

ALASKA STATE SENATE

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SENATE FINANCE / HEALTH & SOCIAL SERVICES SUB-COMMITTEE

SUB-COMMITTEE MEMBERS: SENATOR DAVIS, SENATOR MCGUIRE, SENATOR MEYER, SENATOR WIELECHOWSKI

FY 11 Budget Close-out Report

Date: March 17, 2010

By: Senator Donald C. Olson, Chair

Senator Bettye Davis

Senator Lesil McGuire

Senator Kevin Meyer

Senator Bill Wielechowski

The Sub-Committee for the Department of Health & Social Services submits an operating budget recommendation and report to the Senate Finance Committee for FY11 as follows:

Fund Source

	10 Mgt Plan	Gov Amd	Sen Sub	Difference	
GF	\$ 899,499.2	\$ 996,005.4	\$ 988,852.1	\$(7,153.3)	(0.7) %
Federal	1,081,482.7	1,162,698.6	1,157,262.7	(5,435.9)	0.1 %
Other	93,198.4	92,133.1	92,233.1	100.0	(0.5) %
Total	<u>\$2,074,180.3</u>	<u>\$2,250,837.1</u>	<u>\$2,238,347.9</u>		

Position Summary

	10 Mgt Plan	Gov Amd	Sen Sub
PFT	3,474	3,469	3,469
PPT	93	93	93
Temp	123	108	108
Total	<u>3,690</u>	<u>3,670</u>	<u>3,670</u>

Personnel

The authorized position count for the department was reviewed; the overall number of positions actually decreased in the Governor's request, and the sub-committee retained the same overall number.

Budget Action

- Held 5 public meetings with the department to discuss and explain the budget;
- Adopted the FY11 Adjusted Base; and
- Reviewed each of the increments and decrements submitted by the Governor, including amendments.

The GF in this budget was increased from the previous year, predominately due to Medicaid. Medicaid growth and projections increased the budget \$153 million in total, \$68,410.1 of which is GF. We are fortunate that our Federal Medical Assistance Percentage (FMAP) went down last year and is still at a lower rate, or the Medicaid increases would have been significantly more.

Another \$6.3 million of GF increases are due to enrollment growth in adult public assistance, general relief, and senior benefit payments. Added to this is a GF increase to stabilize the funding of the Medicaid School Based Claims program, due to fairly recent discovery of problems with how this program was being implemented and the funds used. The federal agency wants to see a correlation between the claiming and the funding received going to school programs, and the department is still unsure of exactly how the funds can be spent or the impact of handling the funding "correctly".

Other increases were made in other areas, which we believe to be basic and integral to the services provided by this budget, and consider them to be essential to what government does for its citizens. And so this budget proposal funds basic support needed for children, the frail and other Alaskans who cannot provide for themselves. Notable increases that are approved include:

- \$2.6 million of GF and \$3.5 million of federal funds for the Adult Preventative Dental Medicaid Services
- Over \$9 million in Mental Health Trust Funds, and about half that in GF/MH for Bring the Kids Home (BTKH); the other half funded FASD treatment, and substance abuse and mental health programs and services.
- \$1 million to stabilize funding to public health nursing grantees
- \$355 thousand to foster care services including toward the prevention of homelessness, job training and foster parent recruitment, and school transportation to prevent mid-term transfers by students who are in foster care.
- Finally, over \$5.2 million of GF, \$1.4 million of federal funds, and \$11.7 million of other funds went to a variety of programs. To name a few: suicide response and postvention, home and community based waiver compliance, peer navigators, Soteria-Alaska, eye and vision rehab for rural Alaskans, and early childhood mental health.

Only 3 items requested by the Governor, totaling approximately \$900 thousand, were not funded at all in this budget. Another 2 items were partially funded at 50% and total \$487.5 instead of \$975.0 as requested. The sub-committee also made a reduction of \$3.5 million in GF to the Medicaid program, thereby reducing the increase provided in this budget recommendation.

The sub-committee recommendation also implements a structure change which moves all the Medicaid components into a new and separate component.

Detail on these and other changes are shown in the reports included with this.

Some items were left for the Finance Committee to take action. Those items are:

- A department-wide reduction in travel for \$311.0 GF
- The Therapeutic Courts will be transferred to the Court System Budget, and
- Funding for several items related to the Domestic Violence and Sexual Assault Prevention Initiative.

It is our intention to allow Legislative Finance to do technical adjustments if any are needed.

Items of Concern

Clearly, the biggest concern for this budget is the size of the budget itself, and whether it can be sustained. This budget funds some of the most essential services of state government and not only are the costs of all the programs escalating, but in addition, there continues to be growth in the programs as the elderly population increases, poverty levels increase, and substance abuse and other behavioral health problems abound.

Another concern for this budget is the continuing change to the FMAP rate and other federal programs. Even a small increase in the State's share will cost tens of millions.

And the Medicaid School Based Claims Admin funding remains unresolved and will likely result in additional requests in the millions.

Documents attached

Legislative Finance Reports:

- Legislative Finance SubCommittee Worksheet
- Agency Totals – Senate Structure - FY 11 Operating Budget
- Appropriation/Allocation Summary - Senate Structure
- Appropriation/Allocation Summary – GF only - Senate Structure
- Transaction Comparison – Senate Structure - Between Adjusted Base and Senate Sub
- Transaction Comparison – Senate Structure - Between Gov Amend and Senate Sub
- Transaction Comparison – Senate Structure - Between House and Senate Sub
- Wordage Report – Senate Structure - FY 11 Operating Budget