

**Program Proposed Budget**

The following table summarizes the total executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	453.80	0.00	0.00	453.80	0.00	0.00	453.80	453.80
Personal Services	18,794,817	2,284,231	0	21,079,048	2,360,078	0	21,154,895	42,233,943
Operating Expenses	5,369,298	492,485	92,980	5,954,763	558,380	66,980	5,994,658	11,949,421
Equipment	44,506	0	0	44,506	0	0	44,506	89,012
Capital Outlay	53,007	0	0	53,007	0	0	53,007	106,014
Grants	18,836,204	122,250	200,000	19,158,454	122,250	200,000	19,158,454	38,316,908
Benefits & Claims	155,391,482	18,635,663	8,887,937	182,915,082	28,515,985	4,347,937	188,255,404	371,170,486
Debt Service	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$198,489,314</b>	<b>\$21,534,629</b>	<b>\$9,180,917</b>	<b>\$229,204,860</b>	<b>\$31,556,693</b>	<b>\$4,614,917</b>	<b>\$234,660,924</b>	<b>\$463,865,784</b>
General Fund	26,272,234	3,258,864	2,400,017	31,931,115	4,038,933	395,457	30,706,624	62,637,739
State/Other Special	997,726	298,422	99,983	1,396,131	298,700	104,543	1,400,969	2,797,100
Federal Special	171,219,354	17,977,343	6,680,917	195,877,614	27,219,060	4,114,917	202,553,331	398,430,945
<b>Total Funds</b>	<b>\$198,489,314</b>	<b>\$21,534,629</b>	<b>\$9,180,917</b>	<b>\$229,204,860</b>	<b>\$31,556,693</b>	<b>\$4,614,917</b>	<b>\$234,660,924</b>	<b>\$463,865,784</b>

**Program Description**

The Human and Community Services Division (HCS) consist of four bureaus each managing a group of programs. The Public Assistance Bureau administers Montana's Temporary Assistance to Needy Families (TANF) program and provides eligibility services for Medicaid and food stamps. The Early Childhood Services Bureau manages child care subsidy programs, contracts providing child care eligibility, provider recruitment, and technical assistance; administers the Child and Adult Care Food Program (CACFP) reimbursement to child care providers for the cost of meals served to eligible children and adults; and administers the head start state collaboration grant. The Intergovernmental Human Services Bureau (IHSB) administers a number of programs providing housing services, weatherization services, and energy and commodity assistance including: the community services block grant, Low-Income Energy Assistance Program (LIEAP), some Housing and Urban Development (HUD) grants, and United States Department of Agriculture (USDA) food distribution and commodities grants. This bureau also maintains a warehouse facility. The division Fiscal Bureau coordinates implementation and monitoring of the division's budget.

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

**Program Narrative**

Figure 11 summarizes funding for the division by major function. Public assistance related programs including eligibility determination, TANF, and Food Stamp programs account for 73.2 percent of the funding provided to the division. Child care related services including child care subsidy programs and the CACFP account for about 16.4 percent of the division's funding, while energy and commodity assistance programs account for the remaining 10.4 percent.

**Figure 11**  
**Human and Community Services Division**  
**Summary of Major Program Functions with Funding**

Function	Fiscal 2006 - Base Budget				Fiscal 2008 - Requested				Fiscal 2009 - 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	
<b>Public Assistance:</b>													
Administration - Division	\$212,194	\$538	\$304,119	\$516,851	\$216,581	\$538	\$307,656	\$524,775	\$263,227	\$539	\$262,072	\$525,838	0.2%
Administration - Public Assistance	819,005	2,871	918,588	1,740,464	816,142	2,871	727,822	1,546,835	817,296	2,871	731,467	1,551,634	0.7%
Administration - County	8,252,569	108,138	8,977,070	17,337,777	9,611,018	110,000	10,039,476	19,760,494	9,669,355	110,000	10,101,643	19,880,998	8.5%
TANF Cash Assistance	358,729	94,725	18,622,395	19,075,849	358,729	94,725	21,986,548	22,440,002	358,729	94,725	21,986,548	22,440,002	9.6%
TANF Employment, Training, Work	9,381,518	0	2,653,235	12,034,753	9,513,164	0	2,653,235	12,166,399	9,515,708	0	2,653,235	12,168,943	5.2%
TANF Supportive Services	843,326	0	0	843,326	843,326	0	683,784	1,527,110	843,326	0	683,784	1,527,110	0.7%
Children's Asset Test	0	0	0	0	0	39,944	39,944	79,888	0	40,202	40,202	80,404	0.0%
HIFA Insurance Program	0	0	0	0	0	18,992	18,991	37,983	0	19,011	19,011	38,022	0.0%
Refugee Programs	0	0	136,288	136,288	0	0	136,288	136,288	0	0	136,288	136,288	0.1%
Food Stamp Training & Support Serv	543,757	0	1,646,647	2,190,404	569,361	0	1,672,033	2,241,394	574,062	0	1,670,655	2,244,717	1.0%
Food Stamp Benefits	0	0	89,998,309	89,998,309	0	0	101,808,718	101,808,718	0	0	110,796,690	110,796,690	47.2%
TANF Phase IIR	148,930	0	199,282	348,212	148,930	0	199,282	348,212	148,930	0	199,282	348,212	0.1%
<b>Subtotal Public Assistance</b>	<b>20,560,028</b>	<b>206,272</b>	<b>123,455,933</b>	<b>144,222,233</b>	<b>22,077,251</b>	<b>267,070</b>	<b>140,273,777</b>	<b>162,618,098</b>	<b>22,190,633</b>	<b>267,348</b>	<b>149,280,877</b>	<b>171,738,858</b>	<b>73.2%</b>
Percent of Total	14.3%	0.1%	85.6%	100.0%	13.6%	0.2%	86.3%	100.0%	12.9%	0.2%	86.9%	100.0%	
<b>Energy and Commodity Assistance:</b>													
Administration - Energy and Commodities	19,720	0	4,515,307	4,535,027	19,663	0	4,797,373	4,817,036	0	0	4,823,898	4,823,898	2.1%
Low Income Energy Assistance Gen. Fund	0	0	0	0	2,000,000	0	0	2,000,000	0	0	0	0	0.0%
IDA Match For Family Assets	0	0	0	0	200,000	0	0	200,000	200,000	0	0	200,000	0.1%
Energy Ombudsman	0	0	0	0	300,000	0	0	300,000	300,000	0	0	300,000	0.1%
Benefits - Energy and Commodities	35,952	58,853	16,362,723	16,457,528	36,000	296,477	21,424,853	21,757,330	36,000	296,477	18,858,866	19,191,343	8.2%
<b>Subtotal Energy and Commodity</b>	<b>55,672</b>	<b>58,853</b>	<b>20,878,030</b>	<b>20,992,555</b>	<b>2,555,663</b>	<b>296,477</b>	<b>26,222,226</b>	<b>29,074,366</b>	<b>536,000</b>	<b>296,477</b>	<b>23,682,764</b>	<b>24,515,241</b>	<b>10.4%</b>
Percent of Total	0.3%	0.3%	99.5%	100.0%	8.8%	1.0%	90.2%	100.0%	2.2%	1.2%	96.6%	100.0%	
<b>Early Childhood Services:</b>													
Administration - Child Care	20,000	0	426,763	446,763	20,000	0	453,368	473,368	20,000	0	454,444	474,444	0.2%
Childcare Matching	3,983,297	0	4,162,803	8,146,100	5,724,947	0	4,162,803	9,887,750	6,411,297	0	4,162,803	10,574,100	4.5%
Childcare Mandatory	1,313,649	0	2,086,198	3,399,847	1,313,649	0	2,086,198	3,399,847	1,313,649	0	2,086,198	3,399,847	1.4%
Childcare Discretionary	0	0	8,703,480	8,703,480	0	0	10,730,126	10,730,126	0	0	10,730,208	10,730,208	4.6%
Childcare Match Prevention & Stabilization	300,711	732,601	0	1,033,312	200,728	832,584	0	1,033,312	196,168	837,144	0	1,033,312	0.4%
Quality - Child Care	0	0	2,076,087	2,076,087	0	0	2,076,191	2,076,191	0	0	2,076,236	2,076,236	0.9%
Head Start	14,932	0	112,704	127,636	14,932	0	112,436	127,368	14,932	0	112,441	127,373	0.1%
Child and Adult Care Food Program	23,945	0	9,317,356	9,341,301	23,945	0	9,760,489	9,784,434	23,945	0	9,967,360	9,991,305	4.3%
<b>Subtotal Early Childhood Services</b>	<b>5,656,534</b>	<b>732,601</b>	<b>26,885,391</b>	<b>33,274,526</b>	<b>7,298,201</b>	<b>832,584</b>	<b>29,381,611</b>	<b>37,512,396</b>	<b>7,979,991</b>	<b>837,144</b>	<b>29,589,690</b>	<b>38,406,825</b>	<b>16.4%</b>
Percent of Total	17.0%	2.2%	80.8%	100.0%	19.5%	2.2%	78.3%	100.0%	20.8%	2.2%	77.0%	100.0%	
<b>Total Human and Community Services Div.</b>	<b>\$26,272,234</b>	<b>\$997,726</b>	<b>\$171,219,354</b>	<b>\$198,489,314</b>	<b>\$31,931,115</b>	<b>\$1,396,131</b>	<b>\$195,877,614</b>	<b>\$229,204,860</b>	<b>\$30,706,624</b>	<b>\$1,400,969</b>	<b>\$202,553,331</b>	<b>\$234,660,924</b>	<b>100.0%</b>
Percent of Total	13.2%	0.5%	86.3%	100.0%	13.9%	0.6%	85.5%	100.0%	13.1%	0.6%	86.3%	100.0%	

