

### Program Budget Comparison

The following table summarizes the total legislative budget for the program 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	375.45	375.45	375.45	380.45	375.45	380.45	5.00	1.33%
Personal Services	16,418,985	17,724,120	19,190,130	19,564,868	34,143,105	38,754,998	4,611,893	13.51%
Operating Expenses	4,929,805	4,746,162	5,331,898	5,390,818	9,675,967	10,722,716	1,046,749	10.82%
Equipment & Intangible Assets	20,790	25,000	20,790	20,790	45,790	41,580	(4,210)	(9.19%)
Grants	5,090,365	6,630,882	6,357,506	6,355,806	11,721,247	12,713,312	992,065	8.46%
Benefits & Claims	29,420,205	36,261,829	31,830,673	34,187,630	65,682,034	66,018,303	336,269	0.51%
Transfers	0	0	0	0	0	0	0	n/a
Debt Service	118,349	146,955	118,349	118,349	265,304	236,698	(28,606)	(10.78%)
<b>Total Costs</b>	<b>\$55,998,499</b>	<b>\$65,534,948</b>	<b>\$62,849,346</b>	<b>\$65,638,261</b>	<b>\$121,533,447</b>	<b>\$128,487,607</b>	<b>\$6,954,160</b>	<b>5.72%</b>
General Fund	28,708,419	31,658,802	32,450,292	34,215,200	60,367,221	66,665,492	6,298,271	10.43%
State Special	2,464,613	2,421,269	2,507,540	2,507,539	4,885,882	5,015,079	129,197	2.64%
Federal Special	24,825,467	31,454,877	27,891,514	28,915,522	56,280,344	56,807,036	526,692	0.94%
<b>Total Funds</b>	<b>\$55,998,499</b>	<b>\$65,534,948</b>	<b>\$62,849,346</b>	<b>\$65,638,261</b>	<b>\$121,533,447</b>	<b>\$128,487,607</b>	<b>\$6,954,160</b>	<b>5.72%</b>

### Program Description

Mission statement: The mission of the Child and Family Services Division is keeping children safe and families strong.

The Child and Family Services Division (CFSD) administers child protective services, child abuse and neglect services, prevention services, domestic violence grants, and other programs designed to keep children safe and families strong. CFSD is composed of two bureaus and five regional offices that administer programs and are advised by Local Family Services Advisory Councils, which serve as the link between local communities and DPHHS. CFSD is the primary user of the statewide Child and Adult Protective Services (CAPS) computer system.

Statutory authority for the program is provided in Titles 41, 42, and 52, MCA, and 45 CFR, Parts 1355, 1356, 1357 and 1370.

### Program Highlights

Child and Family Services Division HB 2 Budget Highlights	
♦	The \$128.5 million 2011 biennium budget, which includes \$78.7 million in benefits and grants in support of foster care, subsidized adoption and family reunification services, is \$7.0 million greater than the 2009 biennium budget.
♦	The legislature approved general fund increases in HB 2 of over \$12 million primarily to fund: <ul style="list-style-type: none"> <li>• Statewide and other present law adjustments – \$7.0 million</li> <li>• Increased foster care and subsidized adoption services – \$4.0 million</li> <li>• Tribal contracts - \$0.4 million</li> <li>• Anticipated expenditure increases for rent - \$0.4 million</li> <li>• The HB 13 pay plan - \$0.4 million</li> <li>• 5.00 new FTE beginning in FY 2011 – nearly \$0.2 million</li> </ul>
♦	The legislature approved budget reductions in HB 2 for: <ul style="list-style-type: none"> <li>• The American Recovery and Reinvestment Act of 2009 enhanced federal Medicaid match rate (FMAP) that reduced general fund by nearly \$1.7 million to be replaced with federal ARRA funds in HB 645</li> </ul>

<ul style="list-style-type: none"> <li>• An increase in the vacancy savings percentage from 4 to 7 percent that reduced general fund by nearly \$0.8 million</li> </ul>
<b>HB 645 Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The legislature approved:             <ul style="list-style-type: none"> <li>• Nearly \$1.7 million of federal funds in HB 645 to address the ARRA enhanced FMAP rate, which reduced the general fund in HB 2 by the same amount</li> <li>• Over \$1 million in provider rate increases for CFSD (as estimated by the department) that was part of a department-wide 2 percent provider rate increase approved in HB 645</li> </ul> </li> </ul>

### Summary of Legislative Action

The legislature approved a \$128.5 million budget for the 2011 biennium that is an increase of about \$7.0 million over the 2009 biennium budget. Over 60 percent of the budget, \$78.7 million total funds, is for benefits and grants for the foster care and subsidized adoption programs as well as a broad scope of family reunification and support activities.

