

Health & Human Resources

The adopted budget for Health and Human Resources agencies contains a net increase of \$353.8 million GF. Almost 70 percent of the funding is required to meet caseload and cost increases, comply with federal and state mandates, and offset nongeneral fund revenue losses.

New initiatives or service expansions account for the remaining increase, including \$46.2 million GF for long-term care, \$32.0 million GF for mentally disabled individuals, and \$21.8 million GF for expanded Medicaid eligibility, coverage, and payments. In addition, \$149.2 million is provided from the federal TANF grant on welfare reform for child care and a number of other purposes intended to assist low-income families in achieving or maintaining self-sufficiency.

Requirements

Caseload and cost increases account for \$193.9 million GF of the added funding: \$173.8 million for increased Medicaid utilization and inflation; \$13.0 million for indigent medical care at the Medical College of Virginia and University of Virginia teaching hospitals; and \$7.1 million for children in foster care.

Federal and state mandates account for \$31.0 million GF of the additional funding. This total includes \$14.5 million to provide services to disabled persons, most of whom may no longer be served under the Medicaid elderly and disabled waiver program. Another \$4.0 million is included to implement a federally required Electronic Benefits Transfer system for food stamps. Federally required improvements in child adoptions and Medicaid claims processing explain another \$3.1 million of the funding increase.

To maintain services at current levels, the approved budget provides \$18.4 million GF to offset nongeneral fund losses: \$11.8 million for mental health facilities and \$6.6 million for child support enforcement.

Initiatives and Service Expansions

The \$46.2 million GF long-term care initiative includes: \$27.0 million in added payments to nursing homes for patient care (plus \$29.1 million in federal Medicaid funds); \$7.2 million in added payments to adult care residences (plus \$2.2 million in federal Medicaid funds); \$6.3 million in added payments for home-based personal care services (plus \$6.8 million in federal Medicaid funds); and \$5.7 million for community-based programs administered by the Department for the Aging and the Department of Social Services.

A total of \$32.0 million GF is added for expanded community services for mentally disabled individuals. Funding includes \$9.2 million for treatment of mentally ill persons, \$8.7 million for services to seriously emotionally and behaviorally disturbed children, \$8.5 million in residential and other care for mentally retarded persons, and \$5.6 million for substance abuse treatment.

Medicaid expansions include \$5.6 million GF for coverage of heart, liver, and lung transplants, \$5.2 million GF to increase eligibility for elderly and disabled persons with incomes up to 80 percent of the federal poverty level, and \$2.3 million GF for myeloma cancer treatments and colorectal cancer screenings. Medicaid reimbursement for dental care is increased by 10 percent (\$2.0 million GF plus \$2.2 million in federal funds), as a way to encourage more dentists to serve low-income children. Statewide, hospitals will receive a one-time payment of \$5.9 million GF (plus \$6.3 million in federal funds), to mitigate the impact of recent rate changes.

Expanded services and new initiatives for low-income families are funded through appropriations of \$149.2 million from the federal TANF grant on welfare reform. Because welfare caseloads and costs are declining so dramatically, the federal block grant is reinvested in other services to help families, including \$55.1 million for child care subsidies; \$16.6 million for a 10 percent increase in TANF benefits (raising the typical payment from \$291 to \$320 per month for a family of three); \$15.0 million for special employment, training, and other services for welfare recipients with the greatest difficulty in finding jobs; and \$11.0 million for a range of services intended to help homeless families in regaining self-sufficiency.

- **Secretary of Health and Human Resources**

- ***Additional Staff for the Office of the Inspector General.*** Adds \$100,000 GF and \$350,031 NGF over the biennium to establish 2.0 FTE positions in the Office of the Inspector General. The positions would support inspection activities to improve patient care in mental health and mental retardation facilities. The Inspector General position was established in FY 1999 on a pilot basis and currently is supported by one wage position. Nongeneral funds would be transferred from special revenues within the Department of Mental Health, Mental Retardation and Substance Abuse Services.
- ***Study of Medicaid Waiver for Services to Mentally Retarded Persons.*** Adds language directing the Secretary of Health and Human Resources to establish an inter-agency task force to examine implementation of the Medicaid home- and community-based waiver for mental retardation services. The task force is directed to work in conjunction with consumers, families, advocates, community services boards, and private for-profit and non-profit community-based rehabilitation providers.

