

MINUTES

**MONTANA HOUSE OF REPRESENTATIVES
54th LEGISLATURE - REGULAR SESSION**

JOINT SUBCOMMITTEE ON HUMAN SERVICES & AGING

Call to Order: By **CHAIRMAN JOHN COBB**, on January 30, 1995, at 8:00 a.m.

ROLL CALL

Members Present:

Rep. John Cobb, Chairman (R)
Sen. Charles "Chuck" Swysgood, Vice Chairman (R)
Rep. Beverly Barnhart (D)
Sen. James H. "Jim" Burnett (R)
Rep. Betty Lou Kasten (R)
Sen. John "J.D." Lynch (D)

Members Excused: None

Members Absent: None

Staff Present: Lois Steinbeck, Legislative Fiscal Analyst
Douglas Schmitz, Office of Budget & Program
Planning
Ann Boden, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing: Department of Family Services - Program
Management Division
- Foster Care
- Day Care and Residential Psychiatric
Treatment budgets
Executive Action: Department of Family Services
- Juvenile Corrections

{Tape: 1; Side: A; Approx. Counter: 12.9; Comments: This meeting was recorded at half-speed on two 60-minute audiocassette tapes.}

CHAIRMAN JOHN COBB said that the Department of Social and Rehabilitation Services (SRS) was lowering its projected growth rate for Medicaid and \$10-12 million less general fund will be needed. About \$1.9 million in additional revenue has been identified as well as another \$1 million in savings. However, other expenses have not been covered in the budget, including \$1.5 million for nursing homes from the general fund and additional money for foster care.

CHAIRMAN COBB asked **Mr. Hank Hudson, Director of the Department of Family Services (DFS)**, what the cost would be to move the sexual offenders out of the Pine Hills School. **Mr. Hudson** replied they had estimated there were about ten such youth currently at Pine Hills and the cost would be a minimum of \$547,500. **Ms. Lois Steinbeck, Legislative Fiscal Analyst (LFA)**, said that one of the problems DFS has regarding residential treatment is, if a child does not show enough progress, that child loses Medicaid eligibility. She was unclear how much control DFS has regarding establishing medical necessity and continued residential treatment. She commented that if a way could be found to continue to serve these children without increasing eligibility, it would save general fund. **Mr. Hudson** said, while DFS has been able to expand what Medicaid would pay for by using group home treatment as a Medicaid-reimbursable service, they do not have much control over medical necessity determinations in residential treatment.

EXECUTIVE ACTION ON
DEPARTMENT OF FAMILY SERVICES - JUVENILE CORRECTIONS

Discussion: **Ms. Lois Steinbeck, Legislative Fiscal Analyst (LFA)**, referred the committee to the LFA issue regarding the Pine Hills Interest and Income revenue estimate, which had been revised. **EXHIBIT 1** She pointed out that since this is a funding issue it is not related to any of the specific budget increases or decreases contained in the LFA budget book.

Motion/Vote: **CHAIRMAN COBB MOVED TO ACCEPT THE INCREASE IN THE REVENUE ESTIMATE FOR THE PINE HILLS INTEREST AND INCOME ACCOUNT, REDUCING THE GENERAL FUND COST BY \$20,544. The motion carried unanimously.**

Discussion: **CHAIRMAN COBB** asked **Mr. Hudson** about the ranch at Pine Hills. **Mr. Hudson** said the ranch closed down in 1981 because of new regulations which were too costly to comply with. It would take more than \$50,000 to start it back up. The Ranch Program at the school is still taking place, but off-campus, at ranches in the Miles City area.

BUDGET ITEM: Personal Services; Inflation/Deflation; Fixed Costs

Motion/Vote: **CHAIRMAN COBB MOVED TO ACCEPT THE EXECUTIVE FOR \$465,521 IN FY96 AND \$513,688 IN FY97 FOR PERSONAL SERVICES; \$45,733 IN FY96 AND \$72,532 IN FY97 FOR INFLATION/DEFLATION; AND \$3,727 IN FY96 AND \$3,904 IN FY97 FOR FIXED COSTS. Motion carried 3-2 with SEN. SWYSGOOD and SEN. BURNETT voting no.**

{Tape: 1; Side: A; Approx. Counter: 15.6; Comments: n/a.}

BUDGET ITEM: Life Skills Contracts

Discussion: Ms. Steinbeck then spoke about the Life Skills Contracts funding request. **EXHIBIT 2** These contracts are daily contracts with Rivendell that help youth in the Juvenile Corrections Division at a cost of about \$110 per day per youth. The contract was started in FY94. There were about \$93,000 of expenditures in FY94 and the annualized cost was estimated at \$372,000. DFS has agreed that the contract request could be reduced to "FY94 actuals," about \$53,000.

Ms. Steinbeck wanted to know how much was budgeted in the Foster Care budget (which is "0-based") for this activity. Mr. Doug Matthies, DFS, said the \$52,000 being requested in the base is for placements in the Juvenile Corrections Division's own treatment programs. Historically there hasn't been any money budgeted separately in this division for other placements, which have been paid for in the Foster Care budget. In 1994 money was set aside to do this and they would like to continue this, not necessarily in the Life Skills Program. Ms. Steinbeck said the department had provided documentation showing the amount of money for Juvenile Corrections in group homes and the annual Foster Care placements and she felt it totaled more than \$52,000. Mr. Matthies said the \$52,000 dealt with the Life Skills Contract issue. The \$156,000 is for the nine current contracts they have for the Community Prevention programs. Ms. Steinbeck said the \$52,000 is actually for Life Skills Contracts and Community Prevention activities together. Her question was where the community placements were being paid for. The issue with the \$53,000 is whether it is already included in the Foster Care budget.

