

**DEPARTMENT OF HEALTH AND SOCIAL SERVICES**  
**FY2018 HOUSE FINANCE BUDGET SUBCOMMITTEE NARRATIVE REPORT**  
**(BASED ON RECOMMENDATIONS AND VOTES TO DATE)**  
**February 23, 2017**

**SUBCOMMITTEE MEMBERS:**

Rep. Gara	Rep. Eastman	Rep. Edgmon
Rep. Foster	Rep. Johnston	Rep. Kito
Rep. Spohnholz	Rep. Sullivan-Leonard	Rep. Tarr
Rep. Tilton		

**SUBCOMMITTEE MEETINGS:**

The House Finance Budget Subcommittee for the Department of Health and Social Services held seven meetings with the department during the review of the FY18 budget request. These meetings included overviews from the Divisions of Medicaid Services, Office of Children's Services, Behavioral Health, Senior and Disabilities Services, Pioneer Homes, Health Care Services, and Public Health. The Subcommittee also had discussions regarding the results of Medicaid Expansion and Reform and the findings of privatization feasibility studies of the Division of Juvenile Justice, Alaska Psychiatric Institute, and Pioneer Home Pharmacy Services.

**RECOMMENDATIONS:**

The Chair of the House Finance Budget Subcommittee for the Department of Health and Social Services recommends that the House Finance Committee accept the Governor's FY18 budget with the following amendments:

The budget without amendment totals:

**Fund Source:** (dollars are in thousands)

Unrestricted General Funds (UGF)	\$1,063,072.8
Designated General Funds (DGF)	70,375.2
Other Funds	118,746.3
Federal Funds	1,436,744.8
<b>Total</b>	<b>\$2,724,939.1</b>

The Unrestricted General Fund difference from FY15 Management Plan to the FY18 Governor Amended budget is a reduction of \$190,577.4, a decrease of 15.2%.

The Unrestricted General Fund difference from FY17 Management Plan to the FY18 Governor Amended budget is a reduction of \$21,271.4, a decrease of 2.0%.

**Positions:**

Permanent Full-time	3,365
Permanent Part-time	47
Temporary	80
<b>Total</b>	<b>3,492</b>

The following budget amendments are submitted by the subcommittee chair to the House Finance Committee for consideration:

1. \$500.0 Adult Public Assistance Field Services Lapsed Funding- One-time funding to erase a long waiting list for SNAP and other benefits.

This amendment works to alleviate the current backlog in SNAP (aka food stamp) eligibility interviews. This backlog is the result of decreased funding (including a reduction in FY16 of \$1,101.2) and increased applicants. In order to receive food stamp benefits, applicants must participate in an initial eligibility interview. The Department estimates many individuals are waiting at least a month and as long as 60 days before they are able to get an appointment and receive benefits. The Chair supports this amendment in order to reduce the department's backlog and ensure Alaskans in need are able to access food stamps when necessary.

**Subcommittee Discussion**

Some members expressed concern that this funding would go in next year's base. The sponsor confirmed that it would not be part of next year's base budget and the Department agreed that this funding will only be used to alleviate the current backlog.

This amendment passed by a vote of 6 yays, 3 nays.

2. Decrement of \$3,290.4 UGF from Adult Public Assistance to reallocate to OCS/Front Line Social Workers and an Increment of \$3,290.4 of UGF, \$1,681.6 Federal Receipts and 31 PFT positions- To reduce excessive caseloads of new workers, extend training to a more appropriate level, and add needed mentors and supervisors.

This amendment reallocates excess UGF from Adult Public Assistance to the Office of Children's Services. Based on recent projections, calculated by the Department and confirmed by the Legislative Finance Division, the Department anticipates \$3.5 million in excess of what Adult Public Assistance beneficiaries will receive during FY18. A portion of the deleted funding will be reallocated to OCS/Front Line Social Workers, to reduce excessive caseloads for new workers, and provide adequate training and mentorship. The full \$3.5 million was not reallocated to leave room for potential changes in the number of APA applicants.

