

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 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	59.60	59.60	59.60	59.60	59.60	59.60	0.00	0.00%
Personal Services	4,143,213	4,045,149	4,315,796	4,322,018	8,188,362	8,637,814	449,452	5.49%
Operating Expenses	27,925,094	19,090,582	31,294,978	30,946,908	47,015,676	62,241,886	15,226,210	32.39%
Equipment & Intangible Assets	209,206	100,910	209,206	209,206	310,116	418,412	108,296	34.92%
Debt Service	91,266	143,197	91,266	91,266	234,463	182,532	(51,931)	(22.15%)
Total Costs	\$32,368,779	\$23,379,838	\$35,911,246	\$35,569,398	\$55,748,617	\$71,480,644	\$15,732,027	28.22%
General Fund	11,568,480	8,940,538	11,882,682	11,530,971	20,509,018	23,413,653	2,904,635	14.16%
State Special	1,170,417	1,293,420	1,181,205	1,184,447	2,463,837	2,365,652	(98,185)	(3.99%)
Federal Special	19,629,882	13,145,880	22,847,359	22,853,980	32,775,762	45,701,339	12,925,577	39.44%
Total Funds	\$32,368,779	\$23,379,838	\$35,911,246	\$35,569,398	\$55,748,617	\$71,480,644	\$15,732,027	28.22%

The Technology Services Division (TSD) is comprised of three bureaus that are responsible for the management, implementation and operations of information technology (IT) systems and infrastructure that directly support department programs. IT services include programming, help desk functions, database support, web development, enterprise architecture, project management, IT contract management, data security, computer, and network services. There is a full description of TSD operations in the appendix.

The systems under TSD oversight are referenced later in this write-up and are also discussed in the agency's Information Technology Plan. The plan can be viewed at:

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

It is also available in the appendix of this publication.

Program Highlights

Technology Services Division Major Budget Highlights	
<ul style="list-style-type: none"> ◆ The executive requests a total fund increase over the 2013 biennium primarily for about \$6.7 million in total present law adjustments. ◆ Other present law adjustments of about \$6.9 million are for: <ul style="list-style-type: none"> • Contract annualization increases to the CHIMES Medicaid/HMK and TEAMS and other systems of about \$7.5 million • Office lease increases of about \$0.1 million • A federal fund reduction of about \$0.7 million to outsource Montana Access EBT system operating costs 	
Major LFD Issues	
<ul style="list-style-type: none"> ◆ The executive increased the FY 2012 budget by over \$12.4 million total funds (\$3.2 million general fund) during the interim 	

Program Discussion

The increase in the budget when the 2013 and 2015 biennia are compared is primarily due to increases for contracted or TSD in-house computer system development and maintenance, as reflected in the operating expenses category.

The above budget comparison table also shows a decrease of nearly \$9.0 million total funds between FY 2012 and FY 2013. A like decrease does not occur between FY 2014 and FY 2015 in the 2015 biennium.

This increase is primarily because the \$32.4 million FY 2012 total funds expended is substantially more than the FY 2012 legislative appropriation of \$21.4 million total funds, which contained just over:

- o \$8.5 million general fund
- o \$1.1 million state special revenue
- o \$11.9 million federal revenue

Between Sessions

LFD ISSUE Increase in Funding in the Base Year Would be Carried Forward

During the interim the TSD budget was increased by over \$12.4 million total funds through transfers from other programs. The transfers added nearly \$290,000 in personal services and over \$12.2 million in operations and were funded by:

- o Over \$3.2 million general fund
- o Over \$0.2 million state special revenue
- o Over \$9.0 million federal funds

The portion of the transfers used to increase personal services and operations in this division total \$10.5 million appropriated by the 2011 Legislature to the Health Resource Division for benefits.

