

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	453.81	453.81	461.31	466.31	453.81	466.31	12.50	2.75%
Personal Services	20,996,536	22,962,650	22,698,639	23,001,649	43,959,186	45,700,288	1,741,102	3.96%
Operating Expenses	6,546,411	5,948,093	7,087,210	7,175,139	12,494,504	14,262,349	1,767,845	14.15%
Equipment & Intangible Assets	90,587	44,506	90,587	90,587	135,093	181,174	46,081	34.11%
Capital Outlay	0	175,067	0	0	175,067	0	(175,067)	(100.00%)
Grants	18,982,880	19,992,513	21,469,880	21,475,880	38,975,393	42,945,760	3,970,367	10.19%
Benefits & Claims	161,658,613	186,264,135	185,509,002	194,852,500	347,922,748	380,361,502	32,438,754	9.32%
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$208,275,027	\$235,386,964	\$236,855,318	\$246,595,755	\$443,661,991	\$483,451,073	\$39,789,082	8.97%
General Fund	30,521,552	31,497,583	32,741,090	34,220,208	62,019,135	66,961,298	4,942,163	7.97%
State Special	1,211,152	1,401,037	1,279,037	1,280,831	2,612,189	2,559,868	(52,321)	(2.00%)
Federal Special	176,542,323	202,488,344	202,835,191	211,094,716	379,030,667	413,929,907	34,899,240	9.21%
Total Funds	\$208,275,027	\$235,386,964	\$236,855,318	\$246,595,755	\$443,661,991	\$483,451,073	\$39,789,082	8.97%

Program Description

Mission statement: The mission of the Human and Community Services Division (HCS D) of the Montana Department of Public Health and Human Services is to support the strengths of families and communities by promoting employment and providing the assistance necessary to help families and individuals meet basic needs and work their way out of poverty.

The Human and Community Services Division is comprised of four bureaus: 1) Public Assistance; 2) Early Childhood Services; 3) Intergovernmental Human Services; and 4) Fiscal Services.

The Public Assistance Bureau:

- o Administers Montana's Temporary Assistance to Needy Families (TANF) program, including the WoRC contracts for TANF work activity case management
- o Administers the state Refugee Assistance program
- o Determines eligibility for all Medicaid coverage groups
- o Determines eligibility for Supplemental Nutrition Assistance Program (SNAP - formerly known as the Food Stamp Program), and administers contracts for SNAP employment and training services and nutrition education services

The Early Childhood Services Bureau:

- o Manages the funds which pay for child care for TANF participants and low-income working families
- o Contracts with 12 resource and referral agencies to administer child care eligibility, provider recruitment, and technical assistance
- o Administers the Child and Adult Care Food Program, which provides reimbursement to child care providers for the cost of meals served to eligible children and adults
- o Administers the Head Start State Collaboration grant
- o Administers the Early Childhood Comprehensive Systems Grant
- o Manages the funds which pay for quality child care initiatives including professional development.

The Intergovernmental Human Services Bureau administers:

- o The Community Services block grant, which is used by 10 Human Resource Development Councils to provide a wide range of community-based human services
- o The Low-Income Energy Assistance Program (LIEAP) and Weatherization program
- o The DOE Weatherization program including funding for weatherization from five other sources

- o The Emergency Shelter grants program
- o The Housing Opportunities for Persons with AIDS grant
- o Three USDA commodities programs. In addition, the bureau stores and distributes USDA commodity foods to elderly feeding locations and stores USDA commodity foods for school lunch programs

The Fiscal Services Bureau coordinates implementation and monitoring of the division's budget.

Statutory authority is in Title 53, Chapter 2, MCA, and 45 CFR.

Program Highlights

Human and Community Services Division Major Budget Highlights
<ul style="list-style-type: none"> ◆ Total funding for the division increases about 9 percent when the 2009 and 2011 biennia are compared, with an increase in general fund support of about 8 percent and federal funds of about 9 percent ◆ General fund increases over the biennium are primarily due to: <ul style="list-style-type: none"> • Statewide and present law adjustments • \$3 million for child care to support a historical caseload growth of 1.9 percent, maintain the child care at 150 percent of the federal poverty level, and maintain provider market rates at the federally required 75th percentile • Over \$0.6 million for two one-time-only requests to assist food banks and other food assistance entities and for low-income energy assistance ◆ Federal revenue increases over the biennium are due to: <ul style="list-style-type: none"> • \$45 million for Supplemental Nutrition Assistance Program (SNAP –formerly called food stamps) benefits • SNAP benefits are expected to be \$119 million by SFY 2011 • Over \$9 million for increases in the TANF block grant comprising: \$4 million to increase TANF cash assistance from 33 percent of the 2007 federal poverty level to the 2009, \$4 million for a family economic security grant program, \$1 million for child care for working caretaker relatives, and \$0.6 million for second chance homes • \$1 million for increases to the child and adult care food program ◆ The executive requests nearly \$1 million total funds over the biennium for 10.00 FTE for field eligibility staff ◆ The division met its 2009 biennium goals
LFD Major Issues
<ul style="list-style-type: none"> ◆ The executive budget places the TANF block grant in a deficit position ◆ The division goals should contain measurable objectives

Program Narrative

Goals and Objectives:

State law requires agency and program goals and objectives to be specific and quantifiable to enable the legislature to establish appropriations policy. As part of its appropriations deliberations the Legislative Fiscal Division recommends that the legislature review the following:

- o Goals, objectives and year-to-date outcomes from the 2009 biennium

- o Goals and objectives and their correlation to the 2011 biennium budget request

Any issues related to goals and objectives raised by LFD staff are located in the program section.

2009 Biennium Major Goals:

The following provides an update for the major goals monitored during the 2009 interim.

Successes:

The division successfully met its goal to provide services and support to stabilize families and meet their basic needs, while encouraging employment for eventual self-sufficiency in FY 2008 by:

- o Providing cash assistance at 33 percent of the 2007 poverty level to a caseload of 2,961
- o Providing work activities to an estimated 1,595 clients
- o Tracking and achieving TANF work participation rates compared to the federal standard of 50 percent for the All Families category and 90 percent for the 2-Parents category
- o Providing working relative caretaker support to an estimated 56 eligible families
- o Providing affordable, accessible, quality childcare for low-income families by adequately reimbursing childcare providers and serving families without a waiting list to an estimated 5,570 unduplicated families and 95 teen parents
- o Providing energy and/or weatherization assistance to 18,930 eligible households and weatherizing 1,458 homes
- o Assisting Indian Health Services (IHS) and Tribes access Medicaid and 100 percent Medicaid match (FMAP) for services by: achieving 100 percent federal funds reimbursement for personal care attendant services; gaining Center for Medicaid Services (CMS) approval for Chippewa-Cree to determine tribal members Medicaid eligibility for certain services; gaining CMS approval for tribes to receive Medicaid administrative match; passing through 100 percent of the FMAP match to IHS (this goal was added in May 2008 when the position of Tribal Medicaid Coordinator was transferred to HCSD from the director's office. There is further information in the discussion of changes during the biennium in the budget section of the program narrative.

2011 Biennium Major Goals

The LFD recommends that the legislature adopt specific program goals and corresponding objectives for monitoring during the interim.

The goals submitted by HCSD with its budget are:

- o Increase the economic security and self-sufficiency of Montana families
- o Ensure the health and safety of Montanans by providing essential services and linkages to community resources

The measurements by program are:

TANF

- o Provide basic cash grants
- o Engage all families in allowable work activities
- o Meet federal work participation requirements

SNAP (Food Stamps)

- o Meet all federal accuracy and timeliness requirements
- o Expand the use of SNAP

Medicaid Eligibility

- o Meet all federal accuracy and timeliness requirements
- o Coordinate with all public health care programs

LIEAP

- o Provide cost-effective energy conservation measures to low-income families
- o Provide eligible households assistance with heating bills

Childcare

- o Provide affordable, accessible, quality childcare for low-income families by adequately reimbursing childcare providers and servicing families without a waiting list

**LFD
ISSUE****The Goals Do Not Contain Baseline Information**

In order to for the legislature to discuss the division's budget in the light of efficient and effective government and formulate an appropriations policy for the division, goals should have a baseline against which the legislature can measure the division's achievements. The goals submitted do not help the legislature understand the need for or impact of the resources HCSD has requested because there are no baseline comparisons, no time frames, and no outcomes or milestones to indicate when work would begin, progress reports would be provided, or the intended outcomes achieved.

Additionally, many of the support services or programs are provided by county offices of public assistance or by contracted providers. The goals and measurements as provided do not reference the leaders and partners undertaking the task and therefore do not provide the legislature an opportunity to understand: 1) if there are partners involved in delivering any of the services; or 2) if funds and/or programs are adequately or equally run on the county, regional, or local fronts.

This baseline data should be available because the funding attached to the goals comes with federal regulations for evaluation and compliance based upon positive outcome performance measures. As a result HCSD should have baseline information for the 2011 goals as they did for the 2009 goals. Additionally, the division should easily be able to provide the number of counties or contracted providers that are participating in the delivery of services, and the achievements made at a regional or county level.

Goals Should Address Quality and Quantity of Services

The goals, objectives, and measurements should also provide the legislature an understanding of the policy behind the basics of the numbers served and at what costs. The legislature should be able to understand the quality of services provided by the division and its contracted providers that were funded by past legislative appropriations and could be funded by the 2011 biennium requests.

The division goals do not help the legislature link the amount of requested resources to the number of individuals served or the quality of the services that would be provided. In addition to reflecting the use of state resources on the number of people served, goals could be used to help the legislature understand:

- The accountability of the division to the state for the quality of help and guidance applicants receive as they enter and navigate the system as well as the quality of support and education participants in work, training, or other self-sufficiency programs receive - whether the service is provided by state staff or contracted providers

Option

The legislature may wish to discuss with the division how its goals and objectives might be improved, measure both quality and quantity of services, and when appropriate, allow the legislature to understand the achievements made from expending resources at a county, regional, or local level.

There are additional references to goals and measurements in the program and subprogram narratives.

Budget Request – A Biennial Comparison

The increases to the Governor's 2011 biennial budget compared to the 2009 biennial budget primarily reflect grants and benefits and/or supporting programs. The most significant change in the HCSD budget request is the grants and benefits and claims categories - a growth of \$36 million, primarily due to increases in SNAP (food stamp) benefits. The biennial change of \$36 million in grants and benefits is less than the difference between base budget expenditures (\$181 million) and the 2011 biennium budget request because the FY 2009 appropriations included benefit and grant increases of over \$25 million above the FY 2008 level. The 2011 biennium adjustments bring the base budget up to the FY 2009 level and provide additional funds to continue the level of services authorized by the last legislature.

Major increases include:

- \$3 million for statewide present law adjustments
- \$61 million for caseload or benefit increases due to:
 - \$45 million for federal SNAP (food stamp) benefits
 - \$4 million for the federal TANF cash benefit increase
 - \$4 million of federal TANF funds for a family economic security grant program
 - \$3 million general fund for child care to address the historical caseload growth of 1.9 percent, maintain the child care at 150 percent of the federal poverty level, and maintain provider market rates at the federally required 75th percentile
 - \$2 million for anticipated federal grant increases in energy assistance, weatherization, emergency shelter, housing assistance for persons with AIDS, and commodity food distribution
 - \$1 million in federal authority for the Child and Adult Care Food Program (CACFP) to support meal service delivery
 - \$1 million of federal TANF funds for child care for working caretaker relatives
 - \$1 million of federal TANF funds for TANF second-chance homes and general fund to help Montana food banks and provide low-income energy or weatherization assistance

Highlights of Additions to the Base Budget during the Interim

The following two items address programs and funding that were transferred to HCSD during FY 2008. The funding increased the division's FY 2008 base budget beyond the amount appropriated by the 2007 Legislature.

Position Transfer

In May 2008 \$77,000 and the FTE for a position of Tribal Medicaid Coordinator were transferred to HCSD from the Director's Office. Like other Medicaid policy specialists in the department, the position is funded 50 percent Medicaid administration money and 50 percent general fund. The goal attached to this position is described above in the 2009 goals and objectives sections.

The position is an outgrowth of the 2007 Legislature's work with DPHHS to establish a mechanism to assist Indian Health Services (IHS) and Tribes access Medicaid because Medicaid services to tribal members are reimbursed at 100 percent Medicaid match (FMAP). Montana's FMAP rate for FY 2008 was about 69 percent federal and 31 percent state. Work with the IHS would allow the 31 percent general fund used for Native American individuals in the state Medicaid waiver to be replaced with federal Medicaid funds. A measureable goal attached to this work was to achieve 100 percent federal funds reimbursement for personal care attendant services. As mentioned earlier, the goal was met. At the close of FY 2008, a total of \$1,229,000 of 100 percent pass through federal funds has been paid to IHS. As a result of these efforts the Senior and Long Term Care Division realized an estimated addition of about \$386,000 in general fund per year over the biennium to address personal care services.

Consolidation of child care billing into one division

\$1.2 million general fund for the 2009 biennium was transferred from the Child and Family Services Division (CFSD) to the Early Childhood Services Bureau to establish the child care payment to providers into one division.

I-155: Healthy Montana Kids Plan

As mentioned in the agency overview, the passage of the voter Initiative I-155 to expand Montana's Medicaid and CHIP programs for children's health insurance impacts several programs throughout DPHHS. The Governor's request to implement the program is entirely in the Health Resources Division, but HCSD would handle the Medicaid eligibility component. The division estimates \$6 million total funds over the biennium to handle Medicaid eligibility expansion and operating costs, such as new office space and rent, computers, software, telephones and, other items associated with new FTE would be required.

