

### Program Budget Comparison

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

Program 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	56.10	56.10	56.10	56.10	56.10	56.10	0.00	0.00%
Personal Services	4,196,624	3,810,134	3,937,809	3,936,203	8,006,758	7,874,012	(132,746)	(1.66%)
Operating Expenses	18,102,989	16,336,072	18,263,483	18,998,317	34,439,061	37,261,800	2,822,739	8.20%
Equipment & Intangible Assets	100,910	345,287	100,910	100,910	446,197	201,820	(244,377)	(54.77%)
Grants	0	0	0	0	0	0	0	n/a
Debt Service	143,197	244,617	143,197	143,197	387,814	286,394	(101,420)	(26.15%)
<b>Total Costs</b>	<b>\$22,543,720</b>	<b>\$20,736,110</b>	<b>\$22,445,399</b>	<b>\$23,178,627</b>	<b>\$43,279,830</b>	<b>\$45,624,026</b>	<b>\$2,344,196</b>	<b>5.42%</b>
General Fund	9,529,407	8,129,976	8,836,512	9,189,003	17,659,383	18,025,515	366,132	2.07%
State Special	877,354	1,091,868	1,098,906	1,105,411	1,969,222	2,204,317	235,095	11.94%
Federal Special	12,136,959	11,514,266	12,509,981	12,884,213	23,651,225	25,394,194	1,742,969	7.37%
<b>Total Funds</b>	<b>\$22,543,720</b>	<b>\$20,736,110</b>	<b>\$22,445,399</b>	<b>\$23,178,627</b>	<b>\$43,279,830</b>	<b>\$45,624,026</b>	<b>\$2,344,196</b>	<b>5.42%</b>

### Program Description

The mission of the Technology Services Division (TSD) is to provide state-of-the-art support in operational and technological areas critical to the efficient and effective implementation of department programs.

- The Technology Services Division is responsible for the management, implementation and operations, of information technology (IT) systems and infrastructure that directly support department programs. TSD has three bureaus:
- The Project Management Bureau provides project management, contract management, and business analysis services in support of department IT projects. This bureau works closely with department program staff and IT vendors to develop and maintain mission critical systems.
- The Information Systems Bureau provides systems development, database administration, and data center hosting services. This bureau also operates the Technology Services Center, a computer help desk that provides first level support for employees and contractors conducting business for the department.
- The Network and Communications Bureau provides network administration services, which includes the installation and management of all personal computers, servers, printers, and other resources connected to the department's network. This bureau also serves as a liaison between the department and the State's central IT organization, the Department of Administration's Information Technology Services Division, for telecommunications and wide area network services.

The division administrator, who also serves as the department's chief information officer, is responsible for implementing strategic IT goals and objectives.

Statutory authority is in Title 17 and Title 40, MCA, and Title IV of the Social Security Act, Section 06, P.L. 96-265.

## Program Highlights

<b>Technology Services Division Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ Total funding for the division increases 5.4% when the 2011 and 2013 biennia are compared, primarily due to the net of:               <ul style="list-style-type: none"> <li>• \$3.0 million over the biennium in maintenance, enhancement, and development of major economic assistance systems</li> <li>• \$0.2 million in reductions for IT consultants, professional services, and other operating costs</li> </ul> </li> <li>◆ The Governor proposes a 5% general fund reduction in operating and personal services costs over the biennium of \$949,004</li> <li>◆ The Governor placed the long range Montana Automated Child Welfare Information System (MACWIS) project on hold in April of 2010 as part of the 17-7-140 budget reductions</li> </ul>

## Program Narrative

### *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.

In its leadership role for the management, implementation, and operations of information technology (IT) systems and infrastructure that directly support department programs, TSD could be impacted by the following overarching critical goals that the LFC has recommended be discussed during the division budget presentation and, if appropriate, followed through the budget cycle:

- 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

## Program Overview

As shown in the introductory budget comparison table, the largest change from the 2011 biennium to the 2013 biennium, a \$2.8 million increase in operating expenses. It is primarily due to:

- \$2.4 million over the biennium in the eligibility and management system (TEAMS) maintenance and enhancement
- \$0.6 million in FY 2013 for the Temporary Assistance for Needy Families (TANF) system development
- \$0.2 million in reductions for IT consultants and professional services and other unallocated operating expenses

The \$2.8 million increase supports IT consulting and professional services for the maintenance, enhancement, and support of these large data systems.