New worker caseloads in Alaska significantly exceed the national caseload recommendation of six cases for new workers as they learn their jobs in the first three months and twelve cases for the first six months. Social workers in the Wasilla office are currently carrying an average caseload of 43 cases per worker. Their counterparts in Barrow have an average of 32 caseloads per worker and in Homer, 36 caseloads per worker.

This high caseload rate is directly influencing the Department's ability to retain staff and is reflected in Alaska's 50% loss rate of new caseworkers during their first year of work. Losing caseworkers not only impairs the Division's ability to fulfill its mission, but also increases costs to the state in a variety of ways. The state incurs administrative costs in recruitment and hiring and additional expenses in training new workers. Caseloads are currently so overwhelming that this amendment will assist OCS in receiving roughly half the help it needs to achieve the 75% federal match for reducing caseloads to appropriate levels. Research indicates that foster youth remain in state funded care longer with each additional social worker they are assigned. Transitioning foster youth to permanent homes saves the state money and reduces harm to our children. The Department anticipates this increment will help move youth into homes and to a permanent family more quickly.

The chair offered this amendment both as a cost-saving measure and to better assist OCS in fulfilling its mission of protecting Alaska's children.

#### Subcommittee Discussion

Members expressed concern about the increasing numbers of youth in care and the high caseloads assigned to caseworkers across the state. The Department confirmed that the state is currently receiving a 50% federal match, but would be eligible for a 75% match if OCS were able to keep caseloads for workers in training down to six per worker for the first three months and twelve caseloads per worker for the first six months. Members also expressed concern that this amendment would not significantly alleviate the problem. The Department testified that this funding would increase retention and improve life outcomes for youth and families.

This amendment passed by a vote of 6 yays, 3 nays.

3. Department level wordage to transfer \$25 million across DHSS appropriations (revision of the Governor's wordage)

This amendment alters the Governor's wordage allowing DHSS to transfer up to \$25 million of all fund types (not just UGF) between all appropriations by excluding the movement of funds from the Medicaid Services appropriation. This has been traditional language, and adds the Medicaid limitation to the Governor's budget.

### Subcommittee Discussion

Members expressed some concern that this language should be temporary. The Department testified that this language was included in the budget in FY14 and every subsequent year except FY16. The Department also noted in subcommittee that this amendment will allow them to move excess authority from one division to another and reduce the amount of supplemental requests they anticipate making. The Department testified they would benefit from this amendment.

This amendment passed without objection.

#### 4. Juvenile Justice Intent Language

This amendment provides a recommendation against closure of the Nome Youth Facility if the overall costs incurred as result of closing the facility do not lead to cost savings. This amendment recognizes the positive reviews for this facility in the February 2017 privatization report. The report concluded “Closing the facility could save approximately \$1.7 million, but would necessitate transfer of resident youth to distant facilities and layoff the facility’s staff. In the process however, the State would lose a very unique, valuable facility that performs exceptionally well in meeting the needs of at-risk youth in a difficult-to-serve area.” The intent language states:

“It is the intent of the legislature that the Nome Youth Facility not be closed if the cost of moving youth from the Nome Youth Facility, maintaining the vacated facility, transporting youth to another facility, and other related costs effectively erase the savings of closing the facility.”

### Subcommittee Discussion

There was no discussion regarding this amendment.

This amendment passed with a vote of 5 yays, 4 nays.

### **OTHER INFORMATION:**

The Subcommittee discussed a variety of issues during the meetings. Those that I have not put forward for consideration by the House Finance Committee include, but are not limited to:

1. An amendment proposal was offered that would have reduced travel by \$567.3.

The sponsor offered this amendment in order to reduce administrative costs associated with travel.

### Subcommittee Discussion

The Chair expressed gratitude for members seeking to find new cost saving measures. Other members expressed concern about further reductions to the Department, specifically because the amendment did not specify the amount of other funding sources (including federal) that would be reduced as well. A member noted that the amendment did not specify the types of travel that would be cut and voiced concern regarding the effects of the amendment on a number of essential travel services (including child care facility licensing and public health nursing). The Department notes it is unknown how much additional travel would be deleted from the unknown loss of federal matching funds.

