



GENERAL GOVERNMENT INTERIM BUDGET COMMITTEE

67th Montana Legislature

SENATE MEMBERS

Pat Flowers
Douglas (Doug) Kary
Mike Lang

HOUSE MEMBERS

Dan Bartel
Vince Ricci
Sharon Stewart Peregoy
Brad Tschida

COMMITTEE STAFF

Prudence Gildroy - Secretary
Katie Guenther - Legislative Fiscal Analyst
Molly Delcurto, Legislative Fiscal Analyst
Kris Wilkinson – Legislative Fiscal Analyst

MINUTES LOG

September 15, 2021
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:

Rep. Dan Bartel, Chair (R)
Sen. Douglas (Doug) Kary (R)
Rep. Vince Ricci (R)
Rep. Sharon Stewart Peregoy (D)

MEMBERS EXCUSED:

Sen. Pat Flowers (D)
Sen. Mike Lang (R)
Rep. Brad Tschida (R)

MEMBERS ABSENT:

STAFF PRESENT:

Molly DelCurto, Fiscal Analyst
Katie Guenther, Fiscal Analyst
Kris Wilkinson, Fiscal Analyst
Amy Sassano, OBPP Deputy Director
Prudence Gildroy, Secretary

AGENDA (Attachment 1)

VISITORS' LIST (Attachment 2)

COMMITTEE ACTION

CALL TO ORDER/ROLL CALL

08:31:27 Rep. Dan Bartel- called the meeting to order at 8:31 AM. The committee secretary took roll.

COMMITTEE ORGANIZATION

Staff Introductions

08:32:23 Molly Delcurto, fiscal analyst, Legislative Fiscal Division (LFD) introduced the Kris Wilkinson, fiscal analyst, LFD; Katie Guenther, fiscal analyst, LFD.; Angie Nelson and Sonia Powell, Office of Budget and Program Planning (OBPP); Prudence Gildroy, clerk; and Colleen Street, Remote Meeting Coordinator (RMC).

08:33:27 Rep. Vince Ricci

08:33:37 Senator Doug Kary

08:33:52 Rep. Sharon Stewart Peregoy

08:34:00 Rep. Bartel stated Sen. Lang, Rep. Tschida, and Sen. Flowers would join the meeting later. He introduced himself as Chair.

Rules, Proxy Voting, Hybrid Meetings

08:34:15 Rep. Bartel addressed the rules, proxy voting, the handling of hybrid meetings, and the agenda for the day.

08:37:21 Motion that proxy voting be authorized for this interim budget committee and move that for exercise of a proxy ballot the deputized member must hold the written proxy from the absent member in advance of the vote. Electronic means such as email or text constitute a valid means of providing a proxy to a deputized member of the committee.

08:38:20 Vote on previous motion carried 4-0 by voice vote.

FYE 2021 Financial Reports

LFD Staff

Department of Commerce

08:38:57 Molly DelCurto, Legislative Fiscal Division (LFD), presented the financial report on the Department of Commerce. **EXHIBIT 1**

08:41:56 Rep. Tschida joined the meeting.

08:43:26 Chair Bartel stated that the committee could interrupt the report with questions.

08:43:41 Molly DelCurto continued presenting the financial report for the Department of Commerce.

08:44:54 Sen. Kary asked if the Department is on track with CARES II and Ms. DelCurto responded.

08:45:55 Ms. DelCurto continued her presentation.

08:47:45 Rep. Tschida asked about the 28 FTE and Ms. DelCurto responded those were temporary. Ms. DelCurto continued her report.

08:55:55 Chair asked about comparison to last year and Ms. DelCurto responded. Ms. DelCurto continued with her presentation.

08:56:55 Rep. Ricci inquired about the expenditures for the Board of Horse Racing and Ms. DelCurto responded there were operating expenses.

08:57:59 Adam Schafer, deputy director, Department of Commerce stated he was available for questions.

08:58:42 Rep. Ricci asked a question about the Board of Horse Racing and Mr. Schafer responded. Rep. Ricci asked Mr. Schafer to forward any additional information.

08:59:48 Chair Bartel asked why the distressed wood products fund was underutilized, and Mr. Schafer responded. Chair Bartel asked about promotion of the program, and Mr. Schafer responded.

09:01:33 Chair Bartel asked about the State Small Business Credit, and Mr. Schafer responded. Chair Bartel asked Mr. Schafer to provide the rules to the committee.

09:03:23 Rep. Tschida asked about the low demand for Montana wood products, and Mr. Schafer responded. He said he would get more information to the committee.