While benefits and grants increase the 2011 biennium budget by \$1.3 million total funds over the 2009 biennium budget, the largest increase in the budget occurs in the personal services category. This is primarily due to the addition of 5.00 new FTE, the approval of the legislative pay plan in HB 13, and an increase in statewide present law adjustments that is larger than usual due to a one-time-only (OTO) appropriation made by the 2007 Legislature.

The legislature provided \$246,226 total funds for 5.00 new FTE in FY 2011 for child protective services workers, permanency planning specialists, and centralized intake workers. The new FTE add \$162,888 general fund.

The approval of the HB 13 pay plan added nearly \$0.7 million total funds including \$0.4 million general fund.

In the 2011 budget, statewide present law adjustments for personal services are offset by vacancy savings reductions for a net increase of about \$5.7 million for the biennium. Of that amount, \$3.6 million general fund comes from the 2007 Legislature's appropriation for the 2009 biennium, which addressed a shift from federal revenue to state funds mandated at the federal level through the Deficit Reduction Act of 2005 (DRA). The federal funds were eliminated by the DRA through termination of certain targeted case management programs when other programs have some financial responsibility. The 2007 Legislature designated most DPHHS appropriations, which were related to the DRA, as OTO and/or restricted because of the uncertain status of DRA discussions in Congress at that time. This appropriation was no exception. The OTO designation required the removal of the appropriated funds from the base in the development of the 2011 biennium budget. In order to maintain the correct amount of personal services funding for the 2011 biennium, the \$3.6 million associated with the OTO was included in the statewide present law category of personal services resulting in an increase that is larger than normal.

The legislature also approved a total fund reduction of \$1.2 million over the biennium through an increase in vacancy savings from 4 to 7 percent. The general fund reduction is about \$0.8 million.

The \$1.0 million increase in the operations budget is primarily due to increases in foster care and subsidized adoption caseload costs that are partially offset by the budget reduction due to the enhanced federal Medicaid match rate (FMAP) contained in the American Recovery and Reinvestment Act of 2009 (ARRA). These items are further discussed in the "Other Legislation" and new proposal sections of this narrative.

Additionally, the legislature approved a 2 percent division-wide general fund reduction of about \$7.2 million and allowed DPHHS to allocate the reduction among all divisions. At the time of this writing, the CFSD share is not known.

*Summary of Benefits and Grants*

The combined funds of foster care and subsidized adoption, including the ARRA general fund reduction mentioned above, comprise 99 percent of the benefit and claims costs of the division. The costs and funding of benefits and claims, and a list of the grants for FY 2008 and the 2011 biennium are summarized in Figure 19.

Grants for tribal contracts comprise 29 percent of that category, followed closely by in-home and reunification services at 28.3 percent. Funding for Tribal contracts is used to reimburse tribes for Title IV-E allowable administrative costs of their child welfare programs.

**Figure 19**  
**Child and Family Services Division**  
**Summary of Benefit and Grant Costs and Funding**

Program	Fiscal 2008 Base			Fiscal 2010 Requested			Fiscal 2011 Requested			Percent Total
	General Fund	State Spec. Rev	Federal Funds	General Fund	State Spec. Rev	Federal Funds	General Fund	State Spec. Rev	Federal Funds	
<b>Benefits &amp; Claims</b>										
Foster Care	\$9,576,269	\$2,311,037	\$5,992,721	\$10,021,147	\$2,360,229	\$6,576,582	\$18,957,957	\$2,336,161	\$6,748,629	57.1%
AARA Enhanced FMAP Reduction*	0	0	0	(395,035)	0	0	(395,035)	0	0	-0.6%
Subsidized Adoption	4,920,161	0	6,185,155	6,136,655	0	7,373,283	13,509,938	0	8,009,631	43.3%
AARA Enhanced FMAP Reduction*	0	0	0	(677,049)	0	0	(677,049)	0	0	-1.1%
Chafee-Skills for Adulthood	0	0	92,442	92,442	0	92,442	92,442	0	92,442	0.3%
Big Brothers and Sisters	90,006	0	0	90,006	0	0	90,006	0	0	0.3%
In home and Reunification	123,706	0	128,699	123,678	0	128,727	252,405	0	128,727	0.7%
<b>Total Benefits &amp; Claims</b>	<b>\$14,710,142</b>	<b>\$2,311,037</b>	<b>\$12,399,017</b>	<b>\$15,299,402</b>	<b>\$2,360,229</b>	<b>\$14,171,033</b>	<b>\$31,830,673</b>	<b>\$2,336,161</b>	<b>\$14,979,428</b>	<b>100.0%</b>
<b>Grants</b>										
Access and Visitation	\$10,697	\$0	\$105,914	\$10,697	\$0	\$105,914	\$116,611	\$0	\$105,914	1.8%
Tribal Contracts	114,409	0	515,271	341,409	0	1,502,271	1,843,680	0	1,502,271	29.0%
IV-E Pass Through	0	0	713,370	0	0	713,370	713,370	0	713,370	11.2%
Children's Trust Fund	0	44,920	0	0	44,920	0	44,920	44,920	0	0.7%
Chafee-Skills for Adulthood	0	0	425,544	0	0	425,544	425,544	0	425,544	6.7%
Chafee - Independent Living	0	0	192,759	0	0	192,759	192,759	0	192,759	3.0%
Community Based Challenge	0	0	188,232	0	0	188,232	188,232	0	188,232	3.0%
Services for Transitional Kids	0	0	0	0	39,261	13,880	53,141	0	13,436	0.8%
Domestic Violence	121,106	87,385	770,887	121,098	87,379	770,901	979,378	87,379	770,902	15.4%
In-home & Reunification	882,130	0	917,741	881,935	0	917,936	1,799,871	0	917,936	28.3%
<b>Total Grants</b>	<b>\$1,128,343</b>	<b>\$132,305</b>	<b>\$3,829,718</b>	<b>\$1,355,139</b>	<b>\$171,560</b>	<b>\$4,830,807</b>	<b>\$6,357,506</b>	<b>\$170,304</b>	<b>\$4,830,363</b>	<b>100.0%</b>

