Fiscal Year 2023
Subcommittee Book

Department of Family and Community Services
Governor's Operating Budget Request

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Column Definitions

21Actual (FY21 LFD Actual) - FY21 actual expenditures as adjusted by the Legislative Finance Division. For FY21 Final and Actual columns, OMB reported CBR appropriations as UGF 1004 instead of CBR 1001.

22 CC (FY22 Conference Committee) - FY22 operating budget (numbers and language) as approved by the Conference Committee on the operating and mental health appropriation bills. The column excludes fiscal note appropriations, special legislation included in other appropriation bills, and reappropriations.

22 Auth (FY22 Authorized) - The Conference Committee operating budget (adjusted for vetoes) plus fiscal note appropriations, updated CC language estimates, operating appropriations included in other bills, reappropriations, and funding carried forward from previous fiscal years.

22MgtPln (FY22 Management Plan) - Authorized level of expenditures at the beginning of FY22 plus position adjustments and transfers (made at an agency's discretion) within appropriations.

Adj Base (FY23 Adjusted Base) - FY22 Management Plan less one-time items, plus FY23 adjustments for position counts, funding transfers, line item transfers, temporary increments (IncT) from prior years, and additions for statewide items (e.g. salary and benefit increases). The Adjusted Base is the "first cut" of the FY23 budget; it is the base to which the Governor's and the legislature's increments, decrements, and fund changes are added.

23Gov (23 Governor's Request 12/15) - Includes FY23 Adjusted Base plus the Governor's operating budget requests for increments, decrements, fund source changes, and language transactions submitted on December 15, 2021. Because the Alaska Marine Highway System's budget is now based on a calendar year and has a different effective date than other agencies, it is separated into its own column; therefore the 23Gov column is an aggregate of two columns.[23GOVAMHS+23GovNoAMHS]

GovSupT (Governor's Supplemental Total) - Governor's regular and fast track FY22 supplemental requests submitted 12/15/21.[GovSup 12-15+GovSupFT]

TABLE OF CONTENTS

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Department of Family and Community Services

FY23 - Summary of Significant Budget Issues
($ thousands)

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Alaska Pioneer Homes / Alaska Pioneer Homes Payment Assistance	One-Time Fund Source Change to Utilize ARPA Revenue Replacement	**Net Zero** ($25,404.1) Gen Fund (UGF) $25,404.1 ARPA Rev R (UGF)	The Governor utilizes **$25.4 million** of American Rescue Plan Act (ARPA) revenue replacement in this agency's budget, out of a total of $375.4 million statewide. One of the allowable uses for the State's allocation from the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF) within ARPA is replacing revenue lost due to the COVID-19 pandemic. This funding can be used for any cost of State government that is within the scope of normal government operations. To avoid distorting the budget, the funds used for revenue replacement are appropriated to the general fund, and a UGF tracking code (1271) is used for activities that fit the federal requirements, adding up to the total amount of revenue replaced. Since 1271 is just a UGF tracking code, there is no impact on the agency's operations. The fund change will be reversed in the FY24 Adjusted Base.
2	Alaska Pioneer Homes / Alaska Pioneer Homes Payment Assistance	Align Alaska Pioneer Homes Payment Assistance with Need	($3,000.0) Gen Fund (UGF)	In FY21, the Pioneer Homes Payment Assistance allocation received $6.1 million UGF through Ch. 23, SLA 2020 (HB 96) to align payment assistance with inflation and Social Security cost of living adjustments. Around the same time, COVID-19 began to spread, which reduced occupancy rates. The Department notes this $3 million decrement is associated with lapsing approximately $7 million UGF in FY21. An FY23 reduction of $3 million appears reasonable based on FY21 experience, however, it is not clear how occupancy rates will trend going forward. The total number of elders served includes 592 in FY19, 594 in FY20, and 607 in FY21. Increased turnover led to more elders served than in FY21, but it also left beds vacant for longer, since the process for a new resident to move in is about six weeks. **Fiscal Analyst Comment:** Given the fact the program is not operating from an established baseline post HB 96, and there was reduced occupancy due to COVID-19, it is difficult to determine if the HB 96 increase was appropriate and what the new baseline will look like.
3	Alaska Pioneer Homes / Pioneer Homes	Federal Reimbursement from the Veteran's Administration	$800.0 Fed Rcpts (Fed)	In FY19, a $525.0 increase in federal authority was approved to support the Veterans and Pioneer Home in Palmer upgrading its certification to be reimbursed for a higher Nursing Home level of care than Domiciliary Care, for up to 14 residents. This FY23 increment provides authority to further expand the reimbursement rate for those 14 higher-need beds to a 'Nursing Home Service Connected' (NHSC) rate. **Fiscal Analyst Comment:** At the time of publication, the daily rates include $50.91 for Domiciliary Care, $117.93 for Nursing Home Care, and $547.07 for the NHSC rate. The higher NHSC rate applies to veterans with a service-connected disability, which is an injury or disease that

