

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 54th LEGISLATURE - REGULAR SESSION

JOINT SUBCOMMITTEE ON HUMAN SERVICES & AGING

Call to Order: By CHAIRMAN JOHN COBB, on February 1, 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 SOCIAL & REHABILITATIVE
SERVICES
Executive Action: DEPARTMENT OF FAMILY SERVICES: Program
Management Division

Lois Steinbeck, Legislative Fiscal Analyst's (LFA) office, said
that after review of statutes with Greg Petesch, Code
Commissioner, Legislative Council, a determination was made that
the subcommittee can legally line-item an appropriation by
including restrictive language in the appropriations act.

EXECUTIVE ACTION ON DEPARTMENT OF FAMILY SERVICES PROGRAM MANAGEMENT DIVISION

{Tape: 1; Side: A; Approx. Counter: 6.3}

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

Motion/Vote: CHAIRMAN COBB MOVED TO ACCEPT \$137,181 IN FY96 AND
\$143,231 IN FY97 FOR PERSONAL SERVICES; \$1,822 IN FY96 AND \$3,728

IN FY97 FOR INFLATION/DEFLATION; AND (\$18,727) IN FY96 AND (\$18,610) IN FY97 FOR FIXED COSTS. Motion CARRIED 4-2 with SEN. SWYSGOOD and SEN. BURNETT voting no.

BUDGET ITEM: Contracted Services:

a. Refinancing Contracts:

Ms. Steinbeck spoke on language in 1993's HB 2 requiring the Department of Family Services (DFS) to develop community-based family support services for children at risk of abuse or neglect and to develop services for children placed in or who are at risk of being placed in juvenile corrections facilities, and to provide a report to this legislature including the number and types of services developed, families served and effectiveness of services delivered. **EXHIBIT 1.**

Based on the success of these efforts, DFS was appropriated additional federal funds. As DFS collected more federal funds and more state special revenue from parental contributions this revenue was to be applied to the cost thereby freeing up general fund which would be applied to the new services. DFS had a time lag and was receiving refinancing money before the Partnership program was operating. DFS put all the funds from refinancing in a "pot" and went ahead and spent general fund instead of spending the recovered federal and state special funds. That practice violated generally accepted accounting principles as well as a section of state law. DFS will probably get another audit exception for this practice.

If DFS continues to collect additional revenues - federal revenue, parental contributions, child support enforcement - general fund will be freed in the budget next biennium. DFS has chosen to use the freed up general fund to do more preventative services. There are only two sources of federal funds for preventive services, so preventive services are almost 100% general funds.

Hank Hudson, Director, Department of Family Services, explained the federal family preservation grants has to be used in a broader context than the state targets with the Partnership project. The family preservation grants are not part of refinancing. The Partnership project doesn't cost the general fund any money and should not be punished or penalized for offering families the preventive services they have requested.

SEN. LYNCH said that even through Partnership money isn't directly spending general fund, it does prevent general fund from being freed up for other areas.

Ms. Steinbeck suggested the subcommittee could set limits on the amount for Partnership of a specific amount of state special revenue and federal funds that could be offset and then DFS would

have to reduce general fund to increase federal funds in its budget.

SEN. CHUCK SWYSGOOD is concerned that moving foster care money to Partnership then causes foster care to request a supplemental. It becomes difficult for the legislature to track these funds.

SEN. LYNCH asked where DFS found \$4 million for Partnership and how much there were estimating for the next biennium. **Mr. Hudson** explained \$4 million was the maximum amount authorized. DFS actually refinanced approximately \$2.1 million. An additional \$2 million is estimated for the next biennium.

Ms. Steinbeck said DFS should identify how much of that money is federal funds and how much is state special revenue. **Mr. Hudson** said state special revenue is parental contributions, which will be approximately \$500,000.

Ms. Steinbeck said the subcommittee first needs to decide whether to authorize refinancing; then how much to authorize; and then to decide if the subcommittee should determine what kinds of services within policy guidelines are to be developed. The Executive only identifies federal funds, but if parental contributions and child support are to be used as state special revenue for Partnership, the subcommittee needs to make clear how much is authorized from each source.

CHAIRMAN COBB asked what would happen to Partnership if refinancing were not reauthorized. **Mr. Hudson** said Partnership would cease to exist. **Ms. Steinbeck** said DFS could then be directed to reduce general fund dollar for dollar when federal funds are collected.

REP. BARNHART asked how much would be refinanced without state special revenue. **Ms. Steinbeck** said the Executive has asked for \$2 million federal funds each year of the biennium. There is no refinancing authority in state special revenue except for the Montana Youth Alternatives proposal which the subcommittee has already approved. **Mr. Hudson** said DFS will be asking for language similar to HB 2 in 1993 that says if additional money is recaptured than Partnership could use that.

CHAIRMAN COBB asked if that language would put DFS back into the legal problems with Partnership funds they've just experienced. **Ms. Steinbeck** explained there was a cash flow problem which caused DFS to hold recovered funds to the side rather than spending them immediately on services. As long as the refinancing continues this will no longer be a problem.

Mr. Hudson presented the refinancing summary. **EXHIBIT 2**

SEN. SWYSGOOD asked how much money it takes to get the \$2 million federal funds asked for in refinancing. **Ms. Steinbeck** answered that this \$2 million is referred to as "hollow" authority. As

DFS qualifies more families for emergency services they recapture federal money or as DFS finds more children eligible for Title IVE funds, that child would have been served with 100% general fund before now it will be 30% general fund and 70% federal funds. If enough of that is done, DFS will be above the regular appropriation and then could move into the "hollow" authority which would offset and free up general fund.