**Program Highlights**

<b>Human and Community Services Division Major Budget Highlights</b>	
<ul style="list-style-type: none"> <li>◆ Total funding for the division increases about 8 percent when the 2009 and 2007 biennia are compared, comprising an increase in general fund support of about 24 percent, state special revenue of 36 percent, and federal funds of 5 percent</li> <li>◆ General fund increases are primarily due to statewide present law adjustments, TANF related programs, and child care; state special revenue increases are due to a funding switch for child care and additional energy assistance from the universal systems benefits fund; federal increases are related to food stamp benefits, low-income energy assistance, child care, and TANF related programs</li> <li>◆ The proposed budget requests a \$4 million transfer from the federal TANF block grant to the child care development fund and \$4.4 million to increase TANF benefits calculations from 33 percent of the 2005 federal poverty level to the 2007 level</li> <li>◆ Federally funded food stamp benefits are expected to reach \$110 million by SFY 2009</li> <li>◆ The executive budget requests one-time, biennial funding of \$1.6 million from the energy conservation and energy assistance account within federal special revenue and proposes legislation to allow use of the fund</li> </ul>	
<b>LFD Major Issues</b>	
<ul style="list-style-type: none"> <li>◆ The executive budget places the TANF block grant in a deficit position in the 2011 biennium</li> <li>◆ The federal Deficit Reduction Act could impact the general fund</li> </ul>	

**Biennial Comparison**

The primary biennial increases are discussed in the following sections. General fund increases are due to child care, TANF, and statewide present law adjustments. State special revenue increases are due to a funding switch for some child care activities and additional revenue from the Universal Systems Benefits fund for energy. Federal revenue increases are related to food stamp benefits, low-income energy assistance, child care, and TANF related programs.

**Summary of Benefits and Grants**

As shown in Figure 14 on page B-23, the summary of benefits and grants, The federally funded food stamp benefits comprise nearly 60 percent of the division’s benefit and claims activity with TANF cash assistance and various child care support activities comprising about 12 and 16 percent, respectively.

Grants are expended over the biennium primarily for TANF employment and training (50 percent), food stamps, energy, and commodity projects (18 percent), and child care activities (30 percent).

Budget Item/Fund	2007 Biennium	2009 Biennium	Percent of Total	Change	Percent Incr/Decr
FTE	453.80	453.80		-	
Personal Services	\$38,784,412	\$42,233,943	9.1%	\$3,449,531	8.9%
Operating	10,975,799	11,949,421	2.6%	973,622	8.9%
Equipment	103,874	89,012	0.0%	(14,862)	-14.3%
Capital Outlay	53,007	106,014	0.0%	53,007	100.0%
Grants	35,912,959	38,316,908	8.3%	2,403,949	6.7%
Benefits/Claims	344,803,030	371,170,486	80.0%	26,367,456	7.6%
Debt Service	552	0	0.0%	(552)	-100.0%
Total Costs	<u>\$430,633,633</u>	<u>\$463,865,784</u>	<u>100.0%</u>	<u>\$33,232,151</u>	<u>7.7%</u>
General Fund	\$50,689,251	\$62,637,739	13.5%	\$11,948,488	23.6%
State Special	2,058,684	2,797,100	0.6%	738,416	35.9%
Federal Funds	<u>377,885,698</u>	<u>398,430,945</u>	<u>85.9%</u>	<u>20,545,247</u>	<u>5.4%</u>
Total Funds	<u>\$430,633,633</u>	<u>\$463,865,784</u>	<u>100.0%</u>	<u>\$33,232,151</u>	<u>7.7%</u>

*Child Care*

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, licensing and registration of child care providers, and activities related to assuring quality child care. States are required to expend a minimum of four percent of the funding of the child care block grant on child care quality activities.

The child care block grant consists of three 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. Figure 13 summarizes child care funding for FY 2004 through FY 2009.

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 68 percent and the state share of expenses under child care matching funds is about 32 percent. Discretionary funds are federal funds, and no state match is required in order for states to expend these funds. However, states must expend the mandatory funding stream before it may expend the discretionary funding. 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.

**Figure 13**  
Agency-wide Summary of Child Care Funding  
by Funding Stream  
Fiscal 2004 Through 2009

Description	Actual SFY 2004	Actual SFY 2005	Actual SFY2006	Appropriated SFY 2007	Requested SFY 2008	Requested SFY 2009
<b>General Fund:</b>						
Maintenance of Effort	\$ 1,313,990	\$ 1,313,990	\$ 1,313,649	\$ 1,313,990	\$ 1,313,649	\$ 1,313,649
Matching - Required	1,645,426	637,872	1,583,297	1,649,639	1,916,057	1,976,119
Matching Restricted Discretionary			2,400,000	-	2,400,000	2,400,000
Matching			-	32,941	1,408,890	2,035,178
CCDF Administrative (HCSD)			20,000	20,000	20,000	20,000
Prevent. & Stabilization			300,711	299,352	200,728	200,728
Other (non HCSD)	93,337	93,337	93,337	93,337	93,337	93,337
<b>Total General Fund</b>	<b>3,052,753</b>	<b>2,045,199</b>	<b>5,710,994</b>	<b>3,409,259</b>	<b>7,352,661</b>	<b>8,039,011</b>
Annual Percent Change		-33.0%	179.2%	-40.3%	115.7%	9.3%
<b>Non General Fund Match:</b>						
State Spec. Revenue (PSF)	557,000	1,443,000	732,601	731,267	832,584	832,584
Other	11,250					
<b>Federal Funds:</b>						
CCDF Administrative (non HCSD)	\$ 687,364	\$ 687,364	\$ 156,253	\$ 149,987	\$ 146,817	\$ 147,005
CCDF Administrative (HCSD)	558,450	637,144	426,757	440,300	453,368	454,444
CCDF Mandatory	2,086,199	3,086,400	2,086,198	2,087,242	2,086,198	2,086,198
CCDF Match	5,241,053	6,196,101	4,162,803	4,162,803	4,162,803	4,162,803
CCDF Discretionary (non HCSD)	567,068	568,000	534,199	490,789	540,069	540,069
CCDF Discretionary	8,826,112	13,556,317	10,779,567	15,816,272	12,806,362	12,806,444
<b>Total Federal Funds</b>	<b>17,966,246</b>	<b>24,731,326</b>	<b>18,145,777</b>	<b>23,147,393</b>	<b>20,195,617</b>	<b>20,196,963</b>
<b>Total Expenditures</b>	<b>\$ 21,587,249</b>	<b>\$ 28,219,525</b>	<b>\$ 24,589,372</b>	<b>\$ 27,287,919</b>	<b>\$ 28,380,862</b>	<b>\$ 29,068,558</b>
Percent Change		30.7%	-12.9%	11.0%	4.0%	2.4%

The majority of childcare funds are expended to provide subsidies to low-income families with some funds used in support of parenting education and family strengthening activities. 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 50 percent of the FPL their share of the costs increases. Once the family income exceeds the 150 percent of the FPL, the family is ineligible for the program.

The Governor’s Budget for Child Care

In the 2009 executive present law budget, the Governor proposes an increase of \$8 million in general and federal funds to support child care activities with:

- \$4.0 million in federal discretionary fund authority over the biennium to allow for a transfer of TANF funding into the discretionary funds of the CCDF block grant for various activities in support of affordable and accessible child care
- \$4.1 million over the biennium in general fund to support caseload growth of 2.4 percent, maintain the child care at 150 percent of the federal poverty level, and maintain provider market rates at the federally required 75th percentile
- \$1.4 million of federal TANF authority to provide child care for working caretaker relatives of children eligible for the TANF grant