The Department testified that this amendment serves as an unallocated reduction, forcing the Department to decide where to cut. The Department also testified to the many changes they have made to their travel policy to continue reducing costs, including increased videoconferencing and reduced travel outside for training.

Recognizing that travel has already been reduced by \$1.3 million (18.4%) between FY15 and FY18, the Chair does not support this reduction. The Chair also notes that the Governor recommended a reduction in travel between FY17 and FY18 of \$846.5 (13.1%).

This amendment failed by a vote of 4 yays, 5 nays.

2. An amendment proposal to reduce Personal Services by \$35,300.0 UGF.

The sponsor offered this amendment to reduce costs.

### Subcommittee Discussion

Members expressed concern about the unallocated nature of this amendment and the resulting uncertainty regarding the type and number of jobs that would be cut as a result. The Department testified that this amendment would be significantly larger than \$35.3 million because Personal Services are matched by approximately 41% federal funding, depending on which employees would be terminated. They also testified that certain services are federally mandated and expressed concerns about the Department's ability to protect the health and safety of Alaskans with additional reductions. The Department noted that they are already evaluating personnel costs as a result of the Governor's hiring freeze. The Commissioner confirmed that the Department has been reduced by \$190,000.0 from FY15 to FY18. Members also inquired about union negotiations within the Department.

This amendment failed by a vote of 4 yays, 5 nays.

3. An amendment proposal to remove \$150.0 from travel in the Division of Juvenile Justice.

The sponsor offered this amendment to achieve further savings from closing the Nome Youth Facility.

Subcommittee Discussion

Members asked whether it was possible for youth to appear via videoconference. The Department testified that in some cases, youth are able to appear on video but others have the right to appear in court. The Department also testified that if the Nome Youth Facility closes, this funding would be necessary to transport youth. The full funding is needed to address the anticipated closure of the Nome Youth Facility.

This amendment failed by a vote of 4 yays, 5 nays.

4. An amendment proposal to remove three permanent full time positions from the Division of Juvenile Justice.

This amendment aimed to remove \$489.3 in UGF for three positions from the Nome Youth Facility. The Chair notes the Nome Youth Facility has reduced staff by 15 full time positions and three temporary positions from FY17. These three positions remain to work with youth who will be transferred to another facility.

Subcommittee Discussion

This amendment failed by a vote of 4 yays, 4 nays.

**GOVERNOR'S AMENDMENTS**

The Governor did not submit any amendments for this agency.

The Chair would like to express his appreciation for the work of all committee members.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Les Gara', with a long horizontal flourish extending to the right.

Representative Les Gara, Chair  
House Finance Budget Subcommittee for the Department of Health and Social Services

## Numbers and Language

## Children's Services

Trans Type	Total Expenditure	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
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Inc	4,972.0	0.0	0.0	0.0	0.0	0.0	0.0	4,972.0	31	0	0
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Positions to be added:  
 Protective Services Specialist I/II: 22  
 Protective Services Specialist III: 3  
 Social Services Associate II: 2  
 Protective Services Specialist IV: 2  
 Office Assistant II: 2

**\* Allocation Total \***

4,972.0	0.0	0.0	0.0	0.0	0.0	0.0	4,972.0	31	0	0
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**\* \* Appropriation Total \* \***

4,972.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4,972.0	31	0	0
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## McLaughlin Youth Center

Wordage	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
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**2017 Legislature - Operating Budget**  
**Transaction Detail - House Structure**  
HSub Amends Column

