

Branch Budget Comparison

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

Branch Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	1,161.02	1,161.02	1,152.72	1,152.72	1,161.02	1,152.72	(8.30)	(0.71%)
Personal Services	57,157,124	59,733,384	59,530,601	59,515,092	116,890,508	119,045,693	2,155,185	1.84%
Operating Expenses	17,788,237	19,821,730	19,113,900	20,084,068	37,609,967	39,197,968	1,588,001	4.22%
Equipment & Intangible Assets	94,840	111,377	101,840	101,840	206,217	203,680	(2,537)	(1.23%)
Grants	26,380,918	28,189,262	29,341,432	28,328,549	54,570,180	57,669,981	3,099,801	5.68%
Benefits & Claims	224,134,404	238,109,035	352,909,058	355,229,111	462,243,439	708,138,169	245,894,730	53.20%
Debt Service	189,926	177,364	189,926	189,926	367,290	379,852	12,562	3.42%
Total Costs	\$325,745,449	\$346,142,152	\$461,186,757	\$463,448,586	\$671,887,601	\$924,635,343	\$252,747,742	37.62%
General Fund	69,002,422	75,171,198	70,660,711	72,039,075	144,173,620	142,699,786	(1,473,834)	(1.02%)
State Special	6,520,447	7,487,049	7,474,382	8,242,989	14,007,496	15,717,371	1,709,875	12.21%
Federal Special	250,222,580	263,483,905	383,051,664	383,166,522	513,706,485	766,218,186	252,511,701	49.15%
Total Funds	\$325,745,449	\$346,142,152	\$461,186,757	\$463,448,586	\$671,887,601	\$924,635,343	\$252,747,742	37.62%

Branch Description

The Economic Security Services Branch (Branch) delivers a broad range of social and public health services throughout Montana through the combined efforts of the:

- Disability Transitions Program (DTP)
- Human and Community Services Division (HCSD)
- Child and Family Services Division (CFSD)
- Child Support Enforcement Division (CSED)

Branch Highlights

Economic Security Services Branch Major Budget Highlights
<ul style="list-style-type: none"> ◆ The legislature increased total funding by over 37.6% from the 2011 biennium primarily due to the net of federal fund appropriations for benefit increases over the biennium and general fund reductions or funding switches across the branch. ◆ The increase of 49.2% in federal funds is primarily due to the continuation of one-time SNAP benefits funded through federal stimulus legislation in the 2011 biennium. Major federal fund increases include: <ul style="list-style-type: none"> ● \$215.0 million for Supplemental Nutrition Assistance Program (SNAP) benefits ● \$20.0 million for Low Income Energy Assistance Program (LIEAP) energy assistance ● \$12.8 million for Temporary Assistance for Needy Families (TANF) benefits ◆ The Legislature approved reductions of 8.30 FTE that is the net of personal services reductions of 2.50 FTE in CSED and 10.80 FTE in CFSD offset by an increase of 5.00 FTE for HCSD eligibility work ◆ The legislature also approved legislation for: <ul style="list-style-type: none"> ● A \$10.3 million total funds reduction in HB 10 for the postponement of the Montana Automated Child Welfare Information System (MACWIS)

- A \$1.85 million state special revenue transfer in HB 604 from the Montana Telecommunications Access Program fund to the general fund for the 2013 biennium

Summary of Legislative Action

As shown in the introductory program budget comparison, the legislature approved an Economic Security Branch budget for the 2013 biennium that is almost 50.0% higher than the 2011 biennium primarily due to the continuation of one-time SNAP benefits funded through federal stimulus legislation in the 2011 biennium. Other increases for the branch are:

- \$20.0 million for federal LIEAP benefits
- \$12.8 million for federal TANF benefits
- \$9.9 million for federal child care and a related food program grant
- \$6.0 million for federal weatherization and community assistance
- \$9.1 million total funds in support of foster care and subsidized adoption (\$4.9 million general fund)

Increases are partially offset by reductions across the branch for statewide present law adjustments including vacancy savings and fixed costs; reductions in benefits, grants, and support services; and funding switches in child care benefits that reduced general fund by \$2.52 million and replaced it with federal TANF funds.

