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## Human Services is “Down to the Bone” Highlights of the Governor’s FY 2012 DHS Budget

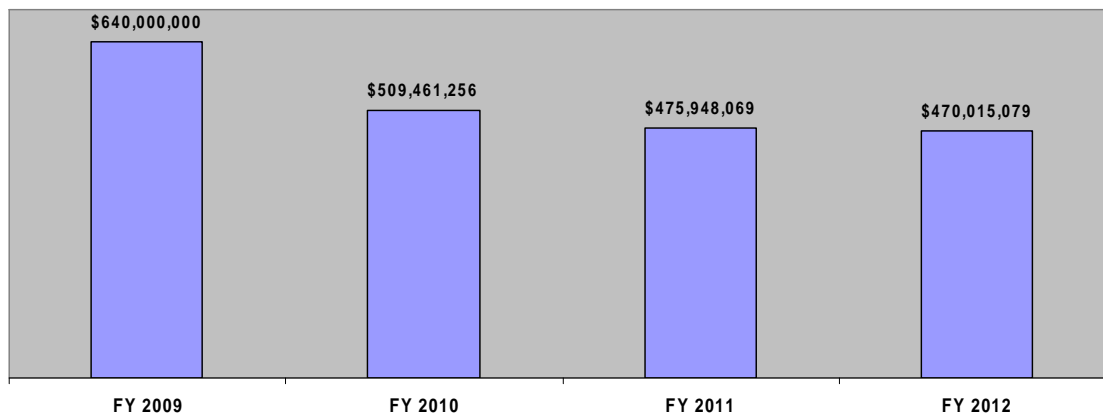
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### Summary

The governor’s proposed fiscal year (FY) 2012 budget cuts the Department of Human Services (DHS) budget by \$5.9 million (1.2 percent) in State General Funds compared to this year’s enacted budget. While this cut is substantially lower than cuts to some departments, it comes after several years of deep cuts to the department, and is not evenly distributed among programs.

**Under the proposal, State General Funds for DHS could decrease by 26.6 percent, from \$640 million to \$470 million, for the period from FY 2009 to FY2012.<sup>1</sup>** The state budget for FY 2009 is used as a reference point because it was the last one passed prior to the Great Recession. Although a portion of these state fund cuts were filled with American Reinvestment and Recovery Act (Recovery Act) funds in FY 2010 and FY 2011, those federal funds will not be available for FY 2012.

**Figure; I DHS’ Decreasing State Fund Budget**



Sources: FY 2009 House Bill 990, FY 2010 House Bill 119, FY 2011 House Bill 948, and FY2012 Governor Proposal

The proposal cuts \$13.9 million in state funds needed to satisfy the Temporary Assistance for Needy Families (TANF) Maintenance of Effort (MOE) requirement. DHS is using third party private funds to cover the deficit. Any further cuts to state funds used for TANF MOE could put Georgia at risk of a future reduction in its federal TANF block grant and an increase in the state

MOE. (For further background, see GBPI's recent brief, *New Proposed State Fund Cuts Could Cost Georgia Millions in Federal Funds*, available at [GBPI.org](http://GBPI.org).)

The FY 2012 proposed budget's major impacts include:

- Eliminating \$3.6 million in state funds for employment support activities due to decreased utilization. This hits after Recovery Act funds expired on September 30, 2010 for the adult subsidized employment program that placed 2,300 unemployed Georgians in jobs.
- Bringing the program budget for subsidized child care back to levels that served 54,000 children per month and had a waiting list of 4,000 families. Without Recovery Act funds and a restoration of federal TANF funds, the state will serve 10,000 less children than in FY 2010 and will likely increase the waiting list by thousands of Georgia families.
- Failing to restore \$1.045 million in state funds (previously replaced by Recovery Act funds) to the Nutrition Services Improvement Program that provides approximately 138,000 congregate and home delivered meals to Georgia's seniors.
- Continuing \$1.6 million in cuts from August 2010 that limit seniors' ability to live independently in their communities. These cuts eliminate dedicated statewide funding for Alzheimer respite services (\$225,000) and non-Medicaid Home- and Community-Based respite services (\$1.4 million).

