

Office of the
Legislative Fiscal Analyst

FY 2002 Budget Recommendations

Joint Appropriations Subcommittee for
Health and Human Services

Utah Department of Human Services
Summary

Contents:

- 1.0 Summary
- 2.0 Issues
- 3.0 Programs
- 4.0 Additional Information

1.0 Department of Human Services

Summary

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 the Executive Offices and Criminal Justice appropriations subcommittee.

1.1 Department Budget Summary

The following table summarizes the Analyst's recommended base FY 2002 budget and base changes. For FY 2002, the Analyst recommends a budget of \$438.1 million, with \$201 million from the General Fund. These numbers do not include compensation increases. The Executive Appropriations Committee will consider those decisions.

Included in the Analyst's FY 2002 recommended amounts are several fund transfers, several increases in certain General Fund restricted accounts and an increase of \$1.5 million (General Fund) to replace one-time transfers from the TANF (Temporary Assistance to Needy Families) "surplus" account to the Department's SSBG fund (Social Service Block Grant). These adjustments will be described in detail in the various division budget reports.

For FY 2002, the State Retirement System has lowered the required retirement contribution from 15.18 percent to 11.86 percent. For the Department of Human Services, this means a total reduction in the base salary budget of \$3,755,500, including a reduction in the General Fund budget in the amount of \$2,011,200.

The State Administrative Services has recommended rate changes for users of its motor pool, building maintenance, risk management, and IT services. The net impact to Human Services is a decrease of \$23,200, but due to the varied funding sources mix in its programs, the General Fund portion actually increases by \$41,400.

	Analyst FY 2002 Base	Analyst FY 2002 Changes	Analyst FY 2002 Total
Financing			
General Fund	199,313,900	1,712,300	201,026,200
Federal Funds	106,698,100	(1,500,000)	105,198,100
Dedicated Credits Revenue	7,987,300		7,987,300
GFR - Children's Trust	350,000		350,000
GFR - Domestic Violence	550,000	100,000	650,000
GFR - Intoxicated Driver Rehab	950,000	100,000	1,050,000
GFR - Tobacco Settlement	1,647,200		1,647,200
GFR - Trust for People with Disabilities		200,000	200,000
Transfers - H - Medical Assistance	114,468,100		114,468,100
Transfers - Other Agencies	5,485,700		5,485,700
Total	\$437,450,300	\$612,300	\$438,062,600
Programs			
Executive Director Operations	19,312,700	(67,700)	19,245,000
Drug Courts/Board	1,647,200		1,647,200
Mental Health	72,184,900	194,000	72,378,900
Substance Abuse	30,802,000	156,000	30,958,000
Svcs for People w/Disabilities	132,723,100	300,000	133,023,100
Office of Recovery Services	42,458,700	(20,000)	42,438,700
Child and Family Services	119,543,000	50,000	119,593,000
Aging and Adult Services	18,778,700		18,778,700
Total	\$437,450,300	\$612,300	\$438,062,600
FTE/Other			
Total FTE	3,787		3,787
Vehicles	326		326

2.0 Issues: Department of Human Services

2.1 Division of Child and Family Services Budget Concerns

Last year at this time, the Division of Child and Family Services (DCFS) was heading for an over-expenditure of nearly \$10 million for FY 2000. There were many reasons for the budget problems, including unexpected case growth, administrative growth, cost overruns, and a general lack of fiscal oversight. Under direction of the Department director, the Division undertook corrective action to bring spending back within limits by reducing staff, eliminating administrative positions, reducing high cost placements of children in custody, reviewing adoption subsidies, and implementing a department fiscal oversight process. The Division ended the year in the black, but is requesting supplemental budget increases for FY 2001.

