

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		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
Budget Item									
FTE		56.10	0.00	0.00	56.10	0.00	0.00	56.10	56.10
Personal Services	3,094,418	241,505	0	3,335,923	255,351	0	3,349,769	6,685,692	
Operating Expenses	13,758,257	1,672,142	0	15,430,399	1,823,419	0	15,581,676	31,012,075	
Equipment	0	0	0	0	0	0	0	0	0
Debt Service	307,596	0	0	307,596	0	0	307,596	615,192	
Total Costs	\$17,160,271	\$1,913,647		\$19,073,918	\$2,078,770		\$19,239,041	\$38,312,959	
General Fund	6,474,663	991,836	0	7,466,499	1,069,861	0	7,544,524	15,011,023	
State/Other Special	645,254	68,966	0	714,220	75,025	0	720,279	1,434,499	
Federal Special	10,040,354	852,845	0	10,893,199	933,884	0	10,974,238	21,867,437	
Total Funds	\$17,160,271	\$1,913,647		\$19,073,918	\$2,078,770		\$19,239,041	\$38,312,959	

Program Description

The Technology Services Division (TSD), formerly the Operations and Technology Division, is responsible for all agency information technology. TSD has three bureaus: External Systems Bureau, Information Systems Bureau, and the Network and Communications Bureau. The bureaus provide support in operational and technological areas critical to DPHHS in the following manner:

- **The External Systems Bureau** is engaged in project management, using outside contractors to develop and manage major data systems. These systems include:
 - SEARCHS - The System for Enforcement and Recovery of Child Support, which performs automated financial management of child support activities including collections, absent parent location, paternity establishment, and order modifications for child support enforcement
 - CAPS - The Child & Adult Protective Services System, an automated social services information system covering all major program areas of child and adult protective services and juvenile corrections including case management and payment processing functions
 - TEAMS - The Economic Assistance Management System, performing on-line eligibility determination for food stamps, Temporary Assistance for Needy Families (TANF), and Medicaid programs
 - CHIMES - the Combined Healthcare Information and Medicaid Eligibility System that replaces the Medicaid Eligibility component in TEAMS
 - CCUBS - Child Care Under the Big Sky, performing automated eligibility determination, case maintenance, payment, and reporting of day care benefits
 - MMIS - The Montana Medicaid Information System, a medical provider claims processing, payment, and information retrieval system (direct management of this system is in the Director's Office)
 - The MONTANA ACCESS Program - an electronic benefit transfer (EBT) system that provides on-line distribution of food stamp benefits, TANF cash assistance, and child support collections
 - EBCS and EDRS - The Electronic Birth Certificate and Death Registration systems automating registration, issuance, and maintenance of vital events (birth and death)
 - TESS - The Eligibility Screening System, automating eligibility functions with two components, one for the Children's Health Insurance Plan (CHIP) and one for the Mental Health Service Plan (MHSP)
 - The Virtual Human Services Pavilion, an internet application designed and developed to provide citizens with easy access to a wide range of government services and information

- **The Information Services Bureau** provides database management, user help desk, and internal system development. Systems developed and maintained by internal programmers include:
 - ISERV -- Information Services - time recording (electronic time sheets) and travel reimbursement
 - PERQS -- Purchasing, Entry, Receiving and Query System - purchasing and accounts payable system
 - AWACS -- Agency wide Accounting and Client System - payment data base
 - MICRS -- Montana Integrated Cost Recovery System - institutional reimbursement system (all financial systems) and
 - TIER (a patient management system used at Boulder and Warm Springs).
- **The Network and Communications Bureau** provides networking and desktop services to all agency employees

Statutory authority is in Title 17 and Title 40, MCA, and Title IV of the Social Security Act, Section 06, P.L. 96-265.

Program Highlights

Technology Services Division Major Budget Highlights	
<ul style="list-style-type: none"> ◆ 2009 biennium budget is 5 percent greater than the 2007 biennium budget due to statewide present law adjustments and on-going systems support ◆ The Governor proposes \$26.3 million over the 2009 biennium for Internet technology projects, of which \$12.7 million is general fund 	

2007 Biennium New Initiative Updates

The 2005 Legislature approved \$0.3 million over the biennium of general fund, state special revenue, and federal revenue to support the system implementation of HB552 (medicaid asset limit) and HB 667 (insurance pools). General fund in the amount of \$13,821 for HB 552 and state special revenue of \$101,000 for HB 667 went unused in FY 2006 due to the slow start of the implementation of the bills, and were reverted. The department transferred the unused federal authority of \$162,821 (\$149,000 for HB 667 and \$13,821 for HB 552) to general operations in support of system update needs. There is \$50,000 appropriated in FY 2007 for HB 667, \$25,000 each of state special revenue and federal funds. As of this writing, the role of the division and amount of system work that may be needed is unclear. There is no appropriation for FY 2007 related to HB 552.

