

The background features a large, faint seal of the State of Oklahoma. It is a circular emblem with a five-pointed star in the center. The star is blue with yellow stars on it. The outer ring of the seal contains the text "SEAL OF THE STATE OF OKLAHOMA" and the year "1907" at the bottom.

Working Draft SFY2011 OKDHS Budget

April 14, 2010



**Estimated
SFY 2011 OKDHS State
Budget Work Program**



Calculating the Current Best Estimate 2011 State Budget Work Program

APPROPRIATION BASE COMPUTATION (State Revenue):

Original SFY 2010 Base (in millions):

OKDHS SFY 2010 General Revenue & Cash Appropriation	479.4
Authorized Stimulus	71.4
Total SFY 2010 Original Appropriation base: (Per Senate)	550.8
FY 2010 Reductions: Recalculated 7.5% Reduction (Actual reduction during FY2010 \$28.46 M)	(41.3)
FY 2010 Base Recalculated	509.5
FY2011 Base Adjustment: Proposed Senate Reduction @ 7.9%	(40.2)

Proposed Initial SFY 2011 Base:

Total SFY2011 Appropriations Base (Proposed Senate)	469.2
Stimulus Available for FY2011	43.0
Calculated OKDHS SFY 2011 General Revenue Approp'n	426.2



Calculating the Current Best Estimate 2011 State Budget Work Program

OPERATING BASE COMPUTATION (State Expenditures):

Current FY2010 Operating Base	594.8
Annualization Gains for FY2011	(3.5)
Loss of FMAP if EFMAP is not extended	4.4
Inflationary Costs absent Legislative Correction	5.7

Recalculated current cost base for FY2011 **601.4**

FY2011 Revenue available:

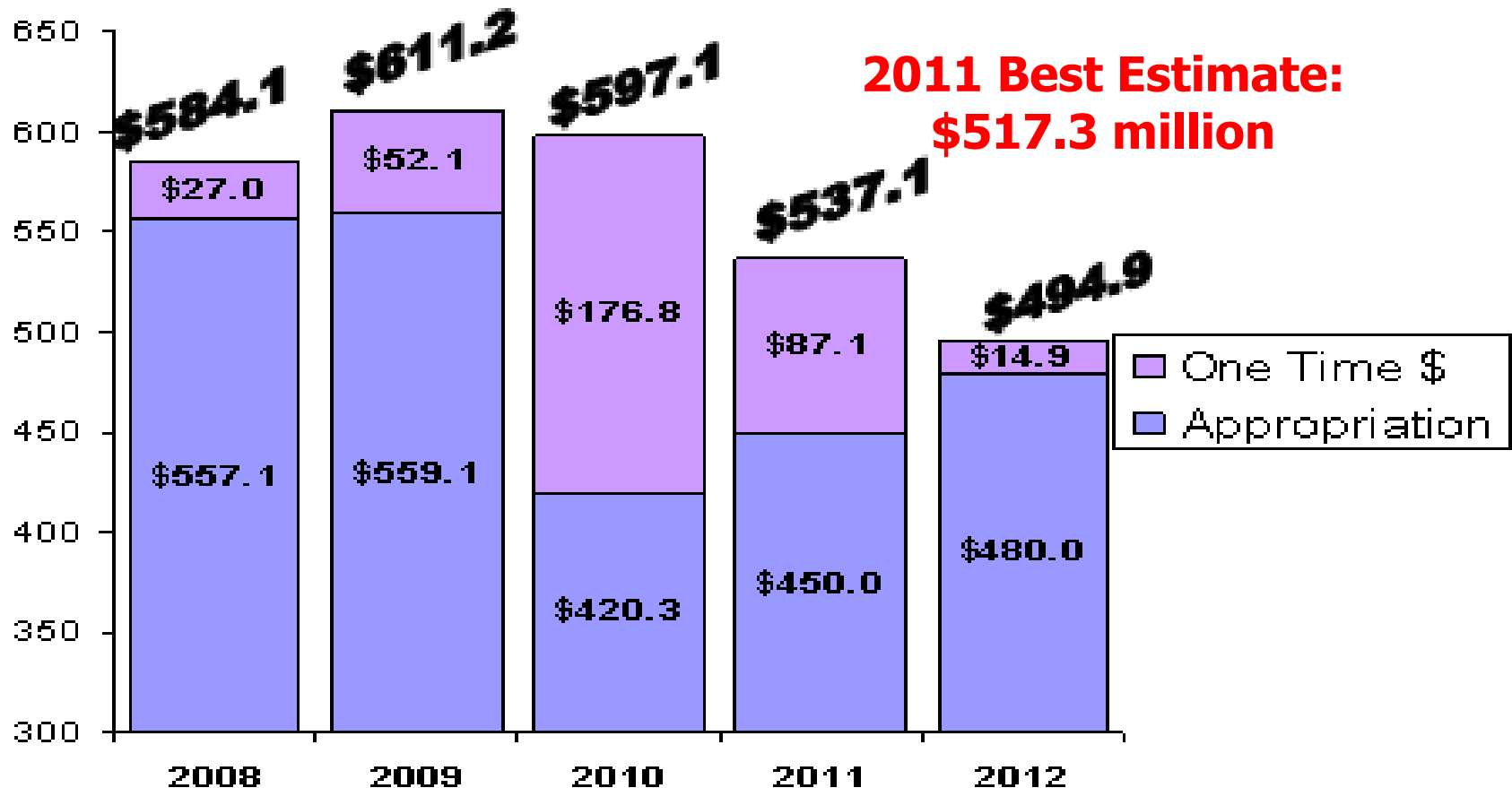
Senate Appropriations Base	469.2
One Time Funds availability	\$ 48.1
Total FY2011 Revenue Available (2011 State Budget WP)	\$ 517.3

