



# MONTANA LEGISLATIVE BRANCH

## Legislative Fiscal Division

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**Director**

AMY CARLSON

May 22, 2019

To: Legislative Finance Committee members  
From: Amy Carlson, Legislative Fiscal Analyst/Director

RE: Work plan discussion

The work plan for the LFC this interim is more defined than typical. HB 715, HB 657, HB 633, and SB 310 each have specific study elements required for this interim, yet there will also be opportunities for other research that the committee would like to accomplish either in the subcommittees or in the full LFC.

Legislative Finance Committee Studies and coordinated study:

**HB 715 Financial Modernization and Risk Analysis (MaRA)** – assumed to be January-September 2020  
This study is a separate committee with six members from the LFC and four other members. It will take the data compiled from work from last interim, HB 715 Budget Stabilization Observations, and other interim committee input to analyze how Montana can move its financial plan forward with the changing economy.

**HB 715 Budget Stabilization** – assumed to be May 2019-January 2020  
This analysis will gather data and test assumptions for state and local government and public pensions. A key output will be observations of trends over the past 20 years and evaluations of potential outcomes of future budgets. It will specifically look at risks, opportunities, present law budgets, trended budgets, and other spending and revenue pressures.

**HB 715 Personal Services Budgeting** – assumed go occur throughout the interim  
This analysis will evaluate options for personal services budgeting including understanding of the current “snapshot” budgeting and calculated methods.

**HB 657 Study community college funding formula and CTE funding**  
This study will follow up on previous interim and session work regarding community college, career and technical education, and special education funding. A subcommittee is required in the bill for this study.

### **HB 633 Create digital library services state special revenue account**

The Legislative Finance Committee is charged with finding a method to adequately and fairly distribute the cost of administering and operating the natural resource information system and other digital library services among state agencies and private or commercial entities.

### **SB 310 Revise laws related to legislature and budgeting**

The Legislative Finance Committee is requested to work with the Legislative Council in the following areas:

- (a) evaluation of other state legislatures' interim policy and budget processes and procedures that encourage development of legislators' understanding of both policy and budget;
- (b) evaluation of the session calendar, schedules, and transition required that would allow for an odd-year session focused on adjusting the policy and statutory changes in 45 days or less;
- (c) evaluation of the session calendar, schedules, and transition required that would allow for an even-year session focused on adopting a biennial budget in 45 days or less; and
- (d) consideration of the best approach to each interim following a policy session in preparation for the budget session and each interim following a budget session in preparation for the policy session

In addition, there are two additional studies that are separate from the LFC, but the LFC may wish to stay abreast of what is happening in these studies:

HB 369 Create Criminal Justice Oversight Council

HB 754 Create study commission to review MUS restructuring

### **Subcommittees**

The Management Advisory Workgroup has considered breaking a portion of the work into subcommittees. These subcommittees would delve into the details and report to the larger group. The subcommittee structure originally proposed is as follows:

Subcommittee	Topics
Education: HB 657 and HB 633	Evaluate the assigned education studies
Staffing costs: PS Budgeting and Pensions	Evaluate the HB 715 items of personal services budgeting options and Pension stress testing
Legislative Sessions: SB 310	Evaluate the items in SB 310 related to budget schedules and processes in annual sessions
Information: ITSD and Results First	Evaluate ITSD reporting, Security, DPHHS, and Results First
OPD and Corrections (optional)	Optional subcommittee - possibly not begin the subcommittee until after January

Another more recently-discussed alternative includes adjustments to allow for study of all topics with just four subcommittees allowing 4-5 members per subcommittee and less secretaries, organizing and other factors.

Subcommittee	Topics
Education: HB 657 and HB 633	Evaluate the assigned education studies
Legislative Sessions: SB 310 <i>and personal services budgeting</i>	Evaluate the items in SB 310 related to budget schedules and processes in annual sessions <i>and the personal services budgeted in HB 715</i>
Information: ITSD and Results First	Evaluate ITSD reporting, Security, DPHHS data, and Results First
Local Government Budget interactions: OPD <i>and Pensions</i>	<i>Evaluate the Pensions stress testing in HB 715 and follow up on the Office of Public Defender items raised in Section D subcommittee</i>

This allows 4 to 5 members of the LFC on each of the subcommittees without having two members on any committee. If a subcommittee option is chosen by the LFC, the subcommittees could meet the day before the full LFC meeting at the time set by each subcommittee.

Given that it is uncertain of the amount of work or commitment of the topics in each subcommittee, it may be appropriate to evaluate this process midway through the interim to see if changes are necessary.

