

**TESTIMONY BEFORE
BUDGET AND FINANCE COMMITTEE
BUDGET STATUS
September 23, 2008**

Chairman Carlson, members of the Budget and Finance Committee, I am Brenda M. Weisz, Chief Financial Officer for the Department of Human Services. I appear before you today to provide information on the status of the 2007 – 2009 Budget for major programs within the Department. I will also provide an update on the Department's work on the 2009 – 2011 biennium budget request.

STATUS OF THE DEPARTMENT'S 2007 – 2009 BUDGET

At this time please refer to the attached information regarding the status of major programs within the Department along with the estimated unspent general fund authority and the status of one-time expenditures.

The only major programmatic change is the increase in eligibility for the SCHIP program which is to go into effect October 1, 2008. Eligibility is moving from 140% net of poverty to 150% net of poverty.

BUDGET DEVELOPMENT FOR THE 2009 – 2011 BIENNIUM

The Department has received an extension until October 15, 2008 to submit the budget request for the 2009 – 2011 biennium.

The Department is currently assessing the cost and utilization changes of our major programs and we continue to work with OMB on our costs to continue.

Issues we are looking at include:

- Capacity - impacting the Regional Human Service Centers as well as at the State Hospital - Traditional Services. For the first time in two biennia we do not anticipate a growth in the Secured Services population at the State Hospital.
- Federal Medical Assistance Percentage (FMAP) - In estimating the anticipated changes in FMAP, the preliminary impact to the Department's 2009 – 2011 budget based on a weighted FMAP of 63.15% equates to an increased general fund need of approximately \$9.7 million. This amount is a starting point **before considering any changes to costs or utilization**. As we finalize the various components of our budget, we will have a better indication of the final impact. Also, last week the final FMAP was released for FFY 2010 and that percentage is 63.01%, which is lower than we had initially anticipated. We are currently looking into the impact of this change from our initial estimate.

In regard to potential provider increases, we are looking at the estimated costs for scenarios ranging from 4% to 7% (in 1% increments).

Finally, regarding one-time funding requests, we continue to assess the capital improvement and repair needs at the Institutions. This biennium we will make our final bond payment at the Southeast Human Service Center. The final bond payments will be made at both the State Hospital and Developmental Center during the 2009 – 2011 biennium. Additionally, the Department will be submitting an OAR for the replacement of the Eligibility Determination System, which was ranked as number 5 by the State Information Technology Advisory Committee (SITAC).

This concludes my testimony. I would be happy to address your questions.