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## Three Years of Deep Cuts Overview of the Approved FY 2012 DHS Budget

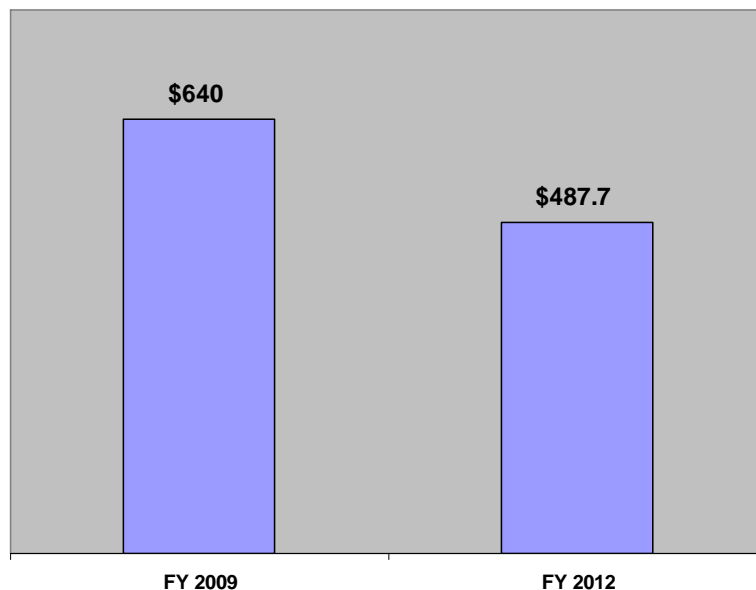
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### Summary

Georgia legislators and the governor agreed to add \$11.7 million in state general funds to the Department of Human Services (DHS) fiscal year 2012 general budget compared to the current year's enacted budget. Out of the \$11.7 million, \$9.6 million were for administrative expenses for the State Health Benefit Plan, employee retirement system, unemployment insurance, and technology. This relatively level budget comes after several years of deep cuts to services for children, seniors and low-income families.

**State general funds for DHS decreased by 23.8 percent, from \$640 million to \$487.7 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 budget passed prior to the Great Recession.

Figure 1 Deep Cuts to DHS State Budget since FY 2009 (in millions)



Sources: FY 2009 House Bill 990 and FY 2012 House Bill 78

The FY 2012 budget cuts approximately \$15.3 million in state funds needed to satisfy the Temporary Assistance for Needy Families (TANF) Maintenance of Effort (MOE) requirement.<sup>2</sup> DHS is using third party private funds to cover the deficit. Failure to meet the TANF MOE requirement 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, download GBPI's brief, *New Proposed State Fund Cuts Could Cost Georgia Millions in Federal Funds*, at [www.GBPI.org](http://www.GBPI.org).)

Major budget impacts for FY2012 include:

- Cutting \$9.8 million in federal TANF funds for Federal Eligibility Benefit Services that help an increasing number of struggling families access Medicaid, TANF, and Foods Stamps. In 2004, the ratio was 379 cases per worker. In 2010, the cases per worker climbed to 667. The FY 2011 budget called for the elimination of approximately 284 eligibility workers.
- Eliminating all state funds for Support for Needy Families Work Assistance and cutting the overall program by \$2 million. This hits after Recovery Act funds expired in September 30, 2010 for the adult subsidized employment program that placed 2,300 unemployed Georgians in jobs.
- Adding 400 slots to Child Care Services by re-directing federal funds from a \$1.4 million contract with the Ferst Foundation, which provides books for children enrolled in subsidized child care. This is a small step forward considering that an estimated 10,000 less children will receive subsidized child care in FY 2012 due to the expiration of Recovery Act funds and minimal re-investment of federal TANF funds.
- Restoring \$2.8 million for aging services:
  - \$225,000 for Alzheimer's Respite Services
  - \$1,376,718 for Non-Medicaid Home and Community-Based Respite Services
  - \$177,859 for the Center for the Visually Impaired
  - \$1,045,000 for Elderly Nutrition (Meals on Wheels)
- Preserving Family Connection Partnership as an attached DHS agency.
- Maintaining \$655,000 in state funds for sexual assault centers and \$1 million to serve non-TANF eligible domestic violence victims, which cannot be counted as TANF MOE.
- Eliminating furlough days for non-DFCS employees and reducing furlough days for DFCS employees from 12 to six days, starting July 1, 2011.<sup>3</sup> Commissioner Clyde Reese explained his goal of reducing 12 furlough days, which amounts to a 5 percent pay cut, for all DHS employees; however, including all DFCS staff would have required the elimination of 450 positions. The pay restored for eliminated and reduced furlough days will help employees cover the increased premiums in the State Health Benefit Plan.

