

Testimony
Senate Bill 2012 – Department of Human Services
House Appropriations – Human Resources Division
Representative Pollert, Chairman
March 3, 2011

Chairman Pollert, members of the House Appropriations Committee - Human Resources Division, I am Brenda M. Weisz, Chief Financial Officer for the Department of Human Services. I am here today to provide an overview of the Administration / Support area.

Programs

This area of the budget includes the Executive Office, Legal Advisory Unit, Human Resources, and Fiscal Administration. Each of these areas provides the needed support for the divisions within the Department to carry out their programs. This budget area includes centralized costs for department-wide expenditures such as program appeals, audit fees charged by the State Auditor's Office, and the legal work provided by the Attorney General's Office. Also included are the centralized costs for the Central Office divisions such as motor pool expenses, postage for routine mailings such as federally required client TANF notices, along with the telephone services provided by the Information Technology Department. Finally, this area of the budget reflects the Insurance and Risk Management Fees for the Central Office and Human Service Centers.

Major Program Changes

There have not been any program changes in this area.

Overview of Budget Changes

Description	2009 - 2011 Budget	Increase / Decrease	2011 - 2013 Executive Budget	Senate Changes	To House
Salary and Wages	9,346,006	1,005,986	10,351,992		10,351,992
Operating	4,913,798	769,625	5,683,423		5,683,423
Total	14,259,804	1,775,611	16,035,415		16,035,415
General Funds	6,727,982	1,047,414	7,775,396		7,775,396
Federal Funds	6,468,144	621,923	7,090,067		7,090,067
Other Funds	1,063,678	106,274	1,169,952	-	1,169,952
Total	14,259,804	1,775,611	16,035,415		16,035,415
FTE	74.60	0.00	74.60		74.60

Budget Changes from Current Budget to the Executive Budget:

The Salary and Wages line item increased by \$1,005,986 and can be attributed to the following:

- \$553,938 in total funds of which \$356,700 is general fund needed to fund the Governor's salary package for state employees.
- An increase of \$91,753 to cover an underfunding of salaries from the 2009-2011 budget.
- \$206,867 in total funds of which \$166,092 is general fund needed to fund the second year employee increase for 24 months versus the 12 months that are contained in the current budget.
- During the biennium the Department recognized an increased need in assistance from the Legal Advisory Unit and moved an FTE internally to accommodate this priority. Increased appeals, administrative rules and federal requirements especially from the Centers of Medicare and Medicaid have required additional legal expertise within the Department. The additional attorney hired resulted in additional need of \$121,237 for salary and fringes.

- The remaining \$32,191 is a combination of increases and decreases needed to sustain the salary of the 74.60 FTE in this area of the budget.

The Operating line item increased by \$769,625 (15.7%) and is a combination of the increases and decreases expected next biennium.

Outlined below are the significant areas of change:

- \$602,146 increase in Professional Fees. \$298,481 is a result of increased utilization of the services provided by the Attorney General's office coupled with their rate increase of 4.63% - \$73.81 per hour to \$77.23 per hour. \$267,258 is attributed to services provided by the Office of Administrative Hearings. Our utilization in this area has increased along with a rate increase of 33.99% - \$93.29 per hour to \$125.00 per hour. The remainder of the increase is attributed to the expected increase in audit fees of \$36,407.
- \$53,737 is attributable to the increase in the Travel category of the budget. \$49,025 is related to an increase in state fleet usage partially offset by a rate decrease established by DOT - \$0.40 per mile to \$0.37 per mile. The remainder of the increase is related to additional travel required by staff for training and to audit cost reports of the additional basic care facilities across the state.
- \$52,867 increase in Insurance the majority being a result of a rate increase by OMB for the Department's Central Office and Human Service Center risk management premium, offset by decreases in property and foster care liability insurance.
- \$35,120 increase in Building Leases. \$26,298 is attributable to rate increases established by OMB – office space from \$8.97 to \$10.21 (13.8%) per square foot and storage space \$1.36 to \$1.42 (4.4%) per square foot. The payment to OMB is federal/other funds and contains no general funds. \$3,189 is due to a \$1 per square foot

rate increase (\$13.50 to \$14.50) established by Workforce Safety and Insurance for staff located in the Century Center. The remainder of the increase is essentially due to an oversight, as our current budget did not include two years of rent for staff located at the North Central Human Service Center.

- \$21,780 increase in Printing costs as a result of a rate increase by OMB of 3% each year of the biennium, and an anticipated 7% increase each year of the biennium for envelopes based upon information provided by current vendor.
- \$10,313 increase in the Postage budget due to a 4% postal rate increase anticipated in October 2011 and October 2012.
- A decrease of \$16,235 in IT Communications is primarily due to the reduced long distance rates from \$0.09 to \$0.07 a minute and reduced utilization of blackberry services and rates.

The general fund request increased by \$1,047,414 with 58% of the increase (\$608,683) associated with the salary changes as indicated above. The remaining increase of \$438,731 is associated with the increase in the operating changes described above.

The net change of the federal and other funds is a result of the increases above and the approved cost allocation plan which is the basis for the majority of the funding in this area of the budget.

Senate Changes:

The Senate made no changes to this section of the Department's budget.

This concludes my testimony on the 2011 – 2013 budget request for Administration / Support area of the Department. I would be happy to answer any questions.