- o \$2.9 million of general fund was appropriated for benefit expenditures in the Medicaid Acute Services and Pharmacy
- o Nearly \$7.6 million federal funds were appropriated for the Medicaid Hospital Services at the federal Medicaid match rate (FMAP)

As shown in the figure, when the executive base year budget and the legislative base appropriation are compared, the total increase comes to nearly \$11.0 million total funds, or over 51%.

Budget Category	Category	FY 2012	Executive FY		FY 2014	FY 2014	Future Base,
		Legislative Appropriation	FY 2012 Executive Base Budget	2012 Budget Over/Under Appropriation	Executive Request	Executive Over/Under FY 2012	FY 2014 Over/Under Appropriation
61000	Personal Services	\$3,937,809	\$4,143,213	\$205,404	\$4,380,509	\$237,296	\$442,700
62000	Unallocated Op. Exp.	185,795	0	(185,795)	114,673	114,673	(71,122)
62136	IT Consultant/Prof. Serv	8,540,405	18,993,713	10,453,308	22,432,499	3,438,786	13,892,094
62100	Fixed Costs	4,188,919	4,016,567	(172,352)	3,748,615	(267,952)	(440,304)
62200-62891	Gen. Operations	4,308,167	4,914,814	606,647	4,934,478	19,664	626,311
63000	Equipment	100,910	209,206	108,296	209,206	0	108,296
69303	IT Leases + Installment Purchase	143,197	91,266	(51,931)	91,266	0	(51,931)
	Total Costs	\$21,405,202	\$32,368,779	\$10,963,577	\$35,911,246	\$3,542,467	\$14,506,044
	Percent Increase Over Legislative Appropriation			51.2%			67.8%
01100	General Fund	\$8,487,823	\$11,568,480	\$3,080,657	\$11,882,682	\$314,202	\$3,394,859
02381	State Special Revenue	1,065,451	1,170,417	104,966	1,181,205	10,788	115,754
03598	Federal Revenue	11,851,928	19,629,882	7,777,954	22,847,359	3,217,477	10,995,431
		\$21,405,202	\$32,368,779	\$10,963,577	\$35,911,246	\$3,542,467	\$14,506,044

The impact of the interim increases and other changes included in the executive’s proposed 2015 biennium budget is a 67.8 % increase over the FY 2012 legislative appropriation by FY 2014, the base year for the 2017 biennium budget development.

**LFD
ISSUE CONT.**

Personal Services

While the legislature does not approve the number of FTE, it does approve the funding related to those FTE. The personal services increase made during the interim includes funding of over \$290,000 and transfers of 4.00 FTE into TSD and 0.50 FTE over to the Child and Family Services help desk support for the Child and Adult Protective Services system. The net adjustment is 3.50 FTE and a FY 2012 total of 59.60 FTE. The division presents a budget request for over \$4.3 million in support of 59.60 FTE for FY 2014, which is nearly the same amount as TSD is spending in FY 2013 as a result of interim action.

The TSD employee listing for December 10, 2012, half way through FY 2013, reflects the interim adjustments with a personal services budget of over \$4.3 million for 59.60 FTE and 15.60 modified positions - a total of 75.20 FTE. The 75.20 FTE are broken down between modified and permanent FTE:

- o 15.60 modified FTE at about \$860,000
- o 59.60 FTE at about \$3.5 million

Operations

The operations increase of \$12.2 million is primarily due to a \$10.5 million transfer comprising \$2.9 million general fund and nearly \$7.8 million federal funds. This was a transfer between the Health Resources Division and TSD, which according to the budget change request was “. . . so the division could meet the unfunded portion of the MMIS System Development project allocated from HB 10; cover costs of program operations and personal services, including the SITSD Full-Cost Maturity Model - a fixed cost; and centralize managing and purchasing the agency personal computer fleet for desktops and laptops.” Support documentation noted over \$8.5 million for the MMIS system, about \$1.2 million for program operations and personal services, over \$0.4 million for the full cost maturity model, and about \$0.6 million to manage and purchase the personal computer fleet. The request was approved at \$10.5 million.