- **Department for the Aging**
 - **Caregiver Respite Program.** Provides \$250,000 GF each year to expand a range of community-based and in-home respite services for families caring for frail elderly and disabled persons. The funding would serve 109 additional elderly persons statewide at an average cost of \$2,284 per person.
 - **Respite Care Incentive Grants.** Provides \$250,000 GF the first year and \$500,000 GF the second year for grants to organizations that offer respite services to persons who care for disabled individuals at home.
 - **Create Center for Elder Rights.** Adds 2.0 FTE positions and \$100,000 NGF in the second year from a federal grant to create an elder rights center. The center will provide legal and consumer assistance to older persons, as well as a toll free elder rights hotline.
 - **Conference on Aging.** Provides \$75,000 GF in the first year to conduct a conference on aging and long-term care issues.
 - **In-Home Care.** Adds \$375,000 GF each year for services to home-bound, disabled elderly persons.
 - **Home-Delivered Meals.** Adds \$325,000 GF the first year and \$350,000 GF the second year for preparation and delivery of meals to home-bound, disabled elderly persons.
 - **Transportation Services.** Adds \$100,000 GF the first year and \$200,000 the second year for transportation services provided through area agencies on aging.
 - **Care Coordination.** Adds \$100,000 GF the first year and \$200,000 the second year to initiate new care coordination (case management) programs offered by area agencies on aging, so that services would be provided statewide. Funding also would be used to expand existing programs.
 - **Special Local Projects.** Adds \$546,000 GF for special local projects: \$371,000 the first year for pharmaceutical assistance for elderly in Southwest Virginia, \$25,000 each year for adult day care in Southwest Virginia, and \$62,500 each year for Jewish Family Services of Tidewater for community-based care for the elderly.
 - **Language on Fees.** Clarifies language to allow the local area agencies on aging to use new funding to serve those with the greatest need, regardless of their ability to pay. Many local area agencies on aging provide services to elderly citizens who have

incomes below the federal poverty level and cannot afford to pay a fee for some services they receive.

- **Department for the Deaf and Hard-of-Hearing**

- ***Expansion of Outreach Services.*** Adds \$100,000 GF each year for a variety of outreach services for deaf and hard-of-hearing persons. Services would include education programs, peer counseling, and assistance in living independently.

- **Department of Health**

Service Expansions

- ***Treatment for AIDS and Hepatitis C.*** Adds \$1.1 million GF to expand eligibility and purchase additional medications for low-income persons afflicted with AIDS. Also, \$560,000 GF is provided for prevention and treatment of Hepatitis C.
- ***Pharmaceutical Assistance.*** Adds \$300,000 GF for the Virginia Primary Care Association to purchase pharmaceuticals and pharmacy supplies and to provide pharmacy services to low-income, uninsured patients of the Community and Migrant Health Centers throughout Virginia. Also, \$860,000 GF is added for similar services provided through free clinics.
- ***Treatment of Phenylketonuria (PKU).*** Provides \$371,875 GF to include low protein modified foods in the Department of Health's food program for (1) children with PKU and (2) any pregnant woman requiring treatment for PKU (an inborn error of metabolism that, unless treated early through special food intake, results in brain damage and mental retardation). Currently, low protein modified foods and pregnant women are not included in the special food program.
- ***Medical Examiner Positions and Equipment.*** Provides \$771,682 GF the first year and \$679,685 GF the second year for additional positions within the Chief Medical Examiner's Office to address growing caseloads. Funding would support one pathologist and four investigators to aid with death scene investigations, provide pay differentials for investigators in Northern Virginia, and replace outdated equipment.
- ***Positions for the Virginia Institute of Forensic Science and Medicine.*** Adds \$500,000 GF each year for six positions for the Virginia Institute of Forensic Science and Medicine that was established in 1999 with a \$1.5 million private gift. The Institute is a joint effort of the Chief Medical Examiner's Office and the Division of Forensic Sciences and will provide specialized training

for forensic scientists, medical examiners, and crime scene investigators. The Institute is located at the Virginia Biotechnology Research Park.

- **Water Supply Assistance Grant Fund.** Provides \$360,000 NGF each year for the Water Supply Assistance Grant Fund, created by the 1999 General Assembly to allow the State Board of Health to provide grants to localities and waterworks for improved drinking water. The source of nongeneral funds is interest earnings on the state general fund match appropriated for the federal Safe Drinking Water Act.
- **Local Water Projects.** Provides \$300,000 GF the first year to assist the County of Orange in developing an alternative water supply to the Rapidan River. The drought in 1999 almost depleted the county's water supply. Also, \$1.0 million GF is added for drinking water improvements in Southwest Virginia. (The added appropriations for drinking water improvements are transferred to the Department of Housing and Community Development.)
- **Suicide Prevention Initiatives.** Provides \$150,000 GF to initiate public education programs designed to reduce suicides. Also, \$150,000 is provided in the Department of Mental Health, Mental Retardation, and Substance Abuse Services (DMHMRSAS) for treatment of those at-risk for suicide.
- **Federal TANF Grant for CHIP.** Provides an increase of \$400,000 each year for the Comprehensive Health Investment Project (CHIP), a program that provides medical and social services to low-income, at-risk children and their families. The program would qualify for the recent federal TANF grant on welfare reform, so \$700,000 in federal funds is substituted for \$300,000 in state funds each year.

