VISITOR'S REGISTER

HOUSE HUMAN SERVICES SUB COMMITTEE

BILL ______________________ DATE February 9, 1983

SPONSOR ______________________

NAME	RESIDENCE	REPRESENTING	SUP-PORT	OP-POSE
Jack Lowney	Helena, Mont	SRS		
Ron WEISS	" "	OBPP		
Gary Walsh	Helena	SRS		
Ben Johns	Helena	SRS		
Gayle Shirley	Helena	Montana Elder		
Beverly Gibson	Helena	MACo		

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

FORM CS-33
1-83

MINUTES OF THE MEETING OF THE JOINT APPROPRIATIONS SUBCOMMITTEE ON HUMAN SERVICES
February 9, 1983

Begin Tape 35 Side 2

The meeting was called to order at 7:35 a.m. by Chairman John Shontz. All subcommittee members were present.

Also present were: John LaFaver, Ben Johns, Gary Walsh and Jack Lowney from the Department of Social and Rehabilitative Services and Peggy Williams and Mason Niblack, Fiscal Analysts.

AFDC STAFF PRESENTATION

Mr. John LaFaver introduced Gary Walsh and Jack Lowney to the committee. Mr. Walsh made the presentation for SRS.

He explained that the economic assistance division is responsible for financial assistance programs for the Department. Their overall mission is to provide for the necessities of life for low-income people in the most cost effective manner. The emphasis is to provide assistance for those who can not function independently. Programs are either administered through county departments of public welfare or through providers in the community.

The AFDC program is to encourage the care of children in their own homes or in the homes of relatives. The type of funding provided is income maintenance for monthly living expenses and is directed towards individuals who have children deprived of parental support. Day care is also available for individuals who are working or for those in training programs and there are direct day care payment programs for their children.

He explained that major changes had been mandated in the Omibus Reconciliation Act in 1981. One was that income and resources of step-parents were considered in determining eligibility for assistance. Another was that income of the applicant was considered in a different way than previously. There was also a change in that it was only possible to pick up aid for pregnant women during the last trimester of their pregnancy if that was their only child. The unemployed parent was eliminated as a deprivation factor also.

Regarding the AFDC caseload, Mr. Walsh said that typically it seems to fall in a seasonal pattern. Ordinarily, March and April are the high months and the low period of the caseload is October. There is a quite stable Indian caseload of approximately 725. The impact of it on the overall program is that "per capita" payments are usually made in December and this impacts the trend because a portion of the Indian caseload is then off the system for a short period. These cases are back on again within two or three months.

He then presented exhibits 1 and 4 to the committee which showed the caseload. He explained that they had begun the year with a little over 7000 AFDC cases. By January of 1982, there was a drop of over 2000 cases because the changes mentioned before had become effective in October of 1981. The low part of just over 5000 cases in January of 1982, was a result of the implementation of the change where the unemployed parent was no longer a deprivation factor. The Indian per capita payments also reduced the caseload. If one looks at January 1982 to January 1983, a signaficant growth is noted again in caseload, 1164 cases. Mr. Walsh sees fewer people going off the system and believes that 70% of the people in prior years were returnees to the program. The department projects a growth until March of 1984, then a flattening out until the end of the biennium. Sen. Regan asked what the projected caseload was expected to be. Mr. Walsh told her the peak was projected to be 7800 in 1984 and 1985 and the average caseload was expected to be 7305 in 1984 and 7575 in 1985.

The department is assuming that changes in the AFDC caseload lag behind the economy, and that, as the economy begins to recover, there is another lag period before the caseload drops. The AFDC population caseload is characterized by recipients who have low level job skills and who have a difficult time competing in the job market. The group that does have employment are usually the "first hired-first fired."

