



GENERAL GOVERNMENT INTERIM BUDGET COMMITTEE

67th Montana Legislature

SENATE MEMBERS

Pat Flowers
Douglas (Doug) Kary
Mike Lang

HOUSE MEMBERS

Steve Gist
Vince Ricci
Sharon Stewart Peregoy
Brad Tschida

COMMITTEE STAFF

Prudence Gildroy - Secretary
Katie Guenther - Legislative Fiscal Analyst
Amy Sassano - OBPP Staffer
Kris Wilkinson - Fiscal Analyst

MINUTES LOG

December 15, 2021
Room 172
Helena, Montana

Please note: This document is a Minutes Log and provides annotation 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 recording 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 the meeting activities. The time designation may be used to locate the referenced discussion on the audio or video recording of this meeting.

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MEMBERS PRESENT:

Sen. Mike Lang, Chair (R)
Sen. Pat Flowers, Vice Chair (D)
Rep. Steve Gist (R)
Sen. Douglas (Doug) Kary (R)
Rep. Brad Tschida (R)

MEMBERS EXCUSED:

Rep. Vince Ricci (R)
Rep. Sharon Stewart Peregoy (D)

STAFF PRESENT:

Prudence Gildroy, Secretary
Katie Guenther, Legislative Fiscal Analyst
Molly Delgado, Legislative Fiscal Analyst
Kris Wilkinson, Fiscal Analyst

AGENDA (Attachment 1)

VISITORS' LIST (Attachment 2)

COMMITTEE ACTION

CALL TO ORDER/ROLL CALL

09:00:32 Sen. Mike Lang-R called the meeting to order at 9:00 AM. The committee secretary took roll.

FY 2022 Budget Status Reports, LFD Staff

Legislative Branch

09:05:39 Kris Wilkinson, Legislative Fiscal Division (LFD), presented the budget status report for the Legislative Branch. [EXHIBIT 1](#)

09:20:35 Rep. Tschida asked about annual dues and Ms. Wilkinson replied. Rep. Tschida asked about the directions to staff from the last meeting.

09:22:36 Rep. Gist asked about the reduction in the staff of Legislative Audit Division. Mr. Angus Maciver responded that they have hired three of the four positions. They plan to staff at an adequate level.

09:24:58 Ms. Wilkinson indicated that the legislature provided funds for recruitment and retention.

09:25:30 Chair Lang welcomed Rep. Gist to the committee and asked for committee and staff introductions.

09:25:39 Sonia Powell, Office of Budget and Program Planning (OBPP)

09:25:53 Angie Nelson, OBPP

09:26:08 Rep. Steve Gist

09:26:43 Sen. Doug Kary

09:26:50 Rep. Brad Tschida

09:27:02 Sen. Mike Lang

09:27:29 Kris Wilkinson, LFD

09:27:47 Sen. Pat Flowers

09:28:02 Molly DelCurto, LFD

09:28:20 Sen. Flowers asked about statewide vacancy savings across all agencies and what the endemic level of vacancies was. Ms. DelCurto indicated that statewide total HB 2 vacancies were just under 12 percent. Ms. Wilkinson noted that the legislature recognized four percent overall vacancy savings.

Consumer Counsel

09:30:30 Ms. Wilkinson presented the budget status report for the Consumer Counsel. [EXHIBIT 2](#)

09:33:10 Chair Lang

Governor's Office

- 09:33:30 Ms. Wilkinson presented the budget status report for the Governor's Office. [EXHIBIT 3](#)
- 09:42:01 Rep. Gist asked about oversight on HB 632 expenditures, and Ms. Wilkinson responded.
- 09:43:31 Sen. Flowers asked Ms. Powell about what had been spent in ARPA funding, and Ms. Powell offered to get that information to the committee. Sen. Flowers asked where the 58 million had been spent.
- 09:44:50 Sen. Kary said the money is allocated but the money will not be spent until the project is complete.
- 09:45:39 Sen. Flowers said allocated is as important a number as expended. Ms. Wilkinson said in future meetings they will add columns for allocated and expended.
- 09:46:33 Chair Lang asked about capital projects and Ms. Wilkinson explained that not all projects will receive funding. Some of the funds that the state would normally spend on infrastructure were allocated through HB 632 this session, which would free up funding in the next session for unfunded projects.

