



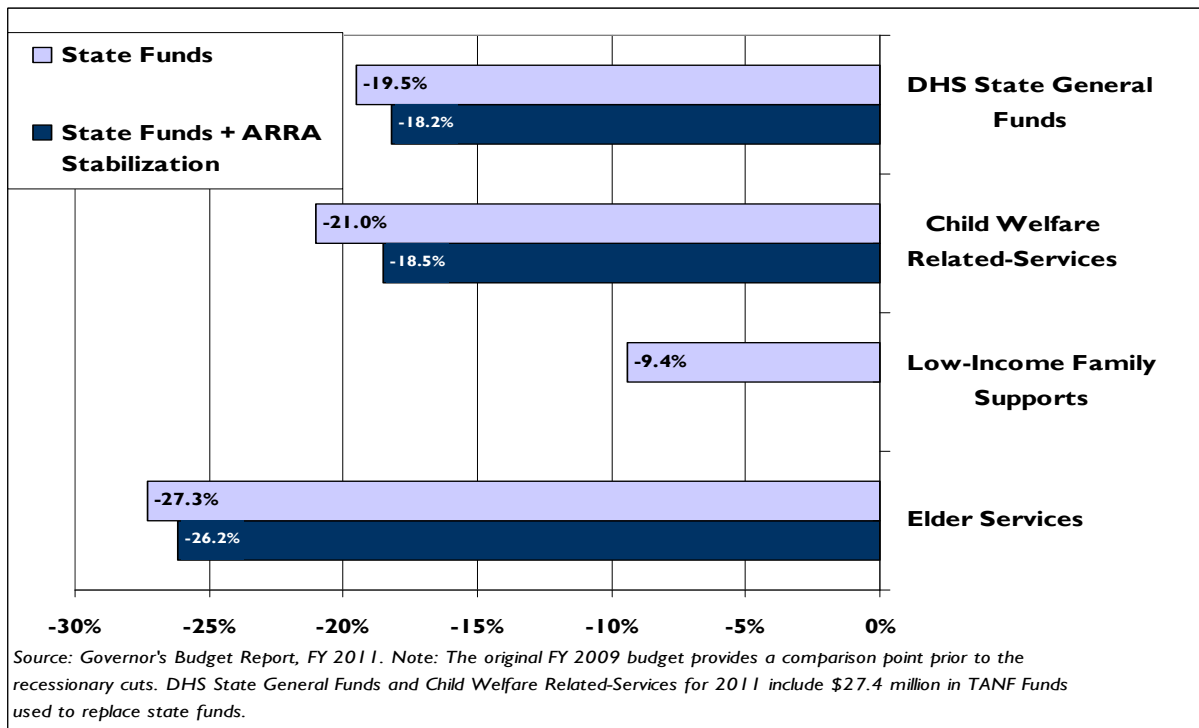
## Highlights of the Governor's FY 2011 Budget Proposal for the Dept. of Human Services

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### Summary

The governor's proposed fiscal year (FY) 2011 budget cuts the Department of Human Services (DHS) budget by \$21.6 million in state General Funds compared to this year's enacted budget. This is a 4 percent cut, and comes after several years of cuts to the department, which includes child and adult protection, elderly services, and programs to help move low-income families to self-sufficiency.

Chart 1 DHS Percent Change in Funds, Original FY 2009 to Proposed FY 2011



As shown in Chart 1, examining state General Fund cuts for DHS over the two-year period from FY 2009 through FY 2011 as proposed, reveals a cumulative 19.5 percent cut (\$124.8 million). The Recovery Act State Stabilization funds provide modest relief, bringing the cumulative cut up slightly to 18.2 percent (\$116.5 million).

The FY 2011 proposed budget's major impacts include:

- Eliminating 137 eligibility workers who assist applicants for Food Stamps, Medicaid, and Temporary Assistance for Needy Families (TANF).
- Cutting Elder Community Living Service contracts by \$2.7 million, thereby eliminating or reducing services to older Georgians living in their communities, such as respite care and kinship care for grandparents raising their grandchildren.
- Cutting state investment in Child Welfare Services by \$7 million, including cutting funds for youth aging out of foster care, and shifting in-home case management from private providers to existing DFCS caseworkers.

As lawmakers review the proposed cuts for FY 2011, they should remember the dramatic state fund cuts already borne in the FY 2010 budget, especially those that impact the “frontline”. For example, Child Welfare Services was cut by \$11.1 million in state funds (in addition to losing \$14 million in federal funds) in FY 2010 to reduce child protective service case workers through attrition.

