



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: February 15, 2018
Subject: Recommendations on Governor's FY19 budget

As requested, the House Committee on Human Services (Committee) has reviewed provisions of the Governor's proposed fiscal year 2019 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.

While the overall budget for the Agency of Human Services reflects an increase of approximately \$4 million, the Committee notes that the major reason is due to statutory requirements regarding salary and benefits. The Committee is concerned that a level-funded appropriation is tantamount to a budget reduction, which ultimately leads to a reduction in services to those Vermonters that the Committee seeks to keep safe and protect.

Office of the Secretary of Human Services

Given the number of programs and services supporting vulnerable Vermonters that are underfunded in the Governor's proposed budget, the Committee does not support the appropriations for two new prevention initiatives (E.300): a universal home visiting program and a dental sealant program (\$500,000.00 GF).

The Committee notes that the State already has three existing home visiting programs: the Nurse Family Partnership, Maternal Early Childhood Sustained Home Visiting program, and Parents as Teachers. It suggests that the Agency engage existing providers in assessing the purpose and outcomes of the existing home visiting programs this summer. The Committee believes funds designated for the Secretary's prevention initiatives would be best directed to existing programs in the Agency of Human Services.

The Committee accepts the single audit and lease savings proposed under the Governor's budget (\$298,552.00 GF). The Committee is not able to comment on the Agency-wide grant reductions as it still has not received information as to which grants will be reduced and where the related funds will be redirected. However, the Committee is concerned that these reductions may further negatively impact services for vulnerable Vermonters.

Office of Economic Opportunity

While the Committee supports the majority of the changes proposed in the Office of Economic Opportunity's budget, Committee members are disappointed to see that the loss of federal matching funds for the individual development accounts (IDAs) is not replaced with State or other funds. The Committee supports maintaining the current budget of \$135,300.00 for the IDA program. It further proposes appropriating up to \$35,000.00 by matching dollar-for-dollar funds raised privately by the five community action agencies.

In addition, the Committee recommends the following statutory change to eligible uses for an IDA:

Sec. X. 33 V.S.A. § 1123 is amended to read:

§ 1123. INDIVIDUAL DEVELOPMENT SAVINGS PROGRAM

(a) As used in this section:

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(6) "Eligible uses" means education, training, tools necessary for employment, the purchase or improvement of a home, the purchase or repair of a vehicle necessary to participate in an employment-related activity, or participation in or development of an entrepreneurial activity.

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Department of Health

The Committee accepts the proposed changes in the Department's budget with regard to savings in the Women, Infants, and Children (WIC) program and with regard to the three percent cut to health surveillance programs (\$623,478.00 GF).

With regard to encouraging tobacco cessation among pregnant women, the Committee proposes the addition of the following language to the budget:

Sec. X. IMPROVING OUTCOMES FOR PREGNANT WOMEN

(a) Improving outcomes for pregnant women:

(1) The Commissioner shall prioritize funding for tobacco cessation to address the rates of smoking among pregnant women by utilizing evidence-based best practices. Not less than \$50,000 of the funding for tobacco cessation and prevention activities in fiscal year 2019 shall be used to implement or expand evidence-based interventions intended to reduce tobacco use among pregnant women.

(2) The Commissioner of Health shall continue to implement an outreach plan developed in 2017 to Vermonters who are eligible but not enrolled in the Women, Infants and Children (WIC) program.

Within ADAP, the Committee recommends an additional appropriation to the State's recovery centers (\$165,000.00 GF/\$360,000.00 GC). In consultation with the Vermont Recovery Network, the Department shall distribute these funds equally among all 12 recovery centers. The Committee proposes funding this initiative through the manufacturer fee in 33 V.S.A. § 2004 as part of the continuum of treatment for substance use disorders.

Department for Children and Families—Economic Services Division

As in its FY18 budget adjustment memo, the Committee acquiesces to the proposal by the Department to annualize the elimination of the district supervisor positions within the Economic Services Division and replace these positions with three additional operations directors. The Committee recommends that implementation of the Economic Services Division's management reorganization receive close scrutiny. Specifically, it believes that the programs operated by the Division should be monitored

to ensure that Vermonters are receiving the services they need, that there is not an increase in program errors, and that no undue delays in the provision of services occur.

The Committee remains concerned by the proposed grant reductions to community partners in the Reach Up program, which are driven by a reduction in caseload. Specifically, the Committee is uncertain how these reductions will impact community service providers. Although the Reach Up caseload has dropped, families who remain in the program have greater barriers and therefore require more intensive case work services.

It should also be noted that in determining the size of Reach Up family grants, the Department uses the 2004 basic needs budget before applying the 49.6 percent ratable reduction. Using a 2017 basic needs budget, the ratable reduction would be approximately 39.5 percent.

The Committee notes that while there have been accounting errors in the Reach Up program over the past several fiscal years, it remains hopeful that corrections will not be necessary during the next budget cycle.

Department for Children and Families—Family Services Division

The Committee supports the increased appropriation for parent-child contact (\$500,000.00 GF). The dramatic increases in the number of infants coming into the Department's custody or subject to conditional custody orders have greatly increased the pressure on family services workers. The increased funding for parent-child contact is necessary to add community services court-ordered visitation. The Committee further supports the proposed increase in funding for respite care for adoptive parents and the offsetting reduction in foster care payments.

Department for Children and Families—Child Development Division

As in the Committee's FY18 budget adjustment memo, the proposed reduction to the Children's Integrated Services (CIS) budget remains a serious concern. The Committee heard testimony from providers that underutilization of CIS funds was due to lack of capacity in the system, not lack of need. CIS is a legally mandated upstream service that has remained level-funded. The Committee recommends that the proposal to reduce funds to the CIS system by \$1 million GF be rejected and that this amount be moved to the bundled CIS appropriation.

