

Office of the  
Legislative Fiscal Analyst

## **FY 2001 Budget Recommendations**

Joint Appropriations Subcommittee for  
Health and Human Services

Utah Department of Human Services  
**Summary**

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## 1.0 Department of Human Services

The Department of Human Services is established and functions under authority of Title 62A of the Utah Code. In addition to the Executive Director Operations budget, there are seven divisions within the Department of Human Services. These include the Divisions of Substance Abuse, Mental Health, Services for People with Disabilities, Aging and Adult Services, Office of Recovery Services, Child and Family Services, and Youth Corrections. The Youth Corrections budget is heard in another subcommittee.

### 1.1 Department Budget Summary

The following table summarizes the department’s authorized FY 2000 budget and the Analyst recommended FY 2001 budgets. For FY 2001, the Analyst recommends a total appropriation of \$418.2 million, with \$192.6 million from the State General Fund.

	<b>Analyst FY 2001 Base</b>	<b>Analyst FY 2001 Changes</b>	<b>Analyst FY 2001 Total</b>
<b>Financing</b>			
General Fund	\$192,581,400	\$35,000	\$192,616,400
Federal Funds	97,697,800		97,697,800
Dedicated Credits Revenue	8,254,200		8,254,200
GFR - Children's Trust	350,000		350,000
GFR - Domestic Violence	550,000		550,000
GFR - Intoxicated Driver Rehab	950,000		950,000
GFR - Trust for People with Disabi		200,000	200,000
Transfers - H - Medical Assistance	112,696,200		112,696,200
Transfers - Internal	2,979,800		2,979,800
Transfers - Other Agencies	945,200		945,200
Transfers - TANF	492,500		492,500
<b>Total</b>	<b>\$417,936,900</b>	<b>\$235,000</b>	<b>\$418,171,900</b>
<b>Programs</b>			
Executive Director	\$18,919,400		\$18,919,400
<i>TransferPublic Guardian Function</i>		41,700	41,700
Mental Health	66,823,200		66,823,200
<i>Transfer of Children's Day Treatment</i>		84,800	84,800
Substance Abuse	26,969,700		26,969,700
Services for People with Disabilitie	128,881,400		128,881,400
<i>One-time funding from Trust Fund</i>		200,000	200,000
Office of Recovery Services	41,282,400		41,282,400
Child and Family Services	116,987,600		116,987,600
<i>Transfer of Children's Day Treatment</i>		(84,800)	(84,800)
<i>Transfer from Dept of Health</i>		35,000	35,000
Aging and Adult Services	18,073,200		18,073,200
<i>TransferPublic Guardian Function</i>		(41,700)	(41,700)
<b>Total</b>	<b>\$417,936,900</b>	<b>\$235,000</b>	<b>\$418,171,900</b>
<b>FTE</b>	<b>3,764.7</b>	<b>1.0</b>	<b>3,765.7</b>

**2.0 Issues: Department of Human Services**

The following table shows the current authorized budget and all adjustments made to arrive at the recommended FY 2001 Analyst’s budget. Following the table are capsule discussions of some of the more significant budget issues considered by the Analyst for the FY 2001 budget recommendation for the Department of Human Services.

**2.1 Department Budget Summary**

<b>DEPARTMENT OF HUMAN SERVICES</b>		
<b>SUMMARY OF ANALYST RECOMMENDATIONS - FY 2001</b>		
	<b>General Fund</b>	<b>Total Funds</b>
<b>FY 2000 AUTHORIZED</b>	\$193,809,300	\$422,706,400
Less 1-time funding	(50,000)	(250,000)
Non-General Fund revenue estimate revisions	0	(1,906,000)
<b>FY 2001 BASE BUDGET</b>	<u>\$193,759,300</u>	<u>\$420,550,400</u>
Adjustment for 16 less work hours	(486,000)	(982,400)
State ISF Rate Changes	(380,900)	(1,076,900)
State Retirement Rate Reductions	(302,900)	(546,100)
Risk Mgt Rate Redistribution (from FY 2000)	(8,100)	(8,100)
<b>FY 2001 ADJUSTED BASE BUDGET</b>	<u>\$192,581,400</u>	<u>\$417,936,900</u>
Transfer of Eligibility Staff to DCFS from Dept of Health	35,000	35,000
Trust Fund for People with Disabilities Expenditures		200,000
<b>FY 2001 ANALYST RECOMMENDED BUDGET</b>	<u><u>\$192,616,400</u></u>	<u><u>\$418,171,900</u></u>
(Without Compensation Adjustment)		