## Department of Human Services

The proposed FY 2011 budget cuts \$21.6 million (4.0 percent) in state funds from DHS compared to the FY 2010 budget (HB 119) passed during the 2009 legislative session. The FY 2011 budget also includes \$8.2 million in Recovery Act funds.

Table 1 **DHS State General Fund Changes from FY 2009 to FY 2011**<sup>1</sup>

	FY 2009 State Funds	FY 2010 State + ARRA Stabilization Funds	FY 2011 State + ARRA Stabilization Funds	FY 2010 – FY 2011 Change (\$)	FY 2010 – FY 2011 Change (%)	FY 2009 – FY 2011 Change (%)
<b>DHS Programs</b>	<b>\$640,000,000</b>	<b>\$545,075,383</b>	<b>\$523,453,174</b>	<b>-\$21,622,209</b>	<b>-4.0%</b>	<b>-18.2%</b>

Notes: State fund data includes administration appropriations. State agencies are reflecting an adjustment in telecommunication expenses for the Georgia Technology Authority in FY 2011. For DHS, these “true-up” adjustments amount to \$5.1 million in state funds that are added into the proposed FY 2011 budget to cover DHS telecommunications costs.

## Child Welfare-Related Services

These services include a range of programs to protect children and strengthen the family. The programs:

- Investigate allegations of child abuse, abandonment, and neglect.
- Provide safe and appropriate temporary homes for children removed from their families due to abuse, abandonment, or neglect.
- Inspect and license foster care residential facilities, child placing agencies, and health care facilities.
- Provide safe shelter and related services for victims of family violence and their dependent children, and provide education about family violence to communities across the state.
- Support and facilitate permanently placing children by prescreening families as well as providing support and financial services after adoption.

The FY 2011 proposal cuts state funds for child welfare-related services by 3.5 percent (\$8.4 million). As in FY 2010, the budget includes \$7.2 million in Recovery Act Foster Care Title IV-E funds to replace state funds. These programs face an 18.5 percent (\$52.5 million) cumulative two-year cut, accounting for Recovery Act funds that replace state funds.

Table 2 **Child Welfare Related-Services State Fund Changes from FY 2009 to FY 2011**

	FY 2009 State Funds	FY 2010 State + ARRA Stabilization Funds	FY 2011 State + ARRA Stabilization Funds	FY 2010 – FY 2011 Change (\$)	FY 2010 – FY 2011 Change (%)	FY 2009 – FY 2011 Change (%)
<b>Adoption Services</b>	\$35,568,642	\$36,457,436	\$35,728,704	-\$728,732	-2.0%	0.5%
<b>Child Care Licensing</b>	\$8,759,268	\$1,157,575	\$1,213,361	\$55,786	4.8%	-86.1%
<b>Child Welfare Services</b>	\$117,613,541	\$100,022,290	\$92,992,691	-\$7,029,599	-7.0%	-20.9%
<b>Family Violence Services</b>	\$6,151,950	\$5,001,950	\$4,483,171	-\$518,777	-10.4%	-27.1%
<b>Out-of-Home Care</b>	\$115,871,866	\$97,263,496*	\$97,051,849*	-\$211,647	-0.2%	-16.2%
<b>SUBTOTAL</b>	<b>\$283,965,267</b>	<b>\$239,902,747</b>	<b>\$231,469,776</b>	<b>-\$8,432,971</b>	<b>-3.5%</b>	<b>-18.5%</b>

Note: Out-of-Home Care also includes \$27.4 million in TANF funds used to replace state funds in FY 2010 and FY 2011.

Table 3 **Recovery Act Stabilization Funds for FY2011**

	<b>FY2011 ARRA to replace State Funds</b>
<b>Adoption Services</b>	\$3,140,444
<b>Out-of-Home Care</b>	\$4,037,474
<b>SUBTOTAL</b>	<b>\$7,177,918</b>

The proposed budget highlights include:

- **Adoption Services** – Cut contract funds by \$568,177, reducing pre-adoption assistance services that help recruit families to adopt children in state custody. The cuts also reflect savings from posting the bi-monthly recruitment book on-line versus producing a hard copy book.<sup>2</sup>
- **Child Welfare Services** – Total cut of \$7 million, including:
  - Require Promoting Safe and Stable Families (PSSF) federal fund recipients to contribute \$2.5 million in private funds to supplant \$2.5 million in state funds for the PSSF match.
  - Cut in-home case management services performed by private providers by \$2 million by shifting the workload to state DFCS caseworkers. These services help families whose children were diverted from state custody but are considered at risk of abuse and neglect. This decision begs the policy question: Do current DFCS caseworkers have the capacity, without the assistance of private providers, to provide this additional service?
  - Savings of \$1.5 million from substance abuse screening re-design.
  - Reduce state fund investment from \$2 million to \$1.3 million (\$700,000 total cut) in the Independent Living Program, which provides assistance and services for youth aging out of foster care. The ILP program requires a minimum investment of \$1.3 million in state funds in order to draw down \$5.4 million in federal Chaffee funds.<sup>3</sup> This cut of approximately 10 percent of the program budget will have an impact on services and assistance to youth, but it will not jeopardize the program’s federal funds.
- **Family Violence** – Cuts to contract funds of \$518,779. A portion of this cut (\$200,000) was made by DHS in July 2009 to local programs that were not part of the statewide network of providers. The remaining \$318,779 will be a six percent across-the-board cut to statewide providers.<sup>4</sup>