#### **Other Committees: Financial Modernization and Risk Analysis Study**

In January 2020 the Financial Modernization and Risk Analysis (MaRA) Committee would start. I would anticipate this committee, including six LFC members, would meet the day after the full LFC meeting.

#### **Other Research topics**

If LFC members are interested in additional topics to be considered this interim, please mention them in the May 29 workplan discussion. If other LFC members also express interest, staff will bring a plan back to the September meeting to attempt to accomplish all the goals of the committee.

#### **Meeting Timeline**

Attached to this document is a suggested timeline of each meeting of the LFC.

## LFC Meetings - May 29 Version

Month	Subcommittee Meetings - Day 1	Full LFC Agenda Items - Day 2	Day 3
<p><i>May-19</i> 29-May</p>		<p>2-3 hours plus time with Legislative Council on May 29th</p> <p>Meet with the Council on SB 310</p> <p>Role and purpose of the LFC</p> <p>Adoption of rules</p> <p>Work plan discussion</p> <p>ITSD regular report</p>	
<p><i>Sep-19</i> Suggest Sept 16, 17, 18</p>	<p>Education: HB 657 and HB 633</p> <p>Staffing costs: PS Budgeting and Pensions</p> <p>Legislative Sessions: SB 310</p> <p>Information: ITSD and Results First</p> <p>OPD and Corrections (optional)</p>	<p>Quarterly Report FYE 2019 and 21 Bi Update</p> <p>ITSD regular report</p> <p>Subcommittees report to full committee</p> <p>HB 715 status of Observations and Next Steps</p> <ul style="list-style-type: none"> <li>* State</li> <li>* Local</li> <li>* Pensions</li> </ul>	<p>SB 310 with Council</p>
<p><i>Dec-19</i> Suggest Dec 9 and 10</p>	<p>Education: HB 657 and HB 633</p> <p>Staffing costs: PS Budgeting and Pensions</p> <p>Legislative Sessions: SB 310</p> <p>Information: ITSD and Results First</p> <p>OPD and Corrections (optional)</p>	<p>Quarterly Report 21 Bi through November 2019</p> <p>ITSD regular report</p> <p>Subcommittees report to full committee</p> <p>HB 715 draft Observations and Next Steps</p> <ul style="list-style-type: none"> <li>* State</li> <li>* Local</li> <li>* Pensions</li> </ul> <p>Pension System update: TRS and PERS</p>	<p>SB 310 with Council</p>

<b>Month</b>	<b>Subcommittee Meetings - Day 1</b>	<b>Full LFC Agenda Items - Day 2</b>	<b>Day 3</b>
Jan-20 Suggest Jan 14, 15, 16	Possible subcommittee meetings	SB 310 with Legislative Council optional HB 715 Observations and Next Steps * State * Local * Pensions  Re-evaluate the Subcommittees for possible restructure	HB 715 MaRA kick off
Mar-20 Suggest Mar 23 &24	<i>Education: HB 657 and HB 633</i> <i>Staffing costs: PS Budgeting and Pensions</i> <i>Legislative Sessions: SB 310</i> <i>Information: ITSD and Results First</i> <i>OPD and Corrections (optional)</i>	Quarterly Report through February 2020 - 21 Bi ITSD regular report Subcommittees report to full committee	HB 715 MaRA
Jun-20 June 8, 9, 10	<i>Education: HB 657 and HB 633</i> <i>Staffing costs: PS Budgeting and Pensions</i> <i>Legislative Sessions: SB 310</i> <i>Information: ITSD and Results First</i> <i>OPD and Corrections (optional)</i>	Quarterly Report through May 2020 - 21 Bi ITSD regular report Subcommittees report to full committee  General Fund Outlook 2023 biennium	HB 715 MaRA
Sep-20 Sept 14, 15, 16	<i>Education: HB 657 and HB 633</i> <i>Staffing costs: PS Budgeting and Pensions</i> <i>Legislative Sessions: SB 310</i> <i>Information: ITSD and Results First</i> <i>OPD and Corrections (optional)</i>	Quarterly Report FYE 2020 - 21 Bi ITSD regular report Subcommittees report to full committee 23 Biennium Base budget report 23 Biennium Personal services budgets LFC Recommendations for 2021 session - overview	HB 715 MaRA final Finalize SB 310
Dec-20 Same week established by Council Usually the first full week of December		2023 Biennium Governor's Budget overview LFC Recommendations for 2021 session System Pension update	