In terms of total dollar impact for the biennium, Mr. Walsh said that it would be $13,759,000 for AFDC payments and $11,000,000 for medicaid payments for a total of $24,758,315 fund increase for both and of this $7,359,000 is general fund. If the AFDC program is over-appropriated, money can be reverted. But if the program is underfunded, they would have to roll back the level of payment. In order for them to effect a change in the benefit level, it would be necessary to change administrative rules. This would take 3 to 4 months. Before changing the administrative rules, they should be assured that the trend is truly for a decrease and is not just a short term fluctuation.

He referred the committee to the chart on exhibit 1 showing that Montana is ranked 32nd in payments levels for AFDC. In terms of the current payment level for surrounding states, Montana ranks 4th of 6 or a payment level of $332 for a household of 3 individuals.

When meeting with the LFA staff yesterday, it was determined that they had a projection of 6,315 caseload. This differs from SRS caseload projection by about 1,602 cases. If the lower level budget were adopted they would have to exercise the option of rolling back the payment level by about 1/3, this would bring them down to 36% poverty level. At the present time, the payment is $332; this a month would be reduced to $220. Mr. Walsh feels this would not meet the needs of the families.

Sen. Story asked about the average time on AFDC. He was advised that individuals are remaining on longer than before. Sen. Aklestad asked about the difference in funding for the Indian caseload. Mr. Walsh explained that the state picks up the non-federal share. In the non-Indian cases, counties also participate in the payment. Sen. Aklestad felt that the amount funded last time was greater than the amount asked for by the department. Sen. Aklestad asked Peggy for the original estimates of caseload. She replied they were originally at 5800, but were now up to 6305. Chairman Shontz asked Mr. LaFaver to explain the differences. He explained that when the budget was put together, there had been little change but since then there hasn't been a month when it stopped climbing. He feels that the amended request is a reasonable amount and may even be conservative.

Rep. Winslow asked if there was a lag time and Mr. LaFaver said the economy would have to improve substantially in order to see a downturn on caseload. Rep. Winslow also asked questions about the Workfare Programs such as WIN. Mr. LaFaver said there was mandated a pilot experimental project here but that it had failed. They had assumed that the federal government was going to participate and they could not structure it in such a way.

Sen. Story wanted a better breakdown of the counties caseloads that he felt would be helpful to the committee and they said they would get this information to the committee.
End of Tape 35 Side 2 Begin Tape 36 Side One

Sen. Story feels that there should be a lower caseload because of trends in other directions, for example, younger women keeping their children. Mr. Lowney told him that currently, the caseload show that 1/3 of the AFDC caseload are unwed mothers.

Chairman Shontz asked Ron Weiss to respond to the differences in caseload projections, and if the executive had adjusted their figures for this additional cost of $24.7 million of which 7.4 million is general fund. Mr. Weiss responded that the book was accurate at printing time. The initial request had been 5625 and his office had rolled in the extra 250 cases to get to the estimate of 5875. He feels some of the revenue from the extra can be covered because of the medicaid being increased.

Mr. LaFaver added that when he looked through the budgets, he noticed that the revenue estimates on institutional reimbursements were virtually the same. The biggest part of this is the costs at Boulder and Galen and the center for the aging. In medicaid eligible costs, they match out of their budget $1 for every $2 of federal money and they bring this back into the general fund as revenue. The two revenue estimates on both budgets were the same but the LFA was recommending substantially less in their budget to match than was the executive. He said the department had recalculated what the revenue should be based on their budget estimate and he believes the revenue then should be substantially higher than estimated either by the LFA or the executive. He feels it will be higher by something larger than $7.4 million.

Sen. Regan stated it was terribly hard to figure out a budget wehn the numbers and the facts are constantly changing. She is not convinced that the projected caselaod increase will go that high and stay there. Mr. LaFaver feels there is a better than 50% chance that their projections are going to be accurate. Chairman Shontz also expressed his concern about the guessing of actual caseloads, and wondered if in another three weeks another number would be given to the committee.

