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# DHS Budget Cuts

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SFY 2017

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## SFY 2017 Budget Snapshot

SFY 16	Total Operating Costs	<b>\$755</b>
SFY 17	Total Available Revenue	-652
	<b>Net Budget Shortfall</b>	<b>*\$(103)</b>

\*SFY 17 shortfall includes **\$46 million** of unfunded cost growth:

- loss of federal funds for waivers and other Medicaid programs - **\$8 million**
- funding for Child Welfare staff to continue Pinnacle Plan reforms -**\$20 million**
- growth in adoption subsidies - **\$4 million**
- growth in child care subsidy program - **\$3 million**
- deferred state supplemental payments (ABD) from SFY 16 - **\$6 million**
- other losses of federal funds and increased business costs - **\$5 million**

## DHS Constraints within Budget

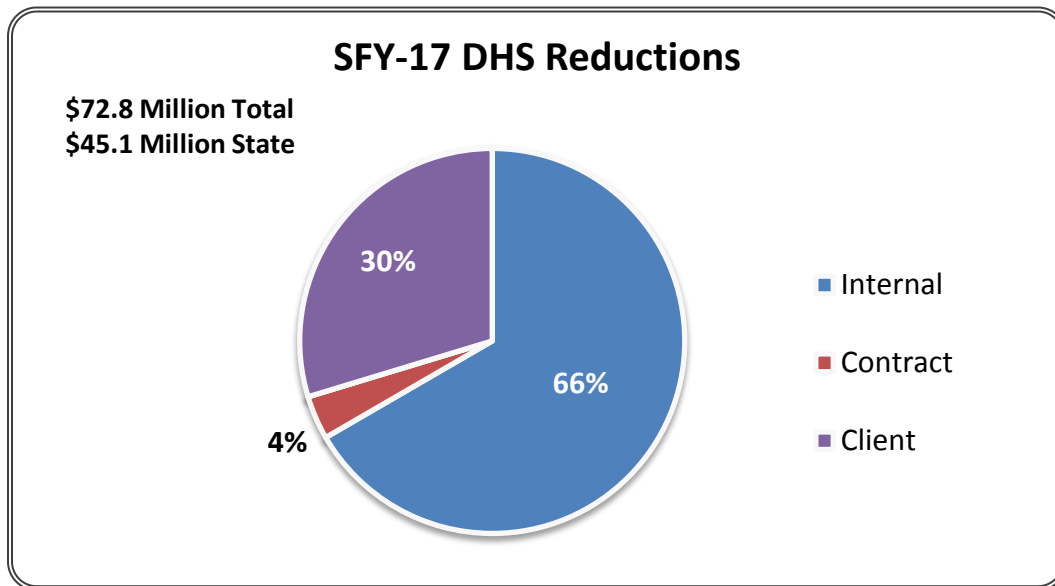
DHS is obligated to spend a minimum of \$91 million state dollars (called Maintenance of Effort) to receive several federal block grants including Temporary Assistance to Needy Families (TANF); Aid to the Aged, Blind and Disabled (AABD); and the Child Care Development Fund (CCDF). These grants bring in hundreds of millions of federal funds each year which are spread throughout the agency to support a number of programs and services. More than \$269 million in the DHS budget is dedicated for Child Welfare Services to meet its statutory obligations of protecting children and serving at-risk families, and to meet federal court-ordered requirements relating to improvements in the foster care system.

Further compounding the agency’s budget challenges, the legislature passed Senate Bill 694 which prohibits DHS from making cuts to Medicaid home and community-based programs for the aging and those with developmental disabilities, as well as to adult day care services—all of which collectively consume \$202 million (more than 30 percent) of DHS’ budget. The bill also directed the agency not to provide scheduled increases for child welfare workers’ pay and foster parent reimbursement rates as previously agreed to in the Pinnacle Plan. After subtracting all the portions of the DHS budget that cannot be cut or were protected by the legislature, that leaves \$90 million state dollars from which to make reductions and to pay for all other programs and services the agency provides.

**\$652 SFY2017 Appropriation**  
 -91 (MOE)  
**\$561**  
 -269 (Child Welfare Services)  
 -198 (Medicaid programs)  
 - 4 (Adult Day Care)  
**\$ 90M left for reductions/rest of agency services and operations**

## Budget Reductions & Impacts

DHS has identified more than \$45 million in state-dollar reductions to the SFY2017 budget. The following chart breaks down the budget categories.




