

DCF SFY18 Budget Notes

February 23, 2017

Overall

- The total proposed FY18 BUDGET for DCF is just under \$400M. We propose a \$312k decrease in spending authority. Due to some changes detailed out to follow, we have a \$5.8M GF up, and a \$1.9M GCF down, which results in a net GF request of approximately \$4.9M after applying the GF match from the GC savings.

For information about the impact of DCF's programs and services on Vermonters, please see: DCF Outcomes book (January 2017) <http://dcf.vermont.gov/sites/dcf/files/DCF/budget/DCF-Outcomes.pdf>

Administration & Support Services

- Adjustment to Correct for FY17 Fund Split (BAA item): DCF is adjusting our budget to reflect changes in how we have allocated federal funding over the last few years with the line titled "adjustment to correct for FY17 fund split". This change will be seen throughout the document. These changes are net zero to our spending authority, but often have a GF impact. In the Administration section, there is a FF decrease of \$2,496,521, a GF increase of \$1,399,316 and a GCF/Investment increase of \$1,178,460. For all DCF divisions combined, there is a Total GF increase of \$2.3M and a total GCF increase of \$2M.
- Annualization of Payroll calculation correction from 17 budget build (BAA item): In the SFY17 BAA, DCF conducted a payroll reconciliation to correct payroll and fringe. The SFY17 budget personnel costs were not calculated correctly. These changes, listed throughout the document as "annualization of payroll", correct the SFY17 budget to how it should have been built with no PAYACT for the current year. For all DCF divisions combined, there is a total GF increase of \$1.2M, FF increase of \$747,190, and a total GC increase of \$149k.
- HSE LT positions (3 lines): (BAA item) DCF had 10 positions dedicated to the Integrated Eligibility project within the Human Services Enterprise (HSE). The overall project was put on hold in favor of an incremental approach. DCF is asking to fund 5 of these positions which are doing the following work:
 - Two (2) Positions assigned to the DCF-IT unit are working to support health care in the ACCESS system.
 - Two (2) positions assigned to Economic Services Division (ESD) Business Applications Support Unit (BASU) which supports the Health Access Eligibility and Enrollment Unit (HAEEU) staff working in the Vermont Health Connect (VHC) and ACCESS systems.
 - One (1) position assigned to ESD central office is working on process improvement and rules mapping. This position was doing similar work to inform the platform build for future IE requirements that align with the health requirements, but the reset put that on hold. DCF is choosing to continue doing this work for Human Services financial benefits programs outside of the Health and Human Services Enterprise (HSE) governance and project plans and is requesting funding since this work is no longer health related.
- Adjustment of TANF 5-Year Plan: DCF is adjusting our TANF plan budget document to align with expected earnings. The TANF plan document is an internal state exercise to allocate the federal block grant. This is a net neutral shift to DCF's budget. Please see below.

- Salary & Fringe (2 lines): Salaries & Fringe adjustments bring SFY18 budget in line with step, COLA, and other personnel changes that occurred during SFY17.
- Increase Vacancy: DCF has proposed to increase vacancy savings targets across the board to help offset upward pressures in SFY18. The Admin line here reflects Commissioner’s Office, IT, and Business Office only. ESD has provided OT and Temp savings below in order to not increase vacancy targets.
- Position Transfer to OEO (BAA item): ESD is transferring a position and the GF budget for that position to the Office of Economic Opportunity (OEO) to manage the HOP grants for community based emergency housing alternatives. (DCF net neutral)
- Decrease OT and Temp: ESD has proposed, in light of reduced caseloads and emergency housing alternatives, to cut state temp staff and reduce overtime to help meet upward budget pressures.
- Temp contract reduction: As stated above, ESD has proposed an additional cut in contracted temp services
- Internal Services Funds: Increases and decreases based upon cost changes for state-provided services
- LTC-AAA Senior Eligibility Grants transfer: Long-Term Care Area Agencies on Aging grants transfer to the Department of Vermont Health Access (DVHA). The transfer of healthcare eligibility staff to DVHA in SFY17 did not include the transfer of these grants due to grant-year timing.
- GC Admin to Medicaid Admin swap (BAA item): The new Global Commitment to Health 1115A waiver resulted in the loss of the ability to charge Medicaid admin at the program rate of approximately 45% GF/55% FF. Departments are now required to charge 50/50 for all Medicaid admin. The line titled “GC admin to Medicaid admin swap” will be seen throughout the document.

TANF 5-year Plan Adjustment				
FY17 TANF		FY18 TANF		Variance
Administration	6,745,593	Administration	5,868,610	(876,983)
Family Services	918,027	Family Services	3,819,990	2,901,963
Child Development	2,647,852	Child Development	750,388	(1,897,464)
General Assistance	1,111,320	General Assistance	1,111,320	-
Reach-Up	2,246,666	Reach-Up	2,119,150	(127,516)
TAX - EITC for RU	19,508,330	TAX - EITC for RU	19,508,330	-
CCDF Transfer	9,224,074	CCDF Transfer	9,224,074	-
SSBG Transfer	4,735,318	SSBG Transfer	4,735,318	-
AHS	216,000	AHS	216,000	-
Total Funding	47,353,181	Total Funding	47,353,181	-