\* This estimated reduction relates to American Recovery and Reinvestment Act funds in HB 654. HB 645 reduces the HB 2 general fund by these amounts and replaces the funding with federal funds.

The reduction is due to the enhanced federal Medicaid match rate included in the ARRA. There is further discussion in the "Other Legislation" section of the narrative.

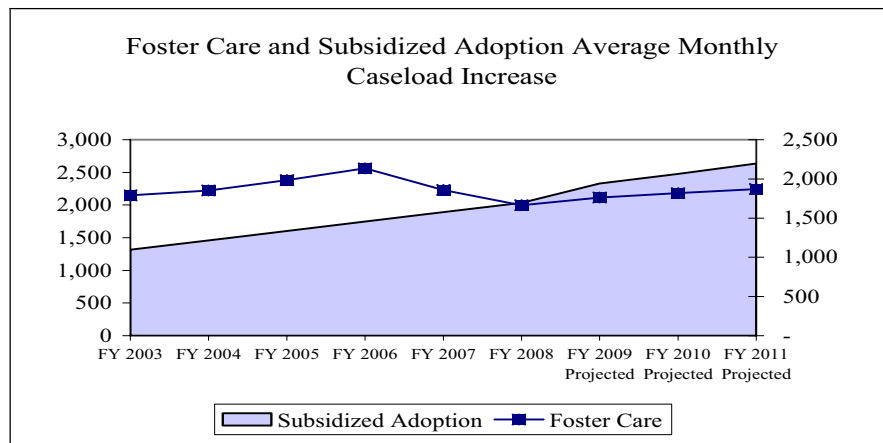
The Children's Trust Fund listed in the grant category serves Montana's limited prevention and early intervention services. Although its funds are generally outside of HB 2, the trust fund is administratively attached to the department and is primarily funded from the Montana income tax check off, divorce filing fees, and the community-based child abuse prevention grant. State and federal mandates guide trust money to support nonprofit, community-based organizations that provide services and activities dedicated to preventing child abuse and neglect statewide, with a focus on programs that work with children between birth and 5 years of age. Funds from the trust are used as match for the federal community based resource grant. The \$44,920 listed is for a grant to be managed by the trust advisory committee.

