

LEGISLATIVE FINANCE COMMITTEE WORK PLAN

2025 BIENNIUM INTERIM PERIOD

JUNE 2023 – DECEMBER 2024

The work plan for the Legislative Finance Committee (LFC) follows:

HB 5 Select Committee on Corrections Facility Capacity and System Development - Assumed to be September 2023 – September 2024

The committee shall focus on establishing an overall framework and implementation plan for long-term facility needs and immediate improvements for department of corrections facilities. The committee shall prepare a final report of its findings and recommendations, and draft legislation if appropriate. The committee shall submit the final report to the legislative finance committee and the law and justice interim committee for approval prior to submission to the governor and the 69th legislature.

The committee is composed of nine members: (i) three members from the judicial branch, law enforcement, and justice interim budget committee appointed by the presiding officer of the legislative finance committee in consultation with the vice presiding officer of the legislative finance committee; (ii) three members from the long-range planning interim budget committee appointed by the presiding officer of the legislative finance committee in consultation with the vice presiding officer of the legislative finance committee; and (iii) three members from the law and justice interim committee appointed by the presiding officer of the law and justice interim committee in consultation with the vice presiding officer of the law and justice interim committee

HB 424 Study of State Budget Process and Personal Services Expenditure Appropriations – Assumed to be September 2023 – June 2024

Section 10 of [HB 424](#) (2023 session) reads as follows: “During the 2025 biennium interim, . . . a working group composed of members from of the legislative finance committee, the legislative fiscal division, and the office of budget and program planning shall jointly study the process by which the state budgets for personal services conduct a study on the state budgeting process.” Additional specifics about recommendations, methodology, and analysis are further discussed in HB 424.

Included as part of the HB 424 study is a proposal for LFD staff to upgrade financial expenditure analysis reports like the budget analysis, quarterly financial reports, and the HB 2 narrative report.

HB 872 Provide Funding for Behavioral Health System for Future Generations

Section 5 of HB 872 (2023 session) reads: “For the purposes of rules promulgated under [section 4], the legislative finance committee established in 5-12-201 is the administrative rule review committee under Title 2, chapter 4.” This section gives the LFC the ability to review rules that define how the appropriation for capital projects in Section 9 of HB 872 will be allocated and spent.

In addition, the LFC must have at least one member on the commission defined in Section 1, and the LFC will receive a presentation of the commission’s final recommendations by July 1, 2024.

Modernization and Risk Analysis (MARA) Committee – Legislation passed during the 2023 session made this committee permanent. MARA committee members will develop a work plan separate from the LFC. Please see the [MARA Committee](#) page for additional information.

Interim Budget Committees (IBC) - Legislation passed during the 2023 session made these committees permanent, but still under the purview of the LFC for any legislation the committees wish to pursue. IBC work plans are formulated using statute and additional work proposed by the committees. Please see the [IBC websites](#) for further information.

System Overhaul and Modernization Project

A comprehensive modernization of the products utilized by legislators to make critical decisions will undergo a complete overhaul. Phase 1 will be July 2023-November 2024. Included are the following projects:

- Redesign of Legislative Branch Website – Assumed to be September 2023 – November 2024. The goal is to build an easy, intuitive website for users to quickly find what they need
- Overhaul of critical software and databases for modern, interactive tools general fund status including integrated data automation products that interface with the legislative branch website
- HB 2 bill and amendment process replacement, fully integrated with branch technology and website

Revenue Projects

The revenue staff plans on creating an interactive dashboard that will serve as an educational tool for the Legislature. This would include historical revenues by source, as well as a county-by-county breakdown of where general fund revenues come from. Revenues by county could be viewed as both totals and on a per-capita basis. The revenue team will get input from the Revenue Interim Committee on the design of this product.

Another potential study would be to analyze the changing composition of Montana's general fund revenue stream over time and what is contributing to it. Over the years income taxes have exceeded inflationary growth while other sources have not. As a result, Montana's general fund has become more and more dominated by income taxes. In addition, how has the composition of individual income taxes changed (wages, capital gains, retirement income, etc.)? What does this mean for budget stability and volatility moving forward?

