

Program Legislative Budget

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding.

Program Legislative Budget		Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Leg. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Leg. Budget Fiscal 2009	Total Leg. Budget Fiscal 08-09
Budget Item									
FTE	351.45	0.00	19.00	370.45	0.00	24.00	375.45	375.45	375.45
Personal Services	15,515,496	1,482,593	1,415,394	18,413,483	1,530,817	2,400,244	19,446,557	37,860,040	
Operating Expenses	4,189,701	565,959	156,525	4,912,185	630,461	176,000	4,996,162	9,908,347	
Equipment	0	87,121	0	87,121	87,121	0	87,121	174,242	
Grants	6,486,919	0	28,100	6,515,019	0	28,150	6,515,069	13,030,088	
Benefits & Claims	28,991,714	3,722,676	1,051,991	33,766,381	6,402,365	1,601,809	36,995,888	70,762,269	
Debt Service	84,834	0	0	84,834	0	0	84,834	169,668	
Total Costs	\$55,268,664	\$5,858,349	\$2,652,010	\$63,779,023	\$8,650,764	\$4,206,203	\$68,125,631	\$131,904,654	
General Fund	25,173,114	3,348,690	3,215,512	31,737,316	4,945,197	4,110,794	34,229,105	65,966,421	
State/Other Special	2,126,337	(6)	294,887	2,421,218	(5)	294,937	2,421,269	4,842,487	
Federal Special	27,969,213	2,509,665	(858,389)	29,620,489	3,705,572	(199,528)	31,475,257	61,095,746	
Total Funds	\$55,268,664	\$5,858,349	\$2,652,010	\$63,779,023	\$8,650,764	\$4,206,203	\$68,125,631	\$131,904,654	

Program Description

The Child and Family Services Division (CFSD) provides state and federally mandated protective services to children who are abused, neglected, or abandoned by receiving and investigating reports of child abuse and neglect, working to prevent domestic violence, helping families to stay together or reunite, and finding placements in foster or adoptive homes, and other programs designed to support the overarching mission of CFSD to keep children safe and families strong. CFSD oversees five regional offices that administer programs and are advised by Local Family Services Advisory Councils and a Native American Advisory Council, which serve as the link between local communities and DPHHS. CFSD is the primary user of the statewide Child and Adult Protective Services (CAPS) computer system.

Statutory authority for the program is provided in Titles 41, 42, and 52, MCA, and 45 CFR, Parts 1355, 1356, 1357 and 1370.

Program Highlights

Child and Family Services Division Major Budget Highlights	
◆ Total funding for the division increases about 16.5 percent when the 2009 and 2007 biennia are compared, comprising an increase in general fund support of 24.9 percent, state special revenue of 20.8 percent, and federal funds of 8.3 percent	
The legislature	<ul style="list-style-type: none"> ◆ Approved general fund increases of over \$14.0 million primarily to fund: <ul style="list-style-type: none"> • Increased foster care and subsidized adoption caseload - \$5.1 million • Cost shifts due to the federal Deficit Reduction Act, Medicaid policy changes, and Federal Medical Assistance Percentage (FMAP) - \$3.9 million • Statewide and other present law adjustments - \$2.0 million • Increases in direct care worker wages and provider rates - \$1.4 million • Requested new proposals for field and SSI staff - \$1.0 million • Pay and retirement plans in HB 13, HB 63 and HB 131 - \$1.0 million ◆ Decreased general fund by: <ul style="list-style-type: none"> • \$2.8 million to reduce the executive request of \$5.6 million in support of foster care caseload to a revised \$2.9 million

- \$0.4 million for anticipated federal Medicaid changes to therapeutic group home funding;
- ◆ Increased state special revenue \$0.8 million to expand the SSI program and support statewide and present law adjustments
- ◆ Increased federal revenue authority for:
 - Foster care and subsidized adoption caseload - \$5.0 million
 - The pay and retirement plans - \$1.0 million
 - Increases in direct care worker wages and provider rates - \$0.8 million
 - Requested new proposals for field and SSI staff - \$0.7 million
 - Statewide, and other present law adjustments - \$3.0 million
- ◆ Approved offsets of about \$6.0 million primarily due to federal cost shifts to the general fund and reductions for foster care caseload decreases
- ◆ Approved funding for major improvements to the Child and Adult Protective Services System (CAPS) included in legislation for technology Improvement and at \$4.6 million general fund and \$3.7 million federal funds
- ◆ Transferred \$1.0 million general fund to the Children's Trust Fund through HB608, providing potential increased interest from the fund of \$60,000 over the biennium to address projects supporting abused or neglected children

Program Narrative

Biennial Comparison

The 2009 biennium budget for the division shown in Figure 19 reflects a general fund increase of more than \$13.1 million over the 2007 biennium. The 2007 biennium amounts marked with an asterisk include the supplemental appropriation approved by the legislature in HB 3 of the regular session.

