

# 2019 INTERIM WORK PLAN OPTIONS

## SMALL GROUP WORK

### 1) Budget Policy Area: Subcommittee training and operations

QUESTION 1: What additional training is needed by subcommittee members?

QUESTION 2: What recommendations do you have for how subcommittees should operate?

1b) Budget Policy Area: Publication review: Each recent interim, the LFC has tackled a particular budget policy or two to improve legislative budget work. Recent analysis has developed new ways to analyze biennial budget comparisons, personal services data, and the budget starting point. While these material changes in process have modified the processes and publications of the LFD, no comprehensive review of these documents has been undertaken to insure the information and timing of these documents best address legislative need for information.

## SMALL INTEREST FOCUSED GROUPS

### 2) Child and Family Services

HB 639 included an appropriation and language directing DPHHS to complete an interim study creating a metrics-based approach to program review. The LFD would monitor this study, interact with DPHHS where possible, and analyze the proposed metrics. Additionally, the LFD would work with Pew Charitable Trusts to implement the “Results First” approach with a specific focus on the Child & Family Services Division.

### 3) HB 661 Interim study on Montana State University Laboratories

The Legislative Finance Committee will direct a study of the long-term future of and possible efficiencies to be gained from state supported labs on the Montana State University campus in Bozeman, including: the veterinary diagnostic lab; the wool lab; the wildlife lab; and the seed lab. The study is directed to include a bipartisan subcommittee of two LFC members and two economic affairs interim committee members, and two members of the environmental quality council, with one member from each political party.

### 4) State Information Technology

HB 2 contains the following language:

*It is the intent of the legislature that the legislative finance committee include a study of enterprise, data storage, and network services as part of its 2019 biennium interim work. In addition, as part of the study, the legislative finance committee shall include a customer satisfaction survey to assess agency needs and challenges that may need to be addressed by the state information technology services division of the department of administration.*

Staff will initiate a customer satisfaction survey, seeking guidance and recommendations from OLIT staff and Section C subcommittee members, to identify information technology services

warranting additional research and analysis. Staff will need to have contact members assigned to provide guidance for this study.

#### 5) **Alternative Funding Options for Infrastructure**

During the last Interim, staff built upon the infrastructure research and reporting done during the prior interim, by providing further research and presentations on state-owned and operated buildings and related infrastructure. The research focused on general fund supported infrastructure, but also touched on infrastructure supported through other funding mechanisms that if not sufficient for facility maintenance and upkeep may result in pressure on the general fund. SB 43 was passed and approved this legislative session, putting into place a facility assessment process as a first step to address the lack of information raised in the last interim study.

Given the current difficulty in getting a two-thirds vote to pass bonding, it is proposed to evaluate various funding options for infrastructure other than bonding. Staff will use Section F assigned contact members to provide guidance for this study.

## **REVIEW AND CLARIFY**

#### 6) **SB 261 Budget Stabilization Plan**

SB 261 contains the following language:

*(2) (a) The legislature directs the staff of the legislative fiscal division and the office of budget and program planning to study, analyze, and make recommendations regarding the budget stabilization policies to the legislative finance committee by May 1, 2018. The study should address:*

*(i) trigger levels in 17-7-140;*

*(ii) legislative and executive access to the budget stabilization reserve fund;*

*(iii) deposit rules into the budget stabilization reserve fund; and*

*(iv) the level of operating reserve.*

*(b) The legislative fiscal division and the office of budget and program planning shall work jointly toward development of a set of best practices for the fund by September 1, 2018.*

The LFD will coordinate with the Office of Budget and Program to determine the timing of the study and report a proposed plan to the LFC by the September 2017 meeting. Also at the September meeting, the LFD will review the research regarding rainy day fund policies.

#### 7) **Community College Funding study**

A study of the community college funding formula every 6 years has been recommended by previous LFC and is currently designated to be studied this interim. Staff will work with the community colleges, the Office of the Commissioner of Higher Education, and the Office of Budget and Program Planning to evaluate community college funding and report to the LFC. Staff will use Section E assigned contact members for guidance for this study.

8) **Standard meeting items: Budget Status Report, Medicaid Monitoring, Sentencing Commission Outcomes, reports required to be submitted to the Legislative Finance Committee, and State Information Technology Division (SITSD) updates**

These reports keep the legislature abreast of changes in revenues, expenditures, budgets, information technology items and Medicaid appropriations and budgets.

All analytical staff work on one or both of these reports. In addition, the SITSD reports to the LFC.

Examples of the Budget Status report, Medicaid Monitoring report, and SITSD reports are included.