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

Program	Fiscal 2006 Base				Fiscal 2008 Request				Fiscal 2009 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	
<b>Benefits &amp; Claims</b>													
TANF Cash Assistance	\$358,729	\$94,725	\$18,622,395	\$19,075,849	\$358,729	\$94,725	\$21,986,548	\$22,440,002	\$358,729	\$94,725	\$21,986,548	\$22,440,002	11.9%
TANF Employment, Training	1,450,579	0	410,246	1,860,825	1,455,018	0	405,807	1,860,825	1,455,103	0	405,722	1,860,825	1.0%
TANF Supportive Services	843,326	0	0	843,326	843,326	0	683,784	1,527,110	843,326	0	683,880	1,527,206	0.8%
Food Stamp Training/Support	21,820	0	66,076	87,896	22,327	0	65,569	87,896	22,478	0	65,418	87,896	0.0%
Food Stamps	0	0	89,998,309	89,998,309	0	0	101,808,718	101,808,718	0	0	110,796,690	110,796,690	58.9%
FAIM Phase IIR	143,391	0	191,871	335,262	143,391	0	191,871	335,262	143,391	0	191,871	335,262	0.2%
Energy and Commodities Adm.	3,402	0	779,041	782,443	3,316	0	809,127	812,443	0	0	812,443	812,443	0.4%
Energy & Commodities Benefits	34,836	57,026	15,854,681	15,946,542	35,101	289,076	20,890,047	21,214,225	35,030	288,488	18,350,707	18,674,225	9.9%
Energy Ombudsman	0	0	0	0	300,000	0	0	300,000	300,000	0	0	300,000	0.2%
LIEAP General Fund Benefits	0	0	0	0	2,000,000	0	0	2,000,000	0	0	0	0	0.0%
Child and Adult Food Program	20,811	0	8,098,005	8,118,816	20,848	0	8,497,968	8,518,816	20,910	0	8,703,906	8,724,816	4.6%
Childcare Matching	3,965,199	0	4,143,890	8,109,089	5,703,518	0	4,147,221	9,850,739	6,388,856	0	4,148,233	10,537,089	5.6%
Childcare Mandatory	1,313,649	0	2,086,198	3,399,847	1,313,649	0	2,086,198	3,399,847	1,313,649	0	2,086,198	3,399,847	1.8%
Childcare Discretionary	0	0	5,454,813	5,454,813	0	0	7,380,734	7,380,734	0	0	7,380,734	7,380,734	3.9%
Childcare Quality	0	0	345,057	345,057	0	0	345,057	345,057	0	0	345,057	345,057	0.2%
Childcare Prevent & Stabilization	300,711	732,601	0	1,033,312	200,728	832,584	0	1,033,312	196,168	837,144	0	1,033,312	0.5%
<b>Total Benefits &amp; Claims</b>	<b>\$8,456,454</b>	<b>\$884,352</b>	<b>\$146,050,580</b>	<b>\$155,391,386</b>	<b>\$12,399,952</b>	<b>\$1,216,385</b>	<b>\$169,298,648</b>	<b>\$182,914,986</b>	<b>\$11,077,641</b>	<b>\$1,220,357</b>	<b>\$175,957,406</b>	<b>\$188,255,404</b>	<b>100.0%</b>
<b>Grants</b>													
TANF Employment & Training	\$7,490,519	\$0	\$2,118,432	\$9,608,951	\$7,513,441	\$0	\$2,095,510	\$9,608,951	\$7,513,880	\$0	\$2,095,071	\$9,608,951	50.2%
Food Stamp Training/Support	340,131	0	1,030,009	1,370,140	348,044	0	1,022,096	1,370,140	350,398	0	1,019,742	1,370,140	7.2%
Energy and Commodities Adm.	8,208	0	1,879,429	1,887,637	7,847	0	1,914,790	1,922,637	0	0	1,922,637	1,922,637	10.0%
Energy & Commodities Benefits	197	323	89,813	90,333	161	1,326	95,846	97,333	183	1,504	95,647	97,333	0.5%
Refugee	0	0	136,288	136,288	0	0	136,288	136,288	0	0	136,288	136,288	0.7%
IDA Match for Family Assets	0	0	0	0	200,000	0	0	200,000	200,000	0	0	200,000	1.0%
Childcare Discretionary	0	0	3,091,880	3,091,880	0	0	3,172,130	3,172,130	0	0	3,172,130	3,172,130	16.6%
Childcare Quality	0	0	1,709,376	1,709,376	0	0	1,709,376	1,709,376	0	0	1,709,376	1,709,376	8.9%
Head Start	0	0	112,704	112,704	0	0	112,705	112,705	0	0	112,705	112,705	0.6%
Child and Adult Food Program	2,125	0	826,769	828,894	2,029	0	826,865	828,894	1,987	0	826,907	828,894	4.3%
<b>Total Grants</b>	<b>\$2,125</b>	<b>\$0</b>	<b>\$5,877,017</b>	<b>\$18,836,203</b>	<b>\$8,071,522</b>	<b>\$1,326</b>	<b>\$11,085,605</b>	<b>\$19,158,454</b>	<b>\$8,066,447</b>	<b>\$1,504</b>	<b>\$11,090,503</b>	<b>\$19,158,454</b>	<b>100.0%</b>

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

*Temporary Assistance for Needy Families (TANF)*

The following discussion of TANF comprises a brief background of the program, the federal Deficit Reduction Act of 2005, Tribal TANF plans, and TANF related items in the Governor's budget.

Background

Now ten years old, the TANF program is one of the largest programs administered by the division. This program is funded by the TANF block grant created in 1996 by federal legislation (commonly known as "welfare reform") that replaced the program formerly known as Aid to Families with Dependent Children (AFDC). 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 \$39 million in FY 2008, and decrease to about \$38 million in FY 2009 due to termination of federal supplemental grants to the TANF block grant in FY 2008. 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 \$14 million.

TANF funds may 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 the state had this use included in its approved state plan under the prior AFDC program.

States must also meet other federal requirements, including work participation rates, 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

**LFD  
COMMENT**

There are two primary areas for legislative consideration related to the TANF block grant, and both have the potential to substantially impact the general fund for this biennium and beyond. They are:

- Sustainability of the block grant and the Governor's budget
- The federal Deficit Reduction Act (DRA) of 2005

As of this writing, the division staff projects the TANF block grant to be \$13 million at the end of the 2009 biennium. This would not sustain positive case flow of the block grant through FY 2011 if proposals within the Governor's budget remain through the next two biennia, and the projected FY 2009 grant amount of \$38 million as well as expenditures remain basically the same. As Figure 15 illustrates, the 2009 Legislature could face a deficit of \$3 million through FY 2011.

**LFD  
COMMENT  
CONT.**

**Figure 15**  
Summary of Temporary Assistance for Needy Families (TANF) Grant  
Fiscal 2006 Through 2011

State Fiscal Year	Actual	Dept. Est.	Requested	Requested	Projected	Projected
	SFY 2006	SFY 2007	SFY 2008	SFY 2009	SFY 2010	SFY 2011
Actual/Projected Balance of Grant	\$29,916,339	\$34,186,824	\$28,670,270	\$21,271,814	\$13,155,490	\$5,057,294
Grant Amount	40,669,944	39,171,817	39,171,817	38,039,116	38,039,116	38,039,116
Beginning Balance	\$70,586,283	\$73,358,641	\$67,842,087	\$59,310,930	\$51,194,606	\$43,096,410
<b>Expenditures:</b>						
Cash Assistance	\$17,891,167	\$17,482,562	\$17,300,637	\$17,300,637	\$17,300,637	\$17,300,637
Benefits with Child Support Passthrough		615,795	615,795	615,795	615,795	615,795
Increase benefits - DP 20020	-	-	2,228,983	2,228,983	2,228,983	2,228,983
Subtotal	\$17,891,167	\$18,098,357	\$20,145,415	\$20,145,415	\$20,145,415	\$20,145,415
<b>New Proposals</b>						
Blackfeet Benefit - DP 20023	0	513,278	684,370	684,370	684,370	684,370
Blackfeet Tribal New contract		338,100	450,800	450,800	450,800	450,800
Child Care / Caretaker Relatives -DP 20006	0	0	683,784	683,784	683,784	683,784
TANF System IT Legislation	0	0	2,600,000	2,200,000	2,000,000	1,800,000
Administrative and Other	8,725,178	13,329,401	9,596,668	9,581,835	9,763,707	9,951,034
Foster Care	2,348,600	2,360,000	2,360,000	2,360,000	2,360,000	2,360,000
Subtotal	\$11,073,778	\$16,540,779	\$16,375,622	\$15,960,789	\$15,942,661	\$15,929,988
Total Expenditures	28,964,945	34,639,136	36,521,037	36,106,204	36,088,076	36,075,403
<b>Transfers:</b>						
Child Care - includes DP 20012	\$5,436,288	\$8,051,010	\$8,051,010	\$8,051,010	\$8,051,010	\$8,051,010
Title XX, Social Service Block Grant	1,998,226	1,998,226	1,998,226	1,998,226	1,998,226	1,998,226
Total Transfers	\$7,434,514	\$10,049,236	\$10,049,236	\$10,049,236	\$10,049,236	\$10,049,236
Expenditures and Transfers	\$36,399,459	\$44,688,372	\$46,570,273	\$46,155,440	\$46,137,312	\$46,124,639
Ending Balance	\$34,186,824	\$28,670,270	\$21,271,814	\$13,155,490	\$5,057,294	(\$3,028,230)

\* Includes HB 529 child support passthrough and disregard, and may include some general fund payments  
Data included MBRS, SBAHRS link system and division worksheets.  
Projections may change with caseload

There are inter-related issues for the legislature to consider when prioritizing and planning for the expenditure of federal TANF funds. These include:

- o What if any level of TANF block grant reserve does the legislature wish to maintain?
- o What level of TANF cash assistance does the legislature wish to fund?
- o How does the legislature wish to balance the competing priorities for federal TANF funds: cash assistance; child care; Tribal support; and the Internet technology legislation?
- o How does the legislature wish to weigh in on potential impacts of the federal Deficit Reduction Act?

The Governor's budget

The executive requests \$12 million federal funds over the biennium for TANF activities. The proposals are:

- o \$4.4 million federal funds to increase the cash benefit standard from 33 percent of the 2005 federal poverty level to 33 percent of the estimated 2007 federal poverty level, which would increase cash assistance approximately \$27 a month for a family of four
- o \$3.7 million of federal TANF block grant funds to support child care for employed relatives raising TANF eligible children, and to support benefit payments and costs associated with work activity and case management services involved in the restructuring of the Blackfeet Tribal TANF plan
- o \$4.0 million to transfer TANF funding into the discretionary funds of the CCDF block grant for various activities focused in support of affordable and accessible child care

**LFD  
COMMENT  
CONT.**

The Governor also proposes legislation for Internet technology in support of several agency needs. Included in that bill is funding for the economic assistance management system (TEAMS), the automated eligibility and case management system that is scheduled for replacement during the next three year period. Medicaid, food stamps and TANF will all be removed and served with a new system. As of this writing, the costs expected to be in the legislation are \$16.2 million comprising \$7.6 million general fund and \$8.6 million federal TANF funding. For further discussion see the Technology Services Division write-up in section B of this volume.

Options

As the legislature examines the individual decision packages proposed by the Governor, it may wish to consider the following:

- Does the legislature wish to maintain the sustainability of the TANF federal funds?
- If so, what priorities should be followed when determining either where to reduce expenditures or how, or to what extent could other funds replace the federal funds?
- The legislature may also wish to have the department discuss the entirety of the proposals for the use of TANF funds in light of the goals sought, as well as the outcomes anticipated in this and future biennia.

*The Federal Deficit Reduction Act*

Potentially exacerbating the non-sustainability of the Governor's TANF budget is the potential impact of the federal Deficit Reduction Act (DRA). Congress made several changes to TANF in the DRA that could impact Montana's general fund expenditures. Although the basics of the TANF block grant funding and MOE expenditures remain the same, the DRA imposed changes in the TANF definitions, most of which relate to the method states use to calculate successful outcomes for moving clients into the work environment referred to work participation rates, and the penalties to be imposed on states that are unable to meet the new expectations.

