



Interim Budget Committee- Section C 67th Montana Legislature

Room 442 Capitol Building * P.O. Box 201711 * Helena, MT 59620-1711 * (406) 444-2986 * FAX (406) 444-3036

SENATE MEMBERS

Kenneth Bogner, Vice Chair
Janet Ellis
Jeff Welborn

HOUSE MEMBERS

Jerry Schillinger, Chair
Joe Read
Lyn Hellegaard
Sharon Stewart Peregoy

COMMITTEE STAFF

Rob Miller, Fiscal Analyst
Alice Hecht, Fiscal Analyst

MINUTES LOG

September 13, 2023
Room 472
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:

Rep. Jerry Schillinger (R) – Chair
Sen. Kenneth Bogner (R) – Vice
Sen. Janet Ellis (D)
Rep. Joe Read (R)
Rep. Lyn Hellegaard (R)

MEMBERS EXCUSED:

Rep. Sharon Stewart Peregoy (D)
Sen. Jeff Welborn (R)

MEMBERS ABSENT:

STAFF PRESENT:

Rob Miller, Senior Fiscal Analyst, (LFD)
Alice Hecht, Fiscal Analyst, (LFD)

AGENDA (Attachment 1)

VISITORS' LIST (Attachment 2)

COMMITTEE ACTION

CALL TO ORDER/ROLL CALL

- 08:10:05 Rep. Jerry Schillinger called meeting to order. Rob Miller called roll.
- 08:11:31 Rob Miller, Senior Fiscal Analyst, (LFD) made announcement concerning proxy voting for interim budget committees.

COMMITTEE DISCUSSION:

- 08:12:38 Sen. Janet Ellis made a motion to accept proxy voting.

Vote:

- 08:13:05 Carried unanimously by voice vote

COMMITTEE ORGANIZATION:

- 08:13:19 Rob Miller, Senior Fiscal Analyst, (LFD) discussed committee rules, anticipated meeting times, and standard interim budget committee practices.
- 08:16:11 Sen. Janet Ellis made a motion to accept committee rules

Vote:

- 08:12:38 Carried unanimously by voice vote.

COMMITTEE DISCUSSION:

- 08:16:40 Rob Miller, Senior Fiscal Analyst, (LFD) gave a summary for Section C expenditures. Gave a brief description of each agency and their quarterly reports.
- 08:26:50 Rep. Lyn Hellegaard asked about 16% ARPA funds being used. Asked if the funds will be drawn back. Asked about debt services and what debts are currently being financed
- 08:27:10 Rob Miller, Senior Fiscal Analyst, (LFD) responded that he was not ready to speak on this issue, but a list can be compiled.
- 08:27:30 Rep. Jerry Schillinger asked if ARPA funds can be broken down by department and what the funds are being used for.
- 08:28:28 Rob Miller confirmed that the committee would like a detailed ARPA report including funds expended and those still available.
- 08:28:53 Sen. Janet Ellis asked if information can be gathered on how long ARPA funds can be carried forward.
- 08:29:24 Rob Miller, Fiscal Analyst, (LFD) discussed decision packages outlined in HB 2 for agencies. Discussed reports on personal services, vacancies, and retention

adjustments.

- 08:36:52 Sen. Janet Ellis asked questions concerning personal services. When a position is open, does the agency get credited for the pay increase? does the agency's budget account for inflation?
- 08:37:21 Rob Miller explained the process of budgeting for vacant positions and how FTEs operate within the agencies.
- 08:44:18 Rep. Jerry Schillinger noted that he would like to explore vacant FTE reporting.
- 08:46:54 Sen. Kenneth Bogner joined the meeting.
- 08:47:15 Rob Miller, Fiscal Analyst, (LFD) announced that the HB 424 Study of State Budget Process and Personal Services Expenditures meeting times. Encouraged agencies and legislators to observe meeting. This meeting will explore FTE reporting across the agencies.
- 08:49:02 Sen. Janet Ellis made a comment about contingency funds and how they are accounted for.
- 08:49:49 Rob Miller, Fiscal Analyst, (LFD) explained that contingency funds are budgeted by the governor's office. An agency can approach the Governors Office of Budget and Program Planning if they have a need to utilize these funds.

DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION:

- 08:50:20 Director Amanda Kaster, Department of Natural Resources and Conservation, (DNRC) spoke about ARPA funds being used to fund 450 water, sewer, and irrigation projects in Montana. Funds must be obligated by 2023 and expended by 2026. So far 15% of ARPA funds have been expended. Each project is reported on for the committee's view.
- 08:53:36 Rep. Jerry Schillinger commended DNRC staff on their work with ARPA funds in Montana. Compilations and approval of projects.
- 08:54:55 Director Amanda Kaster, (DNRC) introduced leadership team to committee. Shawn Thomas, Forestry and Trust Land Division Administrator, Mark Bostrum, Conservation and Development Division Administrator, Kerry Davant, Deputy Director, Meaghan Bjerke, Chief Financial Officer, Ben Jones, Board of Oil and Gas Administrator, Anna Pakenham Stevenson, Water Division Administrator, Rex Renk, Chief of Staff, (DNRC). Spoke about forestry health and updates across the departments.
- 09:01:09 Shawn Thomas, Forestry and Trust Land Division Administrator, (DNRC) gave an update on the departments work with fire season in Montana.

COMMITTEE DISCUSSION:

- 09:06:28 Sen. Kenneth Bogner asked if the previous year's rain rates predictive of the next years fire season.
- 09:06:50 Shawn Thomas, Division Administrator, (DNRC) responded that drought does effect fire in some cases, but in an average year there are many weather variables that play a role in how fire season is determined.
- 09:07:00 Sen. Kenneth Bogner asked if the previous year's fire budget can predict the

next year's fire season budget.

- 09:07:58 Shawn Thomas, Division Administrator, (DNRC) cost of fire depends on where they are, how much structural protection is needed, incident management teams, fuel type etc. There are too many unknowns to be able to give an accurate budgetary prediction to future fire seasons.
- 09:08:58 Sen. Janet Ellis asked about the 16 primary residences that were protected from fires last year. Asked if they are confirmed primary homes or could possibly be secondary residences.
- 09:09:00 Shawn Thomas, Division Administrator, (DNRC) explained that he described them as primary residences because they are livable homes compared to other out buildings. Structures/residences.
- 09:09:57 Rep. Jerry Schillinger asked about initial smoke from Colt Fire. Asked how the fire was reported and timeline of control.
- 09:10:27 Shawn Thomas, Division Administrator, (DNRC) explained the multijurisdictional response to the Colt Fire and how it developed, resources available and DNRCs plan to control the forestry damage.
- 09:16:38 Rep. Jerry Schillinger asked about the cost of contracting equipment such as aircraft.
- 09:17:04 Shawn Thomas, Division Administrator, (DNRC) explained the aircrafts are contracted nationally. Explained how 20-person hand crews are utilized as a resource contracted to DNRC individually vs nationally.
- 09:20:51 Sen. Jeff Welborn joined the meeting.
- 09:21:23 Sen. Jeff Welborn asked if DNRC has a mechanism is in place so that at the end of the fire season the agency can track and report each contracted service/expense.
- 09:22:41 Director Amanda Kaster, (DNRC) explained that DNRC accesses needs in real time before and after fire season. Support initial attack to fires.
- 09:27:09 Sen. Janet Ellis pointed out that no money was spend on the Fort Belknap Water Compact and asked for more information surrounding this topic.
- 09:27:34 Director Amanda Kaster, (DNRC) explained that in summer 2023 Senate Indian Affairs committee held a hearing on the Indian water rights settlement/compact in Montana. Measure passed out of committee and language was included in the National Defense Authorization Act on the senate side. Will be considered as part of the NDA conference. The effort is moving forward. It is not a finalized settlement until it goes through federal action, but Director Kaster ensured that the effort is moving forward.
- 09:28:30 Sen. Janet Ellis asked a question concerning budget modification. It was pointed out that divisions such as forestry, conservation, resource development decreased in funding, while the Director's Office budget expanded.
- 09:29:11 Director Amanda Kaster, (DNRC) responded that she would be happy to return a response to the entire committee in writing at a later date.
- 09:29:33 Sen. Janet Ellis noticed that it appeared that FWP transferred money to go to

conservation for aquatic invasive species then transferred back. Asked for clarification.

- 09:30:11 Mark Bostrum, Division Administrator, (DNRC) explained that during the past legislative session \$200,000 was appropriated to DNRC for conservation districts to operate aquatic invasive species inspection stations. To be efficient DNRC transferred these funds to FWP who could contract directly with the conservation districts.
- 09:31:54 Sen. Janet Ellis asked if the 30% qualifying unused authority applies to carryover authority.
- 09:32:56 Rob Miller, Senior Fiscal Analyst, (LFD) explained that only specific funds that can be carried forward. Agencies usually do not spend until late in the fiscal year.
- 09:35:25 Christine Holton, (DNRC) explained that funds qualify to be carried forward if they are in the state special fund and it is on a grant. Confirmed only specific funds can be carried forward.

