

**Program Budget Comparison**

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

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Budget Fiscal 2016	Budget Fiscal 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	367.40	367.40	353.65	353.65	367.40	353.65	(13.75)	(3.74)%
Personal Services	20,934,776	21,797,260	22,179,809	22,165,518	42,732,036	44,345,327	1,613,291	3.78 %
Operating Expenses	5,279,480	5,626,100	5,346,338	5,389,153	10,905,580	10,735,491	(170,089)	(1.56)%
Equipment & Intangible Assets	0	32,220	0	0	32,220	0	(32,220)	(100.00)%
Grants	6,813,280	6,781,002	6,813,280	6,813,280	13,594,282	13,626,560	32,278	0.24 %
Benefits & Claims	32,389,511	34,322,496	36,069,079	38,079,508	66,712,007	74,148,587	7,436,580	11.15 %
Transfers	238,091	0	238,091	238,091	238,091	476,182	238,091	100.00 %
Debt Service	1,158	1,527	1,158	1,158	2,685	2,316	(369)	(13.74)%
<b>Total Costs</b>	<b>\$65,656,296</b>	<b>\$68,560,605</b>	<b>\$70,647,755</b>	<b>\$72,686,708</b>	<b>\$134,216,901</b>	<b>\$143,334,463</b>	<b>\$9,117,562</b>	<b>6.79 %</b>
General Fund	35,852,945	36,898,108	39,186,187	40,853,799	72,751,053	80,039,986	7,288,933	10.02 %
State/Other Special Rev. Funds	1,898,011	2,037,584	1,897,708	1,897,708	3,935,595	3,795,416	(140,179)	(3.56)%
Federal Spec. Rev. Funds	27,905,340	29,624,913	29,563,860	29,935,201	57,530,253	59,499,061	1,968,808	3.42 %
<b>Total Funds</b>	<b>\$65,656,296</b>	<b>\$68,560,605</b>	<b>\$70,647,755</b>	<b>\$72,686,708</b>	<b>\$134,216,901</b>	<b>\$143,334,463</b>	<b>\$9,117,562</b>	<b>6.79 %</b>

**Program Description**

The purpose of the Child and Family Services Division (CFSD) is to keep children safe and families strong. In pursuit of this goal, the division administers child protective services, child abuse and neglect services, family reunification and preservation services, and domestic violence programs, among others.

CFSD comprises three bureaus and five administrative regions that are advised by local family services advisory councils. The five regions are delineated as seen on the map to the right as: (1) Eastern, (2) North Central, (3) South Central, (4) South Western, and (5) Western. Additionally, there is a sixth "interstate" region.



**Program Highlights**

The highlights and discussion will reference changes from the FY 15 budget as appropriated by the 2013 Legislature rather than from FY 14 actuals or the FY 2015 appropriation as implemented by the executive.

The difference between the legislative appropriation for FY 2015 and the executive implementation is primarily because the administration of the Children's Trust Fund was shifted from Child and Family Services to the Director's Office (program 4).

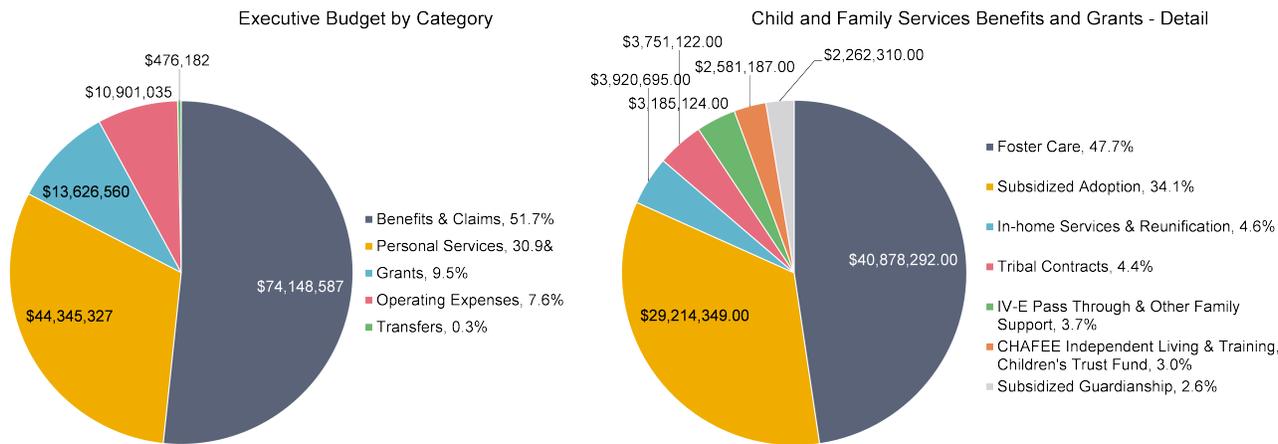
**Child and Family Services Division  
Major Budget Highlights**

