each item.

01: 30:08 **Break**

02:04:38 **Performance Measurement**

Barb Smith, Fiscal Analyst, LFD provided the committee with updated goals and objectives. (Exhibit 20)

Ms. Smith explained that staff has prepared a process to implement additional performance measurement activities into the cyclical budget process. This portion of the project will focus on monitoring performance through measurement of critical goals and objectives as well as major budget initiatives from the 2007 Legislative Session. LFD staff will offer training on the format for the two page report.

Kris Wilkinson, Fiscal Analyst, LFD explained that all agencies but the Governor's Office provided goals for all programs requested. At the recommendation of the workgroup and Director Ewer, the Governor's Office program directors will provide a presentation at the December meeting and will be available for questions at that time.

The workgroups met with LFD staff and agency representatives on October 8th to review the goals and initiatives selected for review. Members of each workgroup provided a brief update on the outcomes of the meeting.

02:37:31 **Project Status Report: Examination/Revisions to LFD Products and Services**

Pam Joehler, Senior Fiscal Analyst, LFD explained that the goal of the project is develop and implement recommendations for improving the array of LFD products and services in order to provide the most useful information necessary for legislators that are involved in the budget and appropriation process. Staff will try to answer to primary questions: 1) what is the current range of products and services provided by the LFD and which of these are mission critical; and 2) are there areas of expertise needed by the legislature that are not currently being met. The first step in this process will be to develop a comprehensive inventory of products and services, and ask staff to identify the most critical to accomplish the LFD mission. Kris Wilkinson will also be working on this project with Ms. Joehler.

02:45:43 **Status Reports on Other Interim Study Committees**

Alan Peura, Fiscal Analyst, presented a report on Post Secondary Education Budget and Policy (PEPB) Subcommittee. (Exhibit 21)

Mr. Peura discussed the following PEPB subcommittee work plan and study issues:

- ▶ Complete interim study in HJR 22
- ▶ Review, renegotiate, and reaffirm the "share policy goals"
- ▶ Review and consider the accountability measures project from 2006
- ▶ Review the community college funding formula changes
- ▶ Review and consider the Bitterroot Valley Community College district proposal and process
- ▶ Review P-20 Policy and Budget Issues
- ▶ Discuss the strategic role of two-year education within the university system
- ▶ Monitor 2011 biennium budget and consider accountability measures

02:57:56 **Committee Business**

Clayton Schenck, LFA presented the items under committee business. (Exhibit 22) He discussed the status of the committee Work Plan, staff resources, management oversight, ongoing projects and projects on hold. Mr. Schenck also provided the Legislative Fiscal Division Cost Report Fiscal 2007 - at 6/30/07 and Fiscal 2008 at 9/30/07. There were no items that required any action by the committee.

Senator Schmidt, Chair appointed a work group to review the grant approval process and other TSEP issues. Members are **Senators Brueggeman** and **Schmidt**, and **Representative Kasten**.

Senator Schmidt, Chair appointed a work group to examine increased legislative oversight for the Montana State Fund and worker's compensation insurance. Members are **Representative Erickson** and **Senators Bales, Wanzenried** and **Brueggeman**. A letter from **Senator Schmidt** will be sent to the Economic Affairs committee inviting two members to participate in the work group.

MOTION: Senator Cobb moved to approve a letter regarding the concerns about whether the "trigger language" in House Bill 9 has been met. (Exhibit 23) The purpose of the letter is to request that legislative leadership of both parties address these concerns and to decide by October 22, 2007 if a special legislative session is warranted. **VOTE:** Motion failed.

Next LFC Meeting

The next meeting of the LFC will be held December 11 and 12, 2007.

Adjournment

Meeting adjourned at 12:19 p.m.

Senator Schmidt, Chairman

Diane McDuffie, Committee Secretary