Numbers and Language

Agency: Department of Health and Social Services

	Trans Type	Total Expenditure	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
<b>Juvenile Justice (continued)</b>												
<b>McLaughlin Youth Center (continued)</b>												
<b>* Allocation Total *</b>		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
<b>** Appropriation Total **</b>		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
<b>Public Assistance</b>												
<b>Adult Public Assistance</b>												
H HSS 3 - Reallocate Public Assistance	Dec	-3,290.4	0.0	0.0	0.0	0.0	0.0	-3,290.4	0.0	0	0	0
funding to OCS/Front Line Social Workers												
Offered by Representative Gara												
This amendment removes UGF because the Division of Public Assistance is												
projecting that UGF authorization in this allocation is more than is needed to												
pay Adult Public Assistance beneficiaries in FY18.												
1004 Gen Fund (UGF)		-3,290.4										
<b>* Allocation Total *</b>		-3,290.4	0.0	0.0	0.0	0.0	0.0	-3,290.4	0.0	0	0	0
<b>** Appropriation Total **</b>		-3,290.4	0.0	0.0	0.0	0.0	0.0	-3,290.4	0.0	0	0	0
<b>Departmental Support Services</b>												
<b>Commissioner's Office</b>												
H HSS 4 - Replace Governor's Department	Wordage	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
level \$25 million Transfer Wordage												
Offered by Representative Gara												
At the discretion of the Commissioner of the Department of Health and Social												
Services, up to \$25,000,000 may be transferred between all appropriations in												
the Department of Health and Social Services, except Medicaid Services.												
<b>* Allocation Total *</b>		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
<b>** Appropriation Total **</b>		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
<b>*** Agency Total ***</b>		1,681.6	0.0	0.0	0.0	0.0	0.0	-3,290.4	4,972.0	31	0	0
<b>**** All Agencies Total ****</b>		1,681.6	0.0	0.0	0.0	0.0	0.0	-3,290.4	4,972.0	31	0	0



## Column Definitions

**HSub Amends (House Subcom Amendments)** - House Finance Subcommittee Amendment Proposals submitted to the House Finance Committee.

# **2017 Legislature - Operating Budget Allocation Summary - House Structure**

**Numbers and Language**

**Agency: Department of Health and Social Services**

<b>Allocation</b>	<b>[1] 18Gov</b>	<b>[2] HSub Rec</b>	<b>[2] - [1] 18Gov to HSub Rec</b>	
Alaska Pioneer Homes				
AK Pioneer Homes Management	1,524.4	1,524.4	0.0	
Pioneer Homes	61,101.2	61,101.2	0.0	
<b>Appropriation Total</b>	<b>62,625.6</b>	<b>62,625.6</b>	<b>0.0</b>	
Behavioral Health				
BH Treatment & Recovery Grants	63,787.4	63,787.4	0.0	
Alcohol Safety Action Program	5,185.1	5,185.1	0.0	
Behavioral Health Admin	10,795.7	10,795.7	0.0	
BH Prev & Early Intervent Grnt	11,936.1	11,936.1	0.0	
Designated Eval & Treatment	3,794.8	3,794.8	0.0	
Alaska Psychiatric Institute	33,250.2	33,250.2	0.0	
AK MH/Alc & Drug Abuse Brds	1,050.7	1,050.7	0.0	
Suicide Prevention Council	654.5	654.5	0.0	
Residential Child Care	3,782.9	3,782.9	0.0	
<b>Appropriation Total</b>	<b>134,237.4</b>	<b>134,237.4</b>	<b>0.0</b>	
Children's Services				
Children's Services Management	11,695.1	11,695.1	0.0	
Children's Services Training	1,427.2	1,427.2	0.0	
Front Line Social Workers	55,250.4	60,222.4	4,972.0	9.0 %
Family Preservation	14,371.0	14,371.0	0.0	
Foster Care Base Rate	19,027.3	19,027.3	0.0	
Foster Care Augmented Rate	1,676.1	1,676.1	0.0	
Foster Care Special Need	11,711.3	11,711.3	0.0	
Subsidized Adoptions/Guardians	37,256.6	37,256.6	0.0	
<b>Appropriation Total</b>	<b>152,415.0</b>	<b>157,387.0</b>	<b>4,972.0</b>	<b>3.3 %</b>