SEN. SWYSGOOD said he is concerned that Partnership is a new program and new programs always seem to evolve at the expense of other programs, in this instance foster care. Foster care may have to come in for a supplemental because of the Partnership program, so regardless of the good services provided by Partnership is will be jeopardizing other programs that may be mandated by law or statute.

Mr. Hudson said traditionally the foster care budget has overrun its appropriation. In the past, before line-itemed budgets, DFS would take money from other projects such as the computer system or prevention, to cover these overruns. This meant updates to the computer system and increases in preventive programs weren't being done, which is one of the reasons the 1993 legislature line-itemed the Partnership budget. What is needed is an accurate caseload projection and funding for foster care.

SEN. LYNCH said Partnership and foster care budgets should be tied together. If through Partnership children can stay at home, that saves money in foster care. This saved money should be identified and given back to Partnership programs.

SEN. SWYSGOOD said that even with the Partnership programs the roles of foster care are increasing. All kinds of new programs are being created to eliminate problems yet the problems keep getting worse.

SEN. LYNCH responded that unfortunately a sign of our times is that there's more kids in trouble than ever before. Even with Partnership there will be more kids needing foster care, but Partnership programs will slow this natural increase.

REP. BARNHART commented that Partnership had only been in operation since the Fall of 1994 and the evaluation process of the program will show clearer success rates in the next session.

CHAIRMAN COBB asked if the \$80,000 spent in Partnership since December was for startup or is part of the carryover to the next biennium. **Kate Mrgudic, Partnership Project Coordinator, Department of Family Services**, answered that the \$80,000 is the funds obligated for the fiscal year, not money spent to date. Most of the contracts started either September 1 or October 1, one project started July 1. This year's fund is prorated to the end of the fiscal year.

REP. BETTY LOU KASTEN said eastern Montana for the past several years has been allowed to use some foster care budget for preventive services which is the kind flexibility needed in the rest of the state. **Mr. Hudson** said eastern Montana was allowed to develop additional family based services because they could do so within their foster care allotment even though some of their allotment was used to balance the state foster care budget through reallocation to other regions.

SEN. LYNCH asked what was done in Partnership prior to the start-up of services in September 1994. **Ms. Mrgudic** explained the process began in January, 1994 when community coalitions were asked to look at services available, service gaps, and services the community could provide through Partnership. Existing organizations were used to implement these new services. In Idaho, which began a similar service in 1987, foster care placement has reduced by 70%, which was the result of a systematic endeavor to shift from a primarily investigative agency to a family centered agency. Based on Idaho's experience, it is estimated that it will be two to four years before a decline in foster care placements begin and there will always be some need for foster care.

CHAIRMAN COBB suggested that Partnership be funded by general fund up front without refinancing, then put more money into Partnership as foster care growth declines.

REP. KASTEN asked what the Montana Council for Families is and how its \$100,000 budget was used. **Ms Mrgudic** answered there are not FTE in DFS dedicated to Partnership and the contract with the Montana Council for Families pays for her salary, the start-up compilation of research, travel to the partnership communities, facilitating meetings, etc. There is also a child abuse prevention conference planned for April to provide technical assistance.

SEN. SWYSGOOD asked if all 56 Montana counties were given the opportunity to apply for Partnership funds. **Ms Mrgudic** said the initial proposal was to target one community in each region. There are actually 20 communities around the state. The decision was made to choose communities that had the highest evidence of risk factors and had a working coalition that could hit the ground running with Partnership services. The funds were not make available to all 56 counties.

SEN. SWYSGOOD asked why in some communities, such as Billings, more than one agency is providing services. How does this prevent duplication of services. **Ms. Mrgudic** answered that each community coalition was encouraged to make their own decisions about the use of partnership funds. Some communities, such as Billings, determined that several different agencies could most effectively provide different parts of the whole Partnership package rather than relying on one organization. In Dillon the

funds all go to the community development council which then funds several different programs.

{Tape: 1; Side: B}

SEN. SWYSGOOD said the Partnership program is good and can be effective in keeping foster care placement from growing at an uncontrollable pace, but he is still concerned about the structure of the delivery of services and how the Family Preservation Grant money enters into the picture. It seems it would be better to have one agency in each community doing the Partnership program rather than splitting it between several agencies.

Mr. Hudson explained the Family Preservation Grant has some populations included in their services that aren't in Partnership, such as preserving adoptive families, preserving foster care placements, and coordinating with tribal governments. **Ms. Mrgudic** said the Partnership and Family Preservation programs are coordinated through the local family service advisory council.

{Tape: 1; Side: B; Approx. Counter: 4.5}

Motion/Vote: CHAIRMAN COBB MOVED TO CHANGE THE TERM "REFINANCING CONTRACTS" TO "PARTNERSHIP CONTRACTS". Motion CARRIED unanimously.

Motion/Vote: CHAIRMAN COBB MOVED TO ACCEPT \$2 MILLION FEDERAL FUNDS PLUS \$150,000 STATE SPECIAL REVENUE IN EACH YEAR OF THE BIENNIUM FOR PARTNERSHIP CONTRACTS AND REQUIRED THE DEPARTMENT TO PROVIDE THE RESULTS OF DR. TRANKEL'S FINDINGS TO THE NEXT LEGISLATURE.

Discussion: Doug Matthies, Chief Budget Officer, Management Support Services Division, DFS said DFS is projecting for FY95 \$110,000 of state special revenue from parental payments and child support.

SEN. SWYSGOOD said there should be data to support Partnership has slowed the growth of foster care placement, so decisions can be based on program productivity. The Office of Budget and Program Planning also needs a copy of Dr. Trankel's findings.

