



## LEGISLATIVE FINANCE COMMITTEE

### 67th Montana Legislature

#### SENATE MEMBERS

Janet Ellis  
Tom Jacobson  
Bob Keenan  
Ryan Lynch  
Ryan Osmundson  
Daniel Salomon

#### HOUSE MEMBERS

Dan Bartel  
David Bedey  
Mary Caferro  
Frank Garner  
Jim Hamilton  
Kenneth Holmlund  
Llew Jones  
Jim Keane  
Emma Kerr-Carpenter  
Bill Mercer  
Sharon Stewart Peregoy  
Jonathan Windy Boy

#### COMMITTEE STAFF

Amy Carlson - Legislative Fiscal Analyst  
Julie Johnson - Attorney  
Kathy Sangray - Secretary

# MINUTES LOG

September 16, 2021  
Room 102  
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. Ryan Osmundson, Chair (R)  
Rep. Dan Bartel (R)  
Rep. David Bedey (R)  
Sen. Janet Ellis (D)  
Rep. Frank Garner (R)  
Rep. Kenneth Holmlund (R)  
Sen. Tom Jacobson (D)  
Rep. Llew Jones (R)  
Sen. Bob Keenan (R)  
Rep. Emma Kerr-Carpenter (D)  
Sen. Ryan Lynch (D)  
Rep. Bill Mercer (R)  
Sen. Daniel Salomon (R)  
Rep. Sharon Stewart Peregoy (D)

**MEMBERS EXCUSED:**

Rep. Mary Caferro (D)  
Rep. Jim Hamilton (D)  
Rep. Jim Keane (D)  
Rep. Jonathan Windy Boy (D)

**STAFF PRESENT:**

Amy Carlson, Legislative Fiscal Analyst  
Julie Johnson, Attorney  
Kathy Sangray, Secretary

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

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

**COMMITTEE ACTION**

**CALL TO ORDER/ROLL CALL**

08:32:09 Sen. Ryan Osmundson-R called the meeting to order at 8:32 AM. The committee secretary took roll.

**Financial Update: FYE 2021 Report Overview**

08:33:43 Ms. Lindsay, Legislative Fiscal Division (LFD) discussed the General Budget Overview and Agency Expenditure Highlights.  
**EXHIBIT 1**  
**EXHIBIT 2**

08:33:50 Rep. Caferro joined the meeting.

08:37:09 Rep. Hamilton joined the meeting.

08:55:07 Vice Chair Caferro asked a question regarding senior and long-term care.

08:55:56 Ms. Lindsay explained Medicaid spending.

08:57:18 Vice Chair Caferro asked a follow-up question regarding reporting.

08:57:41 Ms. Lindsay explained reporting of Medicaid and HB 2, and Medicaid expansion.

08:58:25 Sen. Ellis asked a question regarding when the Capital Development Fund can be expended.

08:58:57 Ms. Lindsay explained authority of the Executive.

09:00:06 Sam Schaefer, LFD, reviewed the FYE 2021 Financial Report: General Fund Revenue.

09:08:20 Rep. Windy Boy joined the meeting.

09:16:55 Rep. Stewart Peregoy left the meeting.

09:24:19 Mr. Schaefer answered questions from the committee regarding General Fund Revenues.

09:24:21 Rep. Jones asked about the downside risk of economic forecasts.

09:30:06 Mr. Schaefer explained the variability of revenue estimates.

09:34:25 Rep. Jones made follow-up comment on variability of revenue.

- 09:34:51 Mr. Schaefer explained trends and estimates.
- 09:35:45 Rep. Jones commented on inflation and uncertainty of the future revenues.
- 09:36:54 Mr. Schaefer explained what has been experienced in Montana.

