

### Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	501.32	501.32	496.32	496.32	501.32	496.32	(5.00)	(1.00)%
Personal Services	26,414,388	27,777,775	28,353,560	28,346,059	54,192,163	56,699,619	2,507,456	4.63 %
Operating Expenses	8,518,672	8,241,535	8,870,170	8,879,262	16,760,207	17,749,432	989,225	5.90 %
Equipment & Intangible Assets	0	90,000	100,000	25,000	90,000	125,000	35,000	38.89 %
Capital Outlay	0	0	0	0	0	0	0	0.00 %
Grants	19,932,959	21,146,654	21,935,785	21,932,083	41,079,613	43,867,868	2,788,255	6.79 %
Benefits & Claims	255,836,642	281,277,033	260,753,429	260,823,370	537,113,675	521,576,799	(15,536,876)	(2.89)%
Transfers	2,286,044	2,587,919	2,286,044	2,286,044	4,873,963	4,572,088	(301,875)	(6.19)%
<b>Total Costs</b>	<b>\$312,988,705</b>	<b>\$341,120,916</b>	<b>\$322,298,988</b>	<b>\$322,291,818</b>	<b>\$654,109,621</b>	<b>\$644,590,806</b>	<b>(\$9,518,815)</b>	<b>(1.46)%</b>
General Fund	30,266,181	34,450,545	33,716,098	33,711,355	64,716,726	67,427,453	2,710,727	4.19 %
State/Other Special Rev. Funds	2,425,380	2,959,004	2,573,375	2,573,449	5,384,384	5,146,824	(237,560)	(4.41)%
Federal Spec. Rev. Funds	280,297,144	303,711,367	286,009,515	286,007,014	584,008,511	572,016,529	(11,991,982)	(2.05)%
<b>Total Funds</b>	<b>\$312,988,705</b>	<b>\$341,120,916</b>	<b>\$322,298,988</b>	<b>\$322,291,818</b>	<b>\$654,109,621</b>	<b>\$644,590,806</b>	<b>(\$9,518,815)</b>	<b>(1.46)%</b>

### Program Description

HCSD's purpose is to support and strengthen families and communities by promoting employment and providing those in need with assistance to meet their basic needs and move out of poverty. The division administers or contracts for a variety of services including, but not limited to, the following: cash assistance, employment training, supplemental nutrition assistance, Medicaid, child care, meal reimbursement, nutrition training, energy assistance, and weatherization. Further detail on these programs can be found on the division's website: <http://www.dphhs.mt.gov/hcsd/index.shtml>.

The Human and Community Services Division (HCSD) contains five bureaus: 1) Public assistance policy and systems; 2) Public assistance field services; 3) Early childhood services; 4) Intergovernmental human services (IHSB); and 5) Fiscal.

## Program Highlights

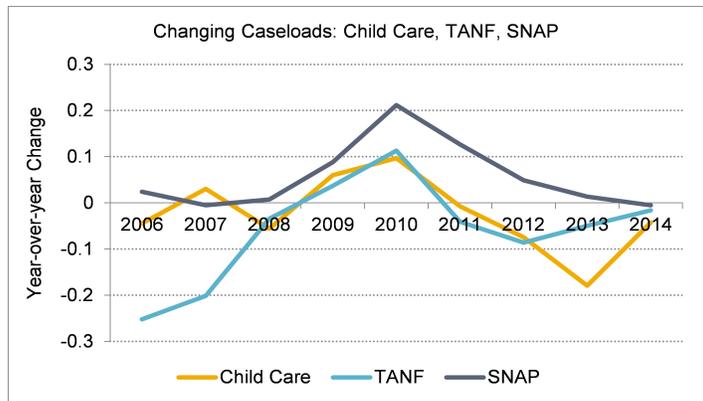
<b>Human and Community Services Division Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• The 2017 biennial appropriations decreased by 5.2% or approximately \$35.2 million in total funds when compared to the 2015 biennium.</li> <li>• Major decreases to the budget are primarily in federal funds due to anticipated caseload reductions: <ul style="list-style-type: none"> <li>◦ \$9.0 million per year in SNAP</li> <li>◦ \$5.5 million per year in TANF</li> <li>◦ \$2.7 million per year in weatherization/LIEAP and other Intergovernmental Human Services bureau programs</li> </ul> </li> <li>• An additional decrease is due to lower operating costs for the division at \$9.8 million for the biennium in primarily federal funds</li> <li>• New proposals that were funded by the legislature include: <ul style="list-style-type: none"> <li>◦ An increase in the TANF benefits threshold to 35% of the most current Federal Poverty Level (up from 33% of 2011) - \$5.4 million for the biennium</li> <li>◦ One-time-only funding for Child Care STARS to Quality - \$2.4 million general fund for the biennium</li> <li>◦ One-time-only funding for 8.00 FTE in the Offices of Public Assistance (OPAs) - \$0.8 million (\$0.3 million general fund) for the biennium</li> </ul> </li> </ul>

