



Select Committee on Efficiency in Government 62nd Montana Legislature

SENATE MEMBERS

JON SONJU--Chair
EDWARD BUTTREY
MARY CAFERRO
JIM KEANE
EDWARD WALKER
DAVID WANZENRIED

HOUSE MEMBERS

MARK BLASDEL
RON EHLI
GALEN HOLLENBAUGH
PAT NOONAN
SCOTT REICHNER
KATHLEEN WILLIAMS

COMMITTEE STAFF TEAM

DAVE BOHYER, Lead Staff
DAVID NISS, Staff Attorney
DAWN FIELD, Secretary
SUE O'CONNELL, LSD, Health Care
SONJA NOWAKOWSKI, LSD, Nat'l Res.
QUINN HOLZER, LFD, Health Care
TARYN PURDY, LFD, Budgeting Process
BARBARA SMITH, LFD, Technology
LOIS STEINBECK, LFD, Health Care

MINUTES SCEG Work Plan Subcommittee

November 15, 2011

Sletten Cancer Institute
Great Falls, Montana

Please note: These minutes provide abbreviated information about committee discussion, public testimony, action taken, and other activities. To the left of each section in these minutes is a time designation indicating the approximate amount of time in hours, minutes, and seconds that has elapsed since the start of the meeting. This 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 summary, along with the audio and video recordings, are listed by meeting date on the interim committee's web page. You must have Real Player to listen to the audio recording or to view the video.

Hard copies of the exhibits for this meeting are available upon request. Legislative Council policy requires a charge of 15 cents a page for copies of the document.

COMMITTEE MEMBERS PRESENT

Sen. Jon Sonju -- Chair
Sen. Mary Caferro
Rep. Mark Blasdel
Rep. Ron Ehli
Rep. Galen Hollenbaugh

COMMITTEE MEMBERS EXCUSED

Sen. Wanzenried

STAFF PRESENT

Dave Bohyer, Lead Staff
Dawn Field, Secretary

AGENDA & VISITORS' LIST

Agenda, Attachment #1.
Visitors' list, Attachment #2.

COMMITTEE ACTION

The Work Plan Subcommittee of the Select Committee on Efficiency in Government reviewed the draft study outline, made minor revisions, and agreed to recommend the revised study plan to the full committee.

CALL TO ORDER AND ROLL CALL

00:00:01 SEN. SONJU called the meeting to order at 3:00 p.m. The Secretary took roll, SEN. WANZENRIED was excused (ATTACHMENT #3). REP. WILLIAMS and REP. NOONAN were also in attendance.

NORTHERN-TIER INTERNET LINE

- 00:00:55 **Dick Clark, CIO, Department of Administration (DOA)**, discussed connectivity and the history of the Northern-Tier Internet Line (NITL), its importance to the state, consolidation efforts, the Montana Information Technology Act (MITA), and future considerations and issues.
- 00:01:50 Mr. Clark discussed connectivity and the history of the NTIL. Discussion topics included policy decisions that would have to be addressed, should the State decide to pursue consolidation.
- 00:13:42 REP. HOLLENBAUGH asked about the potential for cost savings and how/ if savings would be reinvested. Mr. Clark said that any savings would be used to upgrade local and field office circuits, including expansion of broadband access in rural areas through local telecommunication providers. He explained how the State would work with the local providers to accomplish this.
- 00:18:05 REP. WILLIAMS and Mr. Clark discussed how surrounding states use the NTIL, particularly public school education networks. Mr. Clark said that while the NTIL is used differently in other states, all agree on the benefits of using the NITL.
- 00:22:04 Mr. Clark discussed consolidation efforts related to the NTIL, including policy issues to consider, potential problems and other issues of concern, and projected cost savings.
- 00:27:25 Mr. Clark discussed the Montana Information Technology Act (MITA), passed in 2001; and a recent legislative audit of MITA. He said that it may be time to revisit the Act's current philosophy.
- 00:37:56 REP. HOLLENBAUGH asked Mr. Clark to discuss how best to proceed and what management "tools" he needs. Mr. Clark said the first step must be to have policy discussions such as how to do public-private partnerships, multi-state collaborations, security issues, and the importance of establishing working relationships with utilities.