QUESTION 3: Are there specific topics you would like updated regularly this interim? For example, the passage of HB 387, revised laws relating to the continuum of care for people with developmental disabilities. The Section B subcommittee interest also focused on developmental disability services. The LFD intends to have the Section B portion of the Budget Status Report update the LFC on progress of DPHHS in meeting the goals of HB 387 and the use of the restricted line item for that purpose.

9) **Internal Staff Projects**

The Legislative Fiscal Analyst and managers will direct staff to use additional time during the interim to complete the following: improvement of all databases, create new budget tools to leverage technology, organize data, redesign and update fiscal brochures, build a state special revenue database, produce training videos, and receive training.

## **BACKGROUND INFORMATION FOR NEW LFC MEMBERS (OR A REFRESHER FOR RETURNING MEMBERS):**

Meetings are held quarterly.

These are the [bylaws](#).

Each meeting has several consistent agenda items standard at each LFC meeting:

- Minutes
- Budget Status Report
- Medicaid Monitoring (may be folded into the Budget Status Report)
- Information Technology Division report on policies and status of projects
- Statutorily required reports from other agencies
- Committee Business
- In addition, about half way through last interim, the LFC members requested that the Budget Director be invited to speak at each meeting

Some standard reports, such as the pension update reports are given annually by the pension systems.

### **Contact Members**

In previous interims, the LFC has maintained a list of assigned contact members so that staff can work with specific members on questions regarding material for the LFC for appropriate sections. The chair of the LFC will assign contact members by section.

The budget development cycle of LFD reports is as follows:

- Fiscal Report of the 2019 Biennium Legislative Approved Budget, June 2017
- General Fund Budget Outlook for the 2021 Biennia, June 2018
- Revenue Forecast for the 2021 Biennia, November 2018
- Analysis of the Governor's Budget Proposal, December 2018
- HB 2 Narrative of Subcommittee, House Appropriations, and Senate Finance and Claims
- Fiscal Report of 2021 Biennium Legislative Approved Budget, June 2019

### **Responsibilities:**

The LFC has several statutory duties as listed below. The focus of the LFC is on budget, budget policy, and IT policy. LFC and LFA statutory duties:

#### **5-12-205. Powers and duties of committee.** The committee:

(1) may organize, adopt rules to govern its proceedings, and meet as often as necessary, upon the call of the presiding officer, to advise and consult with the legislative fiscal analyst;

(2) may employ and, in accordance with the rules for classification and pay adopted by the legislative council, set the salary of the legislative fiscal analyst. The legislative fiscal analyst shall serve at the pleasure of and be responsible for providing services to the committee.

(3) may exercise the investigatory powers of a standing committee under chapter 5, part 1, of this title;

(4) shall monitor the information technology policies of the department of administration with specific attention to:

(a) identification of information technology issues likely to require future legislative attention; and

(b) the evaluation of proposed information technology policy changes and the fiscal implications of the proposed changes and shall provide written responses to the department of administration communicating the committee's positions and concerns on proposed policy changes;

(5) may accumulate, compile, analyze, and provide information relevant to existing or proposed legislation on how information technology can be used to impact the welfare of the state;

(6) may prepare legislation to implement any proposed changes involving information technology; and

(7) shall, before each regular and special legislative session involving budgetary matters, prepare recommendations to the house appropriations committee and the senate finance and claims committee on the application of certain budget issues. At a minimum, the recommendations must include procedures for the consistent application during each session of inflation factors, the allocation of fixed costs, and the personal services budget. The committee may also make recommendations on other issues of major concern in the budgeting process, such as estimating the cost of implementing particular programs based upon present law.

**5-12-302. Fiscal analyst's duties.** The legislative fiscal analyst shall:

(1) provide for fiscal analysis of state government and accumulate, compile, analyze, and furnish information bearing upon the financial matters of the state that is relevant to issues of policy and questions of statewide importance, including but not limited to investigation and study of the possibilities of effecting economy and efficiency in state government;

(2) estimate revenue from existing and proposed taxes;

(3) analyze the executive budget and budget requests of selected state agencies and institutions, including proposals for the construction of capital improvements;

(4) make the reports and recommendations that the legislative fiscal analyst considers desirable to the legislature and make reports and recommendations as requested by the legislative finance committee and the legislature;

(5) assist committees of the legislature and individual legislators in compiling and analyzing financial information;

(6) assist the revenue and transportation interim committee in performing its revenue estimating duties; and

(7) review all reports submitted to the legislative fiscal analyst and notify the legislative finance committee of any concerns the fiscal analyst identifies in a report.