



# LEGISLATIVE FINANCE COMMITTEE

## 65th Montana Legislature

Room 110 Capitol Building \* P.O. Box 201711 \* Helena, MT 59620-1711 \* (406) 444-2986 \* FAX (406) 444-3036

### SENATE MEMBERS

LLEW JONES  
EDIE MCCLAFFERTY  
FREDERICK (ERIC) MOORE  
RYAN OSMUNDSON  
JON SESSO  
CYNTHIA WOLKEN

### HOUSE MEMBERS

NANCY BALLANCE  
KIMBERLY DUDIK  
KENNETH HOLMLUND  
MIKE HOPKINS  
KELLY MCCARTHY  
MARILYN RYAN

JULIE JOHNSON, Staff Attorney  
FONG HOM, Secretary  
AMY CARLSON, Director

## MINUTES LOG

**October 4-5, 2017**

Room 102, Capitol Building  
Helena, Montana

**October 4, 2017**

Please note: This document is a Minutes Log and provides a notation 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 record 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 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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Please contact the Legislative Services Division at 406-444-3064 for more information.

### COMMITTEE MEMBERS PRESENT

SEN. EDIE MCCLAFFERTY  
SEN. FREDERICK (ERIC) MOORE  
SEN. RYAN OSMUNDSON  
SEN. JON SESSO

REP. NANCY BALLANCE  
REP. KIMBERLY DUDIK  
REP. KENNETH HOLMLUND  
REP. MIKE HOPKINS  
REP. KELLY MCCARTHY  
REP. MARILYN RYAN  
SEN. CYNTHIA WOLKEN

### COMMITTEE MEMBERS EXCUSED

SEN. LLEW JONES

### STAFF PRESENT

AMY CARLSON, Legislative Fiscal Division Director  
JULIE JOHNSON, Legal Staff

FONG HOM, Committee Secretary

**VISITORS' LIST** (Attachment 1)

**AGENDA** (Attachment 2)

**COMMITTEE ACTION**

**CALL TO ORDER and ROLL CALL**

00:00:02 Rep. Ballance called the meeting to order at 10:02 a.m. The secretary called roll. Sen. Jones was excused. **(Attachment 3)**

**APPROVAL OF THE MINUTES**

00:00:28 **MOTION:** Rep. Holmlund moved to approved the minutes of the May 22, 2017, meeting. **VOTE:** The motion passed unanimously by voice vote with Sen. Jones not present.

00:01:13 Rep. Ballance gave overview of the meeting.

**BUDGET UPDATE - Dan Villa, Budget Director**

00:03:51 Director Villa gave an update of the budget.

**Questions of Dir. Villa**

00:21:22 Sen. Sesso asked about the chart regarding each agency: Does the law provide that the governor has the authority not only to choose less than 10% but to have variance in cuts from agency to agency?

00:22:11 Dir. Villa said yes, no more than 10% by program but they can have variance between programs and agencies.

00:22:36 Sen. Sesso said it would bring down average and the average would be applied to those three departments run by other elected officials.

00:22:50 Dir. Villa said correct.

00:22:56 Rep. Ballance asked when revenue numbers will be available.

00:23:12 Dir. Villa said they are tracked in real time, and they don't anticipate a meaningful tax bump to fix the situation.

00:24:37 Sen. Moore asked if there was a way, in-shop or by taking advantage of national think tanks, to see if there is a way to model accumulating capital gains?

00:25:09 Dir. Villa said he will talk with others and get back to the committee.

00:26:02 Rep. Holmlund asked if the fire money shortfall factors in any federal money.

00:26:17 Dir. Villa said the figure was net state dollars expended.

00:26:34 Rep. Holmlund asked about shortage of funds, actual figure.

00:26:48 Dir. Villa said the fire fund had \$32.5 million after a \$30 million transfer to the general fund plus the executive has \$16 million from Governor's emergency fund available for fires. He requested a supplemental funds transfer to help bridge the shortage, the state is net shy of \$20 million this year if fire fund and emergency fund are maxed out.

**LFD STAFF ANALYSIS OF EXECUTIVE'S PROPOSED REDUCTIONS - LFD Managers**

00:28:41 Joe Triem, Fiscal Manager, provided a brief outline of the LFD Analysis of Proposed Spending Reductions. (Exhibit 1, Tab 2)

#### COMMITTEE QUESTIONS

00:38:22 Rep. McCarthy asked if the appropriation for fiscal 2018 is after the SB 261 cuts or included in reduction line.