This initiative is discussed in greater detail in the agency overview and there is further discussion related to FTE in the personal services section of the program narrative.

**LFD
ISSUE**

Structuring Appropriation to Allow Accurate Budget Comparisons

The initiative includes funding for three divisions within DPHHS:

- Health Resources Division - 6.00 FTE and \$32.7 million Montana healthy kids state special revenue funds and federal matching funds
- Human and Community Services Division - 54.00 FTE and \$3.0 million from the Montana healthy kids state special revenue account and \$3.0 million in federal Medicaid matching funds
- Technology Services Division - \$0.2 million Montana healthy kids state special revenue funds and \$0.3 million federal funds

However, as stated earlier, the Governor would put all appropriations in one division. If the legislature approves funding for the proposal, it may wish to allocate funds and FTE to the appropriate division, as allocating funds among divisions would facilitate more accurate comparisons of appropriations and expenditures.

Functions of the HCSD and the Benefits Provided

The division provides services through three bureaus: 1) Public Assistance; 2) Energy and Commodity Assistance; and 3) Early Childhood Services. The following two tables illustrate how the division receives its total funding and how the programs and services are delivered by the three bureaus. The tables, in order of appearance, are: 1) a summary of the base expenditures by bureau for the base year and requested amounts for the 2011 biennium; and 2) a summary of the benefits provided by the three bureaus for the base year and requested amounts for the 2011 biennium.

Expenditures by Bureau Function

Figure 13 provides a summary of the division by major function. Public assistance related programs account for 72.6 percent of the total division funding primarily due to eligibility determination provided throughout the state, TANF programs, and the SNAP (food stamp) program. Child care related services including child care subsidy programs and the Child and Adult Care Food Program (CACFP) account for about 16.5 percent of the division's funding, while energy and commodity assistance programs account for the remaining 10.7 percent. Each of these functions will be discussed in greater detail in the subprogram portion of this narrative.

The county offices of public assistance, TANF employment, training, and work support activities, and child care programs use the largest amount of general fund at about \$20 million each over the biennium.

Expenditures by Benefits

The benefits provided by the three bureaus are shown in Figure 14. The federally funded SNAP benefits account for 61.4 percent of the division's benefit and claims activity with TANF cash assistance and various child care support activities at 11.2 and 16.7 percent, respectively. Energy, commodity, and weatherization programs account for about 10.7 percent of benefits and claims.

The child care programs and TANF employment and training programs use the largest amount of general fund in the grants and benefits and claims categories over the biennium, about \$19 million and \$16 million respectively.

Grants are expended over the biennium primarily for TANF and SNAP employment and training (58.8 percent), energy, and weatherization projects (11.1 percent), and child care activities (30 percent).

Figure 13
Figure
Human and Community Services Division
Summary of Major Program Functions with Funding

Function	Fiscal 2008 - Base Budget				Fiscal 2010 - Requested				Fiscal 2011 - Requested				Percent of Total
	General Fund	State Special	Federal	Total Funds	General Fund	State Special	Federal	Total Funds	General Fund	State Special	Federal	Total Funds	
HCSD Division Administration	\$ 230,729	\$ 507	\$ 311,605	\$ 542,841	\$ 255,603	\$ 568	\$ 347,315	\$ 603,486	\$ 256,507	\$ 570	\$ 348,679	\$ 605,756	0.2%
Public Assistance:													
Administration													
Public Assistance Bureau	670,143	1,735	918,807	1,590,685	813,292	1,891	1,037,798	1,852,981	816,128	1,895	1,040,083	1,858,106	0.8%
County Offices of Public Assistance	9,753,135	168,262	9,568,552	19,489,949	10,482,225	175,917	10,340,178	20,998,320	10,670,499	177,707	10,517,846	21,366,052	8.7%
Programs and Benefits													
TANF Cash Assistance	769,957	35,000	15,456,439	16,261,396	769,957	35,000	17,256,674	18,061,631	769,957	35,000	17,798,523	18,603,480	7.5%
TANF Employment, Training, Work	9,776,490	0	2,226,958	12,003,448	9,775,459	0	4,523,503	14,298,962	9,777,689	0	4,523,478	14,301,167	5.8%
TANF Supportive Services	750,002	0	0	750,002	750,002	0	466,704	1,216,706	750,002	0	485,072	1,235,074	0.5%
Refugee Programs	0	0	141,036	141,036	0	0	141,036	141,036	0	0	141,036	141,036	0.1%
SNAP (Food Stamp) Training & Support Serv	546,957	0	1,341,851	1,888,808	596,138	0	1,346,242	1,942,380	599,107	0	1,349,207	1,948,314	0.8%
SNAP Benefits	0	0	93,242,739	93,242,739	0	0	112,343,868	112,343,868	0	0	119,601,240	119,601,240	48.5%
Subtotal Public Assistance	\$22,266,684	\$204,997	\$122,896,382	\$145,368,063	\$23,187,073	\$212,808	\$147,456,003	\$170,855,884	\$23,383,382	\$214,602	\$155,456,485	\$179,054,469	72.6%
Percent of Total	15.3%	0.1%	84.5%	100.0%	13.6%	0.1%	86.3%	100.0%	13.1%	0.1%	86.8%	100.0%	
Energy and Commodity Assistance:													
Administration - Energy and Commodities	\$113,971	(\$30)	\$2,146,753	\$2,260,694	\$238,936	\$0	\$2,530,801	\$2,769,737	\$238,933	\$0	\$2,535,146	\$2,774,079	1.1%
Emergency Housing Programs	0	0	1,376,063	1,376,063	0	0	1,376,063	1,376,063	0	0	1,376,063	1,376,063	0.6%
Benefits - Energy and Commodities	0	173,094	20,984,749	21,157,843	200,000	233,077	21,683,276	22,116,353	200,000	233,075	21,684,738	22,117,813	9.0%
Subtotal Energy and Commodity	\$113,971	\$173,064	\$24,507,565	\$24,794,600	\$438,936	\$233,077	\$25,590,140	\$26,262,153	\$438,933	\$233,075	\$25,595,947	\$26,267,955	10.7%
Percent of Total	0.5%	0.7%	98.8%	100.0%	1.7%	0.9%	97.4%	100.0%	1.7%	0.9%	97.4%	100.0%	
Early Childhood Services:													
Administration - Child Care	\$7,254	\$0	\$541,684	\$548,938	\$7,244	\$0	\$609,759	\$617,003	\$7,243	\$0	\$610,631	\$617,874	0.3%
Childcare Matching	4,798,339	832,584	4,162,803	9,793,726	5,747,660	832,584	4,162,803	10,743,047	7,029,569	832,584	4,162,803	12,024,956	4.9%
Childcare Mandatory	1,312,779	0	2,086,198	3,398,977	1,312,779	0	2,086,198	3,398,977	1,312,779	0	2,086,198	3,398,977	1.4%
Childcare Discretionary	1,009,936	0	10,292,891	11,302,827	1,009,936	0	10,326,614	11,336,550	1,009,936	0	10,326,686	11,336,622	4.6%
Quality - Child Care	549,745	0	1,337,328	1,887,073	549,745	0	1,337,371	1,887,116	549,745	0	1,337,397	1,887,142	0.8%
Head Start	13,319	0	123,427	136,746	13,319	0	119,921	133,240	13,319	0	119,923	133,242	0.1%
Child Care Early Childhood Comprehensive	0	0	103,768	103,768	0	0	102,282	102,282	0	0	102,289	102,289	0.0%
Child Care Title IV-E Foster Care	182,447	0	400,000	582,447	182,447	0	400,000	582,447	182,447	0	400,000	582,447	0.2%
Child and Adult Care Food Program	36,349	0	9,778,672	9,815,021	36,348	0	10,296,785	10,333,133	36,348	0	10,547,678	10,584,026	4.3%
Subtotal Early Childhood Services	\$7,910,168	\$832,584	\$28,826,771	\$37,569,523	\$8,859,478	\$832,584	\$29,441,733	\$39,133,795	\$10,141,386	\$832,584	\$29,693,605	\$40,667,575	16.5%
Percent of Total	21.1%	2.2%	76.7%	100.0%	22.6%	2.1%	75.2%	100.0%	24.9%	2.0%	73.0%	100.0%	
Total Human and Community Services Div.	\$30,521,552	\$1,211,152	\$176,542,323	\$208,275,027	\$32,741,090	\$1,279,037	\$202,835,191	\$236,855,318	\$34,220,208	\$1,280,831	\$211,094,716	\$246,595,755	100.0%
Percent of Total	14.7%	0.6%	84.8%	100.0%	13.8%	0.5%	85.6%	100.0%	13.9%	0.5%	85.6%	100.0%	

Figure 14
Human and Community Services Division
Summary of Benefit and Grant Costs and Funding

Program	Fiscal 2008 Base				Fiscal 2010 Request				Fiscal 2011 Request				Percent Total
	General Fund	State Spec. Rev	Federal Funds	Total Funds	General Fund	State Spec. Rev	Federal Funds	Total Funds	General Fund	State Spec. Rev	Federal Funds	Total Funds	
Benefits & Claims													
TANF Cash Assistance	\$769,957	\$35,000	\$15,456,439	\$16,261,396	\$769,957	\$35,000	\$17,256,674	\$18,061,631	\$769,957	\$35,000	\$17,798,523	\$18,603,480	9.5%
TANF Employment, Training	1,391,635	-	316,997	1,708,632	1,373,198	-	635,434	2,008,632	1,373,299	-	635,333	2,008,632	1.0%
TANF Supportive Services	750,002	-	-	750,002	750,002	-	466,704	1,216,706	750,002	-	485,072	1,235,074	0.6%
SNAP (Food Stamps)	-	-	93,242,739	93,242,739	-	-	112,343,868	112,343,868	-	-	119,601,240	119,601,240	61.4%
SNAP Training/Support	24,650	-	60,474	85,124	26,126	-	58,998	85,124	26,176	-	58,948	85,124	0.0%
Energy & Weatherization Benefits	-	151,664	18,386,678	18,538,342	174,833	203,748	18,954,761	19,333,342	174,821	203,733	18,954,788	19,333,342	9.9%
ECA Emergency Housing Programs	-	-	1,243,148	1,243,148	-	-	1,243,148	1,243,148	-	-	1,243,148	1,243,148	0.6%
Energy and Commodities Administration	13,522	-	254,733	268,255	11,577	-	256,678	268,255	23,105	-	245,150	268,255	0.1%
Childcare Matching	4,798,339	832,584	4,162,803	9,793,726	5,747,660	832,584	4,162,803	10,743,047	7,029,569	832,584	4,162,803	12,024,956	6.2%
Child and Adult Food Program	31,167	-	8,384,570	8,415,737	31,144	-	8,822,593	8,853,737	31,244	-	9,066,493	9,097,737	4.7%
Childcare Discretionary	653,304	-	6,658,228	7,311,532	651,360	-	6,660,172	7,311,532	651,356	-	6,660,176	7,311,532	3.8%
Childcare Mandatory	1,312,779	-	2,086,198	3,398,977	1,312,779	-	2,086,198	3,398,977	1,312,779	-	2,086,198	3,398,977	1.7%
Childcare Title IV-E Foster Care	182,447	0	400,000	582,447	182,447	0	400,000	582,447	182,447	0	400,000	582,447	0.3%
Childcare Quality	17,042	-	41,458	58,500	17,042	-	41,458	58,500	17,042	-	41,458	58,500	0.0%
Total Benefits & Claims	\$9,944,844	\$1,019,248	\$150,694,465	\$161,658,613	\$11,048,125	\$1,071,332	\$173,389,490	\$185,509,002	\$12,341,797	\$1,071,317	\$181,439,331	\$194,852,500	100.0%
Grants													
TANF Employment & Training	7,797,918	-	1,776,265	9,574,183	8,082,239	-	3,491,944	11,574,183	8,082,809	-	3,491,374	11,574,183	53.9%
SNAP Training/Support	308,017	-	755,659	1,063,676	326,454	-	737,222	1,063,676	327,081	-	736,595	1,063,676	5.0%
Energy and Commodities Administration	61,423	-	1,157,106	1,218,529	141,782	-	1,501,747	1,643,529	141,558	-	1,501,971	1,643,529	7.7%
Energy & Weatherization Benefits	-	4,977	603,364	608,341	-	6,491	601,850	608,341	-	6,491	601,850	608,341	2.8%
Refugee	-	-	140,980	140,980	-	-	140,980	140,980	-	-	140,980	140,980	0.7%
Childcare Discretionary	318,662	-	3,247,681	3,566,343	317,714	-	3,248,629	3,566,343	317,712	-	3,248,631	3,566,343	16.6%
Childcare Quality	503,197	-	1,224,095	1,727,292	503,186	-	1,224,106	1,727,292	503,179	-	1,224,113	1,727,292	8.0%
Child and Adult Food Program	3,211	-	863,795	867,006	3,268	-	925,738	929,006	3,211	-	931,795	935,006	4.4%
Head Start	11,343	-	105,112	116,455	11,641	-	104,814	116,455	11,641	-	104,814	116,455	0.5%
Childcare Early Childhood Comprehensive	-	-	95,075	95,075	-	-	95,075	95,075	-	-	95,075	95,075	0.4%
Public Assistance Bureau Admin.	-	-	5,000	5,000	-	-	5,000	5,000	5,000	-	-	5,000	0.0%
Total Grants	\$9,003,771	\$4,977	\$9,969,132	18,982,880	\$9,386,283	\$6,491	\$12,072,106	21,469,880	\$9,387,191	\$6,491	\$12,077,199	21,475,880	100%

There is further discussion of the Governor’s budget as well as related goals and objectives in the subprogram narratives.