TSD reverted about \$1.2 million at fiscal year-end, with \$77,132 going back to the general fund, thereby reducing the increase to about \$11.0 million.

There is further discussion in the Agency Overview section of this analysis and related discussion at DP 9003 in the present law section.

Legislative Options

While the budget changes made during the interim were within state law, the division’s budget underwent substantial changes without legislative discussion. The 2013 Legislature may wish to review and discuss the options presented in the agency overview.

Program Personal Services

TSD funds its FTE with both HB 2 and Long Range Information Technology (LRIT) funding.

The figure shows the 59.60 FTE after interim budget adjustments as well as the 21.00 modified FTE and the related hours worked versus budgeted. The figure also shows that less than half of the LRIT modified hours were used. However, TSD used nearly all of its HB 2 budgeted hours and had a vacancy rate of 1.53% compared to the legislatively approved 4% vacancy savings.

Program	FTE	Personal Services Hours Budgeted and Used		
		Hours Budgeted	Hours Used	Percent of Usage
Administration	6.10	12,737	14,474	113.64%
Information Systems Bureau	22.00	45,936	43,845	95.45%
Network and Communications	24.50	51,156	51,005	99.70%
Project Management Bureau	<u>7.00</u>	<u>14,616</u>	<u>13,214</u>	90.41%
	59.60	124,445	122,538	98.47%
Modified FTE				
HB 2 / Information Systems	1.00	2,088	2,088	100.00%
LRIT / Project Mgmt. Bureau	<u>20.00</u>	<u>41,760</u>	<u>19,087</u>	<u>45.71%</u>
	21.00	43,848	21,175	48.29%
Total FTE	80.60	168,293	143,713	85.39%

Funding associated with modified positions supports FTE for specific projects due to last for a defined period of time. The legislature funded 20 modified positions for LRIT

projects for the 2013 biennium and one modified position that was funded through HB 2. The position in HB 2 was for the Montana Infectious Disease Information System (MIDIS in the IT figure below), which is federally required as part of the National Electronic Disease Surveillance System.

TSD reported to the Legislative Finance Committee that the CHIMES-EA eligibility system is nearing completion. The modified FTE associated with the project would need to be requested if they are to continue. As of this writing, TSD does not have a plan to address the modified positions as the design, development, and implementation phase of the system is not complete.

The Functions of the Technology Services Division

TSD is the information technology center for the agency with responsibilities and projects linked both to HB 2 and long range information technology (LRIT) or other legislative action. The following figure shows the services TSD provides that are funded in HB 2.

Technology Services Division Summary of Funding by Function										
Function	Fiscal 2012 Actual		Fiscal 2014 Requested		Fiscal 2015 Requested		2015 Biennium		Change to Base*	Percent of Division
	General Fund	Total Funds	General Fund	Total Funds	General Fund	Total Funds	General Fund	Total Funds		
Division Administration										
Administration	\$196,668	\$567,111	\$219,486	\$630,944	\$221,051	\$634,954	\$440,537	\$1,265,898	11.6%	1.8%
Information Systems Bureau	667,465	1,866,706	691,771	1,999,396	693,189	2,003,264	1,384,960	4,002,660	7.2%	5.6%
Network and Communications Services	781,357	1,790,533	796,817	1,825,961	797,077	1,826,555	1,593,894	3,652,516	2.0%	5.1%
Project Management Bureau	175,461	538,274	192,722	591,227	192,595	590,837	385,317	1,182,064	9.8%	1.7%
TSD Agencywide Costs	2,379,988	5,113,211	2,259,232	4,853,345	2,246,713	4,826,450	4,505,945	9,679,795	-5.3%	13.5%
IT System Maintenance & Enhancements	5,548,687	13,509,216	5,906,430	17,030,516	5,564,120	16,707,479	11,470,550	33,737,995	24.9%	47.2%
IT System Development										
TANF System Development	8,239	20,371	8,181	20,228	8,181	20,228	16,362	40,456	-0.7%	0.1%
SNAP System Development		24,121	14,067	20,393	14,069	20,395	28,136	40,788	-15.5%	0.1%
MMIS System Development	1,683,496	7,834,393	1,683,496	7,834,393	1,683,496	7,834,393	3,366,992	15,668,786	0.0%	21.9%
ACA System Development	110,480	1,104,843	110,480	1,104,843	110,480	1,104,843	220,960	2,209,686	0.0%	3.1%
Total Technology Services Division	\$11,551,841	\$32,368,779	\$11,882,682	\$35,911,246	\$11,530,971	\$35,569,398	\$23,413,653	\$71,480,644	10.4%	100.0%
*Percent of increase or decrease from the base year doubled.										