Program Narrative

Formerly known as the Operations and Technology Division, this division was renamed the Technology Services Division (TSD) following a reorganization in FY 2006 that moved the Internal Support, Budget, and Vital Records units to the Financial Services Division, which was renamed the Business and Financial Services Division (BFSD). A total of 21.5 FTE were moved to BFSD through a budget amendment that decreased the division's personal services budget by about \$1.7 million and the operations budget by slightly more than \$3.7 million, eliminating about \$5.4 million over the biennium from the TSD budget and increasing the BFSD budget. The reorganization was established at the onset of the 2007 biennium, so the comparison of the 2007 biennium to the 2009 biennium in Figure 47 below shows the FTE and expenditures after the transfer.

The growth in personal services, operating costs, and the related increases in general and federal funds reflected in Figure 47 are primarily due to the implementation of the pay plan approved by the 2005 Legislature, three requests totaling \$0.4 million for on-going system support and a contract increase in present law proposals as well as statewide present law adjustments.

Figure 48 summarizes division funding by function. Nearly 68 percent of the division's expenditures are projected to support contracted computer development and maintenance. These systems provide a wide variety of services related to program eligibility determination, claims processing, data collection, case management support, and payment processing.

The substantial increase in network and communications services is a result of the Department of Administration (DOA) assessment of \$2.7 million in FY 2008 and \$2.9 million in FY 2009 for the data network server. The department moved the costs that were formerly assessed to several divisions to a central location in the TSD budget for ease of billing, payment, and the cost allocation process. The Budget and Analysis increase funds one new financial specialist FTE transferred from BFSD during the reorganization process.

Budget Item/Fund	Percent		Percent		
	2007 Biennium	2009 Biennium	of Total	Change	Incr/Decr
FTE	56.10	56.10		0	
Personal Services	\$6,252,633	\$6,685,692	17.5%	\$433,059	6.9%
Operating	29,831,663	31,012,075	80.9%	1,180,412	4.0%
Equipment	1	0	0.0%	(1)	-100.0%
Debt Service	590,387	615,192	1.6%	24,805	4.2%
Total Costs	\$36,674,684	\$38,312,959	100.00%	\$1,638,275	4.5%
General Fund	\$13,089,452	\$15,011,023	39.2%	\$1,921,571	14.7%
State Special	1,254,645	1,434,499	3.7%	179,854	14.3%
Federal Funds	22,330,587	21,867,437	57.1%	(463,150)	-2.1%
Total Funds	\$36,674,684	\$38,312,959	100.0%	\$1,638,275	4.5%

Figure 48
Operations and Technology Division
Summary of Funding by Function

Function	Fiscal 2006 Actual		Fiscal 2008 Requested		Fiscal 2009 Requested		2009 Biennium		Percent Increase	Percent of Division
	General Fund	Total Funds	General Fund	Total Funds	General Fund	Total Funds	General Fund	Total Funds		
Centralized Services										
Division Administration	\$171,567	\$449,910	\$47,356	\$124,185	\$47,442	\$124,411	\$94,798	\$248,596	-72.4%	0.6%
Budget and Analysis	6,275	7,835	46,171	57,649	46,591	58,174	92,762	115,823	639.1%	0.3%
Network and Communications Svcs.	526,810	1,323,468	1,846,707	4,076,175	1,919,365	4,228,979	3,766,072	8,305,154	213.8%	21.7%
Information Systems Bureau	678,132	1,618,081	749,007	1,787,194	752,628	1,795,835	1,501,635	3,583,029	10.7%	9.4%
Total Centralized Services	\$1,382,784	\$3,399,294	\$2,689,241	\$6,045,203	\$2,766,026	\$6,207,399	\$5,455,267	\$12,252,602	80.2%	32.0%
Contracted Computer Systems										
TEAMS	\$2,461,683	\$6,840,386	\$2,400,107	\$6,619,557	\$2,400,908	\$6,621,677	\$4,801,015	\$13,241,234	-3.2%	34.6%
SEARCHS	668,965	2,913,316	645,419	2,810,776	645,419	2,810,776	1,290,838	5,621,552	-3.5%	14.7%
CAPS	1,364,099	2,435,848	1,133,607	2,024,265	1,134,020	2,025,001	2,267,627	4,049,266	-16.9%	10.6%
WIC	9,794	9,794	9,783	9,783	9,783	9,783	19,566	19,566	-0.1%	0.1%
Electronic Benefit Transfer (EBT)	580,337	1,561,633	581,341	1,564,334	581,367	1,564,405	1,162,708	3,128,739	0.2%	8.2%
MMIS	7,001	7,001	7,001	7,001	7,001	7,001	14,002	0	na	0.0%
Total Contracted Computer Systems	\$5,091,879	\$13,760,977	\$4,777,258	\$13,028,715	\$4,778,498	\$13,031,642	\$9,555,756	\$26,060,357	-5.3%	68.0%
Total Operations & Technology Div.	\$6,474,663	\$17,160,271	\$7,466,499	\$19,073,918	\$7,544,524	\$19,239,041	\$15,011,023	\$38,312,959	11.6%	100.0%