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### Internal: \$48.5 Million Total; \$24.6 Million State

- Reorganization (e.g. centralizing functions such as contracts/purchasing, communications, training)
- Personnel reductions (more than 900 total positions between SFY16 to SFY17)
- Other internal reductions (e.g. reduce travel, reduce budgets to actual historical costs)

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### Contracts: \$2.7 Million Total; \$1.1 Million State

- Reduce training contracts
- Reduce and/or eliminate service contracts with community organizations
- Reduce computer software costs

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### Client: \$21.6 Million Total; 19.4 Million State

- Reduce benefit programs
- Reduce benefit contractors

## Budget Reductions & Impacts

DHS has identified more than \$45 million in state-dollar reductions to the SFY2017 budget. The following narrative describes some of the DHS program and service reductions and the impact on vulnerable Oklahomans. This is not a complete list of reductions, but rather some of the most identifiable programs and services.

### Adult Protective Services

Adult Protective Services (APS) provides vulnerable adults protection from abuse, neglect or exploitation and offers services. The services help with proper medical care, self-maintenance skills, personal hygiene, adequate food, shelter and protection.

#### *Community Adult Protective Services*

- *DHS Staff reductions (frontline workers, supervisors and program administration)*
  - *Delays in response time to calls made about abuse, neglect or exploitation in communities and nursing homes*
  - *Compromise the placement of Community Service Workers on the Abuse Registry (APS may no longer meet registry evidence timeliness requirements)*
- *APS will no longer prepare cases of financial exploitation for prosecution, but will minimally investigate to substantiation, leaving the DA or police to investigate further*
- *Eliminate investigations/support for persons with solely a mental health issue*
  - *Referrals will be made to Oklahoma Department of Mental Health and Substance Abuse Services (ODMHSAS)*
- *APS will no longer seek temporary guardianship of patients solely to facilitate discharge from hospital to nursing home placement, and APS will seek earlier dismissal of temporary guardianships*

### Aging Services

Aging Services helps develop systems that support independence and helps protect the quality of life for older persons, as well as promotes citizen involvement in planning and delivering services.

#### *ADvantage Program*

The [Advantage Program](#) is a Medicaid Home and Community-Based services program serving older Oklahomans and adults with physical disabilities. Through ADvantage, eligible persons can elect to receive care at home at a significantly lower cost and delay

nursing home care. If supplemental funding is not received, DHS will not have the funds to continue paying contractors to deliver these services in the last quarter of the fiscal year.

- *DHS Staff reductions (includes front-line nurses and program administration)*
  - *Nursing staff reductions will result in application processing delays and possibly health and safety issues for current service recipients and new applicants*
- *Reduce contract with Long Term Care Authority of Enid for training new Advantage Program providers.*

## **2-1-1 Program**

[2-1-1](#) Is a toll-free telephone number also supported by an online web search system that connects 325,000 callers annually with important social services and volunteer services.

*Eliminate DHS staff support and DHS funding for 2-1-1*

- *Absent other community support, could expect extended hold times and dropped calls*

## **Corporation for National and Community Service (CNCS) state contract**

Contracts with community organizations provide 10 percent state matching funds for federally-funded CNCS volunteer programs. These programs help older Oklahomans to become engaged in service opportunities in their local communities.

*Eliminate the Aging Services state contracts and staff support for Corporation for National and Community Service (CNCS) programs*

- *Eliminate contracts to all 20 projects, which include some organizations that use volunteers in Meals on Wheels programs (organizations will still receive federal funds directly from CNCS)*

# Basic Assistance Programs

## **Supplemental Nutrition Assistance Program (SNAP)**

The Supplemental Nutrition Assistance Program (SNAP) benefits are federally-funded and serve as the first line of defense against hunger. It enables low-income families to buy nutritious food with Electronic Benefits Transfer (EBT) cards. SNAP recipients spend their benefits in authorized retail food stores. The state share of this program is the administration of the program and staffing costs.

