



STATE OF VERMONT
HOUSE OF REPRESENTATIVES

MEMORANDUM

To: Rep. Kitty Toll, Chair, House Committee on Appropriations
From: Rep. Ann Pugh, Chair, House Committee on Human Services
Cc: Rep. Mitzi Johnson, Speaker, House of Representatives
Date: March 1, 2017
Subject: Recommendations on Governor's FY18 budget

As requested, the House Committee on Human Services (Committee) has reviewed provisions of the Governor's proposed fiscal year 2018 budget. The Committee thanks the House Committee on Appropriations for the opportunity to comment on these provisions.

In reviewing the budget and making recommendations, the Committee aims to balance available resources with the following policy goals:

- to ensure that vulnerable Vermonters are safe and protected;
- to ensure that systems are maintained to assist Vermonters in moving out of poverty;
- to ensure that the General Assembly addresses problems and removes barriers that can lead to even greater costs to the State; and
- to ensure that all Vermonters have access to services and supports that will enable them to attain their highest level of independence and realize their potential.

Part I of this memorandum describes the Committee's budget review process. Part II addresses specific language proposals in the budget. Part III describes other considerations that arose during the Committee's budget discussion.

I. Committee Review Process

Identifying spending priorities was a challenge for the Committee as there are many essential needs served by the Agency of Human Services. Each member of the Committee was tasked with examining a particular area of the Agency's budget, and reporting back to the whole Committee. Specifically Committee members were asked to understand the programs and services within their assigned area by reviewing not only

the numbers and language in the budget, but also by meeting with representatives of the Agency and other stakeholders. In their presentation to the Committee at large, members were asked to address the following questions:

1. What are the core functions of the department?
2. Which are those programs/services/functions that are very important, but not a core function?
3. What are programs/services that may be helpful and good to do?
4. Finally, even if it is a nice idea and service...do we really need it?

II. Proposed Budget Language

Although the memo received from the House Committee on Appropriations included several language provisions, the Committee did not address all of these sections as they were not understood to be within its jurisdiction. The Committee responded to those provisions within its jurisdiction below, and also a few new proposed provisions.

B.1102 Management Savings

Without knowing the specific reductions that the Secretary will make, the Committee is unable to provide a specific recommendation on this proposal. It is, however, concerned about the impact this reduction would have on services.

C.100 Federal Contingency and Human Services Caseload Reserve

Consistent with its budget adjustment recommendation, the Committee does not support the addition of the Department of Corrections in subsection (a). The Committee believes that the addition of the Department of Corrections as an entity that can withdraw from the Human Services Caseload Reserve is inappropriate given that the Department is unlikely to contribute funds. Similarly, with regard to subsection (b), the Committee recommends maintaining the new language recently enacted in the fiscal year 2017 budget adjustment act.

While the Committee is generally supportive of the concept of a contingency fund, it does not understand what is being proposed by this section. The language seems quite vague and the Committee would like to ensure that any contingency funds used pursuant to this section are solely for the purpose of offsetting shortages within the human services budget.

E.300 Deposit and Use of Master Settlement Fund

The Committee has no objection to this language, if the State's financial commitment to cessation continues.

E.308 Choices for Care

The Choices for Care Program and the changes in policy to allow equal access to home and community-based services is now over 12 years old and has a proven track record, yet legislative language seems still to direct it as though it were new. The Committee recommends that language in the budget be revised to reflect the intention that Choices for Care funds remain in the long-term care budget, but assign the Department of Disabilities, Aging, and Independent Living the responsibility of determining the best management of those funds without requiring additional approval during the budget adjustment process. The Committee does not recommend any further one percent addition to the moderate needs reserve fund as there is no statewide freeze on the moderate needs group and there is currently \$5,472,216 in that fund.

The Committee supports inclusion of the following language:

Sec. E.308 CHOICES FOR CARE

(a) It is the intent of the General Assembly that all funds appropriated in the Choices for Care Program be used for long-term services and supports for eligible individuals.