PUBLIC COMMENT

- 00:47:26 **Geoff Fiess, General Manager, Montana Telecommunications Association**, responded to Mr. Clark comments. His response included discussion of statutory language regarding NTIL and the infrastructure already put in place by Montana's rural telecommunications providers. He noted that Vision Net provides many of the services used by the State, including serving as the State's education network. He said there are different philosophies on how to best manage assets and said that there are risks in centralizing all of the state's information technology systems within a single state agency. Mr. Feiss said that Montana's rural telecommunications providers account for about \$200 million of infrastructure investment in the state and discussed the benefits of using the private sector infrastructure to expand services in Montana.
- 00:55:50 **Phil Maxwell, Three Rivers Telephone Cooperative, Fairfield**, explained the services provided by Three Rivers. He said he does not support the use of state money to compete with private companies.
- 00:58:25 **Aart Dolman, Great Falls**, commented on a number of Mr. Clark's discussion topics and said that he supports Mr. Clark's position of full integration.
- 01:04:32 SEN. SONJU asked Barb Smith to explain the statutory appropriation language regarding the NTIL. **Barb Smith, Legislative Fiscal Analyst, Legislative Fiscal Division (LFD)**, explained how a restricted appropriation can be applied within statutory language.
- 01:05:35 SEN. SONJU recessed the Subcommittee for a 5-minute break.
- BREAK**
- 01:16:55 SEN. SONJU called the meeting back to order at 4:37.

WORK PLAN COMPLETION & ADJOURNMENT

- 01:17:09 SEN. SONJU directed members to page 3 of the draft work plan -- "Direction From The Legislature" -- and said that Mr. Bohyer would review the work plan (EXHIBIT 1).
- 01:18:22 **Dave Bohyer, Research Director, Legislative Services Division, LSD**, said the committee must identify which element of the study the members want to focus on and which can be discarded.

Priority based budgeting

- 01:21:33 Mr. Bohyer began his discussion on page 3 of EXHIBIT 1. He reviewed each of the four topic areas and asked the members how they wished to proceed.
- 01:23:41 SEN. SONJU asked to have representatives from the OBPP and the LFD to review the current baseline budgeting process and to discuss the theory of priority based budgeting, including its pros and cons.
- 01:24:31 REP. HOLLENBAUGH said the Legislative Finance Committee (LFC) and the Revenue and Transportation Interim Committee (RTIC) have begun a review process of the current budgeting process and that he would like the issue to be left in the hands of those two committees and that the SCEG focus its energies elsewhere.

- 01:26:50 REP. WILLIAMS discussed her support for an outcome-based budgeting system, rather than a priority-based budget approach.
- 01:29:14 REP. EHLI said the SCEG was directed to look at priority-based budgeting and that the committee should at least take the initial step to understand the theory behind it.
- 01:30:11 SEN. SONJU said this directive could be put on hold until later in the interim and that at the very least, the Budget Director could give an overview of the current budget system. He said that staff could also research other states' budgeting processes.
- 01:31:54 REP. HOLLENBAUGH asked when the issue would be addressed. Mr. Bohyer said the topic is scheduled for the April meeting in Butte. He reviewed the options for studying priority based budgeting. After a brief discussion, it was agreed that priority based budgeting would be addressed at the May meeting (Helena) in order to eliminate the need for state staff to travel to Butte. REP. WILLIAMS asked that the objectives adopted at the November meeting be reconciled with the work plan language. She suggested that the work plan include the goals and objectives.

Health Care and Medicaid portion of study

- 01:38:08 Mr. Bohyer reviewed the six sub-issues listed under the health care access, delivery, and affordability directive (pages 3 and 4, EXHIBIT 1) and the work done to date by the Health Care/Medicaid Subcommittee. He noted that a separate study, under the purview of the Economic Affairs Interim Committee, is studying element (f) -- licensing of health care professionals.
- 01:41:59 SEN. SONJU said that element (f) should be eliminated since it is being addressed by the Economic Affairs Interim Committee. He asked REP. NOONAN to comment on the remaining elements of the health care topic.
- 01:43:10 REP. NOONAN said that (a) (measure value of WICHE and WWAMI programs) will be addressed at a future meeting, perhaps at Bozeman, that element (b) (DPHHS core programs) will be addressed in the budgeting portion of the SCEG's work, and that element (c) (develop a strategy to address Medicaid increases) could be dealt with through a report from a Baucus staff member. Regarding element (d) (options for leveraging large information technology system replacements), REP. NOONAN suggested that the Technology Subcommittee may be a better venue for that element.
- 01:45:41 REP. HOLLENBAUGH asked Ms. Smith about an upcoming meeting regarding the MMIS in DPHHS. Barb Smith said the purpose of the meeting is to clear up concerns of the Legislative Finance Committee regarding the incompleteness of certain answers regarding procurement procedures related to the MMIS. REP. HOLLENBAUGH said the information would be provided to the Health Care/Medicaid Subcommittee.
- 01:47:09 REP. NOONAN said that certain providers have proposed a pay-for-performance pilot program and that he has suggested that providers interested in doing that put forth a plan for presentation to the committee of the whole.