Administrative Improvements and Other Actions

- **Facility and Operational Funding for Local Health Departments.** Adds \$508,393 GF to improve local health department facilities identified by the Department of Health as having the top 15 critical needs due to health, safety, and other structural deficiencies. Also, \$3.8 million GF is added to the state share of the cooperative health department budget for operation of local offices. Of this total, \$450,000 is designated for the Virginia Beach health department, which receives the lowest state funding per capita.
- **Automated Public Health Information System.** Adds \$2.8 million GF in FY 2001 for continued development of the automated public health information system -- the Virginia Information Systems Integrated Online Network (VISION). The system integrates 30

separate data systems into one online network and creates a public health information warehouse. Funds also will be used to maintain the system and network. Added language requires the Department to submit quarterly written status reports until the project is completed to the Secretary of Health and Human Resources and the Directors of the Departments of Planning and Budget and Technology Planning.

- **Transportation Rate Increase for Autopsies.** Adds \$128,000 GF in the second year to increase the base rate from \$50 plus mileage to \$100 plus mileage for transportation of human remains for autopsies.
 - **Northern Virginia AHEC.** Adds \$100,000 GF each year for the Northern Virginia Area Health Education Center (AHEC). The state funds would offset the loss of a federal grant for the center.
 - **Consolidation of Physician Scholarship and Loan Programs.** Combines existing funds appropriated for medical scholarships (\$465,000 GF each year), the funds appropriated for physician loan repayment (\$50,000 GF each year), and the psychiatrist recruitment and retention program in DMHMRSAS (\$500,000 GF each year) into one appropriation for both physician scholarships and loan repayment. Funds could be used to implement other financial incentives to recruit physicians, including psychiatrists, and medical students to medically underserved areas. Incentives could include one-time salary bonuses, travel expenses for students and physicians visiting prospective underserved areas, or salary supplements, if necessary.
- **Department of Health Professions**
 - **Impaired Practitioner Intervention Program.** Provides an additional \$548,801 NGF in FY 2001 and \$1.3 million NGF in FY 2002 from licensing revenue for an intervention program for impaired physicians, as an alternative to disciplinary action.
 - **Additional Enforcement Staff.** Adds \$664,000 NGF each year and 9.0 FTE positions for the Department of Health Professions to conduct its regulatory and statutory responsibilities. A review of the Department by the Joint Legislative Audit and Review Commission found that the enforcement division lacks adequate staff to carry out its responsibilities.

- **Department of Medical Assistance Services (DMAS)**

Utilization Changes

- ***Utilization and Inflation.*** Adds \$173.8 million GF and \$189.0 million in federal funds for increased demand and inflation in medical costs for the Medicaid program. This increase anticipates that Medicaid will grow about 3.3 percent in FY 2001 and 4.7 percent in FY 2002.
- ***Update Funding and Enrollment for Children’s Health Insurance Program.*** Adds \$6.4 million in nongeneral funds over the biennium for inflation in medical costs covered under the Children’s Medical Security Insurance Plan (CMSIP) -- reconstituted as an employer-based plan in legislation adopted by the 2000 General Assembly. The additional funds are a result of a revised estimate of the premium tax differential enacted by the 1997 General Assembly for health insurance companies that offer open enrollment. These funds are deposited into the CMSIP Trust Fund along with federal matching funds for the program.

Also, \$13.5 million GF is transferred from the Medicaid program to cover projected enrollment increases in the child health insurance program in FY 2001. DMAS projects enrollment to increase from 31,500 children by July 1, 2000, to 58,758 children by July 1, 2001. (An estimated \$27.1 million in federal matching funds also would be available for the program.)

- ***Revised Estimate of Involuntary Commitment Costs.*** Reduces funding by \$1.8 million GF each year for the Involuntary Mental Commitment Fund. Utilization is projected to decline, so annual funding is reduced from \$9.2 million to \$7.4 million.

Eligibility and Service Expansions

- ***Expanded Eligibility for Elderly and Disabled.*** Provides \$5.2 million GF and \$5.6 million in federal funds the second year to increase the Medicaid eligibility threshold from about 74 to 80 percent of the federal poverty level. Medicaid benefits would be extended to about 5,400 additional elderly and disabled persons.
- ***Increase “Medically Needy” Income Limits.*** Provides \$500,000 GF and \$510,902 in federal funds the second year to expand Medicaid eligibility for individuals who must spend down their income on medical expenses, in order to qualify for Medicaid. Currently, the monthly income limit is about 36 percent of the federal poverty income guideline. Added language would revise the income limit by the annual change in the Consumer Price Index, starting July 1,

2001. As a result of this change, an estimated 337 more individuals impoverished by medical expenses would qualify for Medicaid.