00:38:54 Mr. Triem said that includes the SB 261.

00:41:31 Sen. Moore asked if biennium reductions FY18-19 included the SB 261 cuts plus the executive's proposed reductions.

00:41:45 Mr. Triem said, no the figure represented only the governor's proposed reductions.

00:43:10 Mr Triem continued with his presentation.

00:44:36 Chair Ballance asked about reductions related to personal services.

00:45:39 Mr. Triem said all of the base reductions (that don't require legislative action) will fill back up next session.

00:47:29 Chair Ballance asked if costs shifts would also switch back automatically in 2019.

00:47:33 Mr. Triem said that is a decision for the executive branch and deferred to LFD Director Amy Carlson for additional information.

00:48:05 Dir. Carlson explained how they establish the base budget.

#### **LEGAL MEMORANDUM - Julie Johnson, LSD Staff Attorney**

00:49:36 Ms. Johnson discussed the legal memorandum of September 29, 2017. (See Exhibit 1, Tab 2, Appendix B, after page E-26)

#### COMMITTEE QUESTIONS

00:57:29 Rep. McCarthy asked if they could get a response from the budget office on reductions the statute doesn't support.

00:57:58 Chair Ballance directed members to ask questions as they get to each section during the meeting.

#### **LFD STAFF OVERVIEW OF EACH SECTION**

##### **Section A**

00:58:44 Kris Wilkinson, Lead Fiscal Analyst, gave a summary of Section A. (See Exhibit 1, Tab 2, Figure 3, page 13)

#### COMMITTEE QUESTIONS

01:02:44 Sen. Sesso asked Dir. Carlson to elaborate on the reductions on page 11, figure 2, "reductions outside 17-7-140", in the presentation.

01:03:40 Dir. Carlson deferred to Ms. Wilkinson and Ms. Johnson.

01:03:50 Ms. Wilkinson said the summary outlines reductions that require statutory change to be implemented, issues with programs reduced by more than 10%, and those with potential contract impairments.

01:05:45 Sen. Sesso said he understood those reductions are outside the legal framework of 17-7-140, but are they within the body of proposed cuts.

01:06:29 Ms. Wilkinson said yes.

01:06:34 Sen. Sesso asked if there are certain proposals in the plans that may or may not create legal problems, Ms. Wilkinson said yes.

01:07:12 Rep. McCarthy asked Ms. Johnson what happens if some cuts are not legal and

01:08:19 they don't have a constitutionally compliant budget.  
Ms. Johnson said those cuts in question total about \$20 million and it's unknown if the agencies can find other cuts that would comply.

### **Section A - Department of Revenue**

01:08:55 Stephanie Morrison, Lead Fiscal Analyst, gave a presentation on the Department of Revenue's reductions. (See Exhibit 1, Tab 2, page 13)

### **COMMITTEE QUESTIONS**

01:13:16 Rep. Holmlund asked if cuts of 80 FTE in 2018 and 52 in 2019, are the 52 in addition to the 80?

01:13:26 Ms. Morrison said they were an extension.

01:13:50 Rep. McCarthy asked Ms. Johnson about the reduction in proprietary spending in the liquor division and if the governor had authority to cut expenditures outside 17-7-140.

01:14:32 Ms. Johnson said the agency itself could determine to reduce costs.

### **Section A - Department of Administration**

01:14:54 Ms. Wilkinson on Department of Administration, (See Exhibit 1, Tab 2, page 14)

### **Section A - Governor's Office**

01:15:29 Ms. Wilkinson on Governor's Office. (See Exhibit 1, Tab 2, page 14)

### **Section A - Department of Military Affairs**

01:17:02 Ms. Wilkinson on Department of Military Affairs. (See Exhibit 1, Tab 2, page 14)

### **Public Comment on Section A**

01:19:59 Dean House, Veterans of Foreign Wars (**Exhibit 34**)

01:22:16 Roger Hagen, National Legislative Council for American Legion

01:24:36 Lauren Caldwell, MFT

### **Response from Budget Office**

01:26:30 Dir. Villa addressed contract impairment and 10% by program for Sections A-E. Deferred to Amy Sassano, Deputy Budget Director, regarding base construction for the next biennium.

01:29:41 Ms. Sassano said they haven't yet determined the base budget and whether or not it will include frozen appropriations.