The Governor proposes legislation to fund Internet technology projects for DPHHS that, if approved, would impact use of general fund as well as federal revenue related to TANF, food stamps, child protection, and Medicaid. As of this writing legislation has only been requested. Figure 49 shows the budget as prepared by division staff in October, 2006. It reflects the proposal for \$14 million in federal revenue and \$13 million of general fund over the 2009 biennium. The federal funding includes:

- TEAMS – 53 percent in the TANF block grant
- CAPS – 50 percent Title IV-E entitlement funds (foster care)
- Food Stamp Eligibility - 50 percent from the USDA Food and Nutrition Service
- ICD 10 – Medicaid at 90 percent
- CHIMES – Medicaid at 50 percent

System Design	Figure 49 Summary of System Funding in Proposed Legislation			Total 2009	Total 2011	Total Legislation Request
	FY 2008 Estimated	FY 2009 Estimated		Biennium Estimated	Biennium Estimated	
TEAMS System - TANF						
TANF Block Grant	\$2,600,000	\$2,200,000		\$4,800,000	\$3,800,000	\$8,600,000
General Fund	5,000	3,650,000		3,655,000	3,970,000	7,625,000
Subtotal	\$2,605,000	\$5,850,000		\$8,455,000	\$7,770,000	\$16,225,000
Food Stamps						
USDA Food & Nutrition	\$1,055,000	\$2,430,000		\$3,485,000	\$3,050,000	\$6,535,000
General Fund	1,055,000	2,430,000		3,485,000	3,050,000	6,535,000
Subtotal	\$2,110,000	\$4,860,000		\$6,970,000	\$6,100,000	\$13,070,000
CHIMES						
Medicaid	\$550,000	\$0		\$550,000	\$0	\$550,000
General Fund	550,000	0		550,000	0	550,000
Subtotal	\$1,100,000	\$0		\$1,100,000	\$0	\$1,100,000
CAPS - Child & Adult Protection						
Title IV-E Revenue	\$204,600	\$3,669,160		\$3,873,760	\$8,072,240	\$11,946,000
General Fund	260,400	4,669,840		4,930,240	10,273,760	15,204,000
Subtotal	\$465,000	\$8,339,000		\$8,804,000	\$18,346,000	\$27,150,000
ICD 10						
Medicaid Revenue	\$0	\$900,000		\$900,000	\$1,800,000	\$2,700,000
General Fund	0	100,000		100,000	200,000	300,000
Subtotal		\$1,000,000		\$1,000,000	\$2,000,000	\$3,000,000
Total Systems						
Total Federal Funds	\$4,409,600	\$9,199,160		\$13,608,760	\$16,722,240	\$30,331,000
Total General Fund	1,870,400	10,849,840		12,720,240	17,493,760	30,214,000
Total	\$6,280,000	\$20,049,000		\$26,329,000	\$34,216,000	\$60,545,000

History

In accordance with Montana Code (2-17-523, MCA), the Information Technology Services Division published an extensive IT plan in 2006 covering immediate to long term system needs for DPHHS. The plan ties maintenance and development of IT projects to agency and division mission and goals, and identified the top priority system upgrades through FY 2011. The systems identified in Figure 49 were among the top priorities.

Currently TEAMS comprises functions of TANF, Food Stamps, and CHIMES, all running in TEAMS on the mainframe. TEAMS was developed in the late 1980's with IDMS and COBOL programming that is now outdated. Additionally, while combined in one system, federal mandates are difficult to change, take more time to complete, and can require other projects or enhancement work to be stopped to meet the federal requirements.

CHIMES, the Medicaid eligibility piece of TEAMS, is the furthest along in the programming process and funding is requested for FY 2008 only. CHIMES is scheduled to move from the ITSD mainframe in the 2009 biennium. TEAMS would continue to be hosted on the ITSD mainframe until the TANF and Food Stamp systems are also completed and moved to the new platform. Once the TANF and Food Stamp systems are completed and off the mainframe, the costs of maintenance and enhancements will "move" from the mainframe to the server platform. TANF and Food Stamp systems funding is requested to begin in FY 2008 and continue through the 20011 biennium. There is further discussion in the present law section.