- *DHS Staff reductions (frontline workers, supervisors, and program administration)*
  - *Clients may experience delays in application processing for services*
  - *USDA FNS has expressed concerns in writing about accuracy in determining program eligibility; penalties may follow*

## **Temporary Assistance for Needy Families (TANF)**

Temporary Assistance for Needy Families (TANF) is a federally-funded program for children deprived of support because of a parent's death, incapacity, absence or unemployment. Cash assistance is available on a time-limited basis, as well as training leading to employment and child care assistance for qualified families with children. TANF

funds are flexible and are used throughout the agency to support a number of programs that have eligible activities. To receive TANF funds, states must contribute a percentage of matching dollars in the form of Maintenance of Effort.

- *DHS Staff reductions (frontline workers, supervisors, and program administration)*
  - *Clients may experience delays in application processing for services*
- *Reduce all TANF contracts, including TANF Work contracts by 10%*
  - *Limitation of available employment training and education for parents trying to attain self-sufficiency*
  - *Eliminate funding for Marriage Initiative Program*
  - *Eliminate DHS financial support of statewide community-based services and relationship education to families in Oklahoma*

### ***Low Income Home Energy Assistance Program (LIHEAP)***

The Low Income Home Energy Assistance Program (LIHEAP) provides winter heating, energy crisis, summer cooling and/or weatherization and other energy-related home repair assistance to eligible low-income households throughout each year during specific application periods.

- *Frontline staff reductions*
  - *Applications no longer being taken at DHS County offices, only online.*

### ***Health Related and Medical Services (HRMS)***

HRMS provide eligible children and families with a variety of health and medical related services. Programs include SoonerCare, Long-Term Care, health services for disabled children as well as the State Supplemental Payment for eligible disabled children and adults.

- *Frontline staff reductions*
  - *Clients may experience delays in application processing for services*

## Child Care Services

### ***Licensing***

The Child Care Facilities Licensing Act requires licensing for child care centers, child care homes, school-age programs, summer day camps, residential child care facilities, and child placing agencies. Each program has their own minimum licensing requirements for the protection of children's health, safety and well-being.

- *DHS staff reductions (frontline workers, supervisors and program administration)*  
*Resulting in overall reduction in the oversight and quality of child care homes and facilities which may result in safety issues for children*
  - *Fewer regular monitoring visits to child care programs*
  - *Delays in response times to serious complaints and noncompliant programs*
- *Reduce funding and support services to child care providers*
  - *Reduction in training, scholarships, resources, and professional development opportunities for staff working with children in facilities*

## **Quality**

The federal Child Care and Development Fund requires a minimum percentage of federal funds be set aside to support initiatives to increase the quality of child care. While DHS will continue to exceed the minimum, several programs have been reduced and savings re-allocated to other eligible uses of this fund, such as child care subsidy.

- *Eliminate REWARD wage supplement for eligible child care industry workers*
- *Eliminate funding for environmental rating scale assessments used to measure quality of child care providers*
  - *A self-assessment is currently under development*
- *Reduce funding for Scholars for Excellence administration and scholarships for prospective child care workers*
- *Reduce funding for child care resource and referral agencies and Warm Line consultation for child care providers on mental health and behavioral issues.*

## **Smart Start**

Reduce state funding for Smart Start Oklahoma to maintain support for the state-mandated board and to fund only the most successful community programs.

## Child Welfare Services

The purpose of Child Welfare Services is to improve the safety, permanence and well-being of children and families involved in the Child Welfare system through collaboration with the families and their community.

- *DHS staff reductions in administrative support and business operations unit*
- *Delay in implementation of the placement hotline which intends to offer supports to field staff across the state with identifying appropriate placements for children in DHS care*
  - *May delay improvements in placement stability for children in DHS care*
- *Delay Foster Homes rate increase*
- *Delay Child Welfare workers salary increase*

## Child Support Services

Child Support Services (CSS) helps families become self-sufficient, and for those who are not receiving public assistance to remain self-sufficient. Child support services include establishment of paternity, child support orders, and medical support orders, and the collection of both child support and medical support for children.

