



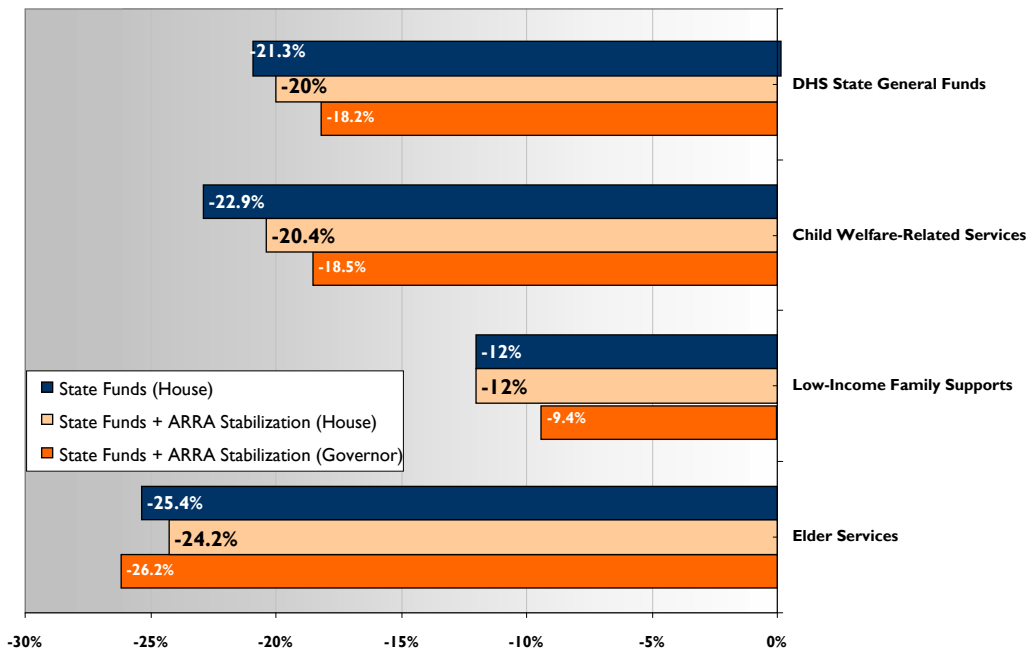
Highlights of the House's FY 2011 Budget Proposal for the Dept. of Human Services

By Clare S. Richie, M.P.A., Senior Policy Analyst

Summary

After the governor released his budget proposal in January, revenues declined more than anticipated, leading the governor to reduce the revenue estimate for fiscal year (FY) 2011. In response, the House of Representatives' FY 2011 budget proposal cuts the Department of Human Services (DHS) budget by an additional \$11.4 million over the governor's January proposal. DHS now faces a \$33 million cut in state General Funds for FY 2011 compared to this year's enacted budget. This is a 6.1 percent cut on top of several years of cuts to the department, which includes services for child abuse protection, the elderly, and programs to help move low-income families to self-sufficiency.

Chart 1 House Proposes 21% Cut to Human Services in FY 2011 When Compared to FY 2009



Source: Author's calculation using Governor's FY 2011 Budget Report and HB 948.

Chart 1 Note: The original FY 2009 budget provides a comparison point prior to the recessionary cuts. DHS State General Funds and Child Welfare Related-Services for 2011 include \$27.4 million in TANF Funds used to replace state funds.

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 21.3 percent cut (\$136.2 million). The Recovery Act State Stabilization funds provide modest relief, bringing the cumulative cut up slightly to 20 percent (\$127.9 million). The FY 2009 budget is used as a comparison since it was enacted before the recession caused dramatic revenue declines.

The FY 2011 proposed budget's major impacts include:

- Cutting another \$3.4 million for eligibility workers who assist applicants applying for food stamps, Medicaid, and Temporary Assistance for Needy Families (TANF). This is *in addition* to the governor's cut eliminating 137 eligibility workers (\$3.2 million).

DHS' response to the governor's instruction to most state agencies to cut three percent more in FY 2011 was to propose additional personnel cuts through layoffs, furloughs, and attrition. The House is proposing the same cut, but is asking DHS to "prioritize the retention of case worker positions."