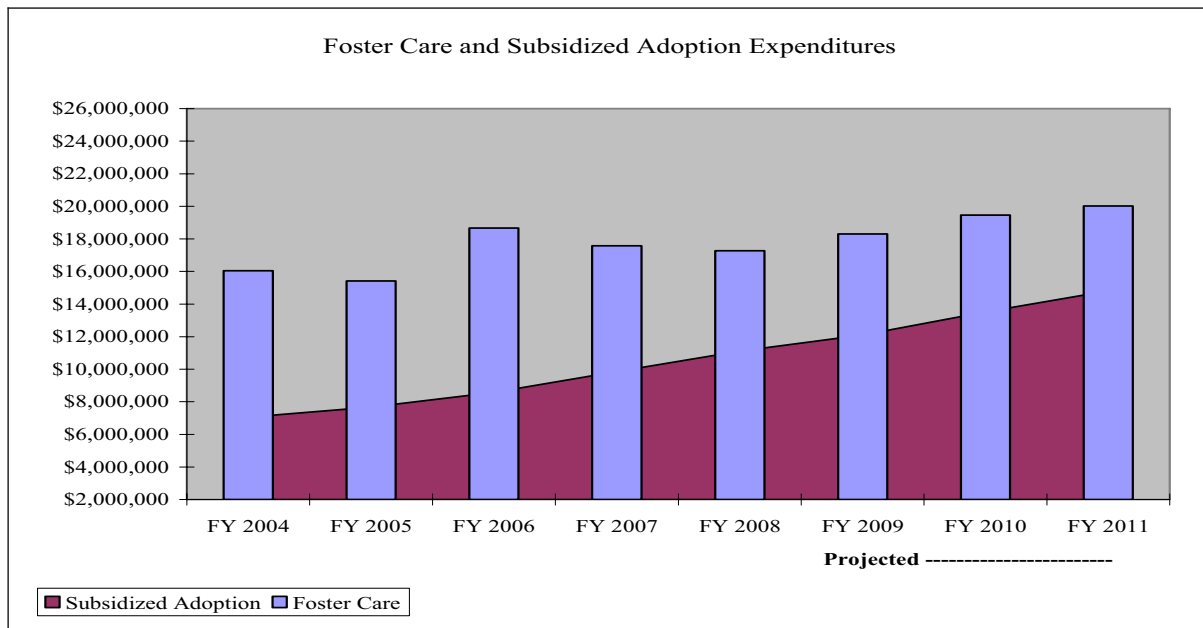
#### Benefits and Caseload

Nearly all of the benefit and claims funding addresses foster care and subsidized adoption. The legislature appropriated increases of:

- Over \$2.7 million total funds (about \$1.5 million general fund) over the biennium to support an estimated increase in the foster care caseload of 3 percent
- Over \$6.1 million total funds (over \$3 million general fund) for an estimated increase in the subsidized adoption caseload of 10 percent

The following charts show the historical changes in foster care and subsidized adoption caseload and related costs.





While caseloads can fluctuate during a single year or over a biennium, foster care and subsidized adoption expenditures are projected to steadily increase.

Factors that can influence increased caseload and expenditures include:

- Alcohol and substance abuse, which has increased the difficulty of family reunification as children are faced with longer out-of-home placement while families learn to manage addictive behavior
- Children born under the influence of drugs or alcohol may show increased levels of disability and consequentially increased likelihood for subsidized adoption
- The number of new subsidized adoptions for children with special needs presently exceeds the number of children aging out of the program
- New subsidized adoption contracts are generally negotiated at a higher reimbursement rate than earlier contracts
- Provider rate increases

### Grants

Grant funding of about \$13 million over the 2011 biennium is for programs that support efforts to keep families together and free of violence. Services are delivered by CFSD staff and contracted providers.

The major increase in the grant category is for over \$2 million in Title IV-E (foster care) pass through grants to reimburse tribes for allowable administrative costs of their child welfare programs.

### **Program Discussion**

#### *Recommendations to the LFC*

The following is the goal, objectives, and measurements for the 2011 biennium that the legislature recommends be tracked and reported to the Legislative Finance Committee over the interim.

**Goal:** Improve the safety, permanency, and well-being of children who are reported to be at risk of or being abused or neglected.

**Objectives:**

- **Safety:** After investigation, safely maintain the children in their homes whenever possible and appropriate

- Permanency: After removal, establish and achieve appropriate permanency goals for children in a timely manner
- Well-being: While in foster care, maintain the child's connections with birth parents and siblings

Measurements:

- On an on-going basis, review randomly selected cases to assess whether appropriate services were provided to safely maintain the child in the home and prevent removal
- Increase the number of children achieving permanency
- On an on-going basis, review randomly selected cases to assess if concerted efforts were made to maintain the familial connections

The Child and Family Services Division underwent a federal review during the summer of 2008. The division will receive the final report sometime in the spring of 2009. At that time it should also receive the federal standards the division is expected to meet. These standards would become the baseline measurements for the goals.

