

MINUTES

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

**JOINT SUBCOMMITTEE ON HUMAN SERVICES & AGING
AND
JOINT SUBCOMMITTEE ON INSTITUTIONS AND CULTURAL EDUCATION**

Call to Order: By **CHAIRMAN MARJORIE I. FISHER** on January 20,
1995, at 8:00 a.m.

ROLL CALL

Joint Subcommittee on Human Services and Aging

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)

Joint Subcommittee on Institutions and Cultural Education

Members Present:

Rep. Marjorie I. Fisher, Chairperson (R)
Rep. Red Menahan (D)
Rep. Steve Vick (R)
Sen. Larry Tveit, Vice Chairman (R)
Sen. Gary Aklestad (R)
Sen. Mignon Waterman (D)

Members Excused: none

Members Absent: none

Staff Present: Lois Steinbeck, Legislative Fiscal Analyst
Connie Huckins, Office of Budget & Program
Planning
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: Community Impact Program
Juvenile Justice
Refinancing - LFA overview
Executive Action: none

*{Tape: 1; Side: A; Approx. Counter: 000; Comments: This meeting was recorded
on two 60-minute audiocassette tapes. .}*

HEARING ON COMMUNITY IMPACT PROGRAM

Ms. Elizabeth Briggs, a Legislative Intern working with the interagency directors of the Department of Corrections and Human Services on the Community Impact Program and the Managing Resources Montana (MRM) Program, gave a brief overview of the Community Impact Program.

This program will create the missing piece to fill the gaps between the existing programs for troubled youth and their families by acting as a "safety net" for communities statewide. She explained that the MRM Program was established by the previous legislative session and was designed to be a community-based service delivery system for severe emotionally disturbed (SED) youth and adolescents. It is guided and funded primarily by the Department of Corrections and Human Services (DCHS).

Mr. Hank Hudson, Director of the Department of Family Services (DFS), then gave an overview of the Community Impact Program and distributed a diagram showing the programs for services for children and families. **EXHIBIT 1** He explained that any decision made about one of the programs would affect the others. Each of the programs in the current system developed independently but over time connections have been made between them. All the programs share the belief that the least restrictive, most cost-effective and community-based approach is the best. Another common element is that many of the people involved in this field are involved in more than one program. He added that in addition to serving the needs of children and their families, the programs are also designed to meet public safety needs.

Mr. Hudson gave a short overview of each of the following programs: Child Protective Services, Juvenile Justice, Schools Special Education, Partnership Project, and MRM. The people not being served include youth with conduct disorders, sex offenders, and persons with drug and/or alcohol issues; the Community Impact Program proposes to serve these people.

Child Protective Services is for families who find themselves in crisis. This emergency-based system is designed to protect children who are in imminent risk or danger because of abuse or neglect from their caregivers. If necessary, the child will be placed in foster care while the issues are being resolved.

Mr. Hudson reviewed the definition of "conduct disorder," which is a repetitive or persistent pattern of behavior in which the basic rights of others are violated. This includes aggressive conduct, nonaggressive conduct which causes property damage or loss, deceitfulness, theft, or serious violations of rules. He pointed out that conduct disorders cause serious problems but may not be related to neglect or abuse and so may not be appropriate under the Protective Services Program. Special Education in the

schools program is limited to the school context but does not address individuals who are disruptive, etc.

The Partnership Project is a new program operated by DFS. It was designed to address the families that have problems, which have not yet resulted in entry into the juvenile justice or protective services systems. The gaps in this program include the fact that it mainly serves younger children because there are not enough resources to serve everyone. This program has a waiting list.

The MRM Program is the youth mental health system that was developed following the last legislative session: A number of public agencies have jointly funded this program for SED youth. This program does not serve youth with conduct disorder or sex offenders, and has a waiting list.

The Juvenile Justice System is linked with all the other programs. It is aimed at youth that have committed acts which have brought them under the jurisdiction of the Youth Court. This program does not cover children who have fallen short of this, but are still posing a problem in the community. A "status offender" is a youth who has engaged in an activity that would not be illegal for an adult, such as truancy, drinking, curfew violations, etc.

Mr. Hudson stressed the need for early, aggressive intervention. The Community Impact Project states that communities understand the burden that has been placed on them by the changing system of keeping more and more kids in the community. They also understand the effectiveness of acting early. What they don't have are the resources, which in the past included inpatient psychiatric hospital facilities. This program will return the resources to the communities. He read several letters from individuals in support of this point.

Questions from Subcommittee Members and Responses:

CHAIRMAN JOHN COBB asked how integrated the system was and how well it was working at present. **Mr. Hudson** said representatives of local governments had criticisms. As for design and communications, he felt the system was working well. The biggest problem the system has is that there are not enough resources. Another problem is there needs to be a treatment strategy designed to address conduct disorder and sex offender youth, because currently there is no strategy or responsible entity.