09:05:06 Tom Tucker, executive secretary, Montana Board of Horse Racing commented on their budget.

09:07:26 Chair Bartel asked for a list of expenditures for Virginia City. Elijah Allen, executive director, Montana Heritage Commission said he would get a fiscal year report to the committee.

Department of Labor and Industry

09:09:18 Ms. DelCurto presented the quarterly financial report for the Department of Labor and Industry. **EXHIBIT 2**

09:24:54 Rep. Ricci asked about the return to work program. Scott Eichner, Department of Labor and Industry responded.

09:35:52 Rep. Tschida asked what actions the department had taken regarding unemployment benefits fraud. Ms. Smitham said the information would be provided. Rep. Tschida asked about the need to expend more of the UI funds given the lack of employees and Ms. Smitham responded.

09:40:52 Chair Bartel asked for information to be provided to the committee, and Ms. Smitham committed to do that. He asked for an update on the case management system. Eric Strauss, Department of Labor and Industry responded. He said the intent was for a single platform for all their processes. Chair Bartel asked if their systems are integrated with the federal system, and Mr. Strauss responded.

09:45:33 Rep. Tschida asked about how the new technology was evaluated, and Mr. Strauss responded.

09:49:18 Chair Bartel asked for an update about the trust fund, and Ms. Smitham responded. Chair Ricci asked about the Return to Work Program, and Ms. Smitham responded. Mr. Eichner stated the program has not achieved projections.

09:52:54 Sen. Flowers has arrived

09:53:07 In response to a question by Chair Bartel, Mr. Eichner explained some of the challenges with the processing of applications.

Department of Revenue

- 09:55:31 Ms. DelCurto presented the quarterly financial report for the Department of Revenue. **EXHIBIT 3**
- 10:04:15 Rep. Ricci asked for comment by the Department of Revenue on the Cannabis Control Division, and Ms. Barbour responded. Rep. Ricci asked if they are on track with rules, and Ms. Barbour responded. Rep. Ricci asked about rules for advertising. Ms. Barbour indicated they are in the public comment process and will be finalized October 9th.
- 10:07:26 Sen. Flowers asked for continuing revenue projections from the Cannabis Control Division.

Department of Administration - State Information Technology Services Division (SITSD) **HB 2 required report**

- 10:08:30 Katie Guenther, fiscal analyst, Legislative Fiscal Division (LFD), was introduced.

Break

- 10:21:46 Reconvene
- 10:21:49 Sen. Lang has arrived
- 10:22:00 Katie Guenther, LFD, presented the quarterly financial report for the Department of Administration. **EXHIBIT 4**
- 10:31:32 Sen. Flowers asked for detail about budget modifications for this biennium, and Ms. Guenther responded. Sen. Flowers asked if an agency can shift FTE in the interim, and Ms. Guenther responded.
- 10:37:38 Sen. Kary asked, under statutory appropriations, how much was transferred to the pension funds by fund account, and Ms. Guenther said she would provide that.
- 10:38:12 Ms. Guenther continued her presentation.
- 10:43:41 Sen. Kary asked about the revised date for the cyber security enhancement or if it had been implemented.
- 10:43:58 April Grady, chief financial officer, ITESD, replied.
- 10:44:52 Rep. Bartel asked whether the software for the cyber security enhancement was an off the shelf program.
- 10:45:15 Kevin Gilbertson, chief information officer, Department of Administration responded.
- 10:45:27 Rep. Bartel asked for an overview and Mr. Gilbertson was confident in their management of security for the state.
- 10:46:45 Ms. Guenther said there were two required reports that were included in HB 2 that the Department of Administration provided. (Exhibit 1)
- 10:47:15 Ms. Grady, DOA, explained the reports.

Department of Military Affairs

- 10:50:28 Ms. DelCurto presented the financial report for the Department of Military Affairs. **EXHIBIT 5**
- 11:00:55 Rep. Bartel asked about the Montana Military Relief Fund and asked if it was general fund. Ms. DelCurto affirmed that it was.

- 11:01:47 Sundi West, deputy director, Department of Military Affairs, addressed the family relief program.
- 11:03:06 Rep. Bartel asked a further question and Ms. West replied.
- 11:03:06 Sen. Mike Lang inquired about unexpended funds for the 2011 floods, and Ms. West responded.
- 11:04:56 Sen. Pat Flowers asked for an update on the ChalleNGe Program.
- 11:05:15 Ms. West reported some students left due to COVID, but the program was on target for graduation. Hiring is a challenge.
- 11:06:39 Rep. Bartel asked why no money was expended for the Purple Heart Scholarship program. Ms. West said there were no applications.