Ms. Steinbeck suggested that the subcommittee may want to put the benefits actually paid for Juvenile Corrections in the Juvenile Corrections Program and not in the Foster Care budget. Mr. Matthies said this was correct: many of the treatment costs for Juvenile Corrections kids are in the Foster Care budget. The \$52,000 is money that Juvenile Corrections spends for treatment issues for youth coming out of Pine Hills. What they are requesting is that \$52,000, instead of \$372,672, be approved under Item No. 4a on p. B-122, and \$40,534 be approved under Item No. 4b. CHAIRMAN COBB asked him what the result would be if no funding was approved. Mr. Matthies said the \$320,000 is in their current Foster Care projections.

CHAIRMAN COBB wanted information about the success rate with Life Skills Contracts. Mr. Al Davis, Administrator of the Juvenile Corrections Division, said this new program arose as a result of legislation passed in 1993, which does not allow severely emotionally disturbed (SED) youth to be incarcerated on the Pine Hills School campus. The program serves kids that have left Pine Hills and gone into residential treatment and then back to the community and are not appropriate to return to Pine Hills. In the past these kids would have gone to Pine Hills but now they go

to residential treatment. The success rate is similar to any SED youngster going into residential care.

There was no motion made to fund contracted services for Life Skills Contracts (No. 4a, p. B-122).

{Tape: 1; Side: A; Approx. Counter: 25.5; Comments: n/a.}

BUDGET ITEM: Community Prevention Activities

Lois Steinbeck informed the subcommittee that during the last legislature the subcommittee appropriated \$150,000 general fund and \$66,000 of federal funds each year of the biennium to develop community-based services. She spoke to the subcommittee about the two LFA issues associated with this contract.

Motion/Vote: REP. BARNHART MOVED TO ACCEPT THE EXECUTIVE FOR \$40,534 IN EACH YEAR OF THE BIENNIUM FOR COMMUNITY PREVENTION ACTIVITIES. Motion failed 2-3 with REPS. BARNHART and CHAIRMAN COBB voting yes.

{Tape: 1; Side: A; Approx. Counter: 28.4; Comments: n/a.}

BUDGET ITEM: Mountain View School Contracts; Pine Hills School Contracts; Youth Evaluation Program Contracts; and other expenses for Juvenile Corrections

Present Law (PL) Adjustments No. 4c, d and e and 5a were then considered. Ms. Steinbeck explained that there had been an accounting adjustment to remove expenditures twice. The department is willing to forego the requests under PL Adjustments no. 4c, d and e, but they need funding for 5a. She recommended that this would be a fair course of action for the committee to follow, which will result in general fund savings.

Motion/Vote: CHAIRMAN COBB MOVED TO ACCEPT THE EXECUTIVE FOR \$27,097 IN EACH YEAR OF THE BIENNIUM FOR JUVENILE CORRECTIONS. Motion carried unanimously.

BUDGET ITEM: Pine Hills Statewide Indirect Costs

Discussion: The committee then considered PL No. 5b. Mr. Davis explained the request. Ms. Steinbeck said that during the special legislative session in November 1993, actions were taken to offset general fund. A statewide indirect cost assessment on state special revenue was implemented. The increase in 5b represents an incremental increase in the amount of DFS' assessment.

Motion/Vote: CHAIRMAN COBB MOVED TO ACCEPT THE EXECUTIVE FOR \$1,792 IN FY96 AND \$1,825 IN FY97 FOR PINE HILLS SCHOOL STATEWIDE INDIRECT COSTS. Motion CARRIED unanimously.

BUDGET ITEM: Equipment

Discussion: Regarding PL No. 6, **Ms. Steinbeck** said the Legislature might want to separate out the request for a vehicle and other equipment for Mountain View School (MVS), to include in its decisions on the Wilderness Camp proposal. **Mr. Doug Schmitz**, Office of Budget and Program Planning (OBPP), said the original request was for eight vehicles in present law, amounting to about \$129,000 in the first year and \$30,790 in the second year. Only one vehicle ended up being included in the present law budget, however. **Mr. Davis** said the eight vehicles would replace the leased vehicles currently being used by parole officers around the state as well as at Pine Hills and MVS. **Ms. Steinbeck** outlined two ways to handle the issue: either adjust the PL Adjustment for equipment or change the amount of New Proposal No. 5.

There was no motion made regarding PL No. 6.

{Tape: 1; Side: A; Approx. Counter: 43.1; Comments: n/a.}

BUDGET ITEM: Other Cost Changes

Motion/Vote: REP. BARNHART MOVED TO ACCEPT THE EXECUTIVE FOR \$2,180 IN FY96 AND \$3,432 IN FY97 FOR OTHER COST CHANGES PROPOSED BY THE EXECUTIVE. Motion carried 3-2 with SEN. BURNETT and SEN. SWYSGOOD voting no.

BUDGET ITEM: Benefits

Discussion: **Ms. Steinbeck** said if the department continues to incur these costs for Life Skills Contracts, the Legislature may wish to direct that they record those costs as benefits. **Mr. Hudson** said the department would be agreeable to doing it either way.

Motion/Vote: CHAIRMAN COBB MOVED TO ACCEPT THE EXECUTIVE FOR (\$94,732) IN EACH YEAR OF THE BIENNIUM AND TO DIRECT THE DEPARTMENT TO CONTINUE TO RECORD THESE COSTS AS BENEFITS. Motion carried unanimously.

BUDGET ITEM: Equipment - Pine Hills School

Motion/Vote: CHAIRMAN COBB MOVED TO ACCEPT THE EXECUTIVE FOR \$58,500 TOTAL FUNDS IN FY96 FOR EQUIPMENT - PINE HILLS SCHOOL. Motion carried 3-2 with SEN. SWYSGOOD AND SEN. BURNETT voting no.

{Tape: 1; Side: A; Approx. Counter: 48.6; Comments: n/a.}

BUDGET ITEM: Mountain View School

Discussion: The chairman entertained a motion on New Proposal No. 2 but none was made.

