



FEES – THE DEPARTMENT OF HUMAN SERVICES

SOCIAL SERVICES APPROPRIATIONS SUBCOMMITTEE
STAFF: STEPHEN JARDINE

ISSUE BRIEF

SUMMARY

In accordance with UCA 63J-1-504 requiring the agency to “submit its fee schedule . . . to the Legislature for its approval on an annual basis”, the following fees are proposed for the services of the Department of Human Services. These fees will generate an estimated \$3,694,000 in FY 2015, \$3,347,200 or 91 percent of the total amount coming from four child support collection related fees.

LEGISLATIVE ACTION

1. The Fiscal Analyst recommends the Subcommittee, after review and any adjustments, adopt the fee schedule referenced on page 2, Table 1. UCA 63J-1-504 states, “the Legislature may approve, increase or decrease and approve, or reject any fee submitted to it by a fee agency.”
2. The Fiscal Analyst recommends the Subcommittee consider increasing the four fees discussed on pages three through five.

PROPOSED DEPARTMENT OF HUMAN SERVICES FY 2015 FEES

The following Table 1 shows the proposed fee rates for FY 2015:

Department of Human Services Fees FY 2015								
Unit	Fee	Additional information	Old Fee	New Fee	Fee Change	Quantity	Rev. Change	Est. FY15 Revenue
Government Records Access and Management Act (GRAMA) Fees	Paper	All of these GRAMA fees apply for the entire Department of Human Services	0.25	0.25	-	-	-	-
	Audio tape		5	5	-	-	-	-
	Video tape		15	15	-	-	-	-
	Compiling and reporting in another format		25	25	-	-	-	-
		If programmer/analyst assistance is required (per hour)	50	50	-	-	-	-
	Mailing	Actual cost	0	0	-	-	-	-
EDO Licensing	Initial license	Any new Human Services program	300	300	-	50	-	15,000
	Adult Day Care	0-50 consumers per program	100	100	-	12	-	1,200
		More than 50 consumers per program	200	200	-	1	-	200
		Per licensed capacity	3	3	-	250	-	800
	Child Placing		250	250	-	100	-	25,000
	Day Treatment		150	150	-	150	-	22,500
	Outpatient Treatment		100	100	-	250	-	25,000
	Residential Support		100	100	-	130	-	13,000
	Residential Treatment	Basic	200	200	-	175	-	35,000
		Per licensed capacity	3	3	-	3,300	-	9,900
	Social Detoxification		200	200	-	10	-	2,000
	Life Safety Pre-inspection		200	200	-	50	-	10,000
	Outdoor Youth Program	Basic	300	300	-	10	-	3,000
		Per licensed capacity	5	5	-	700	-	3,500
	Investigation Fingerprint	Hard copy passed through to the FBI	39.25	36.50	(2.75)	300	(800)	11,000
		Live scan passed through to the FBI	39.25	36.50	(2.75)	600	(1,700)	21,900
	Live Scan		10	10	-	275	-	2,800
Intermediate Secure Treatment	Basic	250	250	-	10	-	2,500	
	Per licensed capacity	3	3	-	700	-	2,100	
Therapeutic School Program	Basic	200	200	-	5	-	1,000	
	Per licensed capacity	3	3	-	200	-	600	
DSAMH Admin.	Alcoholic Beverage Server	On Premise Sales	2.5	2.5	-	10,850	-	27,100
		Off Premise Sales	3.5	3.5	-	11,050	-	38,700
Utah State Hospital	Photo Shoots	Per 2 hours	20	20	-	100	2,000	2,000
	Use of USH Facilities	Groups of up to 50 people (per day)	75	75	-	80	6,000	6,000
	Use of USH Facilities	Groups over 50 people (per day)	150	150	-	80	6,000	12,000
DSAMH Sub Abuse Services	Alcoholic Beverage Server	On Premise Sales	2.5	2.5	-	496	-	1,200
		Off Premise Sales	3.5	3.5	-	503	-	1,800
DSPD Non-Waiver Services	Graduated	Critical Support Services for People with Disabilities who are non-Medicaid matched. The fee ranges between 1% to 3% of Gross Family Income.	630	630	-	11	-	6,900
ORS Child Support	Collections Processing		5	5	-	510,000	-	2,550,000
	Credit Card Convenience		5	5	-	11,500	-	57,500
	Federal Tax Intercept	Retained	25	25	-	5,000	-	125,000
	Collection		25	25	-	24,600	-	615,000
DCFS Service Delivery	Live Scan Testing		10	10	-	4,275	-	42,800
DCFS Domestic Violence	Domestic Violence Treatment	Fee eliminated in SB 49, Child Welfare Modifications (2013 GS)	10	0	-	-	-	-
Total Estimated Revenue for FY 2015								3,694,000

