



## **MODERNIZATION AND RISK ANALYSIS STUDY COMMITTEE**

### **68th Montana Legislature**

---

#### **SENATE MEMBERS**

SEN. JOHN ESP  
SEN. CHRISTOPHER POPE

#### **HOUSE MEMBERS**

REP. MARY CAFERRO  
REP. JIM HAMILTON  
REP. BILL MERCER  
REP. LLEW JONES

#### **PUBLIC MEMBERS**

DWANE IVERSON  
HEATHER O'LOUGHLIN  
KENDALL COTTON  
LANCE FOURSTAR

#### **COMMITTEE STAFF**

AMY CARLSON, Fiscal Analyst  
JULIE JOHNSON, Attorney  
MARK YAKUBOVICH, Secretary

# **MINUTES LOG**

September 14, 2023  
Room 152  
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.

Access to an electronic copy of these minutes and the audio or video recording is provided from the Legislative Branch home page at <https://leg.mt.gov>. From the home page, select the "Committees" drop down menu at the top, then select Administrative or Interim, and the appropriate committee. The written minutes log can be located by expanding the accordion menu for the date of the meeting. Links to the audio/video files can be located by selecting the Video/Audio button on the same page, then the "past/current recordings" button. From there, use the calendar to select the date of the meeting you wish to view/listen to. The written Minutes Log, along with links to 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.

#### **MEMBERS PRESENT:**

Sen John Esp (R)  
Sen. Carl Glimm (R)  
Sen. Janet Ellis (D)  
Rep. David Bedey (R)  
Rep. Llew Jones (R)  
Rep. Rep. Bill Mercer (R)  
Rep. Eric Matthews (D)

#### **MEMBERS EXCUSED:**

Sen. Carl Glimm (R)

#### **MEMBERS ABSENT:**

#### **STAFF PRESENT:**

Quinn Holzer, Assistant Director  
Julie Johnson, Attorney  
Katie Guenther, Lead Fiscal Analyst  
Julia Hamilton, Fiscal Analyst

Rob Miller, Fiscal Analyst  
Mark Yakubovich, Fiscal Specialist  
Grace Gibney, Secretary  
Jason Harlow, OBPP

**AGENDA ([Attachment 1](#))**

**VISITORS' LIST ([Attachment 2](#))**

**COMMITTEE ACTION**

**CALL TO ORDER/ROLL CALL**

08:01:09 Senator John Esp called the meeting to order.  
08:01:18 Secretary took roll.  
08:01:50 Committee and staff introductions.  
08:06:53 Quinn Holzer, Assistant Director, (LFD) gave an overview of the structure of the committee. Described from LFD, LSD and OBPP.

**ELECTION OF OFFICERS:**

08:09:33 Motion made by Rep. Llew Jones to elect Sen. John Esp as chair.  
08:10:30 Sen. John Esp requested that Rep. David Bedey act as vice chair.

**Vote:**

08:10:53 Motion carried unanimously by voice vote.

**2002 REPORT ON PERSONAL SERVICES AND VACANCY SAVINGS:**

08:10:58 Katie Guenther, Lead Fiscal Analyst, Legislative Fiscal Division, (LFD) presented an overview of the report.  
08:20:53 Rep. David Bedey made comments about the report.  
08:25:10 Rep. Llew Jones made comments about differentiating between FTE and people.  
08:31:06 Sen. Janet Ellis made comments on what has changed with contingency fund since 2002.  
08:32:17 Rep. Bill Mercer discussed requirements of the committee. Asked if it is feasible for the committee to complete its work by June as laid out in HB 424 section 10. Expressed concerns about infrequent meeting times.  
08:60:01 Quinn Holzer, Assistant Director, (LFD) responded with comments about committee work schedule. Requested comments from Amy Sassano with the Governor's Office of Budget and Program Planning, (OBPP).  
08:37:25 Jason Harlow, Senior Budget Analyst, (OBPP)

- 08:38:13 Amy Sassano, Deputy Budget Director made additional comments on the committee schedule and timeline as relates to OBPP.
- 08:45:03 Sen. John Esp made additional comments on the committee timeline. Explained this committee will begin to spearhead the study process on vacancy savings.
- 08:47:22 Rep. David Bedey expressed comments on the committee working closely with OBPP on their deadlines. Asked for more information on how FTE are operated by various agencies.
- 08:51:33 Amy Sassano, Deputy Budget Director, (OBPP) gave an overview on how agencies use FTE and vacancy savings.
- 08:57:10 Rep. Llew Jones added remarks on personal contingency accounts.
- 09:01:37 Quinn Holzer, Assistant Director, (LFD) made closing comments on the report. Stated budget changes that have occurred since 2002.
- 09:04:28 Sen. Janet Ellis suggested to the committee on how to utilize IBCs in the process of the study on State Budget Process and Personal Services Expenditures.
- 09:05:18 Rep. David Bedey made additional comments.
- 09:06:30 Rep. Bill Mercer asked if there is any state that currently does not use FTE as a guiding principle.