The biennial comparison does not include the \$4.9 million general fund for the CAPS computer system that is included in HB 4 of the special session for the 2009 and 2011 biennia. Increases in the general fund are primarily due to the cost shifts related to the federal Deficit Reduction Act of 2005 (DRA), changes in caseload, the state share of the increased FMAP rate, requests to add 24.00 new FTE over the biennium, the pay plan and retirement package approved by the legislature, and legislative initiatives that increased direct care worker wages and provider rates. The balance of the state special and federal revenue increase is related to appropriations discussed in the present law and new proposal sections.

The division's \$0.87 million supplemental was primarily due to federal cost shifts relative to the DRA and Targeted Case Management (TCM) performed by case workers. The division had legislative and federal approval for TCM for the 2005 and 2007 biennia, but needed to implement the DRA shift in January of 2007. This cost shift is also addressed at DP 30003 in the new proposal section.

Legislative Changes to the Executive Budget

Legislative reductions in total funds to the original executive budget as presented in HB 2 are \$1.4 million, primarily for adjustments that reduced benefit and claims by \$3.5 million for the decrease in foster care caseload. Reductions are

Figure 20
2007 Biennium Compared to 2009 Biennium
Child and Family Services Division

Budget Item/Fund	2007 Biennium	2009 Biennium	Percent of Total	Percent Change	Percent Incr/Decr
FTE	351.45	375.45		24.00	
Personal Services	\$32,911,089	\$37,860,040	28.7%	\$4,948,951	15.0%
Operating *	8,723,901	9,908,347	7.5%	1,184,446	13.6%
Equipment	0	174,242	0.1%	174,242	NA
Grants	13,327,510	13,030,088	9.9%	(297,422)	-2.2%
Benefits/Claims	58,129,479	70,762,269	53.6%	12,632,790	21.7%
Debt Service	173,521	169,668	0.1%	(3,853)	-2.2%
Total Costs	<u>\$113,265,500</u>	<u>\$131,904,654</u>	<u>100.0%</u>	<u>\$18,639,154</u>	<u>16.5%</u>
General Fund *	\$52,828,876	\$65,966,421	50.0%	\$13,137,545	24.9%
State Special	4,010,098	4,842,487	3.7%	832,389	20.8%
Federal Funds	<u>56,426,526</u>	<u>61,095,746</u>	<u>46.3%</u>	<u>4,669,220</u>	<u>8.3%</u>
Total Funds	<u>\$113,265,500</u>	<u>\$131,904,654</u>	<u>100.0%</u>	<u>\$18,639,154</u>	<u>16.5%</u>

* Includes CFSD share of the supplemental appropriation in HB 3 at \$0.87 million.
Source: MBARS and DPHHS Budget Status Report.

partially offset by increases for the legislatively approved pay and retirement plans and small adjustments in operating costs and grants.

Summary of Benefits and Grants

As shown in Figure 21 on page B-41, the summary of benefits and grants, the combined funds of foster care and subsidized adoption comprise 98.6 percent of the division's benefit and claims activity. Grants for in-home reunification services comprise 31.6 percent of the same category, followed closely by tribal contracts at 26.1 percent.

The Children's Trust Fund listed in the grant category serves Montana's limited prevention and early intervention services. Although its funds are generally outside of HB 2, the trust fund is administratively attached to the department and is primarily funded from the Montana income tax check off, divorce filing fees, and the community-based child abuse prevention grant. State and federal mandates guide trust money to support nonprofit, community-based organizations that provide services and activities dedicated to preventing child abuse and neglect statewide, and focuses on programs that work with children between birth and 5 years of age. Funds from the trust are used as match for the federal community based resource grant. The \$41,253 listed in FY 2006 is for a grant to be managed by the trust advisory committee.

The legislature provided additional funding through a \$1.0 million general fund transfer to the endowment for the Children's Trust Fund appropriated through HB 608 for the 2009 biennium. While the corpus of the endowment may not be used, the estimated revenues of about \$28,000 received as interest would be expended on benefits to neglected and abused children. This amount, combined with the \$41,253, is reflected as \$69,353 in FY 2008 and \$69,403 in FY 2009.

Figure 21
Child and Family Services Division
Summary of Benefit and Grant Costs and Funding