01:30:52 Chair Ballance asked for clarification that prior to the 2019 session this committee would make its definition of what the base will be.

01:31:17 Ms. Sassano said the budget office creates the base budget and sends to agencies for budget development. The LFC will then make recommendations to the next legislature what the base should be. She said it was in everyone's best interest to agree on that.

01:31:59 Rep. McCarty asked Dir. Villa about Department of Commerce transfers and if the governor is not required to spend appropriations (but he can't overspend.) Asked if liquor transfer proposal would be to not spend money, not a 17-7-140 reduction.

01:33:21 Dir. Villa said the concept is to spend less in liquor proprietary, which is

- immediately transferred to general fund.
- 01:33:56 Rep. McCarthy said in light of Appendix B, the Big Sky Trust Fund transfers into general fund seem more problematic and seem to require statutory change.
- 01:34:21 Dir. Villa agreed with Ms. Johnson's assessment. General fund for MMEC can be reduced, it would be up to legislation to decide if state special can be transferred to general fund.
- 01:34:41 Rep. McCarthy (referring to page 11) asked if all or some cuts are problematic, what is plan B.
- 01:35:19 Dir. Villa said that they would disagree that they are outside statutory framework.
- 01:36:01 Rep. McCarthy said if we assume some of these issues are valid, would the budget office have to find cuts elsewhere?
- 01:36:42 Dir. Villa said the executive can cancel contracts.

### **Section C - Natural Resources and Transportation**

- 01:37:41 Robert Miller, Fiscal Analyst, gave highlights of the Department of Natural Resources and Conservation's reductions, and the Department of Environmental Quality's reductions. (See Exhibit 1, Tab 2, page 16)

#### **Committee Questions**

- 01:41:23 Sen. Moore asked about the per capita account shift in Department of Livestock.
- 01:41:43 Mr. Miller replied.
- 01:42:01 Sen. McClafferty asked for an explanation of the Morrell Trust Fund.
- 01:42:16 Mr. Miller replied.
- 01:43:25 Rep. McCarthy asked about constituents concerns regarding impact on the mussels programs.
- 01:43:53 Mr. Miller replied.

#### **Public Comment on Section C**

- 01:45:26 Jan Metzmaker, Chair, Flathead Basin Commission, Whitefish **(Exhibit 2)**. She submitted a letter from John Muhlfeld, Mayor of Whitefish **(Exhibit 3)**
- 01:48:37 Gale Decker, Lake County Commission, Polson **(Exhibit 4)**
- 01:51:26 Celestine Duncan, private consultant, spoke in favor of maintaining the funding level for the Flathead Basin Commission. **(Exhibit 5)**
- 01:53:03 Kate Hunt, member of the Flathead Basin Commission **(Exhibit 6)**
- 01:55:41 Robin Steinkraus, Flathead Lakers **(Exhibit 7)**
- 01:58:52 Gayla Wortman, Cascade Conservation District, commented on the reductions to the conversation districts and submitted a letter from Dean Rogge, Garfield County Conservation District. **(Exhibit 8)**
- 02:00:53 Jane Holzer, Montana Salinity Control Organization, commented on the cuts to her program.
- 02:03:31 Jeff Wivholm, President, Montana Association of Conservation Districts, Madison Lake, Montana
- 02:07:00 Elena Evans, Executive Director, Montana Association of Conservation Districts, commented on the proposal DP 2301.
- 02:08:37 Jerry Williams, Yellowstone Conservation District Supervisor, Board of Supervisors, opposed the proposed cuts to conservation districts.
- 02:12:50 Thompson Smith, past chair, Flathead Basin Commission, submitted his written testimony. **(Exhibit 9)**

- 02:15:56 Donna Rutherford, Director, Blackfeet Nation's Fish and Wildlife Department, commented on the Flathead Basin Commission funding.
- 02:21:09 Caryn Miske, Executive Director, Flathead Basin Commission, commented on the budget cuts affecting the aquatic invasive species prevention. **(Exhibit 10)**
- 02:23:59 Jordan Thompson, Confederated Salish and Kootenai Tribe, commented on the Flathead Basin Commission funding and the prevention of aquatic invasive species. He submitted a letter from Vernon S. Finley, Chair, Tribal Council, Confederated Salish and Kootenai Tribes. **(Exhibit 11)**
- 02:24:57 Julie Dalsoglio, Montana citizen, supported the work of the Flathead Basin Commission.