**Financial Update: COVID-19 Federal Funds Update Report - Quinn Holzer, Assistant**

**Director**

- 09:38:30 Quinn Holzer, Assistant Director Legislative Fiscal Division (LFD), discussed the COVID-19 Federal Funds Update  
**EXHIBIT 3**
- 09:44:38 Rep. Mercer asked a question regarding ARPA funds distributed to Montana tribes.
- 09:46:40 Mr. Holzer responded to questions from Rep. Mercer regarding ARPA funding to tribes.
- 09:47:12 Rep. Windy Boy shared concerns about funding going to tribes.
- 09:48:13 Mr. Holzer explained plans are in place to get information not currently available.

**Financial & COVID-19 Financial Update - Kurt Alme, Governor's Budget Director**

- 09:49:15 Director Kurt Alme, Office of Budget and Program Planning (OBPP) reviewed updates on ARPA funding.  
**EXHIBIT 4**  
**EXHIBIT 5**
- 09:55:24 Angie Nelson, OBPP, explained resources available to track ARPA State Fiscal Recovery Funds Allocations by state and through the [arpa.mt.gov](http://arpa.mt.gov) website which shows distribution of funds.  
**EXHIBIT 6**
- 10:01:51 Vice Chair Caferro questioned how the general public will know where to look on the website for funds available for specific needs.
- 10:04:09 Director Alme explained where to find opportunities available through ARPA funding.
- 10:06:03 Director Alme explained Allocation of First Tranche of ARPA State Fiscal Recovery,
- 10:10:25 Rep. Garner asked for clarification on HB 604 funds.
- 10:10:45 Director Alme explained the difference between HB 604 funds and ARPA.
- 10:12:39 Sen. Salomon asked when the funds will be available.
- 10:12:43 Director Alme explained that these funds will be delayed for various reasons.
- 10:13:20 Vice Chair Caferro asked Director Alme a series of questions regarding Public Health.
- 10:14:21 Rep. Stewart Peregoy rejoined the meeting.
- 10:16:04 Director Alme explained delays in funding.
- 10:16:47 Sen. Ellis asked a question regarding timing of disbursement of ARPA funds.
- 10:17:39 Director Alme explained that work is being done to schedule distribution of funds.
- 10:18:56 Sen Jacobson asked what is being done to make sure the payroll is being met for healthcare and mental health providers while they wait for the funds.
- 10:19:52 Director Alme explained that the allocation timing is different in each agency.

10:21:28 Rep. Garner commented on what other states are doing and that Montana is far more involved in allocations.

10:22:41 Rep. Kerr-Carpenter asked when money will be out to communities for COVID-19 testing, tracing, etc.

10:23:08 Director Alme could not answer specifically but referred question to DPHHS.

10:23:32 Rep. Kerr-Carpenter would like to see resources out to communities.

10:23:57 Director Alme explained that there are several funding sources with different rules and ARPA is in addition to CARES Act money.

10:24:49 Chair Osmundson reiterated that the funds from ARPA and the CARES Act have rules that have limited the state's ability to distribute the funds.

10:25:36 Director Alme explained ARPA Revenue Replacement Funds  
**EXHIBIT 7**  
**EXHIBIT 8**  
**EXHIBIT 9**  
**EXHIBIT 10**

10:37:40 Rep. Jones commented on HB 632's flexibility to use most restrictive funding source first, and then allow further funds disbursement for other needs not explicitly defined by restrictive categories.

10:39:25 Sen. Ellis asked a question regarding revenue replacement money and the definition of tranche categories.

10:40:00 Director Alme explained eligible use and tranche categories from State Fiscal Recovery Funds Planned Allocations exhibit.

10:41:20 Vice Chair Caferro asked for clarification on the use of revenue replacement when the state budget is funded, and why we would use those funds when it adds to the unpredictability of future budgets.

10:42:59 Director Alme discussed revenue replacement.

10:44:40 Vice Chair Caferro commented on the generous growth baseline used to calculate where revenue replacement is allowed to go.