SEN. J. D. LYNCH asked how many alternative schools were currently operating in the state. **Mr. Hudson** clarified that services were being provided for conduct disorder and sex offenders but the communities feel these groups aren't getting enough services. There has been a large increase in the number of day treatment and school alternatives developed in the past few years, but most have been tied to the special education and SED labels.

In response to **REP. BEVERLY BARNHART**, **Mr. Hudson** said he didn't believe the governor's recommended restructuring of human services agencies would negate the current system. A strong link will have to be forged with the new Department of Corrections, because the law enforcement aspect will no longer be in the "human service loop," per se. This could be achieved by forming placement committees, joint planning groups, and shared funding. He felt a system could be developed which would transcend department, elected official and school boundaries.

CHAIRMAN COBB requested a copy of the waiting lists currently existing under the various programs as well as a list of the highest priorities which would make the system work. **Mr. Hudson** said the priorities that are the most widely agreed upon concern the most aggressive youth, such as sex offenders and conduct disordered youth. Regarding sex offenders, he outlined the priorities as a need to have an adequate short-term response to immediate risk in communities and the state needs a well-thought-out, comprehensive approach to sex offenders and conduct disordered youth that will define an overall picture of its responsibility in this area.

SEN. MIGNON WATERMAN pointed out that each community might have different problems, but the state needs to set overall priorities. **Mr. Hudson** agreed that there is a big difference between what the rural and urban communities need to address.

REP. RED MENAHAN pointed out the problem of the local school districts not having enough funds to pay for children to be moved to programs outside the schools. **Mr. Hudson** said the Community Impact funding request was not meant to replace special education funding, it is meant to address the needs which that program is not addressing. They envision working with the schools to determine which children are having the biggest impact on the school environment and safety. How to best address this either in the school or the community setting in a way that will relieve the impact on the schools' budgets needs to be studied. If the decision is made to put a child in a residential facility, who has the financial responsibility has to be resolved between the school district and MRM.

In response to **CHAIRPERSON FISHER**, **Mr. Hudson** said the out-of-state Medicaid population receiving residential treatment has been reduced from 41% to 8%, or about 11 kids. There are other children being treated out of state that the general fund is paying for, also. The additional resources being budgeted for MRM/Managed Care are meant to address mental health needs but not school or corrections needs. The proposed Managed Care Program will be designed to provide medically necessary mental health services to eligible youth much like MRM does. Hopefully the Managed Care proposal would increase the number of people being served and increase the resources, but if the children are not currently labeled SED and being served under MRM they probably won't be served under Managed Care either.

SEN. LYNCH wanted more information on alternative schools. **Mr. Hudson** said he expected that if the Community Impact Program receives its requested funding, many communities will opt for utilizing alternative classrooms, schools, and day treatment options.

REP. BARNHART pointed out that in some of the Partnership Projects, they are working together with alternative schools.

REP. MENAHAN asked for more information about the increased population currently requesting services. **REP. STEVE VICK** wanted to know what DCHS attributed the large increase in the number of Special Education and SED children to. **Mr. Hudson** said some theories point to such contributing factors as drug and alcohol abuse, child abuse, poverty, teen-aged parents or parents without adequate skills to parent, and single households headed by single mothers under heavy economic stress, among others.

REP. VICK wanted to know how long the category of conduct disorder had been used. **Mr. Hudson** said this is a relatively new diagnosis which has grown in popularity as a label because it is a catch-all category. The bigger issue, is every time someone is labeled, it creates the next gap. One of the ideals is to no longer label. Labeling has contributed to the lack of a comprehensive approach and fragmentation, but if it is not done, it becomes more difficult to prioritize and have accountability. Hopefully the Community Impact Program will reduce the need to label. **CHAIRMAN COBB** advocated the approach of serving the kids with the highest needs and providing the remaining funding for the local communities to use.

REP. BARNHART was told by **Mr. Al Davis**, Juvenile Corrections Division Administrator, DFS, that in 1994 about \$11,459,000 was spent on 128 children for residential treatment. About \$15 million is expected to be spent in FY95.

HEARING ON JUVENILE JUSTICE SYSTEM

Mr. Davis then gave an overview of the Juvenile Justice system. **EXHIBIT 2** He introduced **Mr. Steve Gibson**, Superintendent of Pine Hills School, and **Mr. Jim Bauch**, Superintendent of Mountain View School. Juvenile justice is similar to the Community Impact Program: there are so many players and so many pieces that an overview of any specific program is difficult because all the systems play together. He pointed out there are about 75 juvenile probation officers and 35 district court judges across the state. Several representatives of these and other sectors have joined together to address the problems and issues, most notably **Judge Larson** from Missoula County. Common themes have come from a variety of sources and include the demand that the state provide more options and opportunities for kids. Twenty years ago there were more options available, such as the Children's Center, the Swan River Youth Forestry Camp for serious

offenders, aftercare group homes and more correctional types of foster homes.