CAPS is a request for funding a new Child and Adult Protective Services System, which is an automated social services information system covering all major program areas of child protection, adult services, juvenile corrections and probation. The current system, developed in 1996, no longer meets the needs of the users and mandated reporting requirements with many functions currently performed outside the system, causing inconsistencies, and leaving room for errors.

ICD-10 is the federally mandated, new procedure and diagnosis code set for the Medicaid Management Information System for federal coding and reporting. It will replace the current system with 90 percent of the funding coming from the federal government.

The overarching goal beyond federal mandates is to have new systems that are easy to maintain and update, and would provide more accurate, complete and efficient eligibility determination, produce more accurate and efficient federal reports, and improve program management in the areas of quality control, program security, issuance via the electronic

benefit transfer (EBT) system as well as interfaces with other systems (i.e., Social Security, Child Support Enforcement, Dept. of Labor, etc.)

**LFD
COMMENT**

The funding is attached to legislation. The benchmarks are established in the Department of Administration (DOA) through the Montana Information Technology Act. The chief information officer with DOA monitors the benchmarks and distributes the funding. The ultimate management of the projects falls with TSD.

The legislature may wish to have the division address costs that could impact this and future legislatures such as:

- A description of items that would protect this and future legislatures from potential cost overruns
 - The amount of contingency funding that is anticipated to be in the contracts and plans to replenish it should the contingency be used early in the project
 - Controls that TSD has in place to ensure the budget and project development stay on track with budget predictions, goals, timeline, and costs
 - The estimated cost of operating and maintaining the systems once they are up and running for things like license renewals, technical support or service agreements, hardware or software, facilities management contracts, and system enhancements or modifications
 - Options in the event that state plans for federal funding do not receive federal approval or change during the project
 - The existence of a memorandum of understanding between TSD and DOA articulating the role of each party relative to such things as benchmarks, monitoring, financing, contract negotiation, unforeseen emergencies or delays in development, and the strategy to govern the responsibilities after the projects are completed
- An explanation of the component for DPHHS staff training and the cost estimate including:
 - Plans to ensure that division goals and services are met during the time staff is required to study, test and implement the system, and
 - Sources of funding should “temp” workers be needed to support the process
- The evidence behind anecdotal comments in the goals of the IT plan for all three proposals that indicates certain operations will ultimately be achieved ‘at a lower cost’
- An update of the timeline and costs referred to in the TANF component of the IT plan indicating “Eventually, we plan to place another database and web server and SAN in another site (possibly Billings) to provide redundancy and higher availability.”
- An update on the impact of this legislation on the TSD goals and related budget items including:
 - The balance between work on the systems that could be done by TSD staff and work that necessitates new or revised contracts
 - The potential need for additional FTE in the 2011 biennium

While a timeline and benchmarks are included in the IT plan, the legislature may also wish to request regular progress and expenditure reports to the appropriate interim committee.

Funding

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

Program Funding Table Technology Services Divi						
Program Funding	Base	% of Base	Budget	% of Budget	Budget	% of Budget
	FY 2006	FY 2006	FY 2008	FY 2008	FY 2009	FY 2009
01000 Total General Fund	\$6,474,663	37.7%	\$7,466,499	39.1%	\$7,544,524	39.2%
01100 General Fund	6,474,663	37.7%	7,466,499	39.1%	7,544,524	39.2%
02000 Total State Special Funds	645,254	3.8%	714,220	3.7%	720,279	3.7%
02381 02 Indirect Activity Prog 09	645,254	3.8%	714,220	3.7%	720,279	3.7%
03000 Total Federal Special Funds	10,040,354	58.5%	10,893,199	57.1%	10,974,238	57.0%
03598 03 Indirect Activity Prog 09	10,040,354	58.5%	10,893,199	57.1%	10,974,238	57.0%
Grand Total	\$17,160,271	100.0%	\$19,073,918	100.0%	\$19,239,041	100.0%