Reductions occur in personal services, equipment, and debt service totaling nearly \$0.5 million primarily because of vacancy savings and lack of need to fund longevity for positions that are presently vacant, and reduced debt for leases for

over 400 of the agency's desktop computers for the Offices of Public Assistance, network servers, and electronic benefit transfer servers.

#### Staffing and Contracted Services

TSD has 56.10 FTE that are funded through HB 2 and 18.00 modified FTE positions that are funded through the Long Range Information Technology (LRIT) appropriations in HB 4 (2007 session) and HB 10 (2009 session). Additionally, staff manages contracted entities that develop, maintain, and support the systems that provide a wide variety of services related to program eligibility determination, claims processing, data collection, case management support, and payment processing.

Within the \$37.2 million request for operating costs, \$17.1 million supports contracted computer system development and maintenance and over \$16.6 million is for IT services charged by the Department of Administration (DOA), reflective of the fact that TSD either provides technology support or manages contracted services for technology projects that serve the entire agency. All categories are funded through cost allocation using a formula that recognizes the multiple funding sources and required general fund matches.

#### The Functions of the Technology Services Division

TSD budget responsibilities for technology projects are generally linked to HB 2 or the long range technology proposals in HB 10. A project may also be launched by other legislation. Presently, TSD manages a HB 2 budget of \$45.6 million, the long-range IT project budget of \$86 million, and the budget of \$4.3 million for technology related to HB 157 from the 2009 session that initiated funding for the Healthy Montana Kids Initiative. Figure 1 is based upon the Governor's budget request and shows how the division divides and funds its workload and provides services. After Figure 1, there is a discussion of the long-range IT projects.

Technology Services Division Summary of Funding by Function										
Function	Fiscal 2010 Actual		Fiscal 2012 Requested		Fiscal 2013 Requested		2013 Biennium		Change to Base*	% of Division
	General Fund	Total Funds	General Fund	Total Funds	General Fund	Total Funds	General Fund	Total Funds		
Centralized Services										
Division Administration	\$179,678	\$499,549	\$96,735	\$367,717	\$97,161	\$368,893	\$193,896	\$736,610	-26.3%	1.6%
TSD Agencywide Costs	2,042,661	4,452,387	1,625,030	3,555,211	1,665,520	3,643,795	3,290,550	7,199,006	-19.2%	15.8%
Network & Communications Services	643,526	1,546,990	619,314	1,490,914	618,934	1,490,044	1,238,248	2,980,958	-3.7%	6.5%
Information Systems Bureau	768,154	2,163,003	763,027	2,152,500	762,543	2,151,133	1,525,570	4,303,633	-0.5%	9.4%
Project Management Bureau	216,516	667,244	218,355	672,898	218,328	672,815	436,683	1,345,713	0.8%	2.9%
Total Centralized Services	\$3,850,535	\$9,329,173	\$3,322,461	\$8,239,240	\$3,362,486	\$8,326,680	\$6,684,947	\$16,565,920	-11.2%	36.3%
Contracted Computer Systems										
TEAMS	1,559,365	3,661,529	1,657,218	4,851,658	1,658,968	4,855,158	3,316,186	9,706,816	32.6%	21.3%
SEARCHS	648,460	2,750,001	647,440	2,745,664	647,440	2,745,664	1,294,880	5,491,328	-0.2%	12.0%
CAPS	1,160,136	1,918,590	1,104,845	1,852,902	1,104,845	1,852,902	2,209,690	3,705,804	-3.4%	8.1%
Montana Access	739,012	1,707,532	675,147	1,648,951	675,147	1,648,951	1,350,294	3,297,902	-3.4%	7.2%
CHIMES System	1,402,924	2,803,273	1,390,340	2,780,680	1,390,340	2,780,680	2,780,680	5,561,360	-0.8%	12.2%
Other Systems and Small Adjustments	168,975	373,622	39,061	326,304	349,777	968,592	388,838	1,294,896	73.3%	2.8%
Total Contracted Computer Systems	5,678,872	13,214,547	5,514,051	14,206,159	5,826,517	14,851,947	11,340,568	29,058,106	9.9%	63.7%
Total Operations & Technology Div.	<u>9,529,407</u>	<u>22,543,720</u>	<u>8,836,512</u>	<u>22,445,399</u>	<u>9,189,003</u>	<u>23,178,627</u>	<u>18,025,515</u>	<u>45,624,026</u>	<u>1.2%</u>	<u>100.0%</u>