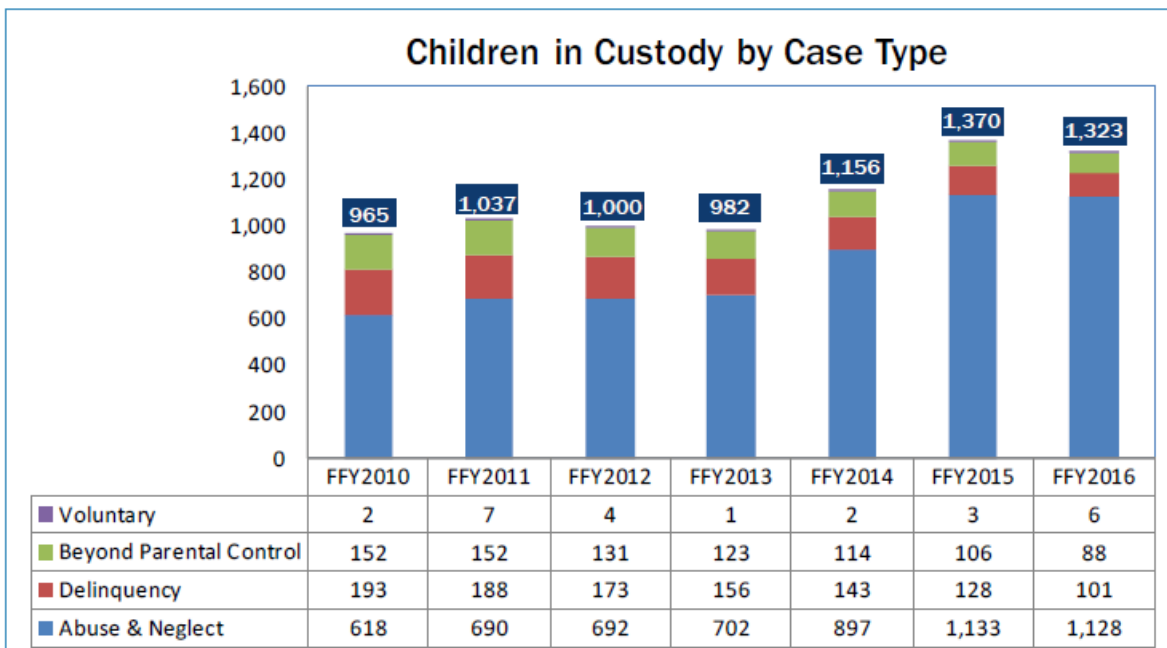
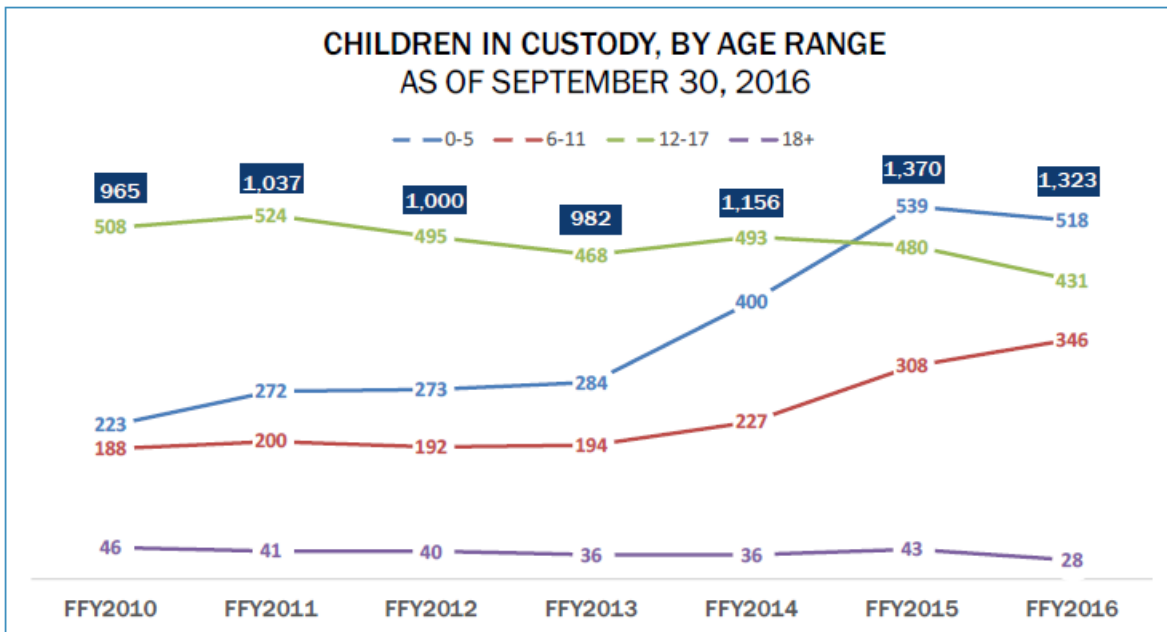
Family Services Division

Impact of budget on Vermonters:

The number of reports of child abuse and neglect increased from 19,434 in FY 2015 to 21,142 in FY 2016, a 9% increase, resulting in 5,536 child safety interventions.

The number of children in custody declined slightly from 1,370 in FFY 2015 to 1,323 in FFY 2016. Forty percent (518) of children in custody were age 0-5. This large number of young children in custody can be attributed in part to Vermont's opiate crisis.

Please see charts below from page 26 of the DCF Outcomes book:



In FFY 2015 and 2016, monthly social worker/child contact fell below the new federal standard of 90% down to 85% due to the large number of children in DCF custody. Additional social workers added in FY 2017 should improve social worker/child contact.

The Lund Substance Abuse Screeners are showing promising results with FSD-involved families and have been expanded from 6 districts to all 12 districts.

In FFY 2016, 90% of children in DCF custody who exited care achieved permanency through reunification (53%), adoption (26%), relative custody (8%) and guardianship (3%).

Federal Funds at Risk: Family services relies upon the following federal funding (only receipts exceeding \$400k listed): Title IV-E, Social Services Block Grant, Title IV-B, TANF, Medicaid, and Juvenile Justice Delinquency Prevention.

Current Year Budget Federal Grants with 18-month expiration: All DCF federal funding will be subject to reauthorization within the next 18 months

Crosswalk:

- Adjustment to Correct for FY17 Fund Split (BAA item): Fund split adjustment as discussed in admin section.
- Annualization of Payroll calculation correction from 17 budget build (BAA item): Payroll reconciliation as discussed in admin section.
- Adjustment of TANF 5-Year Plan: TANF plan adjustment as discussed in admin section.
- Salary, Fringe & Vacancy Savings (3 lines): Salary, Fringe, and Vacancy adjustments as discussed in admin section.
- Internal Services Funds: ISF as discussed in admin section.
- Foster Parent Recruitment (BAA item): FSD is requesting additional funding for foster parent recruitment to better support the increased caseload.
- Sub Adopt caseload and cost per case (BAA item): Caseload increase due to increased number of young children coming into state custody and being freed for adoption. The cost per case increase is due to the more complex needs of the children.
- Social Services Block Grant (BAA item): Social Services Block Grant reallocation of funding from AHS offsets GF expenditures.
- 53rd week base funding rescission (BAA item): Base funding rescission for 53rd week of Medicaid. SFY16 experienced a 53rd week of weekly payments to Medicaid providers. AHS departments were able to absorb this extra payment. F&M is removing the 53rd week amount from AHS budgets
- GC Admin to Medicaid Admin swap (BAA item): GC/Medicaid admin swap as discussed in admin section.

Child Development Division

Impact of budget on Vermonters:

In FY 2016, \$47.5 million in Child Care Financial Assistance helped 12,268 children (average of 8,420 each month) access early care and education and afterschool programs.