## **LUNCH**

- 03:03:21 Rep. Ballance reconvened the meeting at 1:07 p.m.

## **Section B - Health and Human Services**

- 03:03:51 Katie Church, Fiscal Analyst, gave a presentation on Section B - Health and Human Services. (See Exhibit 1, Tab 2, page 14)

## **COMMITTEE QUESTIONS**

- 03:10:10 Rep. McCarthy asked about the cost shifts in each section.

## **Public Comment on Section B**

- 03:13:28 Diana Helgeson, advocate for senior citizens, commented on senior citizens that would be affected by the cuts.
- 03:17:11 Chloe Smith, For My Life Program, commented the cuts that might eliminate the program.
- 03:17:38 June Hermanson, Program Director, Montana Youth Leadership Forum and Montana Youth Transitions Project, commented on the two programs and how the cuts would affect them.
- 03:20:12 Chris Brant, DPHHS Case Management Services, commented on the cuts affecting him.
- 03:21:20 Mike Mayer, Executive Director of Summit Independent Living, Missoula, **(Exhibit 12)**
- 03:25:17 Carrie and Scott Eklund, Somers, parents of a disabled child, commented on receiving services.
- 03:29:11 Travis Hoffman, Summit Independent Living, Missoula commented on the budget cuts to DPHHS. He submitted public comment from Gwen Gardner, Case Manager, Opportunity Resources, Inc. **(Exhibit 13)**
- 03:33:07 Joel Peden, Montana Independent Living Center commented that it is the Legislature's responsibility to fix the problem.
- 03:36:43 Darren Larson **(Exhibit 14)**
- 03:39:13 Marian Kummer read a letter to Gov. Bullock regarding cuts to the DPHHS that would affect the Early Intervention Program.
- 03:44:11 Becky Notzh, Kalispell, described her experience with her son, Luka, and opposed the cuts to DPHHS. Notebook of testimony **(Exhibit 15)** and a picture of Luka's classmates **(Exhibit 16)**.

03:54:17 Carrie Lake, client of New Directions, Great Falls, commented on case management services.

03:56:52 David Munson, advocate of Part C Early Intervention, commented on not eliminating Part C.

04:00:47 Sarah Lewis commented on Part C.

04:01:45 Tammy Mehlhaff, Center for Children and Families, Billings **(Exhibit 17)**

04:04:12 Patsy Speer, spoke on behalf of herself and others with mental illness.

04:06:00 Justine Kougl, rancher, opposed the cuts of Part C.

04:11:31 Laurie Swartz, Missoula, opposed the cuts to the senior and long-term care programs.

04:13:27 Carrie Dattilo, Part C and Family Education and Support Services, handed in petition to not cut services. **(Exhibit 18)**

04:14:00 Brenda Rutecki, client at the Montana Developmental Center, opposed the cuts.

04:15:33 Mary Russell commented on the programs that involve mental health.

04:17:42 George Northcutt urged the committee to asked the governor to find a solution to the Medicaid spend down.

04:20:01 Tom Thompson, Missoula, commented on the disabled people in Montana.

04:21:10 Tony Simonsen, owner of Home Park Assisted Living, Sheridan, Silver Spring Assisted Living, Townsend, commented on the waiver program.

04:26:02 Dr. Jane Gillette, Montana Dental Association **(Exhibit 19)**

04:31:52 Christie Davidson, Billings, opposed the 10% cut to senior long-term care.

04:33:05 Dr. Jeff Foster, Orthodontist **(Exhibit 20)**

04:35:14 Dr. William Bekemeyer, retired physician **(Exhibit 21)**

04:37:27 Mike Foster, Catholic Hospitals of Montana, commented on the cuts that will impact all hospitals in Montana.

04:38:51 Keri Yoder, advocate for the American Cancer Society Cancer Action Network, advocate for cancer patients, survivors, caregivers and their families **(Exhibit 22)**

04:40:40 Lois Fitzpatrick, advocate for the American Cancer Society Cancer Action Network, commented on the cuts.

04:43:26 Bonnie Kelley, Missoula, commented on the cuts.

04:44:41 David Hemion, Executive Director, Montana Dental Association **(Exhibit 23)**

04:47:11 Krissie McMullan, Executive Director, Mountain Home Montana, Missoula

04:49:00 Sydney Blair, Behavioral Health Providers in Montana, urged the committee to tell the governor to prioritize essential services.