**REVIEW SURVEY OF STATES ON PERSONAL SERVICES BUDGETING:**

- 09:07:13 Mark Yakubovich, Fiscal Specialist, (LFD) gave a report on a survey sent to all 50 state legislatures by LFD. 22 responses were received. The survey inquired about and requested information on the development and creation of personal services budgets, how funding may be utilized, how vacancy savings are addressed regarding the budget and successes and challenges of their current budgeting process.
- 09:15:40 Quinn Holzer, Assistant Director, (LFD) announced that it is a requirement of HB 424 that LFD conduct this study of peer states.
- 09:16:33 Rep. David Bedey asked if the legislature uses personal services funding for contracted employees.
- 09:16:56 Amy Sassano, Deputy Budget Director, (OBPP) explained that agencies are allowed to moved funds from personal services to operating. A budget change document (BCD) is required and approval from the OBPP for the request.

**CURRENT LFD PERSONAL SERVICES REPORTS:**

- 09:23:37 Julia Hamilton, Fiscal Analyst, (LFD) gave an overview of the current LFD Personal Services reports including tables and information in Budget Analysis, vacancy and utilization reports, questions posed for agencies last budget cycle and organizational chart example for feedback from the committee.

09:32:22 Rep. David Bedey asked if these reports are available online to the committee.

09:33:15 Quinn Holzer, Assistant Director, (LFD) explained that this information is in a secure drive with LFD for now, but it will be provided to the committee within the next month after data confidentiality concerns are reviewed.

09:34:43 Rep. Bill Mercer asked what data privacy concerns are evident in these reports. Does not foresee privacy implications.

08:00:00 Quinn Holzer, Assistant Director, (LFD) is unsure of any privacy concerns but would like to review it to ensure that there is none.

09:36:43 Rob Miller, Senior Fiscal Analyst, (LFD) gave a report on the Department of Agriculture vacancies as an example.

09:40:37 Rep. Llew Jones made comments on utilizing vacant over 1-year positions.

09:42:45 Rep. Bill Mercer asked if the agencies could provide more clarity on personal needs of their agency. Described how this would be helpful in analyzing organizational charts.

09:45:18 Rep. Eric Matthew added that it would be helpful to review a report on when agencies have moved funds due to contracted employees.

09:45:52 Sen. Janet Ellis expressed concerns around the amount of detail the committee is requesting and how it could complicate their work.

09:47:38 Rep. David Bedey made additional comments.

09:50:59 Amy Sassano, Deputy Budget Director, (OBPP) gave words of caution to the committee on analyzing how and why an agency may keep positions vacant.

09:53:10 Sen. John Esp asked for a definition of applied vacancy savings vs actual vacancy savings.

09:53:47 Amy Sassano, Deputy Budget Director, (OBPP) explained the difference between the two.

09:55:04 Katie Guenther, Lead Fiscal Analyst, (LFD) spoke about questions that came from the Budget Analysis and what PowerBI tools have been established to analyze these questions.

10:00:46 Rep. Llew Jones asked how applied vacancy savings are utilized.

10:01:36 Amy Sassano, Deputy Budget Director, (OBPP) confirmed that the snapshot rate that is captured when the position is filled, 85% of the market midpoint if the position is vacant at the time of the snapshot, number of hours to calculate. 4% of that number for each position and is added as a deduction from the budget for each position. Those amounts are rolled up to the program level for presentation.

**BREAK:**

10:09:47            Reconvened at 10:26:21

**ACTUALS, BASE, BUDGET VISUALIZATION CONCEPT:**

- 10:27:13            Katie Guenther, Lead Fiscal Analyst, (LFD) gave an overview of the PowerBI tools relating to actuals, base, and budget visualization.
- 10:29:35            Rep. Llew Jones asked for clarification on the forecasted legislative budget compared to the modified budget.
- 10:30:35            Katie Guenther, Lead Fiscal Analyst, (LFD) described process for analyzing these budgets.