Funding

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

Program Funding Table							
Human And Community Services							
Program Funding	Base FY 2008	% of Base FY 2008	Budget FY 2010	% of Budget FY 2010	Budget FY 2011	% of Budget FY 2011	
01000 Total General Fund	\$ 30,521,552	14.7%	\$ 32,741,090	13.8%	\$ 34,220,208	13.9%	
01100 General Fund	30,521,552	14.7%	32,741,090	13.8%	34,220,208	13.9%	
02000 Total State Special Funds	1,211,152	0.6%	1,279,037	0.5%	1,280,831	0.5%	
02375 6901-02 Indrct Activty Prog 02	111,538	0.1%	119,476	0.1%	121,276	0.0%	
02515 School Lunch Opi/Warehouse	-	-	-	-	-	-	
02688 6901-Tanf Overpayments	35,000	0.0%	35,000	0.0%	35,000	0.0%	
02698 69010-Prevention&Stabilization	832,584	0.4%	832,584	0.4%	832,584	0.3%	
02772 Tobacco Hlth & Medicd Initiative	58,936	0.0%	58,900	0.0%	58,896	0.0%	
02931 Food Stamp Recoupment Account	-	-	-	-	-	-	
02974 Univ Low Income Energy Assistance	173,094	0.1%	233,077	0.1%	233,075	0.1%	
03000 Total Federal Special Funds	176,542,323	84.8%	202,835,191	85.6%	211,094,716	85.6%	
03066 81.042 Bpa	442,018	0.2%	486,975	0.2%	486,969	0.2%	
03096 Discretionary Child Care	11,630,219	5.6%	11,663,985	4.9%	11,664,083	4.7%	
03103 Tanf Administration	-	-	-	-	-	-	
03109 Tanf Benefits	17,683,397	8.5%	22,246,881	9.4%	22,807,073	9.2%	
03135 Hopwa Help Plus	385,157	0.2%	385,157	0.2%	385,157	0.2%	
03181 Paris State Partnership Grant	-	-	-	-	-	-	
03191 Paris State Partnership Grant	-	-	-	-	-	-	
03204 Energy Conservation: Exxon	-	-	-	-	-	-	
03236 Child Nutrition	9,276,361	4.5%	9,758,170	4.1%	10,008,151	4.1%	
03250 Child Care Manditory/Moe	2,086,198	1.0%	2,086,198	0.9%	2,086,198	0.8%	
03251 Child Care Admin	541,684	0.3%	609,759	0.3%	610,631	0.2%	
03252 Child Care Matching	4,162,803	2.0%	4,162,803	1.8%	4,162,803	1.7%	
03268 Epa Wood Stove Replacement	-	-	-	-	-	-	
03271 Food Stamp Participation	-	-	-	-	-	-	
03323 Energy Conservation: Stripper	-	-	-	-	-	-	
03382 03 Indirect Activity Prog 02	10,480,317	5.0%	11,417,640	4.8%	11,598,340	4.7%	
03390 Reach	-	-	-	-	-	-	
03448 6901-Early Childhood Comp Sys	103,768	0.0%	102,282	0.0%	102,289	0.0%	
03467 6901-Homeless Mgmt Info System	66,980	0.0%	66,980	0.0%	66,980	0.0%	
03518 93.044 - Aging Sup S & Train 1	-	-	-	-	-	-	
03519 93.045 - Aging Meals 100%	41,168	0.0%	47,985	0.0%	47,984	0.0%	
03523 93.566 - Refugee Soc. Serv	105,016	0.1%	85,000	0.0%	85,000	0.0%	
03530 6901-Foster Care 93.658	400,000	0.2%	400,000	0.2%	400,000	0.2%	
03539 93.600 Headstart	123,427	0.1%	119,921	0.1%	119,923	0.0%	
03543 6901-Foodstamp Outreach 10.561	2,435	0.0%	2,436	0.0%	2,435	0.0%	
03544 10.561 - Fs E & T - 50%	200,886	0.1%	200,876	0.1%	200,875	0.1%	
03545 10.561 - Fs E & T - 100%	303,382	0.1%	303,367	0.1%	303,366	0.1%	
03546 10.561 - Fs Adm - Fed Exp 50%	835,343	0.4%	839,563	0.4%	842,531	0.3%	
03547 10.568 - Emerg Food Assist 100	151,137	0.1%	156,390	0.1%	156,385	0.1%	
03548 10.569 - Food Distr - Fed Exp	1,632,720	0.8%	1,898,906	0.8%	1,903,269	0.8%	
03550 14.231 - Emerg Shelter - Hud 5	407,410	0.2%	407,410	0.2%	407,410	0.2%	
03552 81.042 - Weather Ben 100%	2,031,873	1.0%	2,555,944	1.1%	2,555,933	1.0%	
03571 93.566 - Off Ref Reset Adm 10	36,020	0.0%	56,036	0.0%	56,036	0.0%	
03572 93.568 - Lieap Blk Grt Adm	15,152,063	7.3%	15,195,350	6.4%	15,195,178	6.2%	
03573 93.569 - Csbg Adm	3,244,364	1.6%	3,225,587	1.4%	3,227,240	1.3%	
03580 6901-93.778 - Med Adm 50%	260,847	0.1%	307,651	0.1%	308,268	0.1%	
03666 Aging - Caregiver Iii-E	-	-	-	-	-	-	
03669 Doe Region 8	114,431	0.1%	219,420	0.1%	219,418	0.1%	
03677 6901-Cacfp 10.558 & 10.560	502,311	0.2%	538,615	0.2%	539,527	0.2%	
03678 6901-Food Stamp Benefits	93,242,739	44.8%	112,343,868	47.4%	119,601,240	48.5%	
03679 6901-Hopwa Cfda#14-241	516,516	0.2%	516,516	0.2%	516,516	0.2%	
03965 Csfp	379,333	0.2%	427,520	0.2%	427,508	0.2%	
Grand Total	\$ 208,275,027	100.0%	\$ 236,855,318	100.0%	\$ 246,595,755	100.0%	

The costs of this division are driven by the provision of benefits and the staff and contracted providers that deliver them throughout the state. The majority of funding for HCSD, 85.6 percent, comes from federal sources and is used for the direct provision of benefits and/or the programs supporting client recipients of the benefits. General fund provides 13.9 percent of the division's funding. General fund support is primarily used to achieve required TANF and child care

maintenance of effort (MOE) requirements and match federal programs such as Medicaid and SNAP eligibility determination, and child care benefits. State special revenue is primarily used in the delivery of childcare and energy and weatherization services, and comprises the preservation and stabilization fund and the universal systems benefits fund.

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 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	30,521,552	30,521,552	61,043,104	91.16%	208,275,027	208,275,027	416,550,054	86.16%
Statewide PL Adjustments	651,124	689,948	1,341,072	2.00%	1,377,021	1,461,299	2,838,320	0.59%
Other PL Adjustments	1,243,414	2,683,708	3,927,122	5.86%	24,448,571	34,104,631	58,553,202	12.11%
New Proposals	325,000	325,000	650,000	0.97%	2,754,699	2,754,798	5,509,497	1.14%
Total Budget	\$32,741,090	\$34,220,208	\$66,961,298		\$236,855,318	\$246,595,755	\$483,451,073	

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the Governor. “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 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					2,247,010					2,327,893
Vacancy Savings					(929,751)					(932,998)
Inflation/Deflation					61,540					68,114
Fixed Costs					(1,778)					(1,710)
Total Statewide Present Law Adjustments					\$1,377,021					\$1,461,299
DP 20001 - Child and Adult Care Food Program PL Adj	0.00	0	0	500,000	500,000	0.00	0	0	750,000	750,000
DP 20002 - Child Care FPI, Market Rate, Caseload, Inc.	0.00	949,321	0	0	949,321	0.00	2,231,230	0	0	2,231,230
DP 20005 - TANF Cash Benefit Increase	0.00	0	0	1,800,235	1,800,235	0.00	0	0	2,342,084	2,342,084
DP 20006 - OPA Offices and Central Office Rent Increases	0.00	133,898	1,397	138,581	273,876	0.00	151,595	1,581	156,896	310,072
DP 20007 - Field Eligibility Staff Increase	5.00	146,995	1,533	168,778	317,306	10.00	287,683	2,827	297,162	587,672
DP 20008 - SNAP/Food Stamp Benefits	0.00	0	0	19,101,129	19,101,129	0.00	0	0	26,358,501	26,358,501
DP 20011 - Child Care for Working Caretaker Relatives	0.00	0	0	466,704	466,704	0.00	0	0	485,072	485,072
DP 20015 - IHSB Present Law Increases	0.00	0	60,000	950,000	1,010,000	0.00	0	60,000	950,000	1,010,000
DP 20018 - Restore Overtime/Holidays Worked	0.00	13,200	138	16,662	30,000	0.00	13,200	138	16,662	30,000
Total Other Present Law Adjustments	5.00	\$1,243,414	\$63,068	\$23,142,089	\$24,448,571	10.00	\$2,683,708	\$64,546	\$31,356,377	\$34,104,631
Grand Total All Present Law Adjustments					\$25,825,592					\$35,565,930

Program Personal Services Narrative

For the Human and Community Services Division, the statewide present law adjustments, the personal services discussion, and DP 20018 to restore overtime and holidays worked will be discussed at the program level. All other present law adjustments listed below will be discussed at the subprogram level.

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 **Market Rate** – As of June 30, 2008, HCSD was at 98 percent of the market survey, which was above the agency-wide 92 percent expectation. The division indicates that it experiences difficulty in achieving its target market ratio because of competition for staff from other programs within the agency and from contractors wanting agency staff with specific expertise. The division does make pay exceptions if advertising results in no applicants, or in situations requiring specialized skills such as a program manager or lead policy specialist where policy knowledge and experience is required or those with full time system development skills.
- o **Vacancy** – HCSD vacancies generally occur in positions for eligibility assistants and social service specialists. This is mostly due to the rate of pay and employee frustration due to the complexity of the job, length of training and time required to become proficient in all programs, and the federal and state required emphasis on accuracy that must be presently achieved on out-dated computer systems. The division has addressed the long-term vacancies with improved initial training, offering flex schedules in larger offices, addressing staff morale through improved communications and team-building, developing web-based intuitive eligibility systems, and using temporary services. The impact of vacancies on the division affects the timely and accurate issuance of benefits, and results in increased workload and burnout for other staff, increased overtime costs, and the use of temporary services.
- o **Legislatively applied vacancy savings** – HCSD addresses the 4 percent legislatively applied vacancy saving rate by holding some positions vacant for longer periods of time, which usually generates sufficient vacancy savings. However, the division experiences lack of responsive applications and turnover. HCSD also reports that it does not attain additional budget authority from vacancy savings beyond the 4 percent applied rate.
- o **Pay Changes** – Pay changes were given to small groups of social service specialists and county directors to correct errors in the initial move to pay plan 20 and for internal equity. The 0.6 percent was given to all employees in year one. In year two, MPEA agreed to distribute the 0.6 percent evenly to those employees under market and MEA/MFT agreed to distribute it to those employees under market with a proportionate amount going to those farthest from market. The division made some reclassifications to more accurately reflect duties, and the Intergovernmental Human Services Bureau (IHSB) added one modified position. The changes were funded through vacancies and the modified position was funded through available operating funds in the IHSB budget.
- o **Retirements** – HCSD estimates that 258 employees (59 percent of total program workforce) will be eligible for retirement in the 2011 biennium. Based on current trends and projections, HCSD estimates that 35 employees will retire with an anticipated compensated absence liability of \$285,180. The division estimates that 32 employees could retire in FY 2009. The division is concerned about the planned and potential retirements of several staff members and is taking steps for knowledge sharing and cross training.

LFD ISSUE Vacancies and Staff Retention is a Reoccurring Theme of the Division

The division notes that vacancies and turnovers of eligibility assistants and social service specialists are on-going concerns that it is working to address. These are positions that are related to both the quantity and quality of services provided to HCSD clients.

The executive budget contains a request for \$0.9 million for ten additional field staff in the Public Assistance Bureau. There is also a \$6 million request in the Health Resources Division for 48 social service specialists and 6 supervisors that would be located in HCSD to handle the Medicaid eligibility expansion related to the I-155 Healthy Kids Initiative.

The legislature may wish to consider discussing with the division the development of:

- o A goal with measureable objectives and an interim reporting timeframe that would address the division’s staff retention plan and intended outcomes for the 2011 biennium
- o A goal with measureable objectives and an interim reporting timeframe that would show the successes achieved by recruiting and hiring the additional 10.00 FTE
- o A goal with measureable objectives and an interim reporting timeframe that would reflect the process used to hire the FTE necessary to properly address the Healthy Kids Initiative

Present Law Adjustment

DP 20018 - Restore Overtime/Holidays Worked - The Governor requests \$60,000 for the 2011 biennium to restore zero-based overtime. The general fund requested is \$26,400 for the biennium. \$27,000 each year is for the overtime and holidays worked by employees in the county offices of public assistance and \$3,000 each year is for drivers working in food distribution.

Other present law and new proposals are discussed at the subprogram level.