04:49:51 Ashlee Yost commented on the Medicaid Waiver Program.

04:56:30 Carl Beranek, Butte, urged the committee to find a solution to the budget cuts and to raise revenue.

04:56:55 Anna Volkersz, Bozeman, urged the committee to come back to Helena for a special session.

04:58:25 Ronald Bender, Missoula, spoke about the extended services employment program.

05:00:50 Connie Welsh commented on the proposed cuts to the Big Sky Rx Program. **(Exhibit 24)**

05:05:43 Kori Dee, Jacoby and Dee Insurance, opposed the cuts to the Big Sky Rx Program **(Exhibit 25)**

05:08:09 Mark Sanders distributed comments from Shyla Patera. **(Exhibit 26)**

05:10:00 Jessica Vacca, Work Readiness Employment Specialist at Summit Independent Living, Missoula, commented on the cuts to programs.

05:11:37 Shirley Lynde, caregiver, Billings, urged the committee to consider coming back to Helena and review the cuts.

05:12:16 Tammy Boa, caretaker, Billings, urged committee to come back to Helena to raise revenue.

05:12:59 Morgan Smith, MEA/MFT, urged the committee to find another solution to the cuts.

05:13:58 Kelson Young, Montana Coalition Against Domestic and Sexual Violence, opposed the cuts that would affect programs against domestic and sexual violence.

05:16:47 Megan Bailey, licensed clinical social worker and mental health therapist, Somers, commented on the cuts to targeted case management.

05:23:26 Michael Vers urged the committee to hold a special session.

05:28:18 Ross Deneal, Butte, urged the committee to come back to Helena.

05:29:15 Rebecca Merfeld, case manager with Opportunity Resources, opposed cuts to DD case management services.

05:33:14 Cheire Knowles, Missoula, urged the committee to return to Helena to raise revenues.

05:33:43 Cliff Mosley, field nurse coordinator, Great Falls, opposed cuts to Section B.

05:35:52 Janessa Hendon, Clinical Supervisor for Nursing Services for Consumer Direct Care Network, opposed the cuts and supported a special session.

05:39:52 Malia Skinner, client of Vocational Rehabilitative Services, Royal Institute Advisory Council, commented on vocational rehabilitation and opposed the cuts.

05:44:29 Desiree Jorgenson, Opportunity Resources, Missoula, commented on the impact the cuts will have on programs.

05:45:40 Brandy Davenport, Missoula

05:46:44 Brenda Burau, Missoula

05:48:34 Stacy Lizotte

05:49:10 Susie Lashot

05:49:38 Lisa Deland

05:51:10 Kimberly Goff, Missoula

05:52:51 Patti Wakan, Missoula

05:54:16 Floyd Snell

05:56:44 Douglas McElroy **(Exhibit 27)**

05:58:15 Brian Copeland

05:59:54 Kelly Johnson

06:07:35 Annette Skinner

06:12:43 Jason Skinner

06:13:57 Davey Simpson opposed the cuts to vocational rehabilitation.

06:14:50 Jessica Hageman, Opportunity Resources, submitted testimony and other letters. **(Exhibit 28)**

06:20:27 Diane Reidelbach, Executive Director, Job Connections, Billings

06:23:39 Mike Mahoney, Executive Director of Family Outreach

06:28:05 Ken Brown, Opportunity Resources, commented on Part C.

06:31:09 Brooke Bartholomew, Executive Director, Developmental Education Assistance Program, Miles City

06:32:32 Abigail St. Lawrence, Montana Speech Language Hearing Association

06:33:39 Beth Breneman, Disability Rights Montana

06:36:09 Margot Garcia, receiver of special services



06:36:59 Nick Hart, Alzheimer's Association

### **SECTION D - Judicial, Law Enforcement, and Justice**

06:40:21 Scot Conrady, Fiscal Analyst, gave a presentation on the Judicial Branch.  
06:40:55 Mr. Conrady gave a presentation on the Crime Control Division. (See Exhibit 1, Tab 2, D-1)  
06:41:00 Mr. Conrady gave a presentation on the Department of Justice. (See Exhibit 1, Tab 2, D-3 through D-10)

### **COMMITTEE QUESTIONS**

06:42:54 Rep. McCarthy asked about housing options for offenders.  
06:43:25 Mr. Conrady replied.  
06:43:54 Rep. McCarthy asked about cost shifts.  
06:44:08 Mr. Conrady replied.  
06:44:15 Rep. McCarthy said can't keep in comm, have to keep them in jail.  
06:44:29 Mr. Conrady replied.  
06:45:17 Sen. Wolken discussed the purpose of SB 65.  
06:46:12 Chair Ballance commented on labeling cost shifts.

