



# Interim Budget Committee – Section A

## 67th Montana Legislature

Room 455 Capitol Building \* P.O. Box 201711 \* Helena, MT 59620-1711 \* (406) 444-2986 \* FAX (406) 444-3036

### SENATE MEMBERS

FORREST MANDEVILLE – VICE CHAIR  
DAN BARTEL  
PAT FLOWERS

### HOUSE MEMBERS

TERRY MOORE – CHAIR  
TERRY FALK  
JIM HAMILTON  
NAARAH HASTINGS

### COMMITTEE STAFF

MOLLY DELCURTO, Fiscal Analyst  
KATIE GUENTHER, Fiscal Analyst  
TAMI GUNLOCK, Fiscal Analyst

## MINUTES LOG

September 13, 2023  
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. Forrest Mandeville (R) – Vice Chair  
Sen. Dan Bartel (R)  
Rep. Terry Moore (R) – Chair  
Rep. Terry Falk (R)  
Rep. Jim Hamilton (R)  
Rep. Naarah Hastings (R)

### **MEMBERS EXCUSED:**

Sen. Pat Flowers (D)

### **MEMBERS ABSENT:**

### **STAFF PRESENT:**

Katie Guenther, Lead Fiscal Analyst  
Tami Gunlock, Fiscal Analyst  
Mark Yakubovich, Acting Secretary

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

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

## **COMMITTEE ACTION**

### **CALL TO ORDER/ROLL CALL**

- 01:01:11 Rep. Terry Moore called the meeting to order at 10:08 AM. The committee secretary took roll.
- 01:01:50 Rep. Terry Moore introduced committee staff members to committee.
- 01:03:15 Rep. Terry Moore explained committee rules surrounding proxy voting.

### **COMMITTEE DISCUSSION:**

- 01:04:20 Rep. Forrest Mandeville asked question about proxy voting.
- 01:05:29 Rep. Jim Hamilton asked question about proxy voting.
- 01:05:50 Katie Guenther, Lead Fiscal Analyst, (LFD) responded to questions.

### **Vote:**

- 01:07:10 Carried unanimously by voice vote.

### **LEGISLATIVE BRANCH FTE AND IT REPORT:**

- 01:08:50 Angie Carter, Financial Manager, Legislative Services Division, (LSD) introduced the Legislative branch FTE report and OLIS IT report as outlined in HB 2.

### **COMMITTEE DISCUSSION:**

- 01:11:08 Rep. Jim Hamilton asked questions about division staff.
- 01:12:00 Rep. Terry Moore asked about current vacant positions Legislative Services Division is currently recruiting for.
- 01:13:05 Kelly DaSilva, Human Resources Manager, (LSD) responded to questions surrounding recruiting.
- 01:14:27 Rep. Terry Moore asked how many total FTEs are authorized for Legislative Services Division.
- 01:15:03 Katie Guenther, Fiscal Analyst, (LFD) provided information that in the 2023 Biennium, Legislative Services Division was authorized 71.76 FTE. LSD is currently approved for 91.97 FTE.
- 01:16:27 Dale Gow, Chief Information Officer, (LSD) answered questions relating to FTE and the IT Reserve account. Explained that during the August 2023 Legislative Council meeting it was decided funds would be drawn from the IT Reserve account to cover the costs for time between August 2023 and January 2024 when the 2023 Session Section A subcommittee authorized the hiring of the FTE.
- 01:17:55 Rep. Terry Falk asked how the IT Reserve Account operates.
- 01:18:15 Dale Gow, CIO, (LFD) responded to Rep. Falk informing the committee that the IT Reserve Account allows for the allocation of funds for unbudgeted IT items

and projects. It is required that the Legislative Council approve any request for funds. Before the needs for two additional software engineers the balance was \$1.4 million. LSD requested \$284,000 thousand leaving \$1 million remaining in the IT Reserve Account.