Table 1

FEES COVERING ASSOCIATED COSTS - POTENTIAL FEE INCREASES

[UCA 63J-1-504](#) states that “Each fee agency shall adopt a schedule of fees assessed for services provided by the fee agency that are: reasonable, fair, and reflect the cost of services provided . . .” In its July 9, 2013 interim meeting, the Social Services Appropriations subcommittee heard a presentation by agencies regarding [fees](#) charged and how the revenues collected from fees compared to the associated cost of those fees. The subcommittee agreed to have the co-chairs [follow up on this item](#) and then report back to the subcommittee. As part of that effort, several fees were identified and reviewed in the Department of Human Services. The Department of Human Services was asked to provide information on possible ways to have fee revenues match costs or to reasonably increase the percentage of costs covered by the fees. The following information is based upon the department’s response to that request. The department stated that it “continues to provide information as requested, but is not specifically requesting or recommending a fee increase or that any possible fee increase should be at the maximum rate examined here.”

Office of Recovery Services:

The Office of Recovery Services (ORS) states, “Fees charged by a [Child Support Collections] program are subject to limitations placed by Federal regulations. Three critical regulations are: [1] fees collected are considered program income and are not subject to the 66% Federal match; [2] fees cannot be used to supplant a state’s required General Fund contribution; and [3] fees charged cannot exceed the actual cost per case calculated at \$24 per case/per month for FY 2013.”

Given that “fees cannot be used to supplant a state’s required General Fund contribution,” without the federal match, “fees initially cause a decrease in the funding available to the program unless the fees collected are high enough to compensate for all of the lost Federal funding”:

- \$1.00 fee = \$1.00 available to spend
- \$1.00 General Fund = \$2.94 available to spend

Office of Recovery Services - Increasing the payment processing fee

The Department of Human Services states:

The Office of Recovery Services “charges a payment processing fee to clients who are not receiving public assistance or Medicaid. Individuals subject to the payment processing fee are not required to open a child support case as a condition of eligibility for financial or medical assistance. In FY 2013, only 61,314 out of the 112,613 total open cases qualified to have the payment processing fee charged.” These 61,314 are cases not receiving public assistance (e.g. – Medicaid, Temporary Assistance for Needy Families). Instead, these cases are opened by individuals who voluntarily request assistance from ORS for child support collections. Under federal law, ORS must accept the case. The amounts of monthly support payments can vary widely in these cases.

The current charge for payment processing fees is \$5.00 per payment with a \$10.00 maximum per month. A total of \$2,544,875 was collected in FY 2013. Total child support collection costs for FY 2013 were \$37,809,100.

The alternative proposal being examined here is to change the payment processing fee from a set payment per case to one based upon a percentage of the payment being disbursed. Using a set payment assesses all parties, irrespective of income, the same amount. Using a percentage of payment method allows for a variable assessment based upon child support payment amounts (with a correlation to income levels). Using a 6 percent fee structure, the alternative proposal would have generated an estimated \$2,029,700 in additional collections. The alternative proposal being examined would also require a change to the ORS information system. ORS estimates the cost of the change at \$350,000 and believes the change may take as long as two years to program due to the complexity of distribution statutes governing how fees are calculated and payments disbursed as well as other required enhancements which will be competing for limited programming resources.

In compliance with federal regulation 45 CFR 302.33 (d)(ii), the payment processing fee is paid by the “individual who is receiving IV-D services” (i.e., the applicant for services, who is usually the custodial parent). ORS points out that, compared to FY 2013 actual fees, 89 percent of all cases would have experienced a fee increase and 11 percent would have experienced a decrease under the proposed fee structure.

The department offers the following caution: “the non-quantifiable cost of redirecting ORS’s limited programming resources from other required and existing projects, in combination with the public perception that ORS would be funding its program by taking additional money from custodial parents and children, make this proposal one that should be pursued very cautiously, if at all.”

The Analyst recommends the subcommittee consider changing the payment processing fee methodology from a flat rate to a percentage-based payment of 6% up to \$24 per month which is an upper limit based upon not exceeding the average cost per case - understanding that the programming changes required may take several years to implement. Consideration of this change in the methodology is in order to more accurately cover the cost of ORS providing these services. If the Legislature does change the payment processing fee methodology from a flat rate to a percentage-based payment, the Analyst recommends the additional fee income be left with ORS and the following intent language be adopted if the fee increase is approved:

The Legislature intends the Office of Recovery Services report to the Office of the Legislative Fiscal Analyst by September 1, 2014 regarding implementation of fee increases and a detailed listing of the intended uses of the additional fee revenue with associated amounts.