## Program Narrative

The legislature approved a biennial decrease in total funds of \$32.0 million under the 2015 biennium appropriation. This reduction is primarily in federal funds and is due to declining numbers of cases in various public assistance programs in the division, this reduction is discussed further below. The only aspects of the executive request not funded by the legislature were lease adjustments for the OPAs. Major budgetary adjustments included the caseload reductions previously mentioned, increases in TANF authority for non-cash assistance and to update the benefit level for cash recipients, reinstatement of some of the vacancy savings from the 2015 biennium, and one-time-only funding for both 8.00 FTE in the OPAs and the child care STARS to Quality program.

### *Caseload Reductions*

The most significant change in the budget is the reduction in federal fund benefits. This reduction was due to decreasing numbers of cases in TANF, SNAP, and child care. The following chart shows the change in average monthly cases from year to year for each of these three programs. Numbers of child care and TANF cases have been shrinking since 2011, and SNAP began to decline from FY 2013 to FY 2014. The numbers of cases are expected to continue to decline under current eligibility levels and therefore expenditures are expected remain below the FY 2015 appropriated amount.

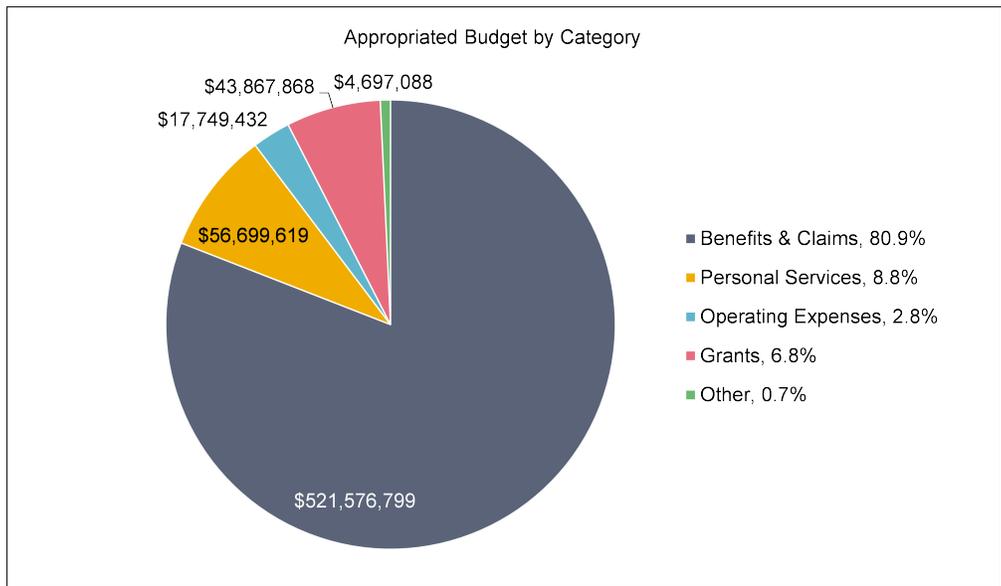


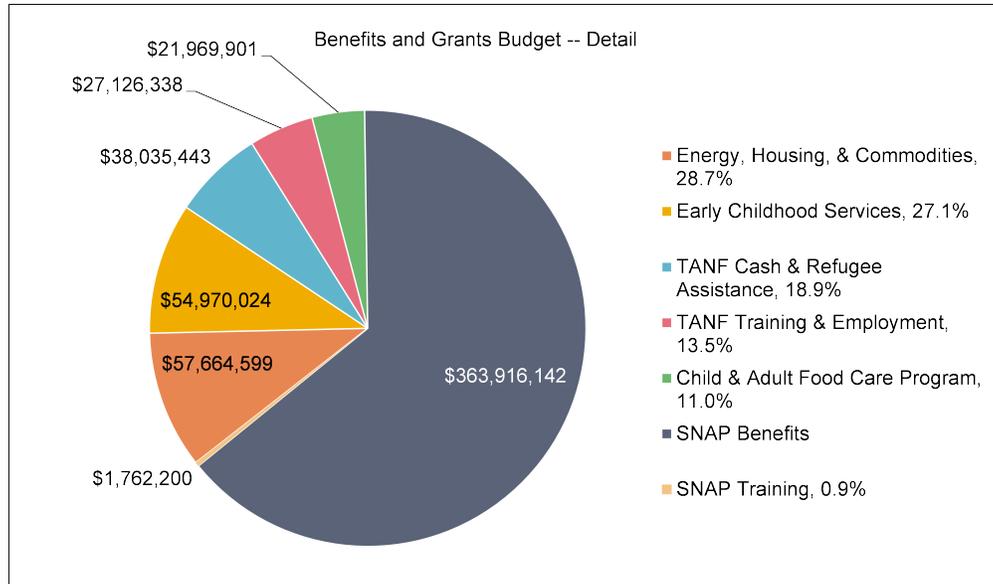
*STARS to Quality*