### Funding

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

Program Funding Table Child & Family 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	\$ 28,708,419	51.3%	\$ 32,450,292	51.6%	\$ 34,215,200	52.1%
01100 General Fund	28,708,419	51.3%	32,450,292	51.6%	34,215,200	52.1%
02000 Total State Special Funds	2,464,613	4.4%	2,507,540	4.0%	2,507,539	3.8%
02089 Child Abuse & Neglect Program	44,920	0.1%	-	-	-	-
02209 Third Party Contributions-F.C.	2,319,190	4.1%	2,411,171	3.8%	2,411,171	3.7%
02376 02 Indirect Activity Prog 03	4,130	0.0%	-	-	-	-
02473 Assault Intervention & Trtmnt	87,671	0.2%	87,669	0.1%	87,669	0.1%
02496 Family Preservation Conference	8,702	0.0%	8,700	0.0%	8,699	0.0%
03000 Total Federal Special Funds	24,825,467	44.3%	27,891,514	44.4%	28,915,522	44.1%
03109 Tanf Benefits	2,145,245	3.8%	2,137,822	3.4%	2,137,822	3.3%
03224 Access & Visitation Grt 93.597	105,914	0.2%	105,914	0.2%	105,914	0.2%
03458 6901 - Chafee - Ety 93.599	192,759	0.3%	192,759	0.3%	192,759	0.3%
03522 93.556 - Family Preservation	1,116,028	2.0%	1,078,162	1.7%	1,078,240	1.6%
03526 93.643 - Child Justice	101,761	0.2%	101,769	0.2%	101,770	0.2%
03530 6901-Foster Care 93.658	5,757,221	10.3%	7,223,859	11.5%	7,461,832	11.4%
03531 6901-Subsidized Adopt 93.659	6,216,025	11.1%	7,409,047	11.8%	8,047,329	12.3%
03532 93.669 - Child Abuse	96,093	0.2%	96,506	0.2%	96,561	0.1%
03533 93.671 - Domestic Violence	773,413	1.4%	773,460	1.2%	773,463	1.2%
03534 93.672 - Child Abuse Challenge	201,898	0.4%	201,994	0.3%	202,003	0.3%
03536 93.674 - Iv-E Independent Livi	567,346	1.0%	538,819	0.9%	539,945	0.8%
03593 03 Indirect Activity Prog 03	7,551,764	13.5%	8,031,403	12.8%	8,177,884	12.5%
Grand Total	\$ 55,998,499	100.0%	\$ 62,849,346	100.0%	\$ 65,638,261	100.0%

This division is funded from a variety of sources, and the funding and federal matching rates vary by function. Some costs are allocated among funding sources through a complex federally approved cost allocation plan that considers such factors as the results of a random moment in time study of social worker time spent on various activities.

General fund comprises 52 percent of the budget, with most used as matching funds to draw federal funds. Federal foster care and adoption subsidy funds comprise about 24 percent, and federal funds obtained through the cost allocation process comprise 12 percent. The only major activity of the division that is supported entirely by the general fund is the centralized intake function.

State special revenue is primarily due to the cost of foster care from a wide variety of third party contributions such as parental payments, collections from child support enforcement for children in foster care, and supplemental security income (SSI) for eligible children. It represents nearly 4 percent of the budget.

### Budget Summary by Category

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

Budget Summary by Category								
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	28,708,419	28,708,419	57,416,838	86.13%	55,998,499	55,998,499	111,996,998	87.17%
Statewide PL Adjustments	2,582,709	2,628,520	5,211,229	7.82%	2,874,346	2,947,100	5,821,446	4.53%
Other PL Adjustments	2,490,453	3,498,262	5,988,715	8.98%	5,299,570	7,189,127	12,488,697	9.72%
New Proposals	(1,331,289)	(620,001)	(1,951,290)	(2.93%)	(1,323,069)	(496,465)	(1,819,534)	(1.42%)
<b>Total Budget</b>	<b>\$32,450,292</b>	<b>\$34,215,200</b>	<b>\$66,665,492</b>		<b>\$62,849,346</b>	<b>\$65,638,261</b>	<b>\$128,487,607</b>	

The main increase in the budget supports personal services for the 380.45 FTE and the projected increase in costs for foster care and subsidized adoption caseload growth.

The reductions shown on the new proposals line of the above table are the result of the ARRA enhanced FMAP rate general fund reduction and the increase in the vacancy savings percentage. The FMAP rate is discussed in the following HB 645 section and the vacancy savings percentage is discussed in the new proposal section under DP 8101.

### Other Legislation

#### HB 645

As mentioned in the agency overview, the legislature approved reductions to the CFSD general fund to address the ARRA enhanced FMAP rate for Title IV-E funds and increases to total funding for a 2 percent provider rate increase in HB 645.

#### The Enhanced FMAP Reduction to General Fund

The legislature approved a reduction in the HB 2 general fund appropriations for Medicaid and Title IV-E foster care and subsidized adoption services through HB 645. The reduction is due to the temporary increase in the federal Medicaid and Title IV-E match rate from October 1, 2008, to December 31, 2010. The agency-wide reduction is \$97 million over the biennium and was appropriated to the Health Resources Division.

The legislature provided language in HB 645 stating:

“The House Bill No. 2 base general fund appropriations for the Health Resources Division for benefits are reduced by \$71 million in FY 2010 and \$26 million in FY 2011. The agency may redistribute funding between programs to realign funding sources for Medicaid and Title IV-E funding.”

