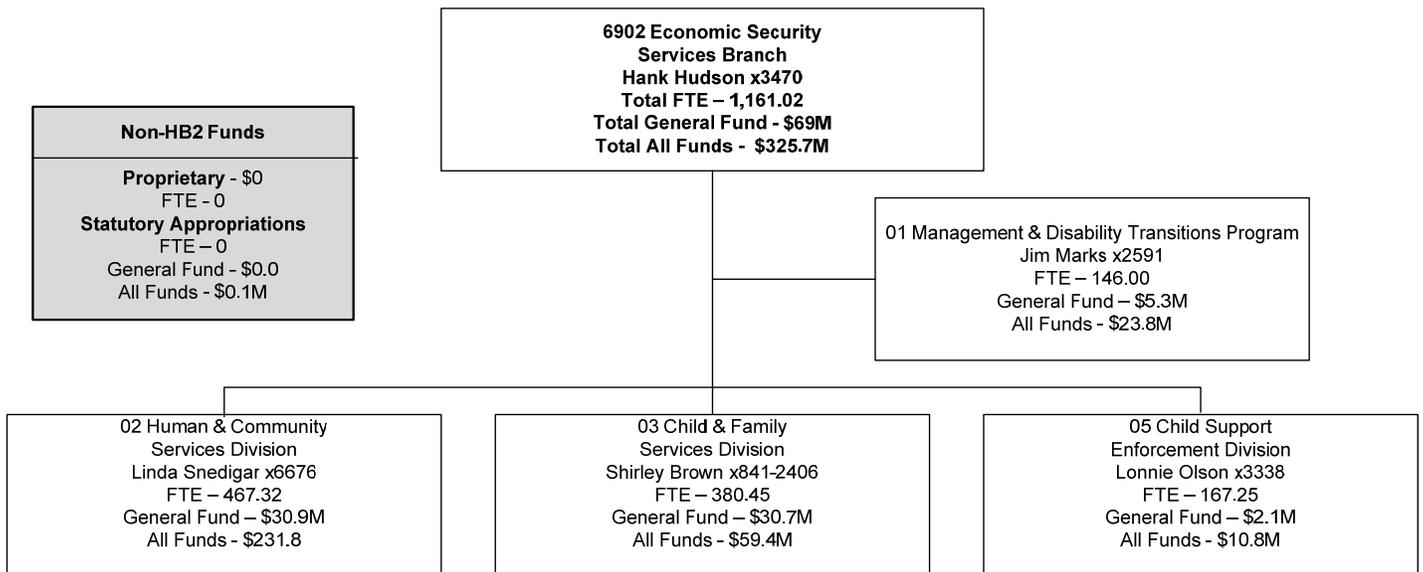


Branch Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	1,161.02	1,161.02	1,152.72	1,152.72	1,161.02	1,152.72	(8.30)	(0.71%)
Personal Services	57,157,124	59,733,384	59,530,601	59,515,092	116,890,508	119,045,693	2,155,185	1.84%
Operating Expenses	17,788,237	19,821,730	21,471,402	21,829,199	37,609,967	43,300,601	5,690,634	15.13%
Equipment & Intangible Assets	94,840	111,377	101,840	101,840	206,217	203,680	(2,537)	(1.23%)
Grants	26,380,918	28,189,262	29,810,957	28,798,074	54,570,180	58,609,031	4,038,851	7.40%
Benefits & Claims	224,134,404	238,109,035	354,057,716	398,412,974	462,243,439	752,470,690	290,227,251	62.79%
Debt Service	189,926	177,364	189,926	189,926	367,290	379,852	12,562	3.42%
Total Costs	\$325,745,449	\$346,142,152	\$465,162,442	\$508,847,105	\$671,887,601	\$974,009,547	\$302,121,946	44.97%
General Fund	69,002,422	75,171,198	72,633,319	74,300,242	144,173,620	146,933,561	2,759,941	1.91%
State Special	6,520,447	7,487,049	8,280,064	8,275,571	14,007,496	16,555,635	2,548,139	18.19%
Federal Special	250,222,580	263,483,905	384,249,059	426,271,292	513,706,485	810,520,351	296,813,866	57.78%
Total Funds	\$325,745,449	\$346,142,152	\$465,162,442	\$508,847,105	\$671,887,601	\$974,009,547	\$302,121,946	44.97%

The following is the agency organizational chart, with contact information. The chart has been modified by the LFD to include the FY 2010 base budget FTE, general fund, and total funds for each program. As applicable, total agency proprietary funds and statutory appropriations, along with associated FTE, are also shown.