	Fiscal 2006 Base				Fiscal 2008 Approved				Fiscal 2009 Approved				Percent Total	
	General Fund	State Spec. Rev	Federal Funds	Total Funds	General Fund	State Spec. Rev	Federal Funds	Total Funds	General Fund	State Spec. Rev	Federal Funds	Total Funds		
Foster Care	\$10,316,388	\$1,996,959	\$7,589,020	\$19,902,366	\$11,900,551	\$2,256,719	\$8,192,375	\$22,349,645	\$13,304,106	\$2,257,559	\$8,831,355	\$24,393,020	65.9%	
Subsidized Adoption	3,249,291	0	5,346,495	8,595,786	4,299,132	0	6,624,042	10,923,174	4,785,029	0	7,324,277	12,109,306	32.7%	
Chafee - Independent Living	0	0	94,240	94,240	0	0	94,240	94,240	0	0	94,240	94,240	0.3%	
Chafee - ETV	0	0	155,813	155,813	0	0	155,813	155,813	0	0	155,813	155,813	0.4%	
Big Brothers and Sisters	90,000	0	0	90,000	90,000	0	0	90,000	90,000	0	0	90,000	90,000	0.2%
In home and Reunification	72,771	0	80,738	153,509	73,369	0	80,140	153,509	73,367	0	80,142	153,509	0.4%	
Total Benefits & Claims	<u>\$13,728,450</u>	<u>\$1,996,959</u>	<u>\$13,266,306</u>	<u>\$28,991,714</u>	<u>\$16,363,052</u>	<u>\$2,256,719</u>	<u>\$15,146,610</u>	<u>\$33,766,381</u>	<u>\$18,252,502</u>	<u>\$2,257,559</u>	<u>\$16,485,827</u>	<u>\$36,995,888</u>	<u>100.0%</u>	
Access and Visitation	\$13,162	\$0	\$99,207	\$112,369	\$13,162	\$0	\$99,207	\$112,369	\$13,162	\$0	\$99,207	\$112,369	1.7%	
Tribal Contracts	317,571	0	1,381,127	1,698,698	317,571	0	1,381,127	1,698,698	317,571	0	1,381,127	1,698,698	26.1%	
IV-E Pass Through	0	0	1,099,999	1,099,999	0	0	1,099,999	1,099,999	0	0	1,099,999	1,099,999	16.9%	
Children's Trust Fund	0	41,253	0	41,253	0	69,353	0	69,353	0	69,403	0	69,403	1.1%	
Chafee - Independent Living	0	0	370,768	370,768	0	0	370,768	370,768	0	0	370,768	370,768	5.7%	
Community Based Challenge	0	0	191,288	191,288	0	0	191,288	191,288	0	0	191,288	191,288	2.9%	
Domestic Violence	115,128	74,060	722,849	912,037	115,128	74,060	722,849	912,037	115,128	74,060	722,849	912,037	14.0%	
In-home & Reunification	976,781	0	1,083,726	2,060,507	976,781	0	1,083,726	2,060,507	976,781	0	1,083,726	2,060,507	31.6%	
Total Grants	<u>\$1,422,642</u>	<u>\$115,313</u>	<u>\$4,948,964</u>	<u>\$6,486,919</u>	<u>\$1,422,642</u>	<u>\$143,413</u>	<u>\$4,948,964</u>	<u>\$6,515,019</u>	<u>\$1,422,642</u>	<u>\$143,463</u>	<u>\$4,948,964</u>	<u>\$6,515,069</u>	<u>100.0%</u>	

Legislative Discussion

The legislature addressed the CFSD budget in the context of the division's presentation of its goals and measurable objectives with a focus on: 1) the \$4.1 million impact of the federal Deficit Reduction Act of 2005 and \$0.6 million for federal changes through the Center for Medicare and Medicaid Services (CMS) in therapeutic group home funding; 2) \$1.7 million to fund 20.0 FTE over the biennium; and 3) \$0.9 million for legislative initiatives that provide direct care worker wage increases and an additional 2.5 percent provider rate increase in the second year of the biennium.

Changes at the Federal Level

The legislature addressed changes made by Congress that included: 1) implementation of an in-depth program review process to ensure the best possible programs are funded, established, monitored, and nurtured; 2) the more recent implementation of the Deficit Reduction Act (DRA) and additional regulations through CMS that shift some federal funds to state funds; 3) legislative initiatives to increase direct care worker wages and provider rates; and 4) the CAPS computer system appropriation contained in the information technology (IT) projects in the long range planning legislation (HB 4 in the special session).

Legislators responded to the systems review and monitoring program improvement recommendations for additional staff and updated, efficient computer systems with funding of:

1. \$1.7 million for 20 new FTE comprising \$1.0 million general fund and \$0.7 million federal revenue; and
2. \$8.3 million in HB 4 of the special session for IT projects comprising \$4.6 million general fund and \$3.7 million federal revenue.

Legislators responded to the federal funding changes with \$4.9 million general fund comprising:

1. The DRA elimination of:
2. Targeted case management - \$3.6 million general fund;
3. Targeted Case Management mental health benefits provided by the Health Resources Division - \$0.5 million comprising \$375,000 general fund and \$125,000 federal revenue;
4. Title IV-E federal match in certain kin care situations - \$172,000 general fund
5. Certain Medicaid matching funds for therapeutic group homes - \$0.6 million general fund

In response to continued program improvements, the review and monitoring process as well as work done by the Children, Family, Health and Human Services Interim Committee, the legislature also passed legislation to:

1. Clarify support given by relative caregivers in areas ranging from consent for medical attention (SB 48), to custody following voluntary surrender of the child (SB 31) and rights to contact with grandchildren (HB 27);
2. Allow the department to purchase liability insurance for foster parents providing foster care or therapeutic foster care for a youth under 18 years of age placed by a state agency (HB 57) - \$140,000 general fund and \$140,000 federal Title IV-E match;
3. Revise child protective laws through HB 91 to: 1) allow courts to permit testimony by telephone, videoconference, and other audio-visual means during foster-care reviews; 2) require foster-care review committees to consider both in-state and out-of-state placement options; 3) require health-care professionals involved in delivering or caring for an infant to report to DPHHS when an infant has been affected by a dangerous drug; and
4. Transfer \$1.0 million general fund to the endowment for the Children's Trust Fund for the 2009 biennium. The revenues of about \$28,000 received as interest could be expended on benefits to neglected and abused children (HB 608).

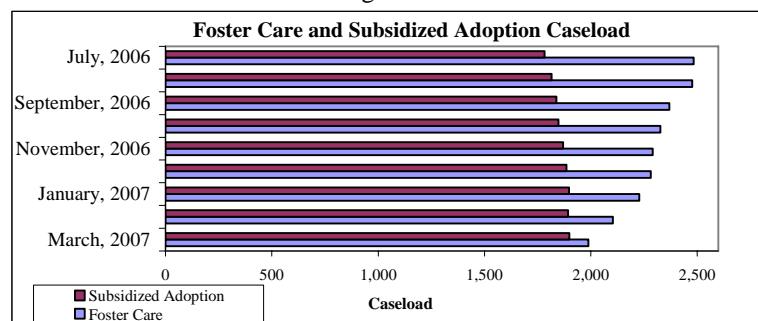
Foster Care and Subsidized Adoption Caseload

The original budget requested by the Governor in HB 2 contained a request for increased foster care caseload funding of \$8.4 million total funds, and increased subsidized adoption of \$5.8 million total funds, which represented a growth rate of 10 percent each year for foster care and 8 percent over the biennium for subsidized adoption. As the session progressed, the foster care caseload declined, and the division reduced its estimates, decreasing the request to \$4.3 million total funds, reflecting a growth rate of 7 percent over the biennium. The subsidized adoption caseload remained relatively constant. Figure 22 reflects the foster care and subsidized adoption caseload changes from 2,483 and 1,783 in

July of 2006 to 1,988 and 1,899 in March of 2007.

Subsidized adoption is increasing slightly primarily because the state has a large number of children born under the influence of methamphetamine that show increased levels of disability. The disabilities increase a child's eligibility for subsidized adoption, and the length of time the child remains in the program. The number of new adoptions for children with special needs presently exceeds the number of children aging out of the program.

Figure 22



Goals and Measurable Objectives

The legislature also addressed components in the division goals and objectives that spoke to the successfully completed corrective plans on the state and federal level as well as areas still in need of improvement; bolstering support of foster care and subsidized adoption provider and families; the hiring and management of the requested 20.0 FTE; and legislation to improve the foster care system.

In accordance with legislative interest in the use of goals and objectives as part of the decision making process and ongoing program evaluation, the legislature included language in HB 2 requesting the division to report its progress toward the goals and objectives throughout the interim to the Legislative Finance Committee and the Children, Families, Health, and Human Services Interim Committee. The goals and objectives for the division may be found at: <http://www.dphhs.mt.gov/2007leg/bfsd.pdf>

The Governor vetoed the language.

Funding

The following table shows program funding, by source, for the base year and for the 2009 biennium as adopted by the legislature.

Program Funding Table Child & Family Services						
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
01000 Total General Fund	\$ 25,173,114	45.5%	\$ 31,737,316	49.8%	\$ 34,229,105	50.2%
01100 General Fund	25,173,114	45.5%	31,737,316	49.8%	34,229,105	50.2%
02000 Total State Special Funds	2,126,337	3.8%	2,421,218	3.8%	2,421,269	3.6%
02089 Child Abuse & Neglect Program	41,253	0.1%	69,353	0.1%	69,403	0.1%
02209 Third Party Contributions-F.C.	2,000,000	3.6%	2,266,787	3.6%	2,266,787	3.3%
02376 02 Indirect Activity Prog 03	1,668	0.0%	1,662	0.0%	1,663	0.0%
02473 Assault Intervention & Trtmnt	74,714	0.1%	74,714	0.1%	74,714	0.1%
02496 Family Preservation Conference	8,702	0.0%	8,702	0.0%	8,702	0.0%
03000 Total Federal Special Funds	27,969,213	50.6%	29,620,489	46.4%	31,475,257	46.2%
03109 Tanf Benefits	2,344,001	4.2%	2,344,001	3.7%	2,344,001	3.4%
03224 Access & Visitation Grt 93.597	70,745	0.1%	70,745	0.1%	70,745	0.1%
03458 6901 - Chafee - Etv 93.599	155,813	0.3%	155,813	0.2%	155,813	0.2%
03522 93.556 - Family Preservation	1,246,462	2.3%	1,277,681	2.0%	1,279,081	1.9%
03526 93.643 - Child Justice	103,937	0.2%	104,024	0.2%	104,029	0.2%
03530 6901-Foster Care 93.658	8,361,495	15.1%	8,932,421	14.0%	9,580,524	14.1%
03531 6901-Subsidized Adopt 93.659	5,375,537	9.7%	6,656,576	10.4%	7,358,322	10.8%
03532 93.669 - Child Abuse	112,396	0.2%	112,412	0.2%	112,413	0.2%
03533 93.671 - Domestic Violence	729,231	1.3%	729,231	1.1%	729,231	1.1%
03534 93.672 - Child Abuse Challenge	203,672	0.4%	203,778	0.3%	203,820	0.3%
03536 93.674 - Iv-E Independent Livi	482,435	0.9%	482,435	0.8%	482,435	0.7%
03593 03 Indirect Activity Prog 03	8,783,489	15.9%	8,551,372	13.4%	9,054,843	13.3%
Grand Total	\$ 55,268,664	100.0%	\$ 63,779,023	100.0%	\$ 68,125,631	100.0%

