

LEG. FINANCE - BILLS

1977 - 1978 752

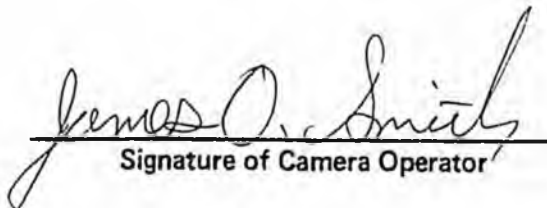
CASHB 610 thru HB 610

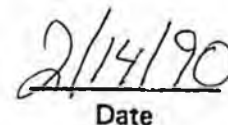


RECORDS CERTIFICATION



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Signature of Camera Operator


Date

POSITION PAPER FOR
HOUSE BILL NO. 610

"An Act making supplemental appropriation to the Department of Health and Social Services. Miscellaneous."

The Department supports an amendment to House Bill 610 which would provide supplemental appropriation of 124.0 State General Funds to the FY78 Aid to the Disabled (AD). This funding is urgently needed in order to make June, 1978 payments to eligible disabled persons.

At this time the remaining AD program balance is 130.6. June benefits are delivered in three separate computer warrant runs. The first of these, due to be mailed to recipients on June 5, provides for \$229,427 to 1677 recipients. These benefits cannot be mailed until sufficient funds are available.

The amounts and recipient numbers are not yet established for the later two runs. However, the program utilization pattern in the past six months indicates that the benefits provided by those runs are highly unlikely to exceed \$11,000 (75 persons). Also, as much as \$5,000 additional may be charged to FY78 expenditures as corrective payments are made for June in July and August.

June 5 benefits:	229.5
Mid-month and Special Benefits	11.0
Retroactive Corrective Payments	<u>5.0</u>
Total	245.5
Minus Current Balance	<u>- 130.6</u>
FY78 Shortfall	114.9

In April, the Department requested a supplemental appropriation of 124.0. With the new utilization data available, it appears likely that this additional funding will result in a small program lapse for FY78. However, in light of the recent unusual variations in AD utilization, we believe that the original request of 124.0 is necessary to insure that all persons found to be eligible will receive the full benefits to which they are entitled.

The Department urges prompt action on this amendment. Each day that June benefits are delayed increases the likelihood that the needy disabled persons served by this program will encounter serious difficulties in providing themselves with adequate food, shelter, and other necessities.

Recommended by: Richard R. Wilson
Richard R. Wilson, Director
Division of Public Assistance

5-31-78
Date

Approved by: Helen D. Beirne
Helen D. Beirne, Commissioner
Department of Health and Social Services

5-31-78
Date

A M E N D M E N T

Offered in the SENATE

By _____

To: _____ SENATE BILL NO. _____

_____ HOUSE BILL NO. _____

AMENDMENT: Page 1 Line 33

Add a new section 1 to read:

"§ Sec. 1. The sum of \$10,000 is appropriated from the general fund of the Department of Health and Social Services for the aid to the Disabled program for fiscal Year 1966."

Change Sec. 1 to read:

COMMITTEE REPORT
SENATE

FURTHER: _____

5/30/78

Date: June 1, 1978

Mr. President:

The Committee on FINANCE has had CSHB 610
supplemental appropriations to Dept. of Health & Social Services, miscellaneous

under consideration and (a majority of the committee) (the committee reports it back as follows)

() recommends it do pass () recommends it do not pass

() recommends it do pass with attached amendment(s)

() recommends it be replaced with CS for _____

and _____ () new title () same title

() AND attaches a Letter of Intent () New Fiscal Note

() reports it back without recommendation

() and recommends it be referred to the _____ Committee

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

Chairman

Original sponsor: Rules Committee
by request of the Governor

Offered: 5/26/78
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 610

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making supplemental appropriations to the
7 Department of Health and Social Services, miscella-
8 neous; and providing for an effective date "

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. The sum of \$753,600 is appropriated to the Department of
11 Health and Social Services for the program of Aid to Families With Dependent
12 Children for fiscal year 1978. Sources of this appropriation are as follows:

13 Federal Funds \$376,800

14 General Fund 376,800

15 * Sec. 2. The sum of \$25,100 is appropriated from the general fund to the
16 Department of Health and Social Services for the Foster Care program for
17 fiscal year 1978.

18 * Sec. 3. The sum of \$415,800 is appropriated to the Department of Health
19 and Social Services for the Institutional Care program for fiscal year 1978.

20 Sources of this appropriation are as follows:

21 Federal Funds \$ 20,800

22 General Fund 395,000

23 * Sec. 4. This Act takes effect immediately in accordance with AS 01.10.-
24 070(c).

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#

Introduced: 1/11/78
Referred: Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 610

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making supplemental appropriations to the
7 Department of Health and Social Services, miscella-
8 neous; and providing for an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. The sum of \$1,154,700 is appropriated to the Department of
11 Health and Social Services, for the FY 78 Aid to Families With Dependent
12 Children program. Sources of this appropriation are as follows:

13 Federal Funds \$577,300

14 General Fund 577,400

15 * Sec. 2. The sum of \$275,000 is appropriated from the general fund to
16 the Department of Health and Social Services for the FY 78 Homemakers
17 Services program.

18 * Sec. 3. The sum of \$151,000 is appropriated to the Department of
19 Health and Social Services, for foster care payments. Sources of this
20 appropriation are as follows:

21 Federal Funds \$ 16,600

22 General Fund 134,400

23 * Sec. 4. This Act takes effect immediately in accordance with AS 01.-
24 10.070(c).

STATE OF ALASKA

OFFICE OF THE GOVERNOR

BUDGET & MANAGEMENT

POUCH AM — JUNEAU 99811
PHONE 465-2213

HB 610

JAY S. HAMMOND, GOVERNOR

May 1, 1978

The Honorable John Sackett
Chairman, Senate Finance Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Senator John Sackett:

I am writing to request amendments to HB610 for the items explained below. The Department of Health and Social Services is available to provide additional information on these items.

Amend Section 1 of HB610, a supplemental appropriation for the Department of Health and Social Services, Aid to Families with Dependent Children (AFDC) program by reducing the request from \$1,154,700 to \$753,600 based on revised estimates from the Department of AFDC caseloads. Revised funding will be \$376,800 federal funds and \$376,800 state general funds.

Delete Section 2, a supplemental request for the Department of Health and Social Services, Homemakers Services program. This request was funded through SB394.

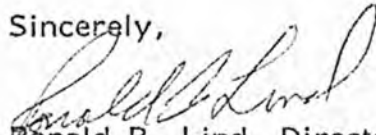
Amend Section 3 of HB610, a supplemental appropriation for the Department of Health and Social Services, Foster Care program by reducing the request from \$151,000 to \$25,100 state general funds for foster care liability insurance.

The Honorable John Sackett
Page Two
May 1, 1978

Please amend HB610 to include a supplemental appropriation for the Department of Health and Social Services, Institutional Care Program in the amount of \$415,800 of which \$20,800 is federal funds and \$395,000 is state general funds, to meet increased expenditures and a shortfall of federal funds appropriated.

Additional detailed backup information is attached.

Sincerely,



Ronald B. Lind, Director
Division of Budget & Management

Attachment # 1 AFDC Revised Estimates
2 Foster Care Revised Estimates
3 Institutional Care Revised Estimates

cc: Helen Beirne, Commissioner
Health & Social Services

ATTACHMENT # 1

AID TO FAMILIES WITH DEPENDENT CHILDREN (AFDC)

This revision will allow the department sufficient funds to meet all legally obligated payments based on current estimates and protect against the possibility of a sudden unforeseeable caseload increase for the remaining months of FY 78.

Any excess authorization will lapse back to the General Fund.

	<u>RECAP</u>		
	<u>TOTAL</u>	<u>FED</u>	<u>GF</u>
Current supplemental request	\$1,154,700	\$577,300	\$577,400
This revision	<u>(401,100)</u>	<u>(200,500)</u>	<u>(200,600)</u>
Amended supplemental request	\$ 753,600	\$376,800	\$376,800

Additional backup information from the Department is attached.

STATE
of ALASKA

MEMORANDUM

RECEIVED

APR 10 1978

BUDGET & MANAGEMENT

TO: Ron Lind, Director
Division of Budget & Management
Office of the Governor

DATE: April 7, 1978

FILE NO.

TELEPHONE NO.

FROM: *Catherine M. Lloyd*
Helen Beirne
Commissioner
Department of Health & Social Services

SUBJECT: Revision FY78 AFDC
Supplemental HB 610

Attached is a revision to the FY78 AFDC Supplemental reducing the request from 1154.7 to 753.6.

MH:11

POSITION PAPER
FOR
HOUSE BILL NO. 610

"An Act making supplemental appropriation to the Department of Health and Social Services, miscellaneous."

The Department supports the request for additional funding for FY78 for the Aid to Families with Dependent Children (AFDC) Budget Request Unit. Alaska Statutes (AS 47.25.310-420) and federal regulations (45 CFR, Part 200ff.) require that the AFDC program provide cash assistance in an appropriate amount to all persons who apply and who are found to be eligible. There can be no control exercised by the Department on the number of eligible needy persons who choose to apply, and the program expenditures are therefore totally responsible to public demand for assistance and to the amount of non-AFDC income eligible persons have.

The FY78 authorization was for 15,360.3 (7680.2 Federal, 7680.1 General fund match); this was based upon a planned average of 12,019 recipients per month receiving an average monthly payment of \$106.50 per recipient, times 12 months. Expenditures for the past months have been as follows:

		<u>RECIPIENTS</u>	<u>PAYMENTS PER RECIPIENT</u>	<u>MONTHLY EXPENDITURE</u>
FY77	June	11,591	106.34	1,232.5
FY78	July	11,751	104.08	1,223.0
	August	12,177	107.21	1,305.5
	September	12,042	108.24	1,303.4
	October	12,373	107.84	1,334.3
	November	11,645	108.36	1,261.9
	December	12,310	108.22	1,332.2
	January	12,218	105.75	1,292.1

You will note from the attached graph that the rapid rate of increase in the number of recipients since January, 1977 generally continued through October. In that same period there was a considerable increase in the average payment. The apparent cause for these increases is the unexpected severity of the general economic slowdown following the cessation of pipeline activity, which causes more persons to seek assistance and causes both the new applicants and on-going recipients to suffer decreases in non-AFDC sources of income, therefore requiring more assistance funds in order to be maintained at the appropriate maximum total income levels mandated by AS 47.25.320.

However, recipient counts in the last four months for which final figures are available have varied considerably from the past steady increase pattern. The causes for these unusual fluctuations are not known. Preliminary figures for February and March are unreliable, but they seem to indicate that the number of recipients is again growing from the January level. Average payment levels appear to be increasing as well.

AFDC expenditure patterns have always been difficult to predict. The unusually unstable performance in the last several months makes them even more difficult to predict. But however estimates are constructed from FY78 performance to date, it is clear the original FY78 appropriation will be insufficient.

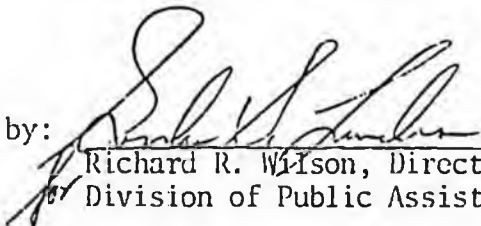
Because causes for the very large fluctuations between October 1 and January 31 are unknown, there is a possibility that such fluctuations could recur in the remaining months of FY78. That is, it is possible that the AFDC program could again gain (or lose) 700-800 recipients in any of the remaining months. Because of the harm that could be done to AFDC recipients if the AFDC program were to expend its appropriation before the end of the fiscal year, we believe that requested supplemental amount must be sufficient to protect against the possibility of another sudden unforeseeable increase.

We therefore support a supplemental request of no less than 753.6 (376.8 Federal funds, 376.8 General Fund Match). This need has been projected by computing the average monthly growth in recipients between July 1 and October 31, the period of most rapid increases. This average increase, 207 recipients per month, was added to January's recipient count, and then to each following month, to compute the recipient counts for February through June. By this method, the average recipient count for the last 5 months of FY78 is projected as 12,839.

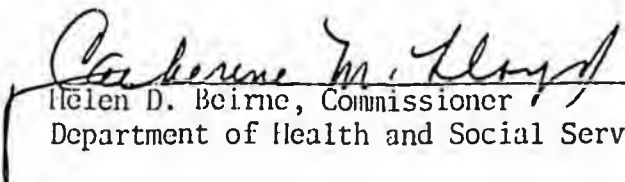
The average payment per recipient has also fluctuated more than is usual. In order to protect against the recurrence of the growth in average payment seen between July and August, we have assumed the average monthly payment per recipient in each of the last five months of the year will be \$110.00.

Amount Expended through January 31 =	9052.4
Remaining 5 Months at 12,839 recipients per month, times \$110.00 payment per month, times 5 months =	7061.5
Total Anticipated Expenditure	16,113.9
FY78 Allocation =	15,360.3
FY78 Supplemental Need	753.6

The Department recognizes that this supplemental appropriation amount may result in a small AFDC program lapse for FY78. However, we believe that this request will insure that the program can meet its statutory commitments even if we again experience large utilization fluctuations.

Recommended by: 
 Richard R. Wilson, Director
 Division of Public Assistance

Date: 4/10/78

Approved by: 
 Helen D. Beirne, Commissioner
 Department of Health and Social Services