Peggy Williams gave the LFA presentation on the AFDC. She handed out two exhibits (2 & 3). She also addressed the caseload issue. Their indications are that the economy will improve and the caseload will start decreasing. To calculate their caseload projections, the last quarter of calendar year 1982 was extrapolated to an annual caseload based on the percentage that the quarter usually makes up of the annual caseload. Their figures are based on March of 1983 as the high month with the caseload leveling off. The executive had assumed that the caseload will continue to rise through 1984.

The LFA figured the costs at $21,784,800 for FY84 and $23,176,800 based on the original caselaod and $23,719,140 for FY84 and $25,234,740 for FY85 based on the current caseload. They do not agree with the executive that the increased medicaid reimbursement will pay for the increased AFDC caseload.

Page 2 showed some possible language that might be prepared for the AFDC if appropriated funds are not sufficient to provide AFDC to all eligible persons. The department disagreed with the last sentence. Peggy feels that with rules in place, they have the resources to change their payments.

Mr. LaFaver felt this sentence would be unacceptable because of past dealings with trying to change a law. A discussion on changing the administrative rules ensued. At the present time, changing the rules takes 4 months. Sen. Regan suggested a second sentence in the rule concerning the payments that says this is the appropriate payment which shall be given provided x happens. However, if this does not occur then go to another scheduled payment within one month." She said that if the department changed the rule now, it would be in place should the funds not be appropriated.

Peggy Williams then went to to explain funding. It is determined on whether the person receiving AFDC is a ward Indian or other person. The LFA used 19.08% based on actual fiscal 1982 and the executive used 20.07% based on June 1982. The county does not participate in ward Indian costs, therefore the state pays more and the county less. Funding is determined on the ward Indian in two ways; on the ward Indian the federal pays matching rate (64.41% in FY85 and the state pays the remainder) and on other the federal pays matching rate and the county pays 22.5% of non-federal share and the state pays the remainder.

Peggy went on to say that AFDC recipients who are working or who are in a training program are reimbursed for day care expenses and the executive and the LFA came up with slightly different estimates on day care. The LFA used actual 1982 day care costs and inflated them forward and the executive used only 9 months and made this into an annual cost. Mr. LaFaver agreed to come up with revised figures on this.

Mr. LaFaver wanted to clarify which poverty index the committee is referring to. If new language is written into the AFDC payment rule, the nationwide poverty level or statewide poverty level should be distinguished. The LFA has suggested a floor in the payment standard of not lower than 45% of the poverty index. Mr. LaFaver stated that if, in fact, the appropriation is not sufficient and if they rolled it back to 45%, this doesn't give much direction as to what should then be done or enough funding to individual cases.

Tomorrow's public hearings will be on AFDC and the low income energy assistance program. Staff presentations will be made on he low energy income assistance program. Tomorrow's meeting will be at 8 a.m.