As lawmakers review the proposed cuts for FY 2012, they should remember the dramatic state fund cuts already borne in the FY 2010 and FY 2011 budgets, especially those that directly impact services to children, low-income families, and the elderly.

## **Department of Human Services**

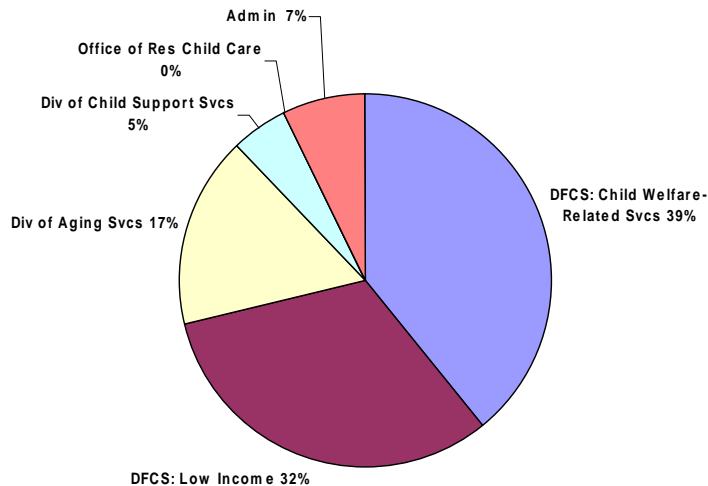
To better understand these cuts, this overview provides information about each DHS division and office, including the services they provide and overall budget trends.

The mission of DHS is to provide Georgia with "customer-focused human services that promote child and adult protection, child welfare, stronger families and self-sufficiency<sup>2</sup>". DHS is organized as follows:

- Division of Family and Children Services (DFCS) with major service areas:
  - Child welfare-related services
  - Low income supports
- Division of Aging Services (DAS)
- Division of Child Support Services (DCSS)
- Office of Residential Child Care (ORCC)

For FY 2012, the governor proposes distributing state funds among DHS divisions, office and administration as follows:

**Figure 2: Allocation of DHS FY 2012 State Fund Budget**



Source: FY 2012 Governor Proposal

## Division of Family and Children Services

The Division of Family and Children Services (DFCS) provides services in two major areas – child welfare-related services and low income supports. **DFCS accounts for nearly three-quarters of the DHS state fund budget.**

### Child Welfare Related Services

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

- Investigate allegations of child abuse, abandonment, and neglect.
- Provide services to families whose children are 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.
- 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 the permanent placement of children by pre-screening families as well as providing support and financial services after adoption.

**From FY 2009 to FY 2012 state funds for child welfare-related services decreased by \$90.7 million (32.9 percent).** However, after taking into account federal TANF funds that were used to backfill state funds, child-welfare related services decreased by 18 percent.

**Table 1: Child Welfare Related-Services State Fund Changes from FY 2009 to FY 2012**

	FY 2009 State Funds	FY 2011 State Funds	FY 2012 State Funds	FY 2011 – FY 2012 Change (\$)	FY 2011 – FY 2012 Change (%)	FY 2009 – FY 2012 Change (%)
Adoption Services	\$35,568,642	\$31,251,149	\$34,323,346	\$3,072,197	9.8%	-3.5%
Child Welfare Services	\$117,613,541	\$89,414,370	\$89,587,253	\$172,883	0.2%	-23.8%
Family Violence Services	\$6,151,950	\$4,483,171	\$0	-\$4,483,171	-100%	-100%
Out-of-Home Care	\$115,871,866	\$65,623,166	\$60,632,370	-\$4,990,796	-7.6%	-47.7%
<b>SUBTOTAL</b>	<b>\$275,205,999</b>	<b>\$190,771,856</b>	<b>\$184,542,969</b>	<b>-\$6,228,887</b>	<b>-3.3%</b>	<b>-32.9%</b>
<b>WITH TANF</b>	<b>\$486,649,060</b>	<b>\$415,588,316</b>	<b>\$399,113,398</b>	<b>-\$16,474,918</b>	<b>-4%</b>	<b>-18%</b>