This division is funded from a variety of sources, and the funding and federal matching rates vary by function. Some costs are allocated among funding sources through a complex federally approved cost allocation plan that considers such factors as the results of a random moment in time study of social worker time spent on various activities.

General fund comprises 50.2 percent of the budget, with most used as matching funds to draw federal funds. The only major activity of the division that is supported entirely by the general fund is the centralized intake function. Federal funds comprise 46.2 percent of the budget.

State special revenue represents 3.6 percent of the budget and primarily comprises payment for costs of foster care from a wide variant of third party contributions such as parental payments, collections from child support enforcement for children in foster care, supplemental security income (SSI) for eligible children.

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget approved by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
FTE	Fiscal 2008				Fiscal 2009				Total Funds
	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	
Personal Services				1,975,383					2,025,623
Vacancy Savings				(699,649)					(701,665)
Inflation/Deflation				117,244					123,525
Fixed Costs				10,304					16,305
Total Statewide Present Law Adjustments				\$1,403,282					\$1,463,788
DP 6015 - State Motor Pool Rate Change	0.00	(9,627)	0	(9,627)	0.00	(9,932)	0	0	(9,932)
DP 30001 - Foster Care Caseload Increase	0.00	934,843	0	460,445	1,395,288	0.00	1,935,526	0	953,319
DP 30002 - Subsidized Adoption Caseload Increase	0.00	879,753	0	1,447,635	2,327,388	0.00	1,328,111	0	2,185,409
DP 30004 - FMAP Changes	0.00	383,116	0	(383,116)	0	0.00	467,670	0	(467,670)
DP 30005 - Mental Health Case Management (Restricted/OTO)	0.00	187,500	0	62,500	250,000	0.00	187,500	0	62,500
DP 30006 - CFSD Overtime (Restricted)	0.00	124,021	0	82,838	206,859	0.00	124,021	0	82,838
DP 30007 - CFSD Rent Increases	0.00	118,823	0	79,215	198,038	0.00	150,338	0	100,225
DP 30016 - Replacement of Computers / Equipment (Restricted)	0.00	52,273	0	34,848	87,121	0.00	52,273	0	34,848
Total Other Present Law Adjustments	0.00	\$2,670,702	\$0	\$1,784,365	\$4,455,067	0.00	\$4,235,507	\$0	\$2,951,469
Grand Total All Present Law Adjustments				\$5,858,349					\$8,650,764

DP 6015 - State Motor Pool Rate Change - The funding for vehicle rentals and leases from the State Motor Pool was reduced from the level requested by the Governor.

DP 30001 - Foster Care Caseload Increase - The legislature provided \$2.9 million general fund and \$1.4 million federal funds over the biennium for a total increase of \$4.3 million in support of the increased caseload for the Foster Care Program. The funding for this proposal is 67 percent general fund and 33 percent federal funds.

The division justification for the foster care and subsidized adoption caseload increases are similar and the discussion is combined.

DP 30002 - Subsidized Adoption Caseload Increase - The legislature provided \$5.8 million over the biennium for a projected increase in caseload for the Subsidized Adoption Program. Funding would be split \$2.2 million general fund and \$3.6 million federal funds over the biennium. The funding for this proposal is 37.8 percent general fund and 62.2 percent federal funds.

The following information was utilized as part of the legislative decision making process, and will be used for ongoing program evaluation. It was submitted by the agency, edited by LFD staff for brevity and to include any legislative changes.

Justification: 65 percent of all child welfare cases are alcohol and drug related and the number of children in care affected by ‘meth’ is going up. The increase in cases related to ‘meth’ addiction increases the amount of work involved in managing child abuse and neglect cases because these cases: 1) require a more intense level of service; 2) have more complicated and difficult reunification issues; and 3) require a longer out-of-home placement as families work through addiction problems.