SEN. KASTEN asked the total amount of funding proposed for Partnership. **Ms. Steinbeck** answered if DFS recaptures \$2 million of refinancing authority they could put up to \$2 million of general fund in Partnership projects. DFS has initiated \$800,000 worth of programs which are not annualized because of the staggered start-up dates. DFS is asking for nearly the same authority given last biennium, which was \$2.7 million each year with up to \$3 million with the language.

SEN. SWYSGOOD asked if this authority gives DFS up to \$2 million of general fund for Partnership. **Ms. Steinbeck** answered that DFS

would recapture state special and federal funds that would go into foster care which would free up to \$2 million of general fund to spend on Partnership. Title IV money must be used on the child who's eligible and can't be used in other projects not directly serving that child. Presumably Title IV and parental contributions would free up general fund for Partnership.

SEN. SWYSGOOD expressed concern that spending freed general funds in Partnership rather than in foster care may cause foster care to have to request a supplemental. **Mr. Hudson** suggested this concern could be alleviated by making a resolution to approve the \$2 million a year contingent upon DFS obtaining the federal money. If DFS has a realistic foster care budget then there should be no need for a supplemental even with funds going to the Partnership programs.

Vote: Motion CARRIED 4-2 with **SEN. SWYSGOOD** and **SEN. BURNETT** voting no.

Ms. Steinbeck said there should be direction from the subcommittee on how the Partnership money should be reflected in the budget. The contracts provide direct services to individuals but are budgeted in benefits. The budget should be consistent through the years and reflect how the committee believes the money is going to be spent - in operating or benefits.

Mr. Hudson reported the 1993 legislature directed refinancing specialist be hired with some of the refinancing money to do the paperwork. Six FTE were hired.

Ms. Steinbeck said there is one refinancing specialist in each region. These specialists allow DFS to comply with the financial audit finding to assure Title IV records were accurate so there would be no federal fines. These FTE are in the administrative budget and are not covered by the \$2 million Partnership funds.

Motion/Vote: CHAIRMAN COBB MOVED TO DIRECT DFS TO RECORD DIRECT SERVICES COSTS AS A BENEFIT EXPENDITURE AND NOT AS AN OPERATING EXPENSE. Motion CARRIED unanimously.

b. Day Care Contracted Services

The subcommittee agreed to consider all day care issues together.

c. Foster Care Tribal Contracts

Ms. Steinbeck explained that DFS contracts with several tribes to administer protective services. The budget is funded 50% from general fund and 50% from federal funds. The amount in the budget brings the level of contracts up to the amount that was negotiated with the tribes. The tribes did not bill DFS for the full cost of their contract in FY94.

Shirley Brown, Administrator, Program Management Division, DFS, said the total of contracts for four tribes is \$215,000 but DFS was only billed for \$197,410 as of December 1994. In addition to the \$215,000 DFS is asking for another \$20,000 to extend contracts for two other tribes.

Mr. Hudson explained the \$20,000 for the other two tribes were for a partial contract that reduces some FTE workload from DFS.

CHAIRMAN COBB asked if there are Partnership programs in the tribes. **Mr. Hudson** answered two tribes have Partnership programs but the other four tribes are only foster care contracts.

CHAIRMAN COBB asked if the contracts could become contingent on the tribes starting Partnership programs. **Ms. Brown** explained that these contracts are through Title IV foster care funds which the tribes legally can only access through DFS. DFS cannot deny these funds to the tribes.

REP. BARNHART said she understood the tribes get Family Preservation funds. **Ms. Brown** said the four tribes without Partnership programs get Family Preservation funds directly from the federal government.

Motion/Vote: **CHAIRMAN COBB MOVED TO ACCEPT \$84,288 IN EACH YEAR OF THE BIENNIUM FOR FOSTER CARE TRIBAL CONTRACTS. Motion FAILED 3-3 with REP. KASTEN and SEN. SWYSGOOD voting, no.**

d. Program Administrative Consulting Services

Ms. Steinbeck explained that part of this increase is offset by the reductions recorded in benefits last time.

Mr. Matthies said approximately \$35,000 of this adjustment is to move in-house training money that had been reported in benefits into operating. The other approximately \$20,000 is for contracts to West Yellowstone for social services and to Lewis & Clark County Health Department for a program.

SEN. SWYSGOOD asked if these funds would be approved under "grants" if they weren't approved under "operating." **Mr. Matthies** answered these funds would have to be restored to "grants" since they were moved into "operating" for this request. It is the same amount as 1994, no increase is being requested.

SEN. LYNCH asked why the Lewis & Clark County Health Department is the only county with this particular contract. **Mr. Matthies** said the history is that sometime prior to 1981 the department was doing home visits and an agreement was made between the Department of Social and Rehabilitative Services (SRS) and the health department to contract with the Lewis & Clark County Health Department to do these home visits.

SEN. LYNCH said this contract for Lewis & Clark County has been going on forever and should be stopped. "I'm voting no".

CHAIRMAN COBB said that Lewis & Clark county got a federal grant to do preventative care in rural communities but nothing has been done in Lincoln.

Motion: **CHAIRMAN COBB** MOVED TO APPROVE \$35,995 EACH YEAR OF THE BIENNIUM FOR MAP TRAINING COORDINATORS FOR PROGRAM ADMINISTRATION CONSULTATION SERVICES.

Discussion: **REP. KASTEN** asked for an explanation of the contract with West Yellowstone.

Mr. Matthies said it is a joint contract with SRS, DFS and the Gallatin County Health Department to provide a wide range of social services in West Yellowstone. West Yellowstone is too far away from services in Bozeman to get fair access to services. This contract pools funds from the three agencies to have one full time worker located in West Yellowstone.