The introductory budget comparison table shows that over \$62.1 million of the \$71.5 million total funds budget is for operating costs over the biennium. The above function table shows that over \$51.7 million of that amount is in system enhancements or system development. Major components are:

- \$44.5 million supporting contracted or TSD in-house computer system development and maintenance
- \$13.0 million for IT services charged by the Department of Administration (DOA)
- \$4.7 million operating costs ranging from minor equipment and software to central supplies, rent, and maintenance contracts

Operating costs for DPHHS that are under TSD purview comprise 13.5% of the TSD budget request and are shown in the Agency wide Costs category above.

IT Projects

The division's HB 2 budget alone does not reflect the scope of agency IT projects that TSD manages. Agency wide, over \$185.5 million is presently included in the MBARS statewide summary of IT funding for the HB 2 base. As shown in the figure, the combined total of the HB 2 projects and the possible request for long range funding of over \$25.2 million for the Montana Automated Child Welfare System (MACWIS) comes to over \$210.7 million total funds. Over \$177.0 million of that amount is for contracted services ranging from design, development, and implementation of system builds to general maintenance and operations of ongoing systems. The figure shows the projects for the 2015 biennium.

IT Projects in the DPHHS Base Budget for the 2015 Biennium					
IT Projects	General Fund	State Special		Total	Amount for Contracted Services
		Revenue	Federal Funds		
MMIS Replacement *	\$9,321,976	\$0	\$63,392,347	\$72,714,323	\$61,944,043
CHIMES SNAP TANF EA & SFSL *	17,818,259	0	19,009,330	36,827,589	29,689,946
MMIS Fiscal Agency Contract	6,126,314	6,641	12,107,242	18,240,197	18,240,197
CHIMES Medicaid / HMK *	3,839,001	359,919	10,701,442	14,900,362	13,394,880
Affordable Care Act Eligibility System *	851,334	0	7,662,006	8,513,340	8,513,340
EBT Outsourcing	1,564,477	103,117	4,788,694	6,456,288	5,100,000
SEARCHS Maintenance & Operations	1,450,670	435,780	3,661,936	5,548,386	2,971,694
TEAMS Maintenance & Support	1,932,464	99,860	2,712,121	4,744,445	2,211,739
CAPS Maintenance & Operations	2,251,550	0	1,185,471	3,437,021	2,498,695
MT Access EBT	1,448,058	0	1,711,376	3,159,434	3,159,434
VocRehab Case Management System	0	0	2,600,000	2,600,000	0
CUBS Maintenance & Operations	0	0	2,548,010	2,548,010	2,520,196
CDS/HMIS Maintenance & Operations	0	0	2,240,674	2,240,674	2,218,174
Safety Assessment Mgmt System	747,500	0	747,500	1,495,000	1,404,090
Big Sky Rx Facility Maintenance	0	752,868	0	752,868	752,868
IIS Replacement & Operations	0	0	620,757	620,757	620,757
DDP Subsystem Maintenance & OP	205,209	0	364,182	569,391	569,391
MIDIS - MT Infectious Disease Info.	0	0	129,329	129,329	0
	\$47,556,812	\$1,758,185	\$136,182,417	\$185,497,414	\$155,809,444
Long Range IT		LRIT		Total	
MACWIS (Possible LRIT Request) *	\$0	\$12,614,254	\$12,614,254	\$25,228,508	\$21,189,597
Grand Total				\$210,725,922	\$176,999,041