- Cutting state investment in Child Welfare Services by \$10.3 million. This includes cutting funds for youth aging out of foster care and shifting in-home case management from private providers to existing Department of Family and Children Services (DFCS) caseworkers.

For \$3.2 million of the cut, the House budget language again asks DHS to "prioritize the retention of case worker positions." DHS has said that \$2 million would be personnel cuts through layoffs, furloughs, and attrition and that they would replace \$783,128 for youth transitioning out of foster care with county funds in order to preserve federal funds.

As the House and Senate work toward finalizing the FY 2011 budget, 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 and \$14 million in federal funds in FY 2010; DHS reported that the impact was a reduction in child protective service case workers through attrition.

Department of Human Services Highlights

The proposed FY 2011 budget cuts \$33 million (6.1 percent) in state funds from DHS compared to the original FY 2010 budget passed during the 2009 legislative session. The FY 2011 budget includes \$8.2 million in Recovery Act funds. See Table 1.

Table 1 **DHS State General Fund Cut Significantly from FY 2009 to FY 2011**

	FY 2009	FY 2010	FY 2011	FY 2010 –	FY 2010 –	FY 2009 –
	State Funds	State + ARRA Stabilization Funds	State + ARRA Stabilization Funds	FY 2011 Change (\$)	FY 2011 Change (%)	FY 2011 Change (%)
DHS Programs	\$640,000,000	\$545,075,383	\$512,058,856	-\$33,016,527	-6.1%	-20%

Notes: 1. State fund data includes administration appropriations.

2. 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 added into the proposed FY 2011 budget for 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 services to families whose children were diverted from state custody but are considered at risk of abuse 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 5.7 percent (\$13.8 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 a 20.4 percent (\$57.8 million) cumulative two-year cut, accounting for Recovery Act funds that replace state funds. See Tables 2 and 3.

Table 2 **Proposal to Use Recovery Act Funds for FY2011**

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

Table 3 **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 (%)
Adoption Services	\$35,568,642	\$36,457,436	\$34,432,704	-\$2,024,732	-5.6%	-3.2%
Child Care Licensing	\$8,759,268	\$1,157,575	\$430,689	-\$726,886	-62.8%	-95.1%
Child Welfare Services	\$117,613,541	\$100,022,290	\$89,736,120	-\$10,286,170	-10.3%	-23.7%
Family Violence Services	\$6,151,950	\$5,001,950	\$4,483,171	-\$518,777	-10.4%	-27.1%
Out-of-Home Care	\$115,871,866	\$97,263,496*	\$97,051,849*	-\$211,647	-0.2%	-16.2%
SUBTOTAL	\$283,965,267	\$239,902,747	\$226,134,533	-\$13,768,214	-5.7%	-20.4%

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

The House changes to the governor’s recommendation include:

- Adoption Services – Cut \$1.3 million “to reflect the revised revenue estimate.” DHS stated it would cut \$880,000 for Adoption Special Services and \$41,111 through personnel reductions (layoffs, furloughs, and attrition), which leaves a \$375,000 cut unaccounted for.
- Child Welfare Services – Cut \$3.2 million “to reflect the revised revenue estimate.” The House includes language for DHS to “prioritize the retention of case worker positions when implementing reduction.” DHS has said it would cut \$2 million through layoffs, furloughs, and attrition and would replace \$783,128 for youth transitioning out of foster care with county funds in order to preserve federal funds.

The House agreed with the governor on:

- 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.¹
- Child Welfare Services

- 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.² This is a 10 percent program cut.

Any additional cuts, such as the \$783,128 mentioned above that DHS suggests replacing with county funds, *could further impact services and assistance to youth and potentially 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.³

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 7.1 percent (\$13.7 million). This is a cumulative cut of 12 percent (\$24.5 million) from FY 2009 to FY 2011. See Table 4.