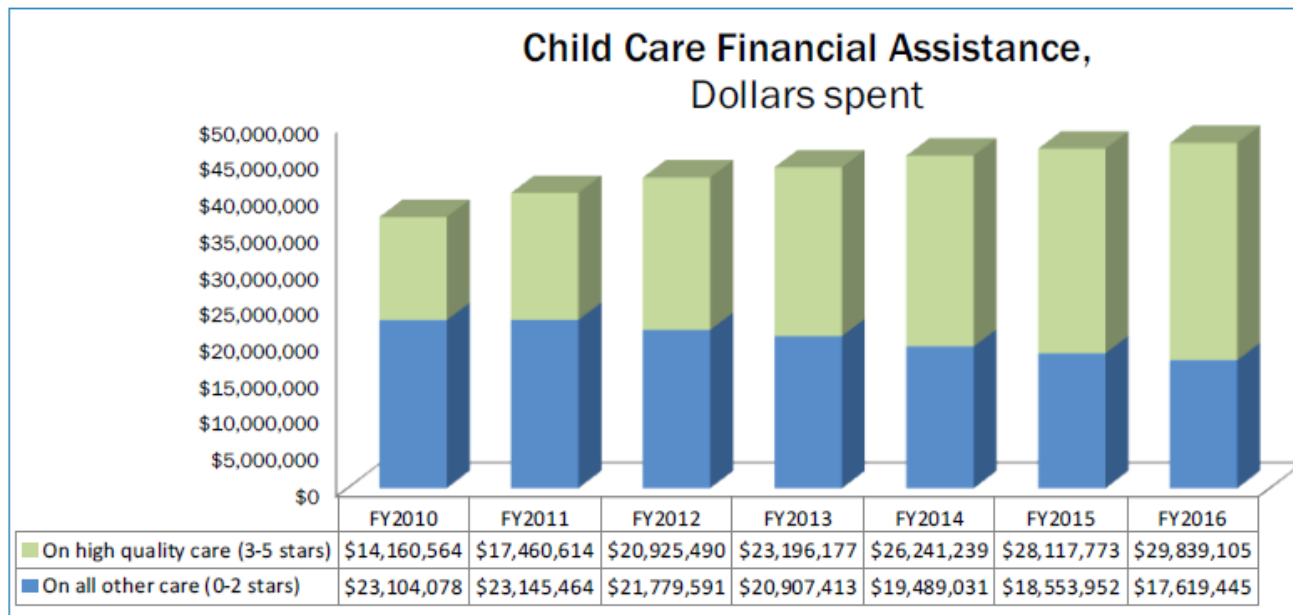
CDD supports the continuous improvement of early childhood and afterschool programs through the Step Ahead Recognition System (STARS):

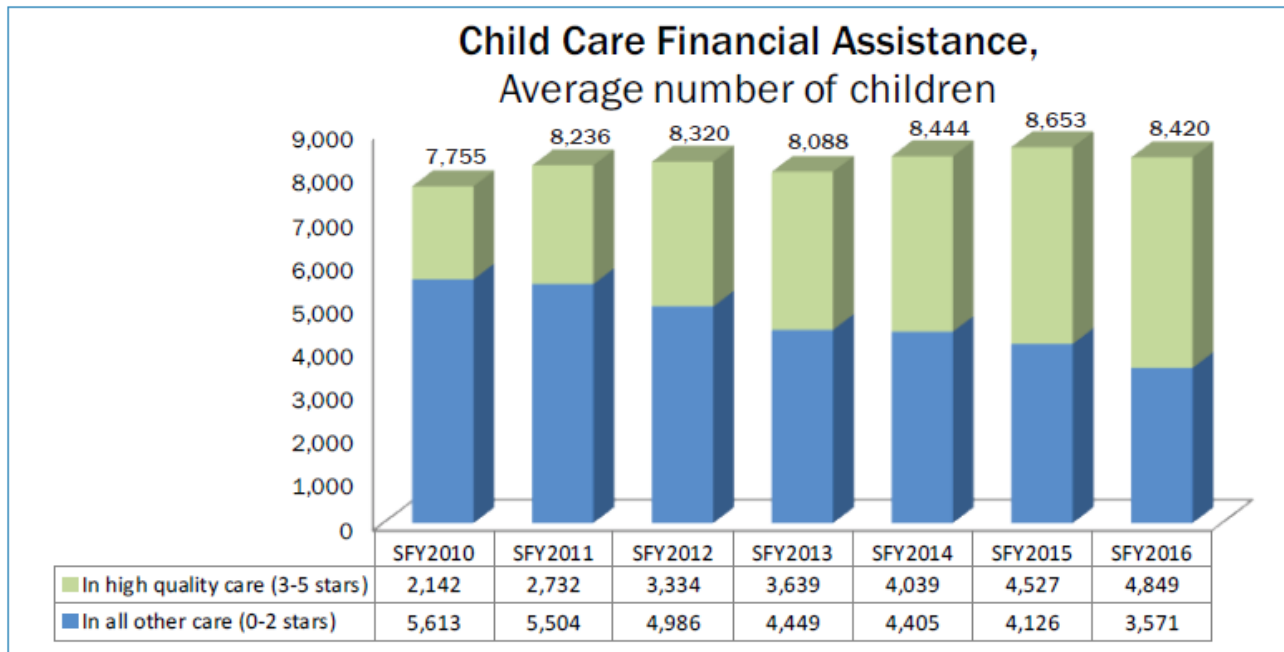
- % of registered providers participating in STARS increased from 66% in FY 2015 to 75% in FY 2016
- % of licensed providers participating in STARS increased from 69% in FY 2015 to 75% in FY 2016

In FY 2016, 57.6% of the children getting financial assistance were in high quality programs (3-5 stars), leading to improved early learning and school readiness.

In 2015-2016, the Agency of Education (AOE) implemented a new Ready for Kindergarten Survey (R4K!S) which involves a new survey instrument and changes in criteria and scoring for assessing readiness. There are 4 levels: 1) not yet ready; 2) approaching ready; 3) ready and practicing; and 4) ready and performing independently. Students with readiness scores of 3 or 4 are identified as ready. In the 2015-2016 survey, 81.80% of kindergarten children scored as ready.

See charts below from the DCF Outcomes Book (pg. 9):





Federal Funds at Risk: The Child Development Division relies upon the following federal funding (only receipts exceeding \$400k listed): Title IV-E, Title IV-B, Social Services Block Grant, IDEA Part C, Child Care Development Block Grant, Child Care Development Fund, TANF, Medicaid, and Race To The Top.

Current Year Budget Federal Grants with 18-month expiration: All DCF federal funding will be subject to reauthorization within the next 18 months

Crosswalk:

- Adjustment to Correct for FY17 Fund Split (BAA item): Fund split adjustment as discussed in admin section.
- Annualization of Payroll calculation correction from 17 budget build (BAA item): Payroll reconciliation as discussed in admin section.
- Adjustment of TANF 5-Year Plan: TANF plan adjustment as discussed in admin section.
- Race to the Top spending authority (BAA item): CDD is adjusting federal spending authority for the Race To The Top (RTTT) grant to align it with expected spend.
- Salary, Fringe & Vacancy Savings (3 lines): Salary, Fringe, and vacancy savings as discussed in admin section.
- Internal Services Funds: ISF as discussed in the admin section.
- Lund rate adjustment child care program change (BAA item): CDD is providing GF to the Reach Up appropriation to fund child care in the Lund contract (DCF net neutral).
- Juvenile Justice Delinquency Prevention spending authority adjustment (BAA item): CDD is adjusting federal spending authority for the Juvenile Justice Delinquency Prevention (JJDP) grant.
- Early Childhood Comprehensive Systems funding elimination (BAA item): Elimination of the federal Early Childhood Comprehensive Systems funding. This funding was used to improve children’s developmental health across systems through a community liaison and coordinator; 1 FTE in CDD and a few programmatic grants. A portion of the proposed increases in Personal Services will enable CDD to retain the coordinator in FY 18.

