



# MONTANA LEGISLATIVE BRANCH

## Legislative Fiscal Division

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Legislative Fiscal Analyst  
CLAYTON SCHENCK

DATE: February 19, 2008

TO: Members of the Legislative Finance Committee

FROM: Cathy Duncan, LRP Analyst

RE: Work of the LRP Working Group/TSEP Recommendation

The Long-Range Planning (LRP) working group has met in conference calls twice since the December 12 meeting of the Legislative Finance Committee (LFC). The primary focus of both conference calls was the funding issue of the Treasure State Endowment Program (TSEP), related to the report of December 12, titled "Treasure State Endowment Program, The Impact of Program Changes in the 2009 Biennium", and the subsequent request of the full committee for the LRP working group to develop a recommendation for the program.

The first conference call occurred on January 18 and was organized to provide staff with direction for the analysis of future LRP working group projects. Attending the conference call were, Sen. Trudi Schmidt (facilitator), Rep. Dave Kasten, Rep. Jon Sesso, Christine Hultin-Brus (OBPP, LRP Analyst), and Cathy Duncan (LFD, LRP Analyst). During the conference call, members discussed the need to take action to mitigate the requirement for reapplication for projects that cannot meet the "start-up" conditions contained in HB 512. Additionally, members discussed ideas on methods to mitigate the impact to local governments. Staff was asked to:

- o Invite TSEP personnel to the next working group meeting
- o Provide an updated status list from the TSEP personnel
- o Compile an estimate of the Board of Investments (BOI) loan that the TSEP program will need to fund grants authorized in the 2009 biennium
- o Calculate available funds in the 2011 biennium, cost of BOI loans, and remaining funds for projects

Staff prepared the analysis and presented it to working group members at the February 15 conference call. The documents can be found on the Legislative Fiscal Division (LFD) website, in the LRP working group link, where you will find the information under a linked named "TSEP Analysis Information".

The second conference call occurred on February 15 with the intent of creating a recommendation for the LFC. Attending the conference call were, Sen. Trudi Schmidt (facilitator), Rep. Dave Kasten, Rep. Jon Sesso, Dave Cole (DOC, Division Administrator), Jim Edgcomb (DOC, TSEP Manager), Bill Hoffmann (DOC, Budget Manager), Kelly Casillas

(DOC, Legal Counsel), Christine Hultin-Brus (OBPP, LRP Analyst), Terry Johnson (LFD, Principal Fiscal Analyst), Diane McDuffie (LFD, Administrative Assistant), and Cathy Duncan (LFD, LRP Analyst). During the conference call, several items concerning the TSEP funding issues were discussed with program personnel, including:

- o Asking the agency to write a letter to all local governments who had a grant authorized for the 2009 biennium to emphasize the importance of having a good/feasible financial package and updated engineering report for inclusion in their next TSEP application

The DOC TSEP program personnel agreed to this recommendation of the LRP working group and asked that they be allowed to work with LFD and OBPP staff to draft a letter that would meet the intention of the working group. TSEP personnel stated that they had intended to send out such a letter and wished to send the letter before the time that the full committee might be able to make a formal request.

- o Drafting a recommendation to the LFC to advise the DOC to repay the BOI loan in one or two biennia
  - Members of the working group decided to delay making a recommendation to the LFC until later in the interim, when the amount of the BOI loan will be better defined. In the mean time, staff will analyze various loan terms and provide the results to the working group.
- o Requesting that the agency continue to provide updates on the status of local government grant awards
  - The DOC will be providing another update of grant status as of March 1, 2008.

The members of the LRP working group will meet again later in the interim to finalize their TSEP recommendation to the LFC. Members decided to meet again, in another conference call, planned for late March. At that time, members will begin examining other LRP working group interim projects, including the FWP capital project appropriation status project. The March meeting and agenda will be posted on the LFD website once it has been scheduled.

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