The allocation to Child and Family Services is a general fund reduction estimated to be nearly \$1.7 million over the biennium. The actual amount allocated by DPHHS may differ. It includes \$604,843 for foster care and \$1,047,312 for Subsidized Adoption. The enhanced federal match rate is estimated to be 74.73 percent over the recession adjustment period compared to 66.99 percent, which is the match rate that will be in effect in the last half of FY 2011 resulting in higher general fund expenditures. HB 645 appropriates the federal funds that offset the general fund reduction. It also allows for the amount of these FMAP general fund adjustments to be included in the division's present law base budget for the 2013 biennium executive budget.

#### Provider Rate Increases

The legislature also approved about \$39.5 million total funds over the biennium in HB 645 for a 2 percent provider rate increase. The total appropriation was provided to the Director's Office to be allocated among programs. The figure at the

Child and Family Services Division Estimated 2% Provider Rate Increase Provided in HB 645						
Program	FY 2010			FY 2011		
	General Fund	Federal Funds	Total	General Fund	Federal Funds	Total
Foster Care	\$198,010	\$87,527	\$285,537	\$480,157	\$201,803	\$681,960
Subsidized Adoption	6,000	6,000	12,000	14,000	14,000	28,000
In-Home Services	15,000	0	15,000	35,000	0	35,000
<b>Total</b>	<b>\$219,010</b>	<b>\$93,527</b>	<b>\$312,537</b>	<b>\$529,157</b>	<b>\$215,803</b>	<b>\$744,960</b>

right shows the distribution of the \$1.0 million for Child and Family Services Division that was estimated at the time of this writing. However, because the appropriation is in HB 645 rather than HB 2 it essentially becomes a one-time-only appropriation and will lower the base budget used to develop the 2013 biennium budget request.

The legislature included language in HB 645 stating:

“Provider Rate Increase may be used only to fund a provider rate increase. Funds may be allocated among programs. Provider Rate Increase may not be used to raise rates paid to providers pursuant to 53-6-125.”

#### *HB 2 and HB 645 Combined*

The table illustrates HB 2 and HB 645 combined. It shows the appropriations in HB 2 and HB 645 side by side, with the third column showing the total funding for the division from both bills.

The figure reflects the AARA estimated enhanced FMAP funding. The general fund reduction is included in the HB 2 general fund total. The HB 465 column reflects the federal fund replacement.

2011 Biennium HB 2 and HB 645 Appropriations Child and Family Services Division			
Fund	HB 2 & HB 13	One-time HB 645 Appropriations	2011 Biennium Revised Total
General Fund	\$66,665,492	\$0	\$66,665,492
State Special Revenues	5,015,079	0	5,015,079
Federal Special Revenues	<u>56,807,036</u>	<u>1,652,155</u> *	<u>58,459,191</u>
Total Funds	<u>\$128,487,607</u>	<u>\$1,652,155</u>	<u>\$130,139,762</u>
* Estimated			

#### **Present Law Adjustments**

The “Present Law Adjustments” table shows the changes to the adjusted base budget made by the legislature. “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					3,634,024					3,696,621
Vacancy Savings					(802,115)					(804,615)
Inflation/Deflation					96,119					106,743
Fixed Costs					(53,682)					(51,649)
Total Statewide Present Law Adjustments										
	\$2,582,709		(\$57,073)	\$348,710	\$2,874,346		\$2,628,520	(\$57,074)	\$375,654	\$2,947,100
DP 7101 - Fuel Inflation Reduction	0.00	(1,305)	0	(868)	(2,173)	0.00	(1,498)	0	(997)	(2,495)
DP 30002 - FMAP Rate Decrease - Subsidized Adoption	0.00	110,368	0	(110,368)	0	0.00	176,887	0	(176,887)	0
DP 30003 - FMAP Rate Decrease - Foster Care	0.00	49,013	0	(49,013)	0	0.00	71,595	0	(71,595)	0
DP 30006 - Foster Care Caseload Increase	0.00	582,082	0	495,848	1,077,930	0.00	886,285	0	754,983	1,641,268
DP 30007 - Subsidized Adoption Caseload Increase	0.00	1,106,126	0	1,298,496	2,404,622	0.00	1,704,865	0	2,001,363	3,706,228
DP 30008 - Rent Increases (Restricted)	0.00	190,189	0	106,982	297,171	0.00	206,148	0	115,958	322,106
DP 30019 - Restore Overtime / Holidays Worked	0.00	162,322	0	81,040	243,362	0.00	162,322	0	81,040	243,362
DP 30020 - Annualization of Tribal General Fund (Restricted)	0.00	227,000	0	987,000	1,214,000	0.00	227,000	0	987,000	1,214,000
DP 30025 - Liability Insurance	0.00	64,658	0	0	64,658	0.00	64,658	0	0	64,658
Total Other Present Law Adjustments										
	0.00	\$2,490,453	\$0	\$2,809,117	\$5,299,570	0.00	\$3,498,262	\$0	\$3,690,865	\$7,189,127
Grand Total All Present Law Adjustments										
	0.00	\$5,073,162	(\$57,073)	\$3,157,827	\$8,173,916	0.00	\$6,126,782	(\$57,074)	\$4,066,519	\$10,136,227



