

ALASKA STATE SENATE

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SENATE FINANCE / HEALTH & SOCIAL SERVICES SUB-COMMITTEE

SUB-COMMITTEE MEMBERS: SENATOR DAVIS, SENATOR MEYER, SENATOR COGHILL

FY 12 Budget Close-out Report

Date: March 16, 2011

By: Senator Donald C. Olson, Chair

Senator Bettye Davis

Senator Kevin Meyer

Senator John Coghill

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The Sub-Committee for the Department of Health & Social Services submits an operating budget recommendation and report to the Senate Finance Committee for FY12 as follows:

Fund Source

	<u>11 Mgt Plan</u>	<u>Gov Amd</u>	<u>Sen Sub</u>	<u>Difference</u>
GF	\$ 997,506.5	\$1,083,086.4	\$1,082,283.5	\$(802.9)
Federal	1,165,545.1	1,268,074.9	1,268,663.7	588.8
Other	94,489.5	99,350.2	99,880.3	530.1
Total	<u>\$2,257,541.1</u>	<u>\$2,450,511.5</u>	<u>\$2,450,827.5</u>	

Position Summary

	<u>11 Mgt Plan</u>	<u>Gov Amd</u>	<u>Sen Sub</u>
PFT	3,481	3,489	3,482
PPT	85	84	84
Temp	120	117	118
Total	<u>3,686</u>	<u>3,690</u>	<u>3,684</u>

Personnel

The authorized position count for the department was reviewed; the overall number of positions increased in the Governor's request by four, and the sub-committee reduced the overall number by six from the Governor's amended request.

Budget Action

- Held 5 public meetings with the department to discuss and explain the budget;
- Adopted the FY12 Adjusted Base; and
- Reviewed each of the increments and decrements submitted by the Governor, including amendments.

The GF in this budget was increased from the FY12 adjusted base, predominately due to Medicaid. Medicaid growth and projections increased the budget \$167 million in total, \$56,786.9 of which is GF. We are fortunate that our Federal Medical Assistance Percentage (FMAP) is projected to remain the same as in FY2011, or the Medicaid increases would have been significantly more.

Another \$6.5 million of GF increases are due to growth in adult public assistance, general relief, PFD hold harmless, and senior benefit payments.

Other increases were made 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:

- \$5.4 million of GF in the Public Health appropriation for a variety of items, including \$1.75 million to stabilize funding to public health nursing grantees, \$1.75 million for nurses to deal with the workload, \$750.0 for Tobacco Prevention and Control, funding for maintaining improvements in the State Medical Examiner's Office, and funding for a variety of other public health programs.
- \$3.3 million for Senior and Disabilities Services.
- The sub-committee accepted the Governor's Mental Health request. This included over \$5.4 million in Mental Health Trust Funds, funding for Bring the Kids Home (BTKH) programs, FASD treatment, and substance abuse and mental health programs and services.

In addition to not funding most of the "unrealizable fund changes" requested, only a few items requested by the Governor, totaling approximately \$800 thousand, were not funded in this budget.

Please see the attached reports for the details on these budget changes.

It is 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 impact of the federal stimulus funding to the State to offset the increases FMAP funding and other federal programs. Even a small increase in the State's share will cost tens of millions.

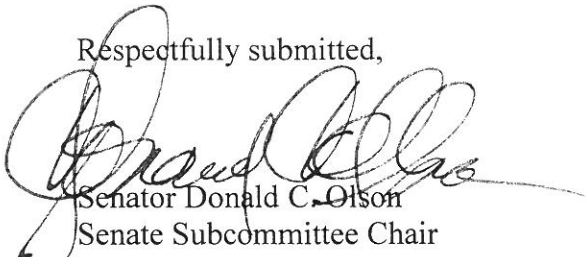
Adult obesity prevalence has doubled in Alaska over the past two decades and an obesity prevention program is necessary to prevent drastically increased future medical costs. No additional funding has been provided in this budget.

Documents attached

Legislative Finance Reports:

- Legislative Finance Subcommittee Worksheet
- Agency Totals – Senate Structure - FY 12 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 12 Operating Budget

Respectfully submitted,



Senator Donald C. Olson
Senate Subcommittee Chair
March 16, 2011