The meeting was adjourned at 9:30 a.m.
End Tape 36 Side one

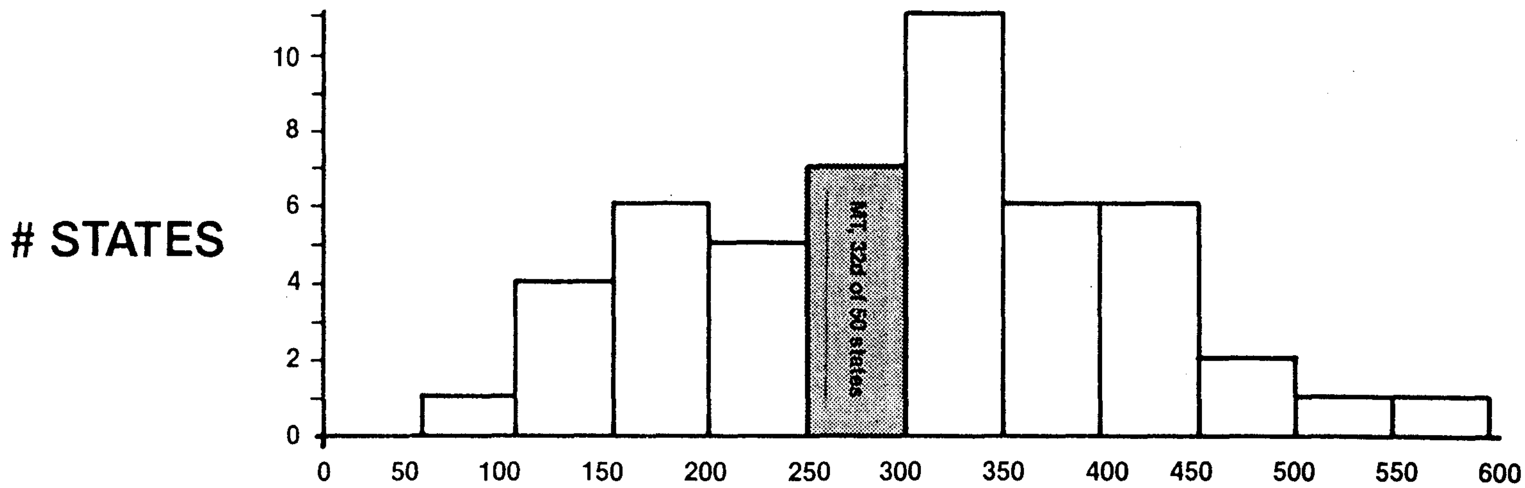
John Shontz, Chairman

Carol Duval

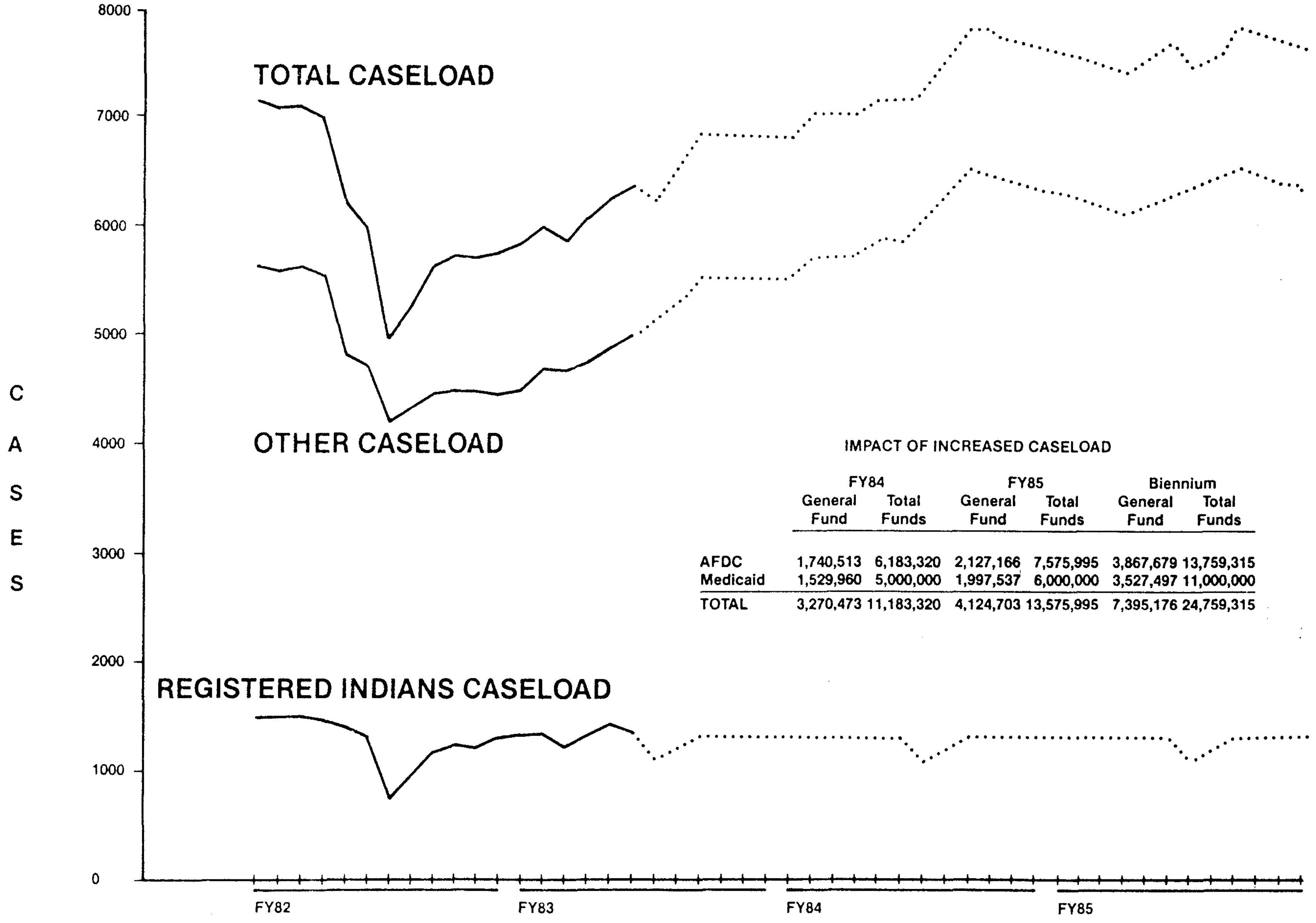
Carol Duval, Secretary

exhibit 1
2/9/83

JULY 1981 MAXIMUM MONTHLY AFDC PAYMENT FOR FAMILY OF 3



NEIGHBORING STATE	CURRENT MAX 3-PYMT	JULY '81 MAX 3-PYMT
N. DAKOTA	$357	$334
S. DAKOTA	321	321
WYOMING	360	315
UTAH	360	367
IDAHO	305	305
MONTANA	332	259
MT RANK	4th	6th



IMPACT OF INCREASED CASELOAD

	FY84 General Fund	FY84 Total Funds	FY85 General Fund	FY85 Total Funds	Biennium General Fund	Biennium Total Funds
AFDC	1,740,513	6,183,320	2,127,166	7,575,995	3,867,679	13,759,315
Medicaid	1,529,960	5,000,000	1,997,537	6,000,000	3,527,497	11,000,000
TOTAL	3,270,473	11,183,320	4,124,703	13,575,995	7,395,176	24,759,315

exhibit 2
2/9/83

AFDC Caseload

ssue: What will be the caseload for AFDC in Fiscal 1984 and fiscal 1985?

LFA estimated 5800 last fall
$\boxed{\text{6315 current projection}}$

Exec estimated 5800 last September
~5600 last November
$\boxed{\left.\begin{array}{l}\text{7305 - FY84}\\ \text{7575 - FY85}\end{array}\right\}\text{current projection}}$

The AFDC caseload is cyclical and peaks in March
LFA looked at the quarterly caseload over the past 3 years. The 2nd quarter of the fiscal year (Oct, Nov, Dec) usually has the lowest caseload. The LFA used the caseload data from 2nd quarter 1982 and extrapolated to an annual caseload (based on the historical relationship between the second quarter caseload and the annual case load.

		FY84	FY85
FA costs -	based on orig. caseload	21,784,800	23,176,800
	based on current caseload	23,719,140	25,234,74

Possible language for AFDC

The payment standard for families under the Aid to Families with Dependent Children program (AFDC) shall be an equal percentage of the poverty index according to family size. The payment standard for a family of two shall not exceed $322 in fiscal 1984 and $343. in fiscal 1985. If appropriated funds are not sufficient to provide AFDC to all eligible persons at the above rates, the department shall decrease the payment standard to not lower than 45% of the poverty index. Notwithstanding any other statute, SRS may change the payment rate with one months notice.

