

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	63.60	63.60	60.60	60.60	63.60	60.60	(3.00)	(4.72)%
Personal Services	5,080,391	5,048,093	5,079,495	5,078,188	10,128,484	10,157,683	29,199	0.29%
Operating Expenses	21,094,589	31,084,113	23,801,653	23,598,274	52,178,702	47,399,927	(4,778,775)	(9.16)%
Equipment & Intangible Assets	357,930	209,206	357,930	357,930	567,136	715,860	148,724	26.22%
Debt Service	0	91,266	0	0	91,266	0	(91,266)	(100.00)%
Total Costs	\$26,532,910	\$36,432,678	\$29,239,078	\$29,034,392	\$62,965,588	\$58,273,470	(\$4,692,118)	(7.45)%
General Fund	10,308,657	11,878,584	11,582,711	11,614,360	22,187,241	23,197,071	1,009,830	4.55%
State/Other Special Rev. Funds	1,560,864	1,349,887	1,699,654	1,764,499	2,910,751	3,464,153	553,402	19.01%
Federal Spec. Rev. Funds	14,663,389	23,204,207	15,956,713	15,655,533	37,867,596	31,612,246	(6,255,350)	(16.52)%
Total Funds	\$26,532,910	\$36,432,678	\$29,239,078	\$29,034,392	\$62,965,588	\$58,273,470	(\$4,692,118)	(7.45)%

Program Description

The overall mission of the Technology Service Division (TSD) is to use and improve information technology to protect the health, well-being, and self-reliance of all Montanans. The Technology Services Division (TSD) is comprised of three bureaus that provide a wide range of technology platforms that support DPHHS. The three bureaus are organized in areas of project management, database functions, and network/communication systems. TSD services include programming, help desk functions, database support, web development, enterprise architecture, project and contract management, security, and network management.

Further information concerning the systems and programs mentioned in this document can be found by viewing the agency's information technology plan. This plan can be found by visiting:

http://sitsd.mt.gov/content/stratplan/agencyplans2012/DPHHS/2012_DPHHS_IT_Plan.pdf

Program Highlights

Technology Services Division Major Budget Highlights
<ul style="list-style-type: none"> • The executive requests a total funding decrease of \$4.69 million from the 2015 biennium that is largely due to reductions in IT consulting and professional services • The executive is requesting several present law adjustments for the operations and maintenance of mobile security and licensing, federal security software, and Medicaid eligibility software

Program Discussion -

Comparison of FY 2015 Legislative Base to FY 2015 Adjusted Base

Technology Services Division			
FY 2015 Executive and Legislative Appropriations			
Category	Legislative Appropriation	Difference Exec/Leg	Total Executive Implementation
Personal Services	4,694,437	\$353,656	\$5,048,093
Operating Expenses	27,209,240	\$3,874,873	\$31,084,113
Equipment & Intangible Assets	\$209,206	\$0	\$209,206
Debt Services	<u>\$91,266</u>	<u>\$0</u>	\$91,266
Total Costs	<u>\$32,204,149</u>	<u>\$4,228,529</u>	<u>\$36,432,678</u>

A comparison between the 2015 legislative base and the 2015 executive implementation shows a difference of \$4,228,529. The difference can be attributed to program transfers totaling \$315,861 and two one-time-only appropriations: 1) CHIMES, Medicaid/HMK, and TEAMS projects; and 2) MACWIS planning completion.

The 2013 Legislature passed HB 2 and provided one-time only funding for the Combined Healthcare Information and Montana Eligibility System (CHIMES). CHIMES is a Medicaid eligibility system. The use of \$3.4 million in FY 2014 and \$3.7 million in FY 2015 was restricted in HB 2 for the operation, support, and project management of:

- CHIMES Medicaid/Healthy Montana Kids (HMK)
- CHIMES Supplemental Nutrition Assistance (SNAP)
- CHIMES Temporary Assistance for Needy Families (TANF)
- The Economic Assistance Management System (TEAMS)

In addition, a one-time-only appropriation of \$175,000 for each year of the 2015 biennium was given to the division to complete the planning process for the Montana Adult and Child Welfare System (MACWS), including a comprehensive plan for the funding and development of this system. HB-2 requires this plan to be presented to the 2015 Legislature.

The decrease in the executive budget request for the 2017 biennium compared to the 2015 biennium is due primarily to a reduction in federal funds for consulting and professional services in the 2017 biennium.