- **Waiver Services for Developmentally Disabled Persons.** Adds \$9.1 million GF and \$9.9 million NGF to implement a new waiver program serving developmentally disabled persons, including those with cerebral palsy, autism, and epilepsy. The Department was directed to implement these services by the 1999 General Assembly. Additional funding is needed to comply with federal requirements for transitioning 250 developmentally disabled individuals from the Medicaid elderly and disabled waiver program to a waiver program with more appropriate services. Funding also will allow the program to serve an additional 50 developmentally disabled persons who are on waiting lists for home- and community-based services.
- **Medicaid Coverage of Substance Abuse Treatment.** Provides \$5.1 million GF and \$5.4 million in federal funds the second year to provide Medicaid coverage of substance abuse treatment. An estimated 16,000 children and adults would qualify for this benefit.
- **Expanded Coverage of Organ Transplants.** Provides \$5.6 million GF and \$7.2 million in federal funds for the biennium to provide Medicaid coverage of heart, liver, and lung transplants for adults. DMAS estimates 106 persons would benefit from these transplants.
- **Expanded Coverage of Cancer Treatment.** Provides \$1.5 million GF and \$1.6 million in federal funds for the biennium to expand Medicaid coverage of high-dose chemotherapy and bone marrow transplants for individuals over the age of 21 diagnosed with myeloma. Currently, Medicaid covers these treatment methods for Medicaid recipients who have lymphoma, breast cancer, and leukemia. DMAS estimates 44 persons would benefit from these treatments.
- **Colorectal Cancer Screening.** Provides \$842,748 GF and \$906,782 in federal funds for the biennium to extend Medicaid coverage for detection of colorectal cancer.
- **Medicaid Coverage of Children's Residential Services.** Provides \$1.5 million GF and \$1.6 million in federal funds over the biennium for inpatient psychiatric services in residential treatment facilities for Medicaid-eligible children identified through the Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) program. These children would not qualify for residential treatment services under the Comprehensive Services Act.
- **HIV Premium Assistance.** Adds \$376,000 GF over the biennium to provide insurance payment assistance to HIV-infected individuals.

Legislation adopted by the 2000 General Assembly raises the eligibility threshold from 200 to 250 percent of the federal poverty level. The premium assistance enables HIV-infected individuals to continue their medical insurance coverage, thereby reducing the need for Medicaid to pay for their health services.

Payment Changes

- **Nursing Home Payment Increase.** Increases funding for nursing homes by \$27.0 million GF and \$29.0 million in federal funds over the biennium, to increase the reimbursement ceiling for patient care from about 94 to 112 percent of the median. In addition, the penalty for low occupancy is eliminated on direct care reimbursement, and reduced from 95 to 90 percent on indirect costs.
- **Personal Care Rate Increase.** Adds \$6.3 million GF and \$6.8 million in federal funds over the biennium to increase reimbursement for personal care services to elderly and disabled persons. The rate would increase from \$12.50 to \$13.25 per hour in Northern Virginia, and from \$10.50 to \$11.25 per hour in the rest of the state.
- **Dental Rate Increase.** Adds \$2.0 million GF and \$2.2 million in federal funds over the biennium to increase reimbursement by 10 percent for dental services to Medicaid-eligible children. Language similar to 1998-2000 budget provisions is reinstated -- dentists in the Medicaid program would not be required to also participate in a commercial managed care plan, unless they willingly join the plan.
- **Mitigation of Hospital Rate Changes.** Adds \$5.9 million GF and \$6.3 million in federal funds for a one-time payment the first year, to mitigate the impact of rate changes that reduced hospital reimbursement. Language directs the Joint Legislative Audit and Review Commission to study the hospital rate setting process.
- **Indigent Care Payments to Teaching Hospitals.** Increases Medicaid funding in the first year for the Medical College of Virginia (MCV) Hospitals for indigent care by \$11.0 million GF and \$11.0 million NGF, and for the University of Virginia Hospitals by \$2.0 million GF and \$2.2 million NGF. Nongeneral funds are provided through federal Medicaid disproportionate share payments due to the large number of indigent patients served by the hospitals.
- **Group Home Rates under the MR Waiver.** Adds \$2.2 million GF and \$2.4 million in federal funds for the biennium to increase Medicaid rates paid to group homes, as part of services provided

under the mental retardation home- and community-based waiver program. The rates would be increased from \$12.50 to \$12.81 per hour in each year of the biennium.

- **Recipient Copayments for Medicaid Waiver Services.** Provides \$540,500 GF for the biennium to reduce the amount paid by working disabled recipients for services received under the mental retardation home- and community-based services waiver program.