Secretary of State

- 09:48:02 Ms. Wilkinson presented the budget status reports for the Secretary of State's office. [EXHIBIT 4](#)
- 09:55:23 Rep. Tschida asked about the \$1.5 million for the Elect MT system, and Ms. Wilkinson indicated it was federal dollars. Rep. Tschida asked about the voting registration system and cyber vulnerability. Ms. Angela Nunn, operations director, said it was up to the counties to decide what to request. The MT Votes system is statewide. She said she would provide additional information.
- 09:58:42 Chair Lang asked about allocations to the counties, and Ms. Nunn responded.
- 09:59:54 Rep. Tschida asked for an explanation of the current system and how the new voter registration system would improve that. Ms. Wilkinson said there would be a presentation at the next meeting.
- 10:01:22 Sen. Flowers asked about the process to transition to Elect MT. Ms. Nunn indicated the project had legislative oversight and explained the process.
- 10:05:00 Chair Lang clarified that Section A was about the money.

Commissioner of Political Practice

- 10:05:58 Ms. Wilkinson presented the budget status report for the Commissioner of Political Practice. [EXHIBIT 5](#)
- 10:10:00 Chair Lang asked a question of Sen. Flowers regarding the agreement with FWP. Sen. Flowers stated FWP has strong support services.
- 10:10:50 Sen. Kary asked why FWP instead of the Secretary of State. Ms. Nunn responded that FWP is part of the Executive Branch. Sen. Kary expressed concern about an appointed office providing oversight rather than an elected office. The budget office will provide research to the committee.
- 10:13:24 Kymberly Trujillo, Office of Commissioner of Political Practices, responded to a question from Sen. Flowers about the update to the administrative rules manual for elections. She said the update would be released in mid-January. She added that COPP is only attached to the Secretary of State administratively.

10:16:33 Ms. Wilkinson explained the SOS is a proprietary fund and different than HB 2. Their accounting expertise is not what is needed for the COPP.

State Auditor's Office

10:18:07 Ms. Wilkinson addressed the budget status report for the State Auditor's Office. [EXHIBIT 6](#)

10:24:39 Chair Lang asked for clarification on what agency provides oversight. Ms. Wilkinson replied that they contracted with an outside entity.

Department of Revenue

10:25:56 Ms. DelCurto presented the budget status report for the Department of Revenue. [EXHIBIT 7](#)

10:39:34 Sen. Kary inquired about ongoing freight charges due to the increased demand for alcohol. Ms. DelCurto said she would get that information.

10:41:00 Rep. Tschida asked for information on out of state debt collection and the ratio of expenditure versus recovery, and Ms. DelCurto agreed to provide that to the committee.

Break

11:01:45 Reconvene

11:03:43 Angie Nelson, OBPP, presented an update on ARPA funding.

Review and approval of the minutes

11:06:20 Motion: Sen. Flowers moved to approve the minutes of the September 15, 2021 meeting. Motion carried unanimously by voice vote of those present and voting.

Department of Commerce

11:07:32 Ms. DelCurto presented the budget status report for the Department of Commerce. [EXHIBIT 8](#)

11:28:03 Sen. Kary asked about the CARES II funds, and Ms. DelCurto responded.

11:30:24 Sen. Flowers commented on the importance of the housing funds. He asked about the marketing for these programs. Mr. Adam Schafer, deputy director, Department of Commerce, said they will continue to advertise the rental assistance and the mortgage assistance will be marketed the same way.

11:32:11 Ms. Cheryl Cohen, housing division administrator, stated the department will concurrently manage those programs. For the homeowner assistance they will partner with non-profit organizations to market the program and specifically target the homeowners most in need.

11:34:24 Rep. Gist expressed concern about the rental assistance program artificially driving up the costs of rent. Ms. Cohen said they cover the rent amount in the rental or lease agreement.

11:35:33 Rep. Tschida reported he had heard of significant delays, and Ms. Cohen acknowledged there was a backlog. FTE had been added and call volume has been shared with ARPA and the DOR.

11:38:29 Elijah Allen, director, Montana Heritage Commission, gave an overview of preservation projects that have been selected for funding in FY 2022, condition of the facilities, and anticipated work. [EXHIBIT 9](#)

Department of Military Affairs

11:46:51 Ms. Wilkinson presented the budget status report for the Department of Military Affairs. [EXHIBIT 10](#)

11:54:29 Director Trent Gibson, Montana Youth Challenge Academy, commented on the ChalleNGe Program staffing levels between FY 2018 and FY 2022, number of students served, and number of students awaiting services.

11:59:53 Chair Lang asked about those that don't graduate, and Mr. Gibson responded.

12:00:43 Sen. Flowers commented that he was glad to see it was back on track.

12:01:30 Cyndie West, deputy director, Department of Military Affairs, reported on the Military Families Relief Program including services provided and breakdown by family served.