**Persistent Cuts  
to Frontline  
Workers**

*The number of  
eligibility workers  
decreased by 18  
percent from 2006  
to 2010.*

## Department of Human Services

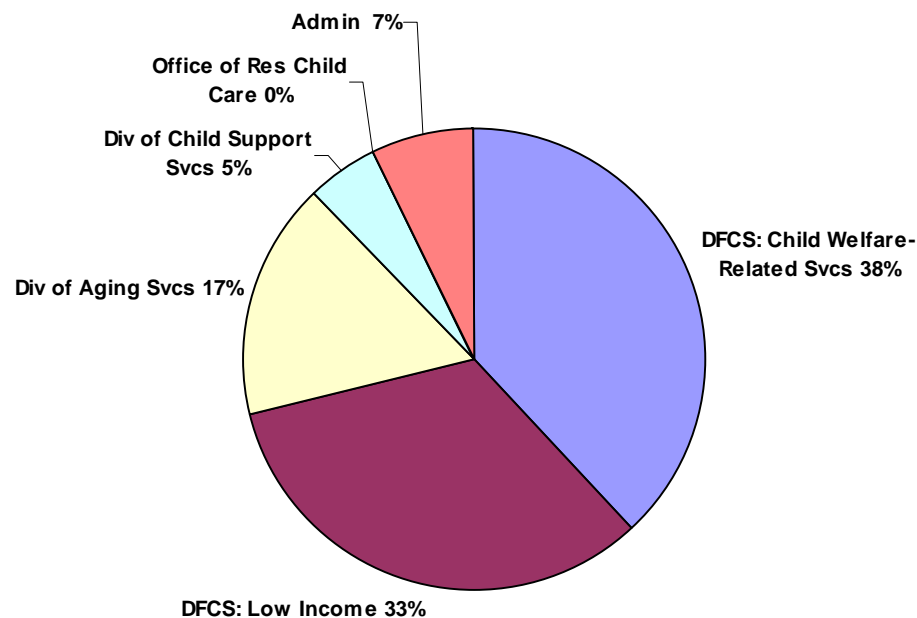
To better understand the FY 2012 DHS budget and the impact of cuts since FY 2009, this overview provides information about each DHS division and office, including services and recent budget trends.

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>4</sup>”. DHS is organized as follows:

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

For FY 2012 state funds are distributed among the DHS divisions, office and administration as follows:

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



Source: FY 2012 House Bill 78

## 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 to strengthen families:

- 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 permanently placing children by prescreening 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 \$90.2 million (32.8 percent).** However, after taking into account federal TANF funds used to backfill state funds, **child-welfare related services decreased by 17.7 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	\$34,059,119	\$2,807,970	9%	-4.2%
Child Welfare Services	\$117,613,541	\$89,414,370	\$89,712,644	\$298,274	0.3%	-23.7%
Family Violence Services	\$6,151,950	\$4,483,171	\$1,655,000	-\$2,828,171	-63.1%	-73.1%
Out-of-Home Care	\$115,871,866	\$65,623,166	\$59,577,370	-\$6,045,796	-9.2%	-48.6%
<b>SUBTOTAL</b>	<b>\$275,205,999</b>	<b>\$190,771,856</b>	<b>\$185,004,133</b>	<b>-\$5,767,723</b>	<b>-3%</b>	<b>-32.8%</b>
<b>WITH TANF</b>	<b>\$486,649,060</b>	<b>\$415,588,316</b>	<b>\$400,479,562</b>	<b>-\$15,108,754</b>	<b>-3.6%</b>	<b>-17.7%</b>

### 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, \$2.8 million in state funds were added back to the program. Fewer state funds were needed to replace Recovery Act funds and maintain the same level of service.<sup>5</sup>

- Out-of-Home Care, which provides public and private foster care services to children in state custody, was cut a net \$6 million, including:
  - Cut of \$9 million to reflect the decrease in utilization of the program. From FY 2009 to FY 2010 the number of children in foster care dropped nearly 9 percent (47 percent from FY 2004 to FY 2010).
  - Replaced \$655,000 state funds with federal TANF funds. (Note: *Out-of-Home Care also was cut by \$16.8 million in federal TANF funds.*)
  - For FY 2012, \$3.6 million in state funds are added back to the program as the Recovery Act Funds are no longer available. Fewer state funds were needed to replace Recovery Act funds and maintain the same level of service.<sup>6</sup> (In FY 2011, \$4 million in state funds were replaced by federal Recovery Act funds.)
  