Plus 2010 unbalanced ADvantage Waiver Costs **\$ 12**

State Dollar Reductions Necessary from Current Operations **\$ (96.1)**

Current List of Identified Budget Service Reductions	\$ 30.3
Addition Reduction Necessary	\$ (65.8)

OKDHS State Budget Work Plan 2011 – 2012 Projections



Equals a budget reduction of \$80 million and a spending reduction of \$96 million over the next 2 to 4 months



Calculating the Current Best Estimate 2011 State Budget Work Program (10%)

APPROPRIATION BASE COMPUTATION (State Revenue):

Original SFY 2010 Base (in millions):

OKDHS SFY 2010 General Revenue & Cash Appropriation	479.4
Authorized Stimulus	71.4
Total SFY 2010 Original Appropriation base: (Per Senate)	550.8

FY 2010 Reductions: Recalculated 7.5% Reduction (41.3)
(Actual reduction during FY2010 \$28.46 M)

FY 2010 Base Recalculated	509.5
FY2011 Base Adjustment: Proposed Senate Reduction @ 10%	(50.9)

Proposed Initial SFY 2011 Base:

Total SFY2011 Appropriations Base (Proposed Senate)	458.6
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Stimulus Available for FY2011 43.0

Calculated OKDHS SFY 2011 General Revenue Approp'n	415.6
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(Additional reduction of \$10.6 million above 7.9% - 426.2 million)



Calculating the Current Best Estimate 2011 State Budget Work Program (at 10%)

OPERATING BASE COMPUTATION (State Expenditures):

Current FY2010 Operating Base	594.8
Annualization Gains for FY2011	(3.5)
Loss of FMAP if EFMAP is not extended	4.4
Inflationary Costs absent Legislative Correction	5.7

Recalculated current cost base for FY2011 **601.4**

FY2011 Revenue available:

Senate Appropriations Base	469.2
One Time Funds availability	\$ 48.1
Total FY2011 Revenue Available (2011 State Budget WP)	\$ 506.7

Plus 2010 unbalanced ADvantage Waiver Costs \$ 12

State Dollar Reductions Necessary from Current Operations \$ (106.7)

Current List of Identified Budget Service Reductions	\$ 30.3
Addition Reduction Necessary	\$ (76.4)



Calculating the Current Best Estimate 2011 State Budget Work Program (15%)

APPROPRIATION BASE COMPUTATION (State Revenue):

Original SFY 2010 Base (in millions):

OKDHS SFY 2010 General Revenue & Cash Appropriation	479.4
Authorized Stimulus	71.4
Total SFY 2010 Original Appropriation base: (Per Senate)	550.8