DP 7101 - Fuel Inflation Reduction - The legislature reduced funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

DP 30002 - FMAP Rate Decrease - Subsidized Adoption - The legislature approved a funding switch of \$287,255 general fund and an equal reduction in federal funds for the 2011 biennium to address changes in the FMAP rate for subsidized adoption. At the time the legislature discussed the budget, the FMAP rate was projected to decrease from 68.53 percent in FY 2008 to 67.42 percent in FY 2010 and 66.99 percent in FY 2011, resulting in an increase in general fund of \$110,368 in FY 2010 and \$176,887 in FY 2011. The reduction of general fund due to the enhanced FMAP in ARRA funding is discussed in the "Other Legislation" section of the narrative and contained in DP 6010 in the New Proposal section.

DP 30003 - FMAP Rate Decrease - Foster Care - The legislature approved a funding switch of \$120,608 general fund and an equal reduction in federal funds for the 2011 biennium to address changes in the FMAP rate for foster care. At the time the legislature discussed the budget, the FMAP rate was projected to decrease from 68.53 percent in FY 2008 to 67.42 percent in FY 2010 and 66.99 percent in FY 2011 resulting in an increase in general fund of \$49,013 in FY 2010 and \$71,595 in FY 2011. The reduction of general fund due to the enhanced FMAP in ARRA funding is discussed in the "Other Legislation" section of the narrative.

DP 30006 - Foster Care Caseload Increase - The legislature approved funding for a foster care caseload increase of \$1,468,367 general fund and \$1,250,831 federal funds for the 2011 biennium. Funding is based upon a projected increase in the caseload of 3 percent per year. This increase is projected at the Medicaid match rate without the ARRA reduction.

DP 30007 - Subsidized Adoption Caseload Increase - The legislature approved funding for a subsidized adoption caseload increase of \$2,810,991 general fund and \$3,299,859 federal funds for the 2011 biennium. The appropriation is based upon a projected increase in the subsidized adoption caseload including: 10.4 percent from FY 2008 to FY 2009; 10.2 percent from FY 2009 to FY 2010; and 9.6 percent from FY 2010 to FY 2011. This increase is projected at the Medicaid match rate without the ARRA reduction.

DP 30008 - Rent Increases (Restricted) - The legislature approved a restricted appropriation of \$396,337 general fund and \$222,939 federal funds for the 2011 biennium to support rent increases.

DP 30019 - Restore Overtime / Holidays Worked - The legislature approved a restricted appropriation of \$324,644 in general fund and \$162,080 in federal funds for the 2011 biennium to reinstate funding for overtime or holidays worked compensation that was primarily earned by social workers called out at night or who are required to work additional hours due to staff shortages.

DP 30020 - Annualization of Tribal General Fund (Restricted) - The legislature provided a restricted appropriation of \$554,000 general fund and \$1,974,000 federal funds over the biennium for renegotiated contracts with tribal entities for FY 2008. The funds allow CFSD to maintain the historical funding levels for the Tribal IV-E contracts.

DP 30025 - Liability Insurance - The legislature provided \$64,658 in general fund authority each year of the biennium to purchase liability insurance for foster parents providing foster care or therapeutic foster care for youths under 18 years of age.

## New Proposals

New Proposals										
Program	FTE	-----Fiscal 2010-----				-----Fiscal 2011-----				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6010 - HB 645 General Fund Reduction - Enhanced Match										
03	0.00	(1,072,084)	0	0	(1,072,084)	0.00	(580,071)	0	0	(580,071)
DP 6013 - 2011 Biennium Pay Plan - HB 13										
03	0.00	81,649	0	45,882	127,531	0.00	248,888	0	140,512	389,400
DP 6014 - Pay Plan Lump Sum Payment - OTO										
03	0.00	108,426	0	61,504	169,930	0.00	0	0	0	0
DP 8101 - Increasing 4 Percent Vacancy Savings to 7 Percent										
03	0.00	(388,541)	0	(213,046)	(601,587)	0.00	(389,711)	0	(213,750)	(603,461)
DP 30015 - New FTE Package										
03	0.00	0	0	0	0	5.00	162,888	0	83,338	246,226
DP 30024 - SSI Contracted Services for Transitional Kids										
03	0.00	(60,739)	100,000	13,880	53,141	0.00	(61,995)	100,000	13,436	51,441
<b>Total</b>	<b>0.00</b>	<b>(\$1,331,289)</b>	<b>\$100,000</b>	<b>(\$91,780)</b>	<b>(\$1,323,069)</b>	<b>5.00</b>	<b>(\$620,001)</b>	<b>\$100,000</b>	<b>\$23,536</b>	<b>(\$496,465)</b>