AFDC Funding

Issue: Percent of total AFDC which ~~is~~ are ward indians

LFA used 19.08% (based on actual fiscal 1982)
Exec used 20.07% (based on June 1982)

The county does not participate in ward Indian costs. Therefore, the state pays more and the county less, the higher percentage used for ward indians

How funding is determined:

A. Ward Indian - Fed pays matching rate (64.41% in FY85), and state pays remainder

B. Other - Fed. pays matching rate, County pays 22.5% of non federal share, state pays remainder

DAY Care (AFDC)

	Fiscal 1984	Fiscal 1985
Exec	$552,852	$563,733
LFA	504,201	534,452
Difference	$48,651	$29,281

This difference is due to the LFA using actual Fiscal 1982 day care costs inflated forward. The executive only used nine months and made this into an annual cost. The exec ignored July, Aug. Sept of FY82.

Day Care

AFDC recipients who are working or in training are reimbursed from state and federal sources for day care expenses up to maximum allowable levels. Employment-related day care is calculated as a work-related expense and deducted from earnings when establishing the recipients AFDC payment. These day care costs are included in the section on AFDC.

Training-related day care expense is paid directly to the provider. In fiscal 1982 there was $362,862 of training-related day care. We have increased this amount at 6 percent, resulting in training-related day care costs of $407,712 in fiscal 1984 and $432,174 in fiscal 1985. In addition, IV-A day care costs of $85,875 occurring in fiscal 1982 in the Social Services Program have been transferred to the Assistance Payments Program. The transfer increases day care costs $96,489 in fiscal 1984 and $102,278 in fiscal 1985 for a total cost of $504,201 in fiscal 1984 and $534,452 in fiscal 1985. Day care costs are funded with a 35 percent state, 65 percent federal match.

LOW INCOME ENERGY ASSISTANCE GRANTS

	FY '82 Base	FY '83	FY '84	FY '85
Grant Award	$11,107,295	$11,717,517	$10,377,489	$10,377,489
Prior Year Carryover	-0-	-0-	-0-	-0-
Credits/Vendor Acct.	829,260	-0-	-0-	-0-
Total Available	$11,936,555	$11,717,517	$10,377,489	$10,377,489
DISBURSEMENTS				
State Administration	$ 242,266	$ 256,802	$ 272,210	$ 288,543
Transfer to Title XX	834,362	834,362	1,037,749	1,037,749
Weatherization Transfer	461,383	1,556,623	-0-	-0-
Grants				
HRDC-Administration	$ 547,234	$ 580,068	$ 614,872	$ 651,764
Benefits	5,809,857	6,158,448	6,527,955	6,919,633
Total Grants	$ 6,357,091	$ 6,738,516	$ 7,142,827	$ 7,571,397
Total Disbursements	$ 7,895,102	$ 9,386,303	$ 8,452,786	$8,897,689
Remaining Balance	$ 4,041,453	$ 2,331,214	$ 1,924,703	$ 1,479,800

Balance 1982 =	$ 4,041,453
Balance 1983 =	2,331,214
Balance 1984 =	1,924,703
Balance 1985 =	1,479,800
Total with 10% transfer made	$ 9,777,170
No 1984-85 Transfer } to Title XX	2,075,498
No 1982-83 Transfer } to Title XX	1,668,724
Potential Total	$13,521,392

Funds ~~which~~ can be used to expand weatherization grants or LIEAP energy grants above current level. These funds can be used in fiscal 1983, 1984, or 1985. If the 10 percent transfer is not made to Title XX, there is an additional $2,075,498 available. In addition SRS is asking for a supplemental to back out the 1982 and 1983 Title XX transfer or $1,668,724.

The executive assumes the grants in fiscal 1984 and 1985 will be $11.1 million as opposed to the LFA's $10.4 million.

LIEAP Grant

Allowable Uses:

10% for administration
10% for transfer to Social Services Block Grant
15% for weatherization
25% for carryover to following year

Issues:

1. Should 10% be transferred to Social Services block grant?
2. How much should be used for grants?
3. Should 15% be transferred to weatherization?
4. Should $100,000 be removed from benefits to contracted services (or to audit pgm.) for HRDC audits?
5. Should ~~the~~ 25% of the grant be carried over to the following year?

exhibit 3
2/9/83

LFA p 804

2-9-5?