The Best Beginnings STARS to Quality program works to improve social and emotional development and school readiness for all children. STARS is a voluntary quality rating improvement system that provides support and incentives to early childhood programs and early childhood professionals for working toward and meeting various quality criteria. Montana is one of 49 states that is either operating, piloting, or developing a Quality Rating Improvement System. Childcare centers achieve more “stars” in the program by moving up through or maintaining at a high level on nationally recognized rating scales as assessed by a third party. As of January 30, 2015, the program had 201 participating providers. Details regarding this program can be found at <http://www.dphhs.mt.gov/hcsd/ChildCare/STARS.aspx>.

*Primary Expenditures*

Benefits and grants combine to make up 80.8% of the budget for HCSD as seen in the top figure. These funds support TANF - both cash and non-cash assistance, early childhood services such as child care and education, energy and weatherization, the child and adult care food program, SNAP training, and refugee assistance. The breakdown of the benefit and grant funding can be seen in the bottom figure.





Personal services is the secondary driver in HCSD expenditures at 8.8% of the budget. The decrease in personal services from the FY 2015 legislative appropriation is about \$2.0 million in each year of the biennium. Most of the FTE in HCSD work for Offices of Public Assistance (OPA) throughout the state, completing eligibility determination and working directly with recipients of assistance.