\*Percent of increase or decrease from the base year doubled.

Nearly 63.7% of the division's expenditures are projected to support contracted computer development and maintenance.

These systems provide a wide variety of services related to program eligibility determination, claims processing, data collection, case management support, and payment processing.

The increase in the TEAMS system is associated with DP 90004, which is a \$2.4 million total fund request for the biennium for maintenance and enhancement increases including the Child and Adult Protective Services system (CAPS) and the System for Enforcement and Recovery of Child Support (SEARCHS). The increase in Other Systems is due to DP90007, which is a \$0.6 million total fund request for FY 2013 for the TANF and Supplemental Nutrition Assistance Program (SNAP) maintenance and enhancement increases. There is further discussion in the present law discussion of this write-up.

### IT Projects That Are Not Funded Through HB 2

The following two sections discuss systems under TSD management that are funded through the Long Range IT funding and HB 645 from the 2009 Legislative Session.

#### *TSD Manages \$86 million in Long-Term IT Projects*

In addition to the HB 2 budget reflected in the above Figure 1, TSD presently manages IT projects for DPHHS.

Not all of the funding on IT systems is spent in a single biennium. The present long-range IT budget timeline began with the 2007 legislative session and is projected to last through the 2015 biennium because the division opts to focus on early, in-depth planning using DPHHS staff prior to entering the “request for proposal” phases. Funding generally remains in the long-range IT budget administered by DOA until the completion of the project, which includes the warranty period.

The projects attached to the present long-range appropriation are:

- \$29 million - CHIMES - the Combined Healthcare Information and Montana Eligibility System upgrade and replacement comprised of:
  - \$16 million - TANF system for eligibility determination, benefit distribution and program administration presently in the planning phase and scheduled for implementation August 2011
  - \$13 million - SNAP - component (formerly called the Food Stamp Eligibility System) for eligibility determination, benefit distribution, and program administration presently in the planning phase and scheduled for implementation August 2011
- \$27 million - MACWIS – the Montana Automated Child Welfare System designed to replace the Child and Adult Protective Services system (CAPS), of which \$18.4 million was removed as part of the 17-7-140 reductions
- \$5.8 million - The systems for the I-155 - Healthy Montana Kids (HMK) voter initiative that is supported by state and federal special revenue for system development, network connections, on-line application, and maintenance for the CHIMES and MMIS systems as well as the Kids Insurance Determination System (KIDS) and the Health Insurance Premium Payment system (HIPPS).

The following table illustrates the distribution of the long-range IT projects through the 2013 biennium.