10:45:09 Rep. Mercer moved adoption of the recommendations set forth on page 2 of Director Alme's LFC Update memo that up to \$112.3 million of ARPA Revenue Replacement funds be allocated among appropriations up to the amounts set forth in Section A-E.

10:45:29 Sen. Ellis asked for confirmation on the numbers.

10:45:47 Vice Chair Caferro questioned why a motion had been made at this time.

10:45:57 Chair Osmundson responded that a motion to approve the recommendations is in the purview of the committee.

10:46:02 Rep. Jones explained that the committee can either vote with no comment or do nothing, and then the Executive can proceed with the recommendations. If there is comment, a review period begins.

10:46:42 Director Alme explained that an affirmative action by the committee saves 15 days and allows the Governor to approve the budget and the Budget Office can then move forward with the projects.

10:47:06 Chair Osmundson requested Rep. Mercer to allow for the motion to be considered under Committee Business later in the meeting.

10:47:16 Rep. Mercer agreed to withdraw the motion.

- 10:47:18 Rep. Kerr-Carpenter asked Director Alme to confirm the numbers in the recommendation before the committee moves forward.
- 10:47:37 Director Alme confirmed the recommended funding amounts in Section A-E.
- 10:48:12 Chair Osmundson explained that Rep. Mercer's motion would allow for the funds to be distributed faster.
- 10:48:22 Director Alme clarified the use of ARPA funds to offset reduction in net revenue to the state. He ended with summarizing that the state is financially healthy and has an AA+ bond rating. Also announced that he will be stepping down and Sen. Osmundson will be taking over as Budget Director.  
**EXHIBIT 11**
- 10:52:42 Chair Osmundson thanked Director Alme for his work.
- 10:53:10 Break

### **Interim Budget Committee Reports**

Summary report given by each Chair of Committees A-E.

- 11:12:08 Rep. Regier, Section B Report
- 11:18:10 Rep. Bartel, Section A Report
- 11:22:44 Rep. Holmlund, Section C Report
- 11:27:19 Rep. Mercer, Section D Report. Rep. Mercer then answered questions from the committee regarding specifics of the report.

Discussion:

- 11:39:46 Rep. David Bedey
- 11:40:03 Rep. Bill Mercer
- 11:40:55 Rep. David Bedey
- 11:41:30 Amy Carlson, LFD
- 11:42:36 Rep. David Bedey
- 11:42:50 Sen. Ryan Osmundson
- 11:43:22 Rep. Bill Mercer
- 11:43:38 Sen. Ryan Osmundson
- 11:43:48 Rep. Bedey Section E Report
- 12:09:17 Rep. Mercer commented on ARPA funds and the responsibility to prudently allocate funds to avoid future lawsuits brought by the general public.
- 12:12:08 Amy Sassano, OBPP, replaced and explained the Revenue Replacement handout.
- 12:14:24 Break for Lunch

### **Update from MARA**

- 12:45:21 Rep. Jones gave his report on MARA.  
**EXHIBIT 12**
- 12:55:00 Julia Pattin, LFD, reviewed the report further. Rep.
- 13:03:01 Jones continued comments.

- 13:09:38 Sen. Ellis continued report on MARA.  
13:10:38 Rep. Garner asked that handout be provided electronically.