Work Participation Penalties

If a state fails to meet the work participation rates, it is subject to a penalty up 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. In addition, the state would also be required to: (1) backfill its federal penalty with state funds; and (2) increase their maintenance-of-effort (MOE) spending by 5 percent. For Montana, a 5 percent penalty to a \$38 million block grant would result in a penalty of \$1.9 million general fund with another \$1.9 million of general fund required to backfill the penalty amount for a total impact on the general fund of \$3.8 million. An additional 2 percent penalty would be about \$760,000 each year or \$1.5 million total general fund. The penalty requiring Montana to increase MOE dollars from its current 75 percent to 80 percent would cost about \$0.8 million general fund.

The following changes imposed by the DRA could negatively impact the calculation of Montana's work participation rate:

- Narrowing the definition of what counts as a "work activity" in meeting the requirement for 30-35 hours a week of work activities
- Changing the work participation rate base year for caseload reduction credit calculations from 1995 caseload reports to reports based on caseload declines after 2005 while maintaining the 90 percent work participation rate for two-parent families
- Expanding categories of individuals that states must now count in work participation calculations while eliminating post secondary education as an activity that counts toward work participation

The department has responded administratively to the DRA definition changes with adjustments to operation rules, and has submitted a work verification plan to the federal agency for approval that provides exclusion for some limited TANF populations, including an identified category of clients who are not able to participate in work activities due to mental or physical incapacity so they may receive cash assistance, but not count in the work participation rate calculations. The plan also identifies countable community service hours for residents of Montana's drug treatment homes to ensure they continue to receive benefits and treatments while meeting participation requirements, and provides an option for single-

parent women with newborn children to be exempt from work activities for up to three months following the birth of the child.

It is unknown when the plan will be approved, and the state has a year to make adjustments following the determination. Therefore, it could be FY 2009 before a penalty would be assessed and most likely FY 2010 before a penalty payment would be due. Should a penalty be assessed before July 1, 2010, it could be addressed by the 2009 Legislature.

In addition to the rate calculations, the DRA has the potential to impact the delivery of TANF services in two other components. The first is the increased requirements for reporting, monitoring and documentation that could potentially change the role of social workers and contract providers as more time is spent on monitoring and justification than on educational or support activities.

The second is the DRA provision that states have opportunities for partnerships toward positive outcomes. The DRA removes income eligibility requirements for state spending to reduce out-of-wedlock pregnancy and allows states to count approved local and non-profit funds in support of TANF goals.

#### *State-funded, non-MOE programs*

The federal DRA allows states the flexibility to use TANF approved activities that are funded by state general fund to count as TANF MOE. Using this flexibility, the state could create a state-funded, non-MOE program that would allow the division to take families out of the work participation rate and continue their services outside the rate calculation. This strategy could help the state avoid a potential penalty. The families would not lose their services, but would not be counted in the calculation. The amount of general fund would not be altered.

#### Options

Although the state may not be penalized while the budget approved by this legislature is in effect, the legislature may wish to 'weigh in' on options within the DRA that would support the TANF population while this budget is in effect and possibly avoid any penalties within the context of the Governor's proposals.

The following options have come forth in TANF group discussions on a state and national basis. These and others that may evolve during legislative deliberations would use general fund in support of the mission and goals of TANF while avoiding the possible use of general fund for a penalty payment.

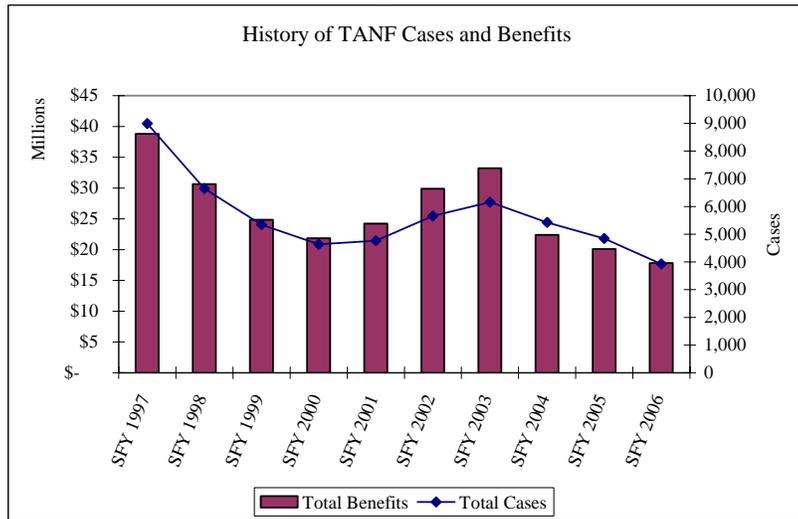
- Creating separate, state funded programs outside of the TANF block grant and MOE funds that could support TANF families while removing them from the work participation count upon which penalties are assessed, such as programs serving:
  - Individuals receiving TANF assistance and wanting to pursue post-secondary education
  - Families working through addiction treatment
  - Individuals without the capacity to perform in work-related activities because of a disability and receive TANF cash assistance while waiting Supplemental Security Income (SSI)
  - Two-parent families that in a separate program could be removed from the work participation calculation and the 90 percent participation rate
- Maximizing the DRA removal of income eligibility requirement for state spending to reduce out-of-wedlock pregnancy, and DRA approval of the use of local and non-profit funds to support TANF goals to tap existing non-profit services from organizations, churches and schools which support:
  - Youth programs, health marriage and responsible fatherhood
  - Individuals transitioning into employment
  - Individuals needing work-readiness skills
  - Program supporting education such as Parents as Scholars
  - Families needing some elements of early childhood intervention programs

- Adjusting the Montana TANF earned income disregards policy to allow employed recipients to keep more of their income and remain on the caseload, and thereby raising the State work participation level

*Cash assistance and Caseload*

As illustrated in Figure 16 Montana’s welfare caseload declined from 1997 to 2000 primarily due to welfare efforts contained in the state’s FAIM program. After October of 2000 the caseload began increasing because of a general economic slowdown in the state and fewer economic opportunities for less skilled workers. The decrease of caseload

Figure 16



between 2003 and 2006 was primarily due to the reduction of the income standard used in determining eligibility for the cash assistance program and a benefit amount reduction in August of 2003 by DPHHS, the Blackfeet Tribe’s assumption of its own Tribal TANF plan August 1, 2005, and improved employment picture in many Montana communities.

However, the Governor’s budget contains a request for funding to restructure the Blackfeet Tribal TANF plan and it is estimated that this would increase the caseload by 293 cases if it is approved. There is further discussion in the new proposal section.

payments amount received by families) as well as the caseload. Prior to the adjustments in 2003, both benefits and caseload were high. Although the 2005 Legislature raised the cash assistance benefit level to at least 33 percent of the 2005 federal poverty level (FPL) and benefit payments increased, the 2006 cash benefit total expenditure dropped to slightly more than \$18.0 million primarily because of a decrease in caseloads.

Figure 17 also shows that expenditures may change due to the policy (the monthly benefit

*Low-Income Energy Assistance (LIEAP)*

LIEAP benefit payments cover part of the household’s total heating costs for the winter, and have historically averaged from under \$375 to a high of \$625 for the 2006 heating season. Applicants must have an income level at or below 150 percent of the 2005 federal poverty level, or about \$19,200 for a family of two. All eligible LIEAP applicants receive benefit payments, which in most cases are paid directly to utility companies and fuel vendors. Both homeowners and renters can apply. Federal assistance for Montana for the 2009 biennium is estimated to be nearly \$20 million each year.

2005 Legislative Initiatives the Montana LIEAP Program

The 2005 Legislature appropriated \$11.9 million of federal funds and \$500,000 general fund for each of the 2006 and 2007 heating seasons for energy assistance as well as \$0.3 general fund per year for energy ombudsman work that were augmented by the receipt of additional federal funds.

Figure \_\_\_ shows the growth in benefit payments and households served from SFY 2000 through SFY 2007.

State FY	LIEAP Grant	Benefit Payments	Households	Average Benefit
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	8,919,291	19,187	465
2005	12,781,838	9,766,078	20,463	477
2006	18,805,528	13,268,755	21,221	625
2007*	\$11,538,631	\$8,904,724	22,700	\$392

\*Projected

LIEAP Interim Update

During the interim, in response to the increase in utility costs, the Governor, citing his powers under an energy emergency, issued Executive Order 25 for heating assistance benefits with statutory authority of \$2.5 million general fund. The order contained a stipulation that:

“ . . . if federal funds above the \$14,351,000 Montana anticipates are realized, general funds will be returned to the state treasury at a one to one ratio”.

The funds approved by Congress ultimately exceeded this amount and the \$2.5 million was returned to the general fund.

Because the energy emergency statutes that give the Governor the power to authorize expenditure from the general fund do not specifically address rising energy prices, the LFC voted to request legislation for the 2007 Legislature to provide clarification.”

The Governor's Budget

The Governor's budget includes requests over the biennium for:

- \$0.4 million state special revenue and \$5.4 million federal revenue to expend federally funded grants and the Universal Systems Benefits fund, which comes from consumer charges on utility bills and is passed on to energy assistance and weatherization activities
- \$1.6 million federal authority to expend energy conservation funds, that comes with a request for legislation to change Montana Code
- \$0.6 general fund for energy ombudsman - warm hearts/homes
- \$2 million for low-income energy assistance

*Food Stamps*

The Food Stamp Program is one of the largest expenditures of the state. The FY 2006 base amount for benefits was \$90 million and about 422,000 cases were served. The division estimates that the program could grow from \$90 million in FY 2006 to \$101 million in FY 2008 and \$110 million in FY 2009. The Governor's request of \$32.6 million comprises an increase of \$12 million federal funds in FY 2008 and \$21 million in FY 2009 to accommodate the anticipated caseload and poverty level adjustments in food stamp benefits.