Another theme is that the system should "get tougher" with kids. Regarding the increased amounts of services being needed, this is a statewide problem. More slots are needed and by 2000 there will be significant increases, which need to be planned for today.

Another theme is longer care for correctional programs. The system is currently being forced to turn kids around faster than is probably in their best interests. A response that will allow for dangerous kids is needed. Community-based program development is such a theme that it has become a buzzword.

Enhanced aftercare is another need. In response to those issues the Juvenile Corrections Division has taken on a commitment to look at the resources it has to better respond to these common themes.

Every year 200-300 new kids enter the system. Traditionally, Montana has incarcerated virtually every juvenile that has come before a youth court judge that has exhibited behavior that is above and beyond the ability of local communities to provide for. The only potential resource has been secured care placement at Pine Hills School or Mountain View School. They are convinced that some of these kids need incarceration but others may need other kinds of help. A better, more collective judgment needs to be made of these kids' needs. The Youth Placement Committee is the proper forum for that to take place. He stressed the need for parents to maintain ongoing responsibility for their kids, both in a clinical and financial sense.

Mr. Davis suggested that 90% of every serious issue that surfaces in a juvenile correctional institution is a result, at least partially, of inappropriately placed SED kids. With MRM, the placement committee should be able to divert these kids into the proper program. Of the 60 or so group homes across the state, a recent survey indicated there were more than 65 empty beds; they feel some of the kids currently in correctional facilities might be better served in these group homes.

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

Mr. Davis discussed the Montana Youth Alternatives Program. He stressed that the program is not a wilderness program. It is a seven-month program, which includes involvement in an outdoor experience. In conclusion he stressed the need for addressing issues in a timely and collaborative way.

Mr. Randy Bellingham, Chairman of the Youth Justice Council, spoke up in support of the Community Impact Program. He described a tragic case of a youth who had "fallen through the cracks" of the youth justice system. He said that intervention

was needed in the "acting out" phase of delinquency and currently it only comes when the crimes get more serious. In response to an audit, the Governor proposed to make the Youth Justice Council responsible for oversight of the statewide coordination of youth justice efforts. Their goal is to make sure that decisions are coordinated with the other state departments to assess their overall impact. The Probation Officers Association has now become involved in this effort and input is being sought from the judicial branch. He expressed opposition to creating a separate Department of Corrections. He stressed that whatever kind of structure came to exist, the need for good communication would remain paramount. Regarding the Alternatives Program, he said it is an important adjunct but he questioned the impact it would have on the situation at Pine Hills. In closing he stressed the need to look at the system as a whole. Impact funding will provide communities with the ability to set up the services that they need.

CHAIRMAN COBB wanted more information on the mechanisms to be used when calculating community funding levels, and what kind of oversight the state would have on the services the local communities would set up with the funding. **Mr. Bellingham** said he felt there needed to be some controls, but the communities need to have the ability to address their concerns. **CHAIRMAN COBB** indicated he would like to have some kind of guarantee that funds appropriated would be spent in the areas the Legislature had deemed the highest priorities, which could mean funding for sex offenders having a higher priority than community funding.

Mr. Bellingham agreed that sex offender treatment was a problem area but pointed out that only about 150 such youth are in this category. The question is, where the treatment occurs: in an institution or in a community. He acknowledged that the sex offenders at Pine Hills needed a very high priority.

Mr. Bellingham pointed out that as awareness in the youth justice system increases, there will be a good chance more youth will be found to be in need of secure care facilities. He alluded to the possibility of community-based secure care facilities.

Informational Testimony:

Ms. JoNell McFadden, State Family Services Advisory Council Chairperson, and a member of a number of groups as a children's advocate, spoke. Over the past ten years, a continuum of care has been developed for SED kids but some of the pieces of this are frail. Conduct disordered and sexual offending youth keep falling out of the MRM system. There are no services available for them. The system for conduct disordered kids includes Pine Hills, Mountain View and the Montana Youth Alternatives Program, detention centers and community-based programs. However, at present it is pretty disjointed. The programs that are needed are not there. She reiterated that there had been excellent communication and collaboration between the agencies and people

working for children's services over the past ten years. She mentioned the possibility of forming a subcommittee to the regional advisory councils, made up of persons from law enforcement, human services and the schools, to "flush out" who would get the services and which also could be involved in funding decisions.

Ms. Mary Ellerd, employee of the Juvenile Probation Officers Association, and a student teaching supervisor for MSU and UM, then spoke. Difficulties concerning classroom management is a problem she has seen in many schools. The one or two kids that disrupt a classroom could be served under the Community Impact Project. She stressed the need for the schools to form a connection with the Juvenile Corrections System.