(b) Within the funds appropriated for fiscal year 2018, the Department of Disabilities, Aging, and Independent Living shall provide a two percent cost of living adjustment (COLA) for Choices for Care home and community-based services providers. On or before January 15, 2018, the Department shall work with appropriate State and community entities to develop a recommendation for calculation of ongoing COLA increases for home and community-based service providers and submit it to the General Assembly.

(c) In the Choices for Care program, “savings” means the difference remaining at the conclusion of the fiscal year between the amount of funds appropriated for Choices for Care, excluding allocations for the provision of acute care services, and the sum of expended and obligated funds. Priority for the use of any savings from the long-term care appropriation after the needs of all individuals meeting the terms and conditions of the waiver have been met shall be given to home and community-based services.

(d) On or before January 15, 2018, the Department, in consultation with stakeholders, shall propose legislative language for the purpose of codifying the Choices for Care program to the House Committee on Human Services and to the Senate Committee on Health and Welfare.

E.312. Health- public health

The following language was included in 2016 Acts and Resolves No.172, but was not present in the Governor’s proposal this year:

(b) Funding for the tobacco programs in fiscal year 2018 shall include funding for tobacco cessation programs that serve pregnant women.

The Committee recommends that this section be added to the budget because tobacco use is the single most modifiable risk factor for adverse pregnancy outcomes.

E.516 Early Education

The Governor's budget proposed an approximately \$7 million increase in child care spending and an approximately \$8 million increase for the salaries of parent-child center employees, but the Committee is unsure of the source of these funds.

E.602.0.2 Vermont State College Substance Abuse Treatment Professionals Summit

The Committee supports the concept of the Summit. The Committee understands that the State colleges will provide the facilities for the Summit and that participants will contribute to the cost of their meals.

III. Other Considerations

The Committee believes that the budget should be presented in a more functional manner in future years, in addition to the manner it is currently presented. Currently, many programs are funded by multiple departments, which creates challenges in tracking how money is spent in a particular policy area (i.e., substance use disorder). The Committee recommends that future budgets are presented in a manner that is representative of any entire policy area.

Shift in Spending from Health Care to Human Services

The Committee heard testimony related to the evaluation of evidence yesterday, which described funds spent on human services as more effective at improving the overall health of a population than funds spent on health care. In response, the Committee proposes the following language:

Sec. X. SHIFT IN FUNDING PRIORITIES

The Secretary of Human Services shall analyze the percentage of funding the Agency spends on health care as opposed to human services and the population outcomes attributed to each of these expenditures. The Secretary shall develop a plan to strategically shift spending on health care to human services over the next two fiscal years. On or before January 15, 2018, the Secretary shall submit a report containing his or her analysis and plan to the House Committees on Appropriations, on Health Care, and on Human Services and to the Senate Committees on Appropriations and on Health and Welfare.

Department of Disabilities, Aging, and Independent Living (DAIL)

The Committee does not recommend any changes to the Governor's proposed budget for developmental services or Choices for Care caseload pressures.

The Committee believes that a phase out plan for the Money Follows the Person grant is needed. The plan should identify any impact on direct services, future Choices for Care budgets, as well as any RIF of DAIL staff. DAIL reports that the \$1.7 million in Choices for Care caseload in the fiscal year 2018 budget is sufficient to transition all direct services currently funded under the Money Follows the Person grant.

To increase transparency for the Choices for Care long-term care services budget, the Committee recommends moving it from the DVHA budget to the DAIL budget, where the program is managed. This would make it consistent with the Global Commitment budgeting for the developmental services funds, as well as other programs managed within the Agency (e.g., DMH). The Committee believes the budgeted funds for services are best contained in the policy department where control of the program is located. DVHA would continue, as it does today, to determine Medicaid eligibility and third party liability. The transfer of these Global Commitment dollars would have no impact on DVHA's ability to perform those functions. There are no positions that need to be transferred to accomplish this.

