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LEGISLATIVE FINANCE COMMITTEE
67th Montana Legislature

SENATE MEMBERS

Janet Ellis
Tom Jacobson
Bob Keenan
Ryan Osmundson
Daniel Salomon
Jon Sesso

HOUSE MEMBERS

Nancy Ballance
David Bedey
Mary Caferro
Kimberly Dudik
Jim Hamilton
Kenneth Holmlund
Mike Hopkins
Llew Jones
Ryan Lynch
Bill Mercer
Rae Peppers
Marilyn Ryan

COMMITTEE STAFF

Amy Carlson - Legislative
Fiscal Analyst
Karen Gilbert - Secretary
Julie Johnson - Attorney

MINUTES LOG

December 17, 2019
8:32 AM
State Capitol Room 317

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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Staff Present

Amy Carlson, Legislative Fiscal Division Director
Julie Johnson, Attorney
Karen Gilbert, Secretary

Approval of the September 2019 minutes

08:33:55 Sen. Keenan moved the minutes be approved, Rep. Ryan seconded the motion.

Vote:

08:33:55 Carried unanimously by voice vote.

08:34:13 Sen. Keenan asked a question about the minutes.

08:34:38 Amy Carlson, Legislative Fiscal Division director, responded.

FY 2020 Quarterly Financial Report

08:35:57 Susie Lindsay, LFD communications manager, discussed the FY 2020 Financial Report. ([Exhibit 1](#))

08:39:14 Sam Schaefer, LFD analyst, discussed revenues.

08:53:10 Kris Wilkinson, LFD analyst, discussed expenditures.

09:04:03 Ms. Carlson told the committee that staff will work on agency reports with the associated interim committees.

09:04:48 Jon Arnold, LFD analyst, presented the Medicaid Monitoring Report and HELP Act Update. ([Exhibit 2](#))

09:10:15 Rep. Caferro asked about the largest contributing factors as well as the budget cut and restore as some services were never fully restored.

09:12:21 Mr. Arnold responded.

09:13:22 Rep. Caferro said the Children and Families Interim Committee is studying senior services and asked if LFD has done any analysis beyond the numbers.

09:14:16 Mr. Arnold said he'd be happy to work with her to provide the answer she is looking for.

09:14:41 Rep. Caferro said they will discuss the root causes in other committees.

09:15:20 Rep. Hamilton asked about HELP Act enrollees.

09:15:38 Mr. Arnold responded.

09:16:30 Rep. Hamilton asked about a reduction in enrollment numbers.

09:16:52 Mr. Arnold responded.

09:17:35 Rep. Caferro asked if reduction in enrollees was due to income and people no longer qualifying for the right reasons.

09:18:40 Mr. Arnold said he would share the reports he'd read.

Governor's Office of Budget & Program Planning Update

09:19:19 Tom Livers, OBPP director, gave his presentation.

09:30:01 Rep. Mercer asked about a memo his office sent to LFD regarding moving funding into cyber security account.

09:30:41 Mr. Livers said he could not answer off the top of his head.

09:30:58 Rep. Ballance said the cyber security team will be here later and will be prepared to answer.

09:31:22 Rep. Mercer asked if they are tracking actual spending or tracking fiscal notes.

09:31:50 Mr. Livers said they have not started that and determining if there is a cost-effective way to do examine the accuracy of the fiscal note process.

09:33:54 Rep. Mercer said it was an important component of oversight.

Recess

09:34:30

09:51:19 The meeting reconvened.

HELP Act Quarterly Report

09:52:06 Erica Johnston, DPHHS, presented her report. ([Exhibit 3](#))

09:58:54 Rep. Holmlund asked about services received.

09:59:17 Ms. Johnston responded.

09:59:38 Rep. Holmlund asked about churn.

09:59:43 Ms. Johnston responded.

09:59:51 Rep. Holmlund said they wanted to know how churn affected the numbers.

10:00:15 Ms. Johnston responded.

10:01:13 Sen. Jacobson asked about people un-enrolled due to non-payment.

10:01:35 Ms. Johnston responded.

10:02:06 Ms. Johnston continued her presentation.

10:03:32 Rep. Holmlund asked about FY 2018.

10:03:46 Ms. Johnston responded.

10:04:13 Rep. Holmlund asked about numbers and payment.

10:04:33 Ms. Johnston responded.

10:05:15 Ms. Johnston continued her presentation.

10:06:34 Rep. Caferro asked about copay/premium collection.

10:07:13 Ms. Johnston responded.

10:07:22 Rep. Caferro asked how they collect from someone who does not get a refund but is repaying taxes.

10:07:44 Ms. Johnston responded.

10:07:52 Rep. Caferro asked if they hire a collection agency.