New Proposals

Program	Fiscal 2010					Fiscal 2011				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 20004 - Child Care Administration										
02	1.00	0	0	52,693	52,693	1.00	0	0	52,764	52,764
DP 20009 - TANF Second-Chance Homes										
02	0.00	0	0	300,000	300,000	0.00	0	0	300,000	300,000
DP 20013 - IHSB Contract Monitoring and Preparation										
02	1.50	0	0	77,006	77,006	1.50	0	0	77,034	77,034
DP 20017 - Family Economic Security Grant Program										
02	0.00	0	0	2,000,000	2,000,000	0.00	0	0	2,000,000	2,000,000
DP 20018 - Montana Hunger Reduction OTO										
02	0.00	125,000	0	0	125,000	0.00	125,000	0	0	125,000
DP 20019 - Low-Income Energy Assistance Program (LIEAP) OTO										
02	0.00	200,000	0	0	200,000	0.00	200,000	0	0	200,000
Total	2.50	\$325,000	\$0	\$2,429,699	\$2,754,699	2.50	\$325,000	\$0	\$2,429,798	\$2,754,798

Sub-Program Details**PUBLIC ASSISTANCE 01****Sub-Program Proposed Budget**

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

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2008	PL Base Adjustment Fiscal 2010	New Proposals Fiscal 2010	Total Exec. Budget Fiscal 2010	PL Base Adjustment Fiscal 2011	New Proposals Fiscal 2011	Total Exec. Budget Fiscal 2011	Total Exec. Budget Fiscal 10-11
FTE	424.30	5.00	0.00	429.30	10.00	0.00	434.30	434.30
Personal Services	19,349,682	1,478,439	0	20,828,121	1,776,953	0	21,126,635	41,954,756
Operating Expenses	3,722,399	401,959	0	4,124,358	486,711	0	4,209,110	8,333,468
Equipment & Intangible Assets	7,035	0	0	7,035	0	0	7,035	14,070
Grants	10,783,839	0	2,000,000	12,783,839	0	2,000,000	12,783,839	25,567,678
Benefits & Claims	112,047,949	21,368,068	300,000	133,716,017	29,185,657	300,000	141,533,606	275,249,623
Total Costs	\$145,910,904	\$23,248,466	\$2,300,000	\$171,459,370	\$31,449,321	\$2,300,000	\$179,660,225	\$351,119,595
General Fund	22,497,413	945,263	0	23,442,676	1,142,476	0	23,639,889	47,082,565
State/Other Special	205,504	7,872	0	213,376	9,668	0	215,172	428,548
Federal Special	123,207,987	22,295,331	2,300,000	147,803,318	30,297,177	2,300,000	155,805,164	303,608,482
Total Funds	\$145,910,904	\$23,248,466	\$2,300,000	\$171,459,370	\$31,449,321	\$2,300,000	\$179,660,225	\$351,119,595

Sub-Program Description

The Public Assistance Bureau:

- Administers Montana's Temporary Assistance to Needy Families (TANF) program, including the WoRC contracts for TANF work activity case management
- Administers the state Refugee Assistance program
- Determines eligibility for all Medicaid coverage groups
- Determines eligibility for Supplemental Nutrition Assistance Program (SNAP - formerly known as the Food Stamp Program), and administers contracts for SNAP employment and training services and nutrition education services

Budget Increases

The \$2.1 million increase to the general fund addresses present law increases for:

- Nearly \$0.3 million for rent increases
- Over \$0.4 million for additional field staff and to restore overtime and holidays worked
- About \$1.4 million in statewide present law adjustments to address statutory and legislatively approved pay increases, aligning FTE positions to market, benefits, and longevity for existing staff, and fully fund vacant positions

The increase in federal funding is driven by the \$45 million request to increase SNAP benefit authority for food stamps and the \$4 million in new proposals to use TANF funds to address second-chance homes and family economic security.

Major Programs

The two major programs of the Public Assistance Bureau are the Supplemental Nutrition Assistance Program (SNAP, formerly called food stamps) and the Temporary Assistance to Needy Families (TANF) program. Both programs have a benefit program as well as programs that deliver supportive services to benefit recipients. The goals submitted by the division for the two programs are:

- Increase the economic security and self-sufficiency of Montana families
- Ensure the health and safety of Montanans by providing essential services and linkages to community resources

The measurements by program are:

SNAP

- o Meet all federal accuracy and timeliness requirements
- o Expand the use of SNAP

TANF

- o Provide basic cash grants
- o Engage all families in allowable work activities
- o Meet federal work participation requirements

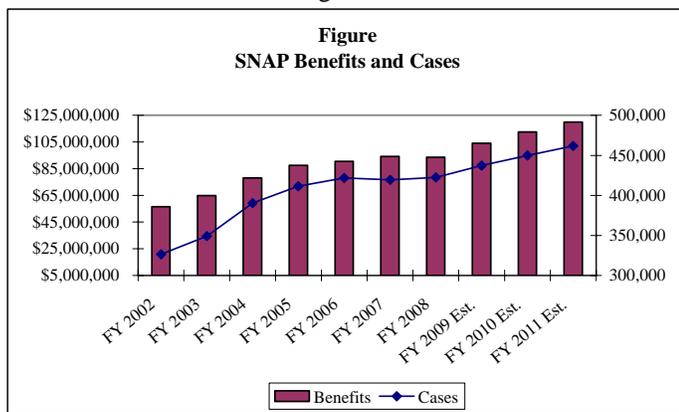
As mentioned in the goal and objectives discussion in the program overview, the goals, objectives, and measurements should provide the legislature an understanding of the policy behind the basics of the numbers served and at what costs. The legislature should be able to understand the quality of services provided by the division and its contracted providers that were funded by past legislative appropriations and could be funded by the 2011 biennium requests.

The follow discussion addresses the SNAP and TANF programs in the light of the quality and quantity of their benefit and supportive services program.

The Supplemental Nutrition Assistance Program (Food Stamps)

The federally funded SNAP benefits provided by the federal SNAP Program are the largest benefit expenditure of HCSD. The FY 2008 base amount for benefits was over \$93 million and over 422,000 cases were served. The Governor requests an increase of \$45 million for the 2011 biennium to address the projected increase in SNAP program enrollment. The division estimates an annual benefit use of \$119 million by FY 2011, which would support 461,881 cases. Figure 15 shows the growth of SNAP benefits and caseloads.

Figure 15



The executive budget also includes nearly \$1.4 million over the biennium for SNAP employment and training (E&T) support services and approximately \$2.3 million in nutrition education services through the SNAP ED (Nutrition Education) Program. It is federally mandated that each state have a program that provides employment training to SNAP recipients. In Montana is it mandated that SNAP applicants are informed about the SNAP E&T program, but participation is voluntary. Services provided in the SNAP E&T include a personal employment and training case manager, job skills training, soft skills training, work experience sites, referrals, and supportive services. Able-Bodied Adults without Dependents (ABAWDS) are individuals who are limited to receiving

SNAP benefits for only three months out of each 36 unless they have an exemption, or attend the employment and training classes.

Funding for SNAP E&T is allocated through a combination of federal and state funds. The federal government allocates 100 percent funds for direct program services. Supportive services and administrative program costs are 50 percent matching federal funds, and 50 percent state funds. The division served 1,884 individuals in FY 2008 and estimates that it will serve 2,000 individuals in FY 2009. However, as of early December 2008, the Offices of Public Assistance were reporting that SNAP cases increased from 2,601 in May to 3,910 in October. As a result of these increases, there may be more individuals seeking E&T support services.

SNAP ED is a federal/state partnership that supports nutrition education to SNAP participants throughout the state. Services are contracted and managed by Montana University System. The goal of the program is to assist families in making healthy food choices, and maximizing their food budgets.

**LFD
ISSUE**

The Division Goals for the SNAP Program need to Reflect both Quantity and Quality

The budget submission and its goals and objectives do not help the legislature understand what the division means by “expand the use of SNAP” and “meet all federal accuracy and timeliness requirements.” There is no link from the \$45 million request for additional federal authority for benefits or the overall program budget to the expanded delivery of services.

Additionally, the measurements do not contain any baseline information, time frames, outcomes or milestones from which the legislature can understand when work would begin, progress reports would be provided, or the intended outcomes achieved. There is also no quality measurement to help the legislature understand the quality of service and guidance applicants receive as they enter and navigate the SNAP system or the quality of support participants in E&T programs receive - whether the service is provided by state staff or contracted providers.

The division is forecasting an increase in the SNAP benefits without requesting an increase in the budget for the SNAP education and training support services that are serving the clients at the local level. Currently there are E&T offices in Helena, Butte, Billings and Missoula where services are provided through contracted providers. The funding of nearly \$1.4 million over the biennium for SNAP E&T support services includes funds for local agencies of about \$380,000. Funding for local agencies has been at about \$380,000 since FY 2006, due to capped federal funds for this program. The legislature cannot tell if resources are sufficient to handle increased office needs for E&T or other offices, or if a new E&T office needs to be opened in another area.

Option

The legislature may wish to discuss with the division developing a goal with measurable objectives and an interim reporting timeframe that would address:

- The provision of SNAP support services and intended outcomes for the 2011 biennium
- The quality of services related to the expenditure of resources at the SNAP E&T offices and/or offices at the state level and intended outcomes

If it is applicable to any of the new FTE requested by the Governor, the legislature may also wish to consider having a discussion with the division about developing a goal with measurable objectives and an interim reporting timeframe that would show the successes achieved by recruiting and hiring the additional FTE.

Changes at the Federal Level

Congress made changes to the Farm Bill that are projected to increase the SNAP caseload expenditures. The primary areas where Montana SNAP clients have already seen, or would soon see benefit increases are:

- Categorical eligibility for SNAP is expanded through an addition of a TANF program service (not a cash benefit), which allows the state to potentially reach more low-income clients. Beginning in March 2009, Montana will have an information and referral brochure/service that would qualify the state to add TANF clients at 185 percent of FPL to the SNAP eligibility mix. Additionally, the resource test for this eligible group is eliminated
- Minimum standard deductions for households with one to three members are increased from \$134 to \$144 for FFY 2009 and indexed to inflation beginning in FFY 2010
- Minimum benefits are increased from \$10 to \$14
- The standard utility allowance was increased to reflect the most current utility costs and was expanded to include those in subsidized housing
- Most education and retirement accounts are excluded as countable resources
- The dependent care cap is eliminated and the entire expense of the care is allowed when calculating the eligibility and benefit level

Unless otherwise indicated, the items listed here were recently implemented. The legislature may wish to request an update from the division at the time of its budget deliberations.

Temporary Assistance for Needy Families (TANF)

The families and children served by the TANF block grant and the balance of the TANF block grant have historically been of concern to legislatures. The TANF program is not an entitlement program, but rather a program that is funded by a capped grant that must be managed and has a major general fund requirement attached to it. As reflected in the earlier table, the major components of the TANF program contained in the Governor's budget account for \$23 million general fund and \$45 million federal funds over the biennium. The following discussion of TANF comprises an overview of the caseload, a brief background of the program, and the status of the TANF block grant.

Funding and Requirements

This program is funded by the TANF block grant that was created in 1996 by federal legislation commonly known as "welfare reform". Under the TANF program, states receive a set level of federal funding to support public assistance programs. Montana's annual federal grant is estimated to be about \$38 million for each year of the biennium. In order to receive the TANF federal funds, a state must continue to expend state and local resources at a level known as the "maintenance of effort" or "MOE." Montana's annual MOE is about \$13 million.

States must also meet other federal requirements, including work participation rates (WPR), data reporting requirements, limiting the beneficiary to a maximum 60 months per lifetime of benefits, and assignment of child support to the state by the beneficiary. Funds must be expended to achieve one of four TANF purposes: 1) provide assistance to needy families; 2) end dependency of needy parents by promoting job preparation, work, and marriage; 3) prevent and reduce out of wedlock pregnancies; and 4) encourage the formation and maintenance of two-parent families.

Tribal entities may choose to have their members receive services through the state TANF plan or choose to operate their own TANF plan. In Montana, four tribes, the Confederated Salish and Kootenai, the Fort Belknap Indian Community, the Blackfeet, and the Chippewa Cree at Rocky Boys Reservation have chosen to implement a Tribal TANF plan. Section 53-4-210, MCA governs the provision of a portion of the state maintenance of effort funds to tribes operating a Tribal TANF plan, and provides that \$100,000 general fund from existing appropriations be transferred to new Tribal TANF plans each fiscal year of the biennium following implementation of the Tribal TANF plan and, when certain service population requirements are met, on-going fiscal support. While there are no new Tribal plans this year, the division's negotiated general fund support of Tribal programs, about \$1.5 million per year, is an on-going part of the TANF MOE.

The division meets this requirement through the provision of cash grants and a myriad of support programs.

The Governor's Budget

The Governor presents a present law budget for the TANF program, but does request federal TANF funding of over \$4 million to increase the cash assistance benefit level from 33 percent of the 2007 federal poverty level (FPL) to 33 percent of the 2009 FPL. This would increase the present monthly benefit from \$568 to a projected \$601.

As stated earlier, the goals submitted with the budget are:

- Provide basic cash grants
- Engage all families in allowable work activities
- Meet federal work participation requirements

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The Measurements do not Contain any Baseline Information, Time frames, Outcomes, or Milestones

As mentioned in the SNAP discussion, the budget submission and its goals and objectives do not help the legislature understand the link from the request for addition federal authority for benefits and the related support programs to the expanded delivery of services that may be needed as a result of the increase.

The measurements do not contain any baseline information, time frames, outcomes or milestones from which the legislature can understand when work would begin, progress reports would be provided, or the intended outcomes achieved. There is also no quality measurement to help the legislature understand the quality of service and guidance applicants receive as they enter and navigate the TANF system or the quality of support that participants in work activities receive - whether the service is provided by state staff or contracted providers.