Administrative Improvements and Other Actions

- **Medicaid Match for Persons in State MHMR Facilities.** Adds \$11.8 million GF and \$12.7 million NGF in FY 2001 to address a shortfall in funding for Medicaid-eligible persons in mental health and mental retardation facilities. The shortfall is due, in part, to a decline in Medicare and other third-party payments. However, most of the shortfall is due to increased facility staffing and other care improvements made to comply with federal U.S. Department of Justice settlement agreements for civil rights violations.
- **Medicaid Claims Processing System.** Provides an additional \$1.9 million GF and \$17.9 million NGF to cover the cost of developing and operating a new claims processing system for the Medicaid program. The department was in the process of procuring the new claims processing system in FY 1997 when the contract was canceled for non-performance. A new system began development in the 1998-2000 biennium and was to be completed by January 1, 2000. However, implementation was delayed due to other systems priorities related to Year 2000 compliance. Language is included to require the Department to submit quarterly written status reports on the project to the Secretary of Health and Human Resources and the Directors of the Departments of Planning and Budget and Technology Planning until the system is complete and certified by the federal government.
- **Implement Federal Standards for Claims Processing.** Adds \$879,365 GF and \$7.6 million in federal funds over the biennium to implement requirements of the federal Health Insurance Portability and Accountability Act (HIPAA) of 1996. Federal law requires health insurers to use standard information in their claims processing, and implement a standard electronic data interchange format and web-based information exchange with providers, other payers, and recipients. Enhanced federal funding of 90 percent is provided to assist states in implementing these requirements.
- **Additional Staffing to Meet Service Needs.** Adds \$300,000 GF and \$352,174 NGF to fill nine vacant positions in the agency based on a recent efficiency review conducted by the Department of Planning and Budget.

- **Department of Mental Health, Mental Retardation and Substance Abuse Services**

Expansion of Community-Based Services

- ***Children's Services.*** Adds \$8.5 million GF over the biennium for services to emotionally and behaviorally disturbed children. An estimated 400 more children will be served with the added funding. In order to receive payment for services, localities will be required to review the cases with the same multi-agency teams used for children served under the Comprehensive Services Act for At-Risk Youth and Families. Two special initiatives for children also were added: \$100,000 for the Autism Resources Center that assists and trains families in caring for autistic children; and \$73,000 for a special program in the Roanoke Valley that provides short-term crisis hospitalization for children.
- ***MH and MR Residential Services.*** Adds \$2.8 million GF for community-based residential care for mentally ill individuals and \$2.0 million GF for mentally retarded individuals. Approximately 700 more individuals will be served.
- ***Expansion of PACT Teams.*** Adds \$2.3 million GF for expansion of Programs of Assertive Community Treatment (PACT). This program provides intensive services to individuals with a high risk for institutionalization, unless community-based interventions are provided. An estimated 150 more high-risk individuals could be served with the additional funding.
- ***New Medications.*** Adds \$2.0 million GF for purchase of new medications used in the treatment of mentally ill individuals. About 320 more persons could receive treatment.
- ***Psychiatry Services.*** Adds \$1.5 million GF for Community Services Boards (CSBs) to hire or contract for psychiatrists. An estimated 2,000 more individuals will receive care.
- ***Treatment in Adult Care Residences.*** Adds \$500,000 GF for CSBs to treat mentally ill individuals residing in homes for adults.
- ***Transition Mentally Retarded Persons to Alternative Waiver Program.*** Adds \$2.7 million GF each year to transition 320 mentally retarded persons currently served through the Medicaid elderly and disabled waiver program to the Medicaid mental retardation home- and community-based waiver program, in order to comply with federal requirements. The alternative waiver program provides an enhanced package of services more appropriate for these individuals.

- **Other Programs for Mentally Retarded Persons.** Adds \$2.5 million GF for daily support services and vocational programs for approximately 125 more mentally retarded individuals. Also, \$1.0 million GF is added to assist about 400 more families in caring for mentally retarded persons at home. An additional \$200,000 GF is provided to the Northern Virginia Training Center for medical and other services provided to mentally retarded individuals living in surrounding communities.
- **Substance Abuse “Wrap-Around” Services.** Adds \$500,000 GF for wrap-around (support) services for an estimated 275 substance-abusing mothers. Funding also would provide targeted case management for an estimated 160 children whose mothers are receiving substance abuse treatment.

Administrative Improvements and Other Actions

- **Increase Staffing at Hiram Davis Medical Center.** Provides \$1.3 million GF and \$1.1 million NGF over the biennium to increase nursing staff at the Hiram Davis Medical Center. Planned modifications to patient walls will limit visibility and require additional nursing staff to monitor and care for medically fragile patients. Increased funding will provide 38 additional certified nurse aides and 12 additional registered nurses.
- **Update Financial Management System.** Adds \$2.4 million GF over the biennium to upgrade the agency’s financial management software. The new software would replace the current mainframe system, which was procured in 1984, with a client/server network using current technology. The software will have expanded features to better manage and administer the system’s finances, and comply with state and federal reporting requirements.
- **General Assembly Approval of Property Transfers or Sales.** Reinstates language from the 1998-2000 budget that prohibits the closure of any state-owned mental health and mental retardation facility without the approval of the General Assembly. Also, language is reinstated that requires General Assembly approval of any sales, transfers, of conveyances of real property to other agencies as well as private parties.