- Social Services Block Grant (BAA item): Social Services Block Grant reallocation of funding from AHS offsets GF expenditures.
- Transfer from DMH to CDD (BAA item): The Department of Mental Health (DMH) is transferring \$51K in Medicaid funds to CDD from the New Leaf program in the Washington County Mental Health/CIS bundle that will be re-allocated to Childcare Consultation and Education (C&E), also part of the WCMH/CIS bundle.
- 53rd week base funding rescission (BAA item): Base funding rescission for 53rd week of Medicaid as discussed in admin section.
- GC Admin to Medicaid Admin swap (BAA item): GC/Medicaid admin swap as discussed in admin section.
- Governor Scott’s proposal for Child Care Financial Assistance Program (CCFAP) and early care and pre-K grants presented in the January 24th budget address are not included in DCF’s crosswalk document.

Office of Child Support

Impact of budget on Vermonters:

In FFY 15, OCS collected on 16,864 child support cases and served 18,884 children.

In FFY 15, OCS collected \$50.4 million in child support and increased child support collections per case by 3.6%.

OCS ranks 2nd in the country in collections on past due child support; 6th in the percent of ordered child support paid; and 11th in the percent of cases with child support orders established by the courts.

Federal Funds at Risk: The Office of Child Support relies upon the following federal funding (only receipts exceeding \$400k listed): Title IV-D.

Current Year Budget Federal Grants with 18-month expiration: All DCF federal funding will be subject to reauthorization within the next 18 months

Crosswalk:

- No major changes beyond overall adjustments and vacancy increase as discussed in admin section.

Economic Services Division

Aid to Aged, Blind, and Disabled (AABD)

Crosswalk:

- (5 lines of adjustments) AABD is a program that provides an average supplement of \$56.86 to Supplemental Security Income (SSI) recipients. This program is administered by the Social Services Agency (SSA). DCF pays a per-check fee. These lines reflect adjustments to these fees.

General Assistance

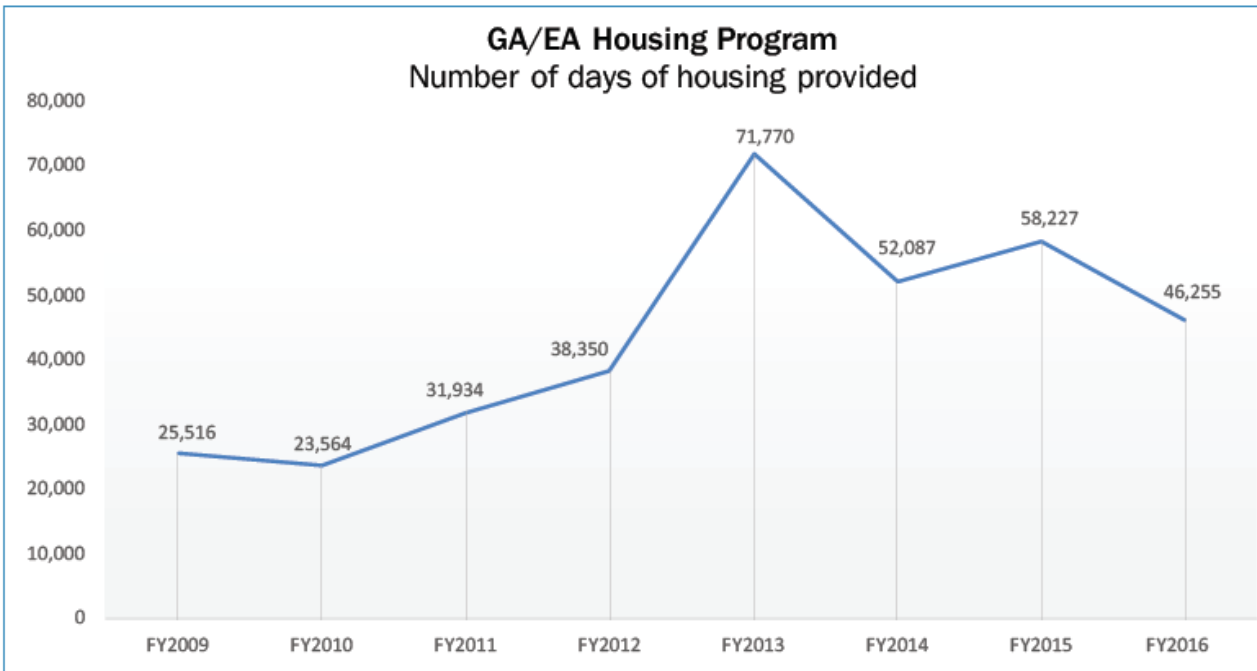
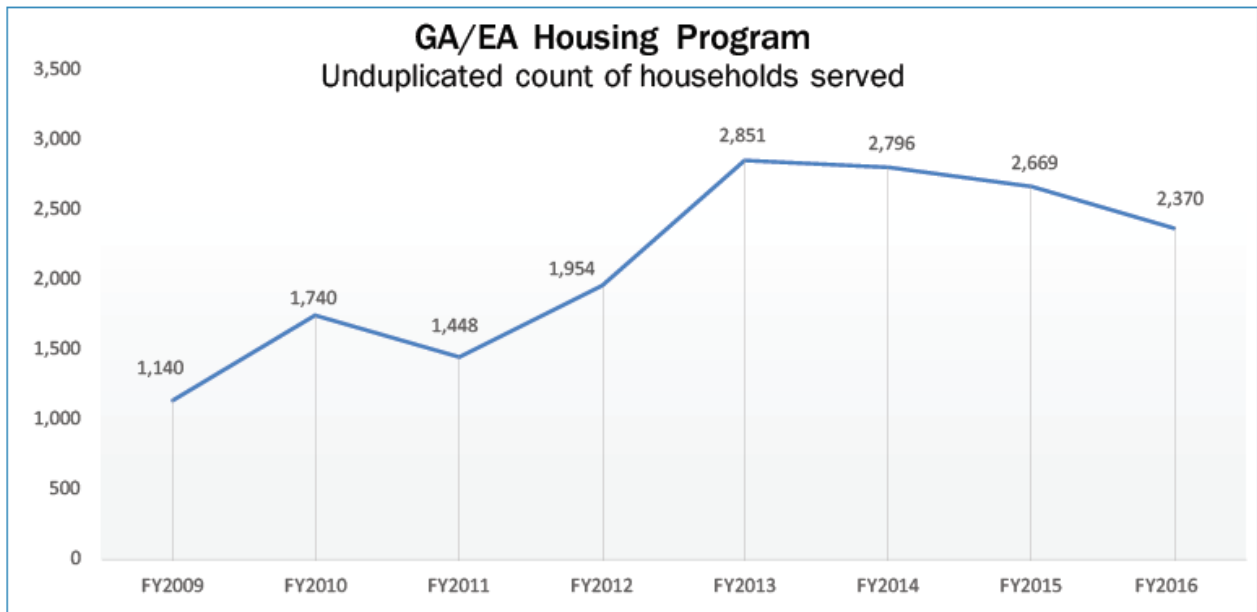
Impact of budget on Vermonters:

The number of households getting General Assistance (GA) and Emergency Assistance (EA) in housing decreased from 2,669 in FY2015 to 2,370 in 2016; an 11% reduction.

The total number of days of provided housing also decreased from 58,227 days in FY 2015 to 46,255 in 2016; a 20% reduction.

Both measures reflect a reduced reliance on motels and greater reliance on community-based shelter programs, which saw a 13% increase in shelter bed nights in FY 2016.

Please see the DCF Outcomes Book charts from page 14 below:



Since 2013, Vermont Rental Subsidy Program has had 363 households move off the program because they secured long-term vouchers, increased their earnings or found alternative housing options thus leading to greater housing stability for children and families.

Federal Funds at Risk: The General Assistance program relies upon TANF funding.

Current Year Budget Federal Grants with 18-month expiration: All DCF federal funding will be subject to reauthorization within the next 18 months

Crosswalk:

- 53rd week base funding rescission (BAA item): Base funding rescission for 53rd week of Medicaid as discussed in the Family Services Division section.

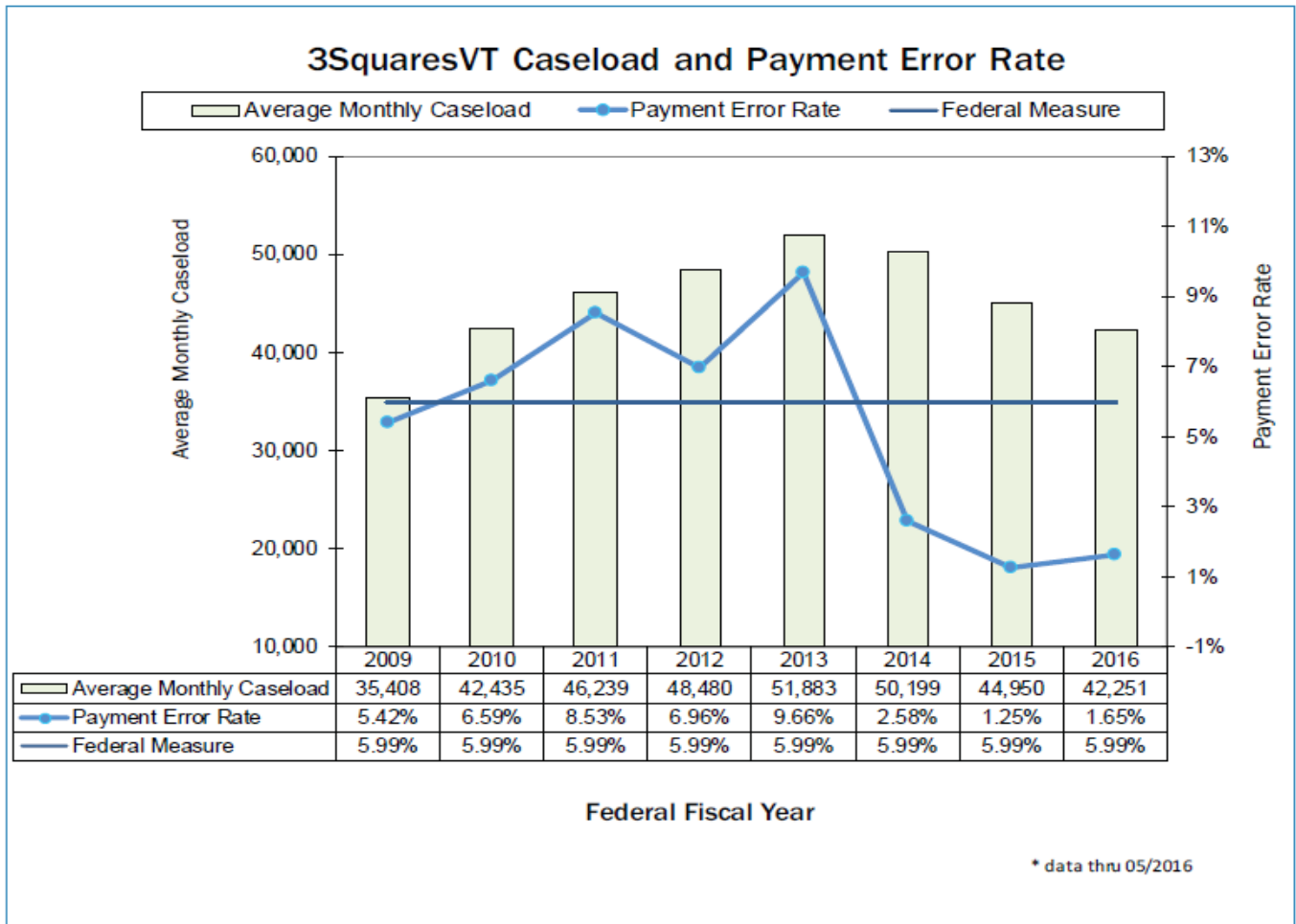
3SquaresVT

Impact of budget on Vermonters:

3SquaresVT, which is 100% federally funded, helps reduce hunger in Vermont and stimulates the state’s economy (generating \$1.84 in financial benefits for every \$1 spent). The Food & Nutrition Service of the US Department of Agriculture, which oversees the program nationally, requires states to achieve a minimum accuracy rate of 94% when issuing benefits – or face penalties. This means that the percentage of total recipients who were either under or overpaid (calculated as a Payment Error Rate) must be below 6% to be in compliance.

Vermont has exceeded this standard for the third year in a row — standing at 1.65% for the first nine months of FFY 2016.