Option

The legislature may wish to consider have a discussion with the division about developing a goal with measureable objectives and an interim reporting timeframe that would address:

- The provision of TANF support services and intended outcomes for the 2011 biennium
- The quality of services related the expenditure of resources at the state and local level and intended outcomes

The Present Status of the TANF Block Grant and Related Programs**The TANF Block Grant**

The TANF block grant is a capped grant. Figure 16 shows the balance of the grant through 2013 and shows that the block grant is projected to decline to nearly \$4 million by the end of FY 2013 if all proposals within the Governor's budget, the projected penalties, and the projected expenditures remain the same.

The top section of the table shows the balance of the grant, Montana's possible federally mandated penalty projected at about \$200,000 for FY 2009 (See the "Sustainability of the Grant" issue in this section), and the benefit expenditures including the requested increase to raise benefits to 33 percent of the 2009 FPL.

The second section reflects the TANF grant share of DPHHS indirect costs, and the third section shows the new or continued uses of the TANF block grant.

The balance of the items reflects allowable transfers. TANF funds may also be transferred to the child care block grant and/or the Title XX, Social Services Block Grant, but the transfer may not exceed 30 percent of the grant award. Montana has historically transferred a large amount of TANF funds to the child care block grant for child care and some funds to Title XX for use in the foster care and/or developmental disabilities programs. In addition to the use of TANF funds transferred to Title XX for foster care, some TANF funds are also used for protective service programs. These expenditures became part of the historical level of expenditures that were used as a basis for calculating the amount of the state's block grant. The use of TANF funds for child welfare continues to be an allowable use of TANF funds if included in its approved state plan under the prior AFDC program.

Figure 16
TANF Block Grant
Items in Bold Print Indicate Requests for the 2011 Biennium

Categories of Expenditures	Actual FY 2007	Actual FY 2008	Projected FY 2009	Projected FY 2010	Projected FY 2011	Projected FY 2012	Projected FY 2013
Actual/Projected Balance of Grant	\$34,871,395	\$36,475,779	\$34,329,793	\$31,789,401	\$25,538,106	\$18,145,757	\$11,712,300
Grant Amount	38,688,830	39,077,424	38,605,469	38,322,292	38,039,116	38,039,116	38,039,116
Projected Two Parent Penalty	0	0	(190,956)	(267,339)	(343,721)	(420,104)	(496,487)
Beginning Balance	\$73,560,225	\$75,553,203	\$72,744,305	\$69,844,354	\$63,233,501	\$55,764,769	\$49,254,929
Expenditures:							
Benefits							
Cash Assistance	\$13,787,096	\$14,920,546	\$17,225,138	\$19,238,991	\$20,043,456	\$20,644,760	\$21,264,102
Child Support Supplemental (HB 529)*	580,058	615,795	615,795	615,795	615,795	615,795	615,795
Total Benefits	\$14,367,154	\$15,536,341	\$17,840,933	\$19,854,786	\$20,659,251	\$21,260,555	\$21,879,897
TANF Share of DPHHS Indirect Costs							
Indirect Program 02 - HCSD	\$2,050,989	\$2,112,519	\$2,175,894	\$2,241,171	\$2,308,406	\$2,377,658	\$2,448,988
Indirect Program 03 - CFSD	1,357,771	1,398,504	1,440,459	1,483,673	1,528,183	1,574,029	1,621,250
Indirect Program 04- Director's Office	127,162	130,976	134,906	138,953	143,122	147,415	151,838
Indirect Program 06- Fiscal	347,898	358,335	369,085	380,158	391,563	403,310	415,409
Indirect Program 08 - QAD	119,116	122,690	126,371	130,162	134,066	138,088	142,231
Program 09 and 02 Systems - TEAMS	837,007	862,117	887,981	914,620	942,059	970,321	999,430
program 09 and 03 Systems - CAPS	199,134	230,000	230,000	230,000	230,000	230,000	230,000
Total cost allocation	\$5,039,077	\$5,215,142	\$5,364,696	\$5,518,737	\$5,677,399	\$5,840,821	\$6,009,145
New or Continued Uses of the TANF Grant							
Second Chance Home Services Support	\$0	\$0	\$0	\$300,000	\$300,000	\$300,000	\$300,000
Blackfeet Tribal New Contract	189,062	631,138	0	0	0	0	0
TANF System (removal from TEAMS)	0	2,600,000	2,200,000	2,000,000	1,800,000	0	0
CHIMES COSTS	1,016,404	883,596	0	0	0	0	0
Family Economic Security Plan	615,640	937,279	699,469	2,000,000	2,000,000	2,000,000	2,000,000
Grandparents Raising Grandchildren	19,824	16,696	0	0	0	0	0
Work Operator and OPA Improvements	91,829	22,108	0	0	0	0	0
Child Care for Working Caretaker Relatives	0	325,249	683,784	466,704	485,072	485,072	485,072
Reversion to FY 2009 from CC unused \$683,784		358,535					
Adult Basic Education	106,158	0	0	0	0	0	0
Food Banks	100,000	100,000	0	0	0	0	0
DOLI: Lake Employer Based Training, Missoula							
OJT, WoRC Contracts**	1,840,132	580,522	0	0	0	0	0
Work Support Payments	616,125	835,000	0	0	0	0	0
Post Employment Program	0	0	1,252,350	1,252,350	1,252,350	1,252,350	1,252,350
Accelerated Employment Services and Retention	443,124	310,850	504,436	504,436	504,436	504,436	504,436
Reversion of AE unused \$504,436		147,303					
Other DOLI AE funds		314,416					
Emerg Assist & Prg 03 Foster Care Benefits	2,254,682	2,360,000	2,360,000	2,360,000	2,360,000	2,360,000	2,360,000
Total New or Continued TANF Uses	\$7,292,980	\$10,422,692	\$7,700,039	\$8,883,490	\$8,701,858	\$6,901,858	\$6,901,858
Total Expenditures	\$26,699,211	\$31,174,174	\$30,905,668	\$34,257,013	\$35,038,508	\$34,003,233	\$34,790,901
Transfers:							
Child Care	\$8,387,010	\$8,051,010	\$8,051,010	\$8,051,010	\$8,051,010	\$8,051,010	\$8,051,010
Title XX program 03	1,998,226	1,998,226	1,998,226	1,998,226	1,998,226	1,998,226	1,998,226
Total Transfers	\$10,385,236	\$10,049,236	\$10,049,236	\$10,049,236	\$10,049,236	\$10,049,236	\$10,049,236
Expenditures and Transfers	\$37,084,447	\$41,223,410	\$40,954,904	\$44,306,249	\$45,087,744	\$44,052,469	\$44,840,137
Ending Balance	<u>\$36,475,779</u>	<u>\$34,329,793</u>	<u>\$31,789,401</u>	<u>\$25,538,106</u>	<u>\$18,145,757</u>	<u>\$11,712,300</u>	<u>\$4,414,792</u>

* Includes HB 529 child support passthrough and disregard, and may include some general fund payments
 **Department of Labor and Industry
 Sources: Division spreadsheet and SABHRS (12/3/2008)

The Role of the General Fund

There are two areas of the TANF program that impact the general fund. One is the TANF MOE and the other is the potential assessment of a work participation rate penalty.

As mentioned earlier, in order to receive the TANF federal funds, a state must continue to expend state and local resources at a level known as the “maintenance of effort” or “MOE.” Montana’s annual required MOE is about \$13 million, but the legislature has supported about \$14 million of expenditures over the past several biennia due mainly to the support of Tribal programs.

The largest part of the MOE general fund use is nearly \$11 million for the administration and provision of the state and Tribal programs. Over \$7 million of that amount is for contracted provider contracts and additional support services that provide employment, training, and other work activities throughout the state. Nearly \$3 million is spent in other programs on TANF-eligible participants and expenditures. These include TANF related computer system development, children's basic health coverage, the child care MOE, and additional state program money.

The potential work participation penalty is presently estimated at about \$200,000 for FY 2009. As mentioned earlier, should the penalty be assessed, the legislature would be asked to replace that amount with general fund at some point in time, possibly in the upcoming biennium.

Figure 17
TANF MOE Tracking Sheet
Expenditures as of October 2008*

Categories of Expenditures	Budget	Expenditures YTD	Remaining Balance*	Projection	Percent Spent
Uses of General Fund					
TANF Supportive Services County	\$1,141,821	\$354,848	(\$786,973)	\$1,141,821	31.1%
Subtotal	\$1,141,821	\$354,848	(\$786,973)	\$1,141,821	31.1%
TANF Employment and Training					
Direct Administration	\$448,000	\$112,635	(\$335,365)	\$448,000	25.1%
Direct Program Costs	145,600	40,172	(105,428)	145,600	27.6%
Workers Compensation for Work Experience Sites	75,000	0	(75,000)	75,000	0.0%
Contracted Providers					
WoRC Contracts	4,880,266	1,021,912	(3,858,353)	4,880,266	20.9%
DOLI WoRC Contract	2,259,408	500,927	(1,758,482)	2,259,408	22.2%
DOLI Rent	74,244	32,470	(41,774)	74,244	43.7%
Other Services					
TANF Work Experience Sites	43,000	8,171	(34,829)	43,000	19.0%
Mental Health Centers (Billings and Great Falls)	146,574	10,698	(135,876)	146,574	7.3%
Special Projects	16,983	0	(16,983)	16,983	0.0%
TANF System	170,000	77,252	(92,748)	170,000	45.4%
Tribal Programs					
Fort Belknap Indian Community Transition	256,156	0	(256,156)	256,156	0.0%
Rocky Boy Transition	350,041	86,957	(263,084)	350,041	24.8%
Blackfeet Tribal New	\$859,600	\$274,898	(\$584,702)	\$859,600	32.0%
Subtotal	\$9,724,872	\$2,166,092	(\$7,558,780)	\$9,724,872	22.3%
Total General Fund	\$ 10,866,693	\$ 2,520,940	\$ (8,345,753)	\$ 10,866,693	
Other Funds					
System Development	\$250,000	\$87,267	(\$162,733)	\$250,000	34.9%
Children's Basic Coverage - Health Resources Division	647,952	113,083	(534,869)	647,952	17.5%
Child Care MOE	1,313,990	0	(1,313,990)	1,313,990	0.0%
State Administration	638,825	0	(638,825)	638,825	0.0%
State Program	904,015	226,004	(678,011)	904,015	25.0%
Subtotal	\$2,856,830	\$226,004	(\$2,630,826)	\$2,856,830	7.9%
TOTAL All Funds	\$14,621,475	\$2,947,293	(\$11,674,182)	\$14,621,475	20.2%
MOE Requirement				\$13,129,342	
State MOE over/(under) the Required MOE				\$1,492,133	
*34 percent of the year is elapsed in this snapshot.					

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What is the Sustainability of the TANF Block Grant and What does \$38 million in TANF Funds Presently Buy?

As shown in Figure 16 division staff projects the TANF block grant declining to nearly \$4 million by the end of FY 2013. This would not sustain a positive cash flow of the block grant into FY 2014 if all proposals within the Governor's budget, the projected penalties, and the projected expenditures remain the same.

Consequently, there are policy and fiscal issues for the legislature to consider when discussing the expenditure of federal TANF funds. For example:

- What if any level of TANF block grant reserve does the legislature wish to maintain?
- What level of cash assistance does the legislature wish to fund?
- What is the benefit to the state and TANF clients of each of the existing uses of the TANF fund that are included in the Governor's present law budget?
 - Food bank support (\$100,000 each year)
 - Post Employment Program (\$1.3 million each year)
 - Accelerated Employment Service Program (\$0.5 million each year)
 - Emergency assistance and foster care benefits (\$2.3 million each year)

The legislature may wish to have the division discuss the existing proposals listed above in light of the goals and anticipated outcomes in this biennium, and if applicable, future biennia to gain a better understanding of the programs before discussing the Governor's proposals.

Staff mentions this because lack of goals and objectives led to a failed appropriation from last session. The 2007 Legislature directed the division to include \$504,436 of TANF block grant funds each year of the biennium to support additional employment and training activities, including antipoverty efforts, and enhance the work capacity of TANF recipients. No goals or measurements were discussed during subcommittee deliberation of the appropriation. The division did not take a lead to guide the contractors to establish programs and expend the funds; the contractors awaited direction from the division as to when and how to expend the funds and took no action. Neither the division nor contractors addressed the legislative intent for contractors to use the appropriation to address antipoverty efforts and enhance the work capacity of TANF recipients in their areas. Only \$310,850 of the FY 2008 appropriation was used to pay contracted providers for services they were already providing. (Accelerated Employment Line in Figure 16)

Options

As a means for the legislature to understand the quantity and quality of benefits and/or services funded by the TANF block grant funds as well as the MOE general funds and address the sustainability of the TANF block grant, the legislature may wish to:

- Have the division expand the measurements to its TANF goal (provide basic cash grants, engage all families in allowable work activities, and meet federal work participation requirements) to include data that would reflect the benefit or service provided, the number of clients receiving the benefit or service and, where applicable, the quality of the service provided
- Select a program from the TANF block grant and have the division develop a goal and measureable objectives to monitor or report to the 2011 Legislature

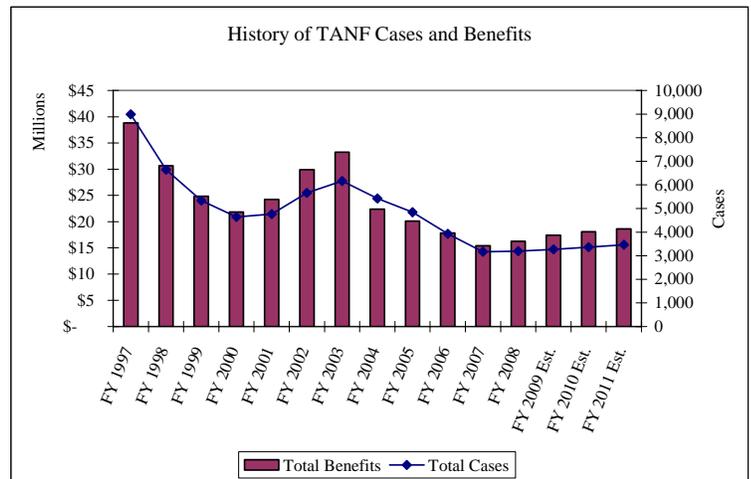
Cash Assistance and Caseload

Figure 18 shows the decline and increase of Montana's TANF caseload from FY 1997 through FY 2007 and the projected increases for the 2011 biennium.