- **Department of Rehabilitative Services**

- **Long-Term Employment Supports.** Adds \$650,000 GF each year for sheltered workshops and other long-term employment supports for severely disabled individuals. An estimated 170 more persons each year will be served with the additional funds.

- **Centers for Independent Living.** Adds \$375,000 GF each year for the 15 Centers for Independent Living. The centers assist disabled persons in returning to community living and work. An additional \$50,000 each year also is provided to establish a new center in Harrisonburg.
 - **Assistive Technology Loan Fund.** Adds \$400,000 GF the first year to capitalize the Assistive Technology Loan Fund Authority (ATLFA). The ATLFA administers a revolving loan fund for assisting persons with disabilities and their family members in purchasing assistive technology and other equipment that increases their independence. The ATLFA buys down the interest rate for all loans made through this program and provides loan guarantees.
 - **Other Services for Physically Disabled Persons.** Adds \$250,000 GF each year for personal assistance services; \$100,000 GF each year for the Consumer Services Fund, a "fund of last resort" for persons with physical and sensory disabilities; \$50,000 each year and one case manager position to assist physically disabled persons in locating and obtaining services; and \$100,000 GF each year to expand day programs for individuals with brain injuries.
 - **Capital Improvements for Woodrow Wilson Rehabilitation Center.** Provides a \$2.2 million GF supplement for renovating and providing air conditioning in the men's dormitory. The total cost of the project is \$6.5 million. The balance of funding includes authorized but unspent bond proceeds.
- **Department of Social Services**

Federal and State Mandates

- **Foster Care and Adoptions.** Adds \$7.1 million GF and \$4.9 million NGF in FY 2001 for caseload and rate increases in foster care and adoption subsidies. Foster care caseloads are projected to grow three percent between 2000 and 2001, while adoption caseloads are projected to grow 15 percent during the same year. A 6.5 percent rate increase in FY 2001 also is provided. No additional funding is provided in the second year.
- **Federally Required Improvements in Adoptions.** Adds \$593,791 GF and \$1.9 million NGF the first year and \$613,202 GF and \$1.7 million NGF the second year to increase the number and timeliness of adoptions, as required by the federal Adoption and Safe Family Act. Virginia has one of the lowest rates in the nation for finding permanent homes for hard-to-place children currently in foster care. About 75 percent of the cost of these improvements would be supported by federal funds.

- **Federal Requirements for Food Stamp Reinvestment.** Provides \$374,994 GF the first year and \$133,334 GF the second year to improve food stamp processing. Funding is required as an alternative to federal penalties imposed on Virginia for error rates higher than the national average.
- **Retiree Health Credits for Local Employees.** Provides \$292,059 GF and \$287,182 NGF each year to pay part of the cost of health insurance for local social services retirees covered by the Virginia Retirement System, as required by 1999 legislation.
- **Replacement of Reduced Revenue for Child Support Enforcement.** Increases general fund appropriations by \$3.4 million the first year and \$3.2 million the second year to offset projected declines in nongeneral fund revenue. With shrinking welfare caseloads and changes in federal laws, Virginia can no longer retain as much in collections for administration of the child support enforcement program.
- **Electronic Benefit Transfer (EBT) System.** Provides \$2.0 million GF and \$485,600 NGF each year to implement a federally mandated EBT system for distribution of food stamps. Federal law requires the system to be fully operational by October 1, 2002. DSS plans to hire a private vendor to design, install, and test the system during the 2000-02 biennium.
- **Added Staff to Meet Federal and State Requirements.** Provides \$940,415 GF and \$3.2 million NGF to add 40 FTE positions in DSS: 21 positions would license and inspect child and adult care facilities; six regional staff would assist localities in meeting accuracy requirements in eligibility determinations; six staff would process requests by local school boards for child protective services registry information; three staff would provide EBT oversight and assistance; three staff would be added for evaluation and planning; and one position would be added for adoption programs.

Actions Related to the Federal TANF Grant on Welfare Reform

- **Reduction in Welfare (TANF) Caseload.** Reduces appropriations of federal funds by \$25.3 million NGF the first year and \$33.8 million NGF the second year to reflect the projected continuing decline in welfare caseloads. The monthly caseload is projected to drop below 30,000 by the end of FY 2002 – less than one-half the caseload during the mid-1990s.
- **Reduction in VIEW Employment Services.** Reduces appropriations of federal funds by \$260,062 NGF the first year and \$1.3 million NGF the second year to reflect slightly less utilization of employment services by a declining number of welfare recipients.