The request to increase the Subsidized Adoption Program by 11.67 percent in FY2008 and 10.82 percent in FY2009 is to account for a projected increase in the caseload, which is projected to increase every year because the number of new adoptions exceeds the number of children aging out of the program.

Goals, Objectives and Milestones: The department plans to serve eligible individuals as authorized by the program’s rules while controlling growth of caseload by providing services to clients at risk of entering the foster care system, and moving children that have special needs towards permanency and adoption. The program will continue to service clients who require intervention by the department to remain healthy and safe or who have had parental rights terminated. Staff will monitor program budgets monthly to ensure the program is operating within appropriated funding levels and utilization is consistent with expected program growth rates.

Obstacles and Risks: The shortage of providers willing and able to perform these services is an issue. Continuation of provider rate adjustments for foster and adoptive parents can help in assuring recruitment of providers. If increases in funding are not approved it is expected that expenditures will exceed the budgeted authority as the programs are projected to grow. If resources are not available to meet the increased demand early in the client’s relationship with CFSD, they will remain in care longer, which could increase the demand on limited resources.

DP 30004 - FMAP Changes - The legislature added \$0.85 million in general fund with a reduction of the same amount in federal funds for the 2009 biennium to address changes in the FMAP rate for both the Foster Care and Subsidized Adoption Programs. The FMAP rate for CFSD decreased from 70.76 percent in FY 2006 to 68.62 percent in FY 2008 and 68.40 percent in FY 2009.

DP 30005 - Mental Health Case Management (Restricted/OTO) - The legislature approved a restricted, one-time-only appropriation of \$375,000 general fund and \$125,000 federal funds over the biennium for mental health case management as a contingency request because the department has not received official clarification on what case management services are acceptable under the federal DRA. At the present time, children in foster care have case management services available from other sources such as those provided by Health Resources Division, and the contingency is proposed in the event case management will no longer be available to children in foster care.

If the contingency request is needed, \$250,000 each year would be used for contracts with non-profit entities to provide case management. These costs are allowable administrative costs under the IV-E program and would be funded at 75 percent general fund and 25 percent federal funds based upon blending administration and service costs associated with IV-E eligible children and those costs associated with non-IV-E children that must be paid with general fund.

DP 30006 - CFSD Overtime (Restricted) - The legislature provided a restricted appropriation of \$248,042 general fund and \$165,676 in federal funds for the 2009 biennium for overtime compensation. Overtime is not included in the “snapshot” for personal services, and is an on-going routine cost that the division requests each year.

The division estimates pro-rated expenditures for elected overtime and non-elected overtime by reporting level as \$48,087 in centralized intake, \$3,154 for central office, and \$155,618 for regional offices for a biennial total of \$206,859.

DP 30007 - CFSD Rent Increases - The legislature provided a rent increase of \$269,000 general fund and \$179,000 federal funds for the 2009 biennium to provide additional funding for rent for 39 local offices. The increase in general fund for this biennium is \$173,000 greater than the 2007 biennium request, reflecting the elimination of federal targeted case management revenue. Many of the division's lease agreements expire during the biennium and the Department of Administration will negotiate new leases. The division has seen the square footage rates for many lease agreements increase by 10 percent or more. For those lease agreements that will expire prior to June 30, 2009, the division is estimating an increase of 6 to 10 percent in most cases. The division is also seeking to increase the space in the Kalispell and Great Falls offices.

DP 30016 - Replacement of Computers / Equipment (Restricted) - The legislature added a restricted appropriation of \$174,000 over the biennium to replace 320 desktop computers, two copy machines, and three file servers in local offices throughout the state.

New Proposals

New Proposals											
Program	FTE	Fiscal 2008				FTE	Fiscal 2009				Total Funds
		General Fund	State Special	Federal Special	Total Funds		General Fund	State Special	Federal Special	Total Funds	
DP 6013 - 2009 Biennium Pay Plan - HB 13	03	0.00	288,124	0	286,213	574,337	0.00	684,302	0	657,805	1,342,107
DP 6014 - Retirement Employer Contributions – HB 63 & HB 131	03	0.00	9,998	0	8,486	18,484	0.00	10,617	0	8,803	19,420
DP 30003 - CFSD Targeted Case Mgmt Fund Switch (Restr./OTO)	03	0.00	1,800,000	0	(1,800,000)	0	0.00	1,800,000	0	(1,800,000)	0
DP 30008 - Federal Law Change for Kin Care Providers (Restr)	03	0.00	86,000	0	(86,000)	0	0.00	86,000	0	(86,000)	0
DP 30010 - Additional Field Staff / Report	03	15.00	447,161	0	298,107	745,268	20.00	588,433	0	392,288	980,721
DP 30014 - Expansion of SSI Program	03	2.00	(202,260)	266,787	23,589	88,116	2.00	(202,194)	266,787	23,613	88,206
DP 30015 - Convert Modified In-home FTE to permanent	03	2.00	(27,601)	0	30,286	2,685	2.00	(27,601)	0	30,362	2,761
DP 30501 - Provider Rate Increases (Restricted)	03	0.00	199,153	0	175,956	375,109	0.00	556,300	0	368,627	924,927
DP 30601 - Direct Care Wage Increase (Restricted)	03	0.00	314,937	0	134,974	449,911	0.00	314,937	0	134,974	449,911
DP 30903 - Therapeutic Grp Homes/Family Foster Care (Res)	03	0.00	300,000	0	0	300,000	0.00	300,000	0	0	300,000
DP 30910 - Liability Insurance for Foster Care through HB 57	03	0.00	0	0	70,000	70,000	0.00	0	0	70,000	70,000
DP 30911 - Children's Trust Fund Interest from HB 608	03	0.00	0	28,100	0	28,100	0.00	0	28,150	0	28,150
Total	19.00	\$3,215,512	\$294,887	(\$858,389)	\$2,652,010	24.00	\$4,110,794	\$294,937	(\$199,528)	\$4,206,203	