FY 2010 Reductions: Recalculated 7.5% Reduction (41.3)
(Actual reduction during FY2010 \$28.46 M)

FY 2010 Base Recalculated	509.5
FY2011 Base Adjustment: Proposed Senate Reduction @ 15%	(76.4)

Proposed Initial SFY 2011 Base:

Total SFY2011 Appropriations Base (Proposed Senate)	433.1
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Stimulus Available for FY2011 43.0

Calculated OKDHS SFY 2011 General Revenue Approp'n	390.1
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(Additional reduction of \$36.1 million above 7.9% - \$426.2 million)



Calculating the Current Best Estimate 2011 State Budget Work Program (at 15%)

OPERATING BASE COMPUTATION (State Expenditures):

Current FY2010 Operating Base	594.8
Annualization Gains for FY2011	(3.5)
Loss of FMAP if EFMAP is not extended	4.4
Inflationary Costs absent Legislative Correction	5.7

Recalculated current cost base for FY2011 **601.4**

FY2011 Revenue available:

Senate Appropriations Base	433.1
One Time Funds availability	\$ 48.1
Total FY2011 Revenue Available (2011 State Budget WP)	\$ 481.2

Plus 2010 unbalanced ADvantage Waiver Costs \$ 12

State Dollar Reductions Necessary from Current Operations \$ (132.2)

Current List of Identified Budget Service Reductions	\$ 30.3
Addition Reduction Necessary	\$ (101.9)



Calculating the Current Best Estimate 2011 State Budget Work Program (20%)

APPROPRIATION BASE COMPUTATION (State Revenue):

Original SFY 2010 Base (in millions):

OKDHS SFY 2010 General Revenue & Cash Appropriation	479.4
Authorized Stimulus	71.4
Total SFY 2010 Original Appropriation base: (Per Senate)	550.8
FY 2010 Reductions: Recalculated 7.5% Reduction (Actual reduction during FY2010 \$28.46 M)	(41.3)
FY 2010 Base Recalculated	509.5
FY2011 Base Adjustment: Proposed Senate Reduction @ 20%	(101.9)

Proposed Initial SFY 2011 Base:

Total SFY2011 Appropriations Base (Proposed Senate)	407.6
Stimulus Available for FY2011	43.0
Calculated OKDHS SFY 2011 General Revenue Approp'n	364.6
(Additional reduction of \$61.6 million above 7.9% - \$426.2 million)	



Calculating the Current Best Estimate 2011 State Budget Work Program (at 20%)

OPERATING BASE COMPUTATION (State Expenditures):

Current FY2010 Operating Base	594.8
Annualization Gains for FY2011	(3.5)
Loss of FMAP if EFMAP is not extended	4.4
Inflationary Costs absent Legislative Correction	5.7

Recalculated current cost base for FY2011 **601.4**

FY2011 Revenue available:

Senate Appropriations Base	407.6
One Time Funds availability	\$ 48.1
Total FY2011 Revenue Available (2011 State Budget WP)	\$ 455.7