SEN. LYNCH commented that West Yellowstone should be able to pay for this service since they have a sales tax.

SEN. LYNCH asked why MAP is in consulting services rather than somewhere else in the budget. **Mr. Matthies** answered that this program trains potential foster care and adoptive parents. DFS does not have the ability in-house to conduct this training.

Vote: Motion CARRIED unanimously.

Motion/Vote: **REP. BARNHART** MOVED TO APPROVE \$5,148 IN EACH YEAR OF THE BIENNIUM FOR THE CONTRACT WITH WEST YELLOWSTONE FOR SOCIAL SERVICES ADMINISTRATION. Motion FAILED with **REP. KASTEN**, **SEN. LYNCH** and **SEN. BURNETT** voting no.

The subcommittee did not act on the contract with the Lewis & Clark County Health Department.

e. SSI Contracts

Ms. Steinbeck said this is 100% general fund to pay for the processing of SSI payments by the federal government.

Mr. Matthies explained that the state supplemental SSI program is a payment added on to the federal SSI. The state sends a monthly payment to the federal SSI which then includes the supplemental SSI payment in the federal check to recipients. This saves the state from cutting roughly 1,000 checks a month for supplemental SSI. In 1994 the federal government decided to start charging a processing fee of \$1.67 per check, rising to \$3.33 in 1995 and topping at \$5.00 in 1996 which will be the

processing fee into the future. If the state stops using the federal system the state will have to set up their own payment system, including collections on overpayments etc.

SEN. SWYSGOOD asked if the supplemental SSI program is mandated. **Mr. Hudson** answered it is a state initiated effort to get people out of institutions and into home life settings. Regular SSI payments are generally not enough to cover personal care services. In order to get people out of group homes and into personal care services the state instituted supplemental SSI.

Motion/Vote: SEN. LYNCH MOVED TO ACCEPT \$47,195 GENERAL FUND EACH YEAR OF THE BIENNIUM FOR SSI CONTRACTS. Motion CARRIED unanimously.

f. Independent Living Contracts

Judy Garrity, Children's Services Refinancing & Compliance, Program Management Division, DFS, explained that in order to receive money from the federal government to provide independent services for youth care, the state must be sure their life skills are assessed and there is a transitional living plan based on the assessment of their skills. Beginning in 1995 DFS has contracted with the University of Montana to provide those services. All the money is federal funds.

Motion/Vote: CHAIRMAN COBB MOVED TO ACCEPT \$22,342 IN EACH YEAR OF THE BIENNIUM FOR INDEPENDENT LIVING CONTRACTS. Motion CARRIED 5-1 with SEN. SWYSGOOD voting no.

g. Aging Contracts

Motion/Vote: SEN. SWYSGOOD MOVED TO ACCEPT (\$22,340) IN EACH YEAR OF THE BIENNIUM FOR AGING CONTRACTS. Motion CARRIED unanimously.

BUDGET ITEM: Statewide Indirect Costs

Ms. Steinbeck said the last special session passed a statewide indirect cost recovery against state special revenue funds. This is 100% state special revenue and allows DFS to pay Department of Administration to offset the general fund cost of statewide services such as personnel and accounting.

Motion/Vote: REP. KASTEN MOVED TO ACCEPT \$55,894 IN FY96 and \$56,011 in FY97 FOR STATE INDIRECT COSTS. Motion CARRIED unanimously.

BUDGET ITEM: Rent; Other Reductions in Operating Costs; Equipment

Motion/Vote: SEN. LYNCH MOVED TO ACCEPT (\$17,287) IN EACH YEAR OF THE BIENNIUM FOR RENT; (\$9,475) IN FY96 AND (\$9,592) IN FY97 FOR OTHER REDUCTIONS IN OPERATING COTS; AND (\$59,533) IN FY96 AND (\$59,078) IN FY97 FOR EQUIPMENT. Motion CARRIED unanimously.

BUDGET ITEM: Foster Care Caseload; Day Care

The subcommittee delayed action on foster care caseload and day care until caseload numbers are presented from DFS.

{Tape: 2; Side: A}

BUDGET ITEM: Provider Rate Increases

Motion/Vote: SEN. LYNCH MOVED TO APPROVE 1.5 PERCENT PROVIDER RATE INCREASES FOR DOMESTIC VIOLENCE, CHEMICAL DEPENDENCY, AND BIG BROTHERS/BIG SISTERS. Motion FAILED 3-3 with REP. KASTEN, SEN. SWYSGOOD and SEN. BURNETT voting no.

Action on the day care provider rate increases was set aside to be discussed with all day care issues.

BUDGET ITEM: Therapeutic Group Home

Ms. Steinbeck explained that therapeutic group homes are a Medicaid eligible benefit. The amount in the present law adjustment is general fund only. The federal match is included in SRS. The total in the Executive budget each year of the biennium if the subcommittee accepts this is \$1.6 million FY96 and about \$1.7 million if FY97 which is about a 50% increase over FY94 expenditures. Part of the supplemental in residential psychiatric treatment and foster care in FY94 was driven by the hard-to-serve youth that lost Medicaid eligibility in residential sites because they failed to show the level of improvement needed to maintain eligibility. These youth were then served with 100% general fund. DFS sent out an RFP for therapeutic group homes to accept these youth so they would again be Medicaid eligible. Some children were brought back from out of state or residential care and put in therapeutic group care which is part of the expansion in present law adjustment.

SEN. LYNCH asked if this is contingent on legislative acceptance of the managed care concept. **Ms. Steinbeck** answered if managed care is not approved DFS will continue to operate this program. If managed care is approved, therapeutic group care is identified to roll into managed care. If this level of expenditure is not approved DFS would have to find other resources to continue the placements. There would also be less to spend in managed care.