**2.2 FY 2000 One-time Funding**

The Analyst reduced the FY 2001 base budget by \$50,000 (General Fund) for the one-time FY 2000 appropriation for Senior Centers remodeling.

The base has also been reduced by \$200,000 (General Fund Restricted - Trust Fund for People with Disabilities) for programs in the Division of Services for People with Disabilities. These expenditures will not be made this year. The Division requested that \$200,000 be appropriated again for FY 2001, which the Analyst has included in the FY 2001 recommendation. The Analyst is also recommending a negative supplemental for FY 2000 in the same amount to ensure authorized expenditures from this trust fund do not exceed statutory limits.

### **2.3 Base Budget Adjustments**

The Fiscal Analyst adjusted the base budget for FY 2001 to reflect the shortened work year by 16 hours (\$486,000 General Fund reduction), change in the retirement rate (\$302,900 General Fund reduction), and changes in the rates charged by the State's internal service funds (\$380,900 General Fund reduction). These reductions are part of the budget recommendations for all divisions in the Department.

The Analyst is also including a re-distribution of funds appropriated for FY 2000 for Risk Management liability premium increases. The 1999 Legislature appropriated \$51,500 (General Fund) to one program in the Executive Director Operations' budget. It should have been part of the budgets of all programs and divisions in the Department. The redistribution of these funds includes \$8,100 transferred to the Division of Youth Corrections, whose budget is heard in another committee.

### **2.4 Transfer from Department of Health to DCFS**

The Division of Child and Family Services (DCFS) and the Department of Health have requested a transfer of \$35,000 (General Fund) from Health to DCFS for FY 2001. These funds are used for Medicaid eligibility services that are increasingly performed by DCFS. This will fund one additional FTE in DCFS. The Fiscal Analyst has included this transfer in the FY 2001 recommendations for both DCFS and the Health Department.

### **2.5 Federal Funds Reductions**

The federal medical assistance percentage (FMAP) match rate for FY 2001 is changing from 71.61 percent to 71.47 percent. As a result, without an increase in state matching funds, the State will see a reduction in federal medical assistance payments. To maintain the current level of funding in the Department of Human Services (DHS), the State would need to increase its match by \$241,500. Another \$50,400 would be needed to replace a reduction in the Medicaid Disproportionate Share (ADSH®) received by the State Hospital as compensation for its "disproportionate share" of Medicaid patients.

Congress is again reducing the Social Services Block Grant (SSBG). The impact to DHS is currently estimated to be slightly more than \$1 million for FY 2001 and about \$500,000 for FY 2000. These reductions affect services in most programs in nearly all divisions in the department.

## **2.6 Compensation Adjustments**

The Executive Appropriations Committee will make all compensation adjustment decisions and has set aside an amount for this adjustment. State law requires the Governor to consider an adjustment to local mental health, substance abuse and aging authorities, as well as service providers for the Division of Services for People with Disabilities. This adjustment would provide a compensation increase comparable to that recommended for state employees. The Governor did not include funding for these adjustments in his budget.

## **2.7 State Hospital Forensic Facility Operating Costs**

The new 100 bed forensic facility at the State Hospital in Provo was completed in July 1999. It serves various categories of individuals in the State's judicial and court systems. Last year the Legislature appropriated \$3,140,000 to fund operation of three of the four wings (or about 75 patients). The Division requests that \$2,513,000 be appropriated from the General Fund for FY 2001 to complete operational funding for this facility.