RECESS:

09:36:35 Reconvened at 09:54:01

DEPARTMENT OF FISH WILDLIFE AND PARKS:

- 09:54:39 Rob Miller, Senior Fiscal Analyst, (DNRC) reminded committee about HB 868 companion bill that was passed during 2023 legislative session. FWP and DEQ both have reporting requirements. Introduced John Monahan, Petroleum Tank Release Compensation Board, Amy Steinmetz, Department of Environmental Quality and Brad Longcake, Petroleum Marketers and Convenience Store Association. Introduced required report to the committee.
- 09:58:44 Director Dustin Temple, Department of Fish Wildlife and Parks, (FWP) gave an overview of agencies current focus and projects. Owner & operator

COMMITTEE DISCUSSION:

- 10:02:20 Sen. Janet Ellis noticed that it appears 3.00 FTE positions have not been filled in 17 years and asked about this effect on vacancy savings.
- 10:03:44 Director Dustin Temple, (FWP) explained the changes in how vacancy savings is managed at FWP. Described the specific challenges FWP has faced surrounding hiring and staff vacancies. As the following years proceed how will the others in the room feel about the projects on track for the next year.
- 10:09:04 Sen. Janet Ellis asked if the Explore MT project is on track to be completed by December 2023.
- 10:09:30 Director Dustin Temple, (FWP) Explained there are pieces of the Explore MT project that have not been available until the new license year in 2024. Significant changes will be made to the mobile app and website. The public will see this project hit the ground March 1st, 2024. Spoke about updates to the Parks Reservation System.

- 10:11:30 Sen. Janet Ellis requested an update on the Lake Francis floating dock.
- 10:11:53 Director Dustin Temple, (FWP) spoke about HB 5 2021 hollow authority for Tiber Reservoir and the parks system. In this case it is a federal sight under Bureau of Recreation and FWP funds cannot be used. Concerning Lake Francis Director Temple explained that FWP worked with the community however the irrigation district was ultimately not willing to partner with FWP.
- 10:13:18 Sen. Janet Ellis asked why funds for DP307 Statewide Fisheries Management Study have not been expended.
- 10:13:47 Director Dustin Temple, (FWP) explained that these funds have been expended by the department.
- 10:16:54 Sen. Janet Ellis asked for a verbal update on fisheries issue in southwest Montana.
- 10:17:02 Director Dustin Temple, (FWP) explained that the issue in the Jefferson Basin isn't new. Declines have been monitored for roughly a decade with the primary concern being issues with water quality and quantity. FWP has partnered with Montana State University to study this issue. Introduced Quintin Kujala to explain further.
- 10:17:45 Quentin Kujala, Chief of Staff, Department of Fish, Wildlife and Parks, (FWP) Explained the research investigations in Montana fisheries focused on Beaverhead, Big Hole, Ruby, and Madison. Detailed research efforts include outreach and recruitment for a PHD student at MSU with USGS Fisheries Co-Op Unit. Study on fish mortality, habitat enhancement, recruitment, and waterways. Explore quantification of overall human use on the Madison River.
- 10:20:08 Sen. Janet Ellis asked where these projects are on the department's timeline.
- 10:20:53 Quentin Kujala, Chief of Conservation Policy, (FWP) explained that now that funding solutions and partnerships have been secured most results will be able to be seen next water season. MSU is currently soliciting for a PHD student however one has not yet been selected. Asked for an explanation of the out waves.

DEPARTMENT OF ENVIRONMENTAL QUALITY:

- 10:22:05 Director James Fehr, Deputy Director, Department of Environmental Quality, (DEQ) introduced colleagues, Director Chris Dorrington, (DEQ), Amy Steinmetz, Waste Management and Remediation Division Administrator, (DEQ) Denise Kelly, Chief Financial Officer, (DEQ). Gave a brief overview of department's budget, annual plan, employment, vacancies, and efforts in citizen and stakeholder experience.

COMMITTEE DISCUSSION:

- 10:28:23 Sen. Janet Ellis asked about two budget amendment projects, Zortman and Landusky reclamation projects and Lead in Schools. Asked to confirm in Lead in Schools funds are used for water testing and asked for more clarification on the

reclamation project.