Date: 4-10-78

BUDGETARY REQUEST ANALYSIS

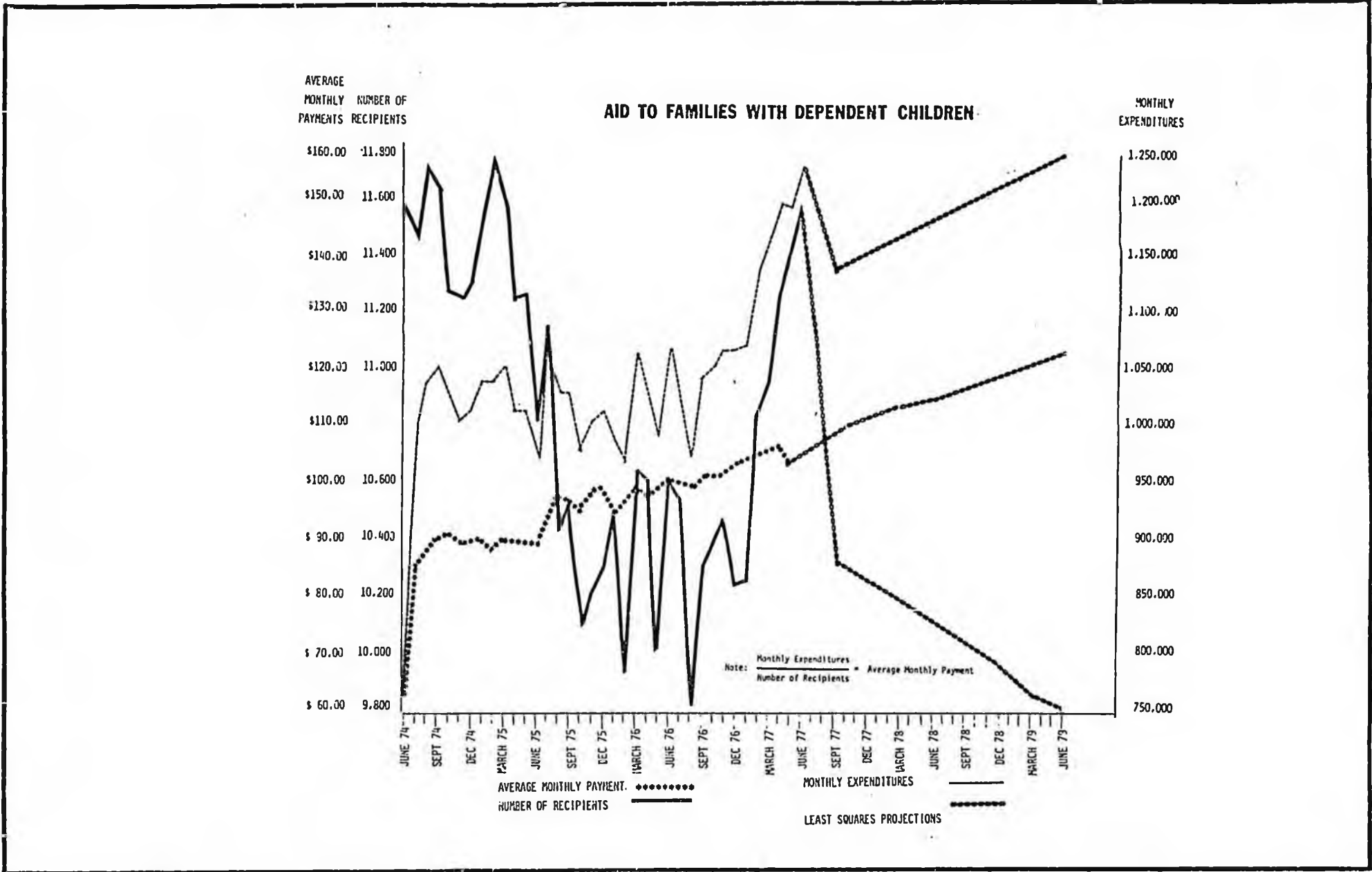
	FY 77 FINAL AUTH.	FY 77 ACTUAL	FY 78 GOV. BUDGET	FY 78 INITIAL AUTH.	FY 78 CURRENT AUTH.	EXPENDITURES + ENCUMBRANCES 7/1 - 6/31	OTHER OBLIGATIONS 7/1 - 10/31	PROJECTED EXPENDITURES + ENCUMBRANCES 02/1 - 6/31	FY 78 (DEFICIT) OR EXCESS	FY 79 MAINTENANCE REQUEST
PERSONAL SERVICES										
TRAVEL										
CONTRACTUAL SERVICES										
COMMODITIES										
EQUIPMENT										
LANDS, BLDGS. ...										
GRANTS, CLAIMS, ... 700	13,777.8	13,380.9			15,360.3	9,052.4		7,061.5	(753.6)	
MISCELLANEOUS										
TOTAL										
FEDERAL RECEIPTS	6,588.9	6,690.5			7,680.2	4,526.2		3530.8	(376.8)	
REQUIRED OF MATCHING OTHER GENERAL FUND	6,588.9	6,690.5			7,680.1	4,526.2		3530.7	(376.)	
INTER-AGENCY RECEIPTS										

County Public Assistance

PRO. NO. 10 Families with Permanent Mental Impairment

REVISED 4/05/78

Explanation



BRU Aid to Families With Dependent Children AGENCY Public Assistance REVISED _____

FOSTER CARE

The original supplemental request included additional funding for foster care payments and funding for foster care liability insurance as follows:

Foster Care Payments	\$125,900
Foster Care Liability	
Insurance	<u>25,100</u>
	\$151,000

Revised estimates indicate that additional funding will not be required for foster care payments and are therefore requesting that the supplemental request be reduced to cover only the amount necessary for the Foster Care Liability Insurance.

The Department of Administration has been successful in securing foster parent liability insurance coverage at an annual premium of \$50.18 for 500 foster homes = \$25,090. Costs for securing such coverage was removed from the FY78 budget due to prior year's unsuccessful attempts by Risk Management to secure such insurance.

Additional backup information from the department is attached.

STATE
of ALASKA

MEMORANDUM

RECEIVED
APR 4 1978
BUDGET & MANAGEMENT

TO: Ron Lind
Director
Department of Health & Social Services

DATE: April 4, 1978

FILE NO:

TELEPHONE NO:

FROM: *HDB/Emf*
Helen Beirne
Commissioner
Department of Health & Social Services

SUBJECT: Revised FY78 Foster Care
Supplemental

HB 610

Attached is a revised request for foster care FY78. The request reduces the supplemental need from 151.0 to 25.1.

Attachments (1)

MH:11

HB 610
(FOSTER CARE)

A \$25,100 General Fund supplemental appropriation is requested for the program Services BRU. These funds will provide for foster parent liability insurance. House Bill 610 requests supplemental funds of \$151.0 for liability insurance and increase in foster care payments. The Division now has seven month of current year actual activity upon which to base foster care payment projections. This seven month actual indicates that additional funds will not be necessary for foster care payments.

The FY78 appropriation for Benefits to Individuals is \$1,751.0, of which \$1,746.0 was estimated for foster care payments. From July 1, 1977 to January 31, 1978, the caseload and expenditures have been as follows:

<u>No. of Service</u>	<u>Days of Care</u>	<u>÷ Days In Period = FTE</u>	<u>Amount Expended</u>	<u>Exp. ÷ FTE ÷ Days in Period = Cost/Day/Person</u>
July 1977	13,099	423	\$125,215.96	9.55
August	14,345	463	137,603.23	9.59
September	14,015	467	137,143.06	9.79
October	14,975	483	141,340.16	9.44
November	14,730	491	145,770.50	9.90
December	14,423	465	138,758.15	9.63
January	<u>15,162</u>	<u>489</u>	<u>142,906.02</u>	<u>9.43</u>
Total Actual	100,749		\$968,737.08	\$9.62 Average

The projected month caseloads and expenditures are as follows:

<u>No. of Service</u>	<u>Days of Care</u>	<u>÷ Days In Period = FTE</u>	<u>Amount Expended</u>	<u>Exp. ÷ FTE ÷ Days in Period = Cost/Day/Person</u>
February	14,140	505	\$136,026.80	9.62
March	16,151	521	155,372.62	9.62
April	16,110	537	154,978.20	9.62
May	17,143	553	164,915.66	9.62
June	<u>17,070</u>	<u>569</u>	<u>164,213.40</u>	<u>9.62</u>
Total Projected	80,614		\$775,506.68	

Actual Expenditures 7/1/77-1/31/78	\$ 968,737
Projected Expenditures 2/1/78-6/30/78	<u>775,507</u>
Total FY78 Expenditures	\$ 1,744,244
FY78 Authorized	<u>1,746,000</u>
Projected Lapse	\$ 1,756

POSITION PAPER / Department of Health and Social Services

CASELOAD INCREASES

Foster care caseload will continue to increase so long as we do not have adequate staff to work with families at an earlier point of intervention and thus prevent separation of the child from its home and do not have adequate staff to reduce the length of stay once a child has entered foster care. Concurrently the transfer of children, where appropriate, from more costly institutional care to foster care will also increase the foster care caseload.

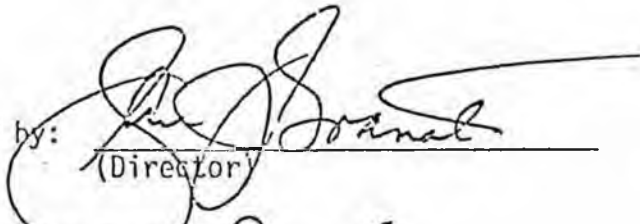
FEDERAL REIMBURSEMENT

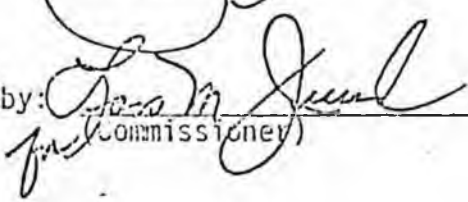
Federal reimbursement under Title IV A is 50% of expenditures made in behalf of eligible AFDC cases. Currently we are projecting that 24% of cases (and expenditures) will be AFCD eligible. However federal reimbursement has been deferred for the two most recent quarters and is currently being reviewed by federal auditors. It is assumed that this review will be favorable to the state and that federal reimbursement will continue at the current level.

LIABILITY INSURANCE

The Department of Administration has been successful in securing foster parent liability insurance coverage at an annual premium of \$50.18 for 500 foster homes = \$25,090. Costs for securing such coverage was removed from the FY78 budget due to prior year's unsuccessful attempts by Risk Management.

As the projected lapse for foster care payments is relatively small, no adjustment is being requested in this area. The liability insurance is being requested in full.

Recommended by:  (Director) 4/2/78 (Date)

Approved by:  (Commissioner) 4/3/78 (Date)

Attachments (1)

FY 78 SUPPLEMENTAL REQUEST ANALYSIS

	FY 76 ACTUAL	FY 77 FINAL AUTH.	FY 77 ACTUAL	FY 78 GOV. BUDGET	FY 78 INITIAL AUTH.	FY 78 CURRENT AUTH.	EXPENDITURES + ENCUMBRANCES 7/1 - 10/31	OTHER OBLIGATIONS 7/1 - 10/31	PROJECTED EXPENDITURES + ENCUMBRANCES 11/1 - 6/9	FY 78 (DEFICIT) OR EXCESS	FY 78 PAYMENT REQ.
PERSONAL SERVICES											
TRAVEL	35.2	33.8	42.5	50.3	50.3	50.3	29.5		20.8		59.8
CONTRACTUAL SERVICES	1,376.2	1,734.0	51.3	1,977.8	1,965.1	214.1	217.6		21.6	(25.1)	114.2
COMMODITIES	18.7	31.1	21.9	37.1	37.1	37.1	12.3		24.8		37.0
EQUIPMENT			.1								
LANDS, BLDGS. ...											
GRANTS, CLAIMS, ...			1,341.8			1,751.0	708.9	137.6	504.5		2,224.6
MISCELLANEOUS											
TOTAL	1,430.1	1,798.9	1,457.6 ^{1/}	2,065.2	2,052.5	2,052.5	968.3	137.6	571.7	(25.1)	2,225.8
FEDERAL RECEIPTS	437.1	404.9	337.4	468.7	437.4	437.4	135.0	17.2	225.2		420.1
REQUIRED GF MATCHING	291.4	334.7	234.4	398.9	372.3	372.3	121.0	17.2	234.1		291.3
OTHER GENERAL FUND	505.9	724.8	616.1	1,001.9	1,060.2	1,060.2	660.5	92.8	332.0	(25.1)	1,453.9
INTER-AGENCY RECEIPTS											
Title XX		141.3	141.3								
Receipts	195.7	193.2	128.4	195.7	182.6	182.6	51.8	10.4	120.4		182.6

^{1/} Additional expenditures of \$309.3 in Protective Services, Adoptions and Other Services were incurred in FY77.

AGENCY Health & Social Services BRU Program Services COMPONENT Foster Care REVISED _____

INSTITUTIONAL CARE

The FY78 budget request was based on an estimated full-time equivalent of 206 children at a possible average rate of \$49.70 a day, times 365 days, for a total of \$3,737,200. Currently we anticipate there will be 206 FTE (75,233 days) costing \$3,915,546 for an average daily rate of approximately \$52.05. The required additional appropriation is \$173,300 of which \$20,800 is federal funds and \$152,500 is state general funds.

The federal reimbursement level has fallen considerably below the 37.5% estimated in the FY78 budget. The cases which meet AFDC eligibility requirements have dropped to approximately 24%. Since the Division receives 50% reimbursement of those expenditures related only to AFDC eligibles under Title IV A of the Social Security Act, a shortfall of federal funds is anticipated. Furthermore, federal reimbursement has been deferred for the two most recent quarters and is currently being reviewed by federal auditors. It has been assumed for this request that this review will be favorable to the state and that federal reimbursement will continue at the current level (24%). This required additional appropriation is \$242,500 state general funds to replace \$242,500 federal funds with no change in the expenditure level.

RECAP

	<u>TOTAL</u>	<u>FED</u>	<u>RGF</u>	<u>GF</u>	<u>P.R.</u>
Current authoriza- tion	3,799,800	698,500	698,500	2,375,000	27,800
Revision based on revised estimates of federal reimburse- ment	-	(242,500)	(242,500)	485,000	
Increased program expenditures	<u>173,300</u>	<u>20,800</u>	<u>20,800</u>	<u>131,700</u>	<u> </u>
Revised Authorization	3,973,100	476,800	476,800	2,991,700	27,800

The Division is required to provide for 24-hour care of children under AS 47.10.230 and AS 47.40.040. The Division of Social Services has no control over the number of persons for whom care must be provided.

Additional backup information from the department is attached.

STATE
of ALASKA

MEMORANDUM

RECEIVED

APR 7 1978


BUDGET & MANAGEMENT

TO: Ron Lind, Director
Division of Budget and Management
Office of the Governor

DATE: April 4, 1978

FILE NO:

TELEPHONE NO:

FROM:  Helen D. Beirne
Commissioner
Department of Health and Social ServicesSUBJECT: FY78 Supplemental Budget
Request Program Services,
Institutional Care

An Other General Fund (OGF) supplemental appropriation of \$616,700 is requested for the Institution Care Component of the Program Services BRU. Of this amount \$485,000 is to fund a lower estimated federal reimbursement level as indicated below. The remaining \$131,700 is to partially fund an increase in the total expenditure level which totals \$173,300. An additional \$20,800 in Required General Fund Match (RGF) is needed to match a like amount in Federal funds expected as a result of the requested increase in total expenditures. In conjunction with the appropriation of \$485,000 in OGF, the RGF should be reduced by \$242,500 and the Federal Fund appropriation reduced by \$242,500.

This results in a net general fund increase as follows:

OGF	\$616,700
RGF	20,800
RGF	(242,500)
Total Additional General Fund	<u>\$395,000</u>

Projection of Total Expenditures

The Authorization for Benefits to Individuals is \$3,742,200 of which \$3,737,200 is for provider payments. The FY78 budget request was based on an estimated full-time equivalent of 206 children at a possible average rate of \$49.70 a day, times 365 days, for a total of \$3,737,200.00. Currently we anticipate there will be 206 FTE (75,233 days) costing \$3,915,546 for an average daily rate of approximately \$52.05. This estimate is derived from the attached tables which show projected institutional costs for in-state and out-of-state institutions for FY78. The required additional appropriation is \$173,300.

Federal Reimbursement Level

The federal reimbursement level has fallen considerably below the 37.5% estimated in the FY78 budget. The cases which meet AFDC eligibility requirements have dropped to approximately 24%. Since the Division receives 50% reimbursement of those expenditures related only to AFDC eligibles under Title IV A of the Social Security Act, a shortfall of federal funds is anticipated. Furthermore, federal reimbursement has been deferred for the two most recent quarters and is currently being reviewed by federal auditors. It has been assumed for this request that this review will be favorable to the state and that federal reimbursement will continue at the current level (24%).