- Family Violence Services – Replaced \$2.8 million in state funds with federal TANF funds. To ensure state funds continue to pay for expenses that may not be allowable under TANF, \$655,000 remains for Sexual Assault Centers and \$1 million remains for victims of domestic violence not covered under TANF. These state funds cannot be counted as TANF MOE.

#### Recent Budget Trends that Continue into FY 2012

- **Backfill state fund 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.
- **Furlough days.** After three years of furlough days, Commissioner Reese has reduced the number of DFCS furlough days down to six in FY 2012, since employees are faced with increasing health insurance premiums.
- **Reduce state funds to the minimum level 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 and was not restored in FY 2012.

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

Supports to low-income Georgia families include:

- Subsidized child care, and
- 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 \$15.1 million (8.9 percent).** However, excluding \$6.6 million in state funds added for administrative purposes, ***low-income family supports decreased by 12.8 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	\$54,234,300	-\$27,731	-0.1%	-7.4%
<b>Federal Eligibility Benefit Services</b>	\$102,925,768 <sup>7</sup>	\$93,258,965	\$99,903,637	\$6,644,672	7.1%	-2.9%
<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>\$154,237,937</b>	<b>\$3,039,283</b>	<b>2%</b>	<b>-8.9%</b>
<b>WITH TANF</b>	<b>\$314,374,063</b>	<b>\$253,290,052</b>	<b>\$248,263,522</b>	<b>\$5,026,530</b>	<b>2%</b>	<b>-21%</b>

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.

In FY 2012, with the expiration of Recovery Act funds and a proposed federal TANF fund investment of \$600,000, total program funding for Child Care and Parent Services program (CAPS) is back down to \$226 million, almost equivalent to the total program funding for FY 2006 to FY 2009. In FY 2009, a similar CAPS budget served an average of about 54,000 children per month with 4,000 families on the waiting list.<sup>8</sup>

The governor agreed with legislators to eliminate the Ferst Foundation contract (books for children ages birth to 5 enrolled in subsidized child care) and to redirect \$1.4 million in federal funds to subsidized child care, which is the equivalent of 400 slots. This is a small step forward considering that an estimated 10,000 less children will receive subsidized child care in FY 2012 due to the expiration of Recovery Act funds and minimal re-investment of federal TANF funds.

- Federal Eligibility Benefit Services – Cut \$9.8 million in federal TANF funds for Federal Eligibility Benefit Services that help an increasing number of struggling families access Medicaid, TANF and Foods Stamps. In 2004, the caseload ratio was 379 cases per worker. The cases per worker climbed to 667 in 2010. The FY 2011 budget called for the elimination of approximately 284 eligibility workers.

*For FY 2012 the \$6.6 million increase in state funds are all directed to administrative expenses (e.g., State Health Benefit Plan and Employees’ Retirement System) and not to eligibility workers.*