01:20:52 Rep. Jim Hamilton asked about the increase in FTE positions for the Legislative Fiscal Division.

01:21:44 Katie Guenther explained aggregate positions and their effect on FTE reporting.

### **LEGISLATIVE BRANCH FTE AND IT REPORT:**

01:24:22 Angie Carter, Financial Manager, (LSD) presented an expenditures sheet for Office of Legislative Information Services OLIS IT. Prioritized projects are both the access database conversion project and website upgrade project. As of September, no expenditures have been made.

01:26:28 Dale Gow, CIO, (LSD) update on staff needs to begin IT projects.

01:26:58 Rep. Terry Moore asked that the committee be updated on these projects quarterly concerning the departments expected timeframe.

01:27:15 Dale Gow CIO, (LSD) reassured committee that Legislative Services Division is actively working with Director Amy Carlson on HB 2. The access database conversion project and website upgrades are multiyear projects and as the projects progress- the expenditures will be presented to the committee.

01:28:41 Rep. Terry Falk asked how many Legislative Services FTE positions are fully remote.

01:29:01 Kelly DaSilva, Human Resources Manager, (LSD) explained that LSD does not have staff that works full time remote. Each position has an approved amount they can work from home each week.

### **STATE INFORMATION TECHNOLOGY SERVICES DIVISION REPORT:**

01:31:15 Kevin Gilbertson, Chief Information Officer, State Information Technology Services Division, (SITSD) introduced the committee to their report. Identified a need for cyber security team members at the agency level. Created 14 new positions as an industry best practice. New positions will provide security functions to all agencies and ensure 1 FTE per agency. Eliminate 8 FTEs across all state IT. Will aim to eliminate more than 8 FTE by next session. Challenges that arise when eliminating IT positions.

### **COMMITTEE DISCUSSION:**

01:39:55 Rep. Terry Falk asked question about report and onetime costs relating to work on data cloud project.

- 01:41:08 Kevin Gilbertson, CIO, (SITSD) spoke about costs associated with current state data cloud project.
- 01:41:56 Rep. Terry Falk asked about vacancy savings and how SITSD plans to use the funds.
- 01:44:06 Kevin Gilbertson, CIO, (SITSD) explained with increasing technology costs and staffing demands how the funds will be utilized in other areas.
- 01:49:04 Rep. Terry Moore asked about what challenges SITSD foresees to stay within expectations from an appropriations perspective.
- 01:50:27 Kevin Gilbertson, CIO, (SITSD) explained that staffing is one of the biggest challenges. Layoffs of big tech companies. Providing competitive salary. Discussed raised vendor costs. Two goals: eliminating redundancies and consolidate redundancies. Minimize duplication of technology. 8 grant management system. Discussed need for legislation on AI in the 2025 session currently putting policy in place.
- 01:54:50 Rep. Jim Hamilton asked regarding hiring and staffing what other benefits are important to employees besides salary.
- 01:55:17 Kevin Gilbertson, CIO, (SITSD) responded that many employees value having mission and service, the ability to give back.
- 01:56:48 Rep. Terry Moore asked if SITSD has a strategic plan to explore duplications of technology.
- 01:57:36 Kevin Gilbertson, CIO, (SITSD) expressed the importance of cataloging an inventory of all technology. SITSD is currently working on a statewide roadmap of all agencies with intent to approach legislature with presentation. Discussed top two goals of SITSD. Software asset management (inventory of everything) and application portfolio management. Added enterprise architecture team- identify enterprise standards. Working on AI and Cloud policy. Adding chief innovation and tech officer- more oversight into projects.
- 02:00:42 Rep. Terry Moore thanked Kevin Gilbertson for his presentation and his transparency concerning SITSD.

**RECESS:**

- 02:01:34 Reconvened at 02:15:42

**FISCAL YEAR END REPORT OVERVIEW:**

- 02:15:50 Rep. Terry Moore welcomed the committee back from break.
- 02:16: 55 Katie Guenther, Fiscal Analyst, (LFD), gave a brief overview of the Legislative Branch website and how to navigate it.