The Division is required to provide for 24-hour care of children under AS 47.10.230 and AS 47.40.040. As has been repeatedly pointed out the Division has no control over the number of persons for whom care must be provided, or over full-cost-of-care rates. The number of children returned to their own homes cannot increase until additional Social Worker positions are established. Additional positions are essential to provide counseling with families to resolve the problems which prevent returning the child to his own home

Attachments (3)

RV:11

PROJECTED INSTITUTIONAL COSTS-FY78

Division of Social Services

	Rate	Units of Service 7/1/77-12/31/77	Projected Units of Service (a) 1/1/77-6/30/78	Projected Total Units FY78	Projected Expenditures FY78
Alaska Childrens Services					
Aquarius	\$45.79	364	373	737	\$ 33,747
Bunnel	69.57	556	570	1126	78,336
Colletti	48.70	480	492	972	47,336
Jessee Lee	75.43	4974	5098	10072	759,731
North Star	64.52	488	500	988	63,746
Youth Services	69.57	2062	2114	4176	290,524
Alaskan Youth Village	44.06	5210	5340	10550	464,833
Bethel Jesuit Group Home	36.04	196	201	397	14,308
Booth Memorial Home	75.63	1541	1580	3121	236,041
Covenant High School	18.42	186	191	377	6,944
Hilltop Home	46.30	-0-	-0-	-0-	-0-
Juneau Receiving Home	48.50	978	1003	1981	101,427
Juneau Teen Homes	40.88	1111	1139	2250	91,980
Kenai Community Care Center	51.54	1202	1232	2434	125,448
Ketchikan Children's Home	48.50	1907	1955	3862	187,307
Kodiak Baptist Mission	20.72	4158	4262	8420	174,462
Nome Receiving Home	62.25	610	625	1235	76,879
North Star Children Home	42.45	1464	1501	2965	125,864
Presbyterian Hospitality House	64.83	2854	2925	5779	374,653
Turning Point Boys Ranch	46.81	1154	1183	2337	109,395
Youth Advocates of Sitka	42.26				21,300 ^(b)
Subtotal		31495	32284	63779	3,384,261
Adjustment for Alaska Youth Village ^(c)					36,739
Total					3,421,000

(a) Project increase of 2.5% for second 6 months of FY78

(b) Youth Advocates of Sitka opened during FY78. No experience available during first six months of FY78. Amount based on contract currently in effect.

(c) Alaska Youth Village is moving in part to new facilities where historic costs will not apply. Increased costs are calculated as follows: Days for April through June = 2670. Increase in daily rate of \$13.76 to total of \$57.82 2670 X \$13.76 = \$36,739.

OUT-OF-STATE PROJECTED INSTITUTIONAL COSTS-FY78
DIVISION OF SOCIAL SERVICES

Facility	FY78 Daily Rate	FTE 7/1/77-12/31/77	Total Days FY78	FY78* Amount
Albertna Kerr Center	48.00	1	365	17520
The Brown Schools	66.74	1	365	24360
De Porres Manor (Maternity)	13.73	1	365	5011
De Porres Manor (Infant Home)	4.68	1	365	1708
Deverenx Foundation	45.86	7	2555	117172
Excelsion Youth Center	48.82	12	4380	213832
Luthern Service Society	20.64	1	365	7534
Secret Harbor Farms	54.25	3	1095	59404
St. Mary's Home For Boys	54.25	2	730	39603
Therapeutic Living For Children	23.02	1	365	8402
			<u>10950</u>	<u>494546</u>

*Assumes utilization will remain constant for second 6 months of fiscal year.

FY 78 SUPPLEMENTAL REQUEST ANALYSIS

	FY 76 ACTUAL	FY 77 FUND AUTH.	FY 77 ACTUAL	FY 78 GOV. BUDGET	FY 78 INITIAL AUTH.	FY 78 CURRENT AUTH.	EXPENDITURE + OBLIGATIONS 7/1-12/31	OTHER OBLIGATIONS 7/1-12/31	PROJECTED EXPENDITURE + OBLIGATIONS 1/1-6/30	FY 78 (DEFICIT) OR EXCESS	FY 78 FUNDING REQUIREMENT
PERSONAL SERVICES											
TRAVEL	28.8	26.5	41.5	47.2	47.2	47.2	13.0		28.2	6.0	50.0
CONTRACTUAL SERVICES	2,231.5	2,432.9	17.7	2,459.9	3,742.2						
COMMODITIES	4.5	4.0	5.3	10.4	10.4	5.4	5.2		6.2	(6.0)	5.7
EQUIPMENT											
LANDS, BLDGS. ...											
GRANTS, CLAIMS, ...			2,891.4			3747.2	1,652.5	238.2	2,029.8	(173.3)	4,282.0
MISCELLANEOUS				615.0							
TOTAL	2,264.8	2,463.4	2,955.9	3,132.5	3,799.8	3,799.8	1,670.7	238.2	2,064.2	(173.3) ^{1/}	4,337.7
FEDERAL RECEIPTS	464.1	594.8	421.9	575.5	698.5	698.5	200.5	28.5	247.8	221.7	542.2
REQUIRED GF MATCHING	464.1	398.3	464.6	575.9	698.5	698.5	200.5	28.5	247.8	221.7	542.2
OTHER GENERAL FUND	1,315.6	1,424.9	1,502.2	1,958.0	2,375.0	2,375.0	1260.6	179.6	1551.5	(616.7)	3,225.5
INTER-AGENCY RECEIPTS											
Program Receipts	21.0	45.4	26.1	23.1	27.8	27.8	9.1	1.6	17.1		27.8
Federal Title XX		141.1									

^{1/} Requires net additional general fund of \$395.0.

AGENCY Social Services

BRIU Program Services

COMPONENT Institutional Care

REVI

Introduced: 1/11/78
Referred: Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 610

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making supplemental appropriations to the
7 Department of Health and Social Services, miscella-
8 neous; and providing for an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. The sum of \$1,154,700 is appropriated to the Department of
11 Health and Social Services, for the FY 78 Aid to Families With Dependent
12 Children program. Sources of this appropriation are as follows:

13	Federal Funds	\$577,300
14	General Fund	577,400

15 * Sec. 2. The sum of \$275,000 is appropriated from the general fund to
16 the Department of Health and Social Services for the FY 78 Homemakers
17 Services program.

18 * Sec. 3. The sum of \$151,000 is appropriated to the Department of
19 Health and Social Services, for foster care payments. Sources of this
20 appropriation are as follows:

21	Federal Funds	\$ 16,600
22	General Fund	134,400

23 * Sec. 4. This Act takes effect immediately in accordance with AS 01.-
24 10.070(c).
25
26
27
28
29

January 11, 1978

The Honorable Hugh Malone
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. Speaker:

Under authority of art. III, sec. 18 of the Alaska Constitution, and in accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill making supplemental appropriations to the Department of Health and Social Services.

Section 1 of the measure appropriates \$1,154,700 (\$577,300, federal funds; \$577,400, state general fund) to the department for FY 78 eligible applicants in the Aid to Families With Dependent Children program. The department estimates that the caseload will continue to increase through the winter months and then stabilize. Based on this assumption, this additional appropriation is required to meet legally obligated payments in FY 78.

Section 2 appropriates \$275,000 to the department due to the increased use level of Homemaker Services during the early months of FY 78. This appropriation would allow the program to continue operation at the November 1977 level from April through June. In another appropriation measure which I have transmitted, \$110,000 was requested for operation of the program through the end of March. These two appropriations have been separated in order to avoid an early, drastic program shutdown, while giving the legislature sufficient time to review the entire program needs.

Section 3 appropriates \$151,000 (\$16,600, federal funds; \$134,400, general fund) to the department to meet FY 78 foster care payments. This amount would also allow \$25,100 for the department to purchase Foster Care Liability Insurance from the Department of Administration.

Sincerely,

S/JSH

Jay S. Hammond
Governor

STATE
of ALASKA

MEMORANDUM

TO: Ron Lind, Director
Division of Budget & Management

DATE: December 21, 1977

FILE NO.

TELEPHONE NO.

FROM: *M. Orelove*
Mike Orelove, Budget Analyst
Division of Budget & Management
Office of the GovernorSUBJECT: Supplemental Appropriation
Request - Department of
Health & Social Services

<u>Agency Request</u>	<u>Analyst Recommendation</u>	<u>B & M Recommendation</u>
\$274.3 TOTAL	\$385.0 TOTAL	\$385.0 TOTAL
\$274.3 GF	\$385.0 GF	\$385.0 GF

Appropriation: : Program Services - Homemaker Services

Agency Position: Homemaker utilization has increased during the first 4 months of FY 78 which, if continued, would exhaust the FY 78 appropriation prior to the end of December. The agency has implemented drastic measures to reduce the level of utilization to stretch their current appropriation through February when they will be out of money and hopefully receive this supplemental at that time.

Recap:	Hours	Amount	Admin. Costs	Total
July	6,847	44.6	30.0	
Aug.	10,533	70.0		
Sept.	13,213	74.9		
Oct.	13,432	83.8		
adjustment for O.T. hours	388	3.3		
Nov.	10,006	63.1		
subtotal		339.7	30.0	369.7
Dec. (estimate)	10,000	65.0		
Jan. (estimate)	10,000	65.0		
Feb. (estimate)	10,000	65.0		
subtotal		534.7	30.0	564.7
		less FY 78 authorized		464.8
		shortfall by end of February		99.9
Mar.-June estim.	40,000	260.0		260.0
		Total shortfall		359.9

Basis for Analysts Recommendation:

Analyst recommends a supplemental appropriation in the Homemakers Program in the amount of \$385,000 to maintain the November level of services through the end of FY 78.

To allow the Legislature sufficient time to review the entire Homemakers Program supplemental request and continual services at the current reduced level until the entire supplemental need is appropriated, this request is divided into two parts as follows:

Part 1 \$110,000

This amount will be emergency relief for the department so that a drastic program shutdown will not occur. These funds are required by mid-January and will allow the Homemaker Program to continue operations at the November 1977 level through the end of March.

Part 2 \$275,000

This amount will allow the program to continue operations at the November 1977 level from April through June. This amount is requested with other Social Services Category supplemental requests to allow the Legislature sufficient time to review the entire program need.

STATE
of ALASKA

MEMORANDUM

TO Ron Lind, Director
Division of Budget & Management

DATE December 16, 1977

FILE NO.

TELEPHONE NO.

FROM *Mike Orelove*
Mike Orelove, Budget Analyst
Division of Budget & Management
Office of the Governor

SUBJECT Supplemental Appropriation
Request - Department of
Health & Social Services

Agency
Request

Analyst
Recommendation

B & M
Recommendation

\$1,154.7 TOTAL
\$ 577.4 GF

\$1,154.7 TOTAL
\$ 577.4 GF

\$1,154.7 TOTAL
\$ 577.4 GF

Appropriation: Assistance Payments - AFDC

Agency Position: The number of AFDC recipients has been increasing each month since January. Agency estimates that this trend will continue through the winter months and then stabilize. Agency estimates the average number of recipients will average 12,900 for the last 8 months of FY 78.

	<u>TOTAL</u>	<u>FED</u>	<u>GF</u>
Total Estimated FY 78 Need	16,515.0	8,257.5	8,257.5
Less FY 78 Authorized	<u>15,360.3</u>	<u>7,680.2</u>	<u>7,680.1</u>
Supplemental Need	1,154.7	577.3	577.4

Basis for Analyst's Recommendation: Analyst recommends agency request.

MEMORANDUM

RECEIVED
DEC - 6 1977
BUDGET & MANAGEMENT

TO Francis S.L. Williamson
Commissioner
Department of Health & Social Services

DATE November 10, 1977

FILE NO:

TELEPHONE NO:

FROM *J. Granato*
J. Granato
Director
Division of Social Services

SUBJECT: FY 78 Supplemental Budget
Request - Foster Care

Enclosed is Revised Program No. 9 requesting a supplemental appropriation of 209.9 for the Foster Care Component of the Program Services BRU. Federal Funds are \$25.1 and General Funds \$163.7.

The FY 78 authorized for the Foster Care Component of the Program Services BRU is \$2,052.5, of which \$1,746.0 was estimated for foster care payments during FY 78.

The determination of the supplemental need of \$209.0 FY 78 was made based on the actual days of care provided and actual expenditures during FY 77. The rate increases authorized by the legislature were calculated on the FY 77 average rates to arrive at a base projected FY 78 deficit of \$125.9. To the base average FY 78 rate was added a rate increase (which averages to 7%) for FY 78 to align foster care payments with the Consumer Price Index, which will establish a clear and equitable basis for future rate increases for an additional projected deficit of 58.9. Detail is as follows:

	Total Days of Care	÷365 Days ÷FTE No. Persons	Total Expended	Total Expended ÷365 Days ÷ FTE =Avg. Daily Cost/Person
FY 76	155,634	426	\$1,204,259.37	\$7.74
Actual FY 77	191,196	523	\$1,766,917.70	9.26
FY 78 Base Estimates:	191,196	523	\$1,871,877.90	9.81
FY 78 Rate Increase Estimate for 6 months:	191,196	523	\$ 58,921.48	.30
FY 78 Total Estimate:	191,196	523	\$1,930,799.38	10.11
Less FY 78 authorized for foster care payments:			\$1,746,000.00	
Projected FY 78 deficit:			\$ 184,799.38	

In addition, the Department of Administration has been successful in securing foster parent liability insurance coverage at an annual premium of \$50.18 for 500 foster homes = \$25,090. Costs for securing such coverage was removed from the FY 78 budget due to prior year's unsuccessful attempts by Risk Management.

FY 78 SUPPLEMENTAL REQUEST ANALYSIS

	FY 76 ACTUAL	FY 77 FINAL AUTH.	FY 77 ACTUAL	FY 78 Gov. BUDGET	FY 78 INITIAL AUTH.	FY 78 CURRENT AUTH.	EXPENDITURES + ENCUMBRANCES 7/1 - 10/31	OTHER OBLIGATIONS 7/1 - 10/31	PROJECTED EXPENDITURE + ENCUMBRANCES 11/1 - 6/5	FY 78 (DEFICIT) OR EXCESS	FY 79 UNAPPORTIONED BUDGET
PERSONAL SERVICES											
TRAVEL	35.2	33.8	42.5	50.3	50.3	50.3	11.6	38.7			52.8
CONTRACTUAL SERVICES	1,376.2	1,734.0	51.3	1,977.8	1,965.1	214.1	236.9	2.5	(25.1)		114.2
COMMODITIES	18.7	31.1	21.9	37.1	37.1	37.1	5.0	32.1			34.2
EQUIPMENT			.1								
LANDS, BLDGS. ...											
LOANS, GRANTS, ...			1,341.8			1,751.0	419.8	1,516.0	(181.8)		2,224.8
MISCELLANEOUS											
TOTAL	1,430.1	1,798.9	1,457.6	2,065.2	2,052.5	2,052.5	673.3	1,589.1	(209.9)		2,425.8
FEDERAL RECEIPTS	437.1	404.9	337.4	468.7	437.4	437.4	84.2	376.5	(23.1)		429.1
REQUIRED CF MATCHING	291.4	334.7	234.4	398.9	372.3	372.3	84.2	311.2	(23.1)		291.5
OTHER GENERAL FUND	505.9	724.8	616.1	1,001.9	1,060.2	1,060.2	476.1	747.8	(105.7)		1,455.9
INTER-AGENCY RECEIPTS											
Federal Title XX		141.3	141.3								
Program Receipts	195.7	193.2	128.1	195.7	182.6	182.6	28.8	155.8			182.6

AGENCY Health & Social Services

BRU Program Services

COMPONENT Foster Care

REVISED

10/10

MEMORANDUM

RECEIVED
DEC - 8 1977
BUDGET & MANAGEMENT

TO: Francis S.L. Williamson
Commissioner
Department of Health & Social Services

DATE: November 30, 1977

FILE NO

TELEPHONE NO

FROM: *[Signature]* J. Granato
Director
Division of Social Services

SUBJECT: FY 78 Supplemental Budget Request -
Homemaker Services

A \$274.5 general fund supplemental appropriation in the Program Services BRU, Homemaker Services Component, is requested.