Questions from Subcommittee Members and Responses:

CHAIRMAN COBB wanted to know if the practice of putting conduct disordered kids under the school's special education program in order to provide them with services was still occurring. **REP. MENAHAN** said this does not occur much anymore because special education funding has been reduced. **CHAIRMAN COBB** promoted the idea of doing more with the same amount of money.

Informational Testimony:

Mr. Ted Lechner, Director of Court Services in Billings and as President of the Juvenile Probation Officers Association. He reemphasized the belief that if one part of the system is changed, the other parts are impacted. He pointed out the year-long disarray which had occurred when the MRM Program was developed. He also spoke up in praise of the good communications that have gone on among those involved in the youth justice system. Regarding funding, he feels the communities can come up with a fairly decent plan to address their needs. He said the state is a neophyte when it comes to community services, and stressed that communities need to take ownership of their children and develop the programs they want to serve those kids.

Mr. Lechner pointed out that conduct disordered kids were not just the school's problem and it was a mistake to try and deal with the problem with just one agency. He rose in support of adequate funding levels and commented that \$8 million would be a start. Regarding conduct disordered kids, these children used to be called "incorrigible" and "youth in need of supervision," and there is no manpower or money to provide services to them.

CHAIRMAN COBB posed several questions. He wanted to know if there was a way the successes derived from added services could be documented, in order to justify the expense. He suggested that follow-up information be made available to the Legislature so it could monitor the progress of new programs. **Mr. Lechner** said the burden of accountability should be on the DFS regional committees. The success of the Day Treatment Program is

demonstrated by the re-entry into a normal setting. He stressed the cost-effectiveness of programs such as this vs. the cost of in-patient treatment. He stressed the importance of dealing with children in the context of their families.

REP. BARNHART asked if any kind of profile had been made of the children classified as conduct disordered. **Mr. Lechner** said there was a volume of literature on this, with a variety of philosophies. Personally, he has seen a lot of dependent, abused or neglected kids with conduct disorder. Drugs and alcohol are also a factor, and they are seeing more problems with neglect resulting from a parent's gambling activities.

In response to **CHAIRMAN FISHER**, **Mr. Lechner** said it is important to scrutinize how tax dollars are spent and how they could be spent better. In response to **CHAIRMAN COBB**, he said the probation officers throughout the state have always said that if they were given blanket funding, they would allocate it to the kids that most needed it. He believes the communities would have the same philosophy. **CHAIRMAN COBB** suggested the concept of a single pot of funding for the communities and a more consolidated way of tying all the local programs together. **Mr. Lechner** suggested a subcommittee to the regional advisory committees would be a good vehicle for this approach.

REP. MENAHAN said it is important to identify problems before they get out of hand and suggested some sort of system for tracking kids at risk. **SEN. LYNCH** pointed out that there is a program called "Follow Me" to track kids up until elementary level.

CHAIRMAN COBB wanted to know if there was a time frame for the development of the standardized system for evaluation of juvenile sex offenders. **Mr. Davis** replied they have been working with the Montana Association of Juvenile Sex Offender Therapists and the Board of Crime Control and DCHS to develop the data that would allow them to have accurate information relative to those needs. He stressed this is an immediate concern which cannot be put off for another biennium. Money has not been identified in the budget for this purpose although alternative sources have been considered, including the community block grant fund.

CHAIRMAN COBB wanted to know if there was currently a program to address the sex offenders at Pine Hills and **Mr. Davis** said there was not.

In response to **CHAIRMAN COBB**, **Mr. Hudson** said if reorganization goes through, the agencies will adjust their agendas to that. The department has felt for many years that one of the key links that needs to be made is between juvenile offenders and all those other services which are available to children and families.

CHAIRMAN COBB asked if granting the FTE to provide aftercare supervision as outlined on p. 36 of **EXHIBIT 2** in the coming

biennium would make a difference. **Mr. Hudson** said they are thinking that with the restructuring of the program at the Mountain View School, they may be able to fill some of the positions by shifting existing FTE. Another part of the overall proposal is that they want to evaluate the impact of the short-term intensive contract.

REP. COBB wanted to have a definition of a transitional living facility. **Mr. Hudson** said there are currently two transitional centers in the state. They are used for a 90-day step-down program for the higher-risk youth leaving Pine Hills School as well as a facility for youth on placement who are exhibiting behaviors which threaten to send them back to an institution. There is a need for additional beds to serve these people.