PROGRAM: ASSISTANCE PAYMENTS

ADMINISTRATION

	1982	1983	1984			1985		
	Actual	Approp.	Executive	Current Level	Difference	Executive	Current Level	Difference
FTE	44.25	44.25	46.75	43.25	(3.50)	46.75	43.25	(3.50)
Personal Services	$ 905,680	$ 961,500	$ 1,153,819	$ 1,097,652	$ (56,167)	$ 1,153,565	$ 1,096,088	$ (57,477)
O.E.								
Contracted Services	$ 797,523	$1,221,825	$ 988,570	$ 870,020	$ (118,550)	$ 1,041,884	$ 922,218	$ (119,666)
Supplies	46,260	143,415	52,231	50,451	(1,780)	56,859	54,970	(1,889)
Communications	57,554	123,460	74,195	66,187	(8,008)	86,485	76,874	(9,611)
Travel	69,799	127,053	75,182	74,389	(793)	77,739	76,894	(845)
Rent	164,903	296,151	185,285	185,279	(6)	196,402	196,392	(10)
Repairs	11,199	29,693	7,845	12,578	4,733	8,315	13,331	5,016
Other	4,508	6,206	2,628	5,062	2,434	2,786	5,363	2,577
Total	$1,151,746	$1,947,803	$ 1,385,936	$ 1,263,966	$ (121,970)	$ 1,470,470	$ 1,346,042	$ (124,428)
Equipment	29,270	2,479	1,750	1,750	-0-	1,815	-0-	(1,815)
Total Admin.	$2,086,696	$2,911,782	$ 2,541,505	$ 2,363,368	$ (178,137)	$ 2,625,850	$ 2,442,130	$ (183,720)
Funding								
General Fund	$ 526,770	$ 296,711	$ 600,529	$ 598,082	$ (2,447)	$ 616,152	$ 616,063	$ (89)
Federal Funds	1,330,802	2,455,506	1,518,189	1,507,840	(10,349)	1,578,513	1,553,174	(25,339)
CSBG	15,551	15,141	30,710	17,473	(13,237)	31,509	18,522	(12,987)
LIEAP	213,575	144,424	392,077	239,973	(152,104)	399,676	254,371	(145,305)
Total	$2,086,696	$2,911,782	$ 2,541,505	$ 3,363,368	$ (178,132)	$ 2,625,840	$ 2,442,130	$ (183,720)

PROGRAM: ASSISTANCE PAYMENTS

BENEFITS

	1982 Actual	1983 Approp.	1984 Executive	1984 Current Level	1984 Difference	1985 Executive	1985 Current Level	1985 Difference
AFDC	$18,592,460	$21,016,919	$22,196,352	$21,784,800	$ (411,552)	$23,617,233	$23,176,800	$ (440,433)
Weatherization	1,816,095	1,360,000	1,281,006	2,040,564	759,558	1,280,178	2,162,998	882,820
LIEAP	5,989,214	12,946,888	11,443,622	10,045,251	(1,398,371)	10,837,343	11,652,491	815,148
CSBG	-0-	1,341,660	1,121,491	1,135,914	14,423	1,120,730	1,134,865	14,135
Workfare	-0-	153,900	162,980	-0-	(162,980)	173,411	-0-	(173,411)
Non-Resident G.A.	27,783	38,540	50,000	33,754	(16,246)	50,000	35,779	(14,221)
Training	188,671	350,000	150,000	150,000	-0-	175,000	175,000	-0-
F.S. Insurance	77,357	85,209	29,062	29,090	28	30,922	30,835	(87)
Day Care	362,862	501,729	(IN AFDC)	504,201	504,201	(IN AFDC)	534,452	534,452
Total	$27,054,442	$37,794,845	$36,434,513	$35,723,574	$ (710,939)	$37,284,817	$38,903,220	$ 1,618,403
Funding								
General Fund	$ 5,359,462	$ 6,188,417	$ 6,504,035	$ 6,414,535	$ (89,500)	$ 6,972,564	$ 6,823,591	$ (148,973)
Federal Funds	14,459,155	15,873,635	15,885,523	16,699,301	813,778	16,758,799	17,764,738	1,005,939
3rd Party	95,809	108,802	82,266	82,272	-0-	95,231	95,209	(22)
Co. R.A.	1,150,802	1,335,443	1,397,576	1,346,301	(51,275)	1,500,150	1,432,326	(67,824)
CSBG	-0-	1,341,660	1,121,491	1,135,914	14,423	1,120,730	1,134,865	14,135
LIEAP	5,989,214	12,946,888	11,443,622	10,045,251	(1,398,371)	10,837,343	11,652,491	815,148
Total	$27,054,442	$37,794,845	$36,434,513	$35,723,574	$ (710,939)	$37,284,817	$38,903,220	$ 1,618,403