* Projects associated with long range funding and system builds.
Source: MBARS IT Projects: Statewide Summary of Funding by Agency

MACWIS

The MACWIS project is the redesign to replace the Child and Adult Protective Services System (CAPS). It was initially funded in HB 4 with LRIT funding during the 2007 May Special Session, but became part of the Governor's 17-7-140 reductions in the 2011 session. It was 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. The original budget for MACWIS 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 TANF / SNAP (\$0.5 million) projects.

As of this writing, the system is not included in the Governor's budget. With the MACWIS funding on hold, CFSD has continued its operations on the existing CAPS system and worked with TSD to address any federal program compliance issues.

CHIMES-EA

The Combined Healthcare Information and Montana Eligibility System (CHIMES-EA) upgrade and replacement went "live" November 1, 2012.

Legislative Interim Committees heard testimony that the system "go live" was not without issues. As of this writing, reports continue related to client services such as not receiving checks. Other issues center on staff workload due to high caseloads and learning curve as well as lack of training and that replacement FTE cannot learn the detailed job quickly enough to be helpful. There have also been occurrences when workers can't make things work in the system.

The legislature will receive an update on this system and the other long range projects during the upcoming session.

Funding

The following table shows program funding, by source for the 2015 biennium as recommended by the Governor.

Total Operations Services Branch Funding by Source of Authority 2015 Biennium Budget - Technology Services Division							
Funds	HB 2	Non- Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$23,413,653	\$0	\$0	\$23,413,653	32.8%		
State Special Total	\$2,365,652	\$0	\$0	\$2,365,652	3.3%		
02381 02 Indirect Activity Prog 09	\$2,365,652	\$0	\$0	\$2,365,652	3.3%		
Federal Special Total	\$45,701,339	\$0	\$0	\$45,701,339	63.9%		
03598 03 Indirect Activity Prog 09	\$45,701,339	\$0	\$0	\$45,701,339	63.9%		
Total All Funds	\$71,480,644	\$0	\$0	\$71,480,644	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

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 department. The division budget for the 2015 biennium is about \$71.5 million containing about 64.0% from federal sources, 33.0 % from the state general fund, and just over 3.0% from state special revenue funds.

As discussed in the Agency Overview section of this narrative and the Program Discussion section of this division, the executive transferred funds to various other purposes in the department. For a further discussion please see those sections. There is also related discussion at DP 9003 in the present law section.

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 2014-----					-----Fiscal 2015-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					352,409					358,886
Vacancy Savings					(179,826)					(180,081)
Inflation/Deflation					6,096					11,167
Fixed Costs					(254,924)					(283,528)
Total Statewide Present Law Adjustments		(\$55,144)	(\$7,826)	(\$13,275)	(\$76,245)		(\$63,902)	(\$9,427)	(\$20,227)	(\$93,556)
DP 9001 - Private Lease Adjustment	0.00	14,202	2,825	21,962	38,989	0.00	15,626	3,051	23,915	42,592
DP 9003 - National Electronic Disease Surveillance system	0.00	0	0	64,713	64,713	0.00	0	0	64,616	64,616
DP 9004 - CAPS Maintenance & Operations Annualization	0.00	25,191	0	14,170	39,361	0.00	51,138	0	28,765	79,903
DP 9005 - CCUBS Maintenance & Operations Annualization	0.00	0	0	36,323	36,323	0.00	0	0	73,735	73,735
DP 9006 - CHIMES Medicaid/HMK & TEAMS Systems M&O Annual	0.00	329,953	15,789	3,093,584	3,439,326	0.00	282,428	20,406	3,434,834	3,737,668
DP 9007 - Montana Access EBT Outsourcing	0.00	0	0	0	0	0.00	(322,799)	0	(381,540)	(704,339)
Total Other Present Law Adjustments	0.00	\$369,346	\$18,614	\$3,230,752	\$3,618,712	0.00	\$26,393	\$23,457	\$3,244,325	\$3,294,175
Grand Total All Present Law Adjustments	0.00	\$314,202	\$10,788	\$3,217,477	\$3,542,467	0.00	(\$37,509)	\$14,030	\$3,224,098	\$3,200,619

DP 9001 - Private Lease Adjustment - The Governor requests a total fund increase to annualize rent for offices in non-state owned buildings throughout the state.