Office of Recovery Services - Increasing the credit card convenience fee by \$1.00

ORS currently charges a convenience fee when payments are made using a credit card, debit card, or electronic check (the agency refers to this transaction as a credit card for simplicity). The purpose of this fee is to offset the various fees charged to ORS by the financial institutions processing the payments. During FY 2013, \$57,100 was collected from charging these credit card convenience fees. FY 2013 costs to process the credit card transactions were \$95,400. The current credit card convenience fees are:

- 1) \$1.00 per payment if the payer submits the credit card information using an automated method like the ORS automated phone system or online
- 2) \$5.00 per payment if the payer submits the credit card information to an ORS employee who then manually processes the payment.

If the fees were raised respectively to \$2.00 and \$6.00, it would generate approximately \$23,600 in new fee revenue. Increasing the fees would still not fully cover the costs - leaving a \$14,700 gap. ORS states that “this fee [increase] will require minimal effort and one-time cost [\$700] to implement and would offset specific expenses that ORS currently pays.” The department states that the “Leavitt administration requested that this fee be \$1.00 to encourage use of electronic commerce.” The Analyst recommends the subcommittee consider increasing the credit card convenience fee by \$1.00 in order to more accurately cover the cost of providing this convenience. If the Legislature does increase the credit card convenience fee, the Analyst further recommends the additional fee income be left with ORS and the following intent language be adopted if the fee increase is approved:

The Legislature intends the Office of Recovery Services report to the Office of the Legislative Fiscal Analyst by September 1, 2014 regarding implementation of fee increases and a detailed listing of the intended uses of the additional fee revenue with associated amounts.

Office of Licensing:

Fees charged by the Office of Licensing are deposited into the General Fund.

Office of Licensing - Increasing the outdoor youth provider fee to cover the cost of the program

The Office of Licensing charges private, for-profit outdoor wilderness youth programs \$300 per program plus a \$5 per person charge multiplied by the program capacity number. In FY 2013, there were 11 for-profit outdoor youth providers. Fees assessed these providers generated \$7,200. The average fee charged per provider was \$655. FY 2013 costs for the Outdoor Youth Treatment program were \$15,500 leaving a funding gap of \$8,300. The funding gap is being covered by State General Fund. The Analyst recommends the subcommittee consider increasing the outdoor youth provider fees by an amount sufficient to cover the cost of providing this convenience. If the Legislature does increase this fee, the Analyst further recommends the adoption of the following intent language

The Legislature intends the Office of Licensing report to the Office of the Legislative Fiscal Analyst by September 1, 2014 regarding implementation of the fee increase.

Division of Substance Abuse and Mental Health:

Division of Substance Abuse and Mental Health - increasing the alcoholic beverage server fee by \$0.50

The Division of Substance Abuse and Mental Health charges a fee “to maintain a database of individuals who have completed off-premise [and on-premise] alcohol sales training.” The state is subsidizing the cost of this program with \$25,000. Raising the fee by \$1.00 would result in the fee covering a higher percentage of the cost of the program. The Analyst recommends the subcommittee consider increasing the alcoholic beverage server fee by \$1.00 in order to more fully cover the cost of providing this training. For example, based on FY2015 estimated revenue the Division of Substance Abuse and Mental Health would receive an additional \$22,900 in fee revenue based on the \$1.00. DHS states “The On-Premise training is valid for 3 years and the Off-Premise training is valid for 5 years. The collected fees pay for a portion of a part time staff position that performs such duties as curriculum review, training and education of state standards, problem research and resolution, answers system user questions, and coordinates with DTS system changes and updates. The collected fees are also used to pay DTS for system changes, server fees, and storage and maintenance. Expenditures for the program are covered by current fees and funds that were appropriated in Senate Bill 314, 2011 General Session.”

APPENDIX – DESCRIPTION OF FEES

GRAMA Records paper, audio tape, video tape, reporting in another format, and records mailing – Department-wide - Fees are for the costs associated with producing, providing, or compiling information requests and the delivery of that information.

Initial License (new program) - \$15,000 – Office of Licensing – \$300 per facility, initial licensing fee for new treatment programs not previously licensed by the department.

Adult Day Care (0-50 consumers/program) - \$1,200 – Office of Licensing - \$100 per facility providing day care services to fewer than 50 vulnerable adults.

Adult Day Care (>50 consumers/program) - \$200 – Office of Licensing - \$200 per facility providing day care services to more than 50 vulnerable adults.

Adult Day Care per licensed capacity - \$800 – Office of Licensing - \$3 per person times the facility capacity added to base fee.

Child Placing - \$25,000 – Office of Licensing - \$250 per agency providing adoption and/or foster care.

Day Treatment - \$22,500 – Office of Licensing - \$150 per non-residential facility providing specialized treatment services to clients during the day.

Outpatient Treatment – \$25,000 – Office of Licensing - \$100 per facility providing individual therapy, group, or family counseling services.