State Auditor's Office

Break - Training on Budget Power BI Interactive Tool, LFD Staff

- 11:24:21 Reconvene
- 11:24:37 Kris Wilkinson, fiscal analyst, Legislative Fiscal Division presented the report on the State Auditor's Office. **EXHIBIT 6**
- 11:28:57 Sen. Flowers asked about a provision for dealing with the balance in the assessment account. Ms. Wilkinson replied the agency will report to the budget committees.
- 11:32:23 Jackie Jones, government relations director, State Auditor, said they will report to the Economic Affairs Interim Committee. Claims have been identified and submitted and will be processed. ARPA money can carryover and will be available for future claims years. There are no date restrictions on the additional reinsurance money.
- 11:35:11 Ms. Wilkinson continued the report.
- 11:40:44 Sen. Flowers asked about the 25% vacancies.
- 11:41:30 Staci Litschauer, State Auditor's Office, said they had filled several positions and are actively recruiting. She said she would provide an update.

Workplan, committee discussion

- 11:46:22 Rep. Bartel said Department of Administration could present information at the next meeting.
- 11:46:43 Sen. Flowers favored a deep dive into ongoing cyber security expenditures.
- 11:49:06 Sen. Kary expressed concern about broadcasting the information, and Rep. Bartel replied that the committee would be looking at the budgeting side.
- 11:51:03 Rep. Bartel requested a report from the LFD.
- 11:52:15 Rep. Tschida favored involving private enterprise.
- 11:54:23 Ms. Wilkinson said risk management and tort division rates were another area to consider. Rep. Bartel agreed.
- 11:56:40 Sen. Flowers asked about getting hard copy of the handouts. Ms. Wilkinson said they will continue to send emails and provide hard copy to anyone requesting them.

Lunch Break

13:03:30 Reconvene

CONTINUE FYE 2021 FINANCIAL REPORTS

Legislative Branch

13:03:45 Ms. Wilkinson presented the reports on the Legislative Branch. **EXHIBIT 7**
13:15:02 Susan Byorth Fox, executive director, Legislative Services Division provided comment.

Montana Consumer Counsel

13:21:57 Kris Wilkinson presented the reports on the Consumer Counsel. **EXHIBIT 8**
13:25:22 Rep. Bartel asked about the carryover on the contingency and whether that is normal procedure. Ms. Wilkinson responded that is how it works for any agency that has biennial appropriations.

Governor's Office

13:26:20 Ms. Wilkinson presented the report on the Office of the Governor.

Secretary of State

13:38:29 Ms. Wilkinson presented the report for the Secretary of State's office. **EXHIBIT 9**
13:42:54 Angela Nunn, director of operations, Secretary of State responded to a question from Rep. Tschida about duplicative charges to businesses. She offered to get information to the committee.
13:44:30 Rep. Bartel asked about growing revenue in the fund balance and Ms. Nunn replied.
13:47:19 Sen. Flowers asked Ms. Nunn if she was confident of secure elections, and Ms. Nunn responded.
13:48:24 Sen. Flowers asked about allocations to the counties and how those are being used.
13:48:32 Ms. Nunn replied the counties can submit requests for grants to further secure their elections.
13:50:13 Sen. Flowers asked for an estimate of how much had been distributed.
13:50:42 Brandi Pierson, chief financial officer, Secretary of State testified \$654,000 was granted to counties from the 2018 grant. For the 2020 grant, \$1.9 million was granted.
13:51:49 Rep. Tschida commented in response to Sen. Flowers.

Commissioner of Political Practices

13:54:40 Ms. Wilkinson presented the report on the Commissioner of Political Practices. **EXHIBIT 10**
13:56:57 Jeff Mangan, Commissioner of Political Practices provided comment.

Adopt Workplan

- 13:58:25 Rep. Ricci asked about how Virginia City is funded. Ms. Wilkinson replied a change was made to the bed tax portion for the Montana Heritage Commission.
EXHIBIT 11
- 14:02:15 Ms. Wilkinson provided a summary of the committee's work for the December meeting.

Public Comment

- 14:04:27 Jeff Mangan, Commissioner of Political Practices commented that Montana's elections are secure, and the legislature and Montana citizens can feel comfortable with the status of those elections.

ADJOURNMENT

Adjournment: 14:05:57