HEARING ON REFINANCING - OVERVIEW

Ms. Lois Steinbeck, Legislative Fiscal Analyst (LFA), gave an overview of refinancing. **EXHIBIT 3** Refinancing is the "other side" of federal mandates, where federal sources of revenue are aggressively pursued in order to supplant general fund costs. The proposal to restructure the Mountain View Program (Aspen Youth Alternatives) is dependent on \$172,000 of new refinancing funds, about 1/5 of the budget of that new proposal. This amount would directly offset general fund costs. DFS is expecting to serve 100-120 kids under the new program and if the additional special revenue cannot be recouped, 1/5 fewer kids will be served.

Title IV-E funds provide for 70% of the treatment costs and room and board for eligible foster children. Children not eligible have to be paid for out of the general fund. Regarding whether or not Title IV-E will cover treatment costs related to juvenile detention or incarceration, **Ms. Judy Garrity, DFS Program Management**, explained it will cover children placed in care in a facility with 25 beds or less.

Ms. Steinbeck continued with her presentation. Title IV-A is the only way the state can access federal funds for preventive services. These funds can also be provided for services for the whole family. The option of introducing a committee bill to allow youth courts to include the cost of adjudication, disposition and supervision of the youth as part of parental assessments was discussed. This option would allow judges/courts to retain some of the money, and would be an incentive to establish parental contributions.

Mr. Hudson said there has been discussion about the federal government capping the amount of Title IV-A emergency funds the states are allowed to seek. However, no legislation has been introduced and no formal debate has begun yet. Any scenario envisioned will hurt Montana because of its late entry into the IV-A refinancing structure. If IV-A funding was lost, the state

would not be able to serve as many children leaving the corrections area. In foster care the number of services to families would have to be reduced, and the number of participants in the Youth Alternatives Program at Mountain View School would be reduced.

In response to **CHAIRMAN COBB**, **Mr. Hudson** said that at present, judges and probation officers have to take more work upon themselves to get more money into the system.

CHAIRMAN COBB wanted to know how much Montana was currently collecting in parental contributions and how this compared to other states. **Mr. Hudson** agreed to provide overall data. He stated the department supports the concept behind the proposed committee bill (p. 3, Exhibit 3).

SEN. WATERMAN said it is her sense is that the judges are excited about working more closely in youth services. **Mr. Hudson** concurred with **SEN. WATERMAN** and added that the youth placement committee bill is one of the best ways to ensure that the state gets all available monies is to get people meeting together before the judge finishes the case, so they can recommend the appropriate information.

Ms. Garrity then spoke. Title IV-E and IV-A programs are highly technical and not only do applicants have to meet income criteria but a whole host of other criteria. The criteria changes from program to program, as well. The department has elected to take an early and aggressive approach to both the therapeutic and the financial needs of children and families as well. In March 1994 five financial specialists were put on board with the DFS regions across the state. The specialists are responsible for rendering technical assistance to the caseworkers and monitoring cases to make sure they are in compliance with regulations. Program Management works closely with the Child Support Enforcement Division of the Department of Social and Rehabilitation Services (SRS). From the time the specialists were put in place, the department has seen upward swings in all program refinancing efforts and if the trend continues, more than double what had been collected for child support in the past will be collected.

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

Mr. Hudson said one of the notions of refinancing is that it is easy to get these federal funds. He stressed that it is not an easy process and there are a lot of strings attached and if the state wants the money it will have to change the way it does business. In the case of Title IV-A, it is worth the effort.

ADJOURNMENT

Adjournment: 11:10 a.m.

Noted 6/95

Rep. Marjorie I. Fisher

REP. MARJORIE I. FISHER, Chairman

John Cobb

REP. JOHN COBB, Chairman

P. Berneman

for DEBBIE ROSTOCKI, Recording Secretary

Note: These minutes were proofread by Lois Steinbeck, LFA.

MIF/JC/dr

INSTITUTIONS

Joint Appropriations Subcommittee

ROLL CALL

DATE 1-20-95

NAME	PRESENT	ABSENT	EXCUSED
Rep. Marj Fisher, Chairman	X		
Rep. Red Menahan	X		
Rep. Steve Vick	X		
Sen. Larry Tveit, Vice Chairman	X		
Sen. Gary Aklestad	X		
Sen. Mignon Waterman	X		