Branch Description

The Economic Security Services branch delivers a broad range of social and public health services to communities in Montana through the combined efforts of the:

- Child and Family Services Division (CFSD)
- Child Support Enforcement Division (CSED)
- Disability Transitions Program (DTP)
- Human and Community Services Division (HCSD)

Branch Highlights

Economic Security Services Branch Major Budget Highlights
<ul style="list-style-type: none"> ◆ The Economic Security Branch budget is \$302 million higher than the 2011 biennium budget, with \$2.8 million of the increase in general fund ◆ The Governor proposes reductions of 8.30 FTE and about \$3.3 million general fund over the biennium and an increase of 5.00 FTE at \$476,000 in HCSD ◆ The \$290 million increase in benefits is primarily due to federal fund increases over the biennium of about: <ul style="list-style-type: none"> ● \$250 million for SNAP (Food Stamps) ● \$25 million for LIEAP and weatherization ● \$15 million for TANF benefits, economic security and employment programs

Branch Discussion

Benefits and Grants

As reflected in the introductory budget comparison table, about 70.2% percent of branch funding supports benefits and grants. At \$752 million total funds over the biennium, the major sources of benefit funding include:

- \$474 million in the federally funded SNAP benefit program
- Over \$70 million each in child care services and nutritional support as well as the federally funded energy assistance and weatherization assistance
- \$62.7 million for foster care and subsidized adoption
- About \$51 million for TANF assistance
- \$24.4 million for vocational rehabilitation and independent living services

Grant funding of \$58.6 million total funds over the biennium provides:

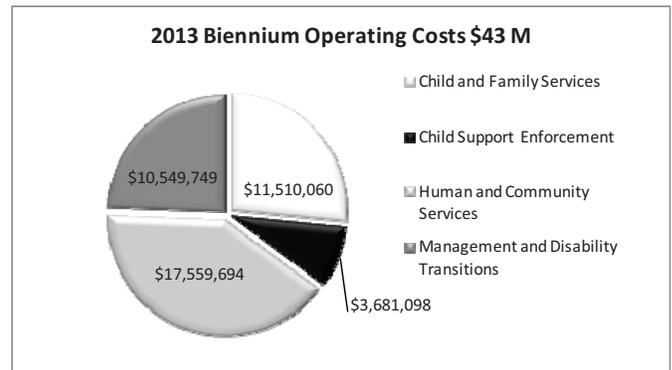
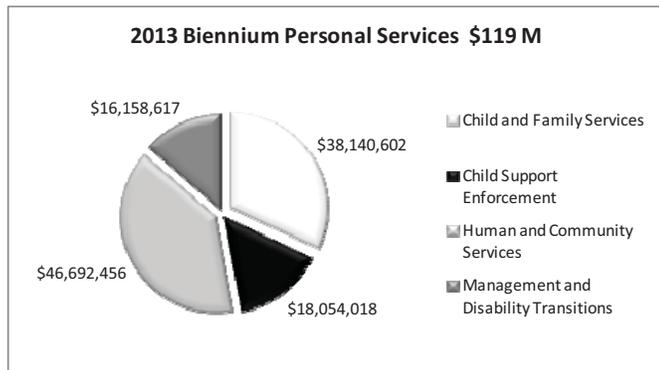
- About \$25 million in support of TANF employment and training services throughout the state
- About \$12.8 million for child care services and nutritional support and another \$12.6 million in support of child protective services, in-home reunification and family safety
- \$5.7 million for weatherization and commodities assistance throughout the state
- About \$2.5 million in SNAP educational activities

For the most part grants are federally funded, but there is about \$17 million general fund for the required TANF maintenance of effort (MOE) over the biennium.

There are detailed lists of the benefits and grants in the division write ups.

Personal Services and Operations

The following charts show the branch expenditures by division for personal services and operations.