Residential Support - \$13,000 – Office of Licensing - \$100 per facility providing residential support (i.e., supervised living environment, shelter care, sober living, etc.) services.

Residential Treatment - \$35,000 – Office of Licensing - \$200 per facility providing 24-hour specialized treatment services to persons with emotional, psychological, developmental, or behavioral dysfunctions, impairments, or chemical dependencies.

Residential Treatment per licensed capacity - \$9,900 - Office of Licensing - \$3 per person times the facility capacity added to base fee.

Social Detoxification - \$2,000 – Office of Licensing - \$200 per facility providing non-medical detoxification services.

Life Safety Pre-inspection - \$10,000 – Office of Licensing - \$200 for a Life-Safety inspection per facility providing residential services for disabled persons as required by federal law.

Outdoor Youth Program - \$3,000 – Office of Licensing - \$300 per program providing youth wilderness therapy services.

Outdoor Youth Program per licensed capacity - \$3,500 – Office of Licensing - \$5 per person times the program capacity added to base fee.

FBI Fingerprint Check (Hard Copy) - \$11,000 – Office of Licensing - \$36.50 per person requiring a fingerprint-based background screen via hard copy prints.

FBI Fingerprint Check (Live Scan) -- \$21,900 - Office of Licensing - \$36.50 per person requiring a fingerprint-based background screen via Live Scan.

Live Scan Testing Fees - \$2,800 - Office of Licensing – Fees are charged to licensed provider employees who will have direct access to children or vulnerable adults. These individuals have an electronic scan of finger prints sent to the Department of Public Safety Bureau of Criminal Identification to be run against Utah criminal records and the FBI criminal database. This testing fulfills State and Federal law requirements. The fee partially offsets the cost for Office of Licensing staff to administer the tests.

Intermediate Secure Treatment - \$2,500 – Office of Licensing - \$250 per facility providing residential treatment services in a secure setting.

Intermediate Secure Treatment per licensed capacity - \$2,100 – Office of Licensing - \$3 per person times the facility capacity added to base fee.

Therapeutic School Program - \$1,000 – Office of Licensing - \$200 per facility providing therapeutic boarding school services.

Therapeutic School Program per licensed capacity - \$600 - Office of Licensing - \$3 per person times the facility capacity added to base fee.

Alcoholic Beverage Server Fee (Off Premise) – \$25,200 – Division of Substance Abuse and Mental Health - A fee charged to maintain a database of individuals who have completed off-premise alcohol sales training.

Alcoholic Beverage Server Fee (On Premise) - \$33,400 – Division of Substance Abuse and Mental Health - A fee charged to maintain a database of individuals who have completed on-premise alcohol sales training.

Photo Shoots - \$2,000 – Utah State Hospital – A fee charged for use of the grounds for photo shoots.

Use of USH Facilities - \$18,000 – Utah State Hospital – A fee charged per day for outside groups for use of portions of the State Hospital grounds in non-patient areas.

Graduated Fee - Critical Support Services for People with Disabilities (Non-Medicaid Matched) - \$10,000 – Division of Services for People with Disabilities – Fee is assessed based on ability to pay and is used to pay part of the cost of support services incurred by an individual with severe disabilities who does not participate in one of the division’s federal Medicaid waiver programs.

Recovery Services Collections Processing Fee - \$2,640,900 - Office of Recovery Services – Fee assessed (collected) and paid for child support payments made to ORS by *obligee*.

Credit Card Convenience Fee - \$19,100 – Office of Recovery Services – Fee assessed (collected) when ORS accepts a payment over the Internet or by telephone for child support or other payments made by non custodial/custodial parents or other non child support payments owed the State of Utah.

Recovery Services Federal Tax Intercept Fee (Retained) - \$160,000 - Office of Recovery Services – Fee retained by ORS for Federal Tax Intercept payments related to owed child support.

\$25 Collection Fee - \$400,000 - Office of Recovery Services – Annual one-time fee collected from child support payments made by non-custodial parent.

Live Scan Testing Fees (DCFS) - \$42,800 - Division of Child and Family Services – Fees are charged to foster parents, adoptive parents, kinship caregivers, proctor parents and contracted provider employees who will have direct access to children. These individuals have an electronic scan of finger prints sent to the Department of Public Safety Bureau of

Criminal Identification to be run against Utah criminal records and the FBI criminal database. This testing fulfills State and federal law requirements. The fee partially offsets the cost for DCFS staff to administer the tests.

Domestic Violence Treatment Fees - \$5,800 – Division of Child and Family Services – Fees are charged to perpetrators of domestic violence who are court ordered to pay the fee and attend counseling sessions. If they do not pay the fee they are referred back to the Courts and arrangements are made for the fee to be paid and counseling to continue.