HUMAN SERVICES AND AGING

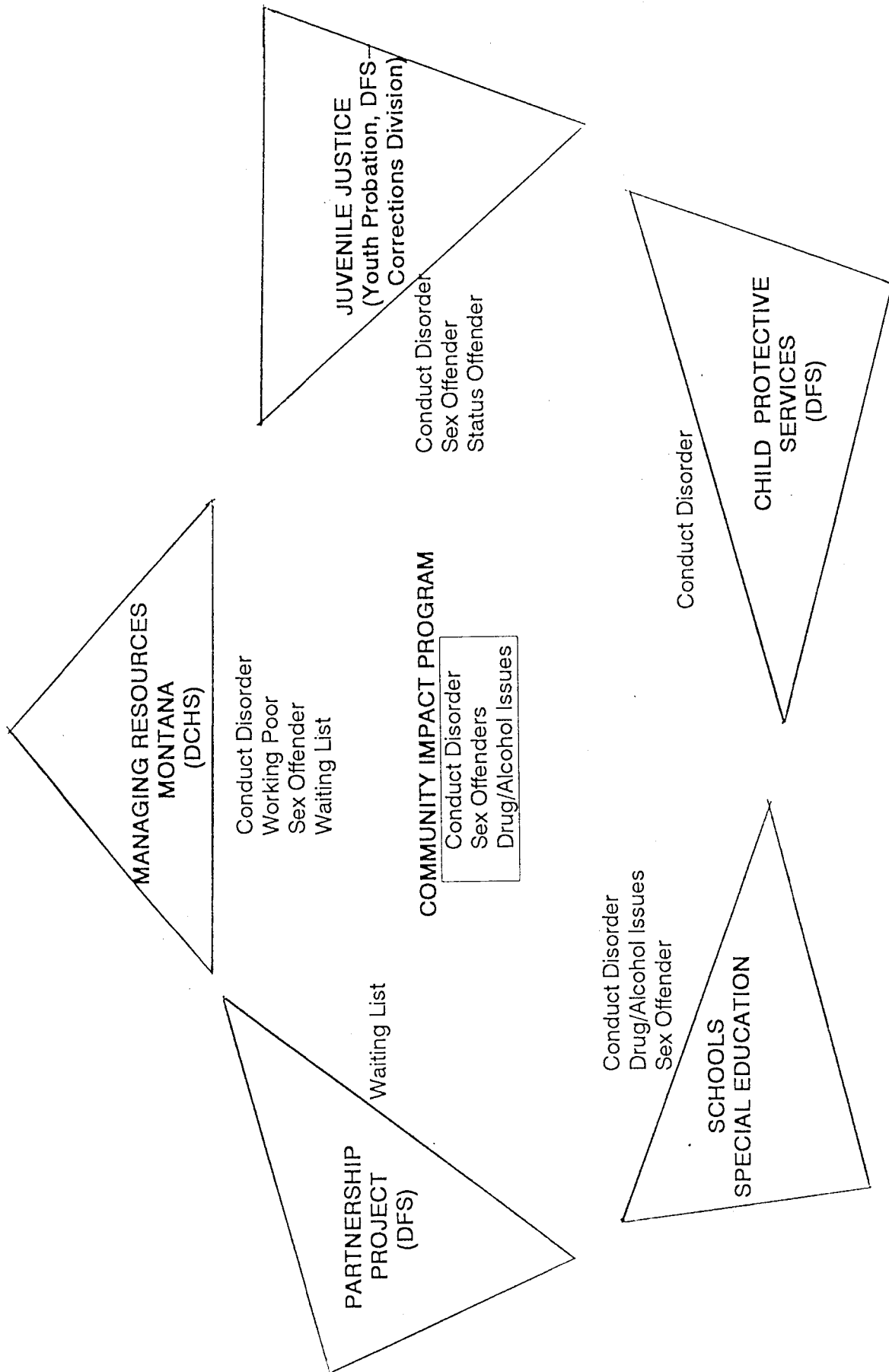
Joint Appropriations Subcommittee

ROLL CALL

DATE 1-20-95

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

SERVICES FOR CHILDREN AND FAMILIES



EXHIBIT

DATE

HB

1/20/95

EXHIBIT

2

DATE

1/20/95

HB

STATE OF MONTANA

DEPARTMENT OF FAMILY SERVICES

JUVENILE CORRECTIONS DIVISION

OVERVIEW

January 18, 1995

EXHIBIT 2
DATE 1/20/95
HB _____

STATE OF MONTANA
DEPARTMENT OF FAMILY SERVICES
JUVENILE CORRECTIONS DIVISION
OVERVIEW

January 18, 1995

Room 105 · State Capitol
P.O. Box 201711
Helena, Montana 59620-1711
(406) 444-2986
FAX (406) 444-3036



STATE OF MONTANA
Office of the Legislative Fiscal Analyst

DATE: January 20, 1995

TO: Members of the Joint Committees on Human Services and Aging
and Institutions and Public Safety

FROM: Lois Steinbeck *Lois Steinbeck*
Senior Fiscal Analyst

RE: Refinancing Revenue

Overview of Refinancing

What is refinancing?

The term refinancing is used to describe the process of identifying sources of state special revenue and federal funds to support costs previously supported entirely by general fund. There are many examples of human services costs that have been refinanced in order to make general fund dollars stretch farther or to make more services available. For instance, the medicaid waiver for developmentally disabled persons allows federal funds to support about 70 percent of the cost of some community services that would otherwise have to be fully funded by the general fund.