Economic conditions appear to already be having an upward impact on caseloads in FY 2009, and the full impact is not yet known. Updates will be provided to the legislature throughout the session. However, the full impact of the caseload will likely not be known until after the legislature adjourns. Therefore, the legislature may wish to discuss with the division strategies for dealing with the increased caseload during the interim, including regular updates to the Children and Families Interim Committee and the Legislative Finance Committee.

Figure 18 shows the requested funding to increase the benefit level from 33 percent of the 2007 FPL to 33 percent of the 2009 FPL and accommodate a 3 percent per year increase in the caseload.

Figure 18



The Federal Deficit Reduction Act (DRA) of 2005

Although the basics of the TANF block grant funding and MOE expenditures remain the same, the DRA imposed changes in the TANF definitions, the largest impact of which relates to the method states use to calculate successful outcomes for engaging participants in newly defined mandatory work activities (called work participation rates(WPR))and the penalties to be imposed on states that are unable to meet the expectations. As a result, the DRA presently drives two of the measurements the division submitted with its TANF goals: 1) engage all families in allowable work activities; and 2) meet federal work participation requirements. The general fund is also impacted by the DRA on two levels:

- o The contracted services throughout the state that provide employment, training, and other work activities are supported by about \$7 million of general fund
- o The assessment of a work participation rate penalty, which is presently estimated at about \$200,000 for FY 2009

If a state fails to meet the work participation rates, it is subject to a penalty equal to a 5 percent reduction of its federal grant the first year, and an additional 2 percent each successive year the rate is not met up to a total of 21 percent of the block grant. The state is also required to: (1) backfill its federal penalty with state funds; and (2) increase its maintenance-of-effort (MOE) spending by 5 percent. However, there are several levels to the final assessment of or adjustment to the penalty amount.

The penalty is initially based upon the state’s achievement of work participation rates set federally at 50 percent for all families and 90 percent for two-parent families. States can add to their actual participation rate and reduce the potential of a penalty with case load reduction credits or bonus credits for what state spends in excess MOE. The latter is important because the division’s general fund support of Tribal programs, about \$1.5 million per year, is an allowable credit addition.

As shown on line three in Figure16, the TANF Block Grant, Montana’s penalty is projected at about \$200,000. Montana is presently at 89 percent of the two-parent rate, and has met its all family rate, so there is a chance there will not be a penalty in FY 2009. However, should the penalty be assessed, the legislature would be asked to replace that amount with general fund at some point in time, possibly in the upcoming biennium.

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 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent Of Budget
Base Budget	22,497,413	22,497,413	44,994,826	95.57%	145,910,904	145,910,904	291,821,808	83.11%
Statewide PL Adjustments	651,170	689,998	1,341,168	2.85%	1,262,216	1,338,920	2,601,136	0.74%
Other PL Adjustments	294,093	452,478	746,571	1.59%	21,986,250	30,110,401	52,096,651	14.84%
New Proposals	0	0	0	0.00%	2,300,000	2,300,000	4,600,000	1.31%
Total Budget	\$23,442,676	\$23,639,889	\$47,082,565		\$171,459,370	\$179,660,225	\$351,119,595	

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the Governor. “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.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					2,083,635					2,159,939
Vacancy Savings					(857,341)					(860,406)
Inflation/Deflation					37,635					41,032
Fixed Costs					(1,713)					(1,645)
Total Statewide Present Law Adjustments					\$1,262,216					\$1,338,920
DP 20005 - TANF Cash Benefit Increase	0.00	0	0	1,800,235	1,800,235	0.00	0	0	2,342,084	2,342,084
DP 20006 - OPA Offices and Central Office Rent Increases	0.00	133,898	1,397	138,581	273,876	0.00	151,595	1,581	156,896	310,072
DP 20007 - Field Eligibility Staff Increase	5.00	146,995	1,533	168,778	317,306	10.00	287,683	2,827	297,162	587,672
DP 20008 - SNAP/Food Stamp Benefits	0.00	0	0	19,101,129	19,101,129	0.00	0	0	26,358,501	26,358,501
DP 20011 - Child Care for Working Caretaker Relatives	0.00	0	0	466,704	466,704	0.00	0	0	485,072	485,072
DP 20018 - Restore Overtime/Holidays Worked	0.00	13,200	138	13,662	27,000	0.00	13,200	138	13,662	27,000
Total Other Present Law Adjustments	5.00	\$294,093	\$3,068	\$21,689,089	\$21,986,250	10.00	\$452,478	\$4,546	\$29,653,377	\$30,110,401
Grand Total All Present Law Adjustments					\$23,248,466					\$31,449,321

DP 20005 - TANF Cash Benefit Increase - The Governor requests \$4 million of federal TANF block grant funds for the biennium to fund a projected 3 percent increase per year in the case load of TANF benefit recipients and to increase the benefit level from 33 percent of the 2007 federal poverty level to 33 percent of the 2009 federal poverty level. Eligibility for the TANF program will remain at 30 percent of the 2002 federal poverty level.

At the time of preparation of this decision package, the average case load for calendar year 2007 was 3,175. Using a 3 percent annual case load increase, the projected case load for 2010 and 2011 is 3,470 and 3,573, respectively.

DP 20006 - OPA Offices and Central Office Rent Increases - The executive requests \$0.6 million over the biennium for increases in rent of non-Department of Administration office space. Funding is split at nearly \$285,000 general fund and \$296,000 federal revenue over the biennium. Offices in 22 counties will have rental increases in accordance with

established lease agreements. Funding at this level allows the department to maintain the leases that are currently under contract and provides the infrastructure for the department to meet its mission.

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Budget Request

One component of the rent request is \$234,182 over the biennium for staff that will ultimately move to the new South Pointe building in Helena. This amount is essentially a place holder at this time because the staff is scheduled to relocate to a new building that is not yet built. The increase is based on a July 2009 move, but the actual date is uncertain. This amount also includes \$81,900 for furniture, telephones, and telephone jacks and wiring associated with the move into the new building.

Options the legislature may wish to consider:

- Restricting the \$234,182 of the request to be expended only on payment of rent for the individuals scheduled to move into South Pointe offices to ensure the funds are not spent on other items if they are unused
- Designating the \$81,900 request for communications equipment as one-time-only so that amount does not go into the base, and restricting the amount to ensure the funds are not spent on other items if they are unused

DP 20007 - Field Eligibility Staff Increase - The Governor requests slightly more than \$0.9 million in cost allocated authority over the biennium. The request is for: 1) 5.00 FTE for the Offices of Public Assistance (OPAs) in FY 2010 and an additional 5.00 FTE in FY 2011; and 2) funding for the state share of costs for eligibility work done by the two Rocky Boy's Tribal Health employees who are determining Medicaid eligibility for tribal families and children per a program agreement between the Rocky Boy's Tribe and Montana Medicaid. The general fund authority requested would be about \$0.4 million for the biennium and federal revenue about \$0.5 million.

The following information is provided so that the legislature can consider various performance measurement principles when examining this proposal. It is submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: With the exception of TANF, caseloads have grown substantially with no additional overall eligibility FTE added since welfare reform began in 1996. The additional 10 Social Services Specialists would:

- Help OPAs address workload, an increasing amount of new applications, the increasingly complex eligibility work, and federal expectations
- Allow the division to address an aging workforce, a 25 percent annual turnover rate in the eligibility staff, and the need for a new worker to have up to six months of training to become capable of totally independent casework
- Help OPAs address the increased the caseload for both Medicaid and SNAP resulting from the presence of the tribal Medicaid eligibility workers
- Assist in the phase-in process of the implementation of the CHIMES-Medicaid system updates and the double entry for combination cases until the TANF-SNAP systems are complete, which it is estimated will significantly increase the existing workload for the next three to four years

The Public Assistance Bureau has taken several actions to address workload issues, including: 1) Flattening management and reclassifying those positions resulting in a total 304 staff members statewide solely dedicated to eligibility with some supervisory staff carrying caseloads during vacancies; 2) Moving FTE from declining traffic areas to high traffic offices; 3) Instituting same day service and shared caseloads, telephone interviews, fast track training, corrective action plans when staff turnover has caused accuracy problems, and career ladder and succession planning.

Goal: Decrease workload to reasonable caseload numbers in high traffic OPA offices through a 1.64 percent field eligibility FTE increase in FY 2010 and an additional 1.64 percent field eligibility FTE in FY 2011.

Performance Criteria: Individual and office caseloads will be monitored and adjusted to provide timely and accurate service in determining eligibility for public assistance benefits to Montana citizens.

Milestones:

- July 2009 Five FTE are recruited for offices determined to be most in need based on caseload numbers. Training follows immediately.
- July 2010 Five additional FTE are recruited for offices determined most in need based on caseload numbers. Training follows immediately.

Obstacles:

There could be recruitment and/or retention problems due to complexity of the work.

Risks: Without the additional FTE, Public Assistance Bureau faces the possibility of increased error/incorrect payments to participants, federal sanctions for untimely or inaccurate benefits, low worker morale, increased turnover due to work loads, delays in benefit issuance, and more client complaints.

LFD COMMENT	<p>The Legislature May Wish To Monitor This Request During The Biennium</p> <p>As in its discussion of personal services issues, the division lists the recruitment and/or retention of staff as a potential problem. The legislature may wish to consider discussing with the division the development of a goal with measureable objectives and an interim reporting timeframe that would address the workload and caseload items that the division presents in its justification and track the improvements that result from the addition of 10.00 FTE for the Public Assistance Bureau.</p>
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DP 2008 - SNAP/Food Stamp Benefits - The executive requests \$45 million of federal appropriation authority over the biennium to fund the anticipated caseload and poverty level adjustments. From July 2001 to October 2008, the SNAP/food stamp benefit cases have increased from 27,120 cases per month to 36,321 cases per month, a 33.9 percent increase. Estimated SNAP/food stamp program expenditures for FY 2010 are \$112,589,791 and \$119,847,163 for FY 2011 and would support an additional annual average of 1,648 and 2,487 cases per month respectively.

In addition to the changing Montana economy, the increase in the benefit amount is attributed to changes made by the 2007 Farm Bill and on-going outreach efforts to increase enrollment. Changes include an increase in the minimum standard for households of one to three, the elimination of the dependent care cap, retirement account exclusions, and an increase in the minimum benefit along with annual standard changes. There is further discussion of this request in the subprogram narrative.

DP 2011 - Child Care for Working Caretaker Relatives - The Governor requests nearly \$1 million of federal TANF block grant authority for the 2011 biennium to provide child care for working caretaker relatives of eligible children for the TANF child-only grant. As of October 2008, there were about 130 – 150 children fitting this scenario and the division estimates that 40 percent, or about 56 families, of the working relative caretakers need childcare assistance. The cost of child care for 2010 is estimated at \$4,167 per child per year and for 2011 the estimate is \$4,331. Data supports that most of these 56 families will have 2 children in each family.

The following information is provided so that the legislature can consider various performance measurement principles when examining this proposal. It is submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: Extended relatives, who are called upon to raise their TANF-eligible child relatives, are often still working when they begin taking care of these children and in some cases cannot afford to quit their employment to assume the responsibility of these children, nor can they afford to absorb the high costs of child care. Current federal child care policy requires that the caretakers' income be counted toward eligibility for child care assistance, making many of these families ineligible, but the child may be.

Goals: 1) To stabilize the lives of children who are unable to be cared for by their parents, and to prevent these children from entering the child welfare system; and 2) provide TANF-funded child care to approximately 56-60 working caretaker relative situations monthly to allow them to continue employment while caring for these children.

Performance Criteria: Outcomes measured would be the number of employed caretaker relative families that continue to use the childcare services, and the number of children benefiting from the experience of quality childcare services. Between implementation July 2007 and fiscal year end 2008, an unduplicated 81 working caretaker relative families benefited from this program.

Milestones:

On-going - Accept child care benefit applications from caretaker relatives

Monthly – Monitor number of working relative caretakers with childcare benefits and number of children receiving childcare

Risks: TANF is not an entitlement program so the remote possibility exists that the block grant could be exhausted resulting in cuts or elimination to this program and others.

LFD ISSUE In the 2007 biennium, the division requested \$683,784 each year to implement a new program to assist working caretaker relatives. The 2007 Legislature approved the request with a designation of one-time-only (OTO) and restricted funding to protect the amount of funds in the TANF block grant in the event the entire appropriation was not expended. The division expended \$325,249 of the requested funds for FY 2008. This request would reinstate the OTO funding, but at an amount closer to the actual expenditures.