- Major increases to the budget are primarily general fund for:
  - Personal services of \$1.8 million above the FY 2015 level over the biennium due primarily to pay plan annualization
  - Anticipated foster care caseload increases of \$4.7 million
  - Provider rate increases of 2.0% in each year of the biennium, totaling \$0.8 million

**Program Discussion -**

*Primary Expenditures*

Benefits and grants compose 61.2% of the executive's proposed budget for CFSD as seen in the figure on the left. These funds support foster care, subsidized adoption, subsidized guardianship, and a number of other programs promoting children's safety and family unity. The breakdown of benefit and grant funding can be seen in the figure on the right.



Personal services and operations costs support the field staff in five regional offices, centralized intake (all general fund), and administration. These functions account for 38.5% of the executive budget. Increases in personal services are related to adjustments such as pay plan annualization.

*Caseload*

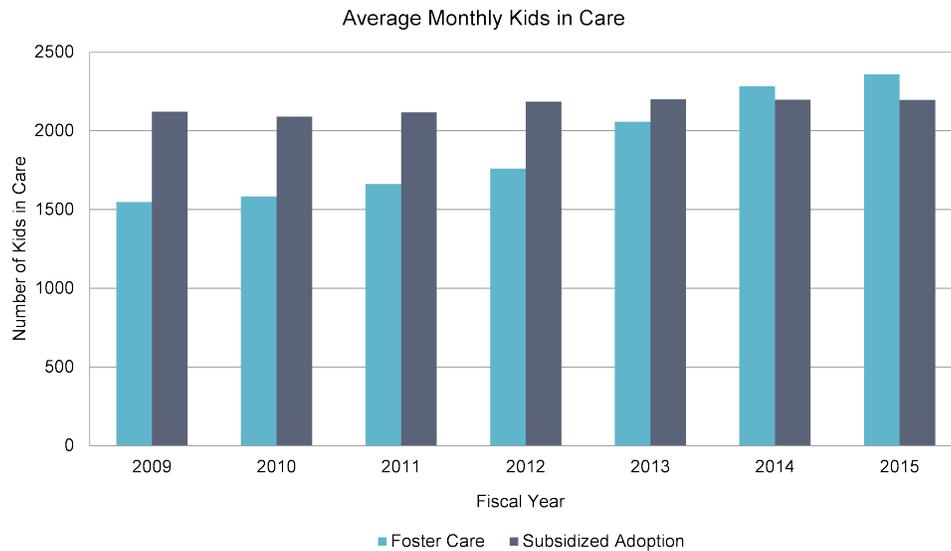
The following discussion details the Governor's budget recommendations for increases to benefits for foster care, subsidized adoption, subsidized guardianship, and other social assistance programs. The table below includes requested changes to the budget in both present law and new proposals. Note that the Federal Medical Assistance Percentage (FMAP) adjustments are not increased expenditures, but a funding switch from federal to state funds.

Benefits Requests						
Budget Item	GF Increase Fiscal 2016	All Funds Increase Fiscal 2016	Total Request Fiscal 2016	GF Increase Fiscal 2017	All Funds Increase Fiscal 2017	Total Request Fiscal 2017
<b>Present Law Adjustments</b>						
Foster Care Caseload	\$1,907,487	\$2,698,330	\$19,828,524	\$2,776,865	\$3,919,574	\$21,049,768
Foster Care FMAP	54,632	-	-	76,009	-	-
Sub. Adoption Caseload	(258,812)	(538,839)	14,328,285	9,175	18,940	14,886,064
Sub. Adoption FMAP	99,733	-	-	138,760	-	-
Guardianship Caseload	114,097	224,513	1,131,155	114,670	224,513	1,131,155
Guardianship FMAP	8,187	-	-	11,486	-	-
<b>New Proposals</b>						
Tribal Foster Care	200,000	200,000	200,000	200,000	200,000	200,000
Foster Care PRI	207,469	273,632	273,632	420,376	552,736	552,736
Sub. Adoption PRI	25,847	55,689	55,689	52,792	112,492	112,492
Guardianship PRI	3,568	6,202	6,202	7,258	12,528	12,528
In Home Services PRI	33,768	33,768	33,768	67,537	67,537	67,537
Independent Living PRI	2,393	11,965	11,965	4,786	23,930	23,930
Access and Visitation PRI	2,126	2,126	2,126	4,252	4,252	4,252
Big Brothers/Big Sisters PRI	1,000	1,000	1,000	2,000	2,000	2,000
<b>Total</b>	<b>\$2,332,793</b>	<b>\$2,857,636</b>	<b>\$35,761,596</b>	<b>\$3,747,342</b>	<b>\$4,915,763</b>	<b>\$37,819,723</b>