### **Low-Income Family Supports**

The supports to low-income Georgia families include:

- Subsidized child care,
- Access to state and federal assistance and support services (e.g., health care, food stamps, TANF, energy assistance),
- State and federal cash assistance and support services (e.g., health care, food stamps, TANF, energy assistance), and
- Child support services.

The FY 2011 proposal cuts state funds for low-income family supports by 4.3 percent (\$8.3 million). This is a cumulative cut of 9.4 percent (\$19.1 million) from FY 2009 to FY 2011.

Table 4 **Low-Income Family Supports: State Fund Changes from FY 2009 to FY 2011**

	FY 2009 State Funds	FY 2010 State Funds	FY 2011 State Funds	FY 2010 – FY 2011 Change (\$)	FY 2010 – FY 2011 Change (%)	FY 2009 – FY 2011 Change (%)
<b>Child Care Services</b>	\$58,577,959	\$54,262,031	\$54,262,031	\$0	0%	-7.4%
<b>Child Support Services</b>	\$24,963,922	\$24,273,903	\$22,841,528	-\$1,432,375	-5.9%	-8.5%
<b>Eligibility Determination</b>	\$56,870,673	\$56,622,168	\$0	NA	NA	NA
<b>Federal Eligibility Benefit Services</b>	NA	NA	\$96,644,069	-\$1,036,711	-1.1%	-6.1%
<b>Food Stamp Eligibility and Benefits</b>	\$39,590,489	\$37,193,255	\$0	NA	NA	NA
<b>Support for Needy Families – Basic Assistance</b>	\$100,000	\$100,000	\$100,000	\$0	0%	0%
<b>Support for Needy Families – Family Assistance</b>	\$6,464,606	\$3,865,357	\$0	NA	NA	NA
<b>Support for Needy Families – Work Assistance</b>	\$7,695,000	\$7,695,000	\$3,577,658	-\$4,117,342	-53.5%	-53.5%
<b>Family Connection</b>	\$9,600,837	\$9,002,243	\$7,296,009	-\$1,706,234	-19.0%	-24.0%
<b>SUBTOTAL</b>	<b>\$203,863,486</b>	<b>\$193,013,957</b>	<b>\$184,721,295</b>	<b>-\$8,292,662</b>	<b>-4.3%</b>	<b>-9.4%</b>

Proposed budget impacts include:

- Child Care Services –
  - Child Care and Parent Services (CAPS) state funding remains level. Child care subsidy Recovery Act funds replace federal TANF funds (\$11.5 million) to cover the drop in federal TANF funds from \$12.1 million to \$600,000 in FY 2010 and FY 2011. Child care subsidy Recovery Act funds enabled CAPS to serve 5,000-8,000 additional children per month starting in August, 2009 and is expected to continue through September 30, 2010.
  - Temporary Child Care Assistance (TCCA): Funded by the child care subsidy Recovery Act funds, TCCA is a new temporary program geared toward qualified unemployed Georgians pursuing approved full-time or part-time education through September 30, 2010. Enrollment numbers for TCCA have not been released by DHS.

- Child Support Services – Provides \$18.5 million (a \$4.5 million increase from 2010) in program specific Recovery Act funds to increase current support paid to families and replace \$2.3 million in state funds.
- Federal Eligibility Services – The governor calls for combining the administration of three programs, 1) Eligibility Determination (Medicaid), 2) Food Stamp Eligibility, and 3) Support for Needy Families – Family Assistance (Temporary Assistance for Needy Families) into this one program.<sup>5</sup> The budget includes Recovery Act funds, yet cuts personnel despite growing caseloads:
  - Cuts state funds for eligibility service workers by \$3.2 million (137 workers).<sup>6</sup>
  - Eliminates training performed by University of Georgia for new eligibility caseworkers (\$850,000). DHS expects new hires to be few in number and will handle training in-house.<sup>7</sup>
  - Recognizes \$3.1 million in Recovery Act funds for increased food stamp caseloads.