The requests are discussed in detail in the present law and new proposal sections that follow.

**Funding**

The following table shows program funding, by source, for the base year and for the 2009 biennium as recommended by the executive.

Program Funding		Program Funding Table Human And Community Services					
		Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
01000	Total General Fund	\$26,272,234	13.2%	\$ 31,931,115	13.9%	\$ 30,706,624	13.1%
	01100 General Fund	26,272,234	13.2%	31,931,115	13.9%	30,706,624	13.1%
02000	Total State Special Funds	997,726	0.5%	1,396,131	0.6%	1,400,969	0.6%
	02375 6901-02 Indrcrt Activty Prog 02	111,547	0.1%	113,409	0.0%	113,410	0.0%
	02688 6901-Tanf Overpayments	94,725	0.0%	94,725	0.0%	94,725	0.0%
	02698 69010-Prevention&Stabilization	732,601	0.4%	832,584	0.4%	837,144	0.4%
	02772 Tobacco Hlth & Medced Initiative	-	-	58,936	0.0%	59,213	0.0%
	02974 Univ Low Income Energy Assistance	58,853	0.0%	296,477	0.1%	296,477	0.1%
03000	Total Federal Special Funds	171,219,354	86.3%	195,877,614	85.5%	202,553,331	86.3%
	03066 81.042 Bpa	402,908	0.2%	442,408	0.2%	442,408	0.2%
	03096 Discretionary Child Care	10,779,567	5.4%	12,806,317	5.6%	12,806,444	5.5%
	03109 Tanf Benefits	21,474,912	10.8%	25,522,849	11.1%	25,522,849	10.9%
	03135 Hopwa Help Plus	-	-	966,000	0.4%	-	-
	03204 Energy Conservation: Exxon	-	-	1,100,000	0.5%	-	-
	03236 Child Nutrition	8,850,413	4.5%	9,237,365	4.0%	9,438,954	4.0%
	03250 Child Care Manditory/Moe	2,086,198	1.1%	2,086,198	0.9%	2,086,198	0.9%
	03251 Child Care Admin	426,763	0.2%	468,358	0.2%	470,896	0.2%
	03252 Child Care Matching	4,162,803	2.1%	4,162,803	1.8%	4,162,803	1.8%
	03323 Energy Conservation: Stripper	-	-	500,000	0.2%	-	-
	03382 03 Indirect Activity Prog 02	10,024,538	5.1%	10,868,481	4.7%	10,885,661	4.6%
	03467 6901-Homeless Mgmt Info System	-	-	66,980	0.0%	66,980	0.0%
	03519 93.045 - Aging Meals 100%	38,758	0.0%	38,758	0.0%	38,758	0.0%
	03523 93.566 - Refugee Soc. Serv	100,794	0.1%	100,794	0.0%	100,794	0.0%
	03539 93.600 Headstart	112,704	0.1%	112,436	0.0%	112,441	0.0%
	03543 6901-Foodstamp Outreach 10.561	650	0.0%	650	0.0%	650	0.0%
	03544 10.561 - Fs E & T - 50%	217,002	0.1%	217,002	0.1%	217,002	0.1%
	03545 10.561 - Fs E & T - 100%	275,044	0.1%	276,712	0.1%	276,875	0.1%
	03546 10.561 - Fs Adm - Fed Exp 50%	1,153,951	0.6%	1,184,334	0.5%	1,183,443	0.5%
	03547 10.568 - Emerg Food Assist 100	141,147	0.1%	147,814	0.1%	147,814	0.1%
	03548 10.569 - Food Distr - Fed Exp	1,714,461	0.9%	1,750,691	0.8%	1,750,634	0.7%
	03550 14.231 - Emerg Shelter - Hud 5	388,568	0.2%	403,000	0.2%	403,000	0.2%
	03552 81.042 - Weather Ben 100%	2,522,625	1.3%	2,623,349	1.1%	2,623,349	1.1%
	03571 93.566 - Off Ref Reset Adm 10	35,494	0.0%	35,494	0.0%	35,494	0.0%
	03572 93.568 - Lieap Blk Grt Adm	11,765,182	5.9%	14,248,845	6.2%	14,275,440	6.1%
	03573 93.569 - Csbg Adm	3,034,833	1.5%	3,034,833	1.3%	3,034,833	1.3%
	03580 6901-93.778 - Med Adm 50%	175,239	0.1%	235,421	0.1%	235,821	0.1%
	03669 Doe Region 8	91,534	0.0%	91,534	0.0%	91,534	0.0%
	03677 6901-Cacfp 10.558 & 10.560	466,943	0.2%	531,456	0.2%	537,552	0.2%
	03678 6901-Food Stamp Benefits	89,998,309	45.3%	101,808,718	44.4%	110,796,690	47.2%
	03679 6901-Hopwa Cfda#14-241	422,348	0.2%	422,348	0.2%	422,348	0.2%
	03965 Csfp	355,666	0.2%	385,666	0.2%	385,666	0.2%
Grand	Total	<u>198,489,314</u>	<u>100.0%</u>	<u>229,204,860</u>	<u>100.0%</u>	<u>234,660,924</u>	<u>100.0%</u>

HCSD is supported primarily by federal funds, which comprise 86 percent of the total funding. General fund provides 13.5 percent of the division’s funding. General fund support is primarily used to achieve required TANF and child care MOE requirements and match federal programs such as Medicaid and food stamp eligibility determination, and child care benefits. State special revenue comprises the preservation and stabilization fund, I-149 funds, and the Universal Systems Benefits fund on energy and weatherization.

**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 2008				Fiscal 2009					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					3,159,373					3,238,409
Vacancy Savings					(878,142)					(881,331)
Inflation/Deflation					96,886					101,111
Fixed Costs					(130,068)					(129,861)
<b>Total Statewide Present Law Adjustments</b>					\$2,248,049					\$2,328,328
DP 20005 - Intergovernmental Human Services Bureau PL Adj	0.00	0	237,624	2,682,021	2,919,645	0.00	0	237,624	2,682,021	2,919,645
DP 20008 - HCSO Rental Increases for Adm. and County OPA's	0.00	189,272	0	219,433	408,705	0.00	218,089	0	252,079	470,168
DP 20009 - Child & Adult Care Food Program Historical PL	0.00	0	0	400,000	400,000	0.00	0	0	606,000	606,000
DP 20012 - Child Care Discretionary Present Law Adj	0.00	0	0	2,006,171	2,006,171	0.00	0	0	2,006,171	2,006,171
DP 20016 - Child Care FPI, Market Rate, Caseload Inc	0.00	1,741,650	0	0	1,741,650	0.00	2,428,000	0	0	2,428,000
DP 20019 - Food Stamp Benefits	0.00	0	0	11,810,409	11,810,409	0.00	0	0	20,798,381	20,798,381
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$1,930,922</b>	<b>\$237,624</b>	<b>\$17,118,034</b>	<b>\$19,286,580</b>	<b>0.00</b>	<b>\$2,646,089</b>	<b>\$237,624</b>	<b>\$26,344,652</b>	<b>\$29,228,365</b>
Grand Total All Present Law Adjustments					\$21,534,629					\$31,556,693

LFD COMMENT

The personal services amounts listed above reflect an increase of \$3.2 million each year over the base budget. The division moved 400.10 FTE from the standard pay plan 60 to the broadband pay plan 20 and reduced pay plan 60 by 397.7 FTE for a net adjustment of about \$0.8 million each year due to market adjustments and class upgrades, which accounts for 25 percent of the increase. Just over 22 percent each year is due the implementation of the pay plan approved by the 2005 Legislature and just under 30 percent each year is due to full funding of positions that were vacant for all or part of the base year. The balance of the increase over the present law base is primarily driven by increases in longevity, health insurance, and benefits.

At the time of budget submission, there were 20 vacant positions and 5.9 percent vacancy savings. According to division staff the division generally averages 20 to 30 vacancies at any given time and holds some positions open to meet vacancy savings. Most vacated positions are left open for 30 days before filling the position, with the very occasional exceptions of one of a kind type positions.

DP 20005 – Increase Spending Authority for the Intergovernmental Human Services Bureau (IHSB) - The Governor requests increased spending authority of \$475,000 state special revenue universal systems benefits fund , which comes from consumer charges on utility bills and is passed on to energy assistance and weatherization activities and spending authority of \$5.4 million federal revenue over the biennium for federally funded grants. The increase includes authority for truck driver overtime of \$3,000 each year in two of the federal grants because this expenditure was removed from the base. Overtime has been used in the past for truck drivers to respond to disasters with the delivery of food and to extend trips to deliver to senior centers and food banks in remote parts of the state.

Increased LIEAP funding would increase the average household benefits approximately \$102 over the base. The funds help ten Human Resource Development Council's (HRDC's) provide: low-income persons with energy assistance, weatherization, and emergency shelter; housing assistance for persons with AIDS; commodity food distribution; and work on local solutions to problems of poverty. Services extend to agencies on aging, four food banks, two AIDS councils, two out of state agencies, and all seven tribes receive services. The division estimates the additional federal authority could help serve an additional 134 low-income households with weatherization assistance and the state special revenue authority could provide energy savings to 76 low-income households of approximately 15 percent.