Summary of Major System Funding in Long Range Information Technology and Legislative Action								
System Design	Total 2009 Biennium Actual	FY 2010 Actual	FY 2011 Estimated	Total 2011 Biennium Estimated	FY 2012 Estimated	FY 2013 Estimated	Total 2013 Biennium Estimated	Total Project Request
<b>House Bill No. 4</b>								
CHIMES - TANF								
TANF Block Grant	\$358,919	\$319,573	\$2,922,635	\$3,242,208	\$3,890,656	\$1,173,144	\$5,063,800	\$8,664,927
General Fund	302,740	283,089	2,591,771	2,874,860	3,450,205	1,019,899	4,470,104	7,647,704
Subtotal	\$661,659	602,662	\$5,514,406	\$6,117,068	\$7,340,861	\$2,193,043	\$9,533,904	\$16,312,631
CHIMES - SNAP (Formerly Food Stamps)								
USDA Food & Nutrition	\$248,203	\$256,058	\$2,287,023	\$2,543,081	\$3,032,449	\$749,185	\$3,781,634	\$6,572,918
General Fund	228,534	255,792	2,287,023	2,542,815	3,032,449	769,119	3,801,568	6,572,917
Subtotal	\$476,737	\$511,850	\$4,574,046	\$5,085,896	\$6,064,898	\$1,518,304	\$7,583,202	\$13,145,835
MACWIS Remaining After 17-7-140 Reductions *								
Title IV-E Revenue	\$271,087	\$431,735	\$68,347	\$500,082	\$747,500	\$0	\$747,500	\$1,518,669
General Fund	292,035	431,737	68,347	500,084	747,500	0	747,500	1,539,619
Subtotal	\$563,122	\$863,472	\$136,694	\$1,000,166	\$1,495,000	\$0	\$1,495,000	\$3,058,288
<b>House Bill No. 10</b>								
MMIS Replacement								
Medicaid Match Available	\$0	\$364,421	\$10,230,410	\$10,594,831	\$8,701,722	\$27,354,505	\$36,056,227	\$46,651,058
General Fund	0	56,812	1,504,403	1,561,215	1,279,606	4,022,537	5,302,143	6,863,358
House Bill No. 10	\$0	\$421,233	\$11,734,813	\$12,156,046	\$9,981,328	\$31,377,042	\$41,358,370	\$53,514,416
Total HB No. 4 and HB No. 10 Systems								
Total Federal Funds	\$878,209	\$1,371,787	\$15,508,415	\$16,880,202	\$16,372,327	\$29,276,834	\$45,649,161	\$63,407,572
Total General Fund	823,309	1,027,430	6,451,544	7,478,974	8,509,760	5,811,555	14,321,315	22,623,598
Total	\$1,701,518	\$2,399,217	\$21,959,959	\$24,359,176	\$24,882,087	\$35,088,389	\$59,970,476	\$86,031,170
<b>House Bill No. 157</b>								
Healthy Montana Kids								
Federal Funds		\$477,321	\$825,426	\$1,302,747	\$999,435	\$545,960	\$1,545,395	\$2,848,142
State Special Revenue		251,302	434,574	685,876	526,187	287,440	813,627	1,499,503
Total Healthy Montana Kids		\$728,623	\$1,260,000	\$1,988,623	\$1,525,622	\$833,400	\$2,359,022	\$4,347,645

\* The original MACWIS project budget was \$27 million with \$15.2 million LRIT funds and \$11.9 million in federal funds.

### *The Montana Automated Child Welfare Information System*

The Governor also included the MACWIS system as part of the 17-7-140 reductions. The \$10.3 million reduction impacts both the Child and Family Services Division (CFSD) and TSD and delays the DPHHS system upgrade for at least two years. When the Governor put the project on hold, CFSD and TSD had completed the system requirements definition and a draft RFP. No work has been done since MACWIS was officially placed on hold.