Personal services costs for the branch total \$119 million for the biennium for 1,152.72 FTE. The HCSD with 472.32 FTE, most of which (434.32 FTE) work in public assistance offices throughout the state, accounts for the largest share of the biennium total at \$46.7 million. CFSD has 369.65 FTE with total expenditures of \$38.1 million. The majority of staff provides child protective services to children and families throughout the state. CSED has 164.75 FTE and \$18.0 million in total costs reflecting child support collection services throughout the state. DTP has 146.00 FTE and \$16.2 million in costs over the biennium to provide statewide vocational rehabilitation and independent living services to individuals seeking to obtain and maintain jobs and live independently and for the federally funded 45.00 FTE in disability determination services. The 5% Reduction Plan would remove 2.50 FTE from CSED and 10.80 FTE from CFSD. HCSD requests 5.00 FTE for Healthy Montana Kids eligibility.

Operating costs for HCSD are the highest in the branch at \$17.6 million over the biennium primarily reflecting operations of the offices of public assistance throughout the state and support associated with the TANF and SNAP programs. CFSD and DTP have operating costs of \$11.5 and \$10.5 million, respectively, which also reflects regional offices with multiple program support of families and individuals throughout the state. CSED spends about \$3.7 million on operations reflecting staff focus on child support collection through offices in Butte, Billings, Great Falls and Missoula and some travel.

Goals and Objectives

2013 Biennium Goal

The Legislative Finance Committee recommends the legislature consider the following critical goal and performance measurement(s) as part of its decisions on the executive's budget requests for this program.

The Economic Security Branch could be impacted by the overarching critical goals that LFD staff, the agency, and the Joint Appropriations Subcommittee for Health and Human Services will follow through budget cycle. They are:

- Implement components of federal health insurance reform
 - Integrate Medicaid eligibility determination in the health insurance exchange design
 - Evaluate the potential for a single system to determine Medicaid eligibility
 - Estimate the cost of Medicaid eligibility expansion for consideration by the 2013 Legislature
- Continue to monitor implementation of Healthy Montana Kids
- Review impact of economy on workload and programs
- Study the effect of broad based budget reductions such as the proposed 4% FTE/personal services reductions

The entire branch could be impacted by these critical goals at some level because of the branch's efforts to support eligibility for public assistance and Medicaid; vocational rehabilitation and independent living; public assistance such as

the TANF, SNAP, LIEAP and weatherization programs; child support enforcement; as well as foster care and subsidized adoption.

It is anticipated that the branch will brief the Joint Appropriations Subcommittee for Health and Human Services on the goals and impacts on its programs during the budget discussion in the 2011 session. There is additional discussion in the division write ups and the agency overview.

5% Reduction Plan

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. The agency submitted a 5% general fund reduction over the biennium of about \$1.8 million in personal services and 13.30 FTE, \$1.3 million for restructuring child care Resource and Referral programs, and \$0.2 million in operations.

Throughout the Economic Security Branch, the 5% Reduction Plan is discussed in two parts:

- Reductions contained in the Governor's budget
- Reductions submitted by the branch and divisions that are not in the Governor's budget but that will be presented for legislative consideration during budget discussions.

DPHHS viewed the target reductions on a whole agency basis, taking general fund reductions from all divisions, but state special revenue only from the Health Resources and Addictive and Mental Disorders Divisions. The Economic Security Branch has no state special revenue reduction in the branch 5% Reduction Plan that is part of the Governor's budget.

Branch reductions of nearly \$3.3 million general fund over the biennium are included in the Governor's budget. The branch divisions also submitted reductions of nearly \$2.7 million as part of the 5% reduction plan that were not included in the Governor's budget.

The Legislative Finance Committee has recommended that the legislature adopt all elements of the 5% reduction plan as part of its initial establishment of the budget base.

The figure on the following page shows the total \$6 million general fund reduction by division.

Concern

The requests submitted in the Governor's budget reflect changes to general fund, state special revenue, and federal funds as well as any related funding switches. This provides the legislature a complete picture of the reduction. That funding information is not provided for submissions not included in the Governor's budget. Consequentially, the legislature does not have a complete picture of the impact of the general fund reductions or an efficient means to understand the entire impact or risks of a reduction on the division, program, or clients served by the program. Additionally, some reductions in the branch are funded by the formula-driven cost allocation process, which means that a general fund reduction would likely have a correlating state special and/or federal fund reduction, which is not reflected in the submissions that are not in the Governor's budget. The legislature may wish to recommend that the divisions bring the potential state special and federal revenue reductions to the discussion of their budget during session.