Proposed Budget Highlights

- Adoption Services – In FY 2011, \$3.1 million in state funds were replaced by federal Recovery Act funds. For FY 2012, after the expiration of the Recovery Act, these state funds are added back to the program.
- Out-of-Home Care, which provides public and private foster care services to children in state custody, is cut a net \$5 million, including:
  - Cut of \$9 million to reflect decrease in utilization of program. From FY 2009 to FY 2010, the number of children in foster care has dropped nearly 9 percent (47 percent from FY 2004 to FY 2010).
  - In FY 2011, \$4 million in state funds were replaced by federal Recovery Act funds. For FY 2012, \$4 million in state funds are added back to the program as the Recovery Act Funds are no longer available.
- Family Violence Services – All state funds (\$4.5 million) are replaced by federal TANF funds. Potential negative consequences include:
  - Reduce domestic violence shelters overall budgets as shelters will not have state funds to use as match for other funds.
  - May prevent access to domestic violence services, as TANF funds can be more restrictive than state funds. When New York replaced its state funds with federal TANF funds for domestic violence shelters, it only reimbursed shelters for TANF-eligible victims. Shelters were required by the state to deny victims access to the shelters if they didn't meet the TANF eligibility requirements (e.g., single women with no children). Victims also were denied access to refuge until after they had completed TANF cash assistance applications, a time-consuming process.

Recent Budget Trends

- **Backfill state funds cuts with federal funds.** Since FY 2009, Georgia has directed 55 to 60 percent of its \$368 million TANF federal block grant to child-welfare related services to backfill for state fund cuts.

- **Use layoffs, attrition, and furlough days.** For the current budget year, DHS is expected to cut \$2 million from Child Welfare Services by decreasing personnel.
- **Shift private provider contracts for specialized services to existing DFCS staff,** which is already vulnerable to layoffs, attrition, and furlough days. In FY 2011, in-home case management performed by private providers was cut by \$2 million and shifted to existing DFCS staff. In-home case management helps families whose children are diverted from state custody but are considered at risk of abuse and neglect.
- **Reduce state funds to the minimum required to receive federal funds.** State funds for the Independent Living Program that helps foster youth transition out of state custody was cut in FY 2011 from \$2 million to \$1.3 million.

#### Other Consideration

Georgia's child welfare system must continue to comply with the 2006 Kenny A lawsuit consent decree. DFCS is required to make system changes and comply with 31 specific outcome measures divided into 11 areas: (1) planning for permanency; (2) placement of children; (3) health services; (4) Statewide Automated Child Welfare Information System (SACWIS); (5) caseloads; (6) supervision of contract agencies; (7) training; (8) foster parent screening, licensing and training; (9) investigations of allegations of abuse in care; (10) corrective actions that must be taken immediately; (11) maximization of federal funding.<sup>3</sup>

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

The supports to low-income Georgia families include:

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

**From FY 2009 to FY 2012, state funds for DFCS low-income supports decreased by \$20 million (11.8 percent).**

**Table 2: Low-Income Family Supports: State Fund Changes from FY 2009 to FY 2012**

	FY 2009 State Funds	FY 2011 State Funds	FY 2012 State Funds	FY 2011 – FY 2012 Change (\$)	FY 2011 – FY 2012 Change (%)	FY 2009 – FY 2012 Change (%)
<b>Child Care Services</b>	\$58,577,959	\$54,262,031	\$54,262,031	\$0	0%	-7.4%
<b>Federal Eligibility Benefit Services</b>	\$102,925,768 <sup>4</sup>	\$93,258,965	\$94,934,423	\$1,675,458	1.8%	-7.8%
<b>Support for Needy Families – Basic Asst</b>	\$100,000	\$100,000	\$100,000	\$0	0%	0%
<b>Support for Needy Families – Work Asst</b>	\$7,695,000	\$3,577,658	\$0	-\$3,577,658	-100%	-100%
<b>SUBTOTAL</b>	<b>\$169,298,727</b>	<b>\$151,198,654</b>	<b>\$149,296,454</b>	<b>-\$1,902,200</b>	<b>-1.3%</b>	<b>-11.8%</b>