### **State Information Technology Services Division Summary of Statewide IT Policy Issues**

- 13:11:17 Katie Guenther, LFD, made opening comments regarding State Information Technology Services Division (SITSD) and introduced the new CIO.
- 13:13:49 Kevin Gilbertson, SITSD CIO, reviewed a report on exceptions granted to state agencies, information technology projects, policy changes, information technology procurement requests and agency procurement reports.  
**EXHIBIT 13**  
**EXHIBIT 14**  
**EXHIBIT 15**
- 13:17:23 Rep. Kerr-Carpenter asked a question regarding the procurement of IT at the DOJ and how it relates to a bill passed during the session.
- 13:18:18 Mr. Gilbertson answered question regarding DOJ IT.
- 13:19:09 April Grady, SITSD CFO, answered a question regarding procurement of DOJ IT.
- 13:19:56 Mr. Gilbertson explained further how the DOJ ITPRs are evaluated. He continued with his presentation on the CIO Report on SITSD and his vision for improvements.  
**EXHIBIT 16**
- 13:21:37 Rep. Hamilton left the meeting.
- 13:30:51 Rep. Kerr-Carpenter asked how SITSD will streamline processes as the transition is made from paper to cloud-based technology.
- 13:31:38 Mr. Gilbertson explained how to implement new technologies using human-centered design, and that he will tap into existing programs before creating custom platforms.
- 13:34:08 Sen. Lynch commented on the need to create systems-of-record between agencies regarding criminal justice data.
- 13:35:33 Mr. Gilbertson indicated that a Chief Data Officer has been hired to address data sharing needs and technology.
- 13:37:56 Rep. Holmlund asked if there is an effort to consolidate the clouds where data is stored, in reference to HB 10.
- 13:38:27 Mr. Gilbertson explained if and how consolidation of clouds will happen.
- 13:40:57 Rep. Holmlund asked if the program addressed in HB 10 has been implemented.
- 13:41:03 Mr. Gilbertson stated that HB 10 has not been implemented yet as risk assessment will continue first.
- 13:41:45 Vice Chair Caferro asked if the IT dashboard still includes detailed information on all projects.
- 13:42:54 Mr. Gilbertson replied that the data is still there but may have moved and he would need to follow up on that question.
- 13:43:26 Vice Chair Caferro redirected question to Katie Guenther, LFD.
- 13:43:58 Ms. Guenther replied that she will work with CIO Gilbertson and his staff to identify where that information is on the dashboard.
- 13:44:27 Vice Chair Caferro reiterated that she is not able to see the information on the dashboard that used to be there, and that the information was very important to the subcommittee so they could make informed decisions.

- 13:45:16 Ms. Guenther offered to meet with Vice Chair Caferro later to get her concerns addressed.
- 13:45:27 Rep. Mercer agreed with Vice Chair Caferro that accessing the data is important to the subcommittees.
- 13:46:09 Rep. Bedey asked what SITSD's involvement is regarding the OPI Data Systems Modernization Project.
- 13:46:36 Mr. Gilbertson replied that SITSD is informed about that project but is not directly involved.
- 13:46:54 Rep. Bedey asked for clarification on SITSD's involvement in that project.
- 13:47:41 Mr. Gilbertson answered the question and concluded his comments.

**LFC Rules Review**

- 13:48:13 Julie Johnson, Legislative Services Division (LFD) attorney, summarized committee rules.  
**EXHIBIT 17**

**Work Plan and Budget Review**

- 13:53:41 Amy Carlson, Legislative Fiscal Analyst (LFD), explained the LFC work plan.  
**EXHIBIT 18**
- 13:57:19 Sen. Ellis welcomed Rep. Garner and Sen. Lynch to the committee she chairs on SAVA.
- 13:57:40 Ms. Carlson explained in more detail the work plan.
- 13:59:32 Rep. Jones asked a question regarding Comprehensive School and Community Treatment (CSCT) and its effectiveness and how to track progress.
- 14:02:40 Rep. Bedey responded to Rep. Jones' question regarding CSCT.
- 14:04:45 Ms. Carlson suggested she and her staff review ideas to bring to the committee in December regarding measuring the outcomes of CSCT.
- 14:06:10 Sen. Jacobson commented that some outcomes cannot be tracked, and also that suicide prevention needed to be addressed long before a person is in crisis.
- 14:07:53 Rep. Jones stated that while CSCT began with good intentions, we need to evaluate if the program is effectively targeted.
- 14:09:42 Rep. Bedey added that work on this issue may be being done in other committees and that effective use of the funds is important.
- 14:10:34 Rep. Windy Boy commented that HHS and Education need to combine efforts to help address suicide prevention.
- 14:11:03 Rep. Mercer left the meeting.
- 14:13:39 Sen. Keenan commented that suicide prevention is an industry without results. Millions have been spent but the problem has not been solved and further work needs to be done.
- 14:15:30 Sen. Osmundson agreed this issue needs to be on the work plan.
- 14:15:41 Sen. Ellis asked a question regarding the specifics of the work plan.
- 14:17:04 Ms. Carlson stated that she will adjust work plan as directed by the committee
- 14:17:41 Chair Osmundson explained that the work plan is not meant to be restrictive.
- 14:18:23 Sen. Ellis expressed her willingness to be flexible with her committee.
- 14:18:34 Ms. Carlson offered wording she will add to the Work Plan for approval by the committee.