BUDGET ITEM: Equipment - After Care

CHAIRMAN COBB asked why two FTE were moved from MVS to the Juvenile Corrections Division. **Mr. Davis** said they determined the parole officers were needed for youth leaving MVS and Pine Hills and returning to their communities. Five additional aftercare parole officers won't be requested until a later biennium.

Motion: **CHAIRMAN COBB MOVED TO ACCEPT THE EXECUTIVE FOR \$4,968 TOTAL FUNDS IN FY96 FOR EQUIPMENT - AFTER CARE.**

Discussion: **SEN. SWYSGOOD** questioned why it was necessary to replace equipment for two parole officers when equipment came from vacant places. **Hank Hudson, Director of Family Services,** explained that the equipment other departments loaned DFS was extra unused equipment. He indicated that this is the Department's effort to cease from using equipment from other departments and to establish a long-range equipment plan.

Vote: Motion failed 4-1 with **CHAIRMAN COBB** voting yes.

BUDGET ITEM: Equipment - Youth Evaluation

Motion/Vote: **CHAIRMAN COBB MOVED TO ACCEPT NEW PROPOSAL NO. 4.** The motion failed with **SENS. BURNETT** and **SWYSGOOD** and **REP. KASTEN** opposed.

Discussion: **Ms. Steinbeck** suggested the committee consider New Proposals No. 6 and 7 together.

Mr. Davis explained that Phase I of the Montana Youth Alternatives (MYA) Program would require 23.5 FTE at MVS. Phase II, III and the aftercare will require 33 positions.

CHAIRMAN COBB said he didn't know which program was better. He proposed using part of the \$8 million increase for community-based services to deal with the sex offenders at Pine Hills and in the communities. He expressed doubt that \$72,000 would be generated from parental contributions for MVS. Funding for this, as well as the five to eight females that don't qualify for funding, could be accommodated by funding in lump sum to the facility. He suggested the Human Services standing committee should decide which program to approve. Another option would be to give all the MVS and Foster Care/Juvenile Corrections money to the Youth Courts to allocate as they saw fit. A third option would be to take a vote on whether or not to approve the Aspen program.

Mr. Hudson said they would like the vote to be whether or not to proceed on the MYA project. They feel confident that what they have proposed to the Legislature is the best way to get the best results. The notion of giving the money to the Youth Courts would be an interesting experiment with many unknowns. He

expressed openness to lump sum funding for MVS but said they felt a change of the magnitude as was being proposed at MVS needed to be presented to the Legislature for its input.

REP. KASTEN wanted to know what plans DFS has to evaluate the success of the program, and if there is money set aside to do the evaluation. **Mr. Hudson** said they require the contractor to conduct follow-ups on youth leaving the program. Their new information system will increase the ability to track progress, as well.

CHAIRMAN COBB wanted to know how much funding was needed for the females at MVS who would not qualify for the Aspen Program. **Mr. Hudson** said they estimated that funding ten such girls would be about \$135 per day.

{Tape: 1; Side: B; Approx. Counter: 000; Comments: n/a.}

Mr. Hudson said they were comfortable with the estimated amount of parental contributions listed in the budget. The contributions would come from the parents of all the kids in the system and not just from MVS. At present there is not a large amount of money being collected.

Motion: **REP. KASTEN MOVED TO ACCEPT NEW PROPOSALS NO. 6 AND 7 ON P. B-124.**

Discussion: In response to **SEN. SWYSGOOD**, **Mr. Hudson** said there is not funding in the budget for the estimated ten MVS girls who may need secure care. It has been suggested that Community Impact Project funds be used. In the worst-case scenario, the phases of the MYA Program could be modified to accommodate the added expenses. Money would have to be moved from other parts of the budget. The last study showed that only about one girl out of the 400 needed secure care. His best guess is that there are very few such cases.

Ms. Steinbeck clarified that the total amount of expenditure between the Wilderness Camp and MVS as it exists now is the same. By accepting New Proposal No. 7, the amount of general fund support would be reduced.

Vote: The question was called for and the motion passed, with **CHAIRMAN COBB** opposed.

Motion: **CHAIRMAN COBB MOVED THAT THE LEVEL OF PARENTAL CONTRIBUTIONS BE REDUCED BY \$35,000 IN EACH YEAR AND REPLACED WITH GENERAL FUND.**

Discussion: He clarified that this would not limit the amount of parental contributions being sought but would provide for contingency funding from the general fund if the full amount was not received. If the contingency funding was not needed, it would revert. **Ms. Steinbeck** said there is a statute which allows

a department to increase federal funds and reduce general fund, but the same does not apply for state special revenue. The full appropriation for parental contributions could be left as it appears in the budget, to retain the state special revenue spending authority. The \$35,000 in general fund could be put in the budget and DFS could be directed to revert if the full amount is collected from parental contributions.

Amended motion: CHAIRMAN COBB amended his motion to keep the level of parental contributions at \$72,000 per year and to provide \$35,000 in general fund as a contingency fund.

Vote: The question was called for and the motion failed, with REP. KASTEN and SENS. BURNETT and SWYSGOOD opposed.

Motion: CHAIRMAN COBB MOVED THAT \$400,000 BE APPROPRIATED IN EACH YEAR IN GENERAL FUND TO BE LINE-ITEMED FOR THE GIRLS AT MVS NOT QUALIFYING FOR THE MYA PROGRAM AND NEEDING SECURE CARE.

Discussion: Mr. Hudson said he felt all such girls could be served by current providers within the state, such as Rivendell or the Yellowstone Treatment Center.

Vote: The question was called for and the motion failed with CHAIRMAN COBB voting yes.