- 02:17:50 Katie Guenther, Fiscal Analyst, (LFD) presented an overview of the Fiscal Year End Budget Report, discussing HB 2 and the authority granted to Section A committee.
- 02:21:24 Rep. Terry Moore asked outside of transfers what kind of factors would be introduced into a modified budget.
- 02:21:40 Katie Guenther, Fiscal Analyst, (LFD) explained that operating plan changes can affect this if an agency needs to move funds due to broken vehicles or a bigger need for personnel services expenses. Agencies also can move authority between programs. Reorganizations- due to better functionality of an agency. These changes are logged and explained in the quarterly reports.
- 02:33:14 Rep. Jim Hamilton asked about continuing authority and agency eligibility.
- 02:33:26 Katie Guenther, Fiscal Analyst, (LFD) explained that continued authority is authorized by the Budget Office. The Legislative Fiscal Division reports on these numbers in their reports. Long Range building planning program is an example of continued authority that extends beyond two years.
- 02:36:02 Rep. Jim Hamilton asked about a previous bill to extent authority.
- 02:36:37 Katie Guenther asked if he was referring to HB 4- budget amendment authority. Agencies in HB 4 can approach the legislature to ensure their authority continues.
- 02:37:35 Rep. Terry Moore gave comments on continuing authority concerning the Fiscal Year End Report Overview.
- 02:38:58 Katie Guenther, Fiscal Analyst, (LFD) continued to provide overview of the Fiscal Year End Report Overview, HB 2 as relates to federal funding.
- 02:47:30 Rep. Terry Falk asked if the budget currently reflects as it would have prior to COVID-19 federal funding and without major changes made by the legislature.
- 02:48:56 Katie Guenther, Fiscal Analyst, (LFD) responded to Rep. Falk's question saying that without exceptions such as major changes made by the legislature to HB 2 concerning federal funding, the numbers reflect what was anticipated.
- 02:49:22 Rep. Terry Falk asked if interest earnings on ARPA funds were reflected in the overview chart.
- 02:50:43 Katie Guenther, Fiscal Analyst, LFC explained that the chart reflects HB 2 funding. The interest earnings on ARPA funds were distributed through a budget amendment report thought the Governor's Office of Budget and Program Planning.
- 02:51:08 Rep. Terry Falk asked about the location of accrued interest on the ARPA funds.

- 02:51:29 Katie Guenter, Fiscal Analyst, (LFD) requested to provide the information to the committee after an opportunity to research.
- 02:55:17 Rep. Terry Moore asked how overtime hours are appropriated.
- 02:56:33 Katie Guenther, Fiscal Analyst, (LFD) responded that herself or Molly DelCurto, Fiscal Analyst, (LFD) would retrieve and provide this information to the committee.

### **PERSONAL SERVICES REPORT:**

- 03:00:17 Rep. Jim Hamilton asked what factors contributed to LAD only expending 80% of their current budget due to staff turnover.
- 03:01:02 Director Angus McGiever Legislative Audit Division, (LAD) gave an overview of the current vacancies in the Legislative Audit Division. At the beginning of July there were 8 positions open, currently 3 have been filled. A highlighted open position is the Deputy Legislative Auditor. Director McGiever explained this is a repurposed position that section A created during the 2023 session. Projection that through the end of the biennium all vacancies will be filled.