Homemaker Services have been provided and estimated as follows:

	<u>Hours of Svc.</u>	<u>Total Cost</u>	<u>Average Rate an Hr.</u>	<u>Contractor</u>
FY 77 Actual	83,075	\$468,418	\$6.84	Alaska Homemaker Home Health Aide, Inc.
FY 78 Authorized	66,953	464,800	6.94	To be determined.
FY 78 Contracted Est.	74,569	464,800	6.25	Werners Bookkeeping Service
FY 79 Maintenance	74,569	561,538	7.53	To be determined.
FY 79 Change	24,802	186,766	7.53	To be determined.

The FY 79 rate increase is the result of aligning salaries of homemakers to the State salary schedule, Range 5B.

At the time the FY 78 budget request was prepared, the contractor's monthly billings indicated there would be a significant shortfall in the actual number of hours of services provided, resulting in an underexpenditure. Therefore, the FY 78 budget request was based on early activities in FY 77. However, the low trend did not continue throughout the fiscal year. To the contrary, services increased substantially during the last quarter.

The FY 78 contract was awarded to Werner's Bookkeeping Service. The contractor performs the accounting functions and processes the monthly payrolls to pay the homemakers for services provided. The Division's social service workers evaluate each applicant's needs, establish service plans to best meet those needs and, when homemaker services are a part of the plan, an authorization is completed and arrangements made for the services to be provided.

This method of delivering service has enabled the Division to provide more hours of service at a lower rate per hour. At this lower rate it would be possible to provide a total of 74,569 hours of service during FY 78 (or an average 6,214 hours a month) at an average of \$6.23 an hour.

While services provided during the first four months of FY 78 have resulted in a lower cost per hour, the number of hours of service provided have been higher than the estimated 6,214 a month. The first four months have averaged 11,006 a month. When it was realized the Division would be unable to stay within the FY 78 authorization of \$464,800, the following drastic measures were taken:

1. No new clients will be authorized homemaker services after October 25, 1977; i.e., use of homemaker support as a new resource for clients has been frozen.
2. Each case receiving homemaker services between October 1 and 25 will be reviewed with attention to:
 - a. Closure where any alternative is available or where the use of homemaker service is judged desirable but not necessary for life protection reasons.
 - b. Reduction of the number of units of service authorized in each situation to that number which is considered necessary for life protection reasons.
3. No overtime is to be authorized for a homemaker.
4. As soon as possible, but no later than December 1, 1977:
 - a. No authorizations are permitted for "live-in" situations. No related or unrelated person living in the same household as the client is to be authorized to provide support as a homemaker. Any such current authorizations must be recovered.
 - b. No authorizations are to be given when the homemaker/provider is the mother, father, brother, sister, daughter or son of the client, even if the homemaker does not reside in the same household as the client.

This action was taken to realign the services provided as closely as possible to the 74,569 hours estimated for the total fiscal year and to the authorization.

A 75% reduction of services from the level provided the first four months would be required to stay within the appropriation and provide services through the fiscal year. Realistically however, a 50% reduction would be the highest possible, but not probable, and if a 50% reduction is actually achieved it would be noteworthy. If in November & December a 30% reduction is achieved, funds will be depleted before the end of February:

	<u>Expended</u>	<u>Hours</u>
Actuals 7/1/77 - 10/31/77	\$280,727	44,414
Liability Ins. & Workmen's Comp. for FY	28,592	--
	<u>\$309,319</u>	<u>44,414</u>

30% reduction from 11,006 hours to 7,704
hours a month for period 11/1/77 - 2/28/78:
7,704 hours a month x \$6.23 a hour =
\$47,995.92 a month x 4 months

	<u>191,984</u>	<u>30,816</u>
Projected 7/1/77 - 2/28/78	501,103	75,230
FY 78 contract estimate	<u>464,800</u>	<u>74,569</u>
Projected deficit 2/28/78 without further reductions.	(36,303)	

An average monthly expenditure of \$47,995.92 equals an average daily expenditure of \$1,577.94. \$36,303 divided by \$1,577.94 represents 23 days in February for which funding will not be available unless it is possible to make further reductions.

This necessary drastic reduction in services for the four month period of November - February may very possibly result in a public outcry, claiming that the same level of service provided last fiscal year and the first four months of this fiscal year is no longer being provided. A complaint has already been filed with the Ombudsman and the Department has been informed that there will be an investigation.

The following alternatives have been considered:

1. Not to request a supplemental appropriation and maintain the drastically reduced level of services until funds are depleted in February. If the public can be made to accept services at this level, and if persons in dire need of services do not unduly suffer because of the restrictions, this may be a possibility.
2. To submit a delete and add supplemental request. This was determined to be impossible, since there are not sufficient funds elsewhere within the Department to cover the additional amount necessary.
3. To request a supplemental appropriation:
 - a. To maintain delivery of an average of 11,006 hours of service a month for the entire fiscal year, thus eliminating the need to impose drastic reductions of service. This would increase the total hours of service to 132,072 at an average rate of \$6.23 an hour requiring a total of \$822,809.

Amount required	822,809
FY 78 authorized	<u>464,800</u>
Supplemental Needs	<u>358,009</u>

This alternative is not possible due to time elements. There would not be sufficient time to request and obtain supplemental funds without first substantially overexpending the current authorization.

- b. If a 30% reduction of services is achieved (and this will not be known until January), in order to maintain the reduced level of service March 1 through June 30, 1978, a general fund supplemental appropriation will be required as follows:

$$7,704 \text{ hours} \times \$6.23 \times 4 \text{ months} = \$191,984 \text{ and } 30,816 \text{ hours}$$

If a supplemental appropriation is not made, those adults for whom services are discontinued would in most instances have to be placed in nursing homes or hospitals, and children in foster homes. Such alternate care would, of course, be more costly to the State.

- c. To meet the demands which will undoubtedly be made by the public and reinstate the level of services during the last several months to the level provided between July and October.

Average hours a month provided between 7/77 & 10/77 11,006

Less average hours available a month:

Requested under Part b above 7,704

Additional hours a month to reinstate level of services provided between 7/77 and 10/77 3,302

Funds necessary to reinstate this higher level of service for the last four months are:

$$3,302 \text{ hours} \times \$6.23 = \$20,571 \times 4 \text{ months} = \$82,286$$

In summary, a supplemental appropriation is being requested as follows:

	Average Hrs. a Mo.	Average Hr. Rate	Amount	Total Hours
Provide reduced level of service	7,704	\$6.23	\$191,984	30,816
Reinstate to level of 1st 4 months	<u>3,302</u>	<u>6.23</u>	<u>82,286</u>	<u>15,208</u>
Total Supplemental Request	11,006	\$6.23	\$274,270	44,024
FY 78 authorized			\$464,800	
FY 78 contracted est.	<u>6,214</u>	<u>\$6.23</u>	<u> </u>	<u>74,569</u>
Revised FY 78 Auth.	non-add	\$6.23	\$759,070	118,593

It is possible that additional funds will be necessary for February, but that cannot be determined until January.

The FY 79 Governor's budget allowed a rate increase to an average \$7.53 an hour, but allowed an increase of only 10,000 hours to a total of 84,569 hours and \$636,800. If a supplemental appropriation is made for FY 78, the Governor's budget must be increased accordingly:

	<u>Amount</u>	<u>Hours</u>
FY 78 authorized @ \$6.23	\$464,800	74,569
FY 78 Supplemental:		
Provide reduced services	191,984	30,816
Reinstate to 1st quarter level	<u>82,286</u>	<u>13,208</u>
FY 78 Revised Authorized	\$739,070	118,593
FY 79 Request @ \$7.53	\$748,500	99,371
FY 79 Governor's Budget	\$636,800	84,569

To provide 118,593 hours of service in FY 79 at an average of \$7.53 an hour, an appropriation of \$893,005 would be required, an increase of 34,024 hours and \$256,205.

SJG:ME:rme

BEST ANALYSIS

	FY 77 ACTUAL	FY 78 GOV. BUDGET	FY 78 INITIAL AUTH.	FY 78 CURRENT AUTH.	EXPENDITURES + ENCUMBRANCES 7/1 - 10/31	OTHER OBLIGATIONS 7/1 - 10/31	PROJECTED EXPENDITURES + ENCUMBRANCES 11/1 - 6/30	FY 78 (DEFICIT) OR EXCESS	FY 79 MAINTENANCE REQUEST
PERSONAL SERVICES									
TRAVEL									
CONTRACTUAL SERVICES	577.5	464.8	464.8	464.8	450.1		289.0	(271.5)	561.5
COMMODITIES									
EQUIPMENT									
LANDS, PLDGS. ...									
GRANTS, CLAIMS, ...									
MISCELLANEOUS									
TOTAL	577.5	464.8	464.8	464.8	450.1		289.0	(271.5)	561.5
FEDERAL RECEIPTS	433.1								
REQUIRED GF MATCHING	144.4								
OTHER GENERAL FUND		464.8	464.8	464.8	450.1		289.0	(271.5)	561.5
INTER-AGENCY RECEIPTS									

STATE
of ALASKA

MEMORANDUM

RECEIVED

DEC 8 1977

BUDGET & MANAGEMENT

TO: Michael Orlove
Budget Analyst
Budget and Management

DATE: December 8, 1977

FILE NO.

TELEPHONE NO.

FROM: Catherine M. Lloyd
Deputy Commissioner for Administrative
Management
Department of Health & Social ServicesSUBJECT: AFDC FY 78
Supplemental Request

Attached are documents supporting a request for additional FY 78 funding for the Aid to Families with Dependent Children BRU. As you know, Alaska Statutes (AS 47.25.310 - 420) and federal regulations (45CFR, Part 200ff.) require that the AFDC program provide cash assistance to all persons who apply and who are found to be eligible. There can be no control exercised by the Department on the number of eligible needy persons who chose to apply, and the program expenditures are therefore totally responsive to public demand for assistance.

The FY 78 authorization was for 15,360.3 (7680.2 Federal, 7680.1 GF match); this was based upon a planned average of 12,019 recipients per month receiving an average monthly payment of \$106.50 per recipient, times 12 months. Expenditures for the first 5 months have been as follows:

	<u>recipients</u>	<u>payment per recipient</u>	<u>*monthly expenditure</u>
FY 77 June	11,591	106.34	1,232.5
FY 78 July	11,751	104.08	1,225.0
August	12,177	107.21	1,305.5
Sept	12,042	108.24	1,305.4
Oct	12,373	107.84	1,334.3

You will note that the rapid rate of increase in the number of recipients since January, 1977 has continued through October. (see annotated attached graph). Additionally, there has been some increase in the average payment. The apparent cause for these increases is the unexpected severity of the general economic slowdown following the cessation of pipeline activity, which causes more persons to seek assistance and causes both new applicants and on-going recipients to suffer decreases in non-AFDC sources of income and therefore require more assistance funds in order to be maintained at the appropriate maximum total income levels mandated by AS 47.25.320.

Because of the difficulties inherent in predicting AFDC expenditures in light of the unusually unstable recent performance trends and economic situation, we have, your instruction, prepared 3 separate assessments of possible expenditures for the remainder of FY 78. Each of these estimates assume that the average AFDC supplementation required monthly by each recipient will continue to climb throughout the year and will average \$110.00 per recipient for the remainder of the year.

*These figures are from the Federal Reporting system; the FY 78 total through October 31, 1977 is 5166.2. Expenditure Journal total through October 31, 1977 is 5163.0, and this figure (which is less accurate) is used through this request.

December 8, 1977

MOST OPTIMISTIC. Under this method, the assumption is that the caseload payment will continue to climb for several months and will decline in the spring of 1978. However, during the remaining months, the average number of recipients will remain at the October, 1977 levels.

If this were to occur, the total FY 78 AFDC expenditures would be 16,051.2 (5163.0 actual expenditures through October 31; plus 12,573 recipients per month times \$110.00 payment per recipient per month, times 8 months. This would require appropriation of 690.9; 345.3 Federal funds, 345.4 G/F Match).

We view this situation as unlikely. Though it is generally the case that the number of new recipients each month tends to decrease each summer, we do not believe that the regular increases observed since January 1977 would suddenly cease or could be compensated for by a large spring caseload decrease.

II. LEAST OPTIMISTIC. Under this method, the assumption is that the number of recipients will continue to increase at the same average rate of increase noted in the past 5 months. That is, the monthly caseload will increase by 156 recipients each month.

If this were to occur, the total FY 78 AFDC expenditures would be 16,669.0 (5163.0 actual expenditures through October 31, 1977, plus \$17,160.00 increase in expenditures each month November June). This would necessitate a FY 78 supplemental request of 1,303.7 (654.3 Federal match, 654.4 G/F Match).

We believe it is unlikely that the recipient count will continue to increase at the same rapid rate experienced in recent months. You will note from the attached graph that the pre-pipeline caseload peaked at approximately 11,750 in the winter of 1974. While there has been growth in total population since that time, we have no evidence that there has been any significant growth in the percentage of potential AFDC eligibles within the total population. Additionally, the maximum AFDC payments have remained unchanged since 1974, which has caused the program to become an increasingly less attractive option as inflation has increased the cost of living. We would therefore expect the caseload would soon peak and remain relatively constant until there is a change in the economic situation.

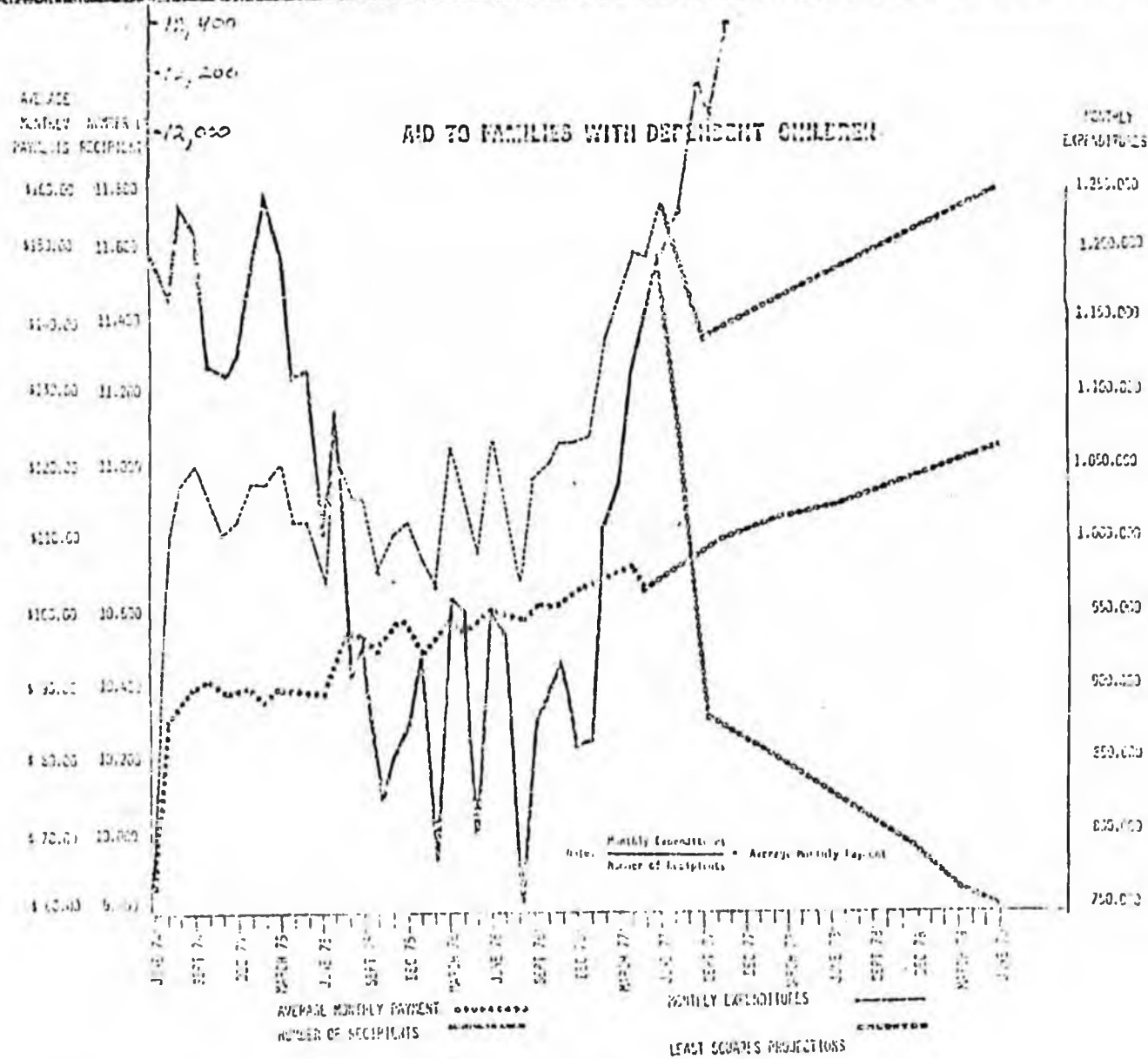
III. BEST ESTIMATE. For the reasons noted above, we believe that the number of recipients is most likely to continue to increase through the winter months and then stabilize (or perhaps decline slightly) in late Spring, 1978. We predict the average monthly number of recipients for the remaining months of FY 78 will not exceed 12,900.