Motion/Vote: CHAIRMAN COBB THEN MOVED THAT \$200,000 BE APPROPRIATED IN EACH YEAR IN GENERAL FUND TO BE LINE-ITEMED FOR THE GIRLS AT MVS NOT QUALIFYING FOR THE MYA PROGRAM AND NEEDING SECURE CARE. The motion failed with CHAIRMAN COBB and SEN. LYNCH voting yes.

Motion/Vote: CHAIRMAN COBB THEN MOVED THAT \$100,000 BE APPROPRIATED IN EACH YEAR IN GENERAL FUND TO BE LINE-ITEMED FOR THE GIRLS AT MVS NOT QUALIFYING FOR THE MYA PROGRAM AND NEEDING SECURE CARE. The motion carried with CHAIRMAN COBB, SENS. LYNCH and BURNETT and REP. BARNHART voting yes.

Discussion: CHAIRMAN COBB affirmed to Ms. Steinbeck that this was to be a separate line-item in the bill and that language was to accompany it to limit the spending.

Motion: CHAIRMAN COBB MOVED TO REMOVE THE SEXUAL OFFENDERS FROM PINE HILLS AND PROVIDE TREATMENT FOR THEM AS WELL AS THE OTHER YOUTH SEX OFFENDERS IN THE SYSTEM, PROVIDING \$200,000 IN GENERAL FUND EACH YEAR TO PAY FOR IT.

Discussion: Mr. Hudson said they have asked a sex offender therapist to be part of the team at Pine Hills, to take effect immediately, in order to evaluate which youth should be removed from Pine Hills. In addition, a number of the sex offenders that have already left may be decertified and would need to be included in the cost estimate. DFS would like to have the capacity to buy ten beds on any given day on a year-round basis

for sex offenders at the rate of \$150 per day. General fund would probably have to pay the majority of the cost. The annual cost would be \$547,500.

In response to **SEN. LYNCH**, **Mr. Hudson** outlined the definition of a youth sex offender and the levels of supervision needed. **REP. KASTEN** wanted to know if the cost could be reduced if the program at Pine Hills was beefed up until therapeutic group homes could be set up. **Mr. Hudson** questioned whether the youth could be adequately served on the Pine Hills campus, economically speaking. He did not volunteer what it might cost to rejuvenate the program that had existed there previously. The issue about what to do with those youth that need incarceration would remain, regardless. **CHAIRMAN COBB** was in favor of taking \$1-2 million from the Community Development Program to fund the needs of the hard-to-serve youth sex offenders.

Ms. Steinbeck said that every dollar in general fund would leverage \$2 in federal funding, if the department can use Medicaid Funds to set up the therapeutic homes.

Mr. Jack Ellery, DFS Management Support Services Division Administrator, pointed out that funding for room and board would be 100% general fund. **Ms. Steinbeck** brought up the possibility of incorporating this piece into the Mental Health Managed Care Program.

SEN. SWYSGOOD expressed opposition to providing funding based on the assumption that the Community Development Program would be funded.

Vote: The question was called for and the motion carried with **SEN. SWYSGOOD** opposed.

Motion/Vote: **CHAIRMAN COBB** MADE A "LANGUAGE MOTION" FOR HB 2 TO SAY, "THERE IS NO EVIDENCE THE ASPEN PROGRAM WILL WORK ANY BETTER THAN THE EXISTING PROGRAM OR ANY OTHERS AS REGARDS THE RECIDIVISM RATE." The motion carried with **REP. BARNHART** opposed.

HEARING ON DEPARTMENT OF FAMILY SERVICES
Program Management Division - Foster Care Budget

Ms. Steinbeck instructed the committee to turn to pp. B-128 and 129 of the LFA budget book. She gave an overview of the information contained on Tables 3 and 4.

Ms. Shirley Brown, DFS Program Management Division Administrator, gave an overview of the Foster Care budget. She referred the committee to p. 58 of the book on DFS programs which had been provided by **Mr. Hudson**. She reviewed the continuum of care for Foster Care. The first level of care is called Family Foster Care. The next level, Youth Group Home Foster Care, involved 32 providers with a maximum daily population of 256 youth in the

last year. The next highest level is Therapeutic Foster Care, which places the youth with a therapeutic family. After that comes Therapeutic Youth Group Home Services. Right now therapeutic family foster care is not a Medicaid program, but therapeutic youth group homes are.

Mr. Jeff Bernbaum, a therapeutic foster care provider, said there would be a meeting on February 7 to review proposed rules to refinance therapeutic family foster care.

In response to **CHAIRMAN COBB, Mr. Hudson** added that family-based services contracts are listed in the book as part of the Foster Care budget. In two regions, Foster Care money has been used to fund the Family-based services budget. DFS has been trying to provide an option to removing children from their homes. The department has traditionally had a line-item for family-based services. Two of the regions expressed a desire to limit their foster care budget by implementing additional family-based services.

In response to **CHAIRMAN COBB, Mr. Hudson** said it appears at this point the funding for the Foster Care Program will be more than is being requested in the budget, but probably by less than \$1 million. This is due in part to purchasing services out of the Foster Care budget that are the equivalent of residential treatment.

Ms. Linnea Wang, representing the Friends to Youth Program and a member of the Montana Committee for Emotionally Disturbed (ED) Children, then spoke on the family-based services portion of the budget, which would be discussed the following day. Family-based services are even below foster care on the continuum, and do not involve out-of-home placement. This program provides an intensive in-home intervention with families at risk. She outlined the merits of the family-based approach, which include individualized treatment plans and the chance to help parents intervene effectively via the presence of the caseworker in the home.

{Tape: 2; Side: A; Approx. Counter: 000; Comments: n/a.}

Ms. Wang pointed out that the cost savings are great when out-of-home placements can be avoided. She encouraged continued, if not increased funding, for the Family-based Services Program.