2.2 Adoption Assistance Funding

The State makes available several forms of financial assistance to families adopting children from State custody: 1) One-time assistance for legal costs; 2) Medicaid card for the child; 3) Monthly adoption subsidies; and 4) Supplemental, special needs subsidies, for out-of-home placement care, specialized therapy, dental and medical care not covered by the Medicaid card, and other occasional needs. As part of a budget control effort in FY 2000, the Division of Child and Family Services (DCFS) reviewed, and in many cases reduced or eliminated, this last form of subsidy. Some of the reduced or eliminated subsidies were later restored. If funding becomes available, the Fiscal Analyst recommends a budget increase of \$2,750,000 (General Fund) for FY 2002. The Division is also requesting a supplemental appropriation for FY 2001. DCFS also plans to increase post-adoptive support staff. Post adoption case management personnel work with adoptive families, arrange training and parent support groups and work with families in crisis with an adoption at risk of failing. Again, if funding is available, the Analyst would recommend \$100,000 (General Fund) to increase post adoption case management staff.

2.3 Division of Child and Family Services (DCFS) - Court Oversight

After four years of the David C. settlement agreement, the federal district court, in 1998, decided to continue its oversight of the Division by requiring the creation and monitoring of a "Performance Milestone Plan. The State has appealed the court's decision to the 10th Circuit Court of Appeals in Denver, arguing that the Court should not continue its involvement with management of the Division. DCFS is requesting funding to cover the costs associated with implementing the "Milestone Plan" for FY 2002 for development of training programs and case review costs. If funds become available, the analyst recommends \$570,000 in one time funding for FY 2002.

2.4 TANF Funds Replacement

During the last two sessions, the Legislature has approved transfers of Temporary Assistance to Needy Families (TANF) funds to the Social Services Block Grant (SSBG) to fund a variety of human services needs. The 2000 Legislature increased the transfer amount by \$1.8 million for FY 2001 (to a total transfer of \$4,737,000) for people with disabilities waiting for services. This is essentially a one-time funding source. By FY 2003, TANF will be reauthorized by Congress and the current “surplus” of TANF funds may not be available. The 2000 Legislature included intent language in its FY 2001 appropriation instructing the Legislative Fiscal Analyst to “consider replacing the [increase in] TANF transfers with sufficient General Funds to provide the equivalent amount of service.” The Analyst has included \$1.5 million from the General Fund in the FY 2002 recommended budget for this purpose. The balance of approximately \$3.2 million in transfers will probably have to be replaced next year to continue present service levels.

2.5 Other Federal Funds Replacement

The Department stands to lose approximately \$3.6 million of federal funding in FY 2002. The Federal Medical Assistance Payments (FMAP) match rate changes from 71.47 percent to 70.36 percent effectively for State Fiscal Year 2002, requiring an additional match of approximately \$1.9 million in State funds. In addition, Congress has reduced the Social Services Block Grant (SSBG) in recent years. The Department requests that \$721,600 in State funds replace losses of SSBG in the Division of Child and Family Services (DCFS) and \$177,000 in the Division of Adult and Aging Services (DAAS). The Department has also requested funds to replace Medicaid reductions in the “disproportionate share” (DSH) paid to hospitals treating a disproportionate share of Medicaid patients (\$71,400). Federal participation in operating costs of the child welfare management information system (SAFE) in DCFS is expected drop by \$738,400. If funds become available, the Fiscal Analyst recommends the Legislature replace these funds with appropriations from the General Fund to maintain current service levels.

2.6 Services for People with Disabilities – Waiting List and Emergency Services

The State has made significant efforts in recent years to provide services for people with disabilities waiting for services. Yet there are still about 1,900 people waiting for services ranging from community group home placements to less costly services such as daily living assistance in the person's home, caregivers' assistance, and day training. It would take \$12 million (General Fund) to fully fund the current waiting list. While not included in the Analyst recommended FY 2002 budget, the Legislature should consider increasing funding for the waiting list by at least \$1.5 million from the General Fund as funding becomes available. In addition, the Department is requesting \$350,000 for emergency placements such as when a caregiver dies or becomes unable to continue care, and cases where the Court orders the Division to provide care. Again, as funds become available, the Analyst recommends this building block be funded.