### Proposed Budget Highlights

- Child Care Services – In FY 2010 and FY 2011, Georgia’s TANF investment in Child Care and Parent Services (CAPS) dropped from \$12.1 million to \$600,000 due to \$36 million in targeted Recovery Act funds for CAPS over both budget years. These Recovery Act funds enabled CAPS to eliminate the waiting list and serve approximately 10,000 additional children in FY 2010.<sup>5</sup>

In FY 2012, with the expiration of Recovery Act funds and a proposed federal TANF fund investment of \$600,000, total program funding for CAPS program is back down to \$226 million, almost equivalent to the total program funding for years FY 2006 to FY 2009. In FY 2009, a similar CAPS budget served a monthly average of about 54,000 children per month with 4,000 families on the waiting list.<sup>6</sup>

Without a renewed investment in TANF funds (e.g., \$12.1 million as in FY 2009 level), an increase in State General Funds, or an increase in federal child care funds, Georgia’s subsidized child care waiting list is likely to grow again, just as working families are trying to build economic security.

- Federal Eligibility Benefit Services – An increase of \$1.5 million is proposed to cover an adjustment to the state’s portion of the Employees’ Retirement System and to cover unemployment insurance. No additional funding is provided for federal eligibility workers who continue to assist an increasing number of eligible Georgia families in accessing TANF, Medicaid and food stamps.
- Support for Needy Families Work Assistance – All remaining state funds, \$3.6 million, are eliminated due to “decreased utilization”. These funds could be used to continue the subsidized employment program that began under the Recovery Act TANF Emergency Fund, which employed 2,300 unemployed Georgians prior to September 30, 2010.
- Georgia Family Connection Partnership (GaFCP) – Cuts nearly \$650,000 in state fund contracts to GaFCP, a nonprofit organization that works in all 159 counties with collaborations between government, civic groups, businesses, faith communities, and other interested parties to improve outcomes for children.

The proposed budget also suggests transferring GaFCP from a nonprofit, DHS-attached agency to the Governor’s Office of Children and Families (GOCF). The transferred funds to the governor’s office include another and unexplained cost savings of nearly \$163,000.

The negative consequences of this potential transfer include:

- Inhibiting the ability to leverage dollars if funds and local decision-making are housed in a state agency. In FY 2010, GaFCP collaborative organizations leveraged \$7 million in state funds (each county received \$44,500) and brought \$35 million to Georgia; \$5 for every \$1 of state investment.
- Serving fewer children and families. GaFCP serves all 159 counties. For FY 2012, GOCF proposes to serve only 25 counties.