Mr. Bernbaum, Executive Director of Missoula Youth Homes and a DFS provider of a variety of different services, then spoke. He outlined what the department and his company had been able to accomplish. This includes establishing a continuum of services, a placement review process and progress in establishing reasonable rates for services. He spoke to the provider rate increase contained in the budget and characterized it as an adjustment rather than an increase, pointing out that their costs are going up. Half of the 1.5% increase in provider rates,

calculated against their current level of service, will go to cover Workers' Compensation and Unemployment Insurance rate increases alone, which occurred in spite of the fact that they have filed no claims in three years. He added that the 1.5% rate increase is less than the 2.8% increase in the cost of living.

Mr. John Wilkinson, Administrator of the Intermountain Children's Home in Helena, then spoke. Over the last twelve years they have been working with seriously disturbed younger children, ages five to eleven. They are a therapeutic youth group home. He submitted the state is making a worthy investment on behalf of these children. On the continuum of care, his facility is the last stop. To date, the record number of prior placements for a child entering their program has been 38. It is crucial to develop a program which will allow these children to develop a sense of trust and safety. Regarding outcomes, 91% of the children that have left the Intermountain Children's Home are living with a family and needing a low to moderate level of services after two years, and after four years 86% still have had one move or less and the level of services is still rather low.

Regarding provider rates, **Mr. Wilkinson** said the increase would only apply to the room and board part of the Intermountain Home's reimbursement. Presently the Intermountain Home subsidizes or "partners up" with the state of Montana to the tune of \$600,000 per year. He urged the committee to consider some sort of adjustment on the Department of Social and Rehabilitation Services (SRS) portion of the provider rate as well.

Questions: **REP. KASTEN** wanted more information on how the projected 4.15% increase in Foster Care from 1994-97 was derived. **Mr. Hudson** said the largest piece of the increase was due to an increase in the overall Foster Care caseload. There has also been a significant increase in the amount of in-state treatment being provided and a decrease in the amount of out-of-state treatment. This is due to the return of some kids from out-of-state as well as refinancing efforts and the development of new services across the state that are targeting difficult-to-serve kids.

SEN. SWYSGOOD asked **Ms. Steinbeck** to comment on why the LFA's caseload projections are lower than DFS'. **Ms. Steinbeck** referred the committee to p. B-142. When making her calculations, she used a five-year trend analysis, which did not include FY95, in the caseload estimates. The trends the department used projected a higher rate of increase in some services. The revised estimates are higher than what is included in the executive budget; she has asked for documentation on a couple of the areas of increase.

Discussion took place regarding what amount to consider as the budget request, in light of the revised estimates.

CHAIRMAN COBB wanted to know if there was anything which could be done to lower the Foster Care growth rates. **Mr. Hudson** estimated that the Partnership Project and other prevention activities provide their best shot at doing this. He rose in support of the present level of funding. The way to bring it down is to begin what they have begun: taking the money generated through refinancing and putting it into services to keep kids out of Foster Care. He suggested this has already started to change the trend. The Managing Resources Montana (MRM) Program is another way of keeping kids out of Foster Care. He stressed that family preservation support needs to proceed at a reasoned pace.

CHAIRMAN COBB asked how Montana compared to other states in the amount of Foster Care kids per capita. **Mr. Hudson** replied that Montana is a little higher than its neighboring states and some larger more urban states, but does not appear out of line. He felt that the level of tolerance of danger for kids in Montana communities is lower than in many other places. Regarding Foster Care for Native Americans, there are fewer services on the reservations that provide alternatives to foster care. In addition there is a higher rate of poverty. The Tribes participate in the delivery of human services as well as the Bureau of Indian Affairs (BIA). One of the larger growth areas in the budget is for foster care on the Northern Cheyenne Reservation.

In response to **REP. BARNHART**, **Mr. Hudson** said the goal of the Kellogg Project is to reduce the amount of time children are in foster care. The emphasis is not on the cost savings this will generate but is aimed at giving a child a permanent home in a more timely manner. He posited, however, that achieving permanency for a child is every bit as expensive as retaining him or her in foster care. This private foundation provides grants, but this money does not need appropriating by the Legislature.

CHAIRMAN COBB wanted to know, if DFS ran short of funds in its Foster Care budget, what steps it would take to deal with this. **Mr. Hudson** said their current supplemental request is due to increases in residential treatment costs. **Ms. Steinbeck** said that short of amending the statute on supplementals, there is not much the Legislature could do to control the money spent on Foster Care. DFS is required to use all available resources to fund mandated services. **Mr. Hudson** said this causes dilemmas. Even when statutory language mandates that money be spent on prevention no matter what, it "gets gray" sometimes. **CHAIRMAN COBB** suggested that the only way to protect non-mandated money might be via a committee bill, which would override the statutes. **Mr. Hudson** pointed out that they had very few non-mandated programs.

HEARING ON DEPARTMENT OF FAMILY SERVICES
Program Management Division - Day Care Budget

CHAIRMAN COBB asked for testimony regarding the day care budget.

Testimony: Ms. Jinny Knight, a Child Care Partnerships employee and representing the Montana Resource and Referral Network, rose in support of the proposed provider rate increase. Daycare providers have not received a raise in 2 1/2 years. Daycare options are limited for the parents who cannot pay the difference out of their pockets.

Ms. Kay Fossum, Montana Low Income Coalition, urged the committee to support the proposed provider rate increases. They are working with DFS to try to get more women who are on welfare to become child care providers as a way of getting off Aid to Families with Dependent Children. If there is not an adequate level of payment for doing this, the package will not work.