Goals supplied with the 2007 request were the same as with this request and indicated that approximately 56-60 working caretaker relatives could be served.

Options

As mentioned in the subprogram overview, the TANF block grant is in a vulnerable position. The 2009 Legislature may wish to consider if it wants to continue the work of the 2007 Legislature and spend TANF funds to continue the working caretaker program at this time.

Should the legislature want to fund the full request and allow the next legislature to evaluate the status of the TANF block grant, it could consider designating the appropriation as one-time-only, or restricting the funds for only the working relative caretaker program to protect the amount of funds in the TANF block grant in the event the entire appropriation was not expended.

Should the legislature wish to continue the program, but conserve the amount of TANF Block Grant funds, it could consider reducing the amount of the request to serve fewer than 56 families. For example: Using the division's formula, with which LFD staff concurs, serving 40 families would entail \$679,840 over the biennium including: 40 families x \$4,167 x 2 children = \$333,360 for FY 2010 and 40 x \$4,331 x 2 = \$346,480 for FY 2011) This would save about \$130,000 each year.

Additionally, because the program would have over a year of data available, the legislature may wish to have the division begin tracking the second half of its goal "to stabilize the lives of children who are unable to be cared for by their parents and to prevent these children from entering the child welfare system" and provide an update to the LFC in October 2010. This would provide information to the next legislature about the number of children served in the program and if any children entered the welfare system from the caretaker relative program.

New Proposals

New Proposals	-----Fiscal 2010-----					-----Fiscal 2011-----					
	Sub Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 20009 - TANF Second-Chance Homes											
01	0.00	0	0	300,000	300,000	0.00	0	0	300,000	300,000	
DP 20017 - Family Economic Security Grant Program											
01	0.00	0	0	2,000,000	2,000,000	0.00	0	0	2,000,000	2,000,000	
Total	0.00	\$0	\$0	\$2,300,000	\$2,300,000	0.00	\$0	\$0	\$2,300,000	\$2,300,000	

DP 20009 - TANF Second-Chance Homes - The executive requests \$0.6 million of federal TANF block grant for the biennium to support residential services to high-risk teen parents. Montana currently has three facilities that would qualify as second chance homes as defined in the TANF Federal legislation. These facilities are located in Billings, Missoula and Helena. These three homes would each receive \$100,000 annually. Funding would help maintain the existence of 26 beds for teen-age mothers.

Presently no TANF funds are used directly at these facilities. The purpose of this funding is to: 1) ensure that these facilities continue to provide the opportunity for 26 young mothers to be successful in the face of rapidly increasing costs; 2) provide stable funding to teen parents in the event that the US Housing and Urban Development (HUD) funding targeted to homeless teen parent populations is discontinued as presently indicated; and 3) provide three regional programs that can provide information and expertise to communities in support of teen parents.

The following information is provided so that the legislature can consider various performance measurement principles when examining this proposal. It is submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: One of Montana’s most vulnerable populations is teen-age mothers who do not have a place to live. Both the mother and child may be subject to dangerous situations including abuse, criminal activity and drug use. Additionally, newborns may not receive the bonding support, nutrition, or health screenings they need.

Goals:

- o Ensure that on a statewide basis there are 26 beds available for teenage mothers who are at high risk of negative outcomes
- o Fund expertise and information to communities in Montana regarding successful strategies for working with teen parents

Performance Criteria:

- o 26 beds will be available for TANF-eligible teen mothers in Montana during the 2011 biennium
- o The three “second chance homes” will coordinate with the HCSD to provide information to targeted community partners on successful strategies to assist teen parents

Milestones:

2010 – Complete contract negotiations and release of funds
 2011 – Develop an educational/technical assistance product
 On- going – Provide client based services such as assisting the teen parent with housing, parenting education and technical assistance

Risks: Failure to address these needs may result in the need for additional public services during the lifetime of the child.

If TANF caseloads expand rapidly it may be necessary to divert funding to TANF cash benefits

LFD ISSUE	<p>There is General Fund Available for this Request</p> <p>There is general fund available for this in the TANF MOE general fund. The children's basic coverage is listed as over \$0.6 million in the TANF MOE budget (Figure 17 - Other Funds). However, in FY 2008 the Health Resources Division transferred over \$0.4 million back to the TANF program and maintains only \$209,495 in its base for this purpose. Consequentially, about \$0.4 million of the \$0.6 million listed is basically a placeholder. Homes for teen mothers would be an allowable expenditure.</p> <p>Options</p> <p>Should the legislature opt to fund this request, it may want to consider</p> <ul style="list-style-type: none"> ○ Using TANF MOE general fund should the legislature not want to reduce the TANF block grant ○ Monitoring this request over the biennium
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DP 20017 - Family Economic Security Grant Program - The Governor requests \$4 million of federal TANF block grant funds for the biennium to promote family economic security. This project utilizes financial literacy training, asset development, and education/training to assist in obtaining higher wages. This program would assist families to become financially secure.

The following information is provided so that the legislature can consider various performance measurement principles when examining this proposal. It is submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: In August of 2006, DPHHS began the family economic security initiative. The purpose of this initiative was to increase the financial security of low-income families. Strategies used to accomplish this include asset creation, financial literacy education, and other training/education. The division has utilized \$1.5 million of TANF high performance bonus funds to operate this project. During the next biennium the division proposes to continue this project by using TANF federal block grant funds. This project addresses the criticism of "welfare reform" that people who leave TANF remain financially insecure.

Goals:

- Provide financial literacy education to at least 300 households during the biennium
- Provide asset development assistance to at least 100 households during the biennium including things like home ownership, educational opportunity, and matched savings accounts
- Provide education/training to assist in obtaining higher wages to at least 220 households during the biennium.

Performance Criteria:

Clients would:

- Complete financial literacy training
- Obtain assets such as a degree, bank account, or home ownership
- Secure employment at wages that allow for economic security

Milestone:

- Re-procure project contracts through competitive process
- Continue quarterly reporting requirements
- Release annual funding allotments

Obstacles: This project entails a continuing process of identifying successful strategies. Each client requires an individual plan that varies in length. This makes outcome evaluation difficult.

Risks: If the cost of the TANF cash benefit increases this program is at risk of discontinuation.

**LFD
ISSUE****The Milestones and Performance Criteria Do Not Contain Timeframes**

Resources of this request would be delivered to clients through contracted providers throughout the state. However, the milestones and performance criteria submitted with the request do not contain timeframes that show the legislature:

- When the competitive process for the contracts would begin, funds would be mobilized to contractors, or when and how funds would be passed on to individuals throughout the state
- When individuals would undertake or complete the items listed in the performance criteria

The legislature cannot tell the amount of funding that could be released in the annual funding allotments or when those resources would benefit the clients. There is no evidence that the full \$2 million is needed in the first year.

Options

Should the legislature want to address the sustainability of the TANF block grant and understand the quantity and quality of the TANF benefits or services, the legislature may wish to consider:

- Having a discussion with the division about including measurable objectives for both quality and quantity of services to the goals listed in the request to allow the legislature to understand the expenditure of the TANF resources at the office as well as the state level
- Having the division present a budget that would show how \$2 million could be spent in the first year of the grant

Sub-Program Details**ENERGY AND COMMODITIES 02****Sub-Program Proposed Budget**

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

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2008	PL Base Adjustment Fiscal 2010	New Proposals Fiscal 2010	Total Exec. Budget Fiscal 2010	PL Base Adjustment Fiscal 2011	New Proposals Fiscal 2011	Total Exec. Budget Fiscal 2011	Total Exec. Budget Fiscal 10-11
FTE	15.51	0.00	1.50	17.01	0.00	1.50	17.01	17.01
Personal Services	939,675	34,586	77,006	1,051,267	37,610	77,034	1,054,319	2,105,586
Operating Expenses	1,894,758	135,961	0	2,030,719	138,711	0	2,033,469	4,064,188
Equipment & Intangible Assets	83,552	0	0	83,552	0	0	83,552	167,104
Grants	1,826,870	300,000	125,000	2,251,870	300,000	125,000	2,251,870	4,503,740
Benefits & Claims	20,049,745	595,000	200,000	20,844,745	595,000	200,000	20,844,745	41,689,490
Total Costs	\$24,794,600	\$1,065,547	\$402,006	\$26,262,153	\$1,071,321	\$402,034	\$26,267,955	\$52,530,108
General Fund	113,971	(35)	325,000	438,936	(38)	325,000	438,933	877,869
State/Other Special	173,064	60,013	0	233,077	60,011	0	233,075	466,152
Federal Special	24,507,565	1,005,569	77,006	25,590,140	1,011,348	77,034	25,595,947	51,186,087
Total Funds	\$24,794,600	\$1,065,547	\$402,006	\$26,262,153	\$1,071,321	\$402,034	\$26,267,955	\$52,530,108

Sub-Program Description

Energy and Commodity services are delivered through:

- The Community Services block grant, which is used by 10 Human Resource Development Councils to provide a wide range of community-based human services
- The Low-Income Energy Assistance Program (LIEAP) and Weatherization program
- The DOE Weatherization program including funding for weatherization from five other sources
- The Emergency Shelter grants program
- The Housing Opportunities for Persons with AIDS grant
- Three USDA commodities programs. In addition, the bureau stores and distributes USDA commodity foods to elderly feeding sites, and stores USDA commodity foods for school lunch programs

Low-Income Energy and Weatherization Programs

The largest part of the budget, nearly \$42 million over the biennium, is the low-income energy and weatherization program benefits, primarily due to:

- Low-income Energy Assistance (LIEAP) benefit payments that cover part of a household's total heating costs for the winter
- Weatherization programs that focus on education and support for weatherization needs to a home by providing services ranging from energy education to furnace repairs/replacements, installing insulation, weather stripping, and winterization of doors and windows

The Governor's Budget

In the 2011 executive present law budget, the Governor proposes an increase of \$3 million in general and federal funds to support energy and weatherization activities over the biennium with:

- \$2 million in federal funds and state special revenue authority for anticipated expenditure increases for federal grants and the universal low-income energy assistance fund, which comes from consumer charges on utility bills and is passed on to energy assistance and weatherization activities
- \$0.4 million of general fund to supplement low-income energy assistance benefits or for weatherization activities
- \$0.3 million in one-time-only general fund to assist Montana food banks and other food assistance entities replenish food reserves
- \$0.1 million federal fund authority for personal services to support 1.50 FTE added for increased workload

2007 Legislative Initiatives for the Montana LIEAP Program

The 2007 Legislature approved the executive request to spend federal revenue of \$1.6 million from the Exxon energy conservation and the energy conservation stripper accounts and passed HB 41 to change 90-4-215, MCA to allow the funds to be spent.

Additionally, legislators expanded the Governor’s energy emergency power concerning the price of energy through SB 60, which allows the Governor to use emergency funds in events where the price of energy results in curtailment of essential services and is a threat to the health or safety of the segments of the population who are most in need due to their economic, social, or medical circumstances.

LIEAP Interim Update

During the interim in response to the increase in utilities, the Governor issued a statutory authority of \$1 million in Executive Order 36 that provided nearly \$0.5 million for weatherization assistance benefits, \$0.5 million to address low/no cost weatherization issues, and outreach activities for both LIEAP and weatherization.

The state also received notice from the federal Low-Income Home Energy Assistance Program (LIHEAP) of the following allocations that would impact the 2008 heating season:

- o \$580,327 of LIEAP contingency funds to be utilized in the same manner as the state's regular LIEAP funding
- o \$35.2 million for its federal LIEHAP grant, of which \$6 million is for six of Montana’s Tribal programs¹

The \$35.2 million LIHEAP grant is an increase of \$16.3 million over the \$18.9 million received last program year. The increase is due to action at the congressional level to address the uncertain economy and increases in home heating costs.

As a result IHSB estimates that for the 2008-2009 heating season, LIEAP assistance could reach \$919 per household, representing an increase of \$393 from October 2007-2008 heating season assistance. The higher funding level will also increase LIEAP funds utilized in the weatherization program by approximately \$1 million resulting in an additional 252 homes being weatherized during the 2008-2009 heating season.

Figure 19

State FY	LIEAP Grant	LIEAP		Average Benefit
		Benefit Payments	Households	
2000	\$7,224,938	\$5,365,890	14,281	\$376
2001	13,518,119	7,618,883	16,824	453
2002	11,054,356	6,357,928	16,976	375
2003	11,852,430	7,419,600	17,550	423
2004	11,236,752	8,921,955	19,187	465
2005	12,781,838	9,766,078	20,463	477
2006	18,805,528	13,268,755	21,221	625
2007	11,528,631	7,309,184	19,254	380
2008	15,532,289	9,904,054	18,829	526
2009*	29,629,101	20,004,253	21,768	919

*Projected as of 12/8/2008

The difference between the grant and benefit amount is due to the required amounts spent on weatherization projects and allowed for administration.

Figure 19 shows the growth in benefit payments and households served from FY 2000 through FY 2009 and reflects the new historic high in benefit payments that is projected for FY 2009. As of early December 2008, division staff reports a 14 percent increase in approved applications in compared to December 2007. The amount of the benefits should remain at the 2009 level shown in Figure19.

¹ Tribal LIEAP Programs

There are six reservations in Montana that manage LIEAP programs independently of the state administered program described above. The six reservations report benefit amounts and households served directly to the U.S. Department of Health and Human Services. These programs are operated on the Northern Cheyenne, Fort Belknap, Fort Peck, Rocky Boys, Flathead and Blackfeet Reservations. Low-income energy assistance for the Crow Reservation is administered through the District VII HRDC in Billings under the state LIEAP Program.

