

Testimony
House Bill 1012 – Department of Human Services
House Appropriations – Human Resources Division
Representative Pollert, Chairman
January 12, 2009

Chairman Pollert, members of the House Appropriations Human Resources Committee, I am Brenda M. Weisz, Chief Financial Officer for the Department of Human Services. I am here today to provide you 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 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.

Major Program Changes

There have not been any program changes in this area.

Overview of Budget Changes

Description	2007 - 2009 Budget	2009 - 2011 Budget	Increase / Decrease
Salary and Wages	7,987,063	14,259,277	6,272,214
Operating	4,413,840	4,972,061	558,221
Total	12,400,903	19,231,338	6,830,435
General Funds	6,117,034	10,213,494	4,096,460
Federal Funds	5,498,938	7,953,224	2,454,286
Other Funds	784,931	1,064,620	279,689
Total	12,400,903	19,231,338	6,830,435
FTE	72.60	73.60	1.0

The Salary and Wages line item increased by \$6,272,214 and can be attributed to the following:

- \$843,921 in total funds of which \$579,207 is general fund for the Governor's salary package for state employees.
- \$5,033,569 in total funds of which \$3,445,888 is general fund to address existing equity issues for employees throughout the Department including the Human Service Centers and Institutions.
- \$186,905 in total funds of which \$137,160 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.
- \$114,660 in total funds of which \$48,707 is general fund for the addition of 1.0 FTE in Fiscal Administration to address the requirements of SAS 112. This Statement of Audit Standard (SAS) is a response to Enron and other such activities found in other companies. Required under this standard is the emphasis on adequate internal controls and the requirement for detailed risk assessment analysis work. The implementation of SAS 112 was a

recommendation made by the State Auditor's Office during their last audit of the agency.

- \$64,696 total funds with \$49,602 from the general fund to provide funding for a .50 FTE position in the Executive Office that would focus on grant writing. With many of the federal grant sources moving toward a more competitive award process, the Department lacks a dedicated resource in this area.
- The remaining \$28,463 decrease is a combination of increases and decreases needed to sustain the salary of the 73.6 FTE in this area of the budget.

The Operating line item increased by \$558,221 and is a combination of increases and decreases expected next biennium. Outlined below are the significant areas of change:

- \$354,425 increase in Professional Fees. \$236,208 is a result of increased utilization of the services provided by the Attorney General's office coupled with their rate increase of 31% - \$56.34 per hour to \$73.81 per hour. \$62,515 is attributed to services provided by the Office of Administrative Hearings. Our utilization in this area has increased along with a rate increase of 5% - \$93.29 per hour to \$97.95 per hour. The remainder of the increase, is essentially attributed to the expected increase in audit fees of \$55,752.
- \$147,445 increase in the operating fees and services area. \$125,000 is due to additional centralized accounting costs being billed to the agency. These are all federal / other funds. The remainder of the increase in this area is a result of additional consultation and monitoring needs.

- \$96,586 net increase in Building Rents / Leases. As a result of an oversight, our current budget did not include two years of rent expense to be paid to Facilities Management. This amounts to an additional \$112,602 to be paid to Facilities Management which is federal/other funds and contains no general fund. This increase is offset by decreases amounting to \$16,016.
- \$64,732 increase in the IT Communications area of the budget to cover the costs of blackberries for 16 individuals along with an increase in phone utilization.
- \$60,040 is attributed to the increase in the Travel category of the budget. \$42,000 is related to state fleet usage and the rate increase established by DOT - \$0.37 per mile to \$0.40 per mile. The remainder of the increase is related to additional travel required by staff related to training in various areas.
- \$29,379 for increases in Professional Development attributed to the FTE in this area of the budget.
- \$17,981 increase in Printing costs as a result of a rate increase by OMB of 9% each year of the biennium.
- A decrease of \$171,747 in the Postage budget is a combination of the postage increases anticipated for 2007 - 2009 which did not materialize along with negotiating lower rates with our shipping vendors.
- A decrease of \$35,649 in the area of Equipment Rents / Leases as the result of statewide negotiated copier contracts completed by OMB.

The general fund request increased by \$4,096,640 with 98% of the increase is associated with the salary changes indicated above. The remainder is a result of the changes in the operating line.

Likewise the majority of the increase or 87% in the federal and other funds is a result of the salary changes indicated above, while the remainder is a result of the changes in the operating line.

This concludes my testimony on the 2009 – 2011 budget request for Administration / Support area of the Department. I would be happy to answer any questions.