Please see the DCF Outcomes Book chart from page 17 below:



Federal Funds at Risk: The 3SQVT program relies upon SNAP funding

Current Year Budget Federal Grants with 18-month expiration: All DCF federal funding will be subject to reauthorization within the next 18 months

Crosswalk:

- No changes

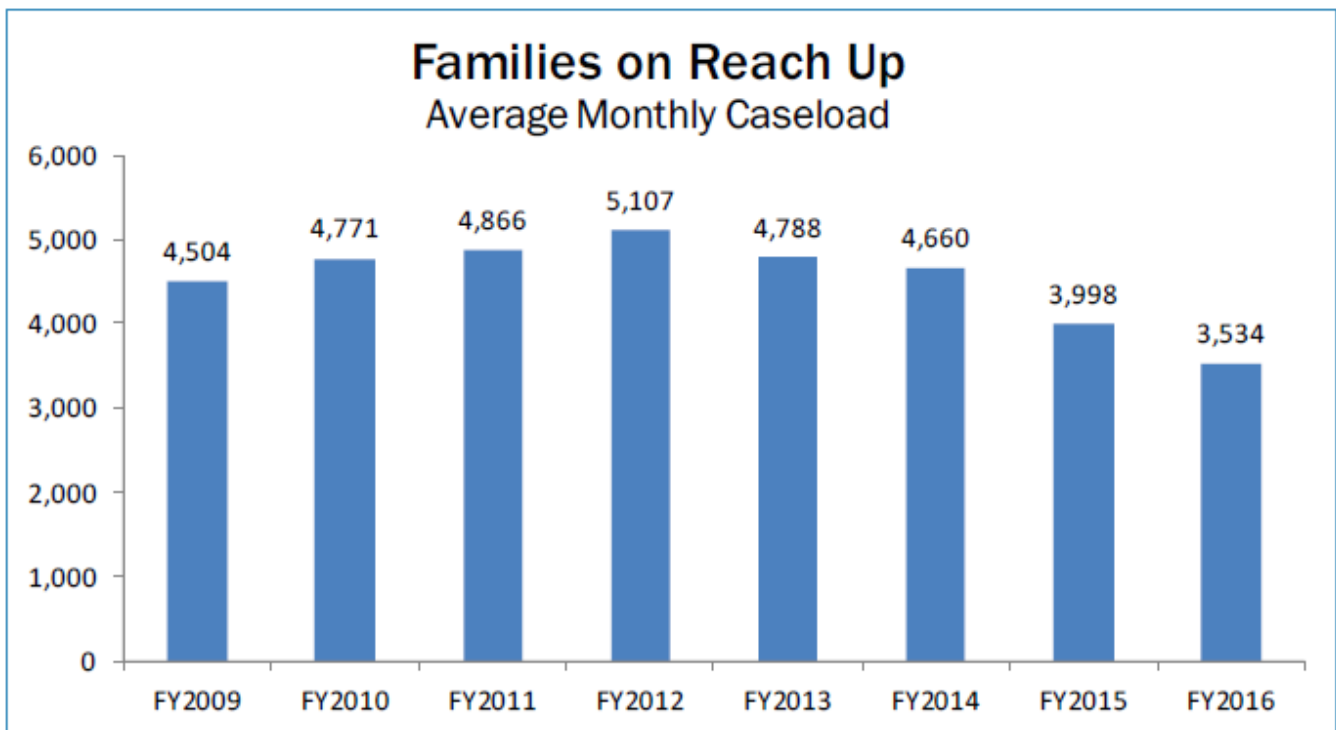
Reach Up

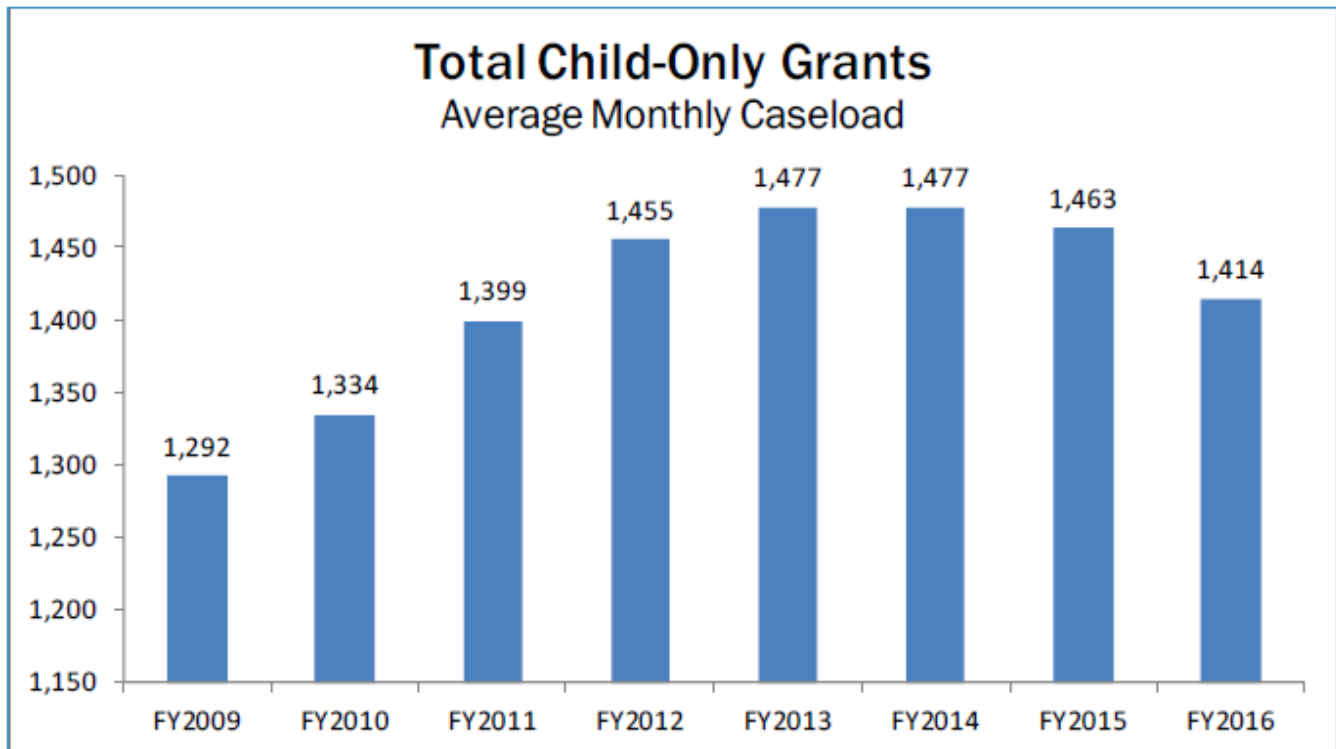
Impact of budget on Vermonters:

In FY 2016, Reach Up (RU):

- Helped 3,534 families each month (on average) to meet their basic needs and find employment
- Provided 1,414 child-only grants each month (on average) to parents receiving SSI and adults caring for the minor, dependent children of relatives or family friends

Please see the charts from the DCF Outcomes Book page 20 below:





Federal Funds at Risk: The Reach Up program relies upon TANF & Medicaid funding

Current Year Budget Federal Grants with 18-month expiration: All DCF federal funding will be subject to reauthorization within the next 18 months

Crosswalk:

- Lund estimated rate increase 3%: Estimated increase based upon the 2-year average of rate adjustments through the division of rate setting for PNMI.
- Lund rate adjustment associated with program change (BAA item): Lund program expansion to include childcare (internal GF transfer from CDD) and the addition of a nurse.
- Total Reach Up and Reach Ahead Caseload Savings: Caseload savings \$3.7M consistent with DCF consultant Black Plumeau projections.