### **Public Comment**

14:20:11 Jason Rittal, Montana Association of Counties (MACO)

### **Committee Business**

Discussion to adopt rules, work plan, and budget.

14:21:25 Rep. Jones moved to adopt the rules of the committee.

14:21:37 Sen. Ellis moved to add language to allow proxy voting.

14:22:54 Ms. Johnson clarified the amendment regarding proxy voting.

14:23:11 Ms. Carlson commented on proxy voting.

14:23:26 Ms. Johnson further explained proxy voting.

14:23:53 Sen. Keenan stated that Rep. Mercer had given him his proxy vote.

14:24:35 Vote was called to adopt the rules including the amendment to allow proxy voting.

#### **Vote:**

14:24:35 Carried unanimously by voice vote.

14:25:02 Rep. Jones moved to adopt the Work Plan.

#### **Vote:**

14:25:02 Carried unanimously by voice vote.

14:25:30 Ms. Carlson explained the budget.

#### **EXHIBIT 19**

14:26:17 Rep. Jones moved to adopt the budget.

#### **Vote:**

14:26:17 Carried unanimously by voice vote.

14:26:43 Rep. Jones moved to accept the minutes from the last meeting.

#### **Vote:**

14:26:43 Carried unanimously by voice vote.

14:27:02 Rep. Jones moved to accept the recommendations for Revenue Replacement Funds allocations based on the memo dated 9/16/21 "ARPA Revenue Replacement Funds" which clarified the funding allocations.

#### **Vote:**

14:27:02 Carried unanimously by voice vote.

### **Committee Business**

Webpage Statistics

14:29:09 Ms. Lindsay reported on web statistics for January to April 2021.

#### **EXHIBIT 20**

14:32:05 Sen. Ellis asked if Robo emails are counted in the statistics.

14:32:47 Ms. Lindsey stated that no robots are included in the statistics, and that emails were not considered in her report.

### **Meet Your Staff**

14:33:23 Ms. Carlson introduced Matt Hartnett.

14:34:13 Matt Hartnett, LFD



14:34:27 Ms. Carlson introduced Molly DelCurto.

14:35:27 Molly DelCurto, LFD

**Staff Announcements & Awards**

14:35:44 Ms. Carlson recognized Josh Poulette for 5 years of service.

14:36:47 Josh Poulette, LFD

14:36:59 Ms. Carlson recognized Rob Miller for 10 years of service.

14:37:44 Rob Miller, LFD

14:38:09 Ms. Carlson recognized Katie Guenther for 15 years of service.

14:38:57 Katie Guenther, LFD

14:39:14 Ms. Carlson recognize Cathy Duncan for 20 years of service.

14:40:26 Ms. Carlson recognized Kris Wilkinson for 25 years of service.

14:41:48 Kris Wilkinson, LFD

14:42:00 Chair Osmundson

14:42:13 Ms. Carlson

14:43:03 Sen. Osmundson resigned as Chair of LFC to take over as the Governor's Budget Director.

**ADJOURNMENT**

Adjournment: 14:44:45