DP 6013 - 2009 Biennium Pay Plan - HB 13 - The legislature passed a pay plan in HB 13 of the regular session that provides an additional 3.0 percent in FY 2008 and FY 2009, a 0.5 percent increase in the 10-year longevity increment, an additional 0.6 percent discretionary allocation, as well as an additional \$33 per month in health insurance contribution in FY 2008 and an additional \$36 per month in FY 2009. These amounts represent this program's allocation of costs to fund this pay plan.

DP 6014 - Retirement Employer Contributions – HB 63 & HB 131 - The legislature adopted HB 63 and HB 131, which increase the employer contribution to retirement systems. The amounts shown represent this program's allocation of costs to fund this increased contribution.

DP 30003 - CFSD Targeted Case Mgmt Fund Switch (Restr./OTO) - The legislature included \$3.6 million of one-time-only general fund over the biennium to replace Targeted Case Management (TCM) federal fund reimbursements eliminated by the DRA, effective January 1, 2006. The TCM services fulfill federal and state mandates and would be continued with general fund.

DP 30008 - Federal Law Change for Kin Care Providers (Restr) - The legislature appropriated a restricted use of \$172,000 general fund to replace federal reimbursements for kinship care that were eliminated by the federal Deficit Reduction Act impacting administrative funding attached to children in unlicensed foster care homes that the division was previously allowed to claim. The funding is restricted because the division had not received formal clarification from the Administration on Children and Families with regard to how this provision should be implemented and unused funds should return to the general fund.

DP 30010 - Additional Field Staff / Report - The legislature provided \$1.7 million for 15.00 new FTE in FY 2006 and 20.00 new FTE in FY 2007 in response to increasing case loads. General fund comprises \$1.0 million of the amount and federal funds about \$0.7 million. The FTE is funded at 60 percent general fund and 40 percent federal funds based on the blended federal funding rate in the state cost allocation plan and projected federal indirect reimbursement after targeted case management services can no longer be billed to Medicaid.

The following information was utilized as part of the legislative decision making process, and will be used for ongoing program evaluation. It was submitted by the agency, edited by LFD staff for brevity and to include any legislative changes.

Justification: Early data estimates from CFSD workload analysis shows that the division would need an increase of 112.50 FTE to meet federal and state guidelines. Caseloads for foster care have become more complicated to manage due to the increase in children entering care with methamphetamine complications. Methamphetamine is currently a factor in 38 percent of out of home care cases and in 40 to 50 percent of all new cases. Children placed in foster care because of drugs have characteristics associated with longer stays and greater services needs.

Goals, Performance Criteria and Milestones: The goal of increasing field staff is to address critical caseload issues and meet federal and state regulations. Staff will monitor program budgets monthly to ensure the program is operating within appropriated levels and that utilization is consistent with expected program growth rates. Eligible individuals will continue to receive appropriate care as authorized by the program's rules.

Obstacles and Risks: Shortages of staff who are trained and willing to perform this difficult work may be an issue. Continuation of the title IV-E stipend program for training social workers in secondary education could help. If increases in funding are not approved, CFSD may not meet federal and state mandates for keeping children safe, resulting in possible federal funding reductions or sanctions.

DP 30014 - Expansion of SSI Program - The legislature appropriated \$176,000 over the biennium to make two modified positions permanent to address immediate and ongoing caseload growth and potentially generate general fund savings. The FTE would make SSI applications on behalf of children who are in the custody of the State of Montana and who are considered to meet the SSI criteria due typically to a physical or mental disability. Funding identified and generated goes into the state special revenue account and is used to offset the costs of foster care. The positions would be funded 73.23 percent general fund and 26.77 percent federal funds as defined in the state cost allocation plan.

DP 30015 - Convert Modified In-home FTE to permanent - The legislature included funding for CFSD to convert 2.00 modified FTE into permanent positions in the In-home Services Program serving Hill, Blaine, Choteau, Liberty, and Cascade counties. The 2.00 FTE would specialize in: 1) reuniting children with their families thus averting additional foster care expenses; and 2) preventing kids from entering foster care by providing family support services that allows the family to stay intact while ensuring the children are safe.