In FY 2014 caseload in foster care grew more quickly than expected while caseload in subsidized adoption grew more slowly than expected. While this was not in line with what was anticipated and appropriated in the 2013 session, the appropriation between the two programs was shifted during the interim to cover the necessary benefits. At this time, the executive expects that the current growth rates will continue and it is likely that a similar shift in funding between the two programs will be made in FY 2015.

The benefits requests reflect the continuation of these rates of growth: decreased initial funding paired with a slower rate of growth in the subsidized adoption caseload, and increased initial funding paired with a faster rate of growth in the foster care caseload. The requested subsidized guardianship caseload adjustment brings the appropriation to the level of FY 2014 expenditures. Note that the 2013 Legislature approved a one-time-only appropriation for an increased guardianship caseload; when this is included in the authority for the 2015 biennium, the total appropriation is about \$1.1 million, which is approximately the request for each year of the 2017 biennium.

Subsidized adoption exists to promote the adoption of children with special needs by providing support services and medical and financial assistance to adoptive families when necessary to ensure the child's health and welfare. Changes in subsidized adoption expenditures relate to both the anticipated caseload based on the number of children awaiting adoption and the Adoption Subsidy Agreement negotiated for each child. Subsidy agreements include Medicaid, monthly financial assistance, and non-recurring adoption expenses and are negotiated between the Adoption Negotiations Program Manager and the pre-adoptive parent(s). Subsidies are negotiated at a rate that can be no more than \$10 less per month than the foster care rate for the specific child. Detailed policies regarding the subsidized adoption program can be found at the following address: <http://www.dphhs.mt.gov/Portals/85/cfsd/documents/cfsdmanual/604-1.pdf>.



The figure above charts the average number of children in care by fiscal year for the foster care and subsidized adoption programs. Subsidized adoption cases have remained relatively stable. As the figure indicates, at the time of last biennium's analysis, the number of foster care cases also appeared to be stable and quite low. However, FY 2013 and FY 2014 have seen rapid growth in foster care caseload. Most of this has occurred in region 1 in the east which encompasses the Bakken area. At this time, the department expects that the current trends will continue.

#### *Montana Adult and Child Welfare Information Systems (MACWIS)*

The 2013 Legislature appropriated one-time-only funds of \$350,000 to complete the planning process for MACWIS. MACWIS is meant to replace the Child and Adult Protective Services system (CAPS) used in the monitoring of foster care cases, adoption cases, payment for services, and reporting.

MACWIS was initially funded in HB 4 with Long Range Information Technology (LRIT) funding during the 2007 May Special Session, but became part of the Governor's 17-7-140 reductions prior to the 2011 session. The original budget was \$27.1 million with \$15.2 million in LRIT funds and \$11.9 million in federal funds. Prior to placing the project on hold and reverting \$10.3 million to the general fund in the 17-7-140 reductions, the Governor transferred \$3.4 million LRIT funds to the MMIS (\$2.9 million) and CHIMES EA (\$0.5 million) projects. The 2015 biennium appropriation was assigned to the DPHHS Technology Services Division (TSD) and did not impact the CFSD budget.

The OTO funds, as well as federal matching funds, were used to collect information and complete the planning process for the system's development. According to the division's most recent five year plan (<http://www.dphhs.mt.gov/Portals/85/cfsd/documents/ChildAndFamilyServicesPlan2014.pdf>), the data collection and planning process have been completed, as was a request for information (RFI). The division is also prepared to move forward with a request for proposals (RFP) provided the project receives further funding. However, the executive's proposed 2017 biennial budget does not include any appropriation for continuation of the MACWIS project.