If this is the case, the total FY 78 AFDC expenditures would be 16,515.0, and supplemental funding necessary for FY 78 would be 1,151.7 (5163.0 actual expenditures through October 31, plus 12,900 times \$110.00 times 8 months). 577.4 of this would be Federal funds, 577.5 G/F Match.

December 5, 1977

Request for the AFDC program is for 16,974.2; 11,648 average number of
per month times \$115.00 average payment per recipient, times 12 months.
It seems likely that this request will have to be adjusted. However,
and deferring any revision until we have examined actual program expendi-
for more months of FY 78. We concur with your proposal that we meet with
a monthly basis to reassess the AFDC estimates as new monthly actuals be-
available.

Explanation



BRU Aid to Families With Dependent Children

AGENCY Public Assistance

REVISED

10/1/78

FY 78 SUPPLEMENTAL REQUEST ANALYSIS

1. NOT OPTIMISTIC

	FY 76 ACTUAL	FY 77 FINAL AUTH.	FY 77 ACTUAL	FY 78 GOV. BUDGET	FY 78 INITIAL AUTH.	FY 78 CURRENT AUTH.	EXPENDITURES + ENCUMBRANCES 7/1 - 10/31	OTHER OBLIGATIONS 7/1 - 10/31	PROJECT EXPENDITURE + ENCUMBRANCE 11/1 - 3	FY 78 (DEFICIT) OR EXCESS	FY 78 MAINTENANCE REQUEST
1. SERVICES											
2. CAPITAL											
3. DEPARTMENTAL SERVICES											
4. DEPARTMENTAL											
5. DEPARTMENTAL											
6. DEPARTMENTAL	12,144.0	13,777.8	13,381.4	12,698.7	15,360.3	15,360.3	5163.0	10,888.2	(690.9)		
7. DEPARTMENTAL											
8. DEPARTMENTAL	6,072.0	6,888.9	6,690.7	6349.3	7,680.2	7,680.2	2581.5	5,444.1	(343.5)		
9. DEPARTMENTAL	6,072.0	6,888.9	6,690.7	6349.4	7,690.1	7,680.1	2581.5	5,444.1	(343.5)		
10. DEPARTMENTAL											
11. DEPARTMENTAL											

STATE SERVICE AID TO FAMILIES WITH DEPENDENT CHILDREN COMPONENT REVISED 12/2/77

FY 73 SUPPLEMENTAL REQUEST ANALYSIS

LEAST OPTIMISTIC

	FY 73 ACTUAL	FY 77 FINAL AUTH.	FY 77 ACTUAL	FY 78 GOV. BUDGET	FY 78 INITIAL AUTH.	FY 73 CURRENT AUTH.	EXPENDITURES + ENCUMBRANCES 7/1 - 10/31	OTHER OBLIGATIONS 7/1 - 10/31	PROJECT EXPENDITURE + ENCUMBRANCE 11/1 - 6/30	FY 78 (DEFICIT) OR EXCESS	FY 78 MAINTENANCE REQUEST
Travel											
PERSONAL SERVICES											
OFFICE											
EXPENSES											
GRANTS, CONTRACTS, ... 700	12,111.0	15,777.8	13,381.4	-12,695.7	15,360.3	15,360.3	5163.0		11,506.0	(1,308.7)	
DISBURSEMENTS											
TOTAL	12,111.0	15,777.8	13,381.4	-12,695.7	15,360.3	15,360.3	5163.0		11,506.0	(1,308.7)	
Family Services	6,072.0	6,888.9	6,690.7	6349.3	7,680.2	7,680.2	2581.5		5,753.0	(654.5)	
Division of Community	6,072.0	6,888.9	6,690.7	6349.4	7,680.1	7,680.1	2581.5		5,753.0	(654.4)	
Other Family Programs											
Emergency Services											

COMMUNITY ASSISTANCE

AID TO FAMILIES WITH DEPENDENT CHILDREN

COMPONENT

REVISION 12/2/77

FY 78 SUPPLEMENTAL REQUEST ANALYSIS

111. BEST ESTIMATE

	FY 76 ACTUAL	FY 77 FINAL AUTH.	FY 77 ACTUAL	FY 78 GOV. BUDGET	FY 78 INITIAL AUTH.	FY 78 CURRENT AUTH.	EXPENDITURES ENCUMBRANCES 7/1 - 10/31	OTHER OBLIGATIONS 7/1 - 10/31	PROJECTS EXPENDITURE + ENCUMBRANCE 11/1 - 6	FY 78 (DEFICIT) OR EXCESS	FY 79 INTERIM REQUEST
Medical											
COMMUNITY SERVICES											
CONSUMABLES											
EQUIPMENT											
Supplies											
Medical Supplies	12,144.0	13,777.8	15,381.4	12,698.7	15,360.3	15,360.5	5162.0		11,552.0	(1,154.7)	
Medical Supplies											
TOTAL	12,144.0	13,777.8	15,381.4	12,698.7	15,360.3	15,360.3	5162.0		11,552.0	(1,154.7)	
Medical	6,072.0	6,888.9	6,690.7	6349.3	7,680.3	7,680.2	2581.5		5,676.0	(577.5)	
Medical	6,072.0	6,888.9	6,690.7	6349.4	7,680.1	7,680.1	2581.5		5,676.0	(577.4)	

AGENCY PUBLIC ASSISTANCE

ERU AID TO FAMILIES WITH DEPENDENT CHILDREN

COMPONENT

REVISION 12/2/77

STATE OF ALASKA

OFFICE OF THE GOVERNOR

BUDGET & MANAGEMENT

POUCH AM — JUNEAU 99811
PHONE 465-2213


JAY S. HAMMOND, GOVERNOR

January 20, 1978

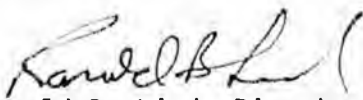
The Honorable John Sackett
Chairman, Senate Finance Committee
Pouch V
Juneau, Alaska 99811

HB 610 Supplemental Appropriation -
Homemaker Services

Dear Senator Sackett:

There was an error in drafting the Governor's transmittal letter accompanying HB 610 which was not corrected prior to submission to the Legislature. The transmittal letter states that the supplemental appropriation requested for the Homemakers program would allow the program to continue operation from April through June. This should be corrected to read . . . "from March through June". The amount contained in the bill is correct as well as the backup recap supplied from Budget and Management staff (attached).

Sincerely,


Ronald B. Lind, Director
Division of Budget and Management

attachment: Homemakers Recap

Ron Lind, Director
 Division of Budget & Management

December 21, 1977

Mike Orelove, Budget Analyst
 Division of Budget & Management
 Office of the Governor

Supplemental Appropriation
 Request - Department of
 Health & Social Services

<u>Agency Request</u>	<u>Analyst Recommendation</u>	<u>B & M Recommendation</u>
\$274.3 TOTAL	\$335.0 TOTAL	\$385.0 TOTAL
\$274.3 GF	\$335.0 GF	\$335.0 GF

Appropriation: : Program Services - Homemaker Services

Agency Position: Homemaker utilization has increased during the first 4 months of FY 78 which, if continued, would exhaust the FY 78 appropriation prior to the end of December. The agency has implemented drastic measures to reduce the level of utilization to stretch their current appropriation through February when they will be out of money and hopefully receive this supplemental at that time.

Recap:	Hours	Amount	Admin. Costs	Total
July	6,847	44.6	30.0	
Aug.	10,533	70.0		
Sept.	13,213	74.9		
Oct.	13,432	83.8		
adjustment for O.T. hours	388	3.3		
Nov.	10,006	63.1		
subtotal		339.7	30.0	369.7
Dec. (estimate)	10,000	65.0		
Jan. (estimate)	10,000	65.0		
Feb. (estimate)	10,000	65.0		
subtotal		195.0	30.0	225.0
				less FY 78 authorized
				464.8
				shortfall by end of February
				239.8
Mar.-June estim.	40,000	260.0		260.0
				Total shortfall
				359.8

← HB 610

Original sponsor: Rules Committee
by request of the Governor

Offered: 5/26/78
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 610

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making supplemental appropriations to the
7 Department of Health and Social Services, miscella-
8 neous; and providing for an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. The sum of \$753,600 is appropriated to the Department of
11 Health and Social Services for the program of Aid to Families With Dependent
12 Children for fiscal year 1978. Sources of this appropriation are as follows:

13 Federal Funds	\$376,800
14 General Fund	376,800

15 * Sec. 2. The sum of \$25,100 is appropriated from the general fund to the
16 Department of Health and Social Services for the Foster Care program for
17 fiscal year 1978.

18 * Sec. 3. The sum of \$415,800 is appropriated to the Department of Health
19 and Social Services for the Institutional Care program for fiscal year 1978.
20 Sources of this appropriation are as follows:

21 Federal Funds	\$ 20,800
22 General Fund	395,000

23 * Sec. 4. This Act takes effect immediately in accordance with AS 01.10.-
24 070(c).

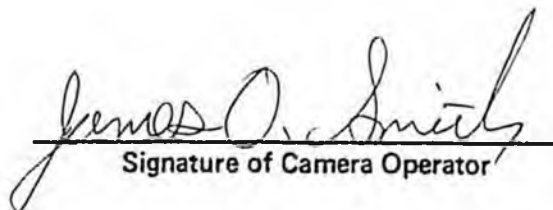
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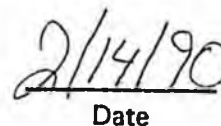


RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.


Signature of Camera Operator


Date

Introduced: 1/11/78
Referred: Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 610

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making supplemental appropriations to the
7 Department of Health and Social Services, miscella-
8 neous; and providing for an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. The sum of ^{753,600} \$1,154,700 is appropriated to the Department of
11 Health and Social Services, for the FY 78 Aid to Families With Dependent
12 Children program. Sources of this appropriation are as follows:

13	Federal Funds	\$577,300
14	General Fund	577,400

15 * Sec. 2. The sum of \$275,000 is appropriated from the general fund to
16 the Department of Health and Social Services for the FY 78 Homemakers
17 Services program.

18 * Sec. 3. The sum of ^{25,100} ~~\$151,000~~ is appropriated to the Department of
19 Health and Social Services, for foster care payments. Sources of this
20 appropriation are as follows:

21	Federal Funds	\$ 16,600
22	General Fund	134,400

23 * Sec. 4. This Act takes effect immediately in accordance with AS 01.-
24 10.070(c).
25
26
27
28
29

1/11/78
January 11, 1978

The Honorable Hugh Malone
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. Speaker:

Under authority of art. III, sec. 18 of the Alaska Constitution, and in accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill making supplemental appropriations to the Department of Health and Social Services.

Section 1 of the measure appropriates \$1,154,700 (\$577,300, federal funds; \$577,400, state general fund) to the department for FY 78 eligible applicants in the Aid to Families With Dependent Children program. The department estimates that the caseload will continue to increase through the winter months and then stabilize. Based on this assumption, this additional appropriation is required to meet legally obligated payments in FY 78.

Section 2 appropriates \$275,000 to the department due to the increased use level of Homemaker Services during the early months of FY 78. This appropriation would allow the program to continue operation at the November 1977 level from April through June. In another appropriation measure which I have transmitted, \$110,000 was requested for operation of the program through the end of March. These two appropriations have been separated in order to avoid an early, drastic program shutdown, while giving the legislature sufficient time to review the entire program needs.

Section 3 appropriates \$151,000 (\$16,600, federal funds; \$134,400, general fund) to the department to meet FY 78 foster care payments. This amount would also allow \$25,100 for the department to purchase Foster Care Liability Insurance from the Department of Administration.

Sincerely,

S/SSH

Jay S. Hammond
Governor

STATE
of ALASKA

MEMORANDUM

NEG 610

TO: Ron Lind, Director
Division of Budget & Management

DATE: December 21, 1977

FILE NO:

TELEPHONE NO:

FROM: *M. Orelove*
Mike Orelove, Budget Analyst
Division of Budget & Management
Office of the GovernorSUBJECT: Supplemental Appropriation
Request - Department of
Health & Social Services

<u>Agency Request</u>	<u>Analyst Recommendation</u>	<u>B & M Recommendation</u>
\$274.3 TOTAL	\$385.0 TOTAL	\$385.0 TOTAL
\$274.3 GF	\$385.0 GF	\$385.0 GF

Appropriation: Program Services - Homemaker Services

Agency Position: Homemaker utilization has increased during the first 4 months of FY 78 which, if continued, would exhaust the FY 78 appropriation prior to the end of December. The agency has implemented drastic measures to reduce the level of utilization to stretch their current appropriation through February when they will be out of money and hopefully receive this supplemental at that time.

Recap:	Hours	Amount	Admin. Costs	Total
July	6,847	44.6	30.0	
Aug.	10,533	70.0		
Sept.	13,213	74.9		
Oct.	13,432	83.8		
adjustment for O.T. hours	388	3.3		
Nov.	10,006	63.1		
subtotal		339.7	30.0	369.7
Dec. (estimate)	10,000	65.0		
Jan. (estimate)	10,000	65.0		
Feb. (estimate)	10,000	65.0		
subtotal		534.7	30.0	564.7
		less FY 78 authorized		464.8
		shortfall by end of February		99.9
Mar.-June estim.	40,000	260.0		260.0
		Total shortfall		359.9

Basis for Analysts Recommendation:

Analyst recommends a supplemental appropriation in the Homemakers Program in the amount of \$385,000 to maintain the November level of services through the end of FY 78.

To allow the Legislature sufficient time to review the entire Homemakers Program supplemental request and continual services at the current reduced level until the entire supplemental need is appropriated, this request is divided into two parts as follows:

Part 1 \$110,000

This amount will be emergency relief for the department so that a drastic program shutdown will not occur. These funds are required by mid-January and will allow the Homemaker Program to continue operations at the November 1977 level through the end of March.

Part 2 \$275,000

This amount will allow the program to continue operations at the November 1977 level from April through June. This amount is requested with other Social Services Category supplemental requests to allow the Legislature sufficient time to review the entire program need.