The division intends to control caseload growth to the extent possible by providing services at the initial contact with families to avoid a child's entry into the foster care system as reflected in the division's goals and objectives.

DP 30501 - Provider Rate Increases (Restricted) - The legislature provided funding to increase the executive request for a 2.5 percent provider rate increase in FY 2008 and adds an additional 2.5 percent increase above the executive request in FY 2009. The appropriation includes a biennial total of \$1.3 million, which is split \$0.75 million general fund and \$0.5 million federal funds. This rate increase would be effective for foster parents, kin care providers, group homes, shelter care facilities, etc. Implementation is anticipated for October, 2007. The original request in the Governor's budget was for \$1.2 million over the biennium.

DP 30601 - Direct Care Wage Increase (Restricted) - The legislature appropriated \$0.8 million over the biennium to increase direct care worker wages for direct care staff in group homes and shelters, 20 percent of direct care workers in therapeutic groups homes and to increase direct care worker wages by \$0.70 cents per hour. Implementation is anticipated to be October, 2007.

DP 30903 - Therapeutic Grp Homes/Family Foster Care (Res) - The legislature approved \$300,000 general fund each year of the biennium to provide funding for anticipated changes in federal Medicaid policy.

The approved amount reduces the original request of \$500,000 per year.

DP 30910 - Liability Insurance for Foster Care through HB 57 - The legislature provided \$70,000 in federal funds each year of the biennium to the Child and Family Services Division to purchase liability insurance for foster parents providing foster care or therapeutic foster care for youths under 18 years of age placed by a state agency as provided in HB 57.

The insurance premiums are an allowable expense under Title IV-E and are funded at a 50 percent state and 50 percent federal split. HB 57 appropriates \$70,000 general fund over the biennium, but does not appropriate the federal matching funds.

DP 30911 - Children's Trust Fund Interest from HB 608 - The legislature provided authority to spend the interest earned from the HB 608 provision of \$1.0 million general fund to the permanent endowment of the Montana Children's Trust Fund. The interest is estimated at \$28,100 for FY 2008 and \$28,150 for FY 2009 and would go to the state special revenue account for the Child Abuse and Neglect Program.

Language

The legislature approved the following language for inclusion in HB 2.

The Governor vetoed some of the language. Vetoed language is shown in *italic*.

"Funding for CFSD Overtime may be expended only in support of CFSD staff overtime costs.

Funding for Replacement of Computers and Equipment may be expended only to replace child and family services division computers and equipment.

Funding for Mental Health Case Management for the child and family services division may be expended only for mental health case management services. Funding is contingent upon revisions to centers for medicare and medicaid services (CMS) federal regulations that disallow federal reimbursement to the state for case management services for children in foster care.

Funding for Federal Law Change for Kin Care Providers may be expended only by the CFSD to replace lost federal funding for administrative activities associated with children in unlicensed foster care homes.

The appropriation for Additional Field Staff/Report includes funding for reports the children, families, health, and human services interim committee showing the dates new staff were hired, areas of service, and measurements included in the division's goals and objectives.

Funding for Targeted Case Management Federal Law Change may be expended only by the child and family services division to replace federal funds for targeted case management services that are eliminated by the federal Deficit Reduction Act of 2005.

Funding for Therapeutic Group Homes/Family Foster Care may be expended only by the CFSD to implement changes in federal medicaid policy related to federal funding for therapeutic services.

Included in Child and Family Services Division/Reporting is \$200 general fund money each year for a semiannual report to the legislative finance committee and the children, families, health, and human services interim committee for the following:

- (1) *progress toward the goals presented to the joint appropriations subcommittee on health and human services in the division's final template; and*
- (2) *attainment of measurable objectives as outlined in the division final template presented to the joint appropriations subcommittee on health and human services.*

If the reports are not received by the legislative finance committee by December 31, 2007, and June 30, 2008, the fiscal year 2009 general fund appropriation is reduced by \$200.

Funds in Direct Care Worker Wage Increase may be used only to raise direct care worker wages and related benefits through an increase in provider rates. Funds in Direct Care Worker Wage Increase may not be used to offset any other wage increase mandated by any other laws, contracts, or written agreements, which will go into effect at the same time as or after implementation of the appropriation included in Direct Care Worker Wage Increase. To the extent of the available appropriations, the department's contracts with group homes and shelters must require them to raise the lowest paid direct care workers to \$8.50 an hour and to raise related benefits, and the remaining balance must be used to raise wages and related benefits of all direct care workers. The department shall increase the model rate matrix for group and shelter homes. Child and Family Services/Reporting includes funding for a semiannual report for the legislative finance committee and the children, families, health, and human services interim committee summarizing direct care wage rates."

Funds in Provider Rate Increases must be used to raise provider rates.

Provider Rate Increase will be implemented starting October 1, 2007."