Note: Calculations for RU caseload were not updated prior to submission of Ups/Downs document. Budget figures are correct. Here are the corrected calculations:

Total Reach Up (RU) and Reach Ahead (RA) Caseload Savings \$3,721,848. SFY17 budgeted caseload cost of \$27,037,010 – \$23,315,161 = 3,721,848. (2018 RU cases: 4031 x \$475.21 CPC x 12 months = \$22,986,858; 2018 RA cases: 495 x \$55.27 x 12 months = \$328,303)

- Loss and Replacement of SNAP E&T funding (2 lines) (BAA item): Due to a federal audit, RU is no longer drawing down non-ABAWD (Able-Bodied Adults Without Dependents) SNAP employment and training (E&T) funding. TANF funding will be used to cover these costs.
- OCS PA collection technical issue (BAA item): Office of Child Support (OCS) Parental Assistance (PA) collections loss of revenue. Non-custodial parent collections that are allocated back to RU have declined as caseload has declined.
- Adjustment of TANF 5-Year Plan: TANF plan adjustment as discussed in admin section.

- Revenue enhancement through technical improvements: ESD is working on technical improvements within the ACCESS system.

LIHEAP

Impact of budget on Vermonters:

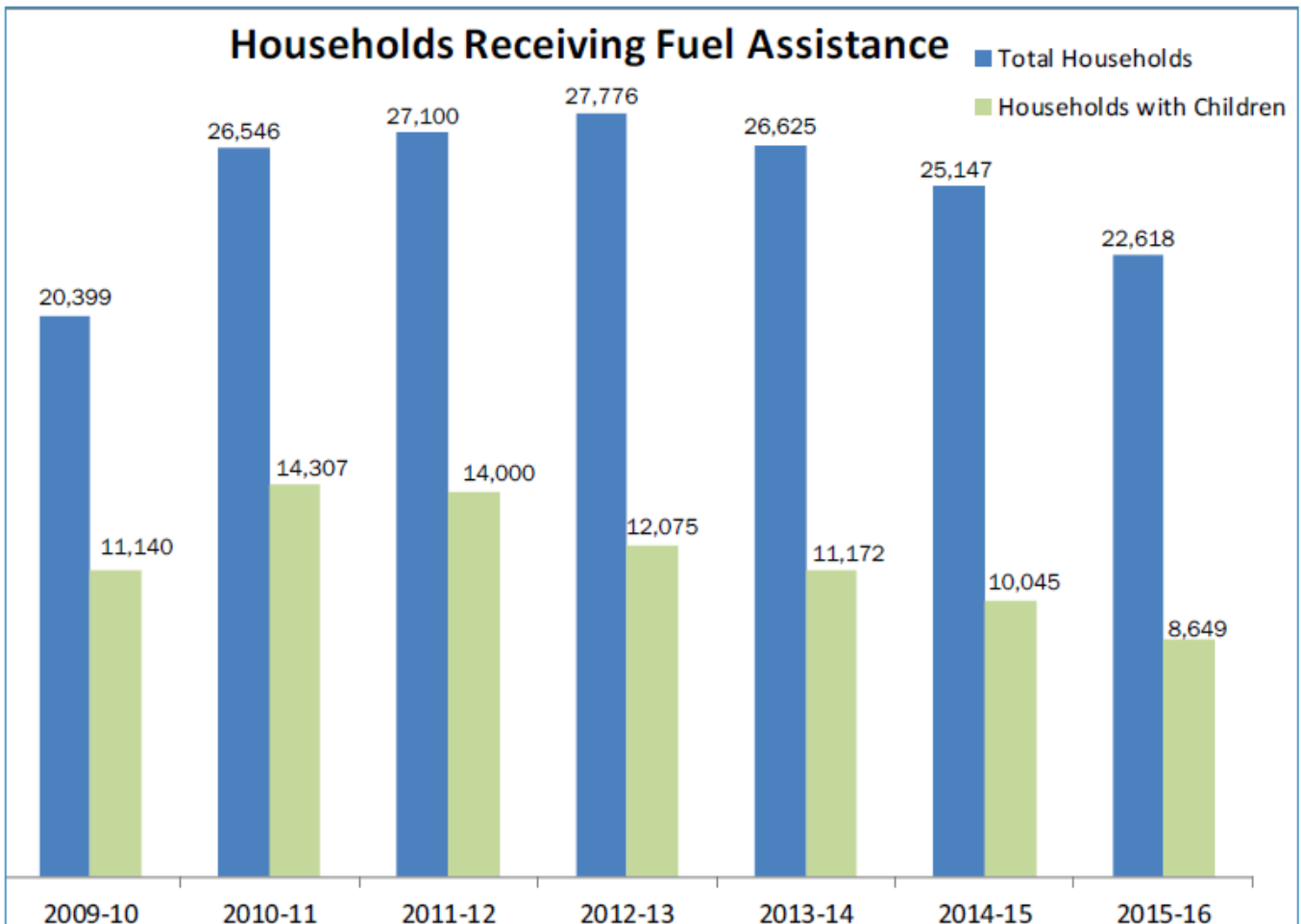
Seasonal Fuel Assistance (also known as Home Heating Assistance) helps lower-income Vermonters heat their homes by paying part of their home heating bills. It can help whether they:

- Own their home or rent
- Pay for heat directly or as part of rent
- Rent a room in someone’s home
- Live in public, subsidized, or Section 8 housing AND rent includes the cost of heat

During the 2015-16 heating season (November 1, 2015 to March 31, 2016):

- 22,618 households received a full fuel benefit
- 8,649 of those households included children
- The average benefit paid to certified fuel dealers for all households was \$699

Please see the chart from the DCF Outcomes Book page 19 below:



Federal Funds at Risk: LIHEAP relies upon the Low Income Home Energy Assistance Program

Current Year Budget Federal Grants with 18-month expiration: All DCF federal funding will be subject to reauthorization within the next 18 months

Crosswalk:

- No changes

Office of Economic Opportunity

Impact of budget on Vermonters:

The Housing Opportunity Program (HOP) funded 29 shelter programs which provided shelter to 4,143 individuals and 880 children for a total of 173,840 shelter bed nights in FY 2016.