2.7 State Hospital Seclusion and Restraint

The federal Health Care Finance Agency (HCFA) threatens to withdraw hospital accreditation and Medicaid certification (including loss of Medicaid funds) unless the Hospital complies with new seclusion and restraint requirements. A psychiatrist must now see a patient within one hour after the patient is physically restrained or placed in seclusion. Prior requirement was a visit within 24 hours. This necessitates a psychiatrist be on the premises (or within a hour of the campus) at all times. Additional professional compensation is estimated to cost \$302,600 (General Fund) and the Analyst recommends this as an "unfunded building block" for FY 2002. The Division also requests a supplemental appropriation for FY 2001.

2.8 Expansion of Drug Courts and Drug Boards

Drug Courts offer nonviolent drug abusing offenders intensive court-supervised drug treatment as an alternative to prison if the offender completes the program. Private providers and local area substance abuse authorities provide treatment services. Drug Boards is a similar program offered by the correction system to individuals entering parole. Estimated needs for drug court services total \$12.3 million in state funds that would provide services to approximately 3,500 offenders. The Division is requesting about one-fourth of this amount, \$3.1 million, for FY 2002. The total need of drug boards is estimated at \$7.8 million in state funds, which would serve an estimated 2,200 persons. The Division is requesting \$1.8 million. If funds become available, the Fiscal Analyst would recommend an increase of about \$1,750,000 (General Fund) to continue a gradual increase in drug court services.

2.9 Increased Funding for METH Abuse Treatment

As part of a crime prevention package proposed by the Governor, the Department is requesting additional funding specified for treatment of the growing METH epidemic. The average cost of treatment is about \$4,700. The Division of Substance Abuse believes the funds should be targeted at women, especially pregnant women or women with dependent children. Most women eligible for the public substance abuse treatment services are also eligible for federal Title XIX funding (state match about 30 percent). The Analyst recommends, if funds become available, that \$250,000 (General Funds) be appropriated specifically for treatment of METH abuse.

2.10 Waiting List for In-home Services for the Aged

There are approximately 1,200 elderly and frail individuals waiting for various services that could prevent or delay their entry into costly nursing homes. These services include respite care, home delivered “meals on wheels,” and transportation services. The Medicaid Waiver and Alternative programs provide other services and assistance with daily living activities. To fund the entire waiting list would take \$3.2 million in State funds. If funds become available, the Analyst recommends the Legislature consider increasing funding for this service by at least \$600,000 for FY 2002.

2.11 Utah State Developmental Center Funding Needs

The Developmental Center has over the past five years reopened two remodeled buildings for residential services, allowing for more individualized living conditions. As a result, the Center has seen more intensive staff to resident ratios. The Center was also under pressure to improve these ratios by Medicaid. Therefore, the Center has not seen as much staff reductions as were planned when the client out-movement and fund transfers began. The Center is requesting funding for 45 direct care staff currently employed but not funded. If funding becomes available, the Analyst recommends a budget increase of \$388,000 (General Fund) for the Center.

2.12 COLA: Local Authorities and Service Providers

State law requires the Governor to “consider” a budget adjustment to local health, mental health, substance abuse, and aging authorities, as well as private service providers for the Division of Services for People with Disabilities and the Division of Child and Family Services. The Governor is to consider a rate increase that will provide a comparable employee salary increase to that recommended for state employees. Current estimates indicate that each one percent adjustment equals approximately \$800,000 (General Fund). The Executive Appropriations Committee will consider this issue along with other compensation issues.

2.13 Transfer from Department of Corrections to Division of Mental Health

The Fiscal Analyst's recommended FY 2002 budget includes a shift of \$190,000 (General Funds) from the Corrections base budget to the State Hospital budget. The 2000 Legislature passed SB 175 "Mental Health and Corrections Law Amendments" which, among other things, deleted statutory language requiring funds be appropriated to the Corrections Department for treatment of inmates at the Hospital and then transferred to the Hospital. Now, these funds will be appropriated by the Legislature directly to the State Hospital.