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 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent Of Budget
Base Budget	113,971	113,971	227,942	25.97%	24,794,600	24,794,600	49,589,200	94.40%
Statewide PL Adjustments	(35)	(38)	(73)	(0.01%)	52,547	58,321	110,868	0.21%
Other PL Adjustments	0	0	0	0.00%	1,013,000	1,013,000	2,026,000	3.86%
New Proposals	325,000	325,000	650,000	74.04%	402,006	402,034	804,040	1.53%
Total Budget	\$438,936	\$438,933	\$877,869		\$26,262,153	\$26,267,955	\$52,530,108	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "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 2010-----				-----Fiscal 2011-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					72,055					75,205
Vacancy Savings					(40,469)					(40,595)
Inflation/Deflation					21,026					23,776
Fixed Costs					(65)					(65)
Total Statewide Present Law Adjustments					\$52,547					\$58,321
DP 20015 - IHSB Present Law Increases	0.00	0	60,000	950,000	1,010,000	0.00	0	60,000	950,000	1,010,000
DP 20018 - Restore Overtime/Holidays Worked	0.00	0	0	3,000	3,000	0.00	0	0	3,000	3,000
Total Other Present Law Adjustments	0.00	\$0	\$60,000	\$953,000	\$1,013,000	0.00	\$0	\$60,000	\$953,000	\$1,013,000
Grand Total All Present Law Adjustments					\$1,065,547					\$1,071,321

DP 20015 - IHSB Present Law Increases - The executive requests an increase in federal authority of \$2 million and state special revenue of \$0.2 million over the biennium for anticipated increases in four federal grants and the universal systems benefits fund, which comes from consumer charges on utility bills and is passed on for energy assistance and weatherization activities. Funds support programs in the Intergovernmental Human Services Bureau (IHSB).

The funding supports low-income persons with energy assistance, weatherization, emergency shelter, housing assistance for persons with AIDS, and commodity food distribution. IHSB also administers a federal grant to provide communities with the resources to devise local solutions to problems of poverty. Ten Human Resource Development Councils (HRDCs), eight area agencies on aging, four food banks, two AIDS councils, and several tribes are contracted to assist in the local administration of these programs.

The request is for anticipated increases over the biennium in grant and benefit support of \$1.8 million, contracts with non-profits of \$0.2 million, and a small amount for computer hardware and office supplies.

New Proposals

New Proposals Sub Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 20013 - IHSB Contract Monitoring and Preparation 02	1.50	0	0	77,006	77,006	1.50	0	0	77,034	77,034
DP 20018 - Montana Hunger Reduction OTO 02	0.00	125,000	0	0	125,000	0.00	125,000	0	0	125,000
DP 20019 - Low-Income Energy Assistance Program (LIEAP) OTO 02	0.00	200,000	0	0	200,000	0.00	200,000	0	0	200,000
Total	1.50	\$325,000	\$0	\$77,006	\$402,006	1.50	\$325,000	\$0	\$77,034	\$402,034

DP 20013 - IHSB Contract Monitoring and Preparation - The executive requests just under \$0.2 million federal fund authority over the biennium for personal services to support 1.50 FTE added for increased workload.

A modified position was added in FY 2008 following the addition of several new federal grants and non-budgeted donations over the last four years. This position now provides monitoring and technical assistance to HRDCs, tribes, and other contractors. Duties include: management functions and policy guidance to subgrantees, monitoring all aspects of subgrantee program operations, and providing training and technical assistance for eight federal grants and two donated fund programs at three HRDCs and two tribes.

A position currently funded at half time is requested to be full time because the requirements of the job were doubled when the duties of preparing, tracking, and authorizing contracts were transferred to the bureau from the department. The position would prepare, track, and authorize contracts and contract amendments for both sections in the bureau including 177 monetary contracts with HRDCs, tribes and other contractors, and 171 non-monetary contracts for delivery of commodity food to soup kitchens, food banks, senior centers, and other facilities.

DP 20018 - Montana Hunger Reduction OTO - The Governor requests \$250,000 in one-time-only general fund authority for the 2011 biennium for hunger reduction in Montana. These funds would be used to assist Montana food banks and other Montana food assistance entities to replenish food reserves and increase the availability of food to Montana residents in need due to the uncertain economy and provide increases to address the current economy.

LFD
ISSUE

The Request does not Provide Sufficient Information

This request is for a new program in this bureau. The division does not provide the legislature sufficient information to discuss this new use of general fund request in light of effective government. The reader cannot tell how the funding would be mobilized and accounted for or how many entities might be assisted and where they are located.

Additionally, the reader cannot tell what planning went in to the request. The thrust of the request appears to be to enhance the volume of food reserves and provide some delivery funding on a state-wide basis. However, the division provides no justification for the \$250,000 figure. The legislature cannot tell if it is enough or too much.

Prior to taking action on the request, the legislature may wish to discuss a goal with measureable objectives and a reporting timeframe. It may want to have the report provide information on the delivery of services on the county or local level as appropriate.

DP 20019 - Low-Income Energy Assistance Program (LIEAP) OTO - The executive requests \$400,000 in one-time-only general fund authority for the biennium for low-income energy assistance. These funds will be used to either supplement low-income energy assistance benefits or to weatherize homes in an effort to defray heating costs for Montana families. As per the federal LIEAP set aside, Montana reservations would be eligible to access a portion of this funding.

Sub-Program Details**CHILD CARE 04****Sub-Program Proposed Budget**

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

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2008	PL Base Adjustment Fiscal 2010	New Proposals Fiscal 2010	Total Exec. Budget Fiscal 2010	PL Base Adjustment Fiscal 2011	New Proposals Fiscal 2011	Total Exec. Budget Fiscal 2011	Total Exec. Budget Fiscal 10-11
FTE	14.00	0.00	1.00	15.00	0.00	1.00	15.00	15.00
Personal Services	707,179	59,379	52,693	819,251	60,752	52,764	820,695	1,639,946
Operating Expenses	929,254	2,879	0	932,133	3,306	0	932,560	1,864,693
Grants	6,372,171	62,000	0	6,434,171	68,000	0	6,440,171	12,874,342
Benefits & Claims	29,560,919	1,387,321	0	30,948,240	2,913,230	0	32,474,149	63,422,389
Total Costs	\$37,569,523	\$1,511,579	\$52,693	\$39,133,795	\$3,045,288	\$52,764	\$40,667,575	\$79,801,370
General Fund	7,910,168	949,310	0	8,859,478	2,231,218	0	10,141,386	19,000,864
State/Other Special	832,584	0	0	832,584	0	0	832,584	1,665,168
Federal Special	28,826,771	562,269	52,693	29,441,733	814,070	52,764	29,693,605	59,135,338
Total Funds	\$37,569,523	\$1,511,579	\$52,693	\$39,133,795	\$3,045,288	\$52,764	\$40,667,575	\$79,801,370

Sub-Program Description

The Early Childhood Services Bureau:

- Manages the funds which pay for child care for TANF participants and low-income working families
- Contracts with 12 resource and referral agencies to administer child care eligibility, provider recruitment, and technical assistance
- Administers the Child and Adult Care Food Program, which provides reimbursement to child care providers for the cost of meals served to eligible children and adults
- Administers the Head Start State Collaboration grant
- Administers the Early Childhood Comprehensive Systems Grant
- Manages the funds which pay for quality child care initiatives including professional development

The child care services are administered by the division with support from community offices throughout the state. Child care activities are primarily funded by the federal Child Care Development Fund (CCDF) block grant. The activities are linked to the TANF requirements that states provide child care assistance to TANF families when the family is engaged in activities designed to assist the family in becoming self-sufficient. Services also include providing subsidies for low-income families, and licensing and registration of child care providers (administered by the Quality Assurance Division) and activities related to assuring quality child care. States are required to expend a minimum of 4 percent of the funding of the child care block grant on child care quality activities.

The child care block grant consists of three federal funding streams known as the mandatory, matching, and discretionary funds. The mandatory fund requires that states expend state and local funds at a minimum level known as the maintenance of effort (MOE) in order to receive the federal mandatory funds available. Montana's child care block grant MOE is \$1,313,990 per year. Child care block grant MOE is unique in that it is about the only instance where state spending may count toward two federal requirements. State funds spent for child care block grant MOE may also count toward TANF MOE.

Under the child care matching funds, states are reimbursed for eligible child care expenditures at the federal medical assistance participation (FMAP) rate and must provide state and local funds to match the federal funds. Montana's FMAP rate is about 67 percent and the state share of expenses under child care matching funds is about 33 percent. Matching funds are available provided that the state both obligates all its mandatory funds by the end of the federal fiscal

year and within the same fiscal year, expends the state funds in an amount that equals the state MOE. Additionally, states may transfer a portion of the TANF grant to the child care discretionary fund. Once transferred, TANF funds take on the spending attributes and restrictions of the fund into which they were transferred.

The majority of childcare funds are expended to provide subsidies to low-income families. Montana currently provides services to families at or below 150 percent of the federal poverty level (FPL) and employs a sliding fee scale, as required by federal law to determine the parent’s share of the costs. As the family income approaches 150 percent of the FPL their share of the costs increases. Once the family income exceeds 150 percent of the FPL, the family is ineligible for the program.

The Governor’s Budget

In the 2011 executive present law budget, the Governor proposes an increase of \$3 million general fund and \$2 million in federal funds to support child care activities with:

- o \$3 million general fund over the biennium in general fund to support a historical caseload growth of 1.9 percent, maintain the child care at 150 percent of the federal poverty level, and maintain provider market rates at the federally required 75th percentile
- o \$1 million in federal funds for anticipated increases in food services supported by the Child and Adult Care Food Program (CACFP)
- o \$1 million of federal TANF authority to provide child care for working caretaker relatives of children eligible for the TANF grant
- o \$0.1 million federal funds to undertake a new federal oversight requirement of child care programs

There is further discussion of the proposals in the TANF section as well as the present law and new proposal sections of this write-up.

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 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent Of Budget
Base Budget	7,910,168	7,910,168	15,820,336	83.26%	37,569,523	37,569,523	75,139,046	94.16%
Statewide PL Adjustments	(11)	(12)	(23)	0.00%	62,258	64,058	126,316	0.16%
Other PL Adjustments	949,321	2,231,230	3,180,551	16.74%	1,449,321	2,981,230	4,430,551	5.55%
New Proposals	0	0	0	0.00%	52,693	52,764	105,457	0.13%
Total Budget	\$8,859,478	\$10,141,386	\$19,000,864		\$39,133,795	\$40,667,575	\$79,801,370	

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the Governor. “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 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					91,320					92,749
Vacancy Savings					(31,941)					(31,997)
Inflation/Deflation					2,879					3,306
Total Statewide Present Law Adjustments					\$62,258					\$64,058
DP 20001 - Child and Adult Care Food Program PL Adj	0.00	0	0	500,000	500,000	0.00	0	0	750,000	750,000
DP 20002 - Child Care FPI, Market Rate, Caseload, Inc.	0.00	949,321	0	0	949,321	0.00	2,231,230	0	0	2,231,230
Total Other Present Law Adjustments	0.00	\$949,321	\$0	\$500,000	\$1,449,321	0.00	\$2,231,230	\$0	\$750,000	\$2,981,230
Grand Total All Present Law Adjustments					\$1,511,579					\$3,045,288

DP 20001 - Child and Adult Care Food Program PL Adj - The Governor requests over \$1 million in federal authority for the biennium for the Child and Adult Care Food Program (CACFP) to accommodate the historical annual reimbursement growth rate of 2.9 percent and allow continued support to maintain a stabilized level of meal service delivery which has been decreasing in family and group homes, but increasing in child care center facilities. Estimates are for 7.7 million meals annually.

DP 20002 - Child Care FPI, Market Rate, Caseload, Inc. - The executive requests over \$3 million general fund over the biennium to support components of the child care match program including: 1) maintaining child care reimbursement rates for parents at the 75th percentile of the annual market rate survey; 2) maintaining eligibility at 150 percent of the current federal poverty level; and 3) maintaining caseload for low income working parents based upon the 4 year historical case growth rate for child care scholarships of 1.9 percent which yields a growth of 61cases in FY 2010 and 63 cases in FY 2011.

Child Care Discretionary Present Law Request				
	Market Rate at			Total
	Federal Poverty Level	75th percentile	Case Growth Funds	
FY 2010	\$236,253	\$280,925	\$432,144	\$949,322
FY 2011	479,482	855,745	896,003	2,231,230
Total	\$715,735	\$1,136,670	\$1,328,147	\$3,180,552

The table shows the request in detail.

New Proposals

New Proposals	-----Fiscal 2010-----					-----Fiscal 2011-----					
	Sub Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 20004 - Child Care Administration	04	1.00	0	0	52,693	52,693	1.00	0	0	52,764	52,764
Total		1.00	\$0	\$0	\$52,693	\$52,693	1.00	\$0	\$0	\$52,764	\$52,764

DP 2004 - Child Care Administration - The Governor requests \$0.1 million over the biennium for 1.00 FTE in child care administration as a program integrity staff person to oversee the development and management of a new, federally mandated error rate reporting process and absorb other duties in the area of program integrity such as administrative reviews and management of accounts receivable resulting from child care scholarship overpayments.

Outcomes:

- The number of errors in determining subsidies will be decreased, limiting the state's liability in this area
- Staff workloads will be redistributed for increased efficiency and ability to provide better customer service to the child care reference and referral network, child care providers, parents and the public
- Administrative reviews could be conducted in a more timely fashion