**BUDGET ANALYSIS UPDATE OPTIONS:**

- 10:35:10            Nick VanBrown, Lead Data Scientist, (LFD) gave an overview of the PowerBI tools relating to Budget Analysis. Provided update options.
- 10:43:45            Rep. David Bedey asked about modification to budget in relation to the legislative budget.
- 10:44:09            Katie Guenther, Lead Fiscal Analyst, (LFD) responded.
- 10:45:18            Rep. Llew Jones went on to discuss the differences between the budgets in relation to OTO positions.
- 10:47:55            Quinn Holzer, Assistant Director, (LFD) described timing issues that will play into changes made to the base budget and modified budget.
- 10:49:01            Sen. John Esp asked if the Power BI tool could analyze HB 2 spending.
- 10:49:08            Nick VanBrown, Lead Data Scientist, (LFD) explained one of the reasons LFD has looked at operating is how DP3 and how it was added. Explained that the BI tools are more of a question generator rather than an answerer.
- 10:49:52            Rep. Llew Jones added comments on how modifications occur.
- 10:51:46            Katie Guenther, Lead Fiscal Analyst, (LFD) presented two memos. Potential revisions to budget analysis and potential revisions to the quarterly report.
- 11:02:48            Rep. Bill Mercer made comments about obtaining more research on agency reorganization.
- 11:03:13            Sen. Janet Ellis expressed the need for an online education tool for legislators. Described different learning styles and research capabilities of legislators.
- 11:07:37            Katie Guenther, Lead Fiscal Analyst, (LFD) continued to describe the report.
- 11:12:47            Rep. David Bedey made suggestions to LFD staff on the budget analysis.
- 11:13:14            Katie Guenther, Lead Fiscal Analyst, (LFD) responded.

- 11:16:29 Rep. Bill Mercer expressed feedback on PowerBi tool on analyzing special revenue accounts.
- 11:16:54 Katie Guenther, Lead Fiscal Analyst, (LFD) described the proposal to analyzing agencies and programs on a more functional level.
- 11:21:07 Amy Sassano, Deputy Budget Director, (OBPP) made comments relating to the committee going back to analyze past budgets. Expressed significant data limitations that might occur.
- 11:22:43 Rep. David Bedey made additional comments.
- 11:23:12 Sen. Janet Ellis asked if these reports will be produced so that every IBC committee has access to every program they are overseeing.
- 11:23:52 Katie Guenther, Lead Fiscal Analyst, (LFD) confirmed this is the case.
- 11: 25:35 Sen. John Esp made comments of concern about some legislators feeling drowned with too much detail.
- 11:26:29 Quinn Holzer, Assistant Director, (LFD) expressed issues around timing.
- 11:28:47 Rep. Eric Matthews made comments on committee goals and reconciling the need to analyze past budgets but also make future decisions.
- 11:30:15 Sen. Janet Ellis asked if there is a way to map how many programs fall under each agency.
- 11:30:52 Rep. David Bedey made additional comments.
- 12:01:52 Sen. John Esp – structure of subcommittees and time frames for 2025 Session. Would like to look at perhaps shortening the time frame so bills can move between the House and Senate more efficiently.
- 12:03:02 Rep. Llew Jones made comments on Sen. John Esps remarks.
- 12:05:23 Rep. David Bedey continued to add to the conversation.
- 12:06:20 Rep. Bill Mercer made comments about reporting structure for agencies and which committees they will report to.

**NEXT STEPS:**

- 12:09:15 Quinn Holzer, Assistant Director, (LFD) responded to legislator suggestions and requests.
- 12:10:32 Rep. Bill Mercer asked how burdensome producing information on reporting level four (RL4) will be to staff as they manage their workload.
- 12:11:06 Quinn Holzer, Assistant Director, (LFD) explained that these reports can be added to the Budget Analysis based on what the committee decides to do. Explained the goal is to set up the data to minimize complications to staff but staff has responsibility to do follow up analysis and understand the procedures.
- 12:12:36 Sen. Ellis made comments about the capability of getting data from staff.

12:14:13 Rep. David Bedey made remarks on Section B.

**RECESS:**

12:16:49 Reconvened at 12:26:25

12:16:50 Sen. John Esp left the meeting. Rep. David Bedey (vice chair) took over as chairman of the committee for the remainder of the meeting.

**NEXT STEPS CONTINUED:**

12:31:22 Quinn Holzer, Assistant Director, (LFD) presented statistics included in the 2002 Personal Services Report. Explained that information on vacancy savings will be updated. Recommended the committee review the Broadband Compensation Report. Discussed the mockup of Budget Analysis that will be created for the next meeting. Commented on request for hiring efforts chart and expenditures compared to historical averages in relating to the quarterly financial reports.

**PUBLIC COMMENT:**

01:06:15 Rep. David Bedey asked for public comment. None was heard.

**ADJOURNMENT:**

01:06:30 Rep. David Bedey adjourned the meeting.