### 2007 Legislature

The system was initially funded in HB 4 with LRIT funding during the 2007 May Special Session and was being designed to replace the antiquated Child and Adult Protective Services system (CAPS) used in the monitoring of foster care cases, adoption cases, payment for service to providers, and reporting. CAPS was being replaced due to concerns that it was no longer capable of efficient and timely enhancements to meet the changing federal requirements attached to Foster Care and Subsidized Adoption tracking associated with federal Title IV-E funding. The proposed budget for MACWIS was \$27.1 million with \$15.2 million in LRIT funds and \$11.9 million in federal funds. At the time the project was placed on hold LRIT funds totaling \$8.7 million ( \$4.9 million general fund and \$3.8 million federal funds) in the LRIT account had been transferred to DPHHS, leaving \$18.4 million (\$10.3 million general fund and \$8.1 million federal fund) in the LRIT account.

### Current Status

With the MACWIS funding on hold CFSD continues its operations of the existing CAPS system and is working with TSD to address federal program compliance.

Federal Administration for Children and Families (ACF) staff conducted a site visit and evaluation of Montana's CAPS system to monitor its compliance with federal Statewide Automated Child Welfare Information System (SACWIS)

requirements. Following the evaluation, ACF determined it will permit Montana to continue using CAPS to claim funding for systems. This decision is contingent upon the State's commitment to either:

- Immediately enhance CAPS so that it meets SACWIS requirement, or
- Expediently develop a new system that meets all SACWIS requirements.

ACF continues to list Montana as having a SACWIS operational system on its Website.

As part of the Governor's 17-7-140, MCA Reduction Plan, the Office of Budget and Program Planning (OBPP) will introduce a bill to propose the postponement of MACWIS and the reversion of \$10.3 million of LRIT funds to the general fund.

There is additional information in the Legislative Budget Analysis 2013 Biennium Volume 7 Section F, Long Range Planning.

### *Health Information Technology*

#### The 2009 Legislature

The 2009 Legislature provided \$714,000 general fund for the 2011 biennium in HB 645 to support the state match for a Health Information Technology (HIT) grant to develop a system to provide clinical information at the point of care and aggregated data for disease management capability. The exchange of healthcare information among healthcare facilities and providers is designed to lead to better quality healthcare in the form of reduced medical errors and reduced medical costs (e.g., redundancy of tests, duplication of therapies, drug interactions, etc.). Funding was to be used as a dollar-for-dollar match for federal funding.

Language in HB 645 specified that the department seek a nonprofit entity to guide the project. HealthShare Montana coordinates the grant project and TSD disburses the state funding.

#### **The Governor's Budget Reduction**

The Governor required a reduction of \$50,000 to the \$714,000 contract in April 2010 as part of the 17-7-140 general fund reductions. As of October 24, 2010, \$403,578 had been spent out of the remaining \$664,000.

#### **LFD COMMENT**

#### A Report on Information Technology

Given legislative approval of the HIT funding and interest in the project, the Governor's reduction, and the expanding concern with health care and health information technology at the federal level, the legislature may wish to have a presentation by HealthShare Montana and TSD during the TSD budget discussion covering: 1) an update to the \$714,000 appropriation; 2) HIT related work TSD has planned over the 2013 biennium and how it would be funded; 3) an overview of the present and anticipated HIT requirements that would be attached or related to the federal health care reform and how they would be funded, as well as the impact on TSD and eligibility system for HMK, Medicaid, and any other systems; and 4) a progress report on the systems mentioned in the LRIT and legislative action table.

#### **5% Reduction Plan**

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. The following summarizes the plan submitted for this program.

The total 5% reduction plan for TSD would reduce general fund by \$949,004 over the biennium

Items included in the Governor's budget are:

- \$78,930 in DP 55409 for a permanent operations reduction
- \$80,736 in DP 55142 to reduce system maintenance and enhancement.

- \$35,036 in DP 55141 in operations reductions with a total funds reduction of \$82,872.
- \$56,924 in DP 55142 in systems efficiencies

There is further discussion of the reductions in the Governor's budget in the present law and new proposal sections of this write-up.