The issue was raised in relationship to the Department of Family Services in an LFA staff report prepared during the 1991 biennium. The LFA staff report concluded that Montana was capturing a lower level of federal support for foster care activities when compared to other, neighbor states.

The 1993 legislature appropriated \$2.150 million of federal refinancing authority to DFS each year of the 1995 biennium. In addition, the Joint Subcommittee on Human Services and Aging directed DFS to pursue refinancing options and gave the department leeway, within certain policy guidelines, to fund new or additional services with general fund saved due to refinancing efforts.

Primary Refinancing Sources

1) Title IV-E (of the Social Security Act) relates to foster care. The federal government will participate in the cost of out-of-home care for eligible children. There are several steps that must be taken to establish Title IV-E eligibility, including determination of family income and use of certain standard language in the court order removing the child. Without these two steps, children that could be IV-E eligible will not be deemed eligible and out-of-home placement costs for these children must be paid entirely from the general fund. Title IV-E will not pay: a) costs related to youth detention or incarceration; nor b) treatment costs.

2) Title IV-A (of the Social Security Act) relates to emergency assistance. Federal funds are available to support 50 percent of the costs of a treatment plan for qualified individuals. Funding is available for up to one year for a wide variety of services. However, the DFS case worker must prepare a treatment plan describing the services needed and the plan must be written and filed within the first 30 days after the date of application. There are no income limits or guidelines associated with Title IV-A funding. DFS has been able to pay for services such as counseling, home maker services, parent skills training and treatment for families to prevent removal of a child or children from a home. Without Title IV-A funds, these costs would be paid entirely from the general fund.

3) Child Support Both parents are deemed to be absent parents and subject to payment of child support when a child is removed from the family. The state can establish a child support order and collect payments from families to offset the cost of care. There are no restrictions as to the use of child support enforcement collections. Child support enforcement funds are state special revenue.

4) Parental Contributions Statutes grant youth court judges the authority to assess parents for the cost of the care of a child removed from the home. The contributions are based on ability to pay and can be used to support any kind of service. Parental contributions are a source of state special revenue. Parental contributions must be used to offset Title IV-E payments when applicable.

Refinancing Activities

DFS pursued various ways of identifying eligibility for federally funded services and of assessing parents a portion of the cost of services provided to their children by DFS. Preliminary DFS estimates for fiscal 1994 indicate that DFS recouped \$1,557,536 of additional federal funding and parental contributions. Some of those payments supported staff and operating costs as well as some benefits; however, most of the funding remained in a pool to use in fiscal 1995 and the 1997 biennium. DFS will provide a more thorough review of

refinancing efforts and benefit programs funded during later hearings of the Joint Appropriation Subcommittee on Human Services and Aging.

What Does this Issue Have to do with Juvenile Corrections?

Refinancing is being discussed today, because the Aspen Youth Alternative (AYA) proposal (wilderness camp) will be supported by \$100,000 of new federal authority and \$72,000 of new state special revenue authority. Together these sources support about 21 percent or one fifth of the total annual AYA cost. DFS success in collecting parental contributions, child support enforcement revenue, and in determining eligibility for federal programs will impact the funding level of the new proposal.

Issues

1) DFS is dependent on the action of judges and probation officers. Judges must use certain standard language in court orders for both foster care and youth offenders in order to establish IV-E eligibility, assess parental contributions or collect child support enforcement. DFS is dependent on the cooperation of judges in order to secure these funding sources. While some judges use standard language, others do not.

DFS expects to serve 100 to 120 children in AYA. That estimate would net an average parental contribution of \$720 to \$600 per year. However, some parents will not be able to make payments, so the average contribution of those parents able to pay will probably be above \$600. The issues that the legislature may wish to consider are:

- a) Request that DFS explain how it will facilitate judges' cooperation in securing parental contributions and establishing IV-E eligibility.
- b) Request that DFS explain its revenue estimates for parental contributions, including the number of parents who will likely be assessed and the average assessment expected.
- c) Request information from the Supreme Court to determine whether it can take action to facilitate judges' use of the necessary, standard language.
- d) Consider requesting a committee bill to allow youth courts to include the cost of adjudication, disposition, and supervision of the youth as part of parental assessments (section 41-3-406, MCA).