### **INTRODUCTION OF DEPARTMENT OF LABOR AND INDUSTRY COMMISSIONER:**

- 03:07:25 Rep. Terry Moore thanked Commissioner Sarah Swanson for attending and welcomed her to her new position as Commissioner of the Department of Labor and Industry.
- 03:08:27 Commission Sarah Swanson introduced herself to the committee and her staff. John Elizandro, Chief of Staff, (DLI). Quinlan O'Conner, Chief Legal Counsel, (DLI), Erin Weisberger, Administrator, Centralized Services Division, (DLI), Kim Warren, Chief information Officer, Technology Services Division, (DLI), Paul Martin, Administrator, Unemployment Insurance Division, (DLI), Barb Wagner, Interim Division Administrator, (DLI) and Eric Copeland, Bureau Chief Building Stands and Weights and Measures Bureau. Commissioner Swanson presented the committee with an updated organization chart which also outlines realignment of Bureaus as well as the Annual Labor Day Report.

### **COMMITTEE DISCUSSION:**

- 03:16:35 Rep. Jim Hamilton asked Commissioner Swanson if several "main player" leadership positions have changed within the Department of Labor.
- 03:17:01 Commissioner Sarah Swanson, (DLI) responded that none of the Division Administrator positions have changed since her time as commissioner but they have experienced transition due to a strategic reorganization of the division. Workforce Service Division, Employee Standards Division
- 03:18:16 Rep. Jim Hamilton asked about FTE replacements within the Workforce Services Division.
- 03:18:53 Commissioner Sarah Swanson, (DLI) explained that many FTE positions were

deemed redundant vacancies. Commissioner Swanson asked the committee to provide feedback if there are gaps in service delivery.

- 03:20:15 Rep. Terry Falk asked for explanation about a potential rate holiday due to benefits fund increase.
- 03:20:39 Commissioner Sarah Swanson, (DLI) confirmed the growing balance of the Unemployment Trust Fund. Requested an opportunity to explain why the balance is growing - due to incredible economic recovery and growth. In times of recession, this fund can be utilized. Although Montana has one of the most reputable rate structures, this fund could be used in times of recession for the state.

### **STATE SPECIAL REVENUE / STATUTORY FUND REPORT:**

- 03:23:40 Katie Guenther, Fiscal Analyst, (LFD) presented an overview of the Statutory Fund Report.

### **COMMITTEE DISCUSSION:**

- 03:30:05 Rep. Jim Hamilton requested more specificity on "reduction of fees" in future reports.
- 03:30:49 Sen. Forrest Mandeville suggested asking Department of Labor to provide a copy of their fee schedule.
- 03:31:12 Rep. Terry Moore asked for clarification on enterprise funds and special revenue funds; if they are appropriated by the legislature and what bills they may be approved through.
- 03:32:07 Katie Guenther, Fiscal Analyst, (LFD) responded that special funds will be seen in HB 2 and some are appropriated by the legislature.
- 03:08:03 Rep. Terry Moore asked how many special revenue accounts are within Section A.
- 03:38:12 Katie Guenther, Fiscal Analyst, (DLI) responded that the Department of Labor has most special revenue accounts due to the number of boards. The State Special Revenue report provides the top 10 accounts.

### **INTERIM PLANNING:**

- 03:49:46 Rep. Terry Falk expressed interest and concern in Military Affairs expenditure reports. Felt it was lacking at the end of 2023 session.
- 03:50:03 Rep. Terry Moore turned the attention to the committees proposed schedule.
- 03:53:19 Rep Jim Hamilton requested more explanation or goals and objectives. Would appreciate the ability to have more conversation with agencies to review and give feedback on their goals and objectives.
- 03:56:50 Rep. Jim Hamilton suggested a goal be presented to committee to sift through

old initiatives and programs. Also discussed concerns around AI information and prioritizing agency efficiency.

04:01:12 Katie Guenther, LFD spoke about the committee's ability to take a deeper dive into agency goals and statutory resources.

04:03:20 Rep. Naarah Hastings expressed her interest to take a deeper dive into agency objectives.

**PUBLIC COMMENT:**

04:17:04 Rep. Terry Moore called for public comment. None was heard.

**ADJOURNMENT:**

04:17:37 Rep. Terry Moore adjourned the meeting.