STATE
of ALASKA

MEMORANDUM

HB 630

TO: Ron Lind, Director
Division of Budget & Management

DATE: December 16, 1977

FILE NO:

TELEPHONE NO:

FROM: *Mike Orelove*
Mike Orelove, Budget Analyst
Division of Budget & Management
Office of the GovernorSUBJECT: Supplemental Appropriation
Request - Department of
Health & Social Services

<u>Agency Request</u>	<u>Analyst Recommendation</u>	<u>B & M Recommendation</u>
\$1,154.7 TOTAL	\$1,154.7 TOTAL	\$1,154.7 TOTAL
\$ 577.4 GF	\$ 577.4 GF	\$ 577.4 GF

Appropriation: Assistance Payments - AFDC

Agency Position: The number of AFDC recipients has been increasing each month since January. Agency estimates that this trend will continue through the winter months and then stabilize. Agency estimates the average number of recipients will average 12,900 for the last 8 months of FY 78.

	<u>TOTAL</u>	<u>FED</u>	<u>GF</u>
Total Estimated FY 78 Need	16,515.0	8,257.5	8,257.5
Less FY 78 Authorized	<u>15,360.3</u>	<u>7,680.2</u>	<u>7,680.1</u>
Supplemental Need	1,154.7	577.3	577.4

Basis for Analyst's Recommendation: Analyst recommends agency request.

STATE
of ALASKA

MEMORANDUM

14-9-77

TO: Ron Lind, Director
Division of Budget & Management

DATE: December 16, 1977

FILE NO:

TELEPHONE NO:

FROM: *Mike Orelove*
Mike Orelove, Budget Analyst
Division of Budget & Management
Office of the GovernorSUBJECT: Supplemental Appropriation
Request - Department of
Health & Social ServicesAgency
RequestAnalyst
RecommendationB & M
Recommendation\$209.9 TOTAL
\$186.8 GF\$151.0 TOTAL
\$134.4 GF\$151.0 TOTAL
\$134.4 GF

Appropriation: Program Services - Foster Care

Agency Position: Current appropriation level is short \$125,900 to meet the budgeted number of full-time equivalent (FTE) persons of 523 at current rates.

Agency also requests adjustment of base rate of foster care using the "Delaware" method with modifications to determine the direct out-of-pocket cost of foster care using the U. S. Department of Agriculture Low Cost and Moderate Cost Plans related to the Anchorage CPI. This adjustment was not recommended for FY 78.

Agency also requests \$25,100 for Foster Care Liability Insurance.

Basis for Analyst's Recommendation: Analyst recommends the \$125,900 current caseload at current rates shortfall and \$25,100 Foster Care Liability Insurance. (Note: There may be a current year caseload increase but no estimate is currently available.)

STATE
of ALASKA

MEMORANDUM

RECEIVED

DEC - 5 1977

BUDGET & MANAGEMENT

TO: Francis S.L. Williamson
Commissioner
Department of Health & Social Services

DATE: November 10, 1977

FILE NO:

TELEPHONE NO:

FROM: *JSGW*
J. Granato
Director
Division of Social Services

SUBJECT: FY 78 Supplemental Budget
Request - Foster Care

Enclosed is Revised Program No. 9 requesting a supplemental appropriation of 209.9 for the Foster Care Component of the Program Services BRU. Federal Funds are \$23.1 and General Funds \$163.7.

The FY 78 authorized for the Foster Care Component of the Program Services BRU is \$2,052.5, of which \$1,746.0 was estimated for foster care payments during FY 78.

The determination of the supplemental need of \$209.0 FY 78 was made based on the actual days of care provided and actual expenditures during FY 77. The rate increases authorized by the legislature were calculated on the FY 77 average rates to arrive at a base projected FY 78 deficit of \$125.9. To the base average FY 78 rate was added a rate increase (which averages to 7%) for FY 78 to align foster care payments with the Consumer Price Index, which will establish a clear and equitable basis for future rate increases for an additional projected deficit of 58.9. Detail is as follows:

	Total Days of Care	÷365 Days ÷FTE No. Persons	Total Expended	Total Expended ÷365 Days ÷ FTE =Avg. Daily Cost/Person
FY 76	155,634	426	\$1,204,259.37	\$7.74
Actual FY 77	191,196	523	\$1,766,917.70	9.26
FY 78 Base Estimates:	191,196	523	\$1,871,877.90	9.81
FY 78 Rate Increase Estimate for 6 months:	191,196	523	\$ 58,921.48	.30
FY 78 Total Estimate:	191,196	523	\$1,930,799.38	10.11
Less FY 78 authorized for foster care payments:			\$1,746,000.00	
Projected FY 78 deficit:			\$ 184,799.38	

In addition, the Department of Administration has been successful in securing foster parent liability insurance coverage at an annual premium of \$50.18 for 500 foster homes = \$25,090. Costs for securing such coverage was removed from the FY 78 budget due to prior year's unsuccessful attempts by Risk Management.

FY 78 SUPPLEMENTAL REQUEST ANALYSIS

	FY 76 ACTUAL	FY 77 FINAL AUTH.	FY 77 ACTUAL	FY 78 Gov. BUDGET	FY 78 INITIAL AUTH.	FY 78 CURRENT AUTH.	EXPENDITURES + ENCUMBRANCES 7/1 - 10/31	OTHER OBLIGATIONS 7/1 - 10/31	PROJECTED EXPENDITURES + ENCUMBRANCES 11/1 - 6/30	FY 78 (DEFICIT) OR EXCESS	FY 79 MAINTENANCE REQUEST
PERSONAL SERVICES											
TRAVEL	35.2	33.8	42.5	50.3	50.3	50.3	11.6	38.7			52.8
CONTRACTUAL SERVICES	1,376.2	1,734.0	51.3	1,977.8	1,965.1	214.1	236.9	2.3	(25.1)		114.2
COMMODITIES	18.7	31.1	21.9	37.1	37.1	37.1	5.0	32.1			34.0
EQUIPMENT			.1								
LANDS, BLDGS. ...											
LOANS, CLAIMS, ...			1,341.8			1,751.0	419.8	1,516.0	(184.8)		2,224.8
MISCELLANEOUS											
TOTAL	1,430.1	1,798.9	1,457.6	2,065.2	2,052.5	2,052.5	673.3	1,589.1	(209.9)		2,425.8
FEDERAL RECEIPTS	437.1	404.9	337.4	468.7	437.4	437.4	84.2	376.3	(23.1)		429.1
REQUIRED GF MATCHING	291.4	334.7	234.4	398.9	372.3	372.3	84.2	311.2	(23.1)		291.5
OTHER GENERAL FUND	505.9	724.8	616.1	1,001.9	1,060.2	1,060.2	476.1	747.8	(163.7)		1,453.9
INTER-AGENCY RECEIPTS											
Federal Title XX		141.3	141.3								
Program Receipts	195.7	193.2	128.4	195.7	182.6	182.6	28.8	153.8			182.6

AGENCY Health & Social Services

BRU Program Services

COMPONENT Foster Care

REVISED _____

HE 610

STATE
of ALASKA

MEMORANDUM

RECEIVED
DEC - 3 1977
BUDGET & MANAGEMENTTO: Francis S.L. Williamson *John*
Commissioner
Department of Health & Social Services

DATE: November 30, 1977

FILE NO.

TELEPHONE NO.

FROM: *John* J. Granato
Director
Division of Social ServicesSUBJECT: FY 78 Supplemental Budget Request -
Homemaker Services

A \$274.3 general fund supplemental appropriation in the Program Services BRU, Homemaker Services Component, is requested.

Homemaker Services have been provided and estimated as follows:

	Hours of Svc.	Total Cost	Average Rate an Hr.	Contractor
FY 77 Actual	83,075	\$468,418	\$6.84	Alaska Homemaker Home Health Aide, Inc.
FY 78 Authorized	66,953	464,800	6.94	To be determined.
FY 78 Contracted Est.	74,569	464,800	6.23	Werners Bookkeeping Service
FY 79 Maintenance	74,569	561,538	7.53	To be determined.
FY 79 Change	24,802	186,766	7.53	To be determined.

The FY 79 rate increase is the result of aligning salaries of homemakers to the State salary schedule, Range 5B.

At the time the FY 78 budget request was prepared, the contractor's monthly billings indicated there would be a significant shortfall in the actual number of hours of services provided, resulting in an underexpenditure. Therefore, the FY 78 budget request was based on early activities in FY 77. However, the low trend did not continue throughout the fiscal year. To the contrary, services increased substantially during the last quarter.

The FY 78 contract was awarded to Werner's Bookkeeping Service. The contractor performs the accounting functions and processes the monthly payrolls to pay the homemakers for services provided. The Division's social service workers evaluate each applicant's needs, establish service plans to best meet those needs and, when homemaker services are a part of the plan, an authorization is completed and arrangements made for the services to be provided.

This method of delivering service has enabled the Division to provide more hours of service at a lower rate per hour. At this lower rate it would be possible to provide a total of 74,569 hours of service during FY 78 (or an average 6,214 hours a month) at an average of \$6.23 an hour.

While services provided during the first four months of FY 78 have resulted in a lower cost per hour, the number of hours of service provided have been higher than the estimated 6,214 a month. The first four months have averaged 11,006 a month. When it was realized the Division would be unable to stay within the FY 78 authorization of \$464,800, the following drastic measures were taken:

1. No new clients will be authorized homemaker services after October 25, 1977; i.e., use of homemaker support as a new resource for clients has been frozen.
2. Each case receiving homemaker services between October 1 and 25 will be reviewed with attention to:
 - a. Closure where any alternative is available or where the use of homemaker service is judged desirable but not necessary for life protection reasons.
 - b. Reduction of the number of units of service authorized in each situation to that number which is considered necessary for life protection reasons.
3. No overtime is to be authorized for a homemaker.
4. As soon as possible, but no later than December 1, 1977:
 - a. No authorizations are permitted for "live-in" situations. No related or unrelated person living in the same household as the client is to be authorized to provide support as a homemaker. Any such current authorizations must be recovered.
 - b. No authorizations are to be given when the homemaker/provider is the mother, father, brother, sister, daughter or son of the client, even if the homemaker does not reside in the same household as the client.

This action was taken to realign the services provided as closely as possible to the 74,569 hours estimated for the total fiscal year and to the authorization.

A 75% reduction of services from the level provided the first four months would be required to stay within the appropriation and provide services through the fiscal year. Realistically however, a 50% reduction would be the highest possible, but not probable, and if a 50% reduction is actually achieved it would be noteworthy. If in November & December a 30% reduction is achieved, funds will be depleted before the end of February:

	<u>Expended</u>	<u>Hours</u>
Actuals 7/1/77 - 10/31/77	\$280,727	44,414
Liability Ins. & Workmen's Comp. for FY	28,392	--
	<u>\$309,119</u>	<u>44,414</u>

30% reduction from 11,006 hours to 7,704 hours a month for period 11/1/77 - 2/28/78: 7,704 hours a month x \$6.23 a hour = \$47,995.92 a month x 4 months	<u>198,984</u>	<u>30,816</u>
Projected 7/1/77 - 2/28/78	501,103	75,230
FY 78 contract estimate	<u>464,800</u>	<u>74,569</u>
Projected deficit 2/28/78 without further reductions.	(36,303)	

An average monthly expenditure of \$47,995.92 equals an average daily expenditure of \$1,577.94. \$36,303 divided by \$1,577.94 represents 23 days in February for which funding will not be available unless it is possible to make further reductions.

This necessary drastic reduction in services for the four month period of November - February may very possibly result in a public outcry, claiming that the same level of service provided last fiscal year and the first four months of this fiscal year is no longer being provided. A complaint has already been filed with the Ombudsman and the Department has been informed that there will be an investigation.

The following alternatives have been considered:

1. Not to request a supplemental appropriation and maintain the drastically reduced level of services until funds are depleted in February. If the public can be made to accept services at this level, and if persons in dire need of services do not unduly suffer because of the restrictions, this may be a possibility.
2. To submit a delete and add supplemental request. This was determined to be impossible, since there are not sufficient funds elsewhere within the Department to cover the additional amount necessary.
3. To request a supplemental appropriation:
 - a. To maintain delivery of an average of 11,006 hours of service a month for the entire fiscal year, thus eliminating the need to impose drastic reductions of service. This would increase the total hours of service to 132,072 at an average rate of \$6.23 an hour requiring a total of \$822,809.

Amount required	822,809
FY 78 authorized	<u>464,800</u>
Supplemental Needs	<u>358,009</u>

This alternative is not possible due to time elements. There would not be sufficient time to request and obtain supplemental funds without first substantially overexpending the current authorization.

- b. If a 30% reduction of services is achieved (and this will not be known until January), in order to maintain the reduced level of service March 1 through June 30, 1978, a general fund supplemental appropriation will be required as follows:

7,704 hours x \$6.23 x 4 months = \$191,984 and 30,816 hours

If a supplemental appropriation is not made, those adults for whom services are discontinued would in most instances have to be placed in nursing homes or hospitals, and children in foster homes. Such alternate care would, of course, be more costly to the State.

- c. To meet the demands which will undoubtedly be made by the public and reinstate the level of services during the last several months to the level provided between July and October.

Average hours a month provided between 7/77 & 10/77 11,006

Less average hours available a month:

Requested under Part b above 7,704

Additional hours a month to reinstate level of services provided between 7/77 and 10/77 3,302

Funds necessary to reinstate this higher level of service for the last four months are:

3,302 hours x \$6.23 = \$20,571 x 4 months = \$82,286

In summary, a supplemental appropriation is being requested as follows:

	<u>Average Hrs. a Mo.</u>	<u>Average Hr. Rate</u>	<u>Amount</u>	<u>Total Hours</u>
Provide reduced level of service	7,704	\$6.23	\$191,984	30,816
Reinstate to level of 1st 4 months	<u>3,302</u>	<u>6.23</u>	<u>82,286</u>	<u>13,208</u>
Total Supplemental Request	11,006	\$6.23	\$274,270	44,024
FY 78 authorized			\$464,800	
FY 78 contracted est.	<u>6,214</u>	<u>\$6.23</u>		<u>74,569</u>
Revised FY 78 Auth.	non-add	\$6.23	\$739,070	118,593

It is possible that additional funds will be necessary for February, but that cannot be determined until January.

The FY 79 Governor's budget allowed a rate increase to an average \$7.53 an hour, but allowed an increase of only 10,000 hours to a total of 84,569 hours and \$636,800. If a supplemental appropriation is made for FY 78, the Governor's budget must be increased accordingly:

	<u>Amount</u>	<u>Hours</u>
FY 78 authorized @ \$6.23	\$464,800	74,569
FY 78 Supplemental:		
Provide reduced services	191,984	30,816
Reinstate to 1st quarter level	<u>82,286</u>	<u>13,208</u>
FY 78 Revised Authorized	\$739,070	118,593
FY 79 Request @ \$7.53	\$748,300	99,371
FY 79 Governor's Budget	\$636,800	84,569

To provide 118,593 hours of service in FY 79 at an average of \$7.53 an hour, an appropriation of \$893,005 would be required, an increase of 34,024 hours and \$256,205.