01:48:27 Mr. Bohyer said that REP. NOONAN has asked that the stakeholders present their recommendations for Medicaid changes by mid-December in order to act on them in January. He said that additionally, Mary Dalton, State Medicaid Director, DPHHS, might be able to give an overview of how the Department estimates Medicaid for its budgeting purposes.

Information Technology: availability, access, development, deployment, use, and integration

01:53:11 Mr. Bohyer reviewed the nine elements concerning technology (page 4, EXHIBIT 1). He said that several of the elements have been dealt with already and that others could either be eliminated or delegated to the IT Subcommittee. REP. HOLLENBAUGH said he would like to have one more IT Subcommittee meeting to wrap up and finalize suggestions. Mr. Bohyer said that Helena would be a central meeting location for the university officials and the Commissioner of Higher Education. It was agreed that the final IT Subcommittee meeting would be held in January in Helena.

01:57:50 SEN. CAFERRO discussed several concerns about electronic access, data entry procedures, and document imaging within the DPHHS and asked if the IT Subcommittee could look into her concerns. REP. HOLLENBAUGH said those issues are very broad and may be too much for the Subcommittee but that certain aspects could be examined. Mr. Bohyer said that the Montana Uniform Electronic Authorization Act has been posted to the SCEG website, as well as the main records retention statutes.

02:04:00 REP. HOLLENBAUGH asked that officials from the Secretary of State's Office be invited to the next IT Subcommittee to discuss electronic records. It was agreed.

Natural Resources: identify and explore incentives for and impediments to development, adding value, transporting, and conservation

02:05:53 Mr. Bohyer reviewed the nine elements identified for study of natural resource efficiencies (pages 4 and 5, EXHIBIT 1). He referred members to pages 12 and 13, EXHIBIT 1, for additional discussion.

02:10:25 SEN. SONJU said that the SCEG would begin its work on the natural resource component in January. He asked to have the Department of Environmental Quality (DEQ) present a "Permitting 101" class for the committee members and that he planned to meet with SEN. KEANE, SEN. WALKER, and REP. WILLIAMS before the January meeting to narrow the focus.

02:12:51 REP. WILLIAMS asked to have the EQC staff booklet on permitting in Montana sent to all SCEG members. She suggested that the Governor's Natural Resource Advisory Council may be another source of information.

02:14:21 Mr. Bohyer reviewed the proposed meeting dates (page 11, EXHIBIT 1). The members held a brief discussion of the proposed meeting dates. No changes were made at this time. Mr. Bohyer said he would revise the work plan to reflect the decisions of the subcommittee. SEN. CAFERRO thanked Mr. Bohyer for his work done on the draft work plan.

PUBLIC COMMENT

02:20:47 **Jani McCall, City of Billings**, commented on the priority based budgeting training that was held for the City of Billings in September. Ms. McCall also commented on the performance-based pilot project proposed by the Yellowstone Boys and Girls Ranch and Intermountain Children's Home.

02:22:52 **Kristina Davis, Children's Defense Fund, Great Falls**, commented on eligibility issues discussed by SEN. CAFERRO.

WRAP UP, INSTRUCTIONS TO STAFF, ADJOURNMENT

02:26:29 Mr. Bohyer reviewed the agenda for next day's meeting of the full SCEG.

02:34:27 Barb Smith said that several information documents relating to government technology issues and polices will be posted online. She recommended that the Subcommittee read them.

02:35:02 Mr. Bohyer said that Ms. Smith has compiled a list of recommendations received through public comment that will be posted on the website and distributed to committee members (EXHIBIT 2).

02:36:17 SEN. CAFERRO asked to allow the option of taking public comment via telephone. SEN. SONJU said he would allow it for the Nov. 16 meeting.

02:37:13 SEN. CAFERRO discussed her concerns regarding the SCEG website, saying that it isn't easy to navigate. Mr. Bohyer said he would address her concerns.

02:39:17 SEN. SONJU announced that Mr. Feiss was present to assist with the Vision Net tour for interested members.

02:39:50 SEN. SONJU recessed the Subcommittee at 6 p.m, after announcing that the full Select Committee on Efficiency in Government would convene on November 16, at 8:00 a.m.

CI0429 2003dfxa.