

ALASKA STATE SENATE
SENATOR DONALD C. OLSON
SENATE FINANCE SUB-COMMITTEE CHAIR

ALASKA STATE CAPITOL
 ROOM 514
 JUNEAU, ALASKA 99801-1182




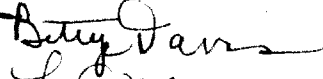
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SENATE FINANCE / HEALTH & SOCIAL SERVICES SUB-COMMITTEE
 SUB-COMMITTEE MEMBERS: SENATOR DAVIS, SENATOR MCGUIRE, SENATOR MEYER, SENATOR WIELECHOWSKI


FY 10 Budget Close-out Report


Date: March 19, 2009

By: Senator Donald C. Olson, Chair 

Senator Bettye Davis 

Senator Lesil McGuire 

Senator Kevin Meyer 

Senator Bill Wielechowski 

The Sub-Committee for the Department of Health & Social Services submits an operating budget recommendation and report to the Senate Finance Committee for FY10 as follows:

Fund Source

	09 Mgt Plan	Gov Amd	Sen Sub	Difference	
GF	\$ 903,587.9	\$ 866,345.5	\$ 848,593.5	\$(17,752.0)	(2.0) %
Federal	1,008,215.0	1,057,652.1	1,057,081.1	(571.0)	(0.1) %
Other	171,864.8	159,584.6	160,784.6	1,200.0	0.8 %
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Total	\$2,083,667.7	\$2,083,582.2	\$2,066,459.2		

Position Summary

	09 CC	Gov Amd	Sen Sub
PFT	3,436	3,465	3,455
PPT	98	95	95
Temp	136	111	111
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Total	3,670	3,671	3,661

Personnel

The authorized position count for the department was reviewed; the overall number of positions stayed about the same, although we did not approve all of the new PFT positions.

Budget Action

- Held 8 public meetings with the department to discuss and explain the budget;
- Adopted the FY10 Adjusted Base; and
- Reviewed each of the increments and decrements submitted by the Governor, including amendments.

The GF in this budget was reduced from the previous year by \$54.8 million, largely due to Federal Medical Assistance Percentage (FMAP) changes which result in the federal share of expenditures increasing, and the State's share decreasing. Although funding increased \$13.7 million in total, including the FMAP changes and other adjustments to Medicaid in this budget request, the GF portion went down \$82.6 million. In addition to a reduction of GF for Medicaid, the Adult Public Assistance Program and the Senior Benefits Payment Program were each reduced \$500 thousand due to a decline in the number of people receiving these services compared to what was previously projected.

This is fortunate since it did allow for some necessary increases in other areas, which we believe to be basic and integral to the services provided by this budget, and consider them to be essential to what government does for its citizens. And so this budget proposal funds basic support needed for children, the frail and other Alaskans who cannot provide for themselves. Notable increases that are approved include:

- Approximately \$6.2 million of GF, and nearly \$2 million in Mental Health Trust Funds, was added for various services provided to our children, including front line Social Workers, Child Advocacy Centers, autism, early intervention and infant learning, and other services that are part of the Bring the Kids Home efforts.
- \$500 ^{thousand} ~~million~~ for the Juvenile Justice Facilities, mostly to increase front line staffing but also to add a nurse and maintenance position, and funds for additional operating costs.
- Approximately \$5 million in GF, in addition to another \$5 million in Mental Health Trust Funds, was added for substance abuse and mental health programs and services.
- \$5 million of GF was added to maintain the Alaska Heating Assistance Program, which is important to many Alaskans who need help with their fuel bills.
- Finally, \$10.1 million was added for cost increases. \$1.3 million is for rate increases for Subsidized Adoptions and for Dental Rates for non-Tribal providers. \$4.3 million is for grantee cost increases for many of the department's programs. \$1.7 million is for cost increases to various programs in the department such as the Birth Defects registry, the Cancer registry, and Therapeutic Courts. Finally, \$2.8 million of this amount is due to correcting a previous error in how the Public Health Nurses were charging to the Medicaid program.

Significant items which were requested, but which are not funded, include:

- The Governor requested \$500 thousand and 1 position for the Health Care Commission she created by Administrative Order.
- The Governor requested \$498.4 thousand and 2 positions for her health initiative, "Live Well Alaska".
- The Governor requested \$3 million in GF to increase the child care rate for working families. However, since the Governor's budget was submitted, funds for Child Care Assistance have been included in the federal economic stimulus budget. The department may request an increase next year if those funds are not sufficient or at such time as the funds are no longer available to them.

Detail on these and other changes are shown in the reports included with this.

It is also our intention to allow Legislative Finance to do technical adjustments if any are needed.

Items of Concern

Clearly, the biggest concern for this budget is the size of the budget itself, and whether it can be sustained. This budget funds some of the most essential services of state government and not only are the costs of all the programs escalating, but in addition, there continues to be growth in the programs as the elderly population increases, poverty levels increase, and substance abuse and other behavioral health problems abound.

Another concern for this budget is the continuing change to the FMAP rate and other federal programs. This year we were fortunate because the FMAP rate increased, but it can just as easily go the other way, especially when the economic stimulus funds are no longer available. Even a small increase in the State's share will cost tens of millions.

Documents attached

Legislative Finance Reports:

- Agency Totals – Senate Structure - FY 10 Operating Budget
- Appropriation/Allocation Summary - Senate Structure
- Appropriation/Allocation Summary – GF only - Senate Structure
- Transaction Comparison – Senate Structure - Between Adjusted Base and Senate Sub
- Transaction Comparison – Senate Structure - Between Gov Amend and Senate Sub
- Transaction Comparison – Senate Structure - Between House and Senate Sub
- Wordage Report – Senate Structure - FY 10 Operating Budget