Table 4 House Proposal Cuts Low-Income Family Supports

	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 (%)
Child Care Services	\$58,577,959	\$54,262,031	\$54,262,031	\$0	0%	-7.4%
Child Support Services	\$24,963,922	\$24,273,903	\$20,041,528	-\$4,232,375	-17.4%	-19.7%
Eligibility Determination	\$56,870,673	\$56,622,168	\$0	NA	NA	NA
Federal Eligibility Benefit Services	NA	NA	\$93,258,965	-\$4,421,815	-4.5%	-9.4%
Food Stamp Eligibility and Benefits	\$39,590,489	\$37,193,255	\$0	NA	NA	NA
Support for Needy Families – Basic Assistance	\$100,000	\$100,000	\$100,000	\$0	0%	0%
Support for Needy Families – Family Assistance	\$6,464,606	\$3,865,357	\$0	NA	NA	NA
Support for Needy Families – Work Assistance	\$7,695,000	\$7,695,000	\$3,577,658	-\$4,117,342	-53.5%	-53.5%
Family Connection	\$9,600,837	\$9,002,243	\$8,078,681	-\$923,562	-10.3%	-15.9%
SUBTOTAL	\$203,863,486	\$193,013,957	\$179,318,863	-\$13,695,094	-7.1%	-12%

The House changes to the governor’s recommendation include:

- Child Support Services – Cut \$2.8 million. Neither the House nor DHS provided an explanation about how to implement this cut.
- Federal Eligibility Benefit Services – Cut another \$3.4 million for eligibility workers who assist applicants applying for food stamps, Medicaid, and Temporary Assistance for Needy Families (TANF). This is *in addition* to the governor’s cut eliminating 137 eligibility workers (\$3.2 million).

DHS’ response to the governor’s revised revenue estimate was to propose additional personnel cuts through layoffs, furloughs, and attrition. The House is proposing the same cut, but is asking DHS to “prioritize the retention of case worker positions.”

The Great Recession has caused increasing numbers of Georgians to seek critical safety net supports. 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).⁴

In 2004, the ratio of cases per eligibility worker was 379 cases per worker. That ratio was 652 cases per worker in 2009⁵ and will likely continue to grow.

DHS is under a federal corrective action plan to improve the number of food stamp applications processed within the first 30 days from 82 percent to 95 percent.

- Family Connection Partnership (FCP) – Swapped \$782,672 in TANF funds with state funds from Child Care Licensing. Unlike TANF funds, the state funds can draw down a federal match for the counties. FCP, a nonprofit organization and an attached agency to DHS, works in all 159 counties with collaborations between government, civic groups, businesses, faith communities, and other interested parties to improve outcomes for children.

The House agreed with the governor regarding the following:

- 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. In December 2009, it served 437 children.⁶
- 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 Benefit Services – Combines the administration of three programs, 1) Eligibility Determination for Medicaid, 2) Food Stamp Eligibility, and 3) Support for Needy Families – Family Assistance (Temporary Assistance for Needy Families) into this one program.⁷ 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).
 - Eliminates training performed by University of Georgia for new eligibility caseworkers (\$850,000). DHS said it expects new hires to be few in number and will handle training in-house.⁸
 - Recognizes \$3.1 million in Recovery Act funds for increased food stamp caseloads.

- 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.

Recovery Act Funding

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 federally- funded efforts. See Table 5.

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

	FY 2011 ARRA Program Specific Funds
Child Care Services	\$36,000,000
Child Support Services	\$18,464,705
Federal Eligibility Benefit Services (food stamps)	\$3,100,000
Elder Support Nutritional Services Incentive Program	\$1,045,000
TANF Emergency Fund	\$165,400,000
SUBTOTAL	\$222,964,705

TANF Emergency Fund

The House budget proposal includes a plan for maximizing the \$165.4 million in federal funds from the TANF Emergency Fund, made available through the Recovery Act, shown in Table 6. These funds will expire on September 30, 2010, unless Congress passes an extension and President Obama signs it into law.

Table 6 House Plan for Maximizing TANF Emergency Fund

Efforts for TANF-eligible families or youth	Federal TANF Emergency Funds
Wheels to Work program	\$8,000,000
Subsidize Summer Activities Fees	\$4,000,000
\$100 Back-to School Supplies & Clothing for Foster Youth	\$672,000
Food Banks	\$2,000,000
Family Violence Shelter Support Services	\$1,600,000
Other Subsidized employment and Short-term, Non-recurrent benefits*	\$149,099,000
SUBTOTAL	\$165,371,000

* This includes the DHS TANF Emergency Fund Plan that the Commissioner estimates will be reimbursed \$91 million in federal funds. To learn more about DHS TANF Emergency Fund Plan, please see http://www.dhr.georgia.gov/DHR/DHR_CommonFiles/PDF/DHS_ARRA_NonProfits.pdf.