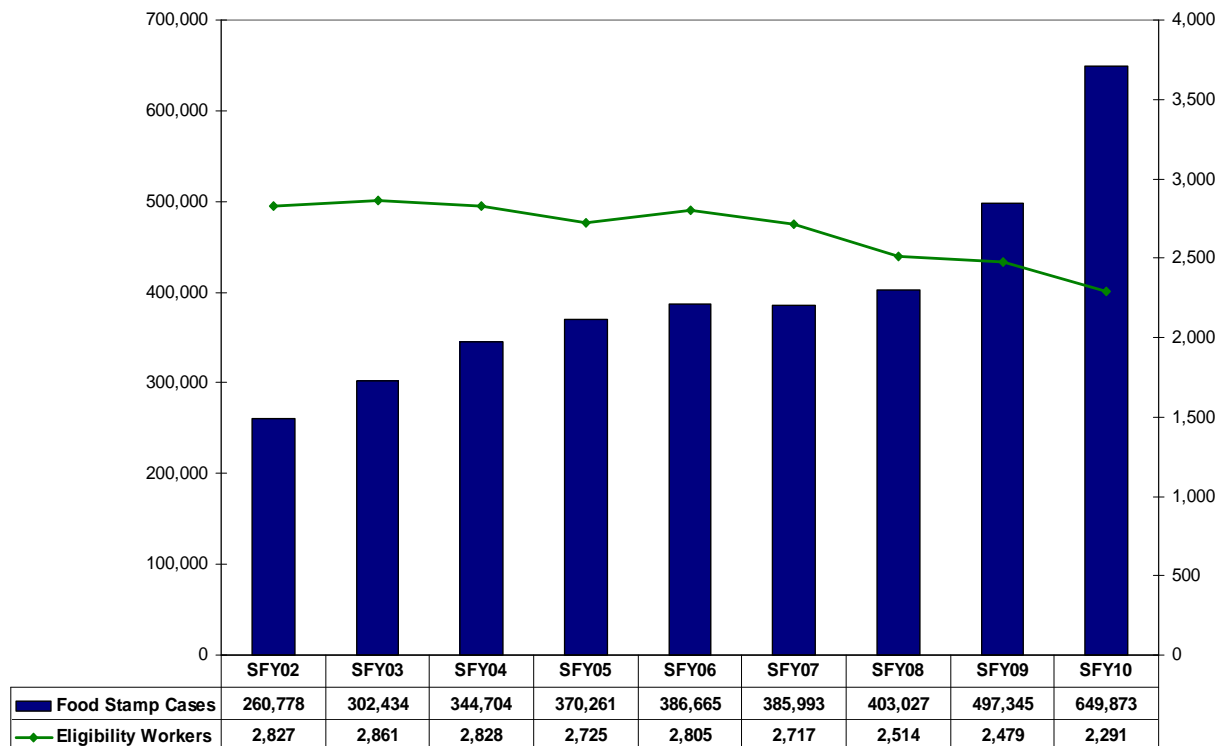
- Support for Needy Families Work Assistance – All remaining state funds, \$3.6 million, are replaced with federal TANF funds. The overall program budget is reduced by \$2 million. These funds could be used to continue the subsidized employment program that began under the Recovery Act TANF Emergency Fund, which employed 2,300 unemployed Georgians prior to September 30, 2010.
- Preserve Family Connection Partnership as an attached DHS agency.

### Recent Budget Trends that Continue into FY 2012

The number of eligibility workers has decreased over the past five years from 2,805 workers in FY 2006 to 2,291 in FY 2010. In FY 2011, DHS was expected to cut 284 eligibility workers who help eligible families access food stamps, Medicaid, and TANF.<sup>9</sup> The FY 2012 budget does not include funds to replace lost eligibility workers.

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 caseload ratio was 379 cases per worker. The ratio was 667 per worker in 2010.<sup>10</sup> Despite the increase in food stamp cases, 37 percent of participants eligible for food stamps in Georgia do not participate in the program.<sup>11</sup>

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

## Division of Aging Services

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 \$11.1 million (12.1 percent).**

*Table 3 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 and Prevention	\$14,577,451	\$11,749,971	\$12,287,841	\$537,870	4.6%	-15.7%
Elder Community Living Services	\$74,875,441	\$67,188,700*	\$66,401,043	-\$787,657	-1.2%	-11.3%
Elder Support Services	\$2,059,156	\$665,555	\$1,729,095	\$1,063,540	159.8%	-16%
Council on Aging	\$252,352	\$186,578	\$198,052	\$11,474	6.1%	-21.5%
<b>SUBTOTAL</b>	<b>\$91,764,400</b>	<b>\$79,790,804*</b>	<b>\$80,616,031</b>	<b>\$825,227</b>	<b>1%</b>	<b>-12.1%</b>

\* Includes \$11,411,119 in enhanced federal Medicaid Recovery Act funds.

### Budget Highlights

- Elder Community Living Services –
  - For FY 2012, \$10.6 million in state funds replaced expired enhanced federal Medicaid funding included in the Recovery Act. 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, but were still expected to flow to the DHS.<sup>12</sup>
  - Restores funds for Alzheimer respite services (\$225,000) and non-Medicaid Home and Community-Based respite services (\$1.4 million).
  - Restores contract with the Center for the Visually Impaired (\$178,000).
- Elder Support Services – Restores \$1.045 million in state funds that were previously 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 continue.