SJG:ME:rme

REQUEST ANALYSIS

	FY 77 FISCAL YEAR	FY 77 ACTUAL	FY 78 GOV. BUDGET	FY 78 INITIAL AUTH.	FY 78 CURRENT AUTH.	EXPENDITURES + ENCUMBRANCES 7/1 - 10/31	OTHER OBLIGATIONS 7/1 - 10/31	PROJECTED EXPENDITURES + ENCUMBRANCES 11/1 - 6/30	FY 78 (DEFICIT) OR EXCESS	FY 79 MAINTENANCE REQUEST
PERSONAL SERVICES										
TRAVEL										
CONTRACTUAL SERVICES	577.5	575.2	464.8	464.8	464.8	450.1		289.0	(274.3)	561.5
COMMODITIES										
EQUIPMENT										
LANDS, BLDGS. ...										
GRANTS, CLAIMS, ...										
MISCELLANEOUS										
TOTAL	577.5	575.2	464.8	464.8	464.8	450.1		289.0	(274.3)	561.5
FEDERAL RECEIPTS	433.1	431.4								
REQUIRED GF MATCHING	144.4	143.8								
OTHER GENERAL FUND			464.8	464.8	464.8	450.1		289.0	(274.3)	561.5
INTER-AGENCY RECEIPTS										

STATE
of ALASKA

MEMORANDUM

RECEIVED

DEC 9 1977

BUDGET & MANAGEMENT

TO: Michael Orlove
Budget Analyst
Budget and Management

DATE: December 8, 1977

FILE NO:

TELEPHONE NO.

FROM: *Catherine M. Lloyd*
Catherine M. Lloyd
Deputy Commissioner for Administrative
Management
Department of Health & Social ServicesSUBJECT: AFDC FY 78
Supplemental Request

Attached are documents supporting a request for additional FY 78 funding for the Aid to Families with Dependent Children BRU. As you know, Alaska Statutes (AS 47.25.310 - 420) and federal regulations (45CFR, Part 200ff.) require that the AFDC program provide cash assistance to all persons who apply and who are found to be eligible. There can be no control exercised by the Department on the number of eligible needy persons who chose to apply, and the program expenditures are therefore totally responsive to public demand for assistance.

The FY 78 authorization was for 15,360.3 (7680.2 Federal, 7680.1 GF match); this was based upon a planned average of 12,019 recipients per month receiving an average monthly payment of \$106.50 per recipient, times 12 months. Expenditures for the first 5 months have been as follows:

	<u>recipients</u>	<u>payment per recipient</u>	<u>*monthly expenditure</u>
FY 77 June	11,591	106.34	1,232.5
FY 78 July	11,751	104.08	1,223.0
August	12,177	107.21	1,305.5
Sept	12,042	108.24	1,303.4
Oct	12,373	107.84	1,334.3

You will note that the rapid rate of increase in the number of recipients since January, 1977 has continued through October. (see annotated attached graph). Additionally, there has been some increase in the average payment. The apparent cause for these increases is the unexpected severity of the general economic slowdown following the cessation of pipeline activity, which causes more persons to seek assistance and causes both new applicants and on-going recipients to suffer decreases in non-AFDC sources of income and therefore require more assistance funds in order to be maintained at the appropriate maximum total income levels mandated by AS 47.25.520.

Because of the difficulties inherent in predicting AFDC expenditures in light of the unusually unstable recent performance trends and economic situation, we have, your instruction, prepared 3 separate assessments of possible expenditures for the remainder of FY 78. Each of these estimates assume that the average AFDC supplementation required monthly by each recipient will continue to climb throughout the year and will average \$110.00 per recipient for the remainder of the year.

*These figures are from the Federal Reporting system; the FY 78 total through October 31, 1977 is 5166.2. Expenditure Journal total through October 31, 1977 is 5163.0, and this figure (which is less accurate) is used through this request.

December 8, 1977

BEST OPTIMISTIC. Under this method, the assumption is that the caseload average payment will continue to climb for several months and will decline in the Spring of 1978. However, during the remaining months, the average number of recipients will remain at the October, 1977 levels.

If this were to occur, the total FY 78 AFDC expenditures would be 16,051.2 (5163.0 actual expenditures through October 31; plus 12,375 recipients per month times \$110.00 payment per recipient per month, times 8 months. This would require appropriation of 690.9; 345.5 Federal funds, 345.4 G/F Match).

We view this situation as unlikely. Though it is generally the case that the number of new recipients each month tends to decrease each summer, we do not believe that the regular increases observed since January 1977 would suddenly cease or could be compensated for by a large spring caseload decrease.

II. LEAST OPTIMISTIC. Under this method, the assumption is that the number of recipients will continue to increase at the same average rate of increase noted in the past 5 months. That is, the monthly caseload will increase by 156 recipients each month.

If this were to occur, the total FY 78 AFDC expenditures would be 16,669.0 (5163.0 actual expenditures through October 31, 1977, plus \$17,160.00 increase in expenditures each month November June). This would necessitate a FY 78 supplemental request of 1,308.7 (654.3 Federal match, 654.4 G/F Match).

We believe it is unlikely that the recipient count will continue to increase at the same rapid rate experienced in recent months. You will note from the attached graph that the pre-pipeline caseload peaked at approximately 11,750 in the winter of 1974. While there has been growth in total population since that time, we have no evidence that there has been any significant growth in the percentage of potential AFDC eligibles within the total population. Additionally, the maximum AFDC payments have remained unchanged since 1974, which has caused the program to become an increasingly less attractive option as inflation has increased the cost of living. We would therefore expect the caseload would soon peak and remain relatively constant until there is a change in the economic situation.

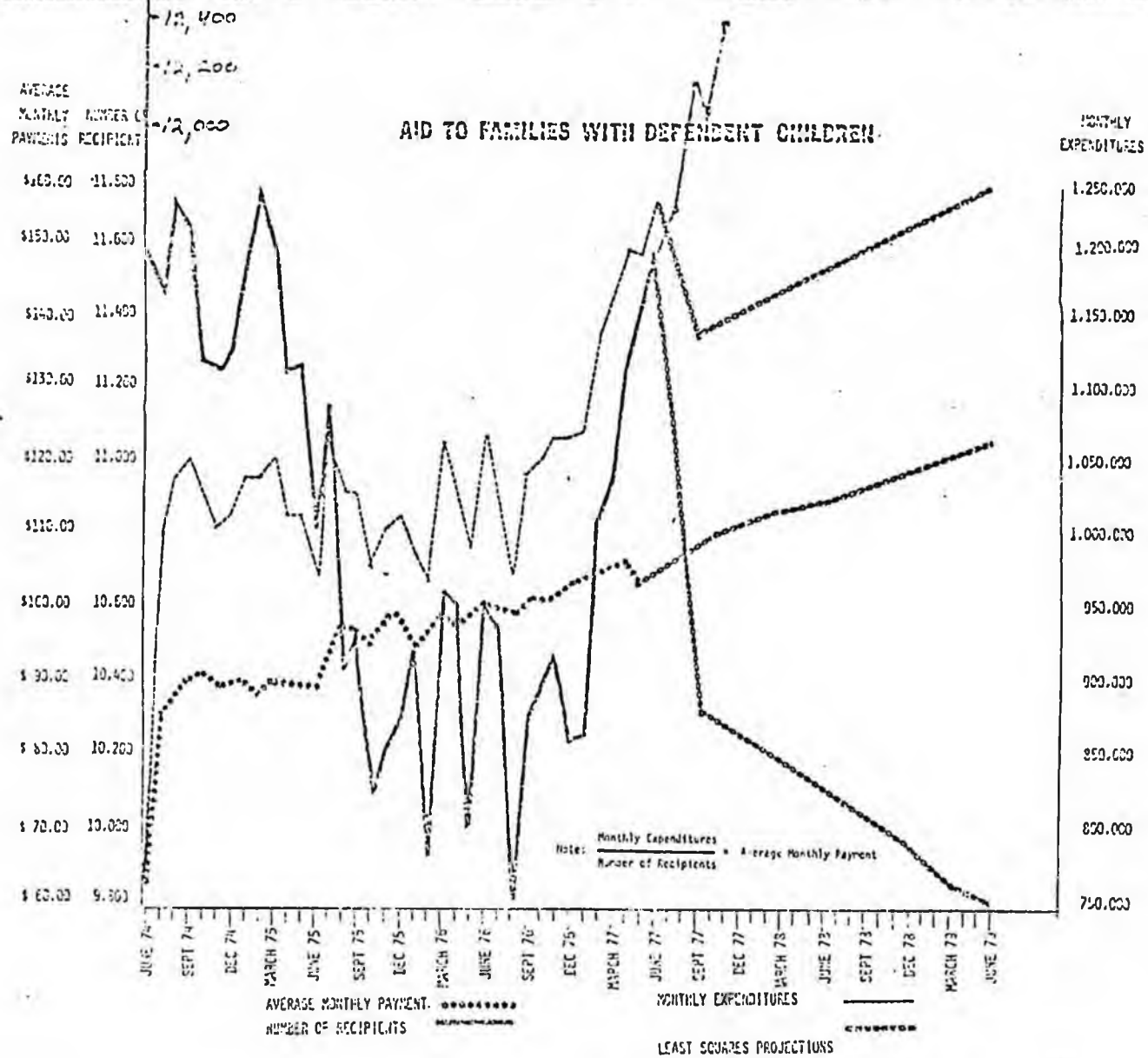
III. BEST ESTIMATE. For the reasons noted above, we believe that the number of recipients is most likely to continue to increase through the winter months and then stabilize (or perhaps decline slightly) in late Spring, 1978. We predict the average monthly number of recipients for the remaining months of FY 78 will not exceed 12,900.

If this is the case, the total FY 78 AFDC expenditures would be 16,515.0, and supplemental funding necessary for FY 78 would be 1,154.7 (5163.0 actual expenditures through October 31, plus 12,900 times \$110.00 times 8 months). 577.4 of this would be Federal funds, 577.3 G/F Match.

December 5, 1977

request for the AFDC program is for 16,074.2; 11,648 average number of recipients per month times \$115.00 average payment per recipient, times 12 months. It seems likely that this request will have to be adjusted. However, we recommend deferring any revision until we have examined actual program expenditures for more months of FY 78. We concur with your proposal that we meet with you on a monthly basis to reassess the AFDC estimates as new monthly actuals become available.

Explanation



BRU Aid to Families With Dependent Children AGENCY Public Assistance REVISED 12/15/77

FY 78 SUPPLEMENTAL REQUEST ANALYSIS

I. BEST OPTIMISTIC

	FY 76 ACTUAL	FY 77 FINAL AUTH.	FY 77 ACTUAL	FY 78 GOV. BUDGET	FY 78 INITIAL AUTH.	FY 78 CURRENT AUTH.	EXPENDITURES + ENCUMBRANCES 7/1 - 10/31	OTHER OBLIGATIONS 7/1 - 10/31	PROJECTED EXPENDITURES + ENCUMBRANCES 11/1 - 6	FY 78 (DEFICIT) OR EXCESS	FY 78 MAINTENANCE REQUEST
PERSONAL SERVICES											
TRAVEL											
INDUCTUAL SERVICES											
COMMODITIES											
EQUIPMENT											
LOAN, REISS. ...											
GRANTS, CLAIMS, ...	12,144.0	13,777.8	13,381.4	12,698.7	15,360.3	15,360.3	5163.0		10,888.2	(690.9)	
UNASSIGNED											
TOTAL	12,144.0	13,777.8	13,381.4	12,698.7	15,360.3	15,360.3	5163.0		10,888.2	(690.9)	
REVENUE RECEIPTS	6,072.0	6,888.9	6,690.7	6349.3	7,680.2	7,680.2	2581.5		5,444.1	(345.5)	
REVENUE OF MATCHING	6,072.0	6,888.9	6,690.7	6349.4	7,690.1	7,680.1	2581.5		5,444.1	(345.5)	
GENERAL FUND											
AGENCY RECEIPTS											

PUBLIC ASSISTANCE

ERU

AID TO FAMILIES WITH DEPENDENT
CHILDREN

COMPONENT

REVISED 12/2/77

FY 73 SUPPLEMENTAL REQUEST ANALYSIS

11. LEAST OPTIMISTIC

	FY 76 ACTUAL	FY 77 FINAL AUTH.	FY 77 ACTUAL	FY 78 GOV. BUDGET	FY 78 INITIAL AUTH.	FY 78 CURRENT AUTH.	EXPENDITURES + ENCUMBRANCES 7/1 - 10/31	OTHER OBLIGATIONS 7/1 - 10/31	PROJECTED EXPENDITURES + ENCUMBRANCES 11/1 - 6/30	FY 78 (DEFICIT) OR EXCESS	FY 78 MAINTENANCE REQUEST
PERSONAL SERVICES											
TRAVEL											
OPERATIONAL SERVICES											
COMMODITIES											
EQUIPMENT											
LIVING ALLOW. ...											
GRANTS, CLAIMS, ... 700	12,144.0	15,777.8	13,381.4	-12,598.7	15,360.3	15,360.3	5163.0		11,506.9	(1,508.7)	
MISCELLANEOUS											
TOTAL	12,144.0	13,777.8	13,381.4	12,598.8	15,360.3	15,360.3	5163.0		11,506.9	(1,508.7)	
FEDERAL RECEIPTS	6,072.0	6,888.9	6,690.7	6349.3	7,680.2	7,680.2	2581.5		5,753.0	(654.5)	
REQUIRED CF MATCHING	6,072.0	6,888.9	6,690.7	6349.4	7,680.1	7,680.1	2581.5		5,753.0	(654.4)	
OTHER GENERAL FUND											
INTER-AGENCY RECEIPTS											

AGENCY PUBLIC ASSISTANCE

AID TO FAMILIES WITH DEPENDENT
CHILDREN

COMPONENT

REVISION 12/2/77

FY 78 SUPPLEMENTAL REQUEST ANALYSIS

III. BEST ESTIMATE

	FY 76 ACTUAL	FY 77 FINAL AUTH.	FY 77 ACTUAL	FY 78 GOV. BUDGET	FY 78 INITIAL AUTH.	FY 78 CURRENT AUTH.	EXPENDITURES + ENCUMBRANCES 7/1 - 10/31	OTHER OBLIGATIONS 7/1 - 10/31	PROJECTED EXPENDITURE + ENCUMBRANCE 11/1 - 6/30	FY 78 (DEFICIT) OR EXCESS	FY 79 MAINTENANCE REQUEST
PERSONAL SERVICES											
TRAVEL											
COMMERCIAL SERVICES											
COMMODITIES											
EQUIPMENT											
LABOR & BLESS. ...											
GRANTS, CLAIMS, ... 700	12,144.0	13,777.8	13,381.4	12,698.7	15,360.3	15,360.3	5163.0		11,552.0	(1,154.7)	
MISCELLANEOUS											
TOTAL	12,144.0	13,777.8	13,381.4	12,698.7	15,360.3	15,360.3	5163.0		11,552.0	(1,154.7)	
RECEIPTS	6,072.0	6,888.9	6,690.7	6349.3	7,680.2	7,680.2	2581.5		5,676.0	(577.5)	
MATCHING	6,072.0	6,888.9	6,690.7	6349.4	7,680.1	7,680.1	2581.5		5,676.0	(577.4)	
FUND											
RECEIPTS											

AGENCY PUBLIC ASSISTANCE

BRU AID TO FAMILIES WITH DEPENDENT CHILDREN

COMPONENT

REVISED 12/2/77

STATE OF ALASKA

OFFICE OF THE GOVERNOR

BUDGET & MANAGEMENT

JAY S. HAMMOND, GOVERNOR

POUCH AM — JUNEAU 99811
PHONE 465-2213

May 1, 1978

The Honorable Steve Cowper
Chairman, House Finance Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Representative Cowper:

I am writing to request amendments to HB610 for the items explained below. The Department of Health and Social Services is available to provide additional information on these items.

Amend Section 1 of HB610, a supplemental appropriation for the Department of Health and Social Services, Aid to Families with Dependent Children (AFDC) program by reducing the request from \$1,154,700 to \$753,600 based on revised estimates from the Department of AFDC caseloads. Revised funding will be \$376,800 federal funds and \$376,800 state general funds.