	FY 2008	FY 2009
Overtime	\$3,000	\$3,000
Professional Services	71,000	71,000
To Local Agencies	42,000	42,000
Other	36,632	36,632
Social Assistance	<u>2,767,013</u>	<u>2,767,013</u>
	<u>\$2,919,645</u>	<u>\$2,919,645</u>

DP 20008 - HCSD Rental Increases for Adm. and County OPA's - The executive budget includes a request of nearly \$0.9 million over the biennium for cost allocated spending authority of \$400,000 general fund and \$472,000 federal revenue associated with rent increases in the Offices of Public Assistance (OPA) and HCSD Administration in non-Department of Administration for buildings.

<b>LFD COMMENT</b>	<p>The 2005 Legislature provided \$1.3 million for the program in FY 2006. Actual expenditures in FY 2006 were \$1.5 million due a relocation that was unknown last session.</p> <p>According to information provided by division staff, rent for OPA offices is projected to increase by \$245,000 from FY 2007 to FY 2008 and \$54,500 from FY 2008 to FY 2009. The OPA increase appears to be due to a new proposed location in Cut Bank and Browning that will charge \$36.00 per square foot, which increases rent projections from \$67,000 in FY 2007 to \$201,000 in FY 2008 and \$204,000 for FY 2009.</p>
--------------------	---

DP 20009 - Child & Adult Care Food Program Historical PL - The Governor requests \$1 million federal funds over the biennium for the CACFP, reflecting the anticipated 2.4 percent historical increase in program reimbursement rates as set by the Department of Agriculture. CACFP is a federal USDA entitlement program to support nutritional services in care settings through regulation and reimbursement to adult and childcare organizations. Meal service delivery has been decreasing in family and group homes, but increasing in child care center facilities. The increased federal spending authority would support annual delivery of 7.7 million meals over the biennium to children in child care facilities.

The following two decision packages relate to child care. There is further discussion under TANF spending in the program narrative, and the justification and goals following DP 20016 relate to both requests.

DP 20012 - Child Care Discretionary Present Law Adj - The executive requests \$4 million over the biennium to enable child care to receive a TANF funding transfer into the discretionary funds of the Child Care Development Fund in support of affordable and accessible child care. The division estimates increased federal spending authority would support 175 working families and 300 children. Additionally, funding would serve 50 child care providers and support over \$41,846 for quality educational programs throughout the state.

**LFD COMMENT**

The 2005 Legislature provided \$13.8 million funding for the child care discretionary fund to maintain funding at the FY 2005 level of \$25.6 million. Included in this appropriation was a TANF transfer to provide the child care discretionary fund \$7 million for FY 2006 and \$9 million for FY 2007, in addition to an increase in general fund of \$2.4 million in FY 2006.

The Governor requests \$4 million over the 2009 biennium to enable child care to receive a TANF funding transfer into the discretionary funds of the Child Care Development Fund. As the legislature discusses this request, it may wish to consider that:

- o As shown in Figure 19 the division did not use the full amount intended by the 2005 Legislature, and
- o The TANF block grant is in a deficit position of \$3 million by FY 2011. While the goals and objectives expressed below address the management of the funding related to child care, there is no evidence that the division has a plan to address the decrease of the TANF block grant.

	FY 2006	FY 2007
Appropriated by the 2005 Legislature	7,287,356	9,606,006
Reflected in the Division TANF Tracking Sheet	5,436,288	8,051,010

The legislature may also wish to discuss this decision package in light of the competing priorities for federal in TANF funds: cash assistance; child care; Tribal support; and the Internet technology legislation.

There is additional information and a summary of child care funding in the program narrative. Discussion continues in the next proposal.

DP 20016 - Child Care FPL, Market Rate, Caseload Inc - The Governor’s budget includes a \$4.2 million general fund request for the Childhood Services Bureau (ECSB) to maintain child care reimbursement rates for parents at the 75th percentile of the annual market rate survey, to maintain eligibility for the Best Beginnings Child Care scholarship program at 150 percent of the current federal poverty level (FPL), and support a 4 percent case load increase for low income working parents. Figure 20 shows the distribution of funds for the request.

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

	Market Rate at				Total
	Federal Poverty Level	75th percentile	Case Growth	Case Growth Funds	
FY 2008	\$180,000	\$602,000	\$205	\$959,650	\$1,741,650
FY 2009	187,000	679,000	376	1,562,000	2,428,000
Total	\$367,000	\$1,281,000	\$581	\$2,521,650	\$4,169,650

Justification: Funding helps low-income families pay for child care while they work. As families earn more, they contribute more to the cost of care until eventually they are responsible for the entire cost. Although the upper limit of the sliding fee scale is set at 150 percent of FPL, 66 percent of the families receiving subsidies are at or below the poverty threshold. The Child Care and Development Fund mandates that low-income families have equal access to the same high quality child care as their more affluent contemporaries. The child care scholarship is often the primary benefit that allows these families to gain true economic self-sufficiency.

Goals:

- o Maintain accessible child care reimbursement rates at the 75th percentile of the Market Rate
- o Provide eligibility at 150 percent of poverty annually adjusting the program eligibility levels to the current FPL
- o Maintain accessible, affordable child care and a child care scholarship program while avoiding a waiting list

Performance Criteria

- o All families pay a co-payment to their child care provider, at an average of 3.5 percent of their income
- o An estimated 5,570 unduplicated families will be in the work force each year because they receive child care
- o An estimated 95 teen parents will be supported through scholarship assistance as they work to complete high school or achieve a GED

Tracking of the performance criteria occurs on many levels through DPHHS data management systems, and is extracted to prepare federal and state monitoring reports, reviewed by agency officials and federal agencies.

Milestones and Risks:

- o Conduct a Market Rate Survey each June in light of the 75th percentile of the respective regional rates
- o Examine the Federal Poverty Index in July of each year and make appropriate adjustments in the fee scale
- o Update administrative rules each year to support these specific documents and conduct training
- o Update and submit the CCDF state plan every two years
- o Adjustments to the CCUBS automated system will occur in accord with new rates and eligibility during implementation in June and July

DP 20019 - Food Stamp Benefits - The Governor requests \$32.6 million of federal revenue authority for the biennium to fund the anticipated caseload and poverty level adjustments.

Justification, Goals and Measurements: With increased funding, an additional annual average of 2,686 cases per month above the base caseload of 35,450 would be funded for SFY 2008 and 4,769 cases per month for SFY 2009. The measurements will be recorded monthly and included in quarterly or annual required reports. From July 2001 to June 2006, the food stamp benefit cases have increased from 27,120 cases per month to 35,450 cases per month.

The increase is primarily due to changes made by the 2002 Farm Bill, which enabled outreach activities. The division has made a outreach a high priority and expanded community partnerships in order to increase use of the Food Stamp Program.

**New Proposals**

Program	-----Fiscal 2008-----					-----Fiscal 2009-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 20001 - Energy Assist/Conservation (BIEN/OTO) (Requires Legislation)										
02	0.00	0	0	1,600,000	1,600,000	0.00	0	0	0	0
DP 20002 - Tri-state housing grant for people with AIDS (Bien										
02	0.00	0	0	966,000	966,000	0.00	0	0	0	0
DP 20004 - Homeless Management Information Syst (HMIS) grant										
02	0.00	0	0	66,980	66,980	0.00	0	0	66,980	66,980
DP 20006 - Childcare for Working Caretaker Relative										
02	0.00	0	0	683,784	683,784	0.00	0	0	683,784	683,784
DP 20011 - Ombudsman Funding-Warm Hearts/Homes - OTO										
02	0.00	300,000	0	0	300,000	0.00	300,000	0	0	300,000
DP 20020 - TANF Cash Benefit Increase										
02	0.00	0	0	2,228,983	2,228,983	0.00	0	0	2,228,983	2,228,983
DP 20022 - Individual Development Account (IDA) Biennial Appr										
02	0.00	200,000	0	0	200,000	0.00	200,000	0	0	200,000
DP 20023 - Restructuring Blackfeet Tribal Plan										
02	0.00	0	0	1,135,170	1,135,170	0.00	0	0	1,135,170	1,135,170
DP 20907 - Child Care Funding Swap for PSF										
02	0.00	(99,983)	99,983	0	0	0.00	(104,543)	104,543	0	0
DP 20908 - Low Income Energy Assist. Prgm OTO										
02	0.00	2,000,000	0	0	2,000,000	0.00	0	0	0	0
<b>Total</b>	<b>0.00</b>	<b>\$2,400,017</b>	<b>\$99,983</b>	<b>\$6,680,917</b>	<b>\$9,180,917</b>	<b>0.00</b>	<b>\$395,457</b>	<b>\$104,543</b>	<b>\$4,114,917</b>	<b>\$4,614,917</b>

DP 20001 - Energy Assist/Conservation (BIEN/OTO) (Requires Legislation) - The Governor requests a one-time-only biennial appropriation of \$1,600,000 to use the energy conservation and energy assistance federal special revenue accounts for low-income energy assistance or low-income weatherization and submit legislation to change in 90-4-215, MCA, effective immediately, to allow the funds to be spent. The 1987 Legislature (HB 621) established the federal special revenue account to accept the energy conservation and energy assistance funds when the department received cash distributions. However, the enabling legislation contains a clause restricting the use of the principal in the funds to a time when either weatherization or energy assistance grants fall below the 1987 funding levels. At that time the funding level was \$11,035,480 and the DOE grant at that time was \$1.6 million. Although authority of \$1.45 million was approved for the last biennium, it could not be spent because both the DOE and LIEAP grants were larger in those years than they were in 1987.

**LFD COMMENT**

The Governor proposes legislation to change section 90-4-215, MCA effective upon passage to allow funds to be spent in the FY 2007 heating season and beyond. The \$1.6 million corpus of the state special revenue fund is a fixed amount and grows only by interest earned. State statute prohibits expenditure of anything but the interest earned unless the federal grant awarded falls below the 1987 level, which the grant will likely never do.