According to Commissioner Walker, caseloads from December 2008 to December 2009 grew in:

- Medicaid by 57,342 cases (9 percent);
- Food Stamps by 156,777 cases (32 percent); and
- TANF by 1,663 adult recipients (53 percent)

In 2004, the ratio of cases per eligibility worker was 379 cases per worker. That ratio was 652 cases per worker in 2009<sup>8</sup> and will likely continue to grow.

- Support for Needy Families – Work Assistance – Cuts \$1 million in state funds for Supplemental Security Income (SSI) Advocacy Services and cuts \$3.1 million for Work Employment Services.
- Family Connection Partnership (FCP) – Cuts state funds for collaborative and technical assistance contracts by \$1.6 million and increases federal TANF funds by \$786,672. FCP is a non-profit organization and an attached agency to DHS. The organization works in all 159 counties with collaboratives of government, civic groups, businesses, faith communities, and other interested parties to improve outcomes for children.

The FY 2011 budget proposal also includes \$223 million in program-specific Recovery Act funding. The \$1.045 million from the Elder Support Nutritional Services Incentive Program and \$2.3 million from Child Support Services are used to supplant state funds. The remaining Recovery Act funds were not used to supplant state funds but rather to supplement existing state and federal efforts. See Table 5.

Table 5 Program Specific Recovery Act Funding for Low-Income Families

	FY 2011 ARRA Non-Budget Stabilization Funds
Child Care Services	\$36,000,000
Child Support Services	\$18,464,705
Federal Eligibility Benefit Services (food stamp)	\$3,100,000
Elder Support Nutritional Services Incentive Program	\$1,045,000
TANF Emergency Fund*	\$165,400,000
<b>SUBTOTAL</b>	<b>\$222,964,705</b>

\*The TANF Emergency Fund, made available through the Recovery Act, is not mentioned in the FY 2011 proposal. However, DHS is working on a plan to maximize \$165.4 million of these program specific Recovery Act funds to help eligible low-income families with subsidized employment and short-term non-recurrent benefits. To learn more about DHS TANF Emergency Fund Plan, please see [http://www.dhr.georgia.gov/DHR/DHR\\_CommonFiles/PDF/DHS\\_ARRA\\_NonProfits.pdf](http://www.dhr.georgia.gov/DHR/DHR_CommonFiles/PDF/DHS_ARRA_NonProfits.pdf) and The Georgia Budget & Policy Institute brief, “The Clock is Ticking: Will Georgia Maximize Stimulus Funds to Help Struggling Georgians?” It is available for download at <http://www.gbpi.org/documents/20091102.pdf>.

### Elder Services

These services for older Georgians include:

- Prevention from and investigation of abuse, exploitation, and neglect.
- Supports for those who need a nursing-home level of care but choose to remain in one’s community.
- Health, employment, nutrition, and other support and education services for many elderly who remain in their own home.

The proposal cuts state funds for elder services by 7.6 percent (\$5.6 million). The cumulative cut from FY 2009 is 26.2 percent (\$24.0 million). See Table 6.

In the enacted FY 2010 budget, \$11.4 million in General Fund savings was taken in the DHS budget as a result of the enhanced federal Medicaid funding included in the Recovery Act. As a result of the enhanced matching funds, fewer state dollars were needed to maintain the same level of services. In the FY 2011 budget proposal, these funds are no longer displayed in the DHS budget; however, these federal funds are expected to flow to the agency in FY 2011 in the same manner as in FY 2010.<sup>9</sup>

Table 6 Elder Services State Fund Changes from FY 2009 to FY 2011

	FY 2009 State Funds	FY 2010 State + ARRA Stabilization Funds	FY 2011 State + ARRA Stabilization Funds	FY 2010 – FY 2011 Change (\$)	FY 2010 – FY 2011 Change (%)	FY 2009 – FY 2011 Change (%)
Elder Abuse Investigations & Prevention	\$14,577,451	\$14,031,363	\$11,849,971	-\$2,181,392	-15.5%	-18.7%
Elder Community Living Services	\$74,875,441	\$57,235,190	\$53,998,004	-\$3,237,186	-5.6%	-27.9%
Elder Support Services	\$2,059,156	\$1,864,884	\$1,710,555	-\$154,329	-8.3%	-16.9%
Council on Aging	\$252,352	\$208,220	\$193,449	-\$14,771	-7.1%	-23.3%
<b>SUBTOTAL</b>	<b>\$91,764,400</b>	<b>\$73,339,657</b>	<b>\$67,751,979</b>	<b>-\$5,587,678</b>	<b>-7.6%</b>	<b>-26.2%</b>