Delete Section 2, a supplemental request for the Department of Health and Social Services, Homemakers Services program. This request was funded through SE394.

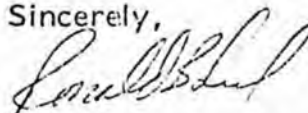
Amend Section 3 of HB610, a supplemental appropriation for the Department of Health and Social Services, Foster Care program by reducing the request from \$151,000 to \$25,100 state general funds for foster care liability insurance.

The Honorable Steve Cowper
Page Two
May 1, 1978

Please amend HB610 to include a supplemental appropriation for the Department of Health and Social Services, Institutional Care Program in the amount of \$415,800 of which \$20,800 is federal funds and \$395,000 is state general funds, to meet increased expenditures and a shortfall of federal funds appropriated.

Additional detailed backup information is attached.

Sincerely,



Ronald B. Lind, Director
Division of Budget & Management

Attachments

cc: Helen Beirne, Commissioner
Health & Social Services

ATTACHMENT # 1

AID TO FAMILIES WITH DEPENDENT CHILDREN (AFDC)

This revision will allow the department sufficient funds to meet all legally obligated payments based on current estimates and protect against the possibility of a sudden unforeseeable caseload increase for the remaining months of FY 78.

Any excess authorization will lapse back to the General Fund.

	<u>RECAP</u>		
	<u>TOTAL</u>	<u>FED</u>	<u>GF</u>
Current supplemental			
request	\$1,154,700	\$577,300	\$577,400
This revision	<u>(401,100)</u>	<u>(200,500)</u>	<u>(200,600)</u>
Amended supplemental			
request	\$ 753,600	\$376,800	\$376,800

Additional backup information from the Department is attached.

STATE
of ALASKA

MEMORANDUM

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APR 10 1978

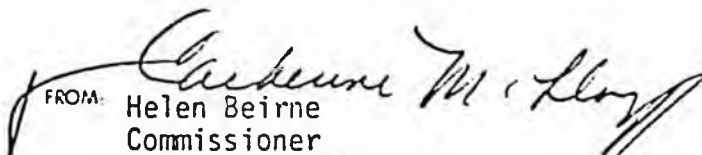
BUDGET & MANAGEMENT

TO: Ron Lind, Director
Division of Budget & Management
Office of the Governor

DATE: April 7, 1978

FILE NO:

TELEPHONE NO.

FROM: 
Helen Beirne
Commissioner
Department of Health & Social Services

SUBJECT: Revision FY78 AFDC
Supplemental HB 610

Attached is a revision to the FY78 AFDC Supplemental reducing the request from 1154.7 to 753.6.

MH:11

POSITION PAPER
FOR
HOUSE BILL NO. 610

"An Act making supplemental appropriation to the Department of Health and Social Services, miscellaneous."

The Department supports the request for additional funding for FY78 for the Aid to Families with Dependent Children (AFDC) Budget Request Unit. Alaska Statutes (AS 47.25.310-420) and federal regulations (45 CFR, Part 200ff.) require that the AFDC program provide cash assistance in an appropriate amount to all persons who apply and who are found to be eligible. There can be no control exercised by the Department on the number of eligible needy persons who choose to apply, and the program expenditures are therefore totally responsible to public demand for assistance and to the amount of non-AFDC income eligible persons have.

The FY78 authorization was for 15,360.3 (7680.2 Federal, 7680.1 General Fund match); this was based upon a planned average of 12,019 recipients per month receiving an average monthly payment of \$106.50 per recipient, times 12 months. Expenditures for the past months have been as follows:

		<u>RECIPIENTS</u>	<u>PAYMENTS PER RECIPIENT</u>	<u>MONTHLY EXPENDITURE</u>
FY77	June	11,591	106.34	1,232.5
FY78	July	11,751	104.08	1,223.0
	August	12,177	107.21	1,305.5
	September	12,042	108.24	1,303.4
	October	12,373	107.84	1,334.3
	November	11,645	108.36	1,261.9
	December	12,310	108.22	1,332.2
	January	12,218	105.75	1,292.1

You will note from the attached graph that the rapid rate of increase in the number of recipients since January, 1977 generally continued through October. In that same period there was a considerable increase in the average payment. The apparent cause for these increases is the unexpected severity of the general economic slowdown following the cessation of pipeline activity, which causes more persons to seek assistance and causes both the new applicants and on-going recipients to suffer decreases in non-AFDC sources of income, therefore requiring more assistance funds in order to be maintained at the appropriate maximum total income levels mandated by AS 47.25.320.

However, recipient counts in the last four months for which final figures are available have varied considerably from the past steady increase pattern. The causes for these unusual fluctuations are not known. Preliminary figures for February and March are unreliable, but they seem to indicate that the number of recipients is again growing from the January level. Average payment levels appear to be increasing as well.

14 SUPPLEMENTAL REQUEST ANALYSIS

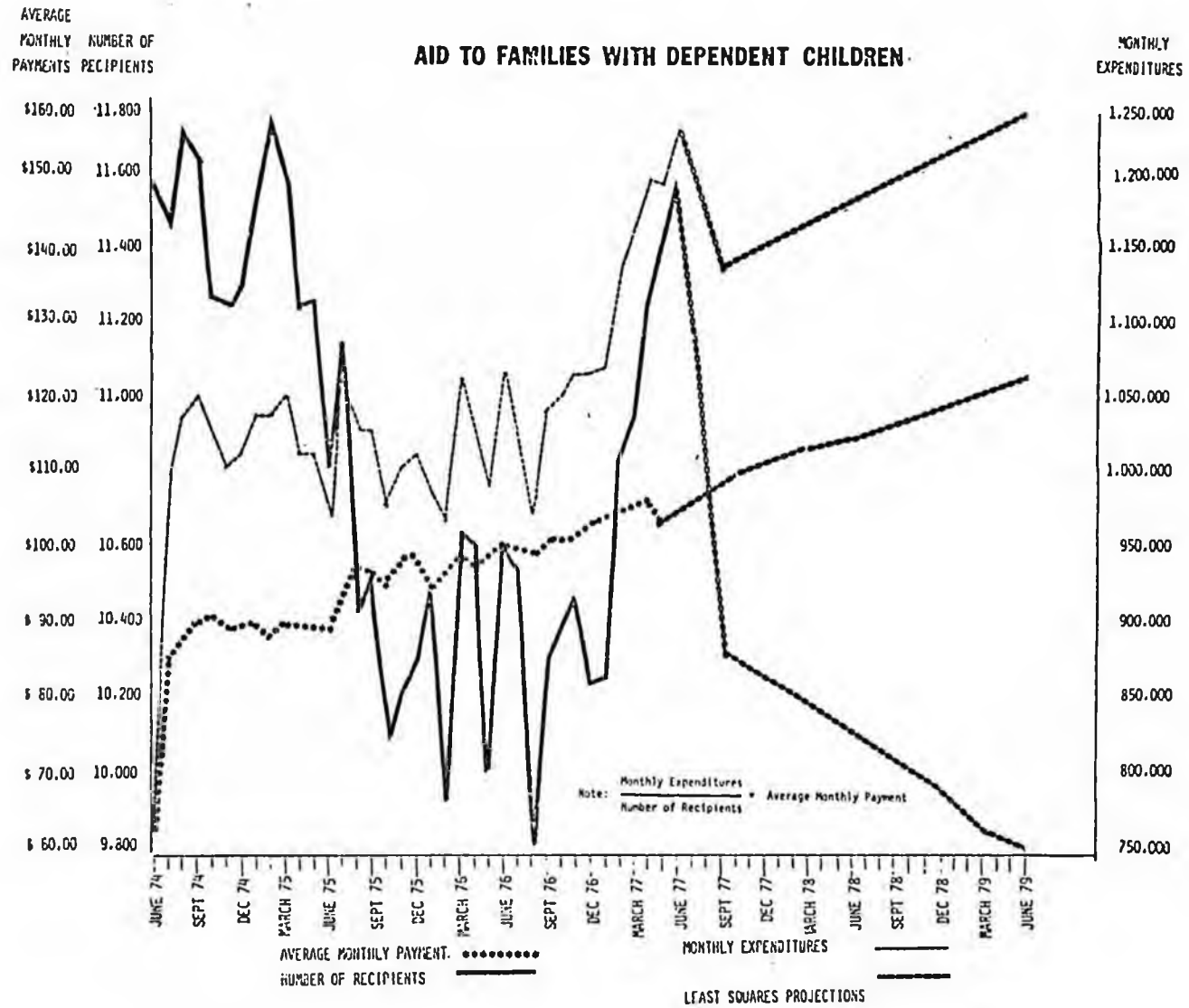
	FY 76	FY 77	FY 77	FY 78	FY 78	FY 78	EXPENDITURES + ENCUMBRANCES	OTHER OBLIGATIONS	PROJECTED EXPENDITURES + ENCUMBRANCES	FY 78 (DEFICIT) OR EXCESS	FY 79 MAINTENANCE REQUEST
	AVAIL.	FINAL AUTH.	ACTUAL	GOV. BUDGET	INITIAL AUTH.	CURRENT AUTH.	7/1 - 12/31	7/1 - 10/31	02/1 - 6/30		
PERSONAL SERVICES											
TRAVEL											
CONTRACTUAL SERVICES											
COMMODITIES											
EQUIPMENT											
LANDS, EDES. ...											
GRANTS, CLAIMS, ... 700		13,777.8	13,380.9			15,360.3	9,052.4		7,061.5	(753.6)	
MISCELLANEOUS											
TOTAL											
FEDERAL RECEIPTS		6,588.9	6,690.5			7,680.2	4,526.2		3530.8	(376.8)	
REQUIRED OF MATCHING		6,888.9	6,690.5			7,680.1	4,526.2		3530.7	(376.8)	
OTHER GENERAL FUND											
INTER-AGENCY RECEIPTS											

AGENCY Public Assistance

PRO No. 10 Families with Dependent Children COMPONENT

REVISED 4/05/78

Explanation



BRU Aid to Families With Dependent Children AGENCY Public Assistance REVISED

Attachment # 2

FOSTER CARE

The original supplemental request included additional funding for foster care payments and funding for foster care liability insurance as follows:

Foster Care Payments	\$125,900
Foster Care Liability	
Insurance	<u>25,100</u>
	\$151,000

Revised estimates indicate that additional funding will not be required for foster care payments and are therefore requesting that the supplemental request be reduced to cover only the amount necessary for the Foster Care Liability Insurance.

The Department of Administration has been successful in securing foster parent liability insurance coverage at an annual premium of \$50.18 for 500 foster homes = \$25,090. Costs for securing such coverage was removed from the FY78 budget due to prior year's unsuccessful attempts by Risk Management to secure such insurance.

Additional backup information from the department is attached.

STATE
of ALASKA

MEMORANDUM

RECEIVED
APR 4 1978
BUDGET & MANAGEMENT

TO: Ron Lind
Director
Department of Health & Social Services

DATE: April 4, 1978

FILE NO:

TELEPHONE NO:

FROM: *HOB/Emf*
Nelen Beirne
Commissioner
Department of Health & Social Services

SUBJECT: Revised FY78 Foster Care
Supplemental

HB 610

Attached is a revised request for foster care FY78. The request reduces the supplemental need from 151.0 to 25.1.

Attachments (1)

MH:11

HB 610
(FOSTER CARE)

A \$25,100 General Fund supplemental appropriation is requested for the program Services BRU. These funds will provide for foster parent liability insurance. House Bill 610 requests supplemental funds of \$151.0 for liability insurance and increase in foster care payments. The Division now has seven month of current year actual activity upon which to base foster care payment projections. This seven month actual indicates that additional funds will not be necessary for foster care payments.

The FY78 appropriation for Benefits to Individuals is \$1,751.0, of which \$1,746.0 was estimated for foster care payments. From July 1, 1977 to January 31, 1978, the caseload and expenditures have been as follows:

<u>No. of Service</u>	<u>Days of Care</u>	<u>÷ Days In Period = FTE</u>	<u>Amount Expended</u>	<u>Exp. ÷ FTE ÷ Days in Period = Cost/Day/Person</u>
July 1977	13,099	423	\$125,215.96	\$9.55
August	14,345	463	137,603.23	9.59
September	14,015	467	137,143.06	9.79
October	14,975	483	141,340.16	9.44
November	14,730	491	145,770.50	9.90
December	14,423	465	138,758.15	9.63
January	<u>15,162</u>	<u>489</u>	<u>142,906.02</u>	<u>9.42</u>
Total Actual	100,749		\$968,737.08	\$9.62 Average

The projected month caseloads and expenditures are as follows:

<u>No. of Service</u>	<u>Days of Care</u>	<u>÷ Days In Period = FTE</u>	<u>Amount Expended</u>	<u>Exp. ÷ FTE ÷ Days in Period = Cost/Day/Person</u>
February	14,140	505	\$136,026.80	9.52
March	16,151	521	155,372.62	9.62
April	16,110	537	154,978.20	9.62
May	17,143	553	164,915.66	9.62
June	<u>17,070</u>	<u>569</u>	<u>164,213.40</u>	<u>9.62</u>
Total Projected	80,614		\$775,506.68	

Actual Expenditures 7/1/77-1/31/78	\$ 968,737
Projected Expenditures 2/1/78-6/30/78	<u>775,507</u>
Total FY78 Expenditures	\$1,744,244
FY78 Authorized	<u>1,746,000</u>
Projected Lapse	\$ 1,756

CASELOAD INCREASES

Foster care caseload will continue to increase so long as we do not have adequate staff to work with families at an earlier point of intervention and thus prevent separation of the child from its home and do not have adequate staff to reduce the length of stay once a child has entered foster care. Concurrently the transfer of children, where appropriate, from more costly institutional care to foster care will also increase the foster care caseload.

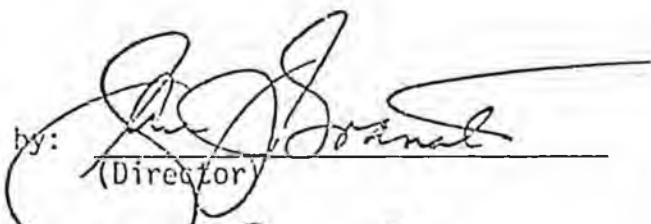
FEDERAL REIMBURSEMENT

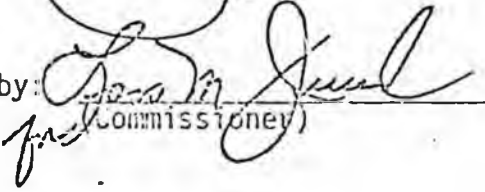
Federal reimbursement under Title IV A is 50% of expenditures made in behalf of eligible AFDC cases. Currently we are projecting that 24% of cases (and expenditures) will be AFCD eligible. However federal reimbursement has been defered for the two most recent quarters and is currently being reviewed by federal auditors. It is assumed that this review will be favorable to the state and that federal reimbursement will continue at the current level.

LIABILITY INSURANCE

The Department of Administration has been successful in securing foster parent liability insurance coverage at an annual premium of \$50.18 for 500 foster homes = \$25,090. Costs for securing such coverage was removed from the FY78 budget due to prior year's unsuccessful attempts by Risk Management.

As the projected lapse for foster care payments is relatively small, no adjustment is being requested in this area. The liability insurance is being requested in full.

Recommended by:  4/2/78
 (Director) (Date)

Approved by:  4/3/78
 (Commissioner) (Date)

Attachments (1)