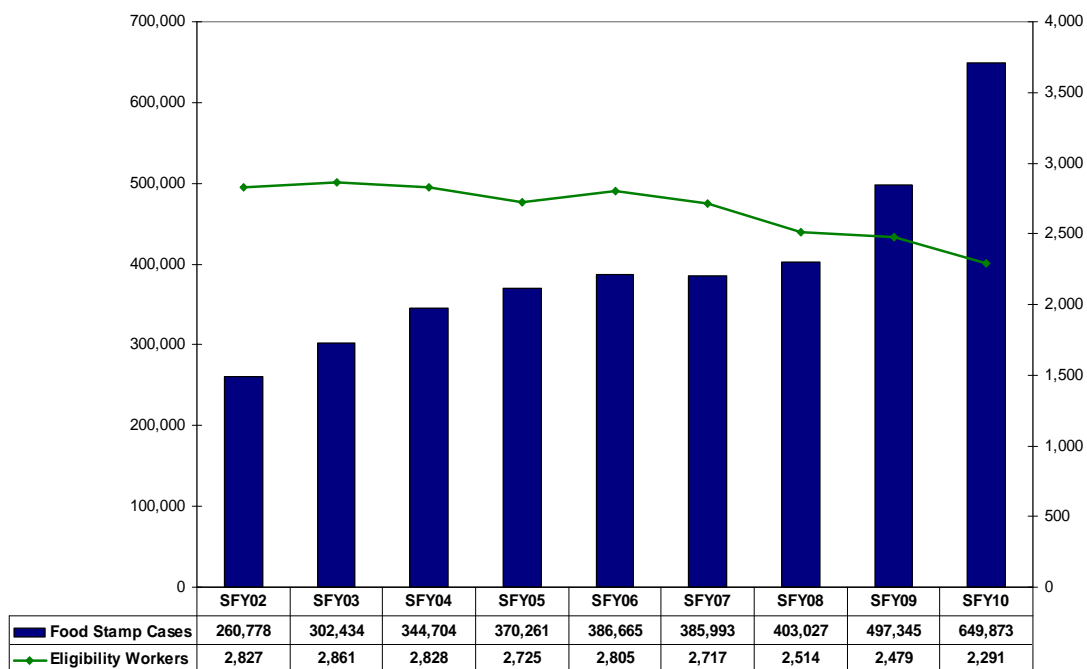
### Recent Budget Trends

- **Cuts in the front-line.** In the current budget year, DHS is expected to cut 284 eligibility workers who help eligible families' access food stamps, Medicaid, and TANF.<sup>7</sup>
- **Cut services that help poor families maintain employment.** In FY 2011, state funds that helped newly employed TANF recipients maintain their jobs and avoid accessing cash assistance were cut by more than 53 percent.

### Other Considerations

Food stamp cases have risen dramatically as Georgia faces high unemployment and stagnant wages. Yet there are less and less eligibility workers to assist eligible Georgians in accessing food stamps, TANF, and Medicaid, as shown in Figure 3.

**Figure 3: Food Stamp Recipients Increase as Eligibility Workers Decrease**



Source: DHS Commissioner Presentation at November 2010 Board Meeting.

In 2004, the ratio was 379 cases per worker. In 2010, the ratio was 667 cases per worker.<sup>8</sup>

DHS has automated the food stamp application, which likely has provided some efficiencies in eligibility workforce. However, TANF and Medicaid applications are not available online.

## Division of Aging 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.

**From FY 2009 to FY 2012, state funds for aging services decreased by \$13.6 million (14.8 percent).**

**Table 2: Division of Aging Services: State Fund Changes from FY 2009 to FY 2012**

	FY 2009 State Funds	FY 2011 State Funds	FY 2012 State Funds	FY 2011 – FY 2012 Change (\$)	FY 2011 – FY 2012 Change (%)	FY 2009 – FY 2012 Change (%)
Elder Abuse Investigations & Prevention	\$14,577,451	\$11,749,971	\$11,882,865	\$132,894	1.1%	-18.5%
Elder Community Living Services	\$74,875,441	\$67,188,700*	\$65,416,343	-\$1,772,357	-2.6%	-12.6%
Elder Support Services	\$2,059,156	\$665,555	\$666,656	\$1,101	0.2%	-67.6%
Council on Aging	\$252,352	\$186,578	\$182,391	-\$4,187	-2.2%	-27.7%
<b>SUBTOTAL</b>	<b>\$91,764,400</b>	<b>\$79,790,804*</b>	<b>\$78,148,255</b>	<b>-\$1,642,549</b>	<b>-2.1%</b>	<b>-14.8%</b>

\* Includes \$11,419,119 in enhanced federal Medicaid Recovery Act funds. See explanation below.

### Proposed Budget Highlights

- Elder Community Living Services –
  - For FY 2012, the governor proposes state funds totaling \$11.4 million to replace expired enhanced federal Medicaid funding included in the Recovery Act. For FY 2010 and FY 2011, fewer state dollars were needed to maintain the same level of services as a result of the enhanced matching funds. In the FY 2011 budget, these additional federal funds were not explicitly displayed in the DHS budget; however, these funds were still expected to flow to the agency in FY 2011 in the same manner as in FY 2010.<sup>9</sup>
  - Cuts \$1.6 million for Alzheimer respite services (\$225,000) and non-Medicaid home- and community-based respite services (\$1.4 million).
  - Eliminates the contract with the Center for the Visually Impaired (\$178,000).