## **2.8 Transfers From TANF "Rainy Day" Fund**

Several years ago, federal welfare reform froze block grants to states for the Temporary Assistance to Needy Families (TANF) program. The block grant amount was based on 1995 caseloads, and will remain fixed until the year 2002. Since then, caseloads have been dropping significantly, largely due to improved economic conditions. This resulted in surplus TANF funds that states may save for future needs. States are allowed to transfer money from the TANF reserve to the Social Services Block Grant (SSBG).

Like last year, the Governor has included a transfer of about \$2.9 million from TANF to the SSBG to fund social services programs in the Department of Human Services for FY 2001. These transfers will only be available through the year 2002. Eventually, the Legislature must consider whether to replace them with State funds or reduce human service budgets accordingly.

In the 1999 legislative session, the Legislature approved intent language directing the 2000 Legislature to "consider replacing TANF funds used for the waiting list for people with disabilities . . . ." Due to funding restrictions, the Analyst has not included a replacement of these funds, but is continuing the TANF transfer in the same amount for FY 2001.

## **2.9 Families, Agencies and Communities Together (FACT)**

FACT provides flexible, preventive services to families with children at-risk of failing in school, and/or at risk of abuse and neglect. It is administered by staff in the Department of Human Services and involves the Departments of Human Services, Health, Public Education, Workforce Services, and the Juvenile Courts.

In 1996, the Legislature passed H.J.R.10, which provides for a committee of 18 legislators to meet during the general session to review FACT related budgets. The committee met during the last three general sessions. In November 1999, the Legislative Joint Rules Committee voted unanimously to eliminate this committee and meeting. If approved by the Legislature, this group will not be meeting this session.

## **2.10 Waiting List for People with Disabilities**

Currently, there are about 2,300 people on the waiting list for community-based services, including about 800 waiting for residential services. Of the people waiting for services, about 1,800 are considered in critical or immediate need of services. These are people whose service providers (usually the family) are unable to continue care and/or the client's health is in serious jeopardy. To fully fund the current waiting list, the State would need to provide approximately \$15 million in additional state funds. Due to funding restrictions, the Analyst has not included any new funding for the waiting list in the FY 2001 recommendation.

In the last three years, the Utah Legislature has appropriated over \$12.7 million in new funds (\$3.7 million state funds) to provide services for people on the waiting list. In addition, the State has appropriated another \$2.5 million for emergency community placements.

A recent Federal Supreme Court decision allows states to maintain waiting lists for community alternative services as long as the State has a plan to move people off the list within "reasonable" time. What "reasonable" means is yet to be interpreted by the courts.

## **2.11 Division of Child and Family Services and the Court Settlement**

In February 1993, the National Center for Youth Law (NCYL) filed a civil rights complaint in U.S. District Court on behalf of all children reported as abused and neglected and all foster children in Utah. A four-year settlement was signed by Governor Leavitt and approved by the Court in 1994.

In August 1998, the Court allowed the four-year settlement to expire. However, the Judge required the Division to prepare a comprehensive plan to improve child protective services satisfactory to both the court and the NCYL. The plan was completed and accepted this past summer. The judge directed DCFS to report to the court on progress in complying with the plan. The State has appealed the decision that the Court continue its involvement with management of the Division.

## **2.12 Division of Child and Family Services Budget Concerns**

Early expenditure projections by the Division of Child and Family Services (DCFS) indicate that, without corrective actions, the Division could see a budget overrun of as much as \$8 million by the end of the current fiscal year. The main reason for the concern comes from an unexpected upturn in the number of children in custody needing high-cost residential treatment. Other factors include unexpected delays (and costs) in completing development of the Child Welfare Management Information System (SAFE), staff hiring above projected levels, and changes in the regional budget distribution formula.

