

Program Legislative Budget

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

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Leg. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Leg. Budget Fiscal 2009	Total Leg. Budget Fiscal 08-09
FTE	351.45	0.00	19.00	370.45	0.00	24.00	375.45	375.45
Personal Services	15,515,496	1,482,593	822,573	17,820,662	1,530,817	1,038,717	18,085,030	35,905,692
Operating Expenses	4,189,701	565,959	86,525	4,842,185	630,461	106,000	4,926,162	9,768,347
Equipment	0	87,121	0	87,121	87,121	0	87,121	174,242
Grants	6,486,919	0	0	6,486,919	0	0	6,486,919	12,973,838
Benefits & Claims	28,991,714	3,722,676	1,210,081	33,924,471	6,402,365	1,793,934	37,188,013	71,112,484
Debt Service	84,834	0	0	84,834	0	0	84,834	169,668
Total Costs	\$55,268,664	\$5,858,349	\$2,119,179	\$63,246,192	\$8,650,764	\$2,938,651	\$66,858,079	\$130,104,271
General Fund	25,173,114	3,348,690	3,075,480	31,597,284	4,945,197	3,608,000	33,726,311	65,323,595
State/Other Special	2,126,337	(6)	266,787	2,393,118	(5)	266,787	2,393,119	4,786,237
Federal Special	27,969,213	2,509,665	(1,223,088)	29,255,790	3,705,572	(936,136)	30,738,649	59,994,439
Total Funds	\$55,268,664	\$5,858,349	\$2,119,179	\$63,246,192	\$8,650,764	\$2,938,651	\$66,858,079	\$130,104,271

Page Reference

Legislative Budget Analysis, B-42

Funding

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

General fund comprises 50 percent of the budget, with most used as matching funds to draw federal funds. The only major activity of the division that is supported entirely by the general fund is the centralized intake function. Federal funds comprise 46 percent of the budget.

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

Program Narrative

The biennial budget addressed by this bill is lower than the executive biennial budget by \$3.2 million due to reductions of: 1) \$0.4 million general fund for anticipated federal changes to therapeutic group home funding; and 2) \$4.2 million for foster care caseload and related cost reductions comprising \$2.8 million general fund and \$1.4 million federal funds that are offset by increases of \$1.4 million for provider rate and direct care worker wage increases, about \$1.0 million of which is general fund.

This bill supports the division’s presentation of its goals and measurable objectives and addresses:

- o An increase of about \$4.1 million general fund due to the federal Deficit Reduction Act
- o New proposals that address the addition of 20.0 FTE over the biennium, potential federal changes in therapeutic group home funding, and legislative initiatives that increase the executive budget by \$0.9 million for additional direct care worker wage increases and an additional 2.5 percent provider rate increase in the second year of the biennium
- o Components in the division goals and objectives that speak to the successfully completed corrective plans on the state and federal level as well as areas still in need of improvement; the professional, efficient achievement of federal objectives; bolstering support of foster care and subsidized adoption providers and families; and the hiring and management of the requested 20.0 FTE.

The bill includes language requesting that the division report its progress toward the goals and objectives throughout the interim.

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the proposed adjusted base budget. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies, unless otherwise noted. 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				1,975,383					2,025,623	
Vacancy Savings				(699,649)					(701,665)	
Inflation/Deflation				117,244					123,525	
Fixed Costs				10,304					16,305	
Total Statewide Present Law Adjustments				\$1,403,282					\$1,463,788	
DP 6015 - State Motor Pool Rate Change	0.00	(9,627)	0	0	(9,627)	0.00	(9,932)	0	0	(9,932)
DP 30001 - Foster Care Caseload Increase	0.00	934,843	0	460,445	1,395,288	0.00	1,935,526	0	953,319	2,888,845
DP 30002 - Subsidized Adoption Caseload Increase	0.00	879,753	0	1,447,635	2,327,388	0.00	1,328,111	0	2,185,409	3,513,520
DP 30004 - FMAP Changes	0.00	383,116	0	(383,116)	0	0.00	467,670	0	(467,670)	0
DP 30005 - Mental Health Case Management (Restricted / OTO)	0.00	187,500	0	62,500	250,000	0.00	187,500	0	62,500	250,000
DP 30006 - CFSD Overtime (Restricted)	0.00	124,021	0	82,838	206,859	0.00	124,021	0	82,838	206,859
DP 30007 - CFSD Rent Increases	0.00	118,823	0	79,215	198,038	0.00	150,338	0	100,225	250,563
DP 30016 - Replacement of Computers / Equipment (Restricted)	0.00	52,273	0	34,848	87,121	0.00	52,273	0	34,848	87,121
Total Other Present Law Adjustments	0.00	\$2,670,702	\$0	\$1,784,365	\$4,455,067	0.00	\$4,235,507	\$0	\$2,951,469	\$7,186,976
Grand Total All Present Law Adjustments				\$5,858,349					\$8,650,764	

DP 6015 - State Motor Pool Rate Change - The funding for vehicle rentals and leases from the State Motor Pool were reduced from the level requested by the Governor.