### Recent Budget Trends

- **Reduce state funds to the minimum required level to receive federal funds.** State funds are at the minimum required level to receive federal funds under the Older Americans Act. Georgia fell to this minimum level after former Governor Perdue requested an additional 4 percent cut in state funds in August, 2010, which cut Alzheimer respite



services (\$225,000), Center for the Visually Impaired (\$177,859), and non-Medicaid home- and community-based respite services (\$1.4 million).<sup>10</sup>

Any new cuts in the amended FY 2011 budget or the FY 2012 budget to state or local funds beyond the cuts mentioned, could risk noncompliance with the Older Americans Act. The consequence could be an estimated \$6 dollar loss in federal funds for every \$1 of unmet state and local required funds.

- **Recovery Act funds replaced state funds.** In FY 2010, state funds totaling \$1.045 million were replaced by Recovery Act funds in the Meals on Wheels and Congregate Meals Programs (through the Nutritional Services Incentive Program), ensuring that 138,000 meals continued. The Recovery Act funds were spent by May 2010, leaving a \$1.045 million hole in FY 2011 and beyond.<sup>11</sup> These state funds were not restored in FY 2012.
- **Backfill state fund cuts with other funds.** In FY 2011, \$1 million in state funds for Long-Term Care Ombudsmen (LTCO) and \$611,520 in Adult Protective Services (APS) were replaced with Nursing Home Civil Monetary Penalties collected by the Department of Community Health. This trend continues in FY 2012.

Other Considerations

The Georgia Council on Aging reports that Georgia seniors are in increasing need of services:

- 23 percent have incomes between 50 and 100 percent of the federal poverty line;
- 22 percent live alone;
- Ranked 6th in the nation for food insecurity between 2001 and 2007 at 8.6 percent; and,
- Waiting lists have grown to 4,399 for home delivered and 312 for congregate meals.<sup>12</sup>

**Division of Child Support**

This division helps children by enforcing parental responsibility to pay financial support, including:

- Assistance with locating non-custodial parents, confirming paternity, establishing and enforcing child support and medical support orders, and collecting and distributing payments.
- Georgia Fatherhood Services Network and the Access and Visitation Program, both of which seek to increase non-custodial parent involvement in a child's life.<sup>13</sup>

**From FY 2009 to FY 2012, state funds for child support services decreased by \$436,260 (1.7 percent).**

**Table 4: Division of Child Support Services: State Fund Changes from FY 2009 to FY 2012**

	FY 2009 State Funds	FY 2011 State Funds	FY 2012 State Funds	FY 2011 – FY 2012 Change (\$)	FY 2011 – FY 2012 Change (%)	FY 2009 – FY 2012 Change (%)
<b>Child Support Services</b>	\$24,963,922	\$20,041,528	\$24,527,662	\$4,486,134	22.4%	-1.7%

### Proposed Budget Highlights

- In FY 2012, \$5.1 million in state funds are proposed to replace the loss of incentive funds from the federal Recovery Act funds. In FY 2011, \$18.5 million in program specific federal Recovery Act funds were allocated to the program to increase current support paid to families and replaced \$2.3 million in state funds. In FY 2011, \$2.8 million in state funds also were cut without explanation from policymakers or DHS about how to implement this cut.
- Replace \$1 million in state funds with federal funds.

## **Office of Residential Child Care**

This office monitors, inspects, and licenses foster care residential facilities, child-placing agencies, and health care facilities.

**From FY 2009 to FY 2012, state funds for residential child care were virtually eliminated, cut \$8.8 million (100 percent).**

**Table 5: Office of Residential Child Care: State Fund Changes from FY 2009 to FY 2012**

	<b>FY 2009 State Funds</b>	<b>FY 2011 State Funds</b>	<b>FY 2012 State Funds</b>	<b>FY 2011 – FY 2012 Change (\$)</b>	<b>FY 2011 – FY 2012 Change (%)</b>	<b>FY 2009 – FY 2012 Change (%)</b>
<b>Child Care Licensing</b>	\$8,759,268	\$343,200	\$0	-\$343,200	-100%	-100%

### Proposed Budget Highlight

Replace remaining \$343,200 in state funds with federal TANF funds. Once again, federal TANF funds are used to backfill state fund cuts.