Economic Security Branch 5% Reduction Plan Included and Not Included in the Executive Budget 2013 Biennium					
	FTE	General Fund	% Of Branch Total	State Special Revenue	% Of Branch Total
<u>Disability Transitions and Management</u>					
<i>Included in Executive Budget</i>					
55401 4% Personal Services Reduction		\$131,944	2.2%		
55140 Optimize Federal Funding		86,400	1.4%		
Subtotal Included in Executive Budget		\$218,344	3.6%		
<i>Not Included in Executive Budget</i>					
95011 Program Efficiencies		\$10,600	0.2%		
95012 Reduce Extended Employment		25,690	0.4%		
Subtotal Not Included in Executive Budget		\$36,290	0.6%		
Total Disability Transitions and Management		<u>\$254,634</u>	4.2%		
<u>Human and Community Services</u>					
<i>Included in Executive Budget</i>					
55402 4% GF FTE Reductions HMK SSR switch		\$978,254	16.2%		
55141 Public Assistance Op. Efficiencies		85,966	1.4%		
55143 Eliminate MT R&R Network Contract		150,000	2.5%		
55144 Centralize Child Care Referrals		300,000	5.0%		
55145 R & R Agency Reorganization		300,000	5.0%		
55146 Dual Eligibility for CC & SNAP		400,000	6.6%		
55147 Eliminate Consumer Ed. Contract		100,000	1.7%		
55142 Operations Efficiencies		49,090	0.8%		
Subtotal Included in Executive Budget		\$2,363,310	39.2%		
<i>Not Included in Executive Budget</i>					
95021 Reduce TANF MOE Expenditures		\$715,692	11.9%		
Total Human and Community Services		<u>\$3,079,002</u>	51.1%		
<u>Child and Family Services Division</u>					
<i>Included in Executive Budget</i>					
55403 4% Personal Services Reduction	10.80	\$644,878	10.7%		
<i>Not Included in Executive Budget</i>					
950301 Eliminate Big Brothers and Big Sisters Funding		\$180,012	3.0%		
950302 Reduce Subsidized Adoption Medical Subsidy by 25%		30,920	0.5%		
950303 Reduce Operating Expenses by 2%		124,688	2.1%		
950304 Reduce/Eliminate Foster Care Benefits		1,077,990	17.9%		
950305 Reduce in Home and Reunification Services by 20%		531,966	8.8%		
Subtotal Not Included in Executive Budget		\$1,945,576	32.3%		
Total Child and Family Services		<u>\$2,590,454</u>	43.0%		
<u>Child Support Enforcement</u>					
<i>Included in Executive Budget</i>					
55405 4% FTE Reduction	2.50	\$98,128	1.6%		
Total Child Support Enforcement		\$98,128	1.6%		
<u>Total Branch Reduction Plan</u>					
Included In Executive Budget		\$3,324,660	55.2%		
Not Included in Executive Budget		<u>\$2,697,558</u>	44.8%		
Total Branch Reduction Plan	<u>13.30</u>	<u>\$6,022,218</u>	100.0%		

Funding

The following table summarizes funding for the branch, by program and source, as recommended by the Governor. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Branch Funding 2013 Biennium Budget					
Agency Program	General Fund	State Spec.	Fed Spec.	Grand Total	Total %
01 Management And Disability Transitions	\$ 10,815,493	\$ 3,208,720	\$ 37,202,486	\$ 51,226,699	5.26%
02 Human And Community Services	61,871,752	4,771,622	709,003,354	775,646,728	79.63%
03 Child & Family Services	66,072,560	4,990,844	54,219,572	125,282,976	12.86%
05 Child Support Enforcement	8,173,756	3,584,449	10,094,939	21,853,144	2.24%
Grand Total	<u>\$ 146,933,561</u>	<u>\$ 16,555,635</u>	<u>\$ 810,520,351</u>	<u>\$ 974,009,547</u>	<u>100.00%</u>