Plus 2010 unbalanced ADvantage Waiver Costs **\$ 12**

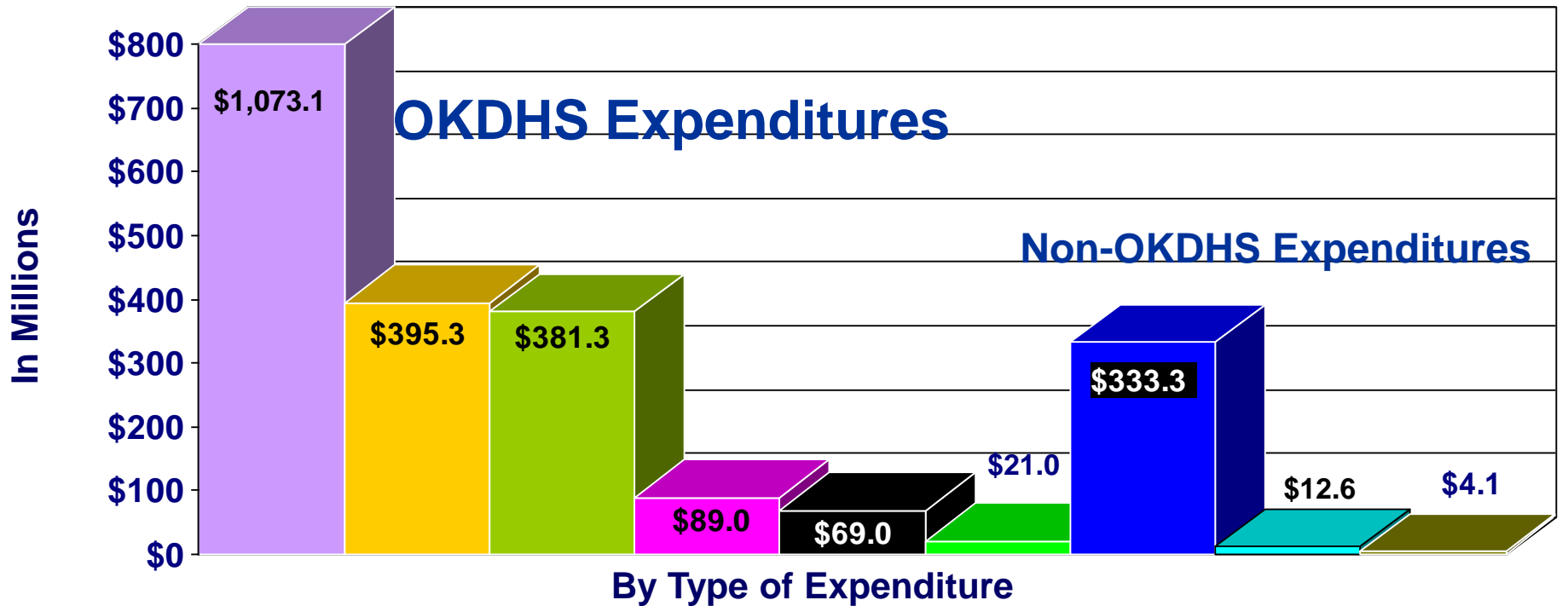
State Dollar Reductions Necessary from Current Operations **\$ (157.7)**

Current List of Identified Budget Service Reductions	\$ 30.3
Addition Reduction Necessary	\$ (127.4)



Allocation of Expenditures

FY2010 as of November 2009



- 100% Federal
- Matched Federal
- State Match
- State MOE
- 100% State
- Revenue
- Earned Federal OHCA
- Certified Funds MOE
- Certified Funds Matching

Bottom line: GOAL

- Get **from** a 2010 State Budget Work Program (SBWP) of \$597 million **plus** \$12 million of unbalanced ADvantage Waiver Costs **plus** \$4.4 million of net inflationary costs (Total: \$613.4) **with** \$89 million of Maintenance Of Effort (MOE)
- Get **to** a 2011 SBWP of \$517.3 million with \$89 million of MOE
 - That's \$524.4 (w/o MOE) to \$428.3 (w/o MOE)
 - That's \$96.1 million in cuts from \$524.4 million (current spending without MOE)
 - That's about **18.3% spending cut across the board for most programs (some more, some less)** to the SBWP (not just the 14% budget adjustment without MOE (84.1/597))

Bottom line: GOAL (at 10%)

- Get **from** a 2010 State Budget Work Program (SBWP) of \$597 million **plus** \$12 million of unbalanced ADvantage Waiver Costs **plus** \$4.4 million of net inflationary costs (Total: \$613.4) **with** \$89 million of Maintenance Of Effort (MOE)
- Get **to** a 2011 SBWP of \$506.7 million with \$89 million of MOE
 - That's \$524.4 (w/o MOE) to \$417.7 (w/o MOE)
 - That's **\$106.7** million in cuts from \$524.4 million (current spending without MOE)
 - That's about **20.3% spending cut across the board for most programs (some more, some less)** to the SBWP (not just the 17.9% without MOE)

Bottom line: **GOAL (at 15%)**

- Get **from** a 2010 State Budget Work Program (SBWP) of \$597 million **plus** \$12 million of unbalanced ADvantage Waiver Costs **plus** \$4.4 million of net inflationary costs (Total: \$613.4) **with** \$89 million of Maintenance Of Effort (MOE)
- Get **to** a 2011 **SBWP of \$481.2 million** with \$89 million of MOE
 - That's \$524.4 (w/o MOE) to \$392.2 (w/o MOE)
 - That's **\$132.2 million in cuts** from \$524.4 million (current spending without MOE)
 - That's about **25.2% spending cut across the board for most programs (some more, some less)** to the SBWP (not just the 22.1% without MOE)