Jack Ellery, Administrator, Management Support Services Division, DFS said DFS refinanced 92 group home beds which generated some savings. An additional 52 beds across the state were established, of which 22 were targeted for very difficult youth in residential treatment facilities who were costing upwards of \$300 a day, all general fund. Instate treatment has maintained fairly constant over the past several years and out-of-state treatment has dropped substantially. Even though expenditures are up in this category DFS is not expending as much money as it would have.

Motion: SEN. LYNCH MOVED TO ACCEPT \$829,215 IN FY96 AND \$868,626 IN FY97 FOR THERAPEUTIC GROUP HOME.

SEN. SWYSGOOD asked where these savings are reflected. Mr. Hudson explained these children would be in out-of-state residential treatment without these services. The savings are in a smaller supplemental.

Vote: Motion CARRIED unanimously.

BUDGET ITEM: Supplemental Security Income

Ms. Steinbeck said the budget is increased because of case load growth and the downsize of the Montana Development Center (MDC). This is phase four of a redesign initiated two bienniums ago. It moves 18 residents out of Montana Development Center into the community.

SEN. LYNCH asked if the budget for MDC reduces accordingly. Mr. Schmitz answered this adjustment is for the continued development and downsizing of MDC to bring it into the capacity the facility will accommodate.

Motion/Vote: SEN. LYNCH MOVED TO ACCEPT \$112,800 IN FY96 AND \$245,904 IN FY97 FOR SUPPLEMENTAL SECURITY INCOME. Motion CARRIED unanimously.

BUDGET ITEM: Family Based Services

Ms. Steinbeck said family based services were initiated two bienniums ago. These contracts were 100% general fund, but DFS now has about \$60,000 of this increase in refinancing authority. \$371,000 was approved by the last legislature to continue these projects. The amount budgeted represents the ongoing level of contracts that are implemented in FY95. There is \$252,000 of general fund in the foster care budget for family based contracts. The subcommittee may want to centralize all the family based services contracts in one place instead of having a portion of them in the foster care budget.

SEN. SWYSGOOD said it is an excellent idea to put all family based services in one budget so the legislature can track what is going on with the programs.

Mr. Hudson said the reason family based service funds are in different parts of the budget is because in two regions of the state the foster care budgets allow some discretion is putting funds into family based services. It wouldn't create a problem to centralize these funds in one budget area.

Ms. Steinbeck said as long as emergency funds are available under the federal budget a lot of families should be able to be served at 50% federal fund and 50% general fund. Right now the total family based services contract is \$640,000 but only \$60,000 of that is federal authority in the Executive budget.

SEN. SWYSGOOD said DFS should retain the flexibility to allow the most effective delivery of services possible, but the budget should be written in a way that's easy to track.

SEN. LYNCH asked if this budget item is all general fund. **Ms. Steinbeck** said she didn't know how the family based services contracts are funded in the foster care budget, but it is right now all general fund. It is one of the areas of the \$230,000 increase over the Executive budget for foster care DFS has asked for from its revised estimates.

SEN. SWYSGOOD asked why the revised caseload figures haven't been submitted to the subcommittee. **Mr. Matthies** explained the most recent figures are being discussed with the Office of Budget and Program Planning to be sure the methodology and calculation are acceptable before presenting the numbers to the legislature.

The subcommittee delayed action on this issue until the new foster care caseload figures are available.

BUDGET ITEM: Alcohol and Drug Treatment

Ms. Steinbeck said chemical dependency has been budgeted by the legislature for at least the last three biennia at \$213,300 general fund. The youth that are served by this general fund must meet AFDC eligibility criteria and they must be adjudicated. In the past DFS has set aside money for the full 40 days of treatment. In the last two bienniums there have been reversions in the general fund appropriation because DFS does not determine whether a child has completed the treatment. The subcommittee could either budget at the level expended or direct DFS to reassess the method it uses to allocate these funds.

Mr. Ellery said DFS is working on procedures that will allow tracking of the services. If a child spends less than 40 days in treatment, the money will be reallocated for treatment for another child.

Motion/Vote: REP. BARNHART MOVED TO ACCEPT \$52,261 IN EACH YEAR OF THE BIENNIUM FOR DOMESTIC VIOLENCE. Motion FAILED 1-4 with REP. BARNHART voting yes. SEN. LYNCH was not present for the vote.

BUDGET ITEM: Domestic Violence

Motion/Vote: CHAIRMAN COBB MOVED TO ACCEPT \$46,402 IN EACH YEAR OF THE BIENNIUM FOR DOMESTIC VIOLENCE. Motion CARRIED 4-1 with SEN. BURNETT voting no. SEN. LYNCH was not present for the vote.

BUDGET ITEM: Aging/Independent Living Center/Other Grants

Mr. Schmitz said this item is an increase in federal money to bring DFS up to the current grant awards.

Motion/Vote: CHAIRMAN COBB MOVED TO ACCEPT \$311,491 IN EACH YEAR OF THE BIENNIUM FOR AGING/INDEPENDENT LIVING/OTHER GRANTS. Motion CARRIED 4-1 with SEN. SWYSGOOD voting no. SEN. LYNCH was not present for the vote.

BUDGET ITEM: Refinancing Benefits; Program Administration Grants; Residential Treatment Center Match

Motion/Vote: REP. KASTEN MOVED TO ACCEPT (92,180) IN EACH YEAR OF THE BIENNIUM FOR REFINANCING BENEFITS; (\$49,556) IN EACH YEAR OF THE BIENNIUM FOR PROGRAM ADMINISTRATION GRANTS; AND (\$1,393,017) IN EACH YEAR OF THE BIENNIUM FOR RESIDENTIAL TREATMENT CENTER MATCH. Motion CARRIED 5-0. SEN. LYNCH was not present for the vote.