The House recognized these funds in its FY 2011 budget proposal to give direction to the process of maximizing these funds. The Georgia General Assembly, DHS, and private providers are still working to finalize Georgia's TANF Emergency Fund Plan to ensure that the programs are allowable under the Recovery Act; it must account for 20 percent of the total cost from third-party funds or in-kind since no state funds are being made available, and it must be implemented by the September 30, 2010 deadline.

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 5.2 percent (\$3.8 million). The cumulative cut from FY 2009 is 24.2 percent (\$22.2 million). See Table 7.

In the enacted FY 2010 budget, \$11.4 million in General Fund savings was realized 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 2010.⁹

Table 7 Elder Services State Fund Cuts

	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	\$55,777,581	-\$1,457,609	-2.5%	-25.5%
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	\$186,578	-\$21,642	-10.4%	-26.1%
SUBTOTAL	\$91,764,400	\$73,339,657	\$69,524,685	-\$3,814,972	-5.2%	-24.2%

The House changes to the governor's recommendation include:

- Elderly Community Living Services – Restored \$1.8 million that the governor proposed cutting for Alzheimer respite services (\$225,000), Center for the Visually Impaired (\$177,859), and non-Medicaid Home and Community Based respite services (\$1.4 million).

The House agreed with the governor on the following:

- Elder Abuse Investigations and Prevention – Replaced \$1 million of state funds for 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. If enacted, this would restore the \$500,000 cut that LTCO took in August 2009 and prevent current APS caseworkers from being laid off.¹⁰
- Elder Community Living Services –
 - Cut \$949,172 in contracts. Local Area Agencies on Aging can choose whether or not to pursue these services through other funding, but these cuts eliminate the dedicated statewide funding for:
 - Kinship Care Program that provides support services to grandparents raising their grandchildren (\$478,275);
 - Senior Legal Hotline (\$259,669). Operating 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 only Grandparents Raising Grandchildren.
- Elder Support Services – Eliminates all state funds for Naturally Occurring Retirement Communities, which are 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 \$33 million in state funds from FY 2010 and \$127.9 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 and as

DFCS cuts personnel \$2 million through layoffs, furloughs, and attrition? Will this lead to more abused children in Georgia?

- Can DHS meet the increasing demand for access to Medicaid, Food Stamps, and TANF while eliminating 137 or more eligibility workers?
- With the adult TANF caseload rising, will the cut in Work Employment Services reverse progress made by families ready to leave TANF and stop more families from also succeeding?

© 2010 Georgia Budget & Policy Institute

All Rights Reserved.

This document may be quoted with proper citation. A PDF is available for reference and dissemination at www.GBPI.org.

Contact: Clare S. Richie, CRichie@GBPI.org; 404.420.1324

The Georgia Budget & Policy Institute seeks to build a more prosperous Georgia. We rigorously analyze budget and tax policies and provide education to inspire informed debate and responsible decision-making, advancing our vision of a state in which economic opportunity and well-being are widely shared among all. The Institute is an independent, nonprofit, nonpartisan organization.

Endnotes

¹ Commissioner B.J. Walker presentation to Georgia House and Senate Appropriations Committee, January 21, 2010.

² Ibid.

³ Ibid.

⁴ Ibid. for Medicaid, Food Stamp, and case ratio data. TANF data is for December 2008 and November 2009 and was provided by Data, Analysis, Accountability, Research & Evaluation in October 2009 and January 2010.

⁵ Ibid.

⁶ Data provided by DHS Data, Analysis, Accountability Research & Evaluation February 2, 2009. December data is based on partial data.

⁷ 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.

⁸ Ibid.

⁹ Although 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 it. 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 them.

¹⁰ 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. Source: Georgia Council on Aging, January 19, 2010.

[<RETURN TO PUBLICATIONS LIBRARY>](#)