The \$924.6 million legislative budget for the 2013 biennium supports benefits and services. Highlights include:

- \$439.6 million federal funds for SNAP benefits
- \$83.0 million total funds for early childhood services benefits and grants for child care, nutrition, and development, including about \$12.0 million general fund for services and maintenance of effort
- \$63.6 million total funds for foster care and subsidized adoption benefits including state funds of \$37.2 million, as well as grants of \$12.7 million including general fund of \$2.9 million in support services to keep families together and children safe
- \$62.7 million for LIEAP and weatherization benefits
- \$60.5 million total funds for TANF benefits and grants of including \$22.0 million in general fund primarily for the federally required maintenance of effort and services
- \$24.5 million total funds (\$8.0 million general fund) for benefit support for vocational rehabilitation, independent living services, training, and assistive technology support

Other Legislation

HB 10 - The legislature amended funding authority for long-range IT projects related to the DPHHS Combined Healthcare Information and Montana Eligibility System (CHIMES) upgrades and continued funding of about \$16.0 million for the TANF system and \$13 million for the SNAP system. The legislature also approved a reduction in HB 10 of \$10.3 million total funds for the postponement of the MACWIS system.

HB 604 - The legislature made statutory changes in HB 604 allowing the one-time transfer of \$1.85 million from the Montana Telecommunications Access Program state special revenue fund to the general fund for the 2013 biennium. The action leaves a projected fund balance of \$1.1 million for FY 2013 year end.

HB 613 - The legislature approved statutory changes in HB 613 allowing the Human and Community Services Division to use general fund in development of the division's present law base budget for the 2015 biennium. This action was the result of a general fund transfer from child care services to the Disability Services Division that is discussed in detail in the HCSD write-up.

The legislature approved the following bills related to the TANF block grant.

SB 156 allows tribal family assistance programs to use up to 15% of the state general fund share for costs related to administration of the tribal family assistance plans. The remainder of the state general fund share must be used for cash benefits. There is no increased spending of the budgeted amount for TANF general fund.

SB 366 requires a 30-day suspension of TANF family benefits when an adult family member voluntarily quits a job. The bill also provides payment of financial assistance only upon the individual's completion of all allowable work activities required for the benefit period. There is no change in the amount budgeted for benefits in the TANF block grant.

SB 385 revises the Parents as Scholars Program to include 25 participants at any one time. It establishes that participants may be eligible and apply for child care assistance and that the Parents as Scholars Program may be used to extend a participant's education beyond the 12-month federal period. It is estimated that the legislation will cost about \$151,000 of TANF block grant funds each year of the biennium.

Funding

The following table summarizes funding for the agency, by program and source, as adopted by the legislature. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Branch Funding 2013 Biennium Budget					
Agency Program	General Fund	State Spec.	Fed Spec.	Grand Total	Total %
01 Management And Disability Transitions	\$ 10,667,878	\$ 2,443,322	\$ 37,202,486	\$ 50,313,686	5.44%
02 Human And Community Services	58,524,850	4,763,556	664,251,904	727,540,310	78.68%
03 Child & Family Services	65,334,252	4,926,044	54,670,701	124,930,997	13.51%
05 Child Support Enforcement	8,172,806	3,584,449	10,093,095	21,850,350	2.36%
Grand Total	<u>\$ 142,699,786</u>	<u>\$ 15,717,371</u>	<u>\$ 766,218,186</u>	<u>\$ 924,635,343</u>	<u>100.00%</u>

Funding by Division

The branch receives general fund, state special revenue, and federal funds directly through legislative appropriation or via a federally approved cost allocation formula that is generally referred to as indirect activity, and in this branch is often determined by random moment in time studies that reflect the length of time staff spends on a service. The indirect activity funding formula is derived from those funds expended on functions serving programs throughout the department.

General fund for the branch is primarily used as match for federal funds. As shown in the table, the legislature appropriated about \$142.7 million general fund over the biennium to the Economic Security Services Branch. The division's received:

- Child and Family Services – Over \$65.3 million in support of benefits, grants, and programs serving foster care, subsidized adoptions, and family reunifications as well as safe, non-violent environments for children. The centralized intake function in CFSD is solely funded with general fund
- Human and Community Services – Over \$58.5 million to support the match for federal funds, which includes support of the required TANF and child care maintenance of effort (MOE). General fund represents about half of the funding for offices of public assistance. It is also used as match in eligibility determination for federal public assistance programs such as SNAP and Medicaid
- Disability Transitions Program – About \$10.7 million as match for benefits and grants and functions serving individuals wishing to live independently and obtain and maintain a job
- Child Support Enforcement – About \$8.2 million to support efforts for collection of child support

State special revenue of \$15.7 million is primarily used in the delivery of childcare and energy and weatherization services, through the prevention and stabilization fund and the universal system benefits funds, respectively. It supports some foster care costs from a wide variety of third party contributions such as parental payments, collections from child support, and supplemental security income (SSI) for eligible children. State special revenue is the sole support of the Montana Telecommunications Access Program at about \$2.5 million. It also includes retention of some CSED collections and the CSED federal incentives.