The Committee notes that the full CIS appropriation for specialized services has not been used because providers refuse the low rates. Since these are legally mandated services, there is concern that the State could be facing legal action on behalf of children who cannot access services.

The Committee accepts the proposed reduction in child care transportation contracts (\$300,000.00 GF).

If additional funds were to be found in the FY19 budget, the Committee would suggest funding the following initiatives:

- \$200,000.00 to hire three licensors for regulated child care facilities
- \$8 million to the parent-child center network for base funding
- \$9 million to increase the market rates in the Child Care Financial Assistance Program to reflect the most recent market survey
- \$300,000.00 in the TEACH program to enhance training opportunities for providers

Department of Disabilities, Aging, and Independent Living

The Committee does not approve any of the proposed decreases in the Department of Disabilities, Aging, and Independent Living (DAIL)'s budget with the exception of the nursing home bed day utilization (\$564,037.00) and the expenditure authority related to vocational rehabilitation (\$1,797,887.00).

With regard to the Personally Directed Attendant Services General Fund Program, it is clear from communication with DAIL that some portion of the current 43 recipients will not be able to transfer to a service within the Global Commitment Waiver. At this point DAIL is unsure what that number is and has indicated that it would have a better estimate by March 13. It is clear that the full amount of \$1,389,547.00 GF will not be saved. The Committee therefore has estimated savings of \$639,547.00 GF. Also of important note, DAIL did not account for any increases in Choices for Care for the individuals who will be transferring. The Committee does not support the elimination of services for any of these recipients.

The Committee rejects the proposed cut of \$2 million GF to persons with developmental disabilities. It suggests backfilling proposed cuts to current developmental services waivers in two ways. First, that the funding for SASH be fully subsumed by the Department of Vermont Health Access' (DVHA) One Care contract. Currently, direct service expenditures are funded via One Care and the Committee believes the entire cost of the program should be funded via One Care (\$974,000.00 GC). This is not a recommendation to cut the SASH program. Second, DVHA's delivery system reform investments (\$866,434.00 GF) could be redirected to the current developmental services waivers.

Lastly, the Committee recommends that the following language pertaining to Choices for Care be included in the FY19 budget:

Sec. X. 33 V.S.A. chapter 76 is added to read:

CHAPTER 76. CHOICES FOR CARE

§ 7601. DEFINITIONS

As used in this chapter:

(1) “Commissioner” means the Commissioner of Disabilities, Aging, and Independent Living.

(2) “Department” means the Department of Disabilities, Aging, and Independent Living.

(3) “Savings” means the difference remaining at the conclusion of each fiscal year between the amount of funds appropriated for Choices for Care and the sum of expended and obligated funds, less an amount equal to one percent of the current fiscal year total Choices for Care expenditure. The one percent shall function as a reserve to avoid implementing a High Needs wait list due to unplanned Choices for Care budget pressures throughout the fiscal year.

§ 7602. CALCULATING AND ALLOCATING SAVINGS

(a)(1) The Department shall calculate savings and investments in Choices for Care and report the amount of savings to the House Committees on Appropriations and on Human Services and to the Senate Committees on Appropriations and on Health and Welfare by January 1 of each year. The Department shall not reduce the base funding needed in a subsequent fiscal year prior to calculating savings for the current fiscal year.

(2) The Commissioner shall determine how to allocate available Choices for Care program savings at the end of each fiscal year according to this section.

(b) Savings shall be one-time investments or shall be used in ways that are sustainable into the future. Use of savings shall be based on the assessed needs of Vermonters as identified by the Department and its stakeholders. Priority for the use of any identified savings 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. As used in this

chapter, “home- and community-based services” includes all home-based services and Enhanced Residential Care.

(c) Savings may be used to:

- (1) increase Choices for Care home- and community-based provider rates;
- (2) increase Choices for Care self-directed service budgets;
- (3) expand Choices for Care capacity to accommodate additional enrollees;
- (4) expand Choices for Care home- and community-based service options;
- (5) address Choices for Care quality improvement outcomes; and
- (6) fund investments to serve older Vermonters and Vermonters with disabilities

outside Choices for Care, understanding non-Medicaid services are not eligible for a federal match.

(d) Savings shall not be used to:

- (1) increase nursing home rates already addressed pursuant to section 905 of this title; and
- (2) pay for budget pressures related to the Collective Bargaining Agreement for independent direct support workers.

Summary of Committee’s Monetary Recommendations re: Governor’s Proposed Budget

The Committee recommends funding the following initiatives:

- Recovery Centers (\$165,000.00)
- Personally directed attendant care (\$750,000.00)
- CIS bundled (\$ 1million)
- Developmental disabilities caseload (\$2 million)
- IDAs (\$35,000.00)

The Committee recommends eliminating the following GF expenditures as a way of offsetting the above additional expenditures:

- Prevention initiatives funded through the Governor’s budget (i.e., home visiting pilot and dental sealant program) (\$500,000.00)

- DVHA delivery system reform investments (\$866,438.00)
- Prescription drug assessment from the Evidence-based Education and Advertising Fund (\$137,000.00)
- Transfer of SASH expenses to One Care (\$450,085.00)
- Reduce the DS caseload increases (\$738,640.00)

What is summarized above exceeds the Governor's Proposed AHS budget by \$1,257,837.00. While supporting each of the priority areas, some members are uncomfortable with supporting in totality the proposed additional expenditures.