Bottom line: **GOAL (at 20%)**

- Get **from** a 2010 State Budget Work Program (SBWP) of \$597 million **plus** \$12 million of unbalanced ADvantage Waiver Costs **plus** \$4.4 million of net inflationary costs (Total: \$613.4) **with** \$89 million of Maintenance Of Effort (MOE)
- Get **to** a 2011 **SBWP of \$455.7 million** with \$89 million of MOE
 - That's \$524.4 (w/o MOE) to \$366.7 (w/o MOE)
 - That's **\$157.7 million in cuts** from \$524.4 million (current spending without MOE)
 - That's about **30% spending cut across the board for most programs (some more, some less)** to the SBWP (not just the 26.4% without MOE)

WHAT DOES IT MEAN?

For Selective Programs

Supplemental Nutrition Assistance Program

- Dollars spent during December: \$75 million (100% federal)
 - (30 days x 565,000 person = 17.25 million person days = \$4.35 per person per day benefit
 - Furlough cost: 8.8% of the \$900 million per year = **\$79.2 million dollars lost** on food along paid entirely with 100% federal funds
 - Field staff cut funded by the **furlough is only 48% of the cut required** by field staff doing SNAP benefits
 - Estimated lost SNAP benefits in SFY 2011:
 - Instead of collecting more than \$900 million dollars of SNAP benefits
 - We will distribute approximately \$735 million dollars (**\$165 million less**)
 - Instead of helping approximately 575,000 Oklahomans per month
 - We will likely help only 470,000 persons (**18.3% less**)
 - Timeliness will erode and access will deteriorate
 - That's **105,000 less Oklahomans receiving food** by deteriorating access to SNAP funded entirely by federal funds
 - Potentially more **service erosion** for downtime with electronic benefits due to furloughs and other electronic service erosions.

Supplemental Nutrition Assistance Program (SNAP)

- Dollars lost and persons not served:
 - Best current projection (stated 7.9%) - (MOE adjusted 18.3%):
 - Federal dollars lost from \$900 million: \$165 million
 - Persons fed drops from 575,000 by 105,000 to 470,000
 - 10% Stated reduction (MOE adjusted 20.3%):
 - Federal dollars lost from \$900 million: \$182.7 million
 - Persons fed drops from 575,000 by 111,000 to 464,000
 - 15% Stated reduction (MOE adjusted 25.2%):
 - Federal dollars lost from \$900 million: \$226.8 million
 - Persons fed drops from 575,000 by 145,000 to 430,000
 - 20% stated reduction (MOE adjusted 30%):
 - Federal dollars lost from \$900 million: \$270 million
 - Persons fed drops from 575,000 by 173,000 to 402,000

USDA projects demand in 2011 will increase by 10.2%. For Oklahoma that means growth from 575,000 to 630,000 persons