According to DAIL, a two percent cost of living adjustment (COLA) for Choices for Care providers would cost \$1,450,000 gross. The Committee contends that given the historical spending in the program that this can be accomplished without increasing the Governor's recommended budget. The Committee also recommends that DAIL, working with the Division of Rate Setting, use fiscal year 2018 to develop an ongoing methodology for COLA increases and report back to the General Assembly by January 2018.

The Committee recommends the continuation of Global Commitment funds to offset a reduction of federal Vocational Rehabilitation funds. If that is not possible, the Committee recommends that DAIL's participation in SASH be seriously reviewed for reallocation (\$366,658) and that a portion of those funds be redirected to the following two priority "buy back" areas:

- Mental Health JOBS "non PETS" supported employment: \$200,000; and
- Developmental services "non PETS" supported employment: \$166,658.

DAIL also included the PETS training in its top two "buy-back" lists. However, since this is a new program, and it serves youths as young as 14, we are not recommending that it be retained at this time. The Committee recommends that DVHA cover the administrative costs for panel payments in the SASH program; it is not currently doing so.

In addition, the Committee recommends that DAIL engage stakeholders to develop recommendations to codify the Choices for Care Program in statute, as described in subsection (d) of the language proposed for E.308.

The fiscal year 2017 budget adjustment removed more than \$770,000 from the developmental services caseload. Current expenditures for caseload are running approximately \$350,000 over appropriation. The Committee recommends that DAIL receive funding from the Agency caseload reserve to balance fiscal year 2017, and that the base budget be increased to cover those ongoing case services in fiscal year 2018.

Department for Children and Families (DCF)

Child Protection Division

The Committee believes that the Child Protection Division's budget should be supported. The positions added last year have been successful in relieving caseload pressures and allowing case workers better to meet the needs of the families they serve. The Committee also supports the continuation of drug screeners from the Lund Family Center to help addicted parents find appropriate treatment as quickly as possible.

The Committee continues to have questions regarding the \$23 million labeled as miscellaneous grants in the Division's budget.

Woodside Juvenile Rehabilitation Center

Given the loss of MCO investment dollars to support Woodside, the Committee has concerns that the Governor's budget assumes that Global Commitment monies will be available in fiscal year 2018 to offset any shortage. The Committee believes that contingency planning is advisable.

Economic Services Division

The Committee recommends that the Committee on Appropriations look for administrative savings in the Aged, Blind, and Disabled Program with regard to the delivery of State payments.

The Committee has questions regarding the cost and effectiveness of the Reach Up program to the State for those families who continue to receive a grant after 60 months. It recommends a deeper look at this program.

Also, in light of the uncertainty that exists at the federal level, the Committee recommends that the following language be added to the budget:

Sec. X. SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM

On or before January 15, 2018, the Secretary of Human Services shall conduct research and submit a report to the House Committees on Appropriations and on Human Services and to the Senate Committees on Appropriations and on Health and Welfare regarding the implementation of the Transitional Benefits Alternative within the Supplemental Nutrition Assistance Program.

Child Development Division

The core functions of the child development division are to help children and families develop optimally and to boost the economy by enabling parents to remain in the workforce. If additional funds were to become available, the Committee recommends that they be directed to Children's Integrated Services due to its consistent positive outcomes and the fact that it has been level funded during the prior 10 years. Other funding priorities include the Child Care Financial Assistance Program, base funds to the parent-child centers, and supporting the professional development of early education teachers through the TEACH program.

Department of Health- Alcohol and Drug Abuse Program (ADAP)

The Committee recommends reinvesting \$200,000 of the \$420,000 from the carry forward created by the delayed opening of the St. Alban's treatment hub to recovery centers.

Agency of Human Services- Office of Economic Opportunity (OEO)

The Committee did not identify any changes to this portion of the Governor's proposed budget as every service provided was deemed to be a core function. If additional funds were to become available, the Committee recommends that they be directed to expand housing, individual development accounts, and micro-business development accounts.

Workforce Concerns

The health and well-being of Vermonters depends on the services provided by our community partners. The Committee is concerned about their ability to attract and maintain a qualified workforce, including within the designated and specialized services agencies and parent-child centers.