### Recent Budget Trends that Continue in FY 2012

- **Reduce state funds to the minimum level required to receive federal funds.** State funds remain close to the minimum required level to receive federal funds under the Older Americans Act. The restoration of \$2.8 million in state funds to aging services in FY 2012 ensures Georgia complies with the Older Americans Act. The consequence of noncompliance could be an estimated \$6 loss in federal funds for every \$1 of unmet state and local required funds—a risk Georgia should avoid in future budget years.
- **Backfill state fund cuts with other funds.** In FY 2011, \$1 million in state funds for the Long-Term Care Ombudsmen and \$611,520 in Adult Protective Services 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, 8.6 percent, nationally for food insecurity between 2001 and 2007.
- Waiting lists are 4,711 for home delivered and congregate meals.<sup>13</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>14</sup>

**From FY 2009 to FY 2012 state funds for child support services increased by \$178,516 (0.7 percent).**

*Table 4* **Division of Child Support Services: 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 Support Services</b>	\$24,963,922	\$20,041,528	\$25,142,438	\$5,100,910	25.5%	0.7%

### Budget Highlights

- In FY 2012, \$5.1 million in state funds replaced the loss of incentive funds from the federal Recovery Act funds.
- Added \$1 million in state funds for administrative purposes (e.g., State Health Benefit Plan and Employees' Retirement System) but cut \$1 million for personnel.

## 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 eliminated, a cut of \$8.8 million (100 percent).**

Table 5 **Office of Residential Child Care: 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 (%)
Child Care Licensing	\$8,759,268	\$343,200	\$0	-\$343,200	-100%	-100%
<b>WITH TANF</b>	\$8,759,268	\$1,711,294	\$2,193,862	\$482,568	28.2%	-75%

### Budget Highlight

Replace remaining \$343,200 in state funds with federal TANF funds, which were used to backfill state fund cuts. However, even with increasing federal TANF funds, the Child Care Licensing budget has decreased by 75 percent since FY 2009.

### Budget Trends that Continue into FY 2012

**Backfill state fund 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 increased funds for child care regulators, they cut \$585,422 in TANF funds for the Federal Eligibility Benefit Services program that helps low-income families access food stamps, Medicaid, and TANF.

In addition to redirecting TANF funds away from its direct purposes, 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.

## Policy Considerations

Excluding the \$9.6 million added for administrative purposes, the DHS state fund budget for FY 2012 is relatively flat compared to FY 2011, but faces a cumulative cut of \$152.3 million compared to FY 2009. These deep cumulative cuts that continue into FY 2012 raise 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 fewer eligibility workers?
- 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 House Bill 78 as signed by the governor, data from FY 2011 budget are from House Bill 948, data from FY 2010 budget are from House Bill 119, and data from FY 2009 budget are from House Bill 990.
- <sup>2</sup> DHS Board Presentation on FY 2011 Amended and FY 2012 Budget, April 20, 2011.
- <sup>3</sup> Commissioner Clyde L. Reese, III remarks during Commission Report at DHS Board Meeting, April 20, 2011.
- <sup>4</sup> Georgia DHS website, <http://www.dhr.state.ga.us/portal/site/DHS/>
- <sup>5</sup> Due to a change in the Federal Medical Assistance Percentage (FMAP). FMAP is used to determine the amount of Federal matching funds for state expenditures for assistance payments for certain social services, and state medical and medical insurance expenditures.
- <sup>6</sup> Ibid.
- <sup>7</sup> Author calculation. Added together program budgets of Eligibility Determination, Food Stamp Eligibility and Benefits, and Support for Needy Families – Family Assurances. These programs were merged into Federal Eligibility Benefit Services in FY 2011.
- <sup>8</sup> “Number of Families: Childcare Inquiry Waiting List SFY 2003- SFY 2009,” Georgia DHS, February 17, 2009.
- <sup>9</sup> Author calculation assuming \$3.2 million cut eliminated 137 eligibility workers.
- <sup>10</sup> DHS Commissioner Clyde L. Reese, III presentation to the Joint Appropriations Committee, January 20, 2011.
- <sup>11</sup> United States Department of Agriculture fact sheet *Helping Low-Income Families, States, and Local Communities in Georgia – Increase in SNAP Participation Creates Substantial Economic Results*, provided by Atlanta Community Food Bank.
- <sup>12</sup> Although the bulk of Georgia’s Medicaid program is funded through 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 DHS and DBHDD programs are not fully displayed in agency budgets, even though these funds are eventually spent through these programs.
- <sup>13</sup> Georgia Council on Aging, *Senior Issues Newsletter 12-31-10 edition*.
- <sup>14</sup> Division of Child Support website, <http://ocss.dhs.georgia.gov/portal/site/DHS-OCSE/>