12:04:09 Chair Lang asked about federal service, and Ms. West responded.

12:04:34 Chair Lang asked about possible collaboration between the Miles City Aviation Center and DNRC. Ms. West indicated they work with other agencies, and she thought agreements could be arranged.

12:05:58 Ms. Wilkinson reviewed the requests for information for the next meeting. Rep. Tschida reiterated the request regarding Cyber vulnerabilities. Sen. Flowers added a reminder for a report on cannabis revenues for the next meeting.

Noon Break

13:03:48 Reconvene

Department of Labor and Industry

13:39:59 Ms. DelCurto reviewed the budget status report for the Department of Labor and Industry. [EXHIBIT 11](#)

13:46:54 Reconvene

13:56:45 Rep. Tschida asked about the administrative cost of the \$98.1 million for the CARES Act I, and Ms. DelCurto agreed to provide it.

13:58:08 Chair Lang asked about the cancelled software project. Laurie Esau, director, Department of Labor and Industry, explained they did not believe the vendor could deliver the product they wanted.

13:59:23 Scott Eichner, administrator Workforce Division, explained they are looking for an off-the-shelf software program.

14:00:24 Sen. Flowers inquired about the governor's decision to discontinue the premium unemployment payment before the program ran out. Ms. Esau replied the amount of people on unemployment had decreased 90 percent.

14:01:46 Ms. Erin Weisgerber, Centralized Services Division, addressed a question from Sen. Flowers on how much it cost the unemployed and said she would get back to the committee.

14:03:51 Sen. Flowers commented on the use of the ARPA funding to recruit out of state healthcare workers and why we are not focusing on retention. Mr. Eichner responded. Sen. Flowers said he would appreciate follow up on the issue. He recognized the efforts of the UI division to assist those struggling.

- 14:06:03 Rep. Tschida asked about the demographics of those leaving employment. Mr. Eichner replied they have researched that and will provide the research to the committee.
- 14:07:11 Rep. Gist expressed support for the idea of efforts toward retention.
- 14:08:21 In response to Rep. Tschida's previous question, Ms. DelCurto reported almost all of the funds were used for administration. Ms. DelCurto thought it likely the cost was higher than previously expected.
- 14:10:22 Ms. Weisgerber further addressed the question of Rep. Tschida.
- 14:11:21 Mr. Eichner presented the Return to Work Program report on the number of individuals applying, the number of applicants approved for benefits and amount of benefits received, timeline on making payments to approved applicants, and the impacts of the Return to Work Program on labor force participation rates and other workforce programs effectiveness measures.

Department of Administration

- 14:17:40 Katie Guenther, LFD, presented the FY 2022 budget status report for the Department of Administration. [EXHIBIT 12](#)
- 14:31:16 Kevin Gilbertson, state CIO, presented the State Information Technology Services Division Reports and addressed Cybersecurity. [EXHIBIT 13](#)
- 14:44:25 Rep. Tschida asked about the third party to address risk assessment. Mr. Gilbertson answered it is Janus. Rep. Tschida asked if there is an application that allows data to be a moving target, and Mr. Gilbertson replied they are doing an offensive approach.
- 14:47:20 Mr. Gilbertson reported on the basis for the 2023 biennium budget for ServiceNow, the service provided, the services provided to each agency, the agencies that are using the services, and the basis used to establish the cost reductions for ServiceNow in the 2023 biennium budget.
- 15:04:58 April Grady, chief financial officer, SITSD, presented a quarterly report on staff time serving each agency for 1st quarter FY 2022 and hourly and sub-hourly rates.
- 15:08:01 Brett Dahl, administrator, Risk Management and Tort Defense, presented information about their division.
- 15:28:07 Rep. Gist asked about regulatory oversight and Mr. Dahl replied.
- 15:29:16 Chair Lang asked how budget premiums were kept constant and Mr. Dahl explained 2020 was a good year, there was no loss, there was a rate increase, and realignment of assets, expenses, and liabilities.
- 15:31:34 Rep. Tschida recalled the rate increase and complimented Mr. Dahl on a job well done.

Public Comment

None

Economic Affairs Interim Committee Update

- 15:33:39 Erin Sullivan, legislative research analyst, Legislative Services Division (LSD), Economic Affairs Interim Committee, reported on oversight and studies.

State Administration and Veterans Affairs Interim Committee

- 15:37:41 Rebecca Power, LSD, reported on the work of the State Administration and Veterans Affairs Interim Committee.
- 15:42:01 Kris Wilkinson reviewed the directions to staff on further items for the March meeting.

ADJOURNMENT

Adjournment: 4:44 p.m.