HEARING ON DEPARTMENT OF FAMILY SERVICES

Program Management Division - Residential Psychiatric Treatment

Ms. Steinbeck said the issue remains that there will be a supplemental appropriation. The Legislature still does not know how the executive will cover cost overruns in Residential Treatment and Foster Care. Mr. Ellery said information was forthcoming in the following week regarding the amount of the supplemental. The residential treatment match estimate includes DFS's projection of what FY95's growth will be. This figure should be very close to the 1996-97 projections. CHAIRMAN COBB wanted to know what would happen if the Legislature did not grant the supplemental request. Mr. Ellery said he did not know how they could make up that amount of money for these mandated services. The projected amount of the supplemental is about \$4.5 million in general fund for Residential Treatment. For Foster Care the figure is \$875,000 in general fund.

Ms. Steinbeck pointed out that the LFA had brought up this issue two times, and this is the first confirmation from the executive that there would be a supplemental request.

CHAIRMAN COBB said he planned to make a motion that a committee bill be drawn up to interpret the committee's actions and put its intent in writing.

Ms. Steinbeck reviewed the LFA issues related to Foster Care. In the original budget submission the LFA Foster Care caseloads are lower than the executive. If the committee wants to authorize a 1.5% provider rate increase, the funds in the executive budget are not adequate to do this using the executive Foster Care caseload estimates.

The LFA has identified that the executive budget is funded with the lowest amount of non-assumed county Foster Care revenue that

has occurred in the last seven years. The lowest amount ever collected was in 1994 and that is the amount that rolls into the executive budget. Using a seven-year average would save about \$144,000 of general fund over the biennium if that amount of non-assumed county revenue is budgeted. The whole refinancing issue will also play into how Foster Care benefits are funded.

Mr. Hudson said there is a bill before the Legislature which would have DFS assuming non-assumed county administrative costs. This is presently not factored into the budget. The cost would be \$307,000 in each year.

ADJOURNMENT

Adjournment: 11:10 a.m.



REP. JOHN COBB, Chairman



DEBBIE ROSTOCKI, Recording Secretary

for

JC/dr

Department of Family Services
Human Services Appropriations Subcommittee
Legislative Fiscal Analyst Issues

EXHIBIT EXH 1
DATE 7/30/95
SB Human Services Subcomm

Program: 03 Juvenile Corrections

LFA Issue 9 Pine Hills Interest and Income - Revenue Estimate

Budget Analysis Page Reference: B-121

LFA Issue - The Revenue Oversight Committee (ROC) adopted revenue estimates for Pine Hills School interest and income of \$251,000 in fiscal 1996 and \$253,000 in fiscal 1997. These estimates are higher than the executive estimate by \$9,213 in fiscal 1996 and \$11,341 in fiscal 1997. Since this revenue source offsets general fund, the legislature could reduce general fund costs by \$20,544 over the biennium by using ROC estimates for interest and income.

Agency Background

The estimate in the budget request for the Pine Hills I & I funds was provided by the Department of State Lands which collects and distributes the funds. A shortage in I & I funds must be made up by reductions in the Pine Hills operating costs or with a supplemental request. Both methods have been used in the past.

The agency recommends accepting the Revenue Oversight Committee revenue estimate.

Let Keep Rec

Department of Family Services
Human Services Appropriations Subcommittee
Legislative Fiscal Analyst Issues

Program: 03 Juvenile Corrections

LFA Issue 10 Life Skills Contract

Budget Analysis Page Reference: B-121

LFA Issues - There are two issues related to life skills contracts: a) cost neutrality; and b) recording costs as benefit expenditures. The 1993 legislature adopted language in HB 2 directing DFS to "use and develop additional services, within appropriation limitations, that are family-focused, client centered, sensitive to unique cultures, and community-based." The Executive Budget is requesting additional funds to support this new service despite legislative direction that the cost should be funded within the appropriation limitations. The legislature could consider: a) asking DFS to document how the cost of these contracts is being absorbed in fiscal 1995; and b) continuing the offsetting cost reductions in the 1997 biennium.

Agency Background

The budget for the Juvenile Corrections Division included a request for a present law adjustment to continue the services and to annualize the costs for placements in the life skills program at Rivendell in Butte. Because the Juvenile Corrections Division has never had a separate budget for placements in treatment programs such as this one, the costs for these placements in the current year, FY95, will come from the Foster Care budget. Because of this, the present law adjustment for these placements now show in the departments request for the case load increase in the Foster Care program.

Because of this adjustment, this request can be adjusted to the FY94 base year expenditures of \$52,449 of general fund per year.

Per the following summary, the department is requesting that \$320203 of general fund per year be removed from the present law adjustments for the Juvenile Corrections Program. This would leave the base year expenditures of \$52,449 per year for the life skills services and off set the present law adjustment of \$40,534 per year for the community prevention contracts.

1) foster care budget - out

2) medical

3) results - off

**Department of Family Services
Human Services Appropriations Subcommittee
Legislative Fiscal Analyst Issues**

Program: 03 Juvenile Corrections

LFA Issue 11 Community Prevention Activities

Budget Analysis Page Reference: B-123

LFA Issues - There are two issues associated with this contract: a) the amount that should be budgeted in the 1997 biennium; and b) recording costs as benefits. DFS spent the entire amount appropriated by the legislature for juvenile corrections community services, but \$40,534 of the appropriation was spent on activities other than juvenile community corrections contracts. Two alternatives that the legislature could consider are to: a) appropriate state special revenue (parental contributions) or federal funds to fund the present law adjustment; or b) deny this request and direct that DFS reallocate funds within its base budget to fund community services in keeping with the original legislative appropriation. Either of these alternatives reduces general fund by \$81,068 over the biennium

Agency Background

The 1993 legislature appropriated \$150,000 general funds and \$66,000 in federal funds to the Juvenile Corrections Division for the development of community based services as alternatives to placement in Pine Hills School or Mountain View School. The general funds were contracted to nine local projects and, due to the lag time involved with start up of the projects, \$116,424 of the \$150,000 total was expended in FY94. The federal funds anticipated (IV-E and IV-A) were not realized. The budget request is to continue our current FY95 contracts for \$156,958 general funds per year. The unexpended general funds in FY94 (\$33,576) were allocated to the life skills placements (LFA issue # 10).