**Funding**

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

Economic Security Services Branch, 02-Human and Community Services Division						
Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	67,427,453	0	0	67,427,453	10.46 %	
02375 6901-02 Indrct Actvty Prog 02	2,592,096	0	0	2,592,096	50.36 %	
02515 School Lunch OPI/Warehouse	0	0	0	0	0.00 %	
02688 6901-TANF Overpayments	130,000	0	0	130,000	2.53 %	
02698 69010-Prevention&Stabilization	1,665,164	0	0	1,665,164	32.35 %	
02772 Tobacco Hlth & Medicd Initiative	72,086	0	0	72,086	1.40 %	
02974 UNIV LOW INCOME ENERGY ASSISTANCE	687,478	0	0	687,478	13.36 %	
<b>State Special Total</b>	<b>\$5,146,824</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,146,824</b>	<b>0.80 %</b>	
03066 81.042 BPA	982,372	0	0	982,372	0.17 %	
03096 Discretionary Child Care	21,564,912	0	0	21,564,912	3.77 %	
03109 TANF Benefits	47,090,607	0	0	47,090,607	8.23 %	
03135 HOPWA HELP Plus	960,000	0	0	960,000	0.17 %	
03168 CACFP Child Care Wellness	22,388,254	0	0	22,388,254	3.91 %	
03181 PARIS STATE PARTNERSHIP GRANT	0	0	0	0	0.00 %	
03236 Child Nutrition	634,808	0	0	634,808	0.11 %	
03250 Child Care Manditory/MOE	3,597,650	0	0	3,597,650	0.63 %	
03251 Child Care Admin	973,817	0	0	973,817	0.17 %	
03252 Child Care Matching	11,040,374	0	0	11,040,374	1.93 %	
03299 Support Pregnant & Parent Teen	25,034	0	0	25,034	0.00 %	
03382 03 Indirect Activity Prog 02	32,024,577	0	0	32,024,577	5.60 %	
03448 6901-Early Childhood Comp Sys	0	0	0	0	0.00 %	
03467 6901-Homeless Mgmt Info Systm	154,350	0	0	154,350	0.03 %	
03513 CHIPRA Bonus	0	0	0	0	0.00 %	
03519 93.045 - Aging Meals 100%	116,974	0	0	116,974	0.02 %	
03523 93.566 - Refugee Soc. Serv	61,112	0	0	61,112	0.01 %	
03530 6901-Foster Care 93.658	1,287,666	0	0	1,287,666	0.23 %	
03539 93.600 Headstart	0	0	0	0	0.00 %	
03544 10.561 - FS E & T - 50%	418,006	0	0	418,006	0.07 %	
03545 10.561 - FS E & T - 100%	593,710	0	0	593,710	0.10 %	
03546 10.561 - FS Adm - Fed Exp 50%	2,075,276	0	0	2,075,276	0.36 %	
03547 10.568 - Emerg Food Assist 100	424,641	0	0	424,641	0.07 %	
03548 10.569 - Food Distr - Fed Exp	4,872,125	0	0	4,872,125	0.85 %	
03550 14.231 - Emerg Shelter - HUD 5	2,020,628	0	0	2,020,628	0.35 %	
03552 81.042 - Weather Ben 100%	3,866,316	0	0	3,866,316	0.68 %	
03571 93.566 - Off Ref Reset Adm 10	115,186	0	0	115,186	0.02 %	
03572 93.568 - LIEAP Blk Grt Adm	41,869,655	0	0	41,869,655	7.32 %	
03573 93.569 - CSBG Adm	5,993,194	0	0	5,993,194	1.05 %	
03580 6901-93.778 - Med Adm 50%	707,130	0	0	707,130	0.12 %	
03677 6901-CACFP 10.558 & 10.560	93,250	0	0	93,250	0.02 %	
03678 6901-Food Stamp Benefits	363,916,142	0	0	363,916,142	63.62 %	
03679 6901-HOPWA CFDA#14-241	964,578	0	0	964,578	0.17 %	
03825 Department of Energy WTC	0	0	0	0	0.00 %	
03826 Healthy Montana Teen Parents 2	0	0	0	0	0.00 %	
03901 Head Start St Advs Council ARRA	0	0	0	0	0.00 %	
03965 CSFP	1,184,185	0	0	1,184,185	0.21 %	
<b>Federal Special Total</b>	<b>\$572,016,529</b>	<b>\$0</b>	<b>\$0</b>	<b>\$572,016,529</b>	<b>88.74 %</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>\$644,590,806</b>	<b>\$0</b>	<b>\$0</b>	<b>\$644,590,806</b>		

The majority of the HB 2 budget for the division comes from federal funding at 88.74% of total funding. Federal funds are used for the direct provision of benefits and/or the programs supporting benefit recipients. General fund makes up 10.46% of the funding with the remainder covered by state special revenue funds. State funds primarily cover personal services and maintenance of effort (MOE) requirements for receipt of some federal funding sources.