10:08:03 Ms. Johnston said no.

10:08:13 Sen. Ellis asked about Medicaid expansion administrative expenditures.

10:08:50 Ms. Johnston responded.

Subcommittee Report - Information

10:11:37 Rep. Ballance presented the report.

10:14:47 Audrey Hinman, IT bureau chief, SITSD, demonstrated the IT Projects dashboard.

10:16:46 Rep. Ballance clarified some information on the dashboard regarding meetings.

10:17:27 Ms. Hinman continued her presentation.

10:18:47 Rep. Ballance discussed the intent of some functionality of the dashboard.

10:19:21 Ms. Hinman continued her presentation.

10:20:36 Rep. Ballance discussed functionality of the dashboard.

10:20:55 Sen. Ellis asked about the budget portion, is it annual or total amount?

10:21:22 Rep. Ballance responded.

10:21:36 Ms. Hinman continued her presentation.

10:27:27 Rep. Ballance said the dashboard is intended to replace a report the committee previously received.

10:28:14 Rep. Holmlund asked about rebaselining.

10:28:42 Ms. Hinman responded.

10:29:29 Rep. Ballance said that was a good question and comes up all the time.

10:30:09 Rep. Ballance continued her discussion.

10:30:47 Gene Hermanson, DPHHS, presented a handout on MPATH. ([Exhibit 4](#))

10:35:11 Ms. Johnston passed out information on cost. ([Exhibit 5](#))

10:36:51 Ms. Johnston discussed the handouts.

10:42:51 Rep. Ballance discussed HB 658 HB expansion new data implications.

10:44:05 Ms. Johnston responded.

10:48:08 Rep. Caferro asked if HB 658 set out timelines/deadlines to be met regarding the waiver.

10:48:28 Ms. Johnston responded.

10:48:47 Rep. Caferro asked if HB 658 had an implementation deadline for work requirements.

10:49:08 Ms. Johnston responded.

10:49:30 Rep. Caferro asked if the state has completed as much as possible, met the timelines and now the state work requirements are not being held up. She asked if ball is in the court of the federal government?

10:50:05 Ms. Johnston responded.

10:50:14 Rep. Ballance said they would continue to watch it and when the waivers are approved they will be ready to go.

10:50:44 Andy Hanks, state cyber security officer, gave an update on the cyber security enhancement project.

10:52:00 Rep. Mercer asked about an OBPP memo regarding reallocation of operating expenses for the project.

10:52:47 Mr. Hanks responded.

10:53:01 April Grady, CFO SITSD, explained the transfer.

10:54:19 Rep. Ballance said the subcommittee has more work to do but substantial progress had been made.

Subcommittee Report - Education

10:54:37 Rep. Bedey presented the report.

11:05:15 Rep. Bedey distributed a handout regarding the Education Interim Committee. ([Exhibit 6](#))

11:08:25 Rep. Ballance asked about the memo.

11:09:14 Rep. Bedey responded.

11:10:57 Rep. Ballance clarified the request regarding the memo.

11:11:24 Rep. Bedey agreed.

11:11:33 Sen. Osmundson asked if Rep. Bedey wanted to make a motion to send a letter to the Education Interim Committee.

11:11:42 Rep. Bedey moved the LFC send a letter to the EIC that it has no objection to eliminating subsection 2 and budgetary and finance matters concerning post-secondary education are adequately handled in the appropriations process.

11:12:28 Sen. Osmundson asked Julie Johnson, Legislative Services Division attorney, if she needed time to draft the letter.

11:12:34 Ms. Johnson said she would draft it over the lunch hour.

11:12:48 Rep. Bedey rescinded the motion.

Subcommittee Report - Local Government Budget Interactions

11:13:32 Rep. Hamilton presented the report.

11:24:35 Rep. Mercer discussed the Office of Public Defender budget.

11:27:23 Rep. Hamilton said they heard over 95 percent of crimes are accompanied by alcohol and drug use.

11:27:57 Rep. Caferro asked about the justice system being slow.

11:28:26 Rep. Mercer said the court process takes a while and the system has capacity issues.

11:29:35 Rep. Caferro asked if there was discussion about the system being broken or having deficient resources.

11:30:04 Rep. Mercer said there was discussion of how the system was teetering because of what they are dealing with.

11:31:10 Rep. Caferro said her question was regarding the system being underfunded. She also asked if there was more explanation about the state hospital.

11:32:09 Rep. Hamilton said there were not a lot of specifics.

11:32:41 Rep. Hamilton said there was distinction between places committing money on pre-trial services and their ability to move folks through the system.

11:33:10 Rep. Mercer said they had 6-8 people from local government to help them understand.