DP 9003 - National Electronic Disease Surveillance system - The Governor requests \$129,329 federal funding to provide for the programming and maintenance of the National Electronic Disease Surveillance System (NEDS).

LFD COMMENT	<p>The request is associated with the MIDIS system listed on the above IT Project figure. It is part of the federal National Electronic Disease Surveillance System allowing rapid reporting of disease trends to the Centers for Disease Control and Prevention. TSD received a modified full-time computer programmer (position 69170932) to support the system for FY 2012 and FY 2013, which would need to be reauthorized as a HB 2 FTE to allow TSD a programmer for in-house hosting and support of the system.</p> <p>However, there is no FTE included in this request. If the legislature approves the request as written, they are appropriating federal funds to the category for consultants and operating costs in the FY 2014 base budget.</p> <p>The position 69170932 is listed and salaried on the December 10, 2012 employee listing. If the position is to continue into the next biennium, it appears it would be funded as contracted services.</p>
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DP 9004 - CAPS Maintenance and Operations Annualization - The Governor requests funding for maintenance and operations (M&O) of the Child and Adult Protective Services System, which is associated with federal Title IV-E funding (foster care and subsidized adoption) at a matching rate of 64.0% general fund and 36.0% federal funds.

LFD COMMENT	<p>This request would ultimately be replaced by the MACWIS system if the long range proposal is submitted and approved.</p> <p>The legislature may wish to consider designating this appropriation as one-time-only to allow the 2015 Legislature to see what the CAPS maintenance and operations needs are at that time.</p>
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DP 9005 - CCUBS Maintenance and Operations – The executive requests an increase to maintain the maintenance and operations contract for the Child Care Under the Big Sky, (CCUBS) System. This service is funded with 100% federal funds.

DP 9006 - CHIMES Medicaid/HMK and TEAMS Systems M&O – The executive requests an increase to annualize costs for the maintenance and operations contract and project management of the eligibility determination systems for CHIMES Medicaid/HMK, CHIMES SNAP, CHIMES TANF, and TEAMS. The CHIMES systems are replacing the legacy TEAMS system. The request would support eligibility determination for Medicaid, Healthy Montana Kids, SNAP, and TANF.

**LFD
COMMENT**

The present data for CHIMES Medicaid/HMK in the 2015 IT budget for HB 2 notes that the project was initiated November of 2011. The summary notes that: “. . .with any system additional maintenance or enhancement will be required to ensure the system suits the business need after implementation . . . as state and federal policies and mandates evolve, the system may have to be modified . . . especially with Health Care Reform “looming”, which will most likely require adjustments to the system and/or business processes.”

At the time the legislature discusses this proposal, members may wish to consider:

- Approving the request as submitted
- Restricting funding for use on contracts only for the CHIMES Medicaid/HMK eligibility system maintenance and operations
- Designating the funding as one-time-only (OTO) to allow the next legislature to assess how much is needed in the contract base amount as the department works through any changes at the federal level associated with eligibility

DP 9007 - Montana Access EBT Outsourcing – The executive requests a total funds HB 2 reduction of just over \$700,000 in FY 2015 to the operating costs for the Montana Access Electronic Benefits Transfer system. There is a general fund reduction of just over \$300,000. A feasibility study on the option of outsourcing the current EBT operated by DPHHS indicated that costs could be saved by outsourcing to a vendor already proficient in EBT technology. At the time of this writing, DPHHS is preparing an RFP to outsource a system.