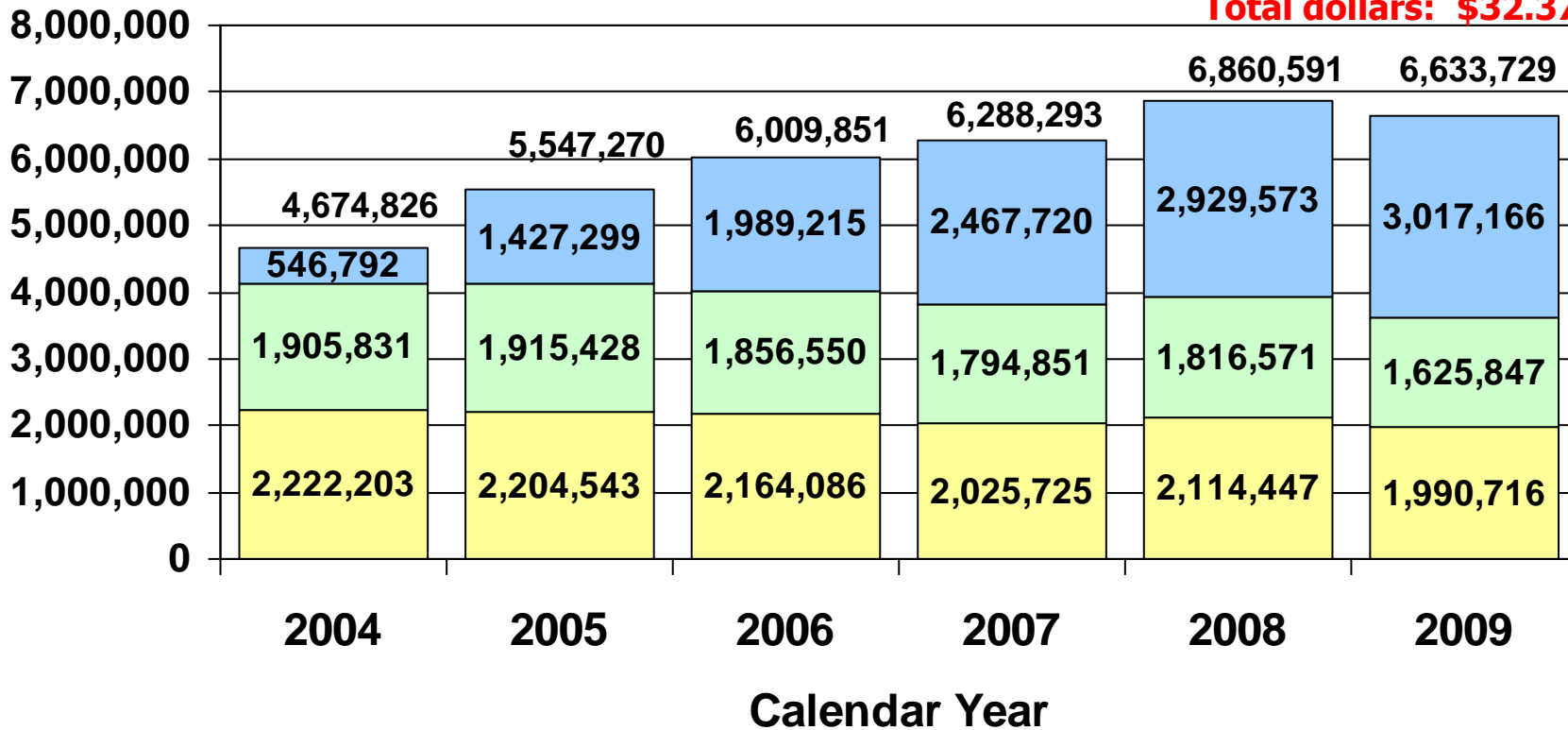
ADvantage Waiver Program

- Reduce \$12 million state dollars of ADvantage Waiver services in addition to the \$11.8 million state dollars budget share, **including 7.5% rate reductions (total state dollar reduction: \$23.8 million)**.
 - With current match, federal loss is \$36 million, total loss: \$48 million.
- Total ADvantage Waiver spending reduction: \$59.628 million out of \$210 million spending: **(28.6% program reduction)**
 - **Reduces annual recipients by 7,150** from 25,000 different recipients to 17,850 recipients, most of whom will be moved to nursing homes
 - Reduces by 5,600 persons per month from 19,500 average per month to 13,900 per month
 - Plan could be to **move 5,600 persons to nursing homes** on July 1
 - Unless funded, could create a problem under the ARRA act.
- **Expected state dollar costs for nursing home costs: \$81.63 million**
- **(\$103.74 dollars per day (net NH rate) vs. \$30.17 dollars per day (Advantage) (3.43 x \$23.8 = 81.63 million)**



ADvantage Waiver Program and Senior Nutrition Services

2009 cost per meal: \$4.88
Total dollars: \$32.373 mil.