Federal funding of about \$766.2 million is mostly used for benefits and grants, but is the entire support for the federally required disability determination function.

*Expenditures by Division*Personal Services

The legislative budget for the branch supports personal services costs at about \$119.0 million total funds over the biennium for 1,152.72 FTE located throughout the state. The appropriation per division is:

- \$46.7 million for 472.32 FTE in HCSD
- \$38.1 million for 369.65 FTE in CFSD
- \$18.1 million for 164.75 FTE in CSED
- \$16.2 million for 146.00 FTE in MDT

Operations

The legislature provided \$39.2 million in total funds over the biennium for operating costs associated with eligibility services, as well as the delivery of support services and benefits to clients throughout the state. The appropriation per division is:

- \$14.8 million in HCSD
- \$11.1 million in CFSD
- \$9.6 million in MDT
- \$3.7 million in CSED

Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	69,002,422	69,002,422	138,004,844	96.71%	325,745,449	325,745,449	651,490,898	70.46%
Statewide PL Adjustments	3,697,849	3,643,611	7,341,460	5.14%	2,246,473	2,232,871	4,479,344	0.48%
Other PL Adjustments	637,177	2,269,715	2,906,892	2.04%	133,355,187	134,656,151	268,011,338	28.99%
New Proposals	(2,676,737)	(2,876,673)	(5,553,410)	(3.89%)	(160,352)	814,115	653,763	0.07%
Total Budget	\$70,660,711	\$72,039,075	\$142,699,786		\$461,186,757	\$463,448,586	\$924,635,343	

Executive Budget Comparison

The following table compares the legislative budget in the 2013 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Budget Item	Base Budget Fiscal 2010	Executive Budget Fiscal 2012	Legislative Budget Fiscal 2012	Leg - Exec. Difference Fiscal 2012	Executive Budget Fiscal 2013	Legislative Budget Fiscal 2013	Leg - Exec. Difference Fiscal 2013	Biennium Difference Fiscal 12-13
FTE	1,161.02	1,152.72	1,152.72	0.00	1,152.72	1,152.72	0.00	
Personal Services	57,157,124	59,530,601	59,530,601	0	59,515,092	59,515,092	0	0
Operating Expenses	17,788,237	21,471,402	19,113,900	(2,357,502)	21,829,199	20,084,068	(1,745,131)	(4,102,633)
Equipment & Intangible Assets	94,840	101,840	101,840	0	101,840	101,840	0	0
Grants	26,380,918	29,810,957	29,341,432	(469,525)	28,798,074	28,328,549	(469,525)	(939,050)
Benefits & Claims	224,134,404	354,057,716	352,909,058	(1,148,658)	398,412,974	355,229,111	(43,183,863)	(44,332,521)
Debt Service	189,926	189,926	189,926	0	189,926	189,926	0	0
Total Costs	\$325,745,449	\$465,162,442	\$461,186,757	(\$3,975,685)	\$508,847,105	\$463,448,586	(\$45,398,519)	(\$49,374,204)
General Fund	69,002,422	72,633,319	70,660,711	(1,972,608)	74,300,242	72,039,075	(2,261,167)	(4,233,775)
State/Other Special	6,520,447	8,280,064	7,474,382	(805,682)	8,275,571	8,242,989	(32,582)	(838,264)
Federal Special	250,222,580	384,249,059	383,051,664	(1,197,395)	426,271,292	383,166,522	(43,104,770)	(44,302,165)
Total Funds	\$325,745,449	\$465,162,442	\$461,186,757	(\$3,975,685)	\$508,847,105	\$463,448,586	(\$45,398,519)	(\$49,374,204)

Major Changes in Federal Funds from the Executive Budget

The legislature appropriated federal funding over the biennium that is \$44.3 million less than the executive budget, primarily due to increases of \$35.0 million in SNAP benefits and over \$9.0 million in LIEAP benefits.

The major reduction in state special revenue includes \$775,000 of Montana Telecommunications Access Program funding for FY 2012 that was part of a contingency request for \$1.6 million over the biennium should the federal government require that the state pay for new technology services. Due to the timing of federal notification, only the FY 2013 amount could be needed.

The \$4.2 million general fund reduction over the biennium is primarily due to legislative approval of the Governor's budget reductions implemented under 17-7-140, MCA throughout the branch that offset increases in statewide present law adjustments and other personal services, and benefits.

There is additional discussion in the division write-ups.