#### **Funding**

The following table shows proposed program funding by source from all sources of authority.

Economic Security Services Branch, 03-Child & Family Services						
Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	80,039,986	0	0	80,039,986	55.78 %	
02089 Child Abuse & Neglect Program	0	0	0	0	0.00 %	
02209 Third Party Contributions-F.C.	3,611,406	0	0	3,611,406	91.18 %	
02473 Assault Intervention & Trtmnt	169,002	0	0	169,002	4.27 %	
02483 Adoption Services / SA	0	0	165,544	165,544	4.18 %	
02496 Family Preservation Conference	15,008	0	0	15,008	0.38 %	
<b>State Special Total</b>	<b>\$3,795,416</b>	<b>\$0</b>	<b>\$165,544</b>	<b>\$3,960,960</b>	<b>2.76 %</b>	
03109 TANF Benefits	3,760,000	0	0	3,760,000	6.32 %	
03185 CASEWORKER VISITS	0	0	0	0	0.00 %	
03224 Access & Visitation Grt 93.597	191,360	0	0	191,360	0.32 %	
03458 6901 - Chafee - ETV 93.599	353,952	0	0	353,952	0.59 %	
03522 93.556 - Family Preservation	1,619,908	0	0	1,619,908	2.72 %	
03526 93.643 - Child Justice	188,358	0	0	188,358	0.32 %	
03529 IV-E Guardianship	1,582,060	0	0	1,582,060	2.66 %	
03530 6901-Foster Care 93.658	18,316,208	0	0	18,316,208	30.78 %	
03531 6901-Subsidized Adopt 93.659	15,412,399	0	0	15,412,399	25.90 %	
03532 93.669 - Child Abuse	288,099	0	0	288,099	0.48 %	
03533 93.671 - Domestic Violence	1,579,890	0	0	1,579,890	2.66 %	
03534 93.672 - Child Abuse Challenge	0	0	0	0	0.00 %	
03536 93.674 - IV-E Independent Livi	1,115,579	0	0	1,115,579	1.88 %	
03593 03 Indirect Activity Prog 03	15,091,248	0	0	15,091,248	25.36 %	
03964 Adoption Incentive Funds	0	0	0	0	0.00 %	
<b>Federal Special Total</b>	<b>\$59,499,061</b>	<b>\$0</b>	<b>\$0</b>	<b>\$59,499,061</b>	<b>41.46 %</b>	
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
<b>Total All Funds</b>	<b>\$143,334,463</b>	<b>\$0</b>	<b>\$165,544</b>	<b>\$143,500,007</b>		

This division is funded from a variety of sources and funding and federal matching rates vary by function. Some costs are allocated among funding sources through a federally approved cost allocation plan that includes a random moment in time study of social worker activities, among other factors.

General fund comprises 55.8% of the proposed biennial budget, most of which is used as matching funds to federal funds supporting foster care, subsidized adoption, and family reunification as well as programs promoting safe, non-violent environments for children. Some of the match rates for these programs vary according to the eligibility of the child. Children who are eligible for federal IV-E funding receive a higher match rate, but they have recently been declining as a portion of the caseload. As a result, increases weigh more heavily on the general fund. The only major function of the division that is entirely supported by general fund is the Centralized Intake Bureau. Centralized intake fields calls reporting potential cases of abuse and neglect. It carries 18.00 FTE at \$2.2 million for the biennium.

Federal funds make up 41.5% of the budget and either directly support foster care, adoption, and guardianship or cover expenses associated with the federal cost allocation plan. The remainder of the budget is state special revenue obtained primarily through third party contributions such as parental payments, child support collections, and supplemental security income (SSI) for eligible children. It is used almost entirely to support foster care.

### Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 Legislative base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	36,748,590	36,748,590	73,497,180	91.83 %	68,104,556	68,104,556	136,209,112	95.03 %
PL Adjustments	1,961,426	3,346,208	5,307,634	6.63 %	1,958,817	3,606,677	5,565,494	3.88 %
New Proposals	476,171	759,001	1,235,172	1.54 %	584,382	975,475	1,559,857	1.09 %
<b>Total Budget</b>	<b>\$39,186,187</b>	<b>\$40,853,799</b>	<b>\$80,039,986</b>		<b>\$70,647,755</b>	<b>\$72,686,708</b>	<b>\$143,334,463</b>	

**Present Law Adjustments -**

The "Present Law Adjustments" table shows the changes from FY 2015 legislative appropriation to the budget proposed by the executive. PSPL adjusts all personal services. LGPL provides for adjustments to other expenditures such as operating expenses. Each is discussed in the narrative that follows. Total funds in the Present Law Adjustments table do not include proprietary funds budgeted in House Bill 2.