### 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	34,364,835	34,364,835	68,729,670	101.93 %	339,575,661	339,575,661	679,151,322	105.36 %
PL Adjustments	(2,008,040)	(2,012,428)	(4,020,468)	(5.96)%	(21,466,396)	(21,851,476)	(43,317,872)	(6.72)%
New Proposals	1,359,303	1,358,948	2,718,251	4.03 %	4,189,723	4,567,633	8,757,356	1.36 %
<b>Total Budget</b>	<b>\$33,716,098</b>	<b>\$33,711,355</b>	<b>\$67,427,453</b>		<b>\$322,298,988</b>	<b>\$322,291,818</b>	<b>\$644,590,806</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

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 101 - Personal Services to 2014 Levels	0.00	14,514	1,542	27,651	43,707	0.00	10,794	1,711	24,666	37,171
DP 102 - General Operations to 2014 Levels	0.00	(1,097,422)	(419,971)	(3,046,270)	(4,563,663)	0.00	(1,100,933)	(420,357)	(3,701,565)	(5,222,855)
DP 515 - State Share Health Insurance	0.00	82,484	10,224	144,615	237,323	0.00	82,484	10,224	144,615	237,323
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	28,339	8,298	71,609	108,246	0.00	28,339	8,298	71,609	108,246
DP 525 - Fixed Costs	0.00	57,510	5,781	236,706	299,997	0.00	57,642	5,794	237,294	300,730
DP 527 - Inflation/Deflation	0.00	(15,953)	(1,410)	(42,064)	(59,427)	0.00	(13,242)	(1,087)	(36,758)	(51,087)
DP 20301 - SNAP Caseload Reduction from FY 2015 Appropriated to Projec	0.00	0	0	(8,983,963)	(8,983,963)	0.00	0	0	(8,983,963)	(8,983,963)
DP 20302 - TANF Caseload Reduction from FY at FY 2015 Benefit Level	0.00	(1,077,512)	0	(5,487,693)	(6,565,205)	0.00	(1,077,512)	0	(5,487,693)	(6,565,205)
DP 200444 - Statewide 4% FTE Reduction - Program 2	(13.00)	0	0	0	0	(13.00)	0	0	0	0
DP 202101 - Child and Adult Care Food Ben	0.00	0	0	(784,559)	(784,559)	0.00	0	0	(512,984)	(512,984)
DP 202110 - TANF Authority to Grant Level	0.00	0	0	1,503,367	1,503,367	0.00	0	0	1,503,367	1,503,367
DP 202111 - Displacement and Resettlement Program	0.00	0	0	(3,792)	(3,792)	0.00	0	0	(3,792)	(3,792)
DP 202116 - IHSB Federal Grants to Current	0.00	0	0	(2,698,427)	(2,698,427)	0.00	0	0	(2,698,427)	(2,698,427)
<b>Grand Total All Present Law Adjustments</b>	<b>(13.00)</b>	<b>(\$2,008,040)</b>	<b>(\$395,536)</b>	<b>(\$19,062,820)</b>	<b>(\$21,466,396)</b>	<b>(13.00)</b>	<b>(\$2,012,428)</b>	<b>(\$395,417)</b>	<b>(\$19,443,631)</b>	<b>(\$21,851,476)</b>

\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 101 - Personal Services to 2014 Levels -

The legislature appropriated additional funds in each year of the biennium to fund personal services at the current usage level; this net increase includes changes such as longevity, workers compensation rates, movement of 1.00 FTE out of Human and Community Services to the Director's Office, and various other adjustments.

DP 102 - General Operations to 2014 Levels -

The legislature approved a reduction in funds in each year of the biennium to fund program operations at the current usage level; in this division, benefits are currently lower than anticipated by the FY 2015 appropriation.

DP 515 - State Share Health Insurance -

The legislature provided appropriation authority for the state share of health insurance rates as adopted by the 2013 Legislature.

DP 520 - Fully Fund 2015 Legislatively Authorized FTE -

The legislature provided appropriation authority to restore personal services funding to create a vacancy savings rate of zero.