### Recent Budget Trends

**Backfill state funds cuts with federal funds.** In FY 2011, state funds totaling \$1.4 million were replaced by federal TANF funds. Child care licensing is an important government function, but it is far from the direct purposes of TANF (e.g., promoting family economic security). While lawmakers shifted \$1.4 million TANF funds for regulators in FY 2011, they also cut \$585,422 in TANF funds for the Federal Eligibility Benefit Services program that helps increasing numbers of low-income families access food stamps, Medicaid, and TANF.

The continuing trend of replacing state funds with federal TANF funds is putting Georgia at risk of not meeting its TANF Maintenance of Effort (MOE) requirement – with the potential consequence of a future reduction in Georgia’s TANF federal funds and an increase in the state MOE. (For further background information see GBPI’s recent brief, *New Proposed State Fund Cuts Could Cost Georgia Millions in Federal Funds*, available at GBPI.org.)

## Policy Considerations

According to the FY 2012 budget proposal, DHS faces a cut of \$5.9 million in state funds from FY 2011 and \$170 million from FY 2009, excluding Recovery Act State Stabilization funds used in FY 2010 and FY 2011. This continued bleak fiscal picture for FY 2012 raises the following questions about how DHS can effectively serve eligible children, families, and the elderly:

- How large will the waiting list grow for subsidized child care without renewed federal TANF fund investment or an increase in state funds?
- Can DHS meet the increasing demand for access to Medicaid, Food Stamps, and TANF with less eligibility workers?
- With Recovery Act funding for the adult subsidized employment program expired, is the proposed cut in Work Employment Services moving in the wrong direction?
- Will cuts in services for seniors, such as meals and respite services, make it more difficult for seniors to live in their communities and force them into more costly nursing home care?
- Will lawmakers avoid further state fund cuts to meet Maintenance of Effort requirements and protect federal funds under TANF and the Older Americans Act?

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## Endnotes

<sup>1</sup> Unless otherwise noted, data from the FY 2012 budget are from the Governor's proposal (available at [http://opb.georgia.gov/vgn/images/portal/cit\\_1210/55/14/167205162State%20of%20Georgia%20Budget%20FY2012.pdf](http://opb.georgia.gov/vgn/images/portal/cit_1210/55/14/167205162State%20of%20Georgia%20Budget%20FY2012.pdf)), Data from FY 2011 budget from House Bill 948, from FY 2010 budget from House Bill 119, and from FY 2009 from House Bill 990.

<sup>2</sup> Georgia DHS website, <http://www.dhr.state.ga.us/portal/site/DHS/>

<sup>3</sup> Overview of Kenny A. v. Perdue. Available at [http://childwelfare.net/activities/kennya/kenny\\_a\\_case\\_overview\\_20060718.html](http://childwelfare.net/activities/kennya/kenny_a_case_overview_20060718.html)

<sup>4</sup> Author calculation. Added together program budgets of Eligibility Determination, Food Stamp Eligibility and Benefits, and Support for Needy Families – Family Assistances. These programs were merged into Federal Eligibility Benefit Services in FY 2011.

<sup>5</sup> Commissioner B.J. Walker presentation to DHS Board, *SFY 11 Amended & SFY 12 Budget Discussion*, Available at [http://dhs.georgia.gov/DHR/DHR\\_CommonFiles/GovernorBudgetPresentation.ppt](http://dhs.georgia.gov/DHR/DHR_CommonFiles/GovernorBudgetPresentation.ppt)

<sup>6</sup> "Number of Families: Child care Inquiry Waiting List SFY2003- SFY 2009," Georgia DHS, February 17, 2009.

<sup>7</sup> Author calculation assuming \$3.2 million cut eliminated 137 eligibility workers.

<sup>8</sup> DHS Commissioner Clyde L. Reese, III presentation to the Joint Appropriations Committee, January 20, 2011.

<sup>9</sup> 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 also are 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 DHS and DBHDD programs are not fully displayed in agency budgets, even though these funds are eventually spent through these programs.

<sup>10</sup> Based on MOE Projected Compliance for FY 2011, prepared by DAS July 21, 2010.

<sup>11</sup> Georgia Council on Aging, *Senior Issues Newsletter 12-31-10 edition*.

<sup>12</sup> Ibid.

<sup>13</sup> Division of Child Support website, <http://ocss.dhs.georgia.gov/portal/site/DHS-OCSE/>