In addition to examining the changing composition of general fund revenues, the LFD could study how the economic sectors contributing the general fund revenues have changed over time.

Staff will evaluate the possibility of creating a dynamic tool that could test various tax systems including testing choices for property tax relief.

Legislative Space

Legislation passed during the 2023 session funded the creation of a legislative branch long-range capital plan. In addition to that requirement, HB 856 created a jurisdictional framework for legislative space, requires DOA

to develop a plan to move the bulk of Legislative Audit Division personnel out of the Capitol, and provides appropriations to implement creation of the plan and construct interim improvements. The long-range capital plan provides the legislative branch the opportunity to evaluate space needs of staff, legislators, and the legislative process and will include participation of both chambers and all divisions within the branch.

The space plan for LFD will include developing metrics for space needs based upon factors including role, position, in-person versus remote work potential, and other relevant criteria; planning for growth; and making sure the division is prepared to fully engage for the 2025 Session. LFD goals include development of a plan where all staff space metrics have been met within the same office building and wing, and with conference and breakout rooms to allow meetings and confidential communication with legislators for staff assigned to cubicles.

The space plan for the Branch will follow a process outlined in HB 856, which includes specific dates or milestones, review by branch administrative committees, adoption by the Legislative Council, and introduction to the 2025 Legislature through joint resolution. Like the LFD plan, the branch plan will include planning for growth and seize upon the opportunity for interim and post-2025 session improvements in addition to the longer-term improvements proposed for future appropriations. An interim subcommittee consisting of certain members of all three administrative committees (LAC, LFC, and LC) will set goals, objectives, and help guide the planning process for the overall branch. The two LFC members of the space-planning subcommittee will act as liaisons and report out to the LFC on the progress at each LFC meeting.

Other Research Topics

Pensions

SJ 4 requested that the State Administration and Veterans Affairs (SAVA) Interim Committee, in conjunction with the LFC, study the Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS) as well as the development of recommendations for a long-term strategic approach to funding the systems. The first SAVA committee meeting is scheduled for July 21, 2023. In addition, the LFD received funding for pension actuarial analysis for the current biennium. The LFD is in the beginning process of hiring an actuarial consulting firm. With this funding the LFC will be able to request analyses that are not provided in the annual valuation reports that are presented by PERS and TRS.

If LFC members are interested in additional topics to be considered this interim, staff will bring a plan back to the next meeting to attempt to accomplish all the goals of the LFC.

Work Schedule and Assigned Staff

The following table outlines the work schedule and staff assignments:

Committee/Topic	LFC Members	LFD Staff
HB 5	Mercer, Esp	Walker & Katy C.
HB 424	Bedey, Ellis, Esp, Glimm, Jones, Matthews, Mercer	Quinn & Katie G.
IBCs	All LFC members, except Matthews	All expenditure analysts
Legislative Space	Bedey & Ellis	Amy & Joe T.
MARA	Caferro, Esp, Hamilton, Jones, Mercer	Josh, Nick, Sam, Amy
Data Automation		Nick
Expenditure Reporting Modernization		Katie G., Quinn, Jon
Revenue and Pension Projects		Sam & Joe B.
System Overhaul and Modernization		Susie & Nick

Meeting Timeline

Tuesday	Wednesday	Thursday	Friday
HB 5	IBCs	LFC	HB 424

LFC meeting dates

- September 14, 2023
- December 14, 2023
- March 14, 2024
- June 20, 2024
- September 19, 2024
- December 12, 2024

Interim Budget Committee meeting dates

- September 13, 2023
- December 13, 2023
- March 13, 2024
- June 19, 2024
- September 18, 2024
- December 11, 2024

HB 5 Select Committee meeting dates

- September 12, 2023
- December 12, 2023
- March 12, 2024
- June 18, 2024

HB 424 Budget Process Committee meeting dates

- September 15, 2023
- December 15, 2023
- March 15, 2024
- June 21, 2024