- 10:28:50 Director James Fehr, Deputy Director, (DEQ). Confirmed that funds appropriated to the Lead in Schools program does go toward testing.
- 10:29:23 Director Chris Dorrington, (DEQ) explained that reclamation regarding the Zortman and Landusky mines describes ongoing water treatment project. This is the largest expense by the department. Each biennium the budget may increase to make certain to catch anything capitol cost intensive.
- 10:32:08 Sen. Janet Ellis noticed the Petroleum board budgeted \$1.0 million dollars for contracting expenses however it does not appear to be expended. Asked for an explanation.
- 10:32:55 Garnet Pirre, Program Specialist, Montana Petroleum Tank Release Compensation Board. Explained contracted services were previously set up for legal fees if they were acquired. At the time this was put in place there were several open legal cases but have since been concluded. If these funds are not used, they go into staff pay, claims and remediation work.
- 10:34:01 John Monahan, Presiding Officer, Montana Petroleum Tank Release Compensation Board. Introduced himself to the committee and ensured he would be present for questions. Described process and funding process outlined in HB868 for closing a site to DEQ.
- 10:41:03 Sen. Janet Ellis asked if the current fund balance is subtracted from the encumbered obligated funds balance.
- 10:41:38 John Monahan, Presiding Officer, Montana Petroleum Tank Release Compensation Board confirmed the difference between the two funds and how they are allocated.
- 10:43:00 Amy Steinmetz, Waste Management and Remediation Division Administrator, (DEQ) gave an overview of the reclamation of petroleum clean ups across the state. Explained DEQ directs and oversees reporting, investigation clean up and resolution as well as signing off on a closure of a site.
- 10:50:48 Sen. Janet Ellis shared about a constituent who purchased a facility that didn't have a petroleum issue when purchased but the owner became liable when an issue was discovered.
- 10:52:24 Amy Steinmetz, Waste Management and Remediation Division Administrator, (DEQ) Responsible for reviewing correction plan, consultants are hired to create action plan, to ensure the result of the action plan moves toward a protective clean up. Owner hires consultant to write corrective action plan, DEQ review technicalities.
- 10:54:32 Garnet Pirre, Program Specialist, Montana Petroleum Tank Release Compensation Board. Confirmed if it was a new release for the constituent, it would have also been a new release to DEQ which would be subject to copay. The first \$35,000 is split.
- 10:57:28 Brad Longcake, Montana Petroleum Marketers and Convenience Store Association introduced himself to the committee. Explained that members of the association are typically the responsible party in cleaning up petroleum sites. Described how critical the petroleum fund is to their members.

DEPARTMENT OF LIVESTOCK:

11:01:00 Mike Honeycutt, Executive Officer, Department of Livestock (LIV), Montana Board of Livestock. Introduced key staff: Brian Simonson, Deputy Executive Office CFO, Jay Bodner, Brands Administrator, Dr. Tahnee Szymanski, Division Administrator, Animal Health, and Food Safety Division. Gave an overview of fiscal year-end report for 2023, addressed staff vacancy reports and the addition of a new veterinarian for the state of Montana.

COMMITTEE DISCUSSION:

- 11:09:38 Sen. Janet Ellis asked about for more information on the Cooperative Interstate Shipment Program.
- 11:10:01 Mike Honeycutt, (LIV) described the Cooperative Interstate Shipment Program. Inspectors who join this program are still under state inspection rules however they get to market their products across state lines. Explained that at the time this program was set up a cost could not be determined so a onetime only restricted decision package was given to the department for the 2021 biennium.
- 11:12:24 Sen. Janet Ellis discussed an article about Wyoming making payments to APHIS for predator control. Asked if Montana has done anything similar.
- 11:14:14 Mike Honeycutt, (LIV) explained that Montana is putting in similar amounts of funds toward predator control of coyotes to that of Wyoming.
- 11:15:53 Sen. Janet Ellis asked what animals are considered predatory.
- 11:16:01 Mike Honeycutt, (LIV) explained that the definition of predator control and predators comes from within livestock statues and include coyotes, red fox, ravens. Explained that this mission is split between FWP parks which handle bears, wolves, and larger predators while the Department of Livestock is limited to coyotes and smaller animals.