The Family Supportive Housing Program enrolled 91 homeless families in FY 2016. Of those enrolled, 90% were placed in stable permanent housing and 80%, who were previously unemployed, secured employment after 12 months. This program is currently being expanded from 5 to 7 sites leveraging Medicaid funds for case management services to help keep these families in stable housing.

Core funding was provided to Community Action Agencies to address poverty through homeless shelters and services; to help build assets and improve the health and safety of very low income Vermonters.

Federal Funds at Risk: The Office of Economic Opportunity relies upon the Community Services Block Grant (HHS); Emergency Solutions Grant (HUD).

Current Year Budget Federal Grants with 18-month expiration: All DCF federal funding will be subject to reauthorization within the next 18 months

Crosswalk:

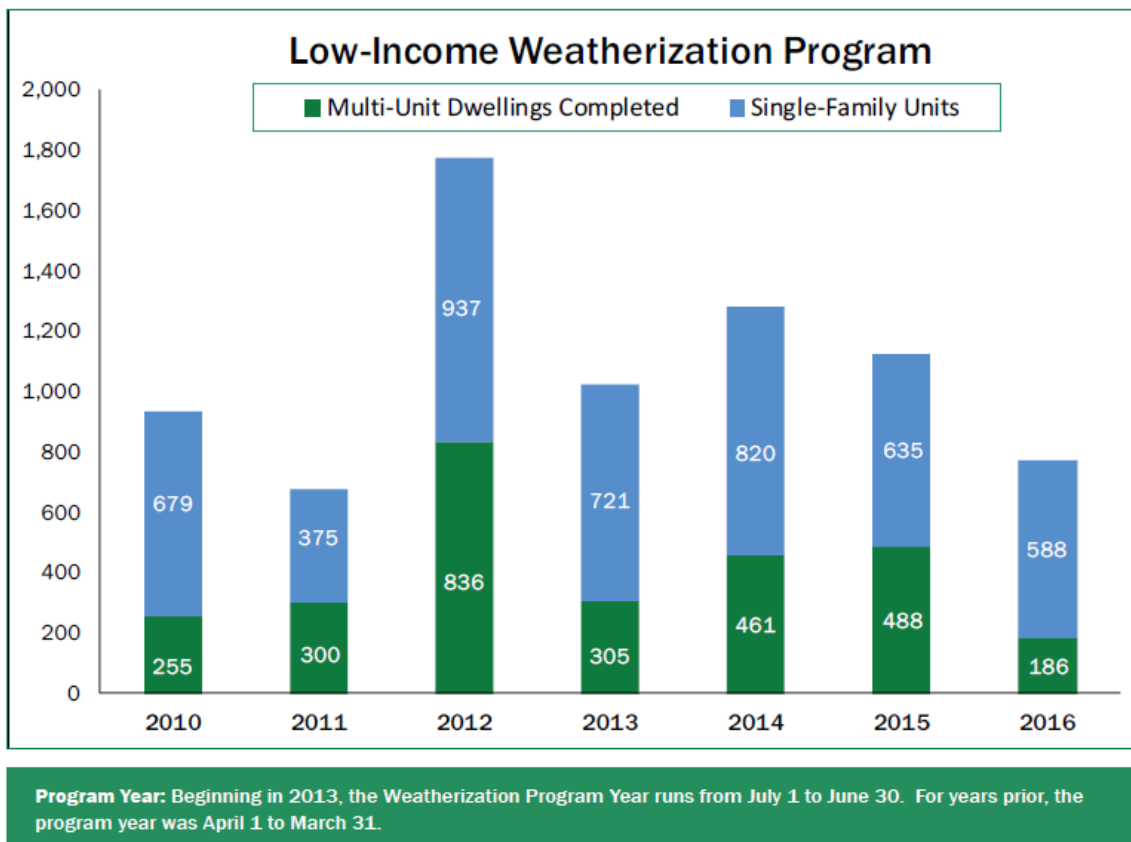
- Salary & Fringe (2 lines): Salary and Fringe adjustments as discussed in the admin section.
- Position transfer: From ESD Receipt of GF from ESD to fund HOP grant management (DCF net neutral).
- Major object code correction: Correction to move salary cost moved from grants in SFY17 that exceeded the cost of the Family Supportive Housing position back to grants.
- Internal Services Funds: ISF as discussed in admin section
- Annualization of Family Supportive Housing Medicaid expansion: SFY17 budget included $\frac{3}{4}$ of a year of utilizing targeted case management for family supportive housing clients. This is annualizing the program with no further expansion.

Weatherization Assistance

Impact of budget on Vermonters:

In FY 2016, 774 homes were weatherized: 588 single-family homes and 186 multi-dwellings. The average investment was \$8,467 and the average savings were 24% of heating cost. The \$2M increase in the FY 17 weatherization budget will allow an additional 200 units to be weatherized this year.

Please see the chart from the DCF Outcomes book page 48 below:



Federal Funds at Risk: The office of Weatherization relies upon Department of Education (DOE) Weatherization funding and Low Income Home Energy Assistance Program funding

Current Year Budget Federal Grants with 18-month expiration: All DCF federal funding will be subject to reauthorization within the next 18 months

Crosswalk:

- Adjustment to Correct for FY17 Fund Split (BAA item): Fund split adjustment as discussed in admin section.
- Salary, Fringe & ISF (3 lines): Salary, Fringe, and ISF as discussed in admin section
- Increase to match federal award (BAA item): Federal award adjustment to reflect SFY17 Department of Energy award amount.
- Decrease of one-time funding: Reduction of the special fund increase applied to the SFY17 budget for the adjustment of fuel tax collection to monthly from quarterly.

Woodside

Crosswalk:

- Salary & Fringe (2 lines): Salary and Fringe as discussed in admin section.
- Market factor adjustment for nurses: The nurse classification was awarded a 40% market factor adjustment through classification review.
- Vacancy and ISF: as discussed in admin section.
- Medicaid funding subject to approval by CMS

Disability Determination Services

Impact of budget on Vermonters:

DDS processed 4,813 initial disability applications in FFY 2016.

DDS accuracy rate in processing applications is 97.1%, ensuring that Vermonters who are entitled to this benefit receive the financial assistance they need to live.

In FFY 2016, Vermont's initial case allowance rate (percent of determinations with a finding of disabled) was 42.4%. This is 9.2% higher than the national average. When coupled with high accuracy rates, high allowance rates mean the office is providing high quality services to Vermonters with disabilities.

Federal Funds at Risk: DDS relies upon Social Security Disability Determination Services funding

Current Year Budget Federal Grants with 18-month expiration: All DCF federal funding will be subject to reauthorization within the next 18 months

Crosswalk:

- No significant changes other than those discussed in the admin section.