BUDGET ITEM: Transfers

The subcommittee did not take action on this item because it is budgeted twice in the Executive budget. It is budgeted in SRS which is the correct area.

OTHER ISSUES

Motion/Vote: REP. BARNHART MOVED TO REQUEST A COMMITTEE BILL TO ALLOW THE YOUTH COURTS TO INCLUDE THE COSTS OF HANDLING YOUTHS TO INCREASE PARENTAL CONTRIBUTIONS. Motion CARRIED unanimously.

Motion/Vote: REP. KASTEN MOVED TO REQUEST A COMMITTEE BILL FOR THE DEPARTMENT OF HEALTH TO NO LONGER BE REQUIRED TO LICENSE HOUSES OF OWNERS WHO RENT THEIR HOUSES OUT FOR MORE THAN 30 DAYS. Motion CARRIED unanimously.

HEARING ON DEPARTMENT OF SOCIAL AND REHABILITATIVE SERVICES
CHILD SUPPORT ENFORCEMENT DIVISION

{Tape: 2; Side: A; Approx. Counter: 38.2; Comments: Beginning of this section not on tape.}

Judge Larson, Missoula, requested the subcommittee support a computerization project that would allow the courts and Child Support Enforcement Division (CSED) to better communicate. Marriage dissolutions are entered in district courts at which time a child support entry is made or deferred to CSED. There are often gaps in records about child support payments and up to three month backlogs of requests from CSED for copies of the initial decrees.

Mike Billings, Administrator, Operations and Technology Division, SRS, spoke about linking the System for Enforcement and Recovery of Child Support (SEARCHES) program to district courts to make records needed by CSED available almost instantly. In a pilot project in Missoula there is already access to SEARCHES for county attorneys. Every courthouse has a linkage to the state main frame at least through their revenue programs. From a legal standpoint there is no problem linking judges to SEARCHES because they are law enforcement officers. SEARCHES is already in place, so would probably be less expensive than introducing a new system. SEARCHES would require some training for individual users, but feedback from other SEARCHES users indicate it is a straightforward system to learn and use.

Judge Larson said the courts need to see the payment records of the obligator because the courts are charged with enforcement of child support decrees. When CSED has the file and collects and then turns it back to the courts to collect there is a gap in the records. This also impacts land transactions because those judgements for child support are liens, so gaps in the records slow down decisions. CSED needs from the courts the original filing documents on child support and determinations of child support. This information can be scanned in through SEARCHES or it can be put on disc.

Allen Newell used a computer monitor to show the subcommittee compact disc software specifically designed for use in courtrooms. The software scans hard copy documents to disc. The document on disc cannot be changed which allows it to be entered into court as a real document. A portable computer is all that's needed for operation of this software. The system allows cleaner copies of microfilm and older documents. It can also create a docket sheet with bar codes so files can be pulled up by scanning the bar code. **EXHIBIT 3** This software ties to virtually any off-the-shelf data base. This software is flexible, easy and inexpensive in the terms of upkeep. A pilot project would cost about \$25,000 to test the system between the Missoula District Court and SRS.

Judge Larson said the courts don't want to spend money, but do want to share information and coordinate so employers aren't confused on who to pay, obligator aren't confused about who to pay, the court knows how much has been paid and people who rely on judgements in court for property transfers and other things know if there is an outstanding judgement.

REP. KASTEN asked if all the decree information is needed. **Mr. Billings** said it is not a problem to copy the entire decrees and extract what is needed.

Mr. Newell said another advantage in the long term to disc technology is it can store 10,000 - 15,000 pages on one disc, which solves paper storage problems. Courts are beginning to accept this type of media for archival storage.

CHAIRMAN COBB said the subcommittee needs to know if all sides are in agreement on the type of system to use; what the time frame for implementing the project is and where the funding is going to come from.

Ms. Steinbeck said the general government subcommittee is considering a statewide court automation plan. Statewide compatibility should be considered in this system, which is a direction to which the state is committed.

ACTION ON TESTIMONY OF UNDERAGED SEXUAL OFFENDERS

{Tape: 2; Side: A; Approx. Counter: Very close to end of side - tape notations are confused, and beginning of Tape: 2; Side B}

Motion/Vote: **CHAIRMAN COBB** MOVED, CONTINGENT ON CHECKING THE LEGALITY OF THE MOTION, THAT THE TAPE RECORDED MINUTES OF THE UNDERAGED (MINOR) SEXUAL OFFENDERS WHO TESTIFIED TO THE SUBCOMMITTEE ON JANUARY 31, 1995, INCLUDING ANY PARTS OF THE TAPE THAT IDENTIFIED THE MINORS, BE ERASED TO PROTECT THE MINOR CHILDREN'S PRIVACY. THE WRITTEN MINUTES SHOULD INDICATE TESTIMONY WAS GIVEN, BUT NO DIRECT TESTIMONY OR IDENTIFICATION OF THE MINORS WILL BE INCLUDED IN THE WRITTEN MINUTES. Motion CARRIED unanimously.

RESPONSES FROM DEPARTMENT OF SOCIAL SERVICES TO LFA ISSUES DIRECTOR'S OFFICE

{Tape: 2; Side: B; Approx. Counter: 10}

Ms. Steinbeck said almost every SRS program has large fixed costs reductions and large rent increases. Because of the way the budget was developed these two items basically offset each other. The computer program would not allow these offsets to be shown.