Present Law Adjustments										
	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 98 - LEG. Personal Services Present Law	0.00	922,102	(2,052)	(636,729)	283,321	0.00	1,184,229	(2,052)	(913,147)	269,030
DP 99 - LEG. Present Law	0.00	1,039,324	(287,921)	924,093	1,675,496	0.00	2,161,979	(287,921)	1,463,589	3,337,647
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$1,961,426</b>	<b>(\$289,973)</b>	<b>\$287,364</b>	<b>\$1,958,817</b>	<b>0.00</b>	<b>\$3,346,208</b>	<b>(\$289,973)</b>	<b>\$550,442</b>	<b>\$3,606,677</b>

DP 98 - LEG. Personal Services Present Law -

This adjustment includes all personal services present law as requested by the executive; this includes statewide present law personal services adjustments. FY 2016 and FY 2017 contain the reductions in FTE made by the executive to implement the boilerplate language in HB 2. Included below is a table that has the personal services present law (PSPL) broken out by some of its component parts for a more detailed understanding of the adjustments. The other category includes an executive request for overtime and holiday pay.

Personal Services Present Law Adjustments					
CP 98 PSPL Item	FY 2016				
	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	353.65	\$118,620	\$37	\$53,217	\$171,874
Executive Implementation of 2015 Pay Increase		242,879	90	109,114	\$352,083
Fully Fund 2015 Legislatively Authorized FTE		37,737	-	33,942	\$71,679
Other		522,866	(2,179)	(833,002)	(\$312,315)
<b>Personal Services Present Law Adjustments</b>	<b>353.65</b>	<b>\$922,102</b>	<b>(\$2,052)</b>	<b>(\$636,729)</b>	<b>\$283,321</b>
CP 98 PSPL Item	FY 2017				
	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	353.65	118,620	37	53,217	\$171,874
Executive Implementation of 2015 Pay Increase		242,879	90	109,114	352,083
Fully Fund 2015 Legislatively Authorized FTE		37,737	-	33,942	71,679
Other		784,993	(2,179)	(1,109,420)	(326,606)
<b>Personal Services Present Law Adjustments</b>	<b>353.65</b>	<b>\$1,184,229</b>	<b>(\$2,052)</b>	<b>(\$913,147)</b>	<b>\$269,030</b>

DP 99 - LEG. Present Law -

This adjustment reflects all present law requests by the executive that are unrelated to personal services, including statewide present law adjustments for inflation and fixed costs. In addition to the statewide adjustments, the executive requests adjustments related to maintenance of existing services. Caseload adjustments are broken out in the table below, while some of the requests are incorporated into a category for other present law adjustments. These adjustments include Federal Medical Assistance Percentages (FMAP) changes for foster care, subsidized adoption, and subsidized guardianship; a funding switch for the federally mandated cost allocation program; a reduction in authority for leased vehicles; and an increase in authority for leases in non-state owned buildings.

Present Law Adjustments					
FY 2016					
CP 99 PL Item	FTE	General Fund	State Special	Federal Special	Total Funds
Foster Care Caseload	0.00	\$1,579,536	\$0	\$645,162	\$2,224,698
Subsidized Adoption Caseload	0.00	(285,373)	-	(309,155)	(594,528)
Guardianship Caseload	0.00	170,140	-	163,467	333,607
Other	0.00	(424,979)	(287,921)	429,560	(264,491)
<b>Present Law Adjustments</b>	<b>0.00</b>	<b>\$1,039,324</b>	<b>(\$287,921)</b>	<b>\$924,093</b>	<b>\$1,675,496</b>
FY 2017					
CP 99 PL Item	FTE	General Fund	State Special	Federal Special	Total Funds
Foster Care Caseload	0.00	\$2,248,455	\$0	\$918,383	\$3,166,838
Subsidized Adoption Caseload	0.00	(44,905)	-	(48,647)	(93,552)
Guardianship Caseload	0.00	260,012	-	249,815	509,827
Other	0.00	(301,583)	(287,921)	344,038	(256,214)
<b>Present Law Adjustments</b>	<b>0.00</b>	<b>\$2,161,979</b>	<b>(\$287,921)</b>	<b>\$1,463,589</b>	<b>\$3,337,647</b>

**LFD COMMENT** Federal Medical Assistance Percentages (FMAP) change from year to year based on the economic well-being of the state. The FY 2015 federal percentage (as appropriated) was 66.22%; the FY 2016 federal percentage will be 65.24% with FY 2017 currently anticipated to be 64.94%. To maintain the existing level of funding, this requires an increase in state funds and an equivalent decrease in federal funds.