Congregate
 Home Delivered
 ADvantage



ADvantage Waiver Program Nutrition and Senior Nutrition Services

- Reduce **Advantage** Waiver Meals by **28.3%**:
 - From 3,017,166 meals to 2,163,308 meals (853,858 meals less)
 - Cost per meal: \$4.88: \$4.167 million
 - State dollar savings: \$1.057 million
 - Federal dollar lost: \$3.11 million
- Reduce Senior Nutrition (AOA - Older American Act Funding) by **18.3%**
 - Home Delivered Meals: From 1,625,847 meals to 1,328,317 meals (297,530 meals less)
 - Average cost per meal: \$4.88: \$1.452 million
 - State dollar savings: \$.218 million
 - Federal dollar lost: \$1.234
 - Congregate Meals: From 1,990,716 to 1,626,415 (364,301 less)
 - Average cost per meal: \$4.88: \$1.778 million
 - State dollars savings: .267 million
 - Federal dollars lost: \$1.511 million
- **Total state dollar reduction: \$1.542 million**
- **Federal dollars lost: \$5.855 million (Total cost: \$7.397 mil (22.85%))**

Adult Day Care Program

- Served 660 persons per month funded with ADvantage Waiver
 - Expect a 28.3% reduction:
 - **Means: 187 persons per month will NOT receive service**

- Served 221 persons per month funded with DDSD Waiver
 - Expect a 18.3% reduction:
 - **Means: 40 persons per month will NOT receive service**

- Served 550 persons per month funded on a sliding scale (with co-pays)
 - Expect a 18.3% reduction:
 - **Means: 100 persons per month will NOT receive service**

- **These 327 family member caregivers will not be able to work without moving these family members to nursing homes**

Child Support Services

- Reduced Paternity Establishment (18.3%):
 - Dropping from about 20,300 paternities per year to 16,340 paternities
- Reduced Child Support Collections (18.3%):
 - Dropping by \$60.4 million from about \$330 million per year to about \$270 million dollars of collections
- Reducing the number of cases that can be handled (18.3%)
 - Dropping by about 35,000 cases per month from about 191,400 cases per month to about 156,400 cases.
- That's about 35,000 less children getting the cash support they need from their non-custodial parent and a reduction of about \$60.4 million

Adult Protective Services

- Current Plan:
 - Potentially Reduced Response to APS Referrals (18.3%):
 - 3,200 fewer referrals will get a response - from 17,300 referrals per year to about 14,100 referrals per year
 - Creates a serious safety concern especially for vulnerable seniors
 - Approximately 65% of referrals are confirmed (usually self-neglect)
- If agency-wide reduction is 10 to 15%
 - Consider terminating Adult Protective Services

DDSD Resource Centers

- Current agency-wide cut at 7.9% reduction:
 - Reduce both sites to 110 persons each (from between 125 and 135)
 - Net state dollar savings: \$1.976 million
 - Federal: \$5.911 million
 - Total: \$7.887 million
 - FTE reduction:
- If agency-wide cut is made at 10% to 15%, seriously consider consolidation of the two sites into a single site.
 - Est. Net State dollar savings: \$ To be determined
- If agency-wide cut is made at 15% to 20%, seriously consider closing both Resource Centers.
 - Est. Net state dollars savings: \$4.2 million

DDSD Community Base Services

- Current agency-wide cut at 7.9% reduction:
 - Reduce provider rates at least 7.5% for all services
 - State dollar savings: \$4.12 million
 - Federal dollars lost: \$12.33 million
 - Total: \$16.45 million
 - Reduce or eliminate specialized services contracts
 - Psychological evaluations, sex offender rehabilitation, autism residential services, volunteer services, training performed through the Universities
 - State dollar savings \$.824 million
 - Federal dollars lost: \$.792 million
 - Total: \$1.616 million
 - Cut state funded services rates at least 7.5%:
 - Sheltered workshops: \$616,000 state savings (2,070 clients)
 - Additional staff reductions: Case managers for community services recipients

Major Programs Needing More Analysis

- Developmental Disability Services Division (many unidentified reductions)
 - How to achieve reductions in community placements?
 - Reducing services, rates or consumers
 - Effect of ARRA on the funding limitations
- Foster Care, Adoption Subsidy and other Child Welfare services (many reductions to be identified)
 - How to achieve reductions?
 - Reducing services, rates or children in care, while record numbers of children are receiving an adoption subsidy.
- Field Operations (staffing reductions which are untenable) require reductions yet to be identified

WHAT DOES IT MEAN?