Peter Blouke, Director, Department of Social and Rehabilitative Services, said SRS doesn't agree with the LFA issue because the vacancy savings allocated across the department shifted part of

the savings out of the Director's office to family assistance. The 11% reduction is shown in family assistance.

Ms. Steinbeck said there are two programs in eligibility determination that include the field staff in the county offices, which are state-assumed and non-assumed counties. Normally for these programs the funding split for administrative purposes is 50%-50% for AFDC and Medicaid administration. The present law base is not funded in the same proportion as FY94. FY94 funding was about 49.13% of county funds with the rest being federal funds. The present law adjustment has a very large increase in state special and a reduction in federal to bring the funding mix in the Executive back to 50%-50%. SRS reports food stamp issuing costs on reservations are funded 25% county funds, 75% federal funds and the FY94 funding should be maintained. So county funds in the present law base can be decreased and federal funds increased.

When the welfare reform proposal was first presented in the Executive budget, some FTE were requested but contracted services were budgeted. One of the LFA issues with respect to welfare reform is that the subcommittee needs to make sure that contracted functions are in fact independent contracts, because in some cases there's still money in the budget to fund rent, travel and equipment for contracted staff.

CHAIRMAN COBB asked if language were needed to direct that SRS can contract out but if FTEs are needed they can be hired.

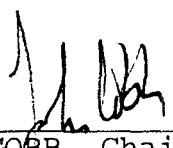
Ms. Steinbeck answered the legislature doesn't have any control over the level of FTE because in statute the budget office determines the level of FTE. Presumably the legislature could add funding for contracted services then the budget office could put move the money into FTEs in such instances where contracted services were not appropriate.

Mr. Blouke said SRS does not intend to add FTE because there are some services that can be contracted which meet welfare reform targets.

CHAIRMAN COBB said he understands SRS is not projecting additional FTE, but believes it probably will happen and there will be new FTE requested in the next session.

ADJOURNMENT

Adjournment: 11:58 AM



JOHN COBB, Chairman , Chairman



ANN BODEN, Secretary



PAULA CLAWSON, Recording Secretary

JC/pc

HUMAN SERVICES AND AGING

Joint Appropriations Subcommittee

ROLL CALL

DATE 2-1-95

NAME	PRESENT	ABSENT	EXCUSED
Rep. John Cobb, Chairman	✓		
Rep. Beverly Barnhart	✓		
Rep. Betty Lou Kasten	✓		
Sen. Chuck Swysgood, Vice Chairman	✓		
Sen. J.D. Lynch	✓		
Sen. Jim Burnett	✓		

Lois, Doug

		<u>Fiscal 1994</u>				<u>Fiscal 1995</u>						
		<u>State</u> <u>General</u> <u>Fund</u>	<u>State</u> <u>Special</u> <u>Revenue</u>	<u>Federal</u> <u>Special</u> <u>Revenue</u>	<u>Propri-</u> <u>etary</u>	<u>Other</u>	<u>Total</u>	<u>State</u> <u>Special</u> <u>Revenue</u>	<u>Federal</u> <u>Special</u> <u>Revenue</u>	<u>Propri-</u> <u>etary</u>	<u>Other</u>	<u>Total</u>
10,513							10,513					
h. <u>State Fund Cost Allocation</u>												
			1,031				1,031	2,075				2,075
5. Vacancy Savings												
694,363		53,823					748,186	53,744				730,298
6. Budget Balancing Reduction												
187,477							187,477					163,233

EXHIBIT 1
 DATE 2-1-95
 HB 2,075

The department shall use and develop additional services, within appropriation limitations, that are family-focused, child-centered, sensitive to unique cultures, and community-based. The department shall use the least restrictive, most appropriate services with the goal of preserving families.

The department is directed to develop a child welfare management information system (MIS). The appropriation in item 1b must be expended only for development and operation of the MIS. The department shall develop the most comprehensive MIS possible within the appropriation in item 1b. If the appropriation is not sufficient to fund development of the entire system, system components may be prioritized by the department. The MIS should include the following components:

- (1) foster care and adoption;
- (2) protective services;
- (3) juvenile corrections;
- (4) licensing;
- (5) accounting/fiscal;
- (6) utilities; and
- (7) case management services for the developmentally disabled.

If the department is selected by the department of social and rehabilitation services to manage the food stamp outreach program, the department is

	General Fund	State Special Revenue	Federal Special Revenue	Proprietary	Other	Total	General Fund	State Special Revenue	Federal Special Revenue	Proprietary	Other	Total
Operating Expenses	100,000	200,000	300,000	400,000	500,000	1,500,000	100,000	200,000	300,000	400,000	500,000	1,500,000
Capital Expenses	50,000	100,000	150,000	200,000	250,000	750,000	50,000	100,000	150,000	200,000	250,000	750,000
Debt Service	20,000	40,000	60,000	80,000	100,000	300,000	20,000	40,000	60,000	80,000	100,000	300,000
Reserve for Contingencies	10,000	20,000	30,000	40,000	50,000	150,000	10,000	20,000	30,000	40,000	50,000	150,000
Other Expenses	30,000	60,000	90,000	120,000	150,000	450,000	30,000	60,000	90,000	120,000	150,000	450,000
Total	210,000	420,000	630,000	840,000	1,050,000	3,150,000	210,000	420,000	630,000	840,000	1,050,000	3,150,000

appropriated \$157,349 in federal special revenue each fiscal year of the biennium.

The department is appropriated an amount equal to the general fund transfer received from the office of public instruction for education costs of children receiving medicaid-eligible treatment services. In preparing the 1997 biennium budget for legislative consideration, the office of budget and program planning and the legislative fiscal analyst's office may not include the expenditures from this appropriation in the current level budget.