There are also general fund reductions of \$697,378 for the biennium that are not in the executive budget. These proposals would reduce the TSD base year general fund by a further 7.3% and include:

- \$126,520 in IT system operations reductions in the areas of processes, reports and software licenses. There is a savings of \$379,376 total funds.
  - Potential impact: Some contracted services work would be absorbed by staff. TSD would have to manage tasks associated with federal reports to avoid tardiness that could result in sanctions.
- \$290,114 for reductions in facilities management contracts for some legacy systems. This proposal brings a savings of \$751,854 total funds, and is presented in addition to the similar DP 55142 that is listed in the present law section of this write up.
  - Potential impact: TSD identified a level of effort reductions that could be made across multiple M&E contracts. TSD would have to manage tasks that are associated with federal reports to avoid tardiness that could result in sanctions or loss of federal funds and to maintain quality service.
- \$90,824 to reduce postage by sending eligibility notices via e-mail instead of postcard. There is a savings of \$209,790 in total funds.
  - Potential impact: Programming changes would need to be made to eligibility systems allowing the capture of e-mail addresses and allow clients to opt-in or opt-out of receiving data through electronic format. Changes would be made within the contracted level of effort at no additional charge.
- \$134,100 to reduce printing costs by providing notices and publications via e-mail. There is a total fund savings of \$286,880.
  - Potential impact: Programming changes would need to be made to systems to include electronic notification address information and to allow clients to opt-in or opt-out of receiving data through electronic format. Changes would be made within the contracted level of effort at no additional charge.
- \$55,820 by going to a five year replacement cycle for computers (\$145,324 total fund savings)

There is a list of the 5% plans in the Operations Branch overview.

## Funding

The following table shows program funding, by source, for the base year and for the 2011 biennium as recommended by the Governor.

Program Funding	Base FY 2010	% of Base FY 2010	Budget FY 2012	% of Budget FY 2012	Budget FY 2013	% of Budget FY 2013
01000 Total General Fund	\$ 9,529,407	42.3%	\$ 8,836,512	39.4%	\$ 9,189,003	39.6%
01100 General Fund	9,529,407	42.3%	8,836,512	39.4%	9,189,003	39.6%
02000 Total State Special Funds	877,354	3.9%	1,098,906	4.9%	1,105,411	4.8%
02381 02 Indirect Activity Prog 09	877,354	3.9%	1,098,906	4.9%	1,105,411	4.8%
03000 Total Federal Special Funds	12,136,959	53.8%	12,509,981	55.7%	12,884,213	55.6%
03598 03 Indirect Activity Prog 09	<u>12,136,959</u>	<u>53.8%</u>	<u>12,509,981</u>	<u>55.7%</u>	<u>12,884,213</u>	<u>55.6%</u>
Grand Total	<u>\$ 22,543,720</u>	<u>100.0%</u>	<u>\$ 22,445,399</u>	<u>100.0%</u>	<u>\$ 23,178,627</u>	<u>100.0%</u>

The total executive request for TSD is \$45.6 million over the 2013 biennium. The division is funded with general fund, state special revenue, and federal funds derived through a cost allocation formula that is applied to funding sources throughout DPHHS that relate to work done by TSD, often referred to as indirect activities. The formula also takes any

federally required match percentages into account as well as any percentages assigned by the legislature. Federal funds account for 55.6% of the total biennium budget, general fund 39.6%, and state special revenue 4.8%.

### 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	9,529,407	9,529,407	19,058,814	105.73%	22,543,720	22,543,720	45,087,440	98.82%
Statewide PL Adjustments	(665,018)	(624,993)	(1,290,011)	(7.16%)	(1,171,483)	(1,084,043)	(2,255,526)	(4.94%)
Other PL Adjustments	11,588	324,054	335,642	1.86%	1,112,627	1,758,415	2,871,042	6.29%
New Proposals	(39,465)	(39,465)	(78,930)	(0.44%)	(39,465)	(39,465)	(78,930)	(0.17%)
<b>Total Budget</b>	<b>\$8,836,512</b>	<b>\$9,189,003</b>	<b>\$18,025,515</b>		<b>\$22,445,399</b>	<b>\$23,178,627</b>	<b>\$45,624,026</b>	

### Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the executive. "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	-----Fiscal 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					(94,740)					(96,410)
Vacancy Savings					(164,075)					(164,011)
Inflation/Deflation					6,806					6,847
Fixed Costs					(919,474)					(830,469)
<b>Total Statewide Present Law Adjustments</b>		<b>(\$665,018)</b>	<b>\$53,876</b>	<b>(\$560,341)</b>	<b>(\$1,171,483)</b>		<b>(\$624,993)</b>	<b>\$60,381</b>	<b>(\$519,431)</b>	<b>(\$1,084,043)</b>
DP 55141 - 17-7-140 Reduction - Operations Reduction	0.00	(17,518)	0	0	(17,518)	0.00	(17,518)	0	0	(17,518)
DP 55142 - 17-7-140 Reductions - Systems Reductions M&E	0.00	(40,368)	0	0	(40,368)	0.00	(40,368)	0	0	(40,368)
DP 55143 - 17-7-140 Reductions - Systems Reductions IVR Ports	0.00	(28,462)	0	0	(28,462)	0.00	(28,462)	0	0	(28,462)
DP 90004 - Systems M&E Contract Increases	0.00	97,936	167,676	933,363	1,198,975	0.00	99,686	167,676	935,113	1,202,475
DP 90007 - TANF/SNAP Systems M&E	0.00	0	0	0	0	0.00	310,716	0	331,572	642,288
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$11,588</b>	<b>\$167,676</b>	<b>\$933,363</b>	<b>\$1,112,627</b>	<b>0.00</b>	<b>\$324,054</b>	<b>\$167,676</b>	<b>\$1,266,685</b>	<b>\$1,758,415</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>(\$653,430)</b>	<b>\$221,552</b>	<b>\$373,022</b>	<b>(\$58,856)</b>	<b>0.00</b>	<b>(\$300,939)</b>	<b>\$228,057</b>	<b>\$747,254</b>	<b>\$674,372</b>

### Program Personal Services Narrative

The following information is provided so that the legislature can consider various personal services issues when examining the agency budget. It was submitted by the agency and edited for brevity by the LFD.

- o **Pay Plan Exceptions** – There were no exceptions to the pay plan across the divisions of DPHHS.
- o **Program Specific Obstacles** - TSD competes with the salaries for IT specialists. The funding limitations and collective bargaining agreements restrict the agency's discretion for adjusting pay rates to address these challenges.
- o **Vacancy** – Turnover in information systems technicians throughout the agency occurs primarily due to low wages, increased cost of living, and market competition.
- o **Legislatively applied vacancy savings** - The 7% vacancy savings was addressed at the agency level.

- o **Pay Changes** – TSD upgraded 5 positions, two of which had pay increases. The pay increases were for computer programmer positions for which new job profiles were submitted.
- o **Retirements** - TSD has 36 out of 61 employees, or 59.0% of its workforce, that are eligible for retirement. The division estimates that 5 would retire in the in the 2013 biennium for an anticipated liability of \$44,275.

DP 55141 - 17-7-140 - Operations Reduction - This decision package is part of the 5% general fund base budget reduction ordered by the Governor per 17-7-140 in April of 2010. The \$35,036 total general fund reduction for the biennium represents the continuation of the operational efficiencies reduction implemented in FY 2011. The total fund reduction is \$41,386.

According to TSD, it would make operations reductions in the areas of travel, conferences, supplies, newspaper ads, cell phone use, postage, and contracting.