### *DHS staff reductions (frontline workers, supervisors and program administration)*

- *Will cause delays in service time for customers, reduction in family incomes due to lack of child support, increased usage of other public assistance programs*
- *Possible impact on federal performance incentives*

***Child Support Office Closures/Consolidations***

- ***DHS to assume child support offices in two districts where District Attorneys declined to contract at reduced funding***
  - ***Stillwater/Guthrie DA office***
    - ✦ ***Payne and Logan County residents will be served by the DHS Logan County office***
    - ✦ ***Norman/Pauls Valley DA office***
    - ✦ ***McClain County residents are now served by the DHS Grady County office***
- ***DHS assume child support operations for the Durant and McAlester offices – cancel contract with Young Williams***
  - ✦ ***Pittsburg County residents will be served by the DHS Bryan County office***
- ***Consolidate free-standing DHS-run child support offices into DHS county offices***
  - ***Offices in Delaware, Garvin, McClain, Ottawa counties have been consolidated into the nearby county facilities***
  - ***Ten additional DHS-run free-standing child support offices are slated to be moved into county offices***
    - ✦ ***Counties include: Custer, Garfield, Kay, McCurtain, Muskogee, Okmulgee, Payne, Pottawatomie, Stephens, Tulsa (East), and Woodward***
- ***Eliminate the child support special collections office in Bethany***
  - ***Focused on hardest-to-collect cases***

***Contract Reductions***

- ***Reductions in process serving, state disbursement fund services, OU customer service, IT computer system support***
  - ***Delays will result in collections of child support, paternity and enforcement actions, enhancements to computer systems***
  - ***Cancel a contract for matching workers' compensation and personal injury settlements with child support cases***
    - ✦ ***Reduces collections for families***
  - ***Cancel a contract for a primary tool for locating noncustodial parents***
    - ✦ ***Impacts abilities to establish, modify and enforce child support orders***

## Developmental Disabilities Services

***Community Services***

DDS offers a wide array of community services including residential, vocational and other support services for individuals with developmental disabilities and their families. Some services are funded through Medicaid Home and Community-based programs, others are state funded. All services are delivered through contracts with private community provider agencies and individuals. If supplemental funding is not received, DHS will not have the funds to continue paying contractors to deliver these services in the last quarter of the fiscal year.

- ***DHS staff reductions (frontline case managers, supervisors, and program administration)***



- *Will result in higher caseloads for case managers handling complex cases, increase supervisor-to-worker ratios, delay in response times by Quality Assurance staff to serious complaints or contract noncompliance*
- *Reduction of contracts for autism services (Autism Network remains)*
- *No new recipients added to the Family Support Assistance Program (a freeze has been in place since the middle of the last fiscal year and will continue through SFY2017)*
- *Reduction of respite care funding for family caregivers*
- *Reduction in guardianship services/assistance*
  - *Limit guardianship services to Hissom Class members and emergency cases only*
    - ✦ *Evaluations only upon request or if imminent risk of harm*
    - ✦ *Cancel contract with organization supporting 676 volunteer guardians*
    - ✦ *Approximately 50 vulnerable adults will lose guardianship services*

## Office Closures

DHS leaders began to evaluate possible office closures as part of efforts to address the significant budget shortfall. Based upon internal studies, the agency has decided to close all free-standing DHS Child Support offices and consolidate those staff into the local county DHS offices.

The agency is continuing to evaluate the potential for closing other DHS County offices and has engaged the state's Office of Management and Enterprises Services (OMES) in building upon its initial planning. OMES will be assessing local office needs from a state government-wide perspective. In that way, opportunities for state agency partnering for office space as well as state and local partnerships for needed space can be explored. Unless DHS' fiscal circumstances deteriorate significantly this year, this will be the method by which office consolidation planning will evolve.

## Payments to the Aged, Blind and Disabled

State supplemental payments for Aid to the Aged, Blind and Disabled (AABD) will return to monthly payments beginning with the July benefit. DHS was forced to delay AABD April, May and June payments until July 1 due to cash flow issues created by the state revenue failures. The agency had planned to continue to pay benefits on a quarterly basis; however; the quarterly payment process caused great confusion and concern for clients who are aging or have disabilities. As a result, DHS elected to return to monthly payments. The July payment will be loaded on clients' debit cards on July 28<sup>th</sup>. Direct deposits will be received 2-3 business days later. Monthly benefits will be issued on the 28<sup>th</sup> of every month thereafter and direct deposits will be received 2-3 business days later.