Figure 21  
Fund Balance for Energy Conservation

	FY 2006	Projected FY 2007	Projected FY 2008	Projected FY 2009
Beginning Balance	\$1,478,435	\$1,515,469	\$98,237	\$79,212
Liabilities	(24,232)	(24,232)	(24,232)	(24,232)
New Proposals	0	0		0
Available for FY 2007	0	1,450,000	0	0
Revenues				
Interest	61,266	57,000	5,207	4,198
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Balance	<u>\$1,515,469</u>	<u>\$98,237</u>	<u>\$79,212</u>	<u>\$59,178</u>

Source: Beginning fund balance is from SABHRS as of 12/02/2006  
All other entries are from the agency fund balance entry in MBARS

As shown in Figure 21, the combined beginning fund balance for FY 2007 is \$1.5 million. LFD staff carried the actual FY 2006 liabilities amount forward as an estimate. LFD staff entered the annual average interest revenue of \$57,000 for FY 2007 and used the 5.3 percent yield received from the Board of Investments that is based upon an average five month yield for FY 2007.

The Governor’s legislation proposes to strike the following line in 90-4-215 (2), MCA and allow the principal to be expended:

“However, the department may use the principal of the account only if the federal grants for either of these programs are reduced below the federal fiscal year 1987 level. The department may not use the principal to increase expenditures to either program above the level of the federal grant for that program for federal fiscal year 1987.”

DP 20002 - Tri-state housing grant for people with AIDS (Bien) - The Governor requests a biennial appropriation of \$966,000 federal funds for the Housing Opportunities for Persons with AIDS (HOPWA) Tri State HELP (Housing Environments for Living Positively) Plus Grant received from U.S. Department of Housing and Urban Development (HUD). This grant is the second HOPWA grant received by DPHHS.

Justification: Notice of the HOPWA HELP Plus grant award was received in January of 2006 and initially established through the budget amendment process. This proposal continues the appropriation authority. The department contracts with Montana State University Extension Service to collect and analyze the required data, conduct an ongoing assessment of the services and submit progress schedules for completion of activities required under the award. The department also contracts with agencies in Montana, South Dakota, and North Dakota to provide rental assistance, supportive services, and emergency assistance to persons living with AIDS. Addressing these needs reduces the risk of homelessness for people with HIV/AIDS and ends the cycle of chronic homelessness, reducing further HIV transmissions and ensuring that clients are obtaining the medical services and care they need.

Outcomes: Long-term rental assistance will be provided to an estimated 49 persons and their families living with HIV in Montana, North Dakota and South Dakota. Funding for short-term/emergency assistance will be provided in Montana to approximately 30 households per year. The addition of an intensive housing case management service in all three states will help provide new and existing clients an expanded range of services related to obtaining and maintaining safe and stable housing, serving approximately 158 persons per year.

DP 20004 - Homeless Management Information Syst (HMIS) grant - This request is to establish a federal appropriation of \$66,980 per year for the Homeless Management Information System (HMIS) grant originally received in June of 2004 from HUD. The initial grant was to help the state meet a federal mandate requiring recipients of federal McKinney-Vento Homeless Assistance Act funding to use an information system for data collection. It allowed DPHHS to make the system available and provide training. Agencies required to use the system include the Human Resource Development Councils (HRDC’s) and some emergency shelter facilities under their direction. The federal goal is to have all statewide providers of homeless services use the HMIS system for tracking and reporting. All permanent supportive housing facilities are required to use the HMIS system, and other agencies are encouraged to use it. Data from the system would be used to provide reports to HUD and the state.

DP 20006 - Childcare for Working Caretaker Relative - The Governor requests \$1.4 million to use federal TANF funding authority for the 2009 biennium to provide child care for working caretaker relatives of children eligible for the TANF child-only grant because regulations governing the Child Care Development Fund use the income of the grandparent/caretaker when determining eligibility for child care assistance. Federal TANF funds for this request are separate from funds transferred to the CCDF.

Justification: There are approximately 130-150 child only cases fitting this situation. Of these, it is estimated that 56 families have grandparents/caretakers working and in need of child care assistance. The cost of child care would be \$25 per day for infants and \$22 per day for children aged 2 and above. If these 56 families have 2 children in each family, one infant and one older child, the approximate cost of serving these families would be \$56,982 per month based upon 4.33 weeks in a month.

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) to provide TANF-funded child care to approximately 56-60 working caretaker relatives and allow them to continue employment while caring for these children.

Performance Criteria: The Public Assistance Bureau, in conjunction with the Early Childhood Services Bureau, will structure the eligibility requirements and payment mechanism for approving childcare for TANF-eligible children with employed caretaker relatives and provide information to those potentially eligible. This proposal may decrease the number of grandparents requesting to be licensed as foster homes although it may be difficult to measure whether or not this service is the sole reason for that decrease. Specifically, the outcomes measured would be whether or not the policy and structure is in place, number of employed caretaker relative families using the childcare services, and benefits to the family experienced through the availability of the childcare services.

Milestones:

May-June 2007 – Policy and procedures developed for working caretaker relative childcare program

June 2007 – Notification of potentially eligible working caretaker relatives

July 2007 – Working caretaker relative childcare program begins

Monthly – Monitor number of working relative caretakers with childcare benefits

Quarterly - Monitor number of foster care licensing and placements for grandparents

January 2008 – Survey working caretaker relative childcare users

**LFD  
COMMENT**

This grant also reduces the TANF block grant, which is in a deficit position. While the goals and objectives indicate serving approximately 56-60 working caretaker relatives, there is no evidence that the division has a plan to address the status of the TANF block grant.

The legislature may also wish to discuss this decision package in light of the competing priorities for federal TANF funds: cash assistance; child care; Tribal support; and the Internet technology legislation, and may wish to consider:

- A one-time-only, restricted designation of this appropriation to allow the next legislature to evaluate the measurements and the status of the TANF block grant
- Requesting that for the next biennium, all present law and new proposals are presented with both a list of priorities as well as goals and objectives

DP 20011 - Ombudsman Funding-Warm Hearts/Homes - OTO - The Governor requests a one-time-only general fund appropriation of \$600,000 over the biennium for the Energy Ombudsman program, which was approved by the 2005 Legislature. Funding would be used for case management staff at human resource development councils (HRDC's), who aid people needing emergency energy assistance, and for the cost of installation and low-cost/no-cost weatherization materials for the Warm Hearts/Warm Homes program.

Justification: The division used the 2005 legislative appropriation by dividing funds evenly among the state's HRDCs to: 1) encourage participation in LIEAP, Energy Share, USB, and other emergency energy assistance programs; 2) move

low-income households toward energy self-sufficiency; 3) address energy related emergencies; and 4) augment the Warm Hearts in Warm Homes Program that focused on low cost energy conservation measures to needy LIEAP households that would not receive full-fledged weatherization. While 605 homes were assisted, the majority of recipient households indicated a need for Energy Ombudsman services. Future Energy Ombudsman activities would expand the pool of trained volunteers involved in installing energy conservation measures, providing outreach to un-served households. General Fund is requested because federal funding for LIEAP and weatherization assistance is insufficient to provide the proposed case management and referral services.

Other Warm Hearts in Warm Homes services to be offered low-income households will include energy education, Montana property and income tax credit information, reverse annuity mortgage information, energy assistance, federal earned income tax credit information, budget counseling, furnace safety inspections; and referral to other energy, aging, nutritional, housing, child care, health care, educational, and emergency service programs.

Goals and Performance Criteria: The goal is to continue the work started with the 2005 appropriation by: 1) Providing case management and referral services to at least 500 low-income households; 2) supporting Montana Conservation Corp (MCC) efforts to install low-cost energy conservation measures in 1,843 low-income homes per year; 3) expanding the pool of Warm Hearts in Warm Homes volunteer installers to a level sufficient to provide a minimum of 200 additional low-income households low-cost energy conservation measures; 4) providing volunteer installers sufficient to expand the number of homes served by 5 percent annually. The performance criteria of the program would be monitored and measured by tracking referrals, households served, services provided to households served, and expenditures. This information would be tracked using quarterly reports from subcontractors, data from the LIEAP computer system, and the contracts management subsystem.

Milestones: Key activities shall be completed as follows:

- Recruiting and training Conservation Corp and other volunteers (July-August)
- Provision of outreach services (September – June)
- Provision of case management and referral services (September – June)

Risk: If the proposal is not adopted, LIEAP households will not receive the services outlined above.

DP 20020 - TANF Cash Benefit Increase - The executive is requesting \$4.4 million for the biennium of federal authority to increase TANF cash benefits. The increase will raise the cash benefit standard from 33 percent of the 2005 federal poverty level to 33 percent of the estimated 2007 federal poverty level. The TANF case load has remained fairly stable in SFY 2006 and an average case load of 3,877 cases was used to project the cost of this increase.

**LFD COMMENT**

Please see the discussion in the program narrative in for the TANF program and the federal Deficit Reduction Act. Figure 22 shows the potential increase for 33, 35, and 37 percent.

The TANF caseload is presently in decline. Should this trend continue, the stress on the TANF block grant could be eased to some extent. However, the legislature may wish to discuss this decision package in light of the competing priorities for federal TANF funds as it considers whether or not to increase cash assistance.

Figure 22

Number in Family	100 % of the 2005 FPL	33 % Benefit at 2005 FPL	100 % of the 2007 FPL	33 % Benefit at 2007 FPL	35% Benefit at 2007 FPL	37% Benefit at 2007 FPL
2	\$1,069	\$263	\$1,122	\$370	\$393	\$415
4	\$1,613	\$532	\$1,693	\$559	\$593	\$626

DP 20022 - Individual Development Account (IDA) Biennial Appr - The Governor requests a one-time-only, biennial appropriation of \$0.4 million general fund to provide the required non-federal cash match for individual development accounts (IDA's) established through the Family Assets for Independence (AFI) program. The Administration for Children and Families, Office of Community Services (OCS) has a standing announcement and accepts applications for financial assistance to establish and administer IDA/AFI Projects.