2.14 Other Funding Transfer Recommendations

In addition to the \$190,000 transfer recommended above, the Analyst recommends several other transfers of General Funds across divisional line items of appropriation. The net impact on the Department is an increase of \$22,300 General Funds. These transfers will be discussed in detail in applicable division budget recommendations.

4.0 Additional Information: Department of Human Services Summary

4.1 Funding History

	1998	1999	2000	2001	2002
Financing	Actual	Actual	Actual	Estimated	Analyst
General Fund	177,025,899	180,571,099	193,430,900	201,383,700	201,026,200
General Fund, One-time				100,000	
Federal Funds	89,896,092	101,703,400	103,940,412	107,727,000	105,198,100
Dedicated Credits Revenue	7,270,048	7,363,836	8,088,622	8,138,700	7,987,300
Federal Mineral Lease					
GFR - Children's Trust	350,000	350,000	350,000	350,000	350,000
GFR - Domestic Violence	550,000	550,000	550,000	550,000	650,000
GFR - Intoxicated Driver Rehab	950,000	950,000	950,000	950,000	1,050,000
GFR - Tobacco Settlement				1,647,200	1,647,200
GFR - Trust for People with Disabilities	738,000	690,000		200,000	200,000
Transfers - H - Medical Assistance	88,100,405	100,069,931	111,086,037	115,371,500	114,468,100
Transfers - Other Agencies	1,919,307	2,287,202	6,379,959	5,960,300	5,485,700
Transfers - TANF	428,469	466,936			
Transfers - USDA	464,303	409,299			
Transfers - Within Agency	1,723,995	1,753,250			
Beginning Nonlapsing	1,613,648	2,151,885	523,349	5,100	
Closing Nonlapsing	(2,267,221)	(523,349)	(5,089)		
Lapsing Balance	(2,059,352)	(1,661,036)	(88,205)		
Total	\$366,703,593	\$397,132,453	\$425,205,985	\$442,383,500	\$438,062,600
Programs					
Executive Director Operations	17,977,902	18,729,622	19,147,314	19,667,700	19,245,000
Drug Courts/Board				1,647,200	1,647,200
Mental Health	58,467,760	61,906,959	67,632,873	73,508,800	72,378,900
Substance Abuse	23,259,968	23,334,956	26,704,463	30,274,800	30,958,000
Svcs for People w/Disabilities	106,137,908	114,120,762	125,507,992	134,334,000	133,023,100
Office of Recovery Services	35,527,724	40,168,788	42,225,362	42,959,000	42,438,700
Child and Family Services	108,474,812	120,991,896	125,918,996	120,906,300	119,593,000
Aging and Adult Services	16,857,519	17,879,470	18,068,985	19,085,700	18,778,700
Total	\$366,703,593	\$397,132,453	\$425,205,985	\$442,383,500	\$438,062,600
Expenditures					
Personal Services	133,601,549	143,092,672	153,007,844	162,989,500	159,280,100
In-State Travel	1,465,344	1,457,943	1,313,523	1,313,200	1,312,300
Out of State Travel	270,929	327,221	361,375	313,400	311,300
Current Expense	34,621,810	36,270,015	40,997,405	38,845,400	38,722,900
DP Current Expense	17,792,504	21,492,617	16,316,612	14,029,900	14,226,300
DP Capital Outlay	189,380	166,255	987,208	102,000	102,000
Capital Outlay	442,123	224,261	362,211	216,000	216,000
Other Charges/Pass Thru	178,319,954	194,101,469	211,859,807	224,574,100	223,891,700
Total	\$366,703,593	\$397,132,453	\$425,205,985	\$442,383,500	\$438,062,600
FTE/Other					
Total FTE	3,612	3,478	3,615	3,788	3,787
Vehicles				326	326