DP 55142 - 17-7-140 Reductions - Systems Reductions M&E - This request represents part of the 5% general fund base budget reduction ordered by the Governor per 17-7-140 in April of 2010. The \$80,736 general fund reduction over the biennium continues the maintenance and enhancement (M&E) reduction implemented in FY 2011 as adjusted to meet reduction costs for M&E in contracts for FY 2012 and FY 2013. The initial reduction was made by reducing services in the level of effort in the contracts affecting agency data systems such as the Child and Adult Protective Services system, the Systems for the Enforcement and Recovery of Child Support, and Montana Access.

According to TSD, it has reduced M&E contracts by a total of \$419,648 over the past two years, which reduced contracted level of effort (LOE) services and brought M&E of the systems to minimum levels of maintenance and ability to meet federal and state reporting requirements and program rule changes.

DP 55143 - 17-7-140 Reductions - Systems Reductions IVR Ports - This request is part of the 5% general fund base budget reduction ordered by the Governor per 17-7-140 in April of 2010. The \$56,924 general fund reduction for the 2013 biennium continues the FY 2011 reduction as adjusted to meet costs for IT ports into FY 2012 and FY 2013.

Reductions in costs were made by reducing the number of ports (phone lines) available on the Montana Access Interactive Voice Response (IVR) 1-800 system to aid clients in balance and benefit inquiry needs related to the Montana Access debit card. TSD saw a decrease between 6% and 8% to the 1-800 number in the first month of implementation. This request assumes that this trend will continue allowing a reduction in the number of active ports on the IVR system

DP 90004 - Systems M&E Contract Increases - This request is for \$2.4 million total funds over the biennium of which \$197,622 is general fund. Funds would support contractual cost increases for M&E of large data systems including Child and Adult Protective Services and the System for the Enforcement and Recovery of Child Support contracts.

The division currently holds three contracts for legacy systems M&E. All three of these contracts either have reached or will reach their expiration dates by the end of FY 2011. Maintenance and enhancements for the systems covered by these contracts is requested to enact federal regulatory and programmatic changes and enhancements and to provide general maintenance to correct system errors or make system enhancements that assist with improved processing or makes the system work more efficiently.

It is anticipated that the cost for the provision of level of effort (LOE) to provide programming services to affect M&E changes in the systems covered by these contracts will increase under new contracts.

DP 90007 - TANF/SNAP Systems M&E - This request is for \$310,716 general fund and \$642,288 total funds in FY 2013 only. Funding would support contractual costs for the M&E of the TANF and SNAP eligibility determination and benefits payment systems.

In FY 2008 TSD embarked on an effort to replace the TEAMS system that processed eligibility determination and benefit payments for TANF and SNAP and eligibility determination for Medicaid. The two systems are being built using

the CHIMES enterprise architecture platform that was used to build the new CHIMES Medicaid eligibility system, which was implemented in October 2009.

Once a system is built and implemented, changing federal and state reporting requirements, program rules, regulations, identified system efficiencies and repairs, are necessary. These efforts are traditionally managed through an M&E contract. The division anticipates that savings between the base year costs for TEAMS system and the reduced cost after implementation of the CHIMES TANF and SNAP would be used towards the M&E costs.

**New Proposals**

The “New Proposals” table summarizes all new proposals requested by the Governor. Descriptions and LFD discussion of each new proposal are included in the individual program narratives.

New Proposals										
Program	FTE	-----Fiscal 2012-----				-----Fiscal 2013-----				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 55409 - 4% Personal Svs GF Reduction										
09	0.00	(39,465)	0	0	(39,465)	0.00	(39,465)	0	0	(39,465)
<b>Total</b>	<b>0.00</b>	<b>(\$39,465)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$39,465)</b>	<b>0.00</b>	<b>(\$39,465)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$39,465)</b>

DP 55409 - 4% Personal Svs GF Reduction - This request represents a reduction in operations equal to the 4% personal service reduction applied to most agencies. It is a general fund base budget reduction of \$ 78,930 over the biennium. The division received permission from the executive to make operational reductions permanent in lieu of the 4% personal services reductions. There would be no impact on FTE.