11:33:47 Rep. Mercer said one person said justice reinvestment wasn't working because probation wasn't effective.

11:34:17 Rep. Caferro asked about mental health – she said budget cuts to crisis services were not restored completely, including jail diversion services.

11:35:11 Rep. Hamilton said it was not referred to directly, but there was the implication that these are people with multiple issues.

11:36:19 Rep. Mercer said they heard jails are not only over capacity, but have people they can't deal with. He said people are being discharged back into communities.

Lunch recess

11:38:05 The committee recessed for lunch.

13:03:29 The committee reconvened.

Pension Board Presentations

13:04:24 Dore Schwinden, Public Employees' Retirement System, delivered his presentation. ([Exhibit 7](#))

13:15:35 Shawn Graham, Teachers' Retirement System, presented his report. ([Exhibit 8](#))

13:28:44 Rep. Hamilton asked Mr. Graham about the actuarial document and a closed period.

13:29:31 Mr. Graham responded.

13:30:31 Rep. Hamilton asked Mr. Graham if it was a closed period would the systems be healthier?
13:31:08 Mr. Graham responded.
13:31:35 Rep. Hamilton asked Mr. Graham about the sensitivity test.
13:32:40 Mr. Graham responded.
13:33:14 Rep. Hamilton asked Mr. Graham about increase.

HB 715 Budget Sustainability Update

13:34:22 Ms. Carlson discussed the update. ([Exhibit 9](#))
13:41:12 Sen. Keenan asked about the Financial Modernization and Risk Analysis subcommittee appointments.
13:41:26 Ms. Carlson said she could get the list.
13:42:12 Ms. Lindsay presented information on schedules for Legislative Week. ([Exhibit 10](#))
13:47:11 Susan Fox, Legislative Services Executive Director, discussed the Legislative Week schedule.
13:53:38 Rep. Jones asked if the public can attend sessions.
13:54:02 Ms. Fox said the only issue is room size. She said room 303 will be open and broadcasting the Room 317 round table discussions.
13:55:21 Sen. Ellis asked where the agenda was on the web.
13:55:43 Ms. Lindsay responded.
13:56:06 Ms. Fox said after the LFC comments on agenda items, they will finalize them by Friday.
13:57:16 Sen. Jacobson complimented Ms. Carlson and Ms. Fox for the work that has gone into planning for Legislative Week.
13:58:04 Ms. Carlson said the agendas in the committee notebooks were for the LFC to comment on and she asked to get comments in today or tomorrow.
13:58:37 Ms. Carlson answered Sen. Keenan's question about the members of the MARA committee.
14:02:42 Ms. Carlson explained LFD Analyst Nick Van Brown's project while he worked on resolving a technology issue.
14:03:39 Ms. Johnson's letter to the EIC was circulated and Rep. Bedey moved they approve it. ([Exhibit 11](#))

Vote:

14:03:39 The motion carried unanimously by voice vote.

LFC Work Plan Review

14:05:08 Ms. Carlson discussed the LFC work plan. ([Exhibit 12](#))
14:10:45 Rep. Holmlund asked about a December 2020 meeting date.

14:11:06 Ms. Carlson responded.

14:11:15 Ms. Carlson continued her presentation.

14:11:53 Having resolved the technology issue, Mr. Van Brown presented the HB 715 data model.

14:33:58 Rep. Ryan said she was very impressed with it but having trouble with what they would learn about the local level.

14:34:33 Mr. Van Brown said the goal of the local work is to examine revenues & expenditures as directed in HB 715. He said they are trying to get more information from the property tax side.

14:36:24 Rep. Jones discussed his vision for the project.

14:41:31 Rep. Mercer asked if the local government data was useful.

14:41:49 Mr. Van Brown responded.

14:43:41 Ms. Carlson added that extensive conversations with cities and counties will continue.

14:45:36 Rep. Jones said he was concerned people are going to create a "gotcha." He said that was never his intent.

Interim Committee Work Plans Update

14:48:15 Sonja Nowakowski, Legislative Services Division, provided an interim committee update. ([Exhibit 13](#))

14:53:45 Joe Kolman, Director of Environmental Policy, LSD, gave his report.

Public Comment

14:59:21 Bob Story, Montana Taxpayer's Association ([Exhibit 14](#))

15:06:10 Tim Burton, Montana League of Cities and Towns

15:08:06 Shelby Demars, Montana Police Protective Association

Committee Business

15:09:06 Ms. Carlson mentioned a budget update in their binders. ([Exhibit 15](#)) She also officially invited the State Administration and Veterans' Affairs Interim Committee to attend the Jan. 15 LFC meeting.

ADJOURNMENT

15:10:22 Sen. Osmundson adjourned the meeting.