Because of the eligibility requirements of Titles IV-E and IV-A, it is not likely that the clients or services in the community based programs would receive federal reimbursements. The issue of parental contributions to fund juvenile corrections services is addressed in the discussion of the restructuring of services.

1) where is rest of money
was budgeted then
2)

Department of Family Services
Human Services Appropriations Subcommittee
Legislative Fiscal Analyst Issues

Program: 03 Juvenile Corrections

LFA Issue 11 Community Prevention Activities

Budget Analysis Page Reference: B-123

Agency Recommendation

The providing of these services at the current level (FY95) is an integral part of the philosophical change in the Juvenile Corrections Division to more preventive, community based services. A reduction in the current contracted amount, \$156,958, would result in either eliminating one or more programs, or completely restructuring the current services being provided.

Because these contracts are for administrative services that the department would provide, if it had additional staff, and not for direct payments for the care or treatment of the clients, we think that the costs are properly classified as operating costs.

1) results
2)

**Department of Family Services
Human Services Appropriations Subcommittee
Legislative Fiscal Analyst Issues**

Program: 03 Juvenile Corrections
05 Program Management

LFA Issue 12 MVS Contracts
13 YEP Contracts
14 Other Expenses
17 Childrens Justice Act

Budget Analysis Page Reference: B-123

LFA Issue - Since the fiscal 1994 base budget and 1997 biennium present law budgets include \$29,521 each year for continuation of MVS contracted services, the legislature need authorize an increase of only \$7,759 general fund per year to support the Executive Budget request for MVS contracts (a biennial general fund savings of \$59,042). However, the legislature may wish to defer action on these contracts until it considers the Executive Budget proposal to restructure the MVS program. DFS should document that these services need to continue at the present expenditure level under the restructured program.

Agency Background

The LFA issues regarding the MVS contracts, YEP contracts, and other expenses are all tied together. At fiscal year end, the department transferred training costs from the Juvenile Corrections Program to the Children's Justice Act Grant in Program 05. In doing so, the transfer was inadvertently done twice. This created the under stating of the contracted services amounts in Mountain View School and the negative adjustments in YEP and other expenses. **The department has discussed this with LFA staff and there is agreement that the recommended adjustments are appropriate.**

To correct the budget requests to compensate for the error, the following should be done:

- 1) The present law adjustment for MVS contracts of \$37,280 per year of general fund be **deleted** from the request. See page B-122 # 4-c of the LFA report.

Department of Family Services
Human Services Appropriations Subcommittee
Legislative Fiscal Analyst Issues

Program: 03 Juvenile Corrections
05 Program Management

LFA Issue 12 MVS Contracts
13 YEP Contracts
14 Other Expenses
17 Childrens Justice Act

Budget Analysis Page Reference: B-123

- 2) The present law adjustment for the YEP contracts of \$7,789 per year of general fund be **deleted** from the request. See page B-122 # 4-e of the LFA report.
- 3) The present law adjustment for the other expenses for Juvenile Corrections of \$27,097 per year general fund be **retained** in the request.
- 4) The federal funds for the Children Justice Act grant be **increased** by \$12,225 per year to match the FY94 expended amount. This will resolve the LFA issue on page B-132 regarding the under budgeting of the CJA funds.

**Department of Family Services
Human Services Appropriations Subcommittee
Legislative Fiscal Analyst Issues**

Program: 03 Juvenile Corrections

LFA Issue 13 YEP Contracts

Budget Analysis Page Reference: B-123

LFA Issue - The legislature can reduce contracted services by \$14,398 general fund over the biennium without reducing present law services.

Agency Background

See Response to LFA Issue 12.

Department of Family Services
Human Services Appropriations Subcommittee
Legislative Fiscal Analyst Issues

Program: 03 Juvenile Corrections

LFA Issue 14 Other Expenses

Budget Analysis Page Reference: B-123

LFA Issue - The legislature can reduce general fund expenditures by \$54,194 over the biennium due to an oversight in the executive present law budget. There is no documentation to support the need for the additional general fund authority.

Agency Background

See Response to LFA Issue 12.

**Department of Family Services
Human Services Appropriations Subcommittee
Legislative Fiscal Analyst Issues**

Program: 03 Juvenile Corrections

LFA Issue 15 Equipment

Budget Analysis Page Reference: B-124

LFA Issue - The Executive Budget adds \$27,027 general fund over the biennium to replace a vehicle and other equipment for MVS. The legislature may wish to defer action on MVS equipment until it takes action on the proposal to restructure the MVS program.

Agency Background

During the Executive Planning Process, the department submitted, and had approved, a request for replacement equipment at Mountain View School. The request consisted of replacing a vehicle, hand held radios, washers and dryers, cottage furniture, a riding tractor for mowing and snow removal, and a walk in freezer.

The department agrees with the LFA issue that the review of the equipment request for the Mountain View School program should wait for a decision on the restructuring of the program. While the total dollar amount requested will probably not change, the amount and type of equipment requested will vary depending on the decision.

ND

Department of Family Services
Human Services Appropriations Subcommittee
Legislative Fiscal Analyst Issues

Program: 03 Juvenile Corrections

LFA Issue 16 Wilderness Camp

Budget Analysis Page Reference: B-125

LFA Issues - There are three issues related to this new proposal: 1) inadequate documentation of budget and program data; 2) reliance on parental contributions and Title IV-E funds; and 3) plans for secure care for female offenders.