DP 6010 - HB 645 General Fund Reduction - Enhanced Match - HB 645 reduces HB 2 general fund appropriations for Medicaid and Title IV E foster care services by \$97 million over the biennium due to the temporary increase in the federal Medicaid and Title IV E match rate from October 1, 2008 to December 31, 2010. The allocation to this program is estimated to be a \$1,652,155 general fund reduction over the biennium; \$604,843 for foster care and \$1,047,312 for subsidized adoption. The actual allocation by DPHHS may differ. The enhanced federal match rate is estimated to be 74.73 percent over the recession adjustment period compared to 66.99 percent, which is the match rate that will be in effect in the last half of FY 2011 resulting in higher general fund expenditures. HB 645 appropriates the additional federal funds that offset the general fund reduction. It also allows for the amount of these FMAP general fund adjustments to be included in the division's present law base budget for the 2013 biennium executive budget.

DP 6013 - 2011 Biennium Pay Plan - HB 13 - The legislature passed a pay plan that provides an additional \$53 per month in health insurance contribution for CY 2010 and an additional \$54 per month for CY 2011. These amounts represent this program's allocation of costs to fund this pay plan. These costs are included in DP 6014.

DP 6014 - Pay Plan Lump Sum Payment - OTO - This DP funds this program's cost of providing a one-time-only payment of \$450 to each full-time employee making less than \$45,000 annually and \$225 for half-time employees making \$21.635 per hour or less.

DP 8101 - Increasing 4 Percent Vacancy Savings to 7 Percent - The legislature added an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

DP 30015 - New FTE Package - The legislature approved \$246,226 in FY 2011 for the addition of 5.00 FTE for child protective services (CPS) worker, permanency planning specialists, centralized intake (CI), and administrative support.

DP 30024 - SSI Contracted Services for Transitional Kids - The legislature appropriated \$104,582 over the biennium for contracted services for a Social Security Income (SSI) transitional worker to make SSI applications on behalf of children who are in the custody of the State of Montana and who are considered to meet the SSI criteria. The primary focus would be on children aging out of foster care who have multidisciplinary needs. It is estimated that the four incumbent SSI specialists generated more than \$400,000 of general fund savings in the Foster Care program in FY 2008.

*The following information was utilized as part of the legislative decision making process, and will be used for ongoing program evaluation. It was submitted by the agency, with editing by LFD staff for brevity and to include any legislative changes.*

Justification: Of approximately 1,600 children in foster care, 340 children (21 percent) are currently receiving SSI or SSB benefits. These funds are collected by the State of Montana and are applied toward the cost of foster care. When children age out of foster care they must undergo an "Age 18 Redetermination" based on adult SSI eligibility criteria. Children receiving benefits when they age out of foster care have a better chance of passing an Age 18 Redetermination. The current number of SSI Specialists (4) is not adequate to complete and submit SSI applications for all of the children in foster care who potentially qualify for SSI/SSB.

The services will be funded 73.88 percent general fund and 26.12 percent federal funds and generate an estimated \$100,000 in third party revenue (SSI/SSB) for the 2011 biennium.

**Goals:**

- To provide SSI Specialist services to children aging out of foster care who have multidisciplinary needs
- To maximize the amount of SSI/SSB funds collected by the state for children currently in foster care and by applying these funds towards the cost of providing foster care

**Performance Criteria:**

- Hire a contractor by October 1, 2009 and have them trained by June 30, 2010
- Determine the number of SSI/SSB applications made that resulted in additional funding
- Count the number of children transitioning into adulthood who were provided Age 18 Redetermination services

Challenges: One of the biggest challenges would be finding or training a person with substantial knowledge of the SSI application processes for both children and adults because the criteria used by the Social Security Administration is different for each category.

Risk: One of the risks is that some children with multidisciplinary needs may age out of foster care and have very few, if any, services available to them. Another risk is that the state will lose federal SSI/SSB funds that could be available for children who meet the SSI criteria.

**Language and Statutory Authority**

The legislature added the following language to HB 2.

"Funding in Annualization of Tribal General Fund may be expended only by the Child and Family Services Division for Title IV-E contracts with tribal governments."