Specific FY 2011 budget highlights include:

- Elder Abuse Investigations and Prevention – The governor proposes replacing state funds of \$1 million in Long-Term Care Ombudsmen (LTCO) and \$611,520 in Adult Protective Services (APS) with Nursing Home Civil Monetary Penalties collected by the Department of Community Health. This would restore the \$500,000 cut that LTCO took in August 2009 and prevent current APS caseworkers from being laid off.<sup>10</sup>
- Elder Community Living Services –
  - Cut \$2.7 million in contracts. Area Agencies on Aging can choose locally whether or not to pursue these services through other funding, but these cuts eliminate the dedicated statewide funding for:
    - Respite care, day care, and in-home care that are low-cost services aimed at keeping seniors in their home communities and out of more costly institutional care (\$1.4 million);
    - Alzheimer services (\$225,000);
    - Kinship Care Program that provides support services to grandparents raising their grandchildren (\$478,275);
    - Senior Legal Hotline (\$259,669). Operated from DHS offices, the hotline is a toll-free number that provides free legal information, referral, and advice on civil matters for seniors and caregivers across the state, especially critical in rural areas. DHS is using PSSF federal funds to maintain this service (with providers contributing to the PSSF required match with private funds), but that could limit the types of questions received to those applicable to Grandparents Raising Grandchildren.



- Elder Support Services – Eliminates all state funds for Naturally Occurring Retirement Communities, community based support services for older adults in Metro Atlanta and Savannah (\$145,000). Uses \$1 million in federal Recovery Act funds to restore state fund cuts for the National Services Incentive Program for Meals on Wheels and congregate meals for at-risk seniors.

## Policy Considerations

According to the FY 2011 budget proposal, DHS faces a cut of \$21.6 million in state funds from FY 2010 and \$116.5 million from FY 2009, even after accounting for this last year of Recovery Act State Stabilization funds.

This bleak fiscal picture for FY 2011 and beyond raises the following questions about how DHS can effectively serve eligible children, families, and the elderly:

- Will children at risk of abuse and neglect who are reunited with their families receive the in-home case management support their families need to stay together and remain safe as more duties are shifted from private providers to DFCS caseworkers?
- Can DHS meet the increasing demand for access to Medicaid, Food Stamps, and TANF with 137 less eligibility workers?
- With the adult TANF caseload rising, is the cut in Work Employment Services moving in the wrong direction?

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## Endnotes

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<sup>1</sup> All FY 2011 budget data is from the governor's proposed FY 2011 budget.

All FY 2010 budget data is from the Conference Committee Report on HB 119.

All FY 2009 budget data is from the Conference Committee Report on HB 990, except for DHS general state funds for FY 2009 departmental administration, provided by the DHS Office of Budget Administration on January 26, 2010.

<sup>2</sup> Commissioner B.J. Walker presentation to Georgia House and Senate Appropriations Committee, January 21, 2010.

<sup>3</sup> Ibid.

<sup>4</sup> Ibid.

<sup>5</sup> The proposal also calls for transferring \$17.2 million in federal Community Services Block Grant funds from Support for Needy Families – Family Assistance to Community Services, charged with providing services and activities through local agencies to assist low-income Georgians with employment, education, nutrition, and housing services.

<sup>6</sup> Commissioner B.J. Walker presentation to Georgia House and Senate Appropriations Committee, January 21, 2010.

<sup>7</sup> Ibid.

<sup>8</sup> Ibid. for Medicaid, Food Stamp, and case ratio data. TANF data is for December 2008 and November 2009 and was provided by Analysis, Accountability Research & Evaluation in October 2009 and January 2010.

<sup>9</sup> While the bulk of Georgia's Medicaid program is funded in the Department of Community Health, there are programs in DHS and Department of Behavioral Health and Developmental Disabilities (DBHDD) that are also part of the Medicaid program and thus benefit from the federal matching funds that come with the program. Typically, the federal Medicaid funds that are spent through programs in DHS and DBHDD are not fully displayed in the DHS and DBHDD agency budgets, even though these funds are eventually spent through these programs. Likewise, that these enhanced Medicaid funds in the Recovery Act are no longer displayed in the DHS budget does not mean that these funds will no longer be used in this program.

<sup>10</sup> In order for Nursing Home Civil Monetary Penalties to be used for Adult Protective Services, the state will use the dollars to pay the expenses of wards who reside in long-term care facilities. The guardians of these wards are APS caseworkers. Per Georgia Council on Aging, January 19, 2010.