Budget and Program Data - DFS has not provided cost estimates for the wilderness camp proposal, making it impossible to evaluate whether funding is adequate, inadequate, or more than the department needs to support the proposal. DFS has not provided program information sufficient to determine the treatment components or potential success of the wilderness camp proposal compared to the current MVS program. The legislature may wish to request that DFS provide: 1) cost estimates for each of the program components; 2) the revenue estimates for non-general fund revenue sources; and 3) more specific program information and comparisons of treatment outcomes of the proposal to the current MVS program.

Parental Contributions - The legislature may wish to request that DFS explain how it will facilitate judges' use of necessary language in the court order to establish child support enforcement obligations and Title IV-E eligibility, since a significant share of the cost is supported by funding sources dependent on judges' actions. The legislature may also wish to ask DFS: 1) how funding sources are allocated among program components; and 2) what actions DFS will take if federal or state special revenue collections are inadequate to support the proposal.

Secure Care for Females - DFS has not specified where female offenders needing secure care will be placed. DFS staff have suggested that female offenders would be placed at either PHS or on the MVS campus and that 4 to 5 placements will be needed annually. Therefore, the legislature may also wish to ask DFS to outline its specific plans for secure care for female offenders.

**Department of Family Services
Human Services Appropriations Subcommittee
Legislative Fiscal Analyst Issues**

Program: 03 Juvenile Corrections

LFA Issue 16 Wilderness Camp

Budget Analysis Page Reference: B-125

Agency Background

The Montana Alternatives Program Plan at Mountain View School is currently being developed. The program involves a 7 month intensive treatment program being provided in 4 phases. Phase 1 is State provided and the remaining 3 phases are provided through contract with a provider.

Cost estimates for the program are provided based on an average daily cost to provide treatment in each of the four different Phases.

Phase One - Orientation

This state provided program is a 30 day orientation phase that will accommodate 16 youth at capacity. The cost used to base an anticipated budget are based on the average daily cost of youth currently residing in secure-care incarceration.

$$16 \text{ (youth)} \times \$140 \text{ (daily rate)} \times 365 \text{ (days)} = \$817,600$$

Phase Two - Wilderness Experience

This contracted program is a 60 day intensive boot camp/outdoor experience. The anticipated daily cost is based on operation costs estimates provided by the provider.

$$16 \text{ (youth)} \times \$128 \text{ (daily rate)} \times 365 \text{ (days)} = \$747,520$$

Phase Three - Community Transition

The residential phase is contracted and devotes attention to transition planning, academics, vocational training, and work projects. The program lasts 60 days.

Department of Family Services
Human Services Appropriations Subcommittee
Legislative Fiscal Analyst Issues

Program: 03 Juvenile Corrections

LFA Issue 16 Wilderness Camp

Budget Analysis Page Reference: B-125

20 (youth) X \$110 (daily rate) X 365 (days) = \$803,000

Phase Four - Community Supervision

This intensive aftercare phase is contracted for the purpose of reintegrating youth back to their home communities.

20 (youth) X \$40 (daily rate) X 365 (days) = \$292,000

Total Program Cost

Total anticipated cost if program operates at full capacity for the full year. = \$2,660,120

LFA Issues

Budget and program data

It is anticipated that all "slots for youth" will not be occupied in all phases for the full year. For example, some youth may not remain in the first phase for the full 30 days. Based on the experience of similar programs in operation around the nation, we could anticipate a 15% bed vacancy savings throughout the year. Using this calculation the total program cost would be \$2,261,102.

Failure to provide sufficient funding to provide for the anticipated cost would result in demanding that planned lengths of programs would have to be modified and/or the number of youth being served would demand reduction. It is proposed that either of these options could negatively impact the integrity of the project.

**Department of Family Services
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Legislative Fiscal Analyst Issues**

Program: 03 Juvenile Corrections

LFA Issue 16 Wilderness Camp

Budget Analysis Page Reference: B-125

Parental Contributions

DFS has requested legislation requiring that the Youth Placement Committee occur prior to the disposition of the youth. As part of the responsibilities of this activity, the committee will incorporate a recommendation of language necessary to access parental contribution for treatment.

Judges and Youth Court workers would have an added incentive to participate in an aggressive collection of these funds if a system could be devised to allow collected funds to be utilized to enhance community opportunities in the home community of the committed youth. This would necessitate a change in the current process of reducing general fund appropriation by the amount collected. *ND*

Secure care for Females

Our projections have suggested that a minimal number of females would require incarceration for a longer period of time than can be provided by the Montana Alternatives Program. Our alternatives this time are to either:

1. Issue an RFP for a contract for this purpose;
2. Provide sight/sound separation and provide the service at the Women's Corrections Services Center; or
3. Provide for a secure-care program for females at the Pine Hills School in Miles City. *RW*

Department of Family Services
Human Services Appropriations Subcommittee
Legislative Fiscal Analyst Issues

Program: 05 Program Management

LFA Issue 17 Children's Justice Act

Budget Analysis Page Reference: B-132

LFA Issue - The Executive Budget is based on the DFS request for this benefit as shown in Table 3. DFS requested a negative amount of funding for this program, instead of allocating anticipated funds and costs among several federally funded grants. Approving the DFS request would result in a negative \$12,225 for this benefit. The legislature may wish to request that DFS reconcile its budget request and funding sources, so that the budget request for the program matches the anticipated costs.

Agency Background

See Response to LFA Issue 12.

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Human Services & Aging

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NAME AND ADDRESS	REPRESENTING	Support	Oppose
<i>Ann McNamee</i>	<i>ALHAM</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>Tinny Knight</i>	<i>Child Care Partnerships</i>	<input type="checkbox"/>	<input type="checkbox"/>
<i>MARY ALICE COOK</i>	<i>ADV. for MTs Children</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>Linnea Wang Msla</i> <small>NH committee for ED children</small>	<i>Friends to Youth Family Based Services</i>	<input type="checkbox"/>	<input type="checkbox"/>

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.