- **Termination of Work Incentive Payments.** Reduces appropriations from the federal TANF grant by \$15 million NGF each year for work incentive payments that will no longer be paid to low-income working families with children. The federal Department of Health and Human Services (HHS) allowed Virginia to make the payments in 1999 as a “reasonable interpretation” of the federal law. However, HHS later ruled that the payments did not comply with its recently adopted regulations, so the program cannot continue into the 2000-2002 biennium. The 2000 General Assembly adopted HB 160 to provide a non-refundable income tax credit of \$300 for each personal and dependent exemption for taxpayers with incomes below the federal poverty level.

- **Expenditure of the Federal TANF Grant Balance.** Appropriates an additional \$76.2 million NGF the first year and \$73.0 million the second year from the federal TANF grant on welfare reform. As a result, the estimated year-end balance in FY 2001 and FY 2002 is estimated at \$39.9 million and \$20.6 million respectively. Specific purposes and amounts are listed in the adopted budget:
 - ♦ \$28.6 million the first year and \$26.5 million the second year for child day care subsidies for working low-income families (plus \$300,000 GF to draw an additional \$325,000 from a separate federal block grant for day care);
 - ♦ \$13.0 million each year for replacement of federal reductions in the Social Services Block Grant;
 - ♦ \$8.7 million the first year and \$7.9 million the second year for a 10 percent increase in TANF payments to eligible families (raising the typical payment from \$291 to \$320 per month for a family of three);
 - ♦ \$7.5 million each year for services for “hard to serve” welfare recipients, including substance abuse treatment, English as a second language, and GED preparation;
 - ♦ \$5.5 million each year for shelter, transitional housing, and a continuum of other services for homeless families, to help them in regaining self-sufficiency;
 - ♦ \$5.0 million each year for training, employment services, day care, transportation, or other services to assist families in transitioning off welfare and to assist others in avoiding welfare;

- ♦ \$1.1 million each year for promotion of responsible fatherhood, mentoring for mothers, and other programs under a “Right Choices for Youth” initiative;
- ♦ \$1.1 million each year for “Healthy Families” home visiting and other intensive services, a program for families at-risk of child abuse (saving \$500,000 GF each year);
- ♦ \$1.0 million each year for additional local staff to handle rising caseloads in foster care and adoptions;
- ♦ \$1.0 million each year to expand local intervention programs on domestic violence;
- ♦ \$750,000 each year for community action agencies;
- ♦ \$750,000 each year for employment and training services provided through Centers for Employment Training;
- ♦ \$700,000 each year for health and social services provided to at-risk children and families through the Comprehensive Health Investment Project (saving \$300,000 GF each year);
- ♦ \$489,200 each year for a youth employment program, “Opportunity Knocks;”
- ♦ \$300,000 the first year for a pilot project that would use personal computers and Internet access as a support for education and employment;
- ♦ \$250,000 each year for food banks to serve poor families;
- ♦ \$150,000 each year for employment programs for economically disadvantaged persons;
- ♦ \$100,000 each year for a pilot project at St. Paul’s College, to assist mothers on welfare in attending college;
- ♦ \$100,000 each year for child advocacy centers;
- ♦ \$50,000 each year for grants to employers that hire welfare recipients (saving \$375,000 GF per year for this program that has not yet received any applications).

The following table provides a biennium summary of TANF grant spending, which includes \$158.3 million per year in federal funds plus required state and local “maintenance of effort” spending (or match) for the federal grant.

**Spending for Federal Welfare Reform (TANF) Grant
2002-02 Biennium (\$ in millions)**

	<u>State</u>	<u>Local</u>	<u>Federal</u>
Projected 2000 Year-End TANF Balance			\$ 72.3
MANDATED CORE BENEFITS & SERVICES:			
TANF Benefit Payments	\$ 126.3		39.6
Employment Support Services	41.4		61.3
Day Care for Welfare (State & Local)	34.1	\$ 8.5	
Child Support Pass-Through to Families	6.4		
Misc. Activities Counting as State Match	1.0		
ADMINISTRATIVE ACTIVITIES:			
Local Eligibility/Administration	10.1	10.8	22.9
State Administration	2.8		3.8
Information Systems	2.3		14.6
EXPANDED WELFARE REFORM PROGRAMS:			
Foster Care/Adoptions Staff			8.6
Expansion of Transportation Grants			7.0
Training TANF Mothers as Day Care Providers			2.8
Individual Development Accounts	1.1		0.4
Hard-to-Serve (Dept. of Rehabilitative Services)			1.7
Fatherhood & Prevention Initiatives (Health)			2.2
TRANSFERS TO OTHER BLOCK GRANTS:			
<i>Child Care Development Fund</i>			
Direct Day Care Services			26.7
Child Care Licensing/Quality Activities			9.3
Child Day Care Licensing Regrades			0.8
<i>Social Services Block Grant</i>			
Comprehensive Services Act (CSA)			9.5
Special Needs Adoptions			4.0
BUDGET BILL CHANGES:			
Total Expansions/Initiatives in Budget Bill			149.2
EBT, Adoption Awareness, & Misc. Other			3.9
Total	\$ 225.5	\$ 19.3	\$ 368.3
Projected 2002 Year-End TANF Balance			\$ 20.6