Department of Family and Community Services

FY23 - Summary of Significant Budget Issues

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3	Alaska Pioneer Homes / Pioneer Homes	Federal Reimbursement from the Veteran's Administration	$800.0 Fed Rcpts (Fed)	(continued) was incurred or aggravated, beyond normal progression, during active military service. Service-connected disabilities can apply to both physical and mental health conditions.
4	Inpatient Mental Health / Designated Evaluation and Treatment	Move DET Allocation from (Old) DHSS Behavioral Health Appropriation to (New) DFCS Inpatient Mental Health Appropriation	n/a	The **Designated Evaluation and Treatment** allocation was previously housed in the **Behavioral Health** appropriation, which is in the Department of Health. According to the Department, it is more appropriate to house this allocation with the API allocation in the new **Inpatient Mental Health** appropriation.
5	Inpatient Mental Health / Designated Evaluation and Treatment	Disability Law Center Settlement	**Total: $10,875.0** $4,500.0 GF/ Match (UGF) $1,875.0 Gen Fund (UGF) $4,500.0 I/A Rcpts (Other)	Initial funding for this settlement was appropriated during SLA 2021 through a supplemental in the Judgments, Claims, and Settlement appropriation ($7.4 million UGF and $4.5 million Federal Receipts). This request increases base funding in the Designated Evaluation & Treatment allocation (previously housed in the DHSS, Behavioral Health appropriation) to satisfy settlement terms entered into between the State and the plaintiffs in The Disability Law Center of Alaska, Inc. v. State of Alaska, Department of Health and Social Services, 3AN-18-09814CI, to fund the programs described in the court-ordered plan. The case involved how the Department handles individuals who are under civil court orders to receive psychiatric evaluations or treatment in jail instead of a health facility. The $4.5 million I/A is supported with federal receipts in the Medicaid appropriation. Funding included in the DET allocation supports Designated Evaluation, Stabilization & Treatment, non-Institutional Mental Disorder Disproportionate Share Hospital (non-IMD-DSH), and Secure Transport. Funding included in the API allocation supports crisis placement. **Fiscal Analyst Comment:** The $1,875.0 UGF portion of this increment would be more appropriately coded to GF/MH (fund code 1037) to provide better tracking of mental health funding. **Items 5 and 6 are related.**

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6	Inpatient Mental Health / Alaska Psychiatric Institute	Disability Law Center Settlement	$678.0 Gen Fund (UGF)	The terms of the Disability Law Center Settlement under Case No. 3AN-18-9814 CI require the department to seek an appropriation for crisis placement provider agreements to increase capacity for individuals requiring timely evaluations and treatment in the least restrictive settings. This funding request in Alaska Psychiatric Institute's (API) budget will satisfy the crisis stabilization component of the settlement to divert individuals experiencing a behavioral health emergency to API and away from law enforcement, emergency medical services (EMS), and hospital emergency rooms. Funding included in the DET allocation supports Designated Evaluation, Stabilization & Treatment, non-Institutional Mental Disorder Disproportionate Share Hospital (IMD-DSH), and Secure Transport. Funding included in the API allocation supports crisis placement. **Fiscal Analyst Comment:** This increment would be more appropriately coded to GF/MH (fund code 1037) to provide better tracking of mental health funding. **Items 5 and 6 are related.**
7	Children's Services / Front Line Social Workers	Support for the Tribal Child Welfare Compact	$1,400.0 Gen Fund (UGF)	The department is finalizing negotiations for FY2023 with Tribes regarding the Alaska Tribal Child Welfare Compact. Increased funding for FY2023 will enhance provisions of prevention activities by the Tribes, build capacity, and focus efforts on secondary prevention for identified at-risk children and families. The goal of the Compact is to improve life outcomes of Alaska Native children in state custody by helping the Office of Children's Services (OCS) perform its function more "efficiently at a lower cost and higher quality." The program cost has been provided with existing OCS resources as follows: FY18 - $1.3 million FY19 - $1.5 million FY20 - $1.5 million FY21 - $1.5 million. FY22 - $1.8 million FY23 - $1.7 million