Funds in item 4a are to serve children in the custody of the department that previously were placed or would have been placed in freestanding inpatient hospitals for youth under 21 years of age. If a balance remains in item 4a after providing for the needs of children in the custody of the department, this balance may be used for related services.

Item 4b is to develop family support services for children at risk of abuse or neglect and for children that have been referred for abuse or neglect and to develop community-based services for children placed in or who are at risk of being placed in juvenile corrections facilities. The development of additional services is contingent on recovery of federal funds through department refinancing initiatives and the collection of contributions from parents of children. The department may add up to 6.0 new FTE to implement the refinancing strategies. The department shall present to the 54th legislature a report that includes the number and types of services developed, the number of children and families served, and the effectiveness of the services delivered. If the department recovers funds from refinancing initiatives and collection of parental contributions in excess of \$2,150,000 either year of the 1995 biennium, it is appropriated up to \$1 million in federal funds each year for those excess funds. The department may use these excess funds in any manner it considers necessary.

~~The appropriation in item 49 is contingent on passage and approval of Senate Bill No. 271.~~

The department shall develop a plan for the establishment of regional treatment centers for children with severe emotional disturbances to provide for the placement of the children in local regions and to allow children currently placed outside of Montana to be returned to the state.

It is the intent of the legislature that annualized expenses for the operation of the child welfare MIS not exceed \$1,500,000 annually. This amount includes expenses for any facilities management contracting that may be used for system operations, computer processing costs directly associated with operation of the system, and other personal services and nonpersonal services costs directly charged to the management and operation of the system. The department may not proceed with the development of the MIS until it has certified to the office of budget and program planning and to the legislative finance committee that the projected annualized operation costs of the system will not exceed the limit imposed in this statement of intent. If the child welfare system will run on the state mainframe computer and if the department elects to contract for operation of the system on a privately owned and operated mainframe or midrange computer, the department shall submit a comparison to the office of budget and program planning and to the legislative finance committee of the cost of operating the system on the state mainframe computer managed by the department of administration. The department of administration shall estimate rate changes that would occur because

FORM BIT 2
DATE 2-1-73
HB

FY94 & FY95 REFINANCING SUMMARY

FY94 SUMMARY

FY 95 PROJECTED

	REVENUES 50,000	COMMITTED FOR DFS FTE FIELD STAFF (50,000)	BLAKE CONTRACT*	BALANCE	GENERAL FUND	REVENUES 50,000	COMMITTED FOR DFS FTE FIELD STAFF (50,000)	BLAKE CONTRACT*	BALANCE
GENERAL FUND				0					0
FEDERAL FUND	1,557,536	(59,195)	(92,180)	1,389,381	FEDERAL FUND	1,557,536	(118,390)	(41,000)	1,381,366
TOTAL	1,607,536	(59,195)	(92,180)	1,389,381	TOTAL	1,607,536	(118,390)	(41,000)	1,381,366

* CONTRACTOR FOR SSI ELIGIBILITY

FY94 & FY95 FEDERAL REVENUES

CURRENT CONTRACTS (FY95):

IV-A ADMINISTRATION

Federal 1,140,536
Funds are generated from the RMTS and will be deposited in a separate Revenue Estimate in the Federal Fund for refinancing. The excess revenue will not be used to fund SW costs. The balance of the funds will be carried over to FY95.

SSI RECOVERY FOSTER CARE

Federal 417,000
Funds are generated through Foster Care Third Party Collections. Collections in excess of the approx. (\$83,000) will be charged back to the appropriate funding source and the general fund portion will be deposited in the Federal Fund for refinancing. These funds will be carried over to FY95.

TITLE XIX SERVICES

Federal 0
Funds generated through Medicaid refinancing of foster care are currently being used to fund the base budget for foster care to avoid a supplemental

TOTAL 1,557,536

Total

Child & Family Resource Council - Missoula	12,176
Family Support Network - Billings	123,437
Distrid IV HRDC - Helena	172,170
Anaconda PCA Family Enrichment Council	50,000
Lobby Community Intervention Inc	146,458
The Nurturing Center - Kalispell	30,831
Young Families Program - Billings	13,500
Headstart - Billings	6,750
Family Tree - Billings	6,750
Butte 4-C's	16,328
DEAP - Miles City	25,000
Child Start Inc - Granite County	24,700
Child Start Inc - Powell County	25,300
Hi-Line Homes - Sidney	25,000
Dawson County Health Dept.	25,000
Valley County Health Dept.	25,000
Gallatin County Health Dept.	33,879
Flathead Council for Families	11,999
Family Support Network - Billings	6,000
Montana Council for Families	35,743
Montana Council for Families	65,082
Total	881,093

EXHIBIT

3

DATE

2-1-95

H3

Sample Docket Sheet

01/15/1993 Receipt/Payment History (04/11/1988-04/12/1992)



TEST000058

08/19/1993 Stipulation for Modification of Child Support and Visitation Agreement



TEST000016

09/08/1993 Order Modifying Child Support and Visitation Agreement



TEST000013

11/21/1994 Order to Withhold Income



TEST000085

12/07/1994 City Attorney Letter re Child Support Orders



TEST000083

HOUSE OF REPRESENTATIVES
VISITORS REGISTER

Human Services & Aging

SUB-COMMITTEE

DATE *2-1-95*

BILL NO. _____

SPONSOR(S) _____

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	Support	Oppose
<i>Late Maggie</i>	<i>DFS - MT Council for Families</i>		
<i>Quincy Garrison</i>	<i>DFS</i>		
<i>Mrs. Alice Cook</i>	<i>DFS - COUN. FOR MTB Children</i>	<i>✓</i>	

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

HR:1993

wp:visssbcom.man

CS-14