DEPARTMENT OF AGRICULTURE:

- 11:17:33 Ian Foley, Agricultural Sciences Division, Department of Agriculture (MDA) introduced Cody Pearce, Chief Financial Officer, (MDA) and Rick Corder, (MDA), Chief Information Officer who Provides CIO services to Department of Livestock and Agriculture. gave an overview of the department including the state grain lab, hemp, and noxious weed projects.

COMMITTEE DISCUSSION:

- 11:21:44 Sen. Janet Ellis asked about using ARPA funds for purchasing a railroad vehicle in Butte and rail infrastructure.
- 11:22:15 Ian Foley, (MDA) confirmed that ARPA funds are being used for these purposes and are currently unexpended.
- 11:23:51 Sen. Janet Ellis asked about personnel services and vacancies in the

department.

- 11:25:59 Ian Foley, (MDA) explained strategic vacancies in situations where departments merge projects.
- 11:26:51 Rep. Jerry Schillinger asked concerning the projects in Butte and Shelby
- 03:38:12 Cody Pearce, (MDA) Butte funds have been committed but not expended. The Shelby project is not yet committed but is close.

DEPARTMENT OF TRANSPORTATION:

- 11:28:15 Alice Hecht, Fiscal Analyst, Legislative Fiscal Division (LFD) described the department briefly and gave an overview of the fiscal year-end report for 2023.
- 11:33:44 Director Malcolm Long, Department of Transportation, (MDT) spoke about SB 536 \$10 million approval by the legislature in 2023 to use as match for a variety of projects. \$4.5 million has been committed to help with projects totaling \$60 million across the state.
- 11:36:30 Rep. Jerry Schillinger asked what type of projects these funds are focused on.
- 11:37:04 Larry Flynn, Chief Financial Officer, (MDT) SB 536 provided \$100 million to the department for improvement to local roads. Explained that \$20 million out of this figure was distributed to communities of less than 10,000. HB 76 clean up on gas tax allocations to local governments, bridges, and roads safety allocations. Described recruitment challenges of specialized positions.

COMMITTEE DISCUSSION:

- 11:46:15 Sen. Janet Ellis asked about 65% expenditure of maintenance program funds.
- 11:47:01 Larry Flynn, Chief Financial Officer, (MDT) explained that the program is largely driven by contractor payments.
- 11:48:01 Sen. Janet Ellis asked for an explanation on why the Federal building project is on hold.
- 11:49:04 Larry Flynn, Chief Financial Officer, (MDT) explained that the departments systems which refer collecting costs of the departments and transferring it to the Federal government are outside current regulations. The department decided to hire an implementation vendor for the state plan which ended poorly. In the end the state decided to seek other alternatives.
- 11:51:09 Sen. Janet Ellis asked about thoughts on the possibility of vacant FTEs being cut.
- 11:52:03 Larry Flynn, Chief Financial Officer, (MDT) explained the dynamic between vacancy savings and position management. Spoke about tradeoff between vacancy savings and FTE.
- 11:56:39 Rep. Jerry Schillinger called for questions. Larry Flynn, (MDT) referred to a question that was mentioned to him by Rep. Lyn Hellegaard about debt services. Explained that the 180-million-dollar bonding project which has since been

reconciled.

PUBLIC COMMENT:

11:57:53 Rep. Jerry Schillinger called for public comment. None.

COMMITTEE DISCUSSION:

11:58:18 Rob Miller, Fiscal Analyst, (LFD) addressed committee and asked for additional questions and comments on the fiscal presentation. Addressed the requirement by the legislature for FWP to explain their budget from the base to their request. Asked if there were items legislators would like to work on toward that end during the interim. Predator mitigation projects, GNA project.

12:00:59 Sen. Janet Ellis mentioned that she would like to think about the FWP issue.

12:01:43 Rep. Lyn Hellegaard asked for possible study concerning petroleum tank discussion. Suggested the state should research mitigation for electric vehicles and batteries.

12:02:47 Sen. Jeff Welbourn thanked the agencies for presenting appreciated DOTs focus on outreach.

12:03:32 Director Malcolm Long thanked committee.

12:05:22 Rob Miller, Senior Fiscal Analyst, (LFD) announced field trip to fisheries division at Canyon Ferry Lake Legislators will be given a chance to tour the facility as well as the equipment the legislature funded in the 2023 session. This trip will take place in the afternoon following adjournment.

ADJOURNMENT:

12:06:50 Rep. Jerry Schillinger adjourned the meeting.