MMIS – The Montana Medicaid Management System

The Montana Medicaid Management System (MMIS) is an automated system for Medicaid claim management. The federal government mandates a MMIS system be used in states participating in Medicaid. In Montana, there exists a legacy system that is currently in use; however the 2009 Legislature appropriated \$65.5 million dollars to develop and build a new system. This project is federally funded at 90% with a 10% state match. Xerox was the fiscal agent selected to co-develop this program with the state of Montana. The project remains the largest information technology project in terms of cost historically for the state of Montana. Significant issues have developed over the last five years in terms of cost, schedule, and product development. Events and milestones for the project are as follows:

- The project is funded from HB 10 under an original appropriation of \$65.5 million.
- Project cost was reevaluated in 2014 and was reported to be in excess of \$84 million
- In June of 2014, performance fines levied against Xerox total \$12.8 million
- The Legislative Finance Committee formed a special sub-committee for oversight and reporting of the project in 2014 called the MMIS sub-committee

- The department of Health and Human Services filed a breach of contract notice to Xerox concerning open issues including the main work plan and substantive missed deadlines and deliverables in June of 2014
- The Legislative Finance Committee voted no confidence in the Xerox project
- The Department of Health and Human Services issued an additional letter to Xerox requiring corrective action plan be developed for project issues including staffing, schedule, missed deliverables, and quality work concerns

The Legislative Finance Committee has recommended that the project continue to be monitored during the 2015 session. Legislative action could include defunding the project by amending HB 10.

Personal Services

The number of FTE supported by TSD is currently 63.6. An additional 4.00 FTE came from program transfers from the Addictive and Mental Disabilities Division to support contracts and program specific work in TSD during FY2014.

Funding

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

Operations Services Branch, 09-Technology Services Division Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	23,197,071	0	0	23,197,071	39.81 %	
02381 02 Indirect Activity Prog 09	3,464,153	0	0	3,464,153	100.00 %	
02598 MCDC COST RECOVERY	0	0	0	0	0.00 %	
State Special Total	\$3,464,153	\$0	\$0	\$3,464,153	5.94 %	
03598 03 Indirect Activity Prog 09	31,612,246	0	0	31,612,246	100.00 %	
Federal Special Total	\$31,612,246	\$0	\$0	\$31,612,246	54.25 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$58,273,470	\$0	\$0	\$58,273,470		

All HB 2 categories are funded through cost allocation using a formula that recognizes the multiple funding sources and required general fund matches for costs that benefit common purposes related to work done by TSD throughout the agency.

Budget Summary by Category

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

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	11,380,597	11,380,597	22,761,194	98.12 %	32,204,149	32,204,149	64,408,298	110.53 %
PL Adjustments	202,114	233,763	435,877	1.88 %	(2,965,071)	(3,169,757)	(6,134,828)	(10.53)%
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$11,582,711	\$11,614,360	\$23,197,071		\$29,239,078	\$29,034,392	\$58,273,470	

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	500,488	24,054	(139,484)	385,058	0.00	375,711	(2,883)	10,923	383,751
DP 99 - LEG. Present Law	0.00	(298,374)	487,898	(3,539,653)	(3,350,129)	0.00	(141,948)	579,680	(3,991,240)	(3,553,508)
Grand Total All Present Law Adjustments	0.00	\$202,114	\$511,952	(\$3,679,137)	(\$2,965,071)	0.00	\$233,763	\$576,797	(\$3,980,317)	(\$3,169,757)

DP 98 - LEG. Personal Services Present Law -

This adjustment includes all personal services present law as requested by the executive. This includes the executive implementation of the pay plan, FTE reductions from HB 2 boiler plate, and benefit increases. The below table summarizes personal services present law (PSPL).

Personal Services Present Law Adjustments					
FY 2016					
	FTE	General Fund	State Special	Federal Special	Total Funds
CP 98 PSPL Item					
State Share Health Insurance	60.60	11,983	2,000	15,468	\$29,452
Executive Implementation of 2015 Pay Increase		35,614	5,937	46,628	88,178
Fully Fund 2015 Legislatively Authorized FTE		4,546	2,312	12,284	19,142
Other		448,345	13,805	(213,864)	248,286
Personal Services Present Law Adjustments	60.60	\$500,488	\$24,054	(\$139,484)	\$385,058
FY 2017					
	FTE	General Fund	State Special	Federal Special	Total Funds
CP 98 PSPL Item					
State Share Health Insurance	60.60	11,983	2,000	15,468	\$29,452
Executive Implementation of 2015 Pay Increase		35,614	5,937	46,628	88,178
Fully Fund 2015 Legislatively Authorized FTE		4,546	2,312	12,284	19,142
Other		323,568	(13,132)	(63,457)	246,979
Personal Services Present Law Adjustments	60.60	\$375,711	(\$2,883)	\$10,923	\$383,751

Adjustments are a function of the HB-13 pay plan, benefit increases, and target adjustments for competency, longevity, correction, and reclassification pay.

DP 99 - LEG. Present Law -

This adjustment includes all present law requests by the executive that are not related to personal services, including statewide present law adjustments for inflation and fixed costs. Reductions in present law can be attributed to reduced expenditures in IT professional services and consulting.