**4.0 Additional Information**

**4.1 Funding History**

	<b>FY 1997</b>	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>	<b>FY 2001</b>
<b>Financing</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Estimated</b>	<b>Analyst</b>
General Fund	\$159,092,353	\$177,025,899	\$180,571,099	\$193,759,300	\$192,616,400
General Fund, One-time				50,000	
Federal Funds	95,781,651	89,896,092	101,703,400	100,085,400	97,697,800
Dedicated Credits Revenue	9,932,555	7,270,048	7,363,836	7,930,000	8,254,200
GFR - Children's Trust	350,000	350,000	350,000	350,000	350,000
GFR - Domestic Violence	500,000	550,000	550,000	550,000	550,000
GFR - Intoxicated Driver Rehab	900,000	950,000	950,000	950,000	950,000
GFR - Trust for People with Disabilities		738,000	690,000	200,000	200,000
Transfers - H - Medical Assistance	74,773,900	88,100,405	100,069,931	112,517,200	112,696,200
Transfers - Internal	4,660,493	1,723,995	1,753,250	3,096,800	2,979,800
Transfers - Other Agencies	5,219,243	1,919,269	2,287,202	1,771,900	945,200
Transfers - TANF		428,469	466,936	487,300	492,500
Transfers - USDA		464,341	409,299	435,100	439,800
Beginning Nonlapsing	1,275,867	1,613,648	2,151,885	523,400	
Closing Nonlapsing	(1,690,552)	(2,267,221)	(523,349)		
Lapsing Balance	(2,308,214)	(2,059,352)	(1,661,036)		
<b>Total</b>	<b>\$348,487,296</b>	<b>\$366,703,593</b>	<b>\$397,132,453</b>	<b>\$422,706,400</b>	<b>\$418,171,900</b>
<b>% Change</b>		5.2%	8.3%	6.4%	-1.1%
<b>Programs</b>					
Executive Director	\$15,943,608	\$17,977,902	\$18,729,622	\$19,600,300	\$18,961,100
Mental Health	56,479,187	58,467,760	61,906,959	67,106,100	66,908,000
Substance Abuse	26,275,548	23,259,968	23,334,956	26,986,200	26,969,700
Services for People with Disabilities	96,978,432	106,137,908	114,120,762	129,750,300	129,081,400
Office of Recovery Services	34,800,109	35,527,724	40,168,788	42,587,400	41,282,400
Child and Family Services	101,755,621	108,474,812	120,991,896	118,214,500	116,937,800
Aging and Adult Services	16,254,791	16,857,519	17,879,470	18,461,600	18,031,500
<b>Total</b>	<b>\$348,487,296</b>	<b>\$366,703,593</b>	<b>\$397,132,453</b>	<b>\$422,706,400</b>	<b>\$418,171,900</b>
<b>Expenditures</b>					
Personal Services	\$127,398,763	\$133,601,549	\$143,092,672	\$154,633,600	\$153,429,900
In-State Travel	1,620,823	1,465,344	1,457,943	1,334,700	1,326,800
Out of State Travel	261,561	270,929	327,221	314,200	313,400
Current Expense	34,173,462	34,621,810	36,270,015	38,508,600	37,553,000
DP Current Expense	15,203,087	17,792,504	21,492,617	15,571,400	13,857,100
DP Capital Outlay	318,423	189,380	166,255	15,400	14,900
Capital Outlay	237,263	442,123	224,261	227,800	277,800
Other Charges/Pass Thru	169,273,914	178,319,954	194,101,469	212,100,700	211,399,000
<b>Total</b>	<b>\$348,487,296</b>	<b>\$366,703,593</b>	<b>\$397,132,453</b>	<b>\$422,706,400</b>	<b>\$418,171,900</b>
<b>FTE</b>	3,664.8	3,611.8	3,478.4	3,764.9	3,765.7