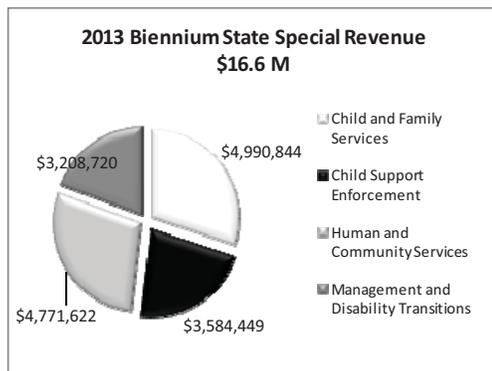
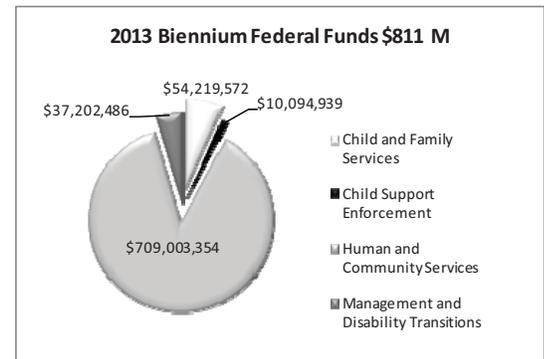
Funding by Division

Total funding for the branch over the biennium is \$974 million funded with 15.1% general fund, 1.7% state special revenue, and about 83.2% federal funds. The following discussion and figures show the use of general fund and federal funds by division.

Funding by Division

The branch receives general fund, state special revenue, and federal funds directly through legislative appropriation or via a complicated, federally approved cost allocation formula that is generally referred to as indirect activity, and in this branch is often determined by random moment in time studies that reflect the length of time staff spends on a service. The indirect activity funding formula is derived from those funds expended on functions serving programs throughout the department.

General fund for the branch is primarily used as match for federal funds. As shown in the chart, CFSD spends the most of the branch’s general fund of \$147 million general fund at \$66 million for the biennium in support of benefits, grants and programs serving foster care, subsidized adoptions, and family reunifications as well as safe, non-violent environments for children. The centralized intake function in CFSD is solely funded with general fund. HCSD spends about \$61.9 million general fund over the biennium to support the match for federal funds, which includes support of the required TANF and child care maintenance of effort (MOE). General fund represents about half of the funding for offices of public assistance. It is also used as match in eligibility determination for federal public assistance programs such as SNAP and Medicaid. DTP spends about \$11 million general fund over the biennium as match for benefits and grants, and functions serving individuals wishing to live independently and obtain and maintain a job.

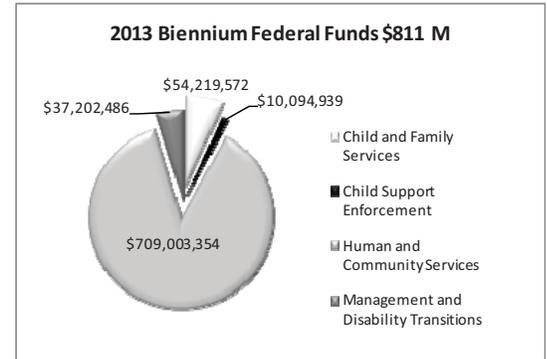


State special revenue of \$16.6 million is primarily used in the delivery of childcare and energy and weatherization services, through the prevention and stabilization fund and the universal system benefits funds, respectively. It supports some foster care costs from a wide variety of third party contributions such as parental payments, collections from child support and supplemental security income (SSI) for eligible children. State special revenue is the sole support of the Montana Telecommunications Access Program at \$3.2 million. It is also includes retention of some CSED collections and the CSED federal incentives.

Federal funding of about \$811 million is mostly used for benefits and grants, but is the entire support for the federally required disability determination function.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.



Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	69,002,422	69,002,422	138,004,844	93.92%	325,745,449	325,745,449	651,490,898	66.89%
Statewide PL Adjustments	3,697,849	3,643,611	7,341,460	5.00%	2,246,473	2,232,871	4,479,344	0.46%
Other PL Adjustments	779,650	2,500,811	3,280,461	2.23%	136,056,101	179,554,899	315,611,000	32.40%
New Proposals	(846,602)	(846,602)	(1,693,204)	(1.15%)	1,114,419	1,313,886	2,428,305	0.25%
Total Budget	\$72,633,319	\$74,300,242	\$146,933,561		\$465,162,442	\$508,847,105	\$974,009,547	