Other Service Expansions

- **Community Action Agencies.** Provides \$250,000 GF each year for expansion of community action services into previously unserved local jurisdictions: Petersburg and the counties of Nottoway, Lunenburg, Charlotte, Orange, Brunswick, Campbell, and Lee. Also, \$250,000 GF (and \$750,000 in federal TANF funds) each year is provided to community action agencies for expansion of services within currently served jurisdictions.
- **Domestic Violence Intervention.** Provides \$250,000 GF (plus \$1.0 million in federal TANF funds) each year for grants to local domestic violence programs for purchase of crisis and core services for victims of domestic violence. Services would include 24-hour hotlines, emergency shelter, emergency transportation, and other crisis services.
- **Adult Services.** Adds \$225,000 GF each year to support adult protective services programs provided through local departments of social services. Also, \$300,000 GF each year is added for chore and companion services for low-income, disabled elderly persons.
- **Family Caregivers Grant Program.** Authorizes the Governor to use the economic contingency fund for grants to families caring for disabled individuals at home. Legislation establishing the program was adopted by the 1999 General Assembly, but funding was not included in the introduced budget. The legislation authorizes grants of \$500 per family each year, not to exceed a total for all grants of \$1.4 million in the first year of the program.

Other

- **Rate Increase for Adult Care Residences.** Adds \$4.9 million GF to increase auxiliary grant payments for adult care residences to \$815 per month, effective November 1, 2000. The current rate is \$775. The rate will increase to \$785 on July 1, 2000, with funds provided in the introduced budget. (Localities will provide an additional \$1.2 million in match for the auxiliary grants.)

The rate increase also expands the number of eligible persons and increases Medicaid costs, because monthly supplements are provided for persons with additional care needs (\$90 per month, all GF) and intensive medical needs (\$180 per month, state and federal match). A total of \$4.6 million is included in the Department of Medical Assistance Services (\$2.4 million GF and \$2.2 million in federal Medicaid match). For the biennium, a total increase of \$10.6 million in state, federal, and local funds will be provided to adult care residences.

- **Base Budget Adjustment for Child Day Care Balances.** Reduces the base budget by \$6.0 million NGF each year for child day care subsidies for low-income families. The 1999 General Assembly added \$6.0 million in unspent balances from the federal child development block grant to the FY 2000 appropriation. These funds will be fully spent in FY 2000, so no balance is expected to continue into the 2000-02 biennium.
- **Federal Share of Legal Services Costs.** Adds \$155,829 NGF each year for the cost of legal services provided by the Office of the Attorney General for work related to federal programs.
- **Reduced Utilization of General Relief.** Reduces funding by \$1.0 million GF each year for General Relief, a program that provides a range of temporary assistance services to low-income persons. Requests for services have declined, so annual funding is reduced from \$6.0 million to \$5.0 million.
- **Governor’s Employment and Training Department**
 - **Federally Required Consolidation of Employment Programs.** Eliminates federal Job Training Partnership Act funding of \$96.1 million NGF for the biennium. The new federal Workforce Investment Act would be coordinated by the Virginia Employment Commission. GETD staffing would be reduced by 26 positions the first year and one more the second year. The six remaining positions would promote and evaluate workforce preparation programs within the Health and Human Resources Secretariat.
 - **Substitution of Federal TANF funds for State GF.** Provides \$639,200 each year in federal TANF funds instead of general fund appropriations for two employment programs for economically disadvantaged youth and adults.
- **Virginia Department for the Visually Handicapped**
 - **Rehabilitation Teachers for the Blind.** Adds 3.0 FTE positions and \$200,000 GF each year to provide rehabilitation specialists for an increasing number of blind elderly persons.
 - **Braille Textbook Program.** Adds \$93,800 GF the first year and \$104,552 GF the second year to provide Braille textbooks for blind children.
 - **Other Services.** Provides \$50,000 GF each year for ten libraries for the blind and physically disabled. Funding would be used to provide “talking book” technologies for blind or visually impaired persons so they can access library information and resources.

Another \$50,000 each year is provided for Recording for the Blind and Dyslexic outreach centers.

- ***Adaptive Technology Specialist.*** Adds 1.0 FTE position in the Norfolk region to assist blind persons in adapting to their disability. Funding already provided within the agency budget would support the position.