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				380,498					394,923	
Vacancy Savings				(138,993)					(139,572)	
Inflation/Deflation				(94,580)					(94,305)	
Fixed Costs				1,522,644					1,673,246	
Total Statewide Present Law Adjustments				\$1,669,569					\$1,834,292	
DP 90004 - CAPS System Facilities Management Increase	0.00	61,618	0	48,414	110,032	0.00	61,618	0	48,414	110,032
DP 90007 - Ongoing Support for DPHHS Security System	0.00	9,112	1,334	9,554	20,000	0.00	9,294	1,361	9,745	20,400
DP 90008 - On Going Support for CHIMES	0.00	57,023	0	57,023	114,046	0.00	57,023	0	57,023	114,046
Total Other Present Law Adjustments	0.00	\$127,753	\$1,334	\$114,991	\$244,078	0.00	\$127,935	\$1,361	\$115,182	\$244,478
Grand Total All Present Law Adjustments				\$1,913,647					\$2,078,770	

Personal Services

The FY 2006 base salary as calculated after the reorganization is about \$2 million, which the Governor proposes to increase by about 12 percent each year of the biennium. Nearly \$102,000 of the increase covers the implementation of the pay plan approved by the 2005 Legislature and slightly more than \$260,000 funds salary and pay grade adjustments, some of which are associated with the movement of 8.60 FTE to the broadband pay plan, as well as benefits, longevity, and health insurance.

Costs beyond personal services reflected in present law are assigned to the division’s budget from other sources. The increase in fixed costs listed above primarily represents the Department of Administration assessment for network services for the entire agency, which now appears as a total figure in the TSD budget. The department made this adjustment to move costs into a central location for ease of billing, payment, and the cost allocation process.

Present Law Decision Packages

DP 90004 - CAPS System Facilities Management Increase – The Governor requests \$220,000 for the Child and Adult Protective Services (CAPS) contract, for an increase in cost of living and level of effort. Level of effort refers to the number of dedicated programming hours (usually 156.7 per month or 1,880 hours per year) that a contractor will provide per the terms of the contract for system maintenance. The funding request for this decision package is \$123,236 general fund and \$96,828 federal funds over the biennium. The present contract runs from July 1, 2006 through June 30, 2011 for a total of \$7 million.

**LFD
COMMENT**

Facilities Management is an on-going contracted service. According to SABHRS, expenditures for consultants and professional services for the CAPS system were \$1.5 million in FY 2004 and \$1.4 million in FY 2005. Expenditures for FY 2006 in the same category were \$1.9 million.

The legislature may wish to designate the funding as restricted and one-time-only, and ask the division to provide information that would allow the next legislature to assess:

- The facility management needs relative to the contract through the 2011 biennium and expectations for increases when the new contract is negotiated
- Projections for facilities management related to the CAPS reprogramming included in the Technology Legislation proposed by the Governor

The legislature might want to suggest measurements not only for CAPS, but for all systems that have facilities management contracts that could include the terms and timeframe of the contracts, the actual amounts spent on facilities management contracts for FY 2008 – FY2011, and projections that could impact the 2011 legislature and the following legislature.

DP 90007 - Ongoing Support for DPHHS Security System - The Governor requests \$40,000 for the biennium to provide ongoing maintenance and support for the DPHHS security system, which is a web-based application that has automated the department's security function for management control, monitoring and reporting of security access information, or providing federally requested reports. The funding for this decision package is \$18,406 general fund, \$2,695 state special revenue, and \$19,299 federal funds over the biennium, and would primarily be used to address resolution of system problems, implementation of enhancements to meet the changing needs of the Department, and project support for end users when they have questions about the system.

**LFD
COMMENT**

Should the legislature opt to fund this proposal, it may wish to consider one-time-only, restricted funding to allow the next legislature to assess the need of a contract versus in-house programming in its budget evaluation.

DP 90008 - On Going Support for CHIMES - This request is for \$228,000 over the biennium to fund the platform costs associated with the new Medicaid eligibility system, called the Combined Health Information and Medicaid Eligibility System (CHIMES). The funding for this decision package, which also includes costs associated with annual lease payments, maintenance for servers, and operating system support, is \$114,046 general fund and \$114,046 federal funds over the biennium.

As mentioned in the IT legislation discussion, over the next several years, TSD will realize increased costs because CHIMES, the Medicaid eligibility piece of TEAMS, is moving from the mainframe to a server platform. TANF and Food Stamp are requested to begin building in FY 2008 with a three to three and a half year timeframe, so the dual platform costs associated with this request could last until about 2011.

**LFD
COMMENT**

This request is also related to \$1.1 million in the Governor's proposed legislation for FY 2008, which could indicate that the split of the funding between the two fiscal years would not be accurate if CHIMES is not "off the mainframe" early in FY 2008. Should the legislature opt to fund this proposal, it may wish to consider one-time-only, restricted, and biennial funding to allow the division some flexibility, and allow the next legislature to review the progress that has been made with the FY 2008 funding from the legislation, and receive a current report of the FY 2008 base year needs for the CHIMES system and projections for the 2011 biennium.