DP 525 - Fixed Costs -

The legislature adopted proprietary rates for fixed costs charged to state agencies for services such as information technology or rent and grounds maintenance within the capitol complex. Rates for messenger services, legislative audit, grounds maintenance, records management, agency legal costs, and the statewide cost allocation plan were adopted as proposed by the executive. The legislature lowered proprietary rates for warrant writer, payroll services, SABHRS, SITSD fees, and rent. The legislature increased insurance premiums to provide for increased costs of claims and to establish a reserve for the insurance fund.

DP 527 - Inflation/Deflation -

The legislature adopted inflation/deflation factors for budgeted expenditures such as food or electricity. The legislature concurred with the executive on the factors with the exception of gasoline, aviation gasoline, diesel fuel, and jet fuel. For these factors the legislature further deflated costs to align the budget with more current information on declining prices of oil and gas projected to continue into the 2017 biennium.

DP 20301 - SNAP Caseload Reduction from FY 2015 Appropriated to Projec -

The legislature approved a reduction in federal SNAP funding of \$8,983,963 in each year of the biennium to align with caseload reductions experienced in FY 2014.

DP 20302 - TANF Caseload Reduction from FY at FY 2015 Benefit Level -

The legislature approved a reduction in TANF funding including \$1,077,512 general fund and \$5,487,693 federal TANF funds in each year of the biennium to align with reduced caseload experiences in FY 2014. This change in caseload reflects those eligible at below 30.0% of the 2011 federal poverty level (FPL).

DP 200444 - Statewide 4% FTE Reduction - Program 2 -

FY 2016 and FY 2017 contain any reductions in FTE made by the executive to implement the boilerplate language in HB 2. Though intended by the legislature, the FY 2014 and FY 2015 FTE levels do not reflect this language.

DP 202101 - Child and Adult Care Food Ben -

The legislature approved reductions in federal funds of \$784,559 in FY 2016 and \$512,984 in FY 2017 to align with both anticipated caseload and the annual change in USDA reimbursement rate for the Child and Adult Care Food Program (CACFP).

DP 202110 - TANF Authority to Grant Level -

The legislature approved \$1,503,367 federal TANF block grant funds in each year of the biennium to bring the level of authority for non-cash assistance TANF programs up to the grant amount.

DP 202111 - Displacement and Resettlement Program -

The legislature approved a reduction of \$3,792 in federal funds each year of the biennium to align with the current federal grant amount.

DP 202116 - IHSB Federal Grants to Current -

The legislature approved a federal fund reduction of \$2,698,427 in FY 2016 and \$2,698,427 in FY 2017 to align with current caseload service needs for the Department of Energy (DOE) Weatherization, Food Distribution Program on Indian Reservations (FDPIR), and Commodity Supplemental Food Program (CSFP) services.

**New Proposals**

The "New Proposals" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

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 202106 - TANF FPL/Benefits Update	0.00	0	0	2,558,350	2,558,350	0.00	0	0	2,937,225	2,937,225
DP 202217 - Child Care STARS to Quality - OTO	0.00	1,200,000	0	0	1,200,000	0.00	1,200,000	0	0	1,200,000
DP 202219 - OPA Operations - OTO	8.00	159,303	20,252	251,818	431,373	8.00	158,948	20,207	251,253	430,408
<b>Total</b>	<b>8.00</b>	<b>\$1,359,303</b>	<b>\$20,252</b>	<b>\$2,810,168</b>	<b>\$4,189,723</b>	<b>8.00</b>	<b>\$1,358,948</b>	<b>\$20,207</b>	<b>\$3,188,478</b>	<b>\$4,567,633</b>

\*\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 202106 - TANF FPL/Benefits Update -

The legislature approved additional federal TANF funding to support increases in benefits associated with an increase of the payment standard to 35% of the 2015 Federal Poverty Level (FPL) in FY 2016 and 35% of the 2016 FPL in FY 2017.

DP 202217 - Child Care STARS to Quality - OTO -

The legislature approved a one-time-only appropriation to continue funding for the Best Beginnings STARS to Quality child care program.

DP 202219 - OPA Operations - OTO -

The legislature approved one-time-only funding for 8.00 FTE for the Offices of Public Assistance (OPA). These FTE support the work associated with increasing caseloads in communities across the state.