# 2017 Legislature - Operating Budget Allocation Summary - House Structure

Numbers and Language

Agency: Department of Health and Social Services

Allocation	[1] 18Gov	[2] HSub Rec	[2] - [1] 18Gov to HSub Rec	
Health Care Services				
Catastrophic & Chronic Illness	153.9	153.9	0.0	
Health Facil Licensing & Cert	2,162.0	2,162.0	0.0	
Residential Licensing	4,244.5	4,244.5	0.0	
Medical Assistance Admin.	12,175.0	12,175.0	0.0	
Rate Review	2,663.6	2,663.6	0.0	
<b>Appropriation Total</b>	<b>21,399.0</b>	<b>21,399.0</b>	<b>0.0</b>	
Juvenile Justice				
McLaughlin Youth Center	18,238.2	18,238.2	0.0	
Mat-Su Youth Facility	2,411.8	2,411.8	0.0	
Kenai Peninsula Youth Facility	2,048.9	2,048.9	0.0	
Fairbanks Youth Facility	4,795.1	4,795.1	0.0	
Bethel Youth Facility	5,020.4	5,020.4	0.0	
Nome Youth Facility	158.4	158.4	0.0	
Johnson Youth Center	4,295.1	4,295.1	0.0	
Ketchikan Reg Youth Facility	0.0	0.0	0.0	
Probation Services	16,271.9	16,271.9	0.0	
Delinquency Prevention	1,395.0	1,395.0	0.0	
Youth Courts	530.9	530.9	0.0	
Juvenile Justice Health Care	1,368.6	1,368.6	0.0	
<b>Appropriation Total</b>	<b>56,534.3</b>	<b>56,534.3</b>	<b>0.0</b>	
Public Assistance				
ATAP	27,932.8	27,932.8	0.0	
Adult Public Assistance	65,677.3	62,386.9	-3,290.4	-5.0 %
Child Care Benefits	45,640.2	45,640.2	0.0	
General Relief Assistance	1,205.4	1,205.4	0.0	
Tribal Assistance Programs	15,256.4	15,256.4	0.0	
Senior Benefits Payment Progm	19,986.1	19,986.1	0.0	

# **2017 Legislature - Operating Budget Allocation Summary - House Structure**

**Numbers and Language**

**Agency: Department of Health and Social Services**

<b>Allocation</b>	<b>[1] 18Gov</b>	<b>[2] HSub Rec</b>	<b>[2] - [1] 18Gov to HSub Rec</b>	
Public Assistance (continued)				
PFD Hold Harmless	17,724.7	17,724.7	0.0	
Energy Assistance Program	12,638.2	12,638.2	0.0	
Public Assistance Admin	5,690.0	5,690.0	0.0	
Public Assistance Field Svcs	48,764.1	48,764.1	0.0	
Fraud Investigation	1,999.0	1,999.0	0.0	
Quality Control	2,598.5	2,598.5	0.0	
Work Services	11,120.6	11,120.6	0.0	
Women, Infants and Children	28,855.7	28,855.7	0.0	
<b>Appropriation Total</b>	<b>305,089.0</b>	<b>301,798.6</b>	<b>-3,290.4</b>	<b>-1.1 %</b>
Public Health				
Health Plan & Systems Develop	0.0	0.0	0.0	
Nursing	29,727.0	29,727.0	0.0	
Women, Children, Family Health	13,573.3	13,573.3	0.0	
Public Health Admin Svcs	1,896.0	1,896.0	0.0	
Emergency Programs	12,928.8	12,928.8	0.0	
Chronic Disease Prev/Hlth Prom	17,836.1	17,836.1	0.0	
Epidemiology	24,169.1	24,169.1	0.0	
Bureau of Vital Statistics	3,500.7	3,500.7	0.0	
Emergency Medical Svcs Grants	3,033.7	3,033.7	0.0	
State Medical Examiner	3,217.6	3,217.6	0.0	
Public Health Laboratories	7,239.8	7,239.8	0.0	
Community Health Grants	250.0	250.0	0.0	
<b>Appropriation Total</b>	<b>117,372.1</b>	<b>117,372.1</b>	<b>0.0</b>	
Senior and Disabilities Svcs				
Early Interventn/Infant Learn	10,041.7	10,041.7	0.0	
Senior/Disabilities Svcs Admin	23,401.3	23,401.3	0.0	
General Relief/Temp Assistance	7,141.4	7,141.4	0.0	