Justification: The projects assist low-income people to become economically self-sufficient by teaching them about economic and consumer issues and enabling them to establish matched savings accounts, in order to save for a first home, a business, or higher education. Depending on the size of the federal grants secured and the number of IDA projects administered, up to four hundred low-income recipients could benefit from the matching funds provided.

Goals: The IDA/AFI goal is to empower individuals and families to move up and out of poverty. In Montana, non-profit community based organizations would be encouraged to apply for the federal grants and administer the projects, using this funding as the required non-federal cash match of at least 50 percent of the total approved cost of the projects. The target recipients will have demonstrated qualifications by having stable housing, health, employment, and transportation and have made or are willing to make the commitment to participate voluntarily in personal, financial and economic growth through the IDA/AFI project. General fund monies are needed to provide the match to make these projects a reality.

**LFD ISSUE**

The division has not supplied goals, objectives and a timeline for implementation for the partnership of the division and the non profit entities. There is also no indication of the intended lifespan of the program beyond the 2009 biennium. It is not evident that there are non-profits ready and opting to start a program. The legislature may want to ask for more specific information during the division's testimony that could include:

- o Goal and objectives for the program, a timeline for implementation, and how the non-profit projects will be monitored and by whom
- o The division's plan to ensure the matching funds are mobilized prior to the end of FY2009 when the authority expires
- o The division's vision of income eligibility requirements and guideline for permissible savings goals for the families

Should the legislature wish to approve the request, in addition to the one-time-only, biennial designation, the legislature may wish to restrict the appropriation and articulate measurements for program evaluation and reporting to assist the next legislature in evaluation of the program. Measurements might include:

- o The number of applications, amount of matching funds requested each year
- o The number of and initial amount of the IDAs and their value at the end of the each year
- o The number of non-profits requesting matching funds for the 2011 biennium

**LFD  
ISSUE  
CONT.**

IDAs are legitimate activities under TANF regulations. The federal DRA allows states the flexibility to use TANF approved activities that are funded by state general fund to count as TANF MOE. The federal DRA also provides the flexibility for states to use local spending as MOE. Using this flexibility, the state could create a state-funded, non-MOE program in the amount of this appropriation (\$0.4 million) that would allow the division to take families out of the work participation rate and continue their services outside the work participation rate calculation. The families would not lose their services, but would not be counted in the calculation. The amount of general fund would not be altered. Any funds the local non-profits spend on the project would also count. Ultimately there could be more than \$0.4 million available.

This may be an opportunity for the legislature to consider the flexibility provided by the federal DRA and partnerships with non-profits for local funding rather than using general fund. There is additional information in the program narrative DRA discussion.

DP 20023 - Restructuring Blackfeet Tribal Plan - The executive is requesting \$2.3 million federal authority for the 2009 biennium to support the restructuring of the Blackfeet Tribal TANF plan. Should the modified plan be approved, the total cost to the department would be nearly \$2 million comprising general fund/MOE and TANF federal funds.

To maintain solvency in its TANF plan the Blackfeet Tribe will negotiate a new TANF contract with the federal government. This renegotiation will re-define the service population to be served by the Blackfeet Tribe. The new population will be “eligible families that include all enrolled Blackfeet members in the assistance unit”.

The state TANF program will assume an estimated caseload of 293 cases at an estimated annual cost of \$1.5 million to the TANF block grant based upon an estimated benefit level of \$430 per month as calculated at 33 percent of the 2007 federal poverty level. (The rate increase proposed in DP 20020) The funding in this request would also allow the state to contract back with the Blackfeet tribe for the WoRC contract. Of the 293 new cases, it is estimated that 196 cases would participate in work activities. The estimated annual cost of the WoRC contract for 196 families would be \$450,800.

Under the modified plan the Blackfeet would not retain the associated general fund/MOE. The department retains \$0.8 million general fund in the base, resulting in a request of \$1.1 million each year rather than the total \$1.9 million.

**LFD  
COMMENT**

In accordance with the federal TANF regulations, a tribe may choose to have its members receive services through the state TANF plan or a tribe may choose to operate its 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, have chosen to implement a tribal TANF plan.

In general, when a tribe implements a TANF plan, the state’s federal grant and maintenance of effort requirement are reduced. 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.

The 2005 Legislature funded the division with \$102,000 in general fund over the biennium to help fund transfers to tribes that had implemented Tribal TANF plans. The legislature also left general fund intact that was included in the base, but no longer needed due to a decrease in the TANF MOE related to implementation of Tribal TANF plans. Figure 23 reflects the Tribal TANF MOE and the adjustments for the Governor’s Blackfeet proposal. It also shows the reduction in general fund associated with the required 75 percent MOE, which equates to \$13 million at the close of FY 2006.

**LFD  
COMMENT  
CONT.**

According to the division’s TANF MOE tracking sheet, because of the general fund provided by the legislature, there is general fund MOE of \$14 million at the close of FY 2006, creating a difference of \$1 million over the federally required 75 percent MOE amount. While there is more general fund than needed to meet federal regulations, the general fund was needed to meet tribal transition amounts.

**Figure 23**  
A Summary of TANF Tribal MOE Reflecting the Blackfeet Proposal

Summary of Federal Grant Award	FY2003	FY2004	Blackfeet Proposal		FY2006
			Revised FY2004	Revised FY2005	
Original State Grant	\$45,534,006	\$45,534,006	\$45,534,006	\$45,534,006	\$45,534,006
Salish Kootenai Grant	(1,599,224)	(1,599,224)	(1,869,540)	(2,139,915)	(2,139,915)
Fort Belknap Indian Community Grant	(958,012)	(958,012)	(982,257)	(1,006,502)	(1,006,502)
Chippewa Cree Rocky Boy Grant	0	0	(107,691)	(1,255,854)	(1,258,657)
Blackfeet Tribe Grant	0	0	0	(1,029,939)	(3,089,816)
State Grant Award After Tribal Plans	\$42,976,770	\$42,976,770	\$42,574,518	\$40,101,796	\$38,039,116
Tribal TANF Grants Percentage of Original State Grant					
Salish Kootenai Grant	-3.5%	-3.5%	-4.1%	-4.7%	-4.7%
Fort Belknap Indian Community Grant	-2.1%	-2.1%	-2.2%	-2.2%	-2.2%
Chippewa Cree Rocky Boy Grant			-0.2%	-2.8%	-2.8%
Blackfeet Tribe Grant	0%	0%	0%	-2.3%	-6.8%
Total Percentage Reduction in State Grant	-5.6%	-5.6%	-6.5%	-11.9%	-16.5%
Summary of Maintenance of Effort (MOE)					
at 100 percent of Historical State Expenditures	\$20,954,588	\$20,954,588	\$20,954,588	\$20,954,588	\$20,954,588
Salish Kootenai	(735,957)	(735,957)	(860,356)	(984,781)	(984,781)
Fort Belknap Indian Community	(440,874)	(440,874)	(452,031)	(463,189)	(463,189)
Chippewa Cree Rocky Boy	0	0	(49,559)	(577,940)	(579,229)
Blackfeet Tribe	0	0	0	(473,974)	(1,421,922)
100 % MOE after Reductions for Tribal TANF Plans	\$19,777,757	\$19,777,757	\$19,592,642	\$18,454,704	\$17,505,466
Required MOE at 80% of Historical Expenditures	\$15,822,206	\$15,822,206	\$15,674,114	\$14,763,763	\$14,004,373
Required MOE at 75% of Historical Expenditures	\$14,833,318	\$14,833,318	\$14,694,482	\$13,841,028	\$13,129,100

Data provided by HCSD, DPHHS

The legislature may wish to request an update from the division with Tribal MOE projections for FY 2007 through FY 2009 for use as it discusses this request and its potential impact on the TANF block grant.

DP 20907 - Child Care Funding Swap for PSF - The executive budget contains a request to decrease general fund by \$99,983 in SFY 2008 and \$104,583 SFY 2009 with like increases in the state special revenue Prevention and Stabilization Fund (PSF). The funding switch would maintain the total authority of \$1,033,312 for Child Care for each year of the biennium. The prevention and stabilization fund receives revenue from the utilization fee on resident bed days at institutions. It is estimated that there will be enough state special revenue from the fees to reduce general fund.

DP 20908 - Low Income Energy Assist. Prgm OTO - The Governor requests one-time-only biennial authority for \$2 million general fund to supplement low-income energy assistance benefits throughout the state including the Crow Reservation. Last year 21,554 households were served and it is estimated that approximately 22,700 households including residents of the Crow reservation could be served each year of the biennium. Six reservations run their own federal LIEAP programs, and would receive about 17.5% of the request or \$0.35 million for contracts under Tribal administration. Funding of \$2,000,000 will result in approximately \$73 increase in the average benefits per household over two years.

LIEAP funding was at an all time high for the 2005/2006 heating season and the program was able to cover 78 percent of the average winter heating bill in Montana. Federal funding is not expected to increase in the 2009 biennium as indicated in the president’s request for FFY 2007 federal funding that is 37 percent less than last year. For the 2006/2007 heating season, the Montana program is expected to cover only 49 percent of the average heating bill after taking into account changes in fuel prices. The number of households participating in the state LIEAP program has increased over 50 percent in the last six years.

The Governor's budget also requests energy assistance in its proposal for \$1.6 million federal authority to expend energy conservation funds, and within the present law adjustment request for IHSB or \$0.4 million state special revenue and \$5.4 million federal revenue (see DP 20005).

The legislature may wish to consider the pending legislation giving the Governor emergency authority to use general fund in an energy emergency as it considers this request.

**Language**

Energy Assistance/Conservation authority is contingent upon the passage of legislation, LC0474 (reference DP 20001)