**LFD COMMENT** As the foster care caseload increases in association with the Bakken in the Eastern region, more people and resources are being used in that area.

Foster Care Caseload – The executive requests increased funding for foster care caseload growth estimated at 5.4% per year for the biennium.

Subsidized Adoption Caseload - The executive requests decreased funding for subsidized adoption that ties to caseload growth estimated at 3.0% per year for the biennium.

Guardianship Caseload- The executive requests increased funding for guardianship caseload growth estimated at 15.0% per year for the biennium.

**LFD COMMENT** As mentioned earlier, the 2013 Legislature appropriated an additional \$0.2 million in FY 2015 as part of a one-time-only appropriation for subsidized guardianship in the 2015 biennium. The caseload increase requested for subsidized guardianship would bring the appropriation up to the exact level of spending in FY 2014.

**New Proposals -**

Total funds in the New Proposals table do not include proprietary funds budgeted in House Bill 2.

New Proposals	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 303800 - Tribal Foster Care	0.00	200,000	0	0	200,000	0.00	200,000	0	0	200,000
DP 303900 - PRI - Foster Care	0.00	207,469	0	66,163	273,632	0.00	420,376	0	132,360	552,736
DP 303901 - PRI - Subsidized Adoption	0.00	25,847	0	29,842	55,689	0.00	52,792	0	59,700	112,492
DP 303902 - PRI - Subsidized Guardianship	0.00	3,568	0	2,634	6,202	0.00	7,258	0	5,270	12,528
DP 303903 - PRI - In Home Services	0.00	33,768	0	0	33,768	0.00	67,537	0	0	67,537
DP 303904 - PRI - Independent Living	0.00	2,393	0	9,572	11,965	0.00	4,786	0	19,144	23,930
DP 303905 - PRI - Access and Visitation	0.00	2,126	0	0	2,126	0.00	4,252	0	0	4,252
DP 303906 - PRI - Big Brothers/Big Sisters	0.00	1,000	0	0	1,000	0.00	2,000	0	0	2,000
<b>Total</b>	<b>0.00</b>	<b>\$476,171</b>	<b>\$0</b>	<b>\$108,211</b>	<b>\$584,382</b>	<b>0.00</b>	<b>\$759,001</b>	<b>\$0</b>	<b>\$216,474</b>	<b>\$975,475</b>

DP 303902 - PRI - Subsidized Guardianship -

The executive requests a 2.0% rate increase in each year of the biennium for Subsidized Guardianship providers.

DP 303903 - PRI - In Home Services -

The executive requests a 2.0% rate increase in each year of the biennium for In Home Services providers.

DP 303904 - PRI - Independent Living -

The executive requests a 2.0% rate increase in each year of the biennium for Independent Living providers.

DP 303906 - PRI - Big Brothers/Big Sisters -

The executive requests a 2.0% rate increase in each year of the biennium for Big Brothers/Big Sisters providers.

DP 303905 - PRI - Access and Visitation -

The executive requests a 2.0% rate increase in each year of the biennium for Access and Visitation providers.

DP 303901 - PRI - Subsidized Adoption -

The executive requests a 2.0% rate increase in each year of the biennium for Subsidized Guardianship providers.

DP 303800 - Tribal Foster Care -

The executive requests increased general fund to make permanent the OTO funding from the 2015 biennium for non-Title IV-E services to tribal children residing on reservations in Montana.

**LFD  
COMMENT**

Aside from this funding, children in foster care living on reservations only have access to Title IV-E eligible foster care services and placements. This funding has allowed them access to services including but not limited to counseling, respite care, dental and/or miscellaneous medical, case management, supervised visitation, and special transportation.

DP 303900 - PRI - Foster Care -

The executive requests a 2.0% rate increase in each year of the biennium for Foster Care providers.