

## Health and Human Resources

The Governor's proposed amendments for Health and Human Resources (HHR) provide a net increase of \$259.0 million GF and \$363.0 million NGF compared to the 2004-06 biennial budget (Chapter 4). This total reflects new biennial spending of \$297.2 million GF and \$363.0 million NGF offset by reductions of \$38.2 million GF.

Eighty-nine percent or \$265.1 million of the increase in GF appropriations is required to meet caseload and cost increases, comply with federal and state mandates, and maintain services at current levels. Caseload and cost increases account for \$231.0 million of this added funding: \$209.6 million for increased Medicaid utilization, inflation and enrollment growth; \$9.3 million for Medicaid-related state child health insurance expenses and the Family Access to Medical Insurance Security (FAMIS) health care program for low-income children; \$9.4 million to free up federal Temporary Assistance to Needy Families (TANF) funds to meet the growing caseload; and \$2.7 million for utilization and inflation increases in involuntary mental health commitments.

A portion of the increase in Medicaid funding (\$26.9 million GF) is due to a decline in projected revenue for the program which comes from the newly created Virginia Health Care Fund. The Virginia Health Care Fund was created by the 2004 General Assembly to earmark certain revenues to pay for the provision of state-funded health care services, including Medicaid payments. The fund is comprised of revenues from 40 percent of the Tobacco Master Settlement Agreement, tobacco tax revenues, including recently enacted increases, and Medicaid recoveries. Revenues from the fund are unlikely to meet projections made during the 2004 Session, due to a two-month delay in the enactment of legislation creating the fund and implementing tobacco tax increases, lower than expected tobacco tax proceeds, and reduced Medicaid recoveries.

Spending necessary to meet federal requirements and maintain services at current levels require the addition of \$34.1 million GF. This includes \$16.6 million to implement a 34 percent increase in Medicaid rates for OB-GYN services that went into effect September 1, 2004; \$6.9 million GF to meet cost increases in medications for mentally disabled individuals in communities and state facilities; \$4.5 million GF to meet the increasing cost to provide federally-required early intervention services through the Part C program to infants and toddlers who are developmentally delayed; and \$2.7 million GF to make federally-required improvements to Virginia's foster care and child welfare systems.

Proposed initiatives of \$19.2 million GF would provide selected health care provider rate increases and service expansions. These include \$10.4 million GF for rate increases for Medicaid-funded dental and inpatient hospital services, and assisted living facilities; \$3.3 million GF to expand FAMIS eligibility for pregnant women from 133 percent to 175 percent of the federal poverty level; \$2.9 million GF to expand community crisis services for mentally disabled persons; \$1.3 million to expand access to dental services and medications in medically underserved areas; \$820,000 for Olmstead initiatives to expand community services for disabled individuals; and \$500,000 to increase community mental health services for children. In addition, funding is proposed to adjust nurse salaries to improve retention in state mental health and mental retardation facilities (\$988,865); increase oversight of assisted living facilities (\$512,853 GF); and provide funding for the Office of the Inspector General in the Department of Mental Health, Mental Retardation and Substance Abuse Services (\$491,532 GF).

General fund spending reductions are concentrated in two areas: Medicaid (\$20.0 million GF) and mental health, mental retardation and substance abuse services (\$16.9 million GF). Medicaid savings result from the receipt of additional Medicaid disproportionate share hospital funding for the Virginia Commonwealth University Health System. Reductions in the Department of Mental Health, Mental Retardation and Substance Abuse Services (DMHMRSAS) are the result of supplanting general fund monies for Community Services Boards with fee revenue from a Medicaid case management rate increase.

- **Secretary of Health and Human Resources**
  - *Fully Budget Operating Expenses.* Adds \$36,481 in FY 2005 and \$136,803 in FY 2006 from the general fund to provide sufficient funding for the salaries of six full-time equivalents within the Secretary's office.
  
- **Virginia Department for the Aging**
  - *Expand Public Guardian and Conservator Program.* Provides \$150,000 from the general fund in the second year to expand the Public Guardian and Conservator Programs to 60 individuals in unserved areas of the Commonwealth. The 2004 General Assembly added \$110,000 and \$250,000 from the general fund in FY 2005 and FY 2006, respectively, to increase the number of programs to 14. The addition of these funds will allow 17 programs to operate throughout the state and serve elderly and disabled adults who have no family or friends able to provide guardian services. Funding for this program is part of the Olmstead initiative.

- **Department of Deaf and Hard of Hearing**
  - *Increase NGF for Relay Services.* Adds \$40,000 from nongeneral funds each year to provide the Department with the authority to advertise and promote the telecommunications relay services for the deaf and hard of hearing with an annual grant from AT&T.
  
- **Department of Health**
  - *Improve Access to Dental Services.* Provides \$941,382 GF and \$427,588 NGF in the second year as part of a multi-pronged effort to expand access to dental services across Virginia. In addition to a rate increase for dental services in Medicaid, this initiative expands funding for dental loan repayments and scholarships from \$25,000 to \$325,000 GF annually. Also, \$500,000 GF and \$333,333 NGF is proposed to upgrade outdated dental equipment in local health departments and replace mobile dental units. Finally, \$141,382 GF and \$94,255 NGF is provided to improve the recruitment and retention of public health dentists by making salaries more competitive.
  
  - *Funding for Pharmacy Assistance Outreach.* Adds \$350,000 GF in FY 2006 for the Virginia Health Care Foundation to expand access to free prescription drugs in unserved or underserved regions of the Commonwealth. This initiative continues an effort begun by the 2004 General Assembly to increase access to no-cost prescription drugs statewide by subsidizing outreach coordinators. The current budget of \$125,000 GF each year underwrites five medication assistance coordinators in Southside Virginia.
  
  - *Increase NGF for Federal Grant Awards.* Provides \$3.0 million in the first year and \$3.2 million in the second year from nongeneral funds for new federal grants and increases in federal funding for health programs. New federal grant awards will be received for programs such as improving access to health care for children with special health care needs, improving oral health care access, and preventive health care services for children. Increases in federal funding will occur in programs such as pregnancy prevention, newborn hearing screening, birth defect surveillance systems, and the Maternal and Child Health block grant.
  
  - *Federal Grants for Rural Access to Care Programs and