SRS:cm::b2

exhibit 4
2/9/83

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

4
2-9-83

TED SCHWINDEN, GOVERNOR

P.O. BOX 4210

STATE OF MONTANA

HELENA, MONTANA 59604

(406) 449-2995

TO: Representative John Shontz
Chairman, Human Services Appropriation Subcommittee

FROM: Jack Ellery, Administrator
Developmental Disabilities Division

RE: Specialized Foster Care

DATE: February 8, 1983

The Division's proposal is to serve 30 children in specialized foster care homes. This service is needed as a part of community based services because at present there is no existing service to meet the needs of many children who cannot remain in their natural homes or cannot be served in the existing foster home system. The only alternatives for these children are placements in institutions, nursing homes, out-of-state facilities, or children's group homes. All of these alternatives are more restrictive, less normal, and more costly than the proposed specialized foster care homes.

The children selected for these specialized foster care homes will have one or more of the following characteristics: 1) severe or profound retardation, 2) multiple physical handicaps, and 3) severe maladaptive behavior problems. Included in the proposal is an assessment process to set entrance criteria for the service which will ensure that only children who cannot be served in natural and traditional foster homes will be included in this service program. The specific 30 children have not been selected and cannot be selected until the assessment and screening processes are completed. The children selected are expected to come from the following populations:

	No. of Children
1. Nursing Homes--There are at least 15 children presently placed in nursing homes at skilled or intermediate care levels. Most of these children could be served in a specialized foster home. The average nursing home cost is $15,000.	15
2. Out-of-State--There are at least 6 DD children who are placed in out-of-state facilities with Montana paying $36,000-$60,000 a year, per child, for these placements.	6

	No. of Children
3. Children's Group Homes--There are presently 51 children in these group homes, with a per year cost of about $26,000, per child. Many of these children could more appropriately be served in specialized foster homes.	51
4. Waiting Lists for Children's Group Homes--There are 40 children on waiting lists for children's group homes. Many of these children would not need this level of care and service if a specialized foster care home were available.	40
5. Institutions--There are at least 10 children presently at BRSH, WSSH and Eastmont who could better be served by this model. The costs at the institution are $45,000-$55,000 per year.	10
TOTAL CHILDREN --	122

These specialized foster homes are different from current foster care homes in the following areas: 1) families are provided intensive training on developmental disabilities, behavior management techniques, and skill training techniques; 2) on-going monthly training sessions are provided; 3) training programs must be run and documented by families; 4) reimbursement to families is comensurate with training and care expectations; 5) there is an administrative structure to provide trainers to assist families and to ensure continuity of the foster care placement; 6) families make commitments to a child's care which ensures stability of the placement; 7) the families form a support group to each other for emotional support and respite relief; and finally 8) the family is recruited to meet the needs of a specific child.