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7	Children's Services / Front Line Social Workers	Support for the Tribal Child Welfare Compact	$1,400.0 Gen Fund (UGF)	(continued) **Fiscal Analyst Comment:** This $1.4 million increment would expand services currently being provided through the Compact. If approved, the total FY23 commitment would be $3.1 million when combined with the $1.7 million OCS currently has allocated for the effort.
8	Various	Executive Order Support Positions	**Total: $1,202.2** $313.9 Fed Rcpts (Fed) $434.3 GF/Match (UGF) $454.0 I/A Rcpts (Other) **5 PFT Positions** **3 TMP Positions**	Through Executive Order, the Governor is proposing to restructure the Department of Health and Social Services into two departments. The **Department of Health** would include: 1. Division of Public Health; 2. Division of Public Assistance; 3. Division of Behavioral Health; 4. Division of Healthcare Services; and 5. Division of Senior and Disabilities Services. The **Department of Family and Community Services** (DFCS) would include: 1. Division of Juvenile Justice; 2. Alaska Psychiatric Institute; 3. Alaska Pioneer Homes; and 4. Office of Children's Services. In addition to reclassing some positions for a total of **$190.0 ($66.4 GF Match, $68.6 Federal Receipts, and $55.0 Inter-agency Receipts)**, the following new positions are being requested in DFCS: **Commissioner's Office ($367.9 GF/Match and $245.3 Federal Receipts)** 1. Full-time Commissioner (26-#001), located in Juneau 2. Full-time Executive Secretary 3 (26-#002), range 16, located in Juneau 3. Full-time Project Coordinator (26-#003), range 22, located in Juneau **Information Technology ($399.0 Inter-agency Receipts)** 1. Full-time Data Processing Manager 1 (26-#004), range 22, located in Juneau 2. Full-time Systems Programmer 1/2 (26-#005), range 20/22, located in Juneau

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8	Various	Executive Order Support Positions	**Total: $1,202.2** $313.9 Fed Rcpts (Fed) $434.3 GF/Match (UGF) $454.0 I/A Rcpts (Other) **5 PFT Positions** **3 TMP Positions**	(continued) 3. Non-permanent Microcomputer/Network Technician 1 (26-#006), range 14, located in Juneau 4. Non-permanent Microcomputer/Network Technician 1 (26-#007), range 14, located in Fairbanks 5. Non-permanent Microcomputer/Network Technician 1 (26-#008), range 14, located in Anchorage. **Fiscal Analyst Comment:** Along with the three requested positions listed above for the Commissioner's Office, a full-time Special Assistant to the Commissioner will complement the leadership team. The Special Assistant was added in FY21 and therefore additional funding is not reflected in this increment. Additionally, a Technology Officer II ($186.6 Info Svc Funding) in the Department of Administration as well as an Administrative Services Director ($204.1 I/A) at OMB is being requested to support the new DFCS. Additional general funds may be requested to support inter-agency receipts.
9	Various	Cross-appropriation Transfer Authority up to $20 million	**Net Zero**	Cross-appropriation transfer authority is requested in each of the proposed departments (Department of Family and Community Services and the Department of Health). In recent years, the legislature has approved this flexibility in the Department of Health and Social Services, up to $20 million, with the exception that no funding may be transferred out of the Medicaid appropriation.

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