## 2017 Legislature - Operating Budget Allocation Summary - House Structure

Numbers and Language
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Agency: Department of Health and Social Services

Allocation	[1] 18Gov	[2] HSub Rec	[2] - [1] 18Gov to HSub Rec
Senior and Disabilities Svcs (continued)			
Senior Community Based Grants	17,057.5	17,057.5	0.0
Community DD Grants	7,276.5	7,276.5	0.0
Senior Residential Services	615.0	615.0	0.0
Commission on Aging	406.1	406.1	0.0
Governor's Cncl/Disabilities	1,829.2	1,829.2	0.0
<b>Appropriation Total</b>	<b>67,768.7</b>	<b>67,768.7</b>	<b>0.0</b>
Departmental Support Services			
Performance Bonuses	6,000.0	6,000.0	0.0
Public Affairs	1,718.8	1,718.8	0.0
Quality Assurance and Audit	949.0	949.0	0.0
Commissioner's Office	4,063.6	4,063.6	0.0
Assessment and Planning	250.0	250.0	0.0
Administrative Support Svcs	11,737.3	11,737.3	0.0
Facilities Management	1,025.0	1,025.0	0.0
Information Technology Svcs	16,670.3	16,670.3	0.0
HSS State Facilities Rent	5,168.6	5,168.6	0.0
<b>Appropriation Total</b>	<b>47,582.6</b>	<b>47,582.6</b>	<b>0.0</b>
Human Svcs Comm Matching Grant			
Human Svcs Comm Matching Grant	1,387.0	1,387.0	0.0
<b>Appropriation Total</b>	<b>1,387.0</b>	<b>1,387.0</b>	<b>0.0</b>
Community Initiative Grants			
Community Initiative Grants	861.7	861.7	0.0
<b>Appropriation Total</b>	<b>861.7</b>	<b>861.7</b>	<b>0.0</b>

**2017 Legislature - Operating Budget  
Allocation Summary - House Structure**

**Numbers and Language**

**Agency: Department of Health and Social Services**

<b>Allocation</b>	<b>[1] 18Gov</b>	<b>[2] HSub Rec</b>	<b>[2] - [1] 18Gov to HSub Rec</b>	
Medicaid Services				
Behavioral Health Medicaid Svc	204,875.0	204,875.0	0.0	
Children's Medicaid Services	0.0	0.0	0.0	
Adult Prev Dental Medicaid Svc	15,650.2	15,650.2	0.0	
Health Care Medicaid Services	986,662.1	986,662.1	0.0	
Senior/Disabilities Medicaid	550,479.4	550,479.4	0.0	
<b>Appropriation Total</b>	<b>1,757,666.7</b>	<b>1,757,666.7</b>	<b>0.0</b>	
 <b>Agency Total</b>	 <b>2,724,939.1</b>	 <b>2,726,620.7</b>	 <b>1,681.6</b>	 <b>0.1 %</b>
 Funding Summary				
Unrestricted General (UGF)	1,063,072.8	1,063,072.8	0.0	
Designated General (DGF)	79,375.2	79,375.2	0.0	
Other State Funds (Other)	118,746.3	118,746.3	0.0	
Federal Receipts (Fed)	1,463,744.8	1,465,426.4	1,681.6	0.1 %

## Column Definitions

**18Gov (FY18 Governor Request)** - Includes FY18 Adjusted Base plus the Governor's operating budget bill requests for increases (increments), decreases (decrements), fund source changes, and language transactions submitted by the Governor on December 15, 2016.

**HSub Rec (Subcommittee Recommendations)** - House Finance Subcommittee Recommendations to the House Finance Committee.