06:46:20 Mr. Conrady continued.

### **Office of the Public Defender**

06:46:55 Mr. Conrady gave a presentation on the Office of the Public Defender. (See Exhibit 1, Tab 2, D-11 through D-15)

### **COMMITTEE QUESTIONS**

06:48:15 Rep. Dudik asked about the elimination of contract attorneys and shifting work to staff attorneys.  
06:48:52 Mr. Conrady replied.

### **Department of Corrections**

06:49:10 Mr. Conrady gave a presentation on the Department of Corrections. (See Exhibit 1, Tab 2, page D-16 through D-27)

### **COMMITTEE QUESTIONS**

06:53:36 Sen. Sesso asked about cost savings from one of the reform bills that will generate savings -- is the savings captured in budget proposal put forth by the department?  
06:54:32 Mr. Conrady replied.  
06:55:29 Sen. Sesso asked for clarification.  
06:55:49 Mr. Conrady replied.  
06:56:22 Sen. Sesso asked if the directives of the legislature being implemented by the department and do they have a material effect to the proposals made by the department?  
06:57:23 Mr. Conrady replied.  
06:58:39 Sen. Sesso said several bills have immediate effective date and has to see the math on how implementation will save dollars that could then mitigate the cuts proposed. We should have been in a position to save dollars and not have to

make this 10 percent plan.

06:59:32 Mr. Conrady said we are a couple of months into FY18 and most of the programs haven't started.

07:00:36 Mr. Conrady believes the criminal justice reinvestment program is still moving forward.

07:01:45 Rep. Dudik asked about page D-20: how to comply with SB 60, if the actual mechanism, the employees for complying, are being cut.

07:02:47 Mr. Conrady replied.

07:03:26 Sen. Wolken commented on the first criminal justice oversight council meeting. She has concerns that half the money for the entire justice reinvestment program is eliminated.

07:04:44 Rep. McCarthy asked about page D-22, DP3005, suspend the \$9.14 payment on the Shelby beds, could they arbitrarily decide to not pay that anymore?

07:06:16 Ms. Johnson said she would have to look at the contract, but she doubted there was authority to suspend or eliminate the payment.

07:06:54 Rep. McCarthy asked if the state could save money by having the Shelby facility under state control.

07:07:07 Mr. Conrady replied he did not have an analysis on that question yet.

07:08:44 Rep. McCarthy asked Liz Bangerter, Department of Justice, about the budget proposals.

07:09:43 Ms. Bangerter said they presented the proposal and agreed with Ms. Johnson's analysis. Just for clarification, is Rep. McCarthy referencing specifically the Yellowstone County Crime Lab?

07:10:02 Rep. McCarthy said yes, because it is written in statute that there will be a crime lab in Yellowstone County and that it would be problematic to have that on the chopping block.

07:10:18 Ms. Bangerter said that the crime lab, the forensic sciences division, has been extremely difficult and has had its share of financial challenges. They were mandated to open the crime lab and then not given funds for it. They recognize cuts submitted are in opposition to the law, don't know what else to do.

07:11:32 Rep. Dudik asked Ms. Johnson if cuts are treated differently for programs mandated by law and does that present legal problem for agencies.

07:13:04 Ms. Johnson discussed DP 2004, eliminating 6 new FTE.

07:14:25 Sen. Sesso asked: Shelby got a 2% cut while other contractors in corrections got 5 percent cut, any reason for that?

07:15:08 Dir. Villa said Shelby took a \$9.14/day per bed reduction in addition to a 2 percent reduction.

07:15:43 Sen. Sesso in response: not unilateral cut, but by consent.

07:16:28 Dir. Villa said they are still negotiating, a number of ways to achieve savings.

07:16:52 Sen. Wolken asked Dir. Villa if the cumulative effects of all reduction proposals in corrections would push people into most expensive place to put them. Would he agree that if they go through, it will globally increase general expenditures.

07:17:49 Dir. Villa said there are supplemental pressures created by the cuts.