Compared to SFY 2006



OKDHS Expenditures

STATE APPROPRIATIONS / OKDHS COMPARISON

State Fiscal Year	Appropriations - All State Agencies	OKDHS Appropriation	OKDHS State Budget Work Plan	Total Budget State and Federal
1999	\$4,896,985,709	\$335,612,366	\$387,853,852	\$1,116,097,935
2000	\$4,987,600,000	\$362,713,658	\$387,529,994	\$1,113,310,137
2001	\$5,350,700,000	\$391,037,103	\$418,847,449	\$1,178,140,948
2002 Reduced	\$5,502,805,252	\$401,016,660	\$436,344,521	\$1,255,747,793
2003 Reduced	\$5,223,997,765	\$387,561,605	\$418,734,038	\$1,374,234,031
2004	\$5,153,291,281	\$387,455,619	\$418,494,634	\$1,345,580,229
2005 (Initial)	\$5,363,178,161	\$408,330,849	\$430,812,368	\$1,423,869,483
2005 (With Supp'l)	\$5,395,765,178	\$428,330,849	\$450,812,368	\$1,445,864,915
2006	\$6,202,231,208	\$481,991,177	\$500,991,177	\$1,539,756,070
2007	\$6,639,829,152	\$535,797,342	\$557,766,045	\$1,705,008,648
2008	\$6,928,852,650	\$557,107,190	\$575,321,683	\$1,762,522,608
2009	\$7,089,333,227	\$559,107,190	\$611,226,799	\$1,816,880,642
2010	\$6,595,361,466	\$479,356,473	\$548,384,461	\$2,061,205,896
2011	\$5,864,000,000	\$426,200,000	\$517,300,000	TBD



Then (2006) and Now (2010-2011)

OKLAHOMA DEPARTMENT OF HUMAN SERVICES

Description:	2006	2010 (Est'd)	2011 (Est'd)
State Budget WP	\$501 million	\$597 million	\$517.3 million
SNAP Persons (Monthly Average)	433, 372	565,000	461,600 (18.3% service drop)
ADvantage Waiver (undupl'd persons)	18,856	25,000	17,875 (28% service drop)
Child Support Collections	\$219.3 million	\$330 million	\$270 million (18.3% funding drop)
Children receiving Adoption Subsidy	8,587 children	12,000 children	12,800 children
DDSD Waiver recipients	5,118	5,100	5,000 (?)
OPERS Contribution	\$29 million	\$45 million	\$47.9 million
Health Care Costs	\$49 million	\$75 million	\$80 million
Employee Benefit Allowance	\$53 million	\$89 million	\$94 million



Services to One in Three Oklahomans SFY 2010

▪ Annual SNAP Disbursements to families:	\$ 900.0 million
▪ Annual Child Support Disbursements:	330.0 million
▪ Child support operating budget to collect child support	60.3 million
▪ Advantage Waiver payments to consumers/providers:	208.0 million
▪ Senior Nutrition and other Older Americans Act	21.6 million
▪ Aging Services nursing services	10.6 million
▪ Other Aging Services	12.4 million
▪ DDSD Waiver payments to consumer/providers:	304.0 million
▪ DDSD Case management, specialized services	41.5 million
▪ DDSD Facility based care (Includes Greer)	61.0 million
▪ Child Care subsidy	139.0 million
▪ Child care licensing monitoring and enforcement and quality initiatives	26.0 million
▪ TANF cash, job training services, substance abuse, subsidized employment, family preservation services, positive youth develop, and work readiness	130.9 million
▪ Cash support for families with Developmental Disabilities	5.9 million
▪ Medicaid eligibility determination:	39.9 million
▪ SNAP eligibility determination:	60.4 million
▪ Adult Protective Services	13.5 million
▪ Child Care, TANF and LIHEAP eligibility	24.7 million
▪ Low Income Home Energy Assistance Program	49.5 million
▪ Field staff in child welfare:	76.5 million
▪ Children and Family services – foster care, adoption group homes, prevention services	<u>170.2 million</u>
TOTAL PROGRAM COSTS AND BENEFITS TO FAMILIES:	\$2.624.4 Billion
 Administration costs (HRMD, Legal, Finance, Data Services, Rent, Buildings, Utilities):	 \$ 129.3 million (4.9%)