2) Potential reduction in federal Title IV-A emergency assistance. Other states have aggressively pursued use of emergency AFDC funds to support and enhance foster care programs. Montana has begun to access Title IV-A funds, but does not capture the level of emergency funds used in other states. There

is concern that emergency AFDC funds will be capped or limited. The impact to Montana is unclear. The issues that the legislature may wish to consider are:

- a) Request that DFS update the legislature on this issue.
 - b) Request that DFS make explicit which costs in the AYA proposal are funded with Title IV-A funds.
- 3) Use of Title IV-E for detention or incarceration. Title IV-E funds will not fund the costs of youth detention or incarceration. The issue that the legislature may wish to consider is:
- a) Request that DFS make explicit which costs of the wilderness proposal are supported by Title IV-E funds.
- 4) Potential revenue short fall. One-fifth of the AYA cost is supported by new federal and state special revenue that DFS must collect. The issue that the legislature may wish to consider is:
- a) Request that DFS explain what actions it will take if federal funds or state special revenue collections are below the amount included in the AYA proposal.

i:\pool\Nas\sr:refinanc

EXHIBIT 1

DATE 1-20

HOUSE OF REPRESENTATIVES

WITNESS STATEMENT

PLEASE PRINT

NAME

AL DAVIS

BILL NO. _____

ADDRESS

DFS Box 8005

DATE

1-20-95

WHOM DO YOU REPRESENT?

DFS

SUPPORT _____

OPPOSE _____

AMEND _____

COMMENTS:

EXHIBIT 5
DATE 1-20

HOUSE OF REPRESENTATIVES

WITNESS STATEMENT

PLEASE PRINT

NAME

PLEASE
Randy Bellingham

BILL NO.

ADDRESS

110' in limestone for 25 ft.

DATE _____

1/20/95

WHOM DO YOU REPRESENT?

45C.

SUPPORT

OPPOSE

AMEND

COMMENTS:

HOUSE OF REPRESENTATIVES
VISITORS REGISTER

Human Services & Aging

SUB-COMMITTEE

DATE *1-20-95*

BILL NO. _____

SPONSOR(S) _____

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	Support	Oppose
<i>C. Deutscher Robbins, Helena</i>	<i>MPEA - Mountain View School</i>		
<i>Mary Alice Cook</i>	<i>Adv MT's Children</i>		
<i>Sharon Hoff</i>	<i>MT Cash Cons</i>		
<i>Sharon Hoff</i>	<i>MT Assn of Counties</i>		
<i>Ken Higgins</i>	<i>Montana association for Rehab</i>		
<i>BRANDON HOLT</i>	<i>MT CATH CARE</i>		
<i>Mamie Flinn</i>	<i>MT Communities In Action</i>		
<i>Rick Day</i>	<i>Corrections & Human Services</i>	X	
<i>Kerry Brown</i>	<i>Board of Visitors</i>		
<i>David Hemion</i>	<i>Mental Health Assoc. / at Churches</i>		
<i>MARY ELLERID</i>	<i>MT POA</i>		
<i>Kate Cholewa</i>	<i>MT Women's Lobby</i>		
<i>Shirley duVoe</i>	<i>Helena Public Schools</i>		

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

HR:1993

wp:vissbcom.man

CS-14

HOUSE OF REPRESENTATIVES
VISITORS REGISTER

Human Services & Aging

SUB-COMMITTEE

DATE *1/20/95*

BILL NO. _____

SPONSOR(S) _____

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	Support	Oppose
<i>Kathy McGowan</i>	<i>mt. Cnd. ment. Hlth. Ctrs.</i>		
<i>Elizabeth Briggs</i>	<i>Intern. - MRM, CIP</i>	<i>X</i>	
<i>[Signature]</i>	<i>Smith - m. C. Center</i>		
<i>Doug Matthews</i>	<i>DFS</i>		
<i>MARK LANGDORF</i>	<i>MPER PINE HILLS</i>		
<i>Jim Smith</i>	<i>MAHSC</i>		
<i>Jolly Stenhouse</i>	<i>YJC</i>		
<i>Candice Springer</i>	<i>MBCC</i>	<i>✓</i>	
<i>Dan [Signature]</i>	<i>MA D</i>	<i>✓</i>	
<i>Randy Bellingham</i>	<i>YJC</i>	<i>✓</i>	
<i>Allen C. Horsfall Jr.</i>	<i>Member Youth Justice Council Commissioner Reville County</i>		
<i>Jim BAUCH</i>	<i>MOUNTAINVIEW SCHOOL</i>	<i>✓</i>	
<i>Craig J. Anderson</i>	<i>7th Jud. Dist. Youth Court</i>	<i>✓</i>	

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HOUSE OF REPRESENTATIVES
VISITORS REGISTER

Human Services & Aging

SUB-COMMITTEE

DATE *1/20/95*

BILL NO. _____

SPONSOR(S) _____

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	Support	Oppose
Steve Gibson	Pine Hills School		
Dave Depew	WPA		
Richard Koestel	DFS		
Judy Garrity	DFS		
Shirley Brown	DFS		
Gabe Kurl	DFS		
Ginnie Orr	DFS		
Ted Zechner	Juvenile Probation		
Frank Hudson	DFS		
JACK ELLERY	DFS		
Andrée Larose	Non-Violent Advocacy Prog.		
Mary Gallagher	MT Advocacy Program		
Mike Wingard	DLA		

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