#### **Public Comment on Section D**

07:19:40 Dave Armstrong, chief executive officer, Alternatives, Inc., Billings, and Montana Community Correctional Association (**Exhibit 29**)

- 07:28:11 Sen. Sesso asked Chair Ballance where on tomorrow's agenda will the committee discuss the recommendations regarding the cuts.
- 07:28:23 Chair Ballance indicated time.

## **SECTION E - Education**

### **Office of Public Instruction**

- 07:28:56 Nick VanBrown, Fiscal Analyst, gave a presentation on cuts in the Office of Public Instruction. (See Exhibit 1, Tab 2, page 17)

### **Commissioner of Higher Education**

- 07:31:50 Joe Triem started his presentation on Commissioner of Higher Education.
- 07:32:00 Rep. Ballance asked the Superintendent Elsie Arntzen if she planned on commenting.

### **Presentation by Superintendent of Public Instruction**

- 07:32:20 Elsie Arntzen, Superintendent of Public Instruction (**Exhibit 30**)

### **COMMITTEE QUESTIONS**

- 07:41:26 Sen. McClafferty asked the superintendent about money coming out of gifted and talented.
- 07:42:09 Ms. Arntzen said the gifted and talented fund was the only one not wrapped in statute.
- 07:43:35 Sen. McClafferty asked for clarification.
- 07:44:05 Ms. Arntzen said the statutory requirement dealing with any appropriation given by the legislature impacted her decision package.
- 07:44:33 Sen. McClafferty asked Ms. Johnson if she was correct about the reduction going from \$5 million to \$50,000 regarding Program 9.
- 07:44:47 Ms. Johnson added to discussion and said OPI may have challenges getting to a 10% reduction as a number of their funds need to be distributed per statute.
- 07:46:02 Sen. Moore asked Ms. Johnson for clarification on conflicting statutes.
- 07:46:32 Ms. Johnson said these cuts cannot conflict or amend statute.
- 07:47:54 Chair Ballance asked if amount of disbursement is figured out ahead of time or can future disbursements be reduced?
- 07:48:04 Ms. Johnson said whatever has been appropriated by the legislature needs to be disbursed in this fashion.

### **Public Comment on the Office of Public Instruction**

- 07:49:27 Dennis Parman, Executive Director of the Montana Rural Education Association
- 07:53:07 Robert Currie, Executive Director, Montana Digital Academy
- 07:56:27 Bob Story, Montana Taxpayers Association

### **Commissioner of Higher Education**

- 08:00:49 Joe Triem gave a presentation on the Commissioner of Higher Education (See Exhibit 1, Tab 2, page E-6)
- 08:03:31 Tyler Trevor, Deputy Commissioner of Higher Education, commented on behalf

of the 45,000 students of the Montana University System who are not present, that the student voice is strong and that the University has an active student government and student regent. He submitted a letter from Chase Greenfield, Montana University System Regent and student for the record. **(Exhibit 31)**

#### **Montana State Library**

08:05:13 Joe Triem gave a presentation on the Montana State Library. (See Exhibit 1, Tab 2, page E-18)

#### **Montana Historical Society**

08:08:12 Joe Triem gave a presentation on the Montana Historical Society. (See Exhibit 1, Tab 2, page E-21)

#### **Public Comment on Section E**

08:09:49 Gavin Woltjer, Library Director, Billings Public Library, member of the Governor Affairs Committee, Montana Library Association, voiced his concerns for the proposed 10 percent additional budget cuts to the State Library.

08:11:30 Nanette Gilbertson, Montana Library Association, reminded the committee that the Montana State Library has taken a significant cut and whether they absorb more cuts is questionable. She submitted written comments from John Beaver regarding the Montana Natural Heritage Program **(Exhibit 32)**.

08:13:05 George Wolcott, Forward Montana Foundation, spoke on the issue of tuition and student debt.

08:15:54 Anna Strange, Interim Executive Director of the Helena Tourism Business Improvement District, commented on the importance of the Montana Historical Society' programs.

#### **PUBLIC COMMENT**

08:20:30 Bob Story, Montana Taxpayers Association, distributed information on individual and corporate income tax. **(Exhibit 33)**

08:28:44 Rep. Ballance gave overview of tomorrow's agenda.

#### **RECESS**

08:29:48 Rep. Ballance recessed the meeting at 6:33 p.m.

Additional public comment submitted in written form.