DP 30001 - Foster Care Caseload Increase - The bill provides \$2.9 million general fund and \$1.4 million federal funds over the biennium for a total increase of \$4.3 million in support of the increased caseload for the Foster Care Program. The funding for this proposal is 67 percent general fund and 33 percent federal funds.

The division justification for the foster care and subsidized adoption caseload increases are similar and the discussion is combined.

DP 30002 - Subsidized Adoption Caseload Increase - The bill provides \$5.8 million over the biennium for a projected increase in caseload for the Subsidized Adoption Program. Funding would be split \$2.2 million general fund and \$3.6 million federal funds over the biennium. The funding for this proposal is 37.8 percent general fund and 62.2 percent federal funds.

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.

Justification:

- The foster care caseload increased about 20 percent from November, 2002 to October, 2005. 65 percent of all child welfare cases are alcohol and drug related and the number of children in care affected by 'meth' is going up. The increase in cases related to 'meth' addiction increases the amount of work involved in managing child abuse and neglect cases because these cases: 1) require a more intense level of service; 2) have more complicated and difficult reunification issues; and 3) require a longer out-of-home placement as families work through addiction problems.
- The request to increase the Subsidized Adoption Program by 11.67 percent in FY2008 and 10.82 percent in FY2009 is to account for a projected increase in the caseload, which is projected to increase every year because the number of new adoptions exceeds the number of children aging out of the program.

Goals, Objectives and Milestones: The department plans to serve eligible individuals as authorized by the program's rules while controlling growth of caseload by providing services to clients at risk of entering the foster care system, and moving children that have special needs towards permanency and adoption. The program will continue to provide high quality services to clients who require intervention by the department to remain healthy and safe or who have had parental rights terminated. Staff will monitor program budgets monthly to ensure the program is operating within appropriated funding levels and utilization is consistent with expected program growth rates.

Obstacles and Risks: The shortage of providers willing and able to perform these services is an issue. Continuation of provider rate adjustments for foster and adoptive parents can help in assuring recruitment of providers. If increases in funding are not approved it is expected that expenditures will exceed the budgeted authority as the programs are projected to grow. If resources are not available to meet the increased demand early in the client's relationship with CFSD, they will remain in care longer, which could increase the demand on limited resources.

DP 30004 - FMAP Changes - The bill adds \$0.85 million in general fund with a reduction of the same amount in federal funds for the 2009 biennium to address changes in the FMAP rate for both the Foster Care and Subsidized Adoption Programs. The FMAP rate for CFSD decreased from 70.76 percent in FY 2006 to 68.62 percent in FY 2008 and 68.40 percent in FY 2009.

DP 30005 - Mental Health Case Management (Restricted / OTO) - The bill provides a restricted, one-time-only appropriation of \$375,000 general fund and \$125,000 federal funds over the biennium for mental health case management as a contingency request because the department has not received official clarification on what case management services are acceptable under the federal DRA. At the present time, children in foster care have case management services available from other sources such as those provided by Health Resources Division, and the contingency is proposed in the event case management will no longer be available to children in foster care.

If the contingency request is needed, \$250,000 each year would be used for contracts with non-profit entities to provide case management. These costs are allowable administrative costs under the IV-E program and would be funded at 75 percent general fund and 25 percent federal funds based upon blending administration and service costs associated with IV-E eligible children and those costs associated with non-IV-E children that must be paid with general fund.

DP 30006 - CFSD Overtime (Restricted) - The bill provides a restricted appropriation of \$248,042 general fund and \$165,676 in federal funds for the 2009 biennium for overtime compensation. Overtime is not included in the "snapshot" for personal services, and is an on-going routine cost that the division requests each year.

The division estimates pro-rated expenditures for elected overtime and non-elected overtime by reporting level as \$48,087 in centralized intake, \$3,154 for central office, and \$155,618 for regional offices for a biennial total of \$206,859.

DP 30007 - CFSD Rent Increases - The bill provides a rent increase of \$269,000 general fund and \$179,000 federal funds for the 2009 biennium to provide additional funding for rent for 39 local offices. The increase in general fund for this biennium is \$173,000 greater than the 2007 biennium request, reflecting the elimination of federal targeted case management revenue. Many of the division's lease agreements expire during the biennium and the Department of Administration will negotiate new leases. The division has seen the square footage rates for many lease agreements increase by 10 percent or more. For those lease agreements that will expire prior to June 30, 2009, the division is estimating an increase of 6 to 10 percent in most cases. The division is also seeking to increase the space in the Kalispell and Great Falls offices.

DP 30016 - Replacement of Computers / Equipment (Restricted) - The bill adds a restricted appropriation of \$174,000 over the biennium to replace 320 desktop computers, two copy machines, and three file servers in local offices throughout the state.

New Proposals

Program	FTE	Fiscal 2008				Fiscal 2009					
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 30003 - CFSD Targeted Case Mgmt Fund Switch (Restricted/OT)											
03	0.00	1,800,000	0	(1,800,000)	0	0.00	1,800,000	0	(1,800,000)	0	
DP 30008 - Federal Law Change for Kin Care Providers (Restr)											
03	0.00	86,000	0	(86,000)	0	0.00	86,000	0	(86,000)	0	
DP 30010 - Additional Field Staff / Report											
03	15.00	447,161	0	298,107	745,268	20.00	588,433	0	392,288	980,721	
DP 30014 - Expansion of SSI Program											
03	2.00	(202,260)	266,787	23,589	88,116	2.00	(202,194)	266,787	23,613	88,206	
DP 30015 - Convert Modified In-home FTE to permanent											
03	2.00	(27,601)	0	30,286	2,685	2.00	(27,601)	0	30,362	2,761	
DP 30501 - Provider Rate Increases (Restricted)											
03	0.00	357,243	0	175,956	533,199	0.00	748,425	0	368,627	1,117,052	
DP 30601 - Direct Care Wage Increase (Restricted)											
03	0.00	314,937	0	134,974	449,911	0.00	314,937	0	134,974	449,911	
DP 30903 - Therapeutic Grp Homes/Family Foster Care (Res/OTO)											
03	0.00	300,000	0	0	300,000	0.00	300,000	0	0	300,000	
Total	19.00	\$3,075,480	\$266,787	(\$1,223,088)	\$2,119,179	24.00	\$3,608,000	\$266,787	(\$936,136)	\$2,938,651	

DP 30003 - CFSD Targeted Case Mgmt Fund Switch (Restr./OTO) - The bill includes \$3.6 million of general fund over the biennium to replace Targeted Case Management (TCM) federal fund reimbursements eliminated by the DRA, effective January 1, 2006. The TCM services fulfill federal and state mandates and would be continued with general fund.

DP 30008 - Federal Law Change for Kin Care Providers (Restr) - The bill appropriates the restricted use of \$172,000 general fund to replace federal reimbursements for kinship care that were eliminated by the federal Deficit Reduction Act impacting administrative funding attached to children in unlicensed foster care homes that the division was previously allowed to claim. The funding is restricted because the division had not received formal clarification from the Administration on Children and Families with regard to how this provision should be implemented and unused funds should return to the general fund.

DP 30010 - Additional Field Staff / Report - The bill provides \$1.7 million for 15.00 new FTE in FY 2006 and 20.00 new FTE in FY 2007 in response to increasing case loads. General fund comprises \$1.0 million of the amount and federal funds about \$0.7 million. The FTE is funded at 60 percent general fund and 40 percent federal funds based on the blended federal funding rate in the state cost allocation plan and projected federal indirect reimbursement after targeted case management services can no longer be billed to Medicaid.

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.

Justification: Early data estimates from CFSD workload analysis shows that the division would need an increase of 112.50 FTE to meet federal and state guidelines. Caseloads for foster care have increased and have become more complicated to manage due to the increase in children entering care with methamphetamine complications. Methamphetamine is currently a factor in 38 percent of out of home care cases and in 40 to 50 percent of all new cases. Children placed in foster care because of drugs have characteristics associated with longer stays and greater services needs.

Goals, Performance Criteria and Milestones: The goal of increasing field staff is to address critical caseload issues and meet federal and state regulations. Staff will monitor program budgets monthly to ensure the program is operating within appropriated levels and that utilization is consistent with expected program growth rates. Eligible individuals will continue to receive appropriate care as authorized by the program's rules.

Obstacles and Risks: Shortages of staff who are trained and willing to perform this difficult work may be an issue. Continuation of the title IV-E stipend program for training social workers in secondary education could help. If increases in funding are not approved, CFSD may not meet federal and state mandates for keeping children safe, resulting in possible federal funding reductions or sanctions.

DP 30014 - Expansion of SSI Program - The bill appropriates \$176,000 over the biennium to make two modified positions permanent to address immediate and ongoing caseload growth and potentially generate general fund savings. The FTE would make SSI applications on behalf of children who are in the custody of the State of Montana and who are considered to meet the SSI criteria due typically to a physical or mental disability. Funding identified and generated goes into the state special revenue account and is used to offset the costs of foster care. The positions would be funded 73.23 percent general fund and 26.77 percent federal funds as defined in the state cost allocation plan.

DP 30015 - Convert Modified In-home FTE to permanent - The bill includes funding for CFSD to convert 2.00 modified FTE into permanent positions in the In-home Services Program serving Hill, Blaine, Choteau, Liberty, and Cascade counties. The 2.00 FTE would specialize in: 1) reuniting children with their families thus averting additional foster care expenses; and 2) preventing kids from entering foster care by providing family support services that allows the family to stay intact while ensuring the children are safe.

The division intends to control caseload growth to the extent possible by providing services at the initial contact with families to avoid a child's entry into the foster care system as reflected in the division's goals and objectives.

DP 30501 - Provider Rate Increases (Restricted) - The bill provides funding to increase the executive request for a 2.5 percent provider rate increase in FY 2008 and adds an additional 2.5 percent increase above the executive request in FY 2009. The appropriation includes a biennial total of \$1,650,251, which is split \$1.1 million general fund and \$0.5 million federal funds. This rate increase would be effective for foster parents, kin care providers, group homes, shelter care facilities, etc. The original request in the Governor's budget was for \$1.2 million over the biennium.

DP 30601 - Direct Care Wage Increase (Restricted) - The legislature appropriated \$0.4 million over the biennium to increase direct care worker wages for direct care staff in group homes and shelters and 20 percent of direct care workers in therapeutic groups homes. An additional \$0.5 million over the biennium was appropriated to increase direct care worker wages by \$0.70 cents per hour.

DP 30903 - Therapeutic Grp Homes/Family Foster Care (Res/OTO) - The legislature approved \$300,000 general fund each year of the biennium to provide funding for anticipated changes in federal Medicaid policy.

The approved amount reduces the original request of \$500,000 per year.

Language

"Funding for CFSD Overtime may be expended only in support of CFSD staff overtime costs.

Funding for Replacement of Computers and Equipment may be expended only to replace child and family services division computers and equipment.

Funding for Mental Health Case Management for the child and family services division may be expended only for mental health case management services. Funding is contingent upon revisions to centers for medicare and medicaid services (CMS) federal regulations that disallow federal reimbursement to the state for case management services for children in foster care.

Funding for Federal Law Change for Kin Care Providers may be expended only by the CFSD to replace lost federal funding for administrative activities associated with children in unlicensed foster care homes.

The appropriation for Additional Field Staff includes funding for reports the children, families, health, and human services interim committee showing the dates new staff were hired, areas of service, and measurements included in the division's goals and objectives.

Funding for Targeted Case Management Funding Switch may be expended only by the child and family services division to replace federal funds for targeted case management services that are eliminated by the federal Deficit Reduction Act of 2005.

Funding for Therapeutic Group Homes/ Family Foster Care may be expended only by the CFSD to implement changes in federal medicaid policy related to federal funding for therapeutic services.

Included in Child and Family Services Division/Reporting is \$200 general fund money each year for a semiannual report to the legislative finance committee, the children, families, health, and human services interim committee, and members of the joint appropriation subcommittee on health and human services for the following:

- (1) progress toward the goals presented to the joint appropriations subcommittee on health and human services in the division's final template; and
- (2) attainment of measurable objectives as outlined in the division final template presented to the joint appropriations subcommittee on health and human services.

If the reports are not received by the legislative finance committee by December 31, 2007, and June 30, 2008, the fiscal year 2009 general fund appropriation is reduced by \$200.

Funds in Direct Care Worker Wage Increase may be used only to raise direct care worker wages and related benefits through an increase in provider rates. Funds in Direct Care Worker Wage Increase may not be used to offset any other wage increase mandated by any other laws, contracts, or written agreements, which will go into effect at the same time as or after implementation of the appropriation included in Direct Care Worker Wage Increase. The department's contracts with group homes and shelters must require them to raise the lowest paid direct care workers to \$8.50 an hour and to raise related benefits, and the remaining balance must be used to raise wages and related benefits of all direct care workers. The department shall provide documentation that these funds are used solely for direct care worker wage and related benefits increases. Child and Family Services/Reporting includes funding for a semiannual report for the legislative finance committee and the children, families, health, and human services interim committee summarizing direct care wage rates.

Funds in Provider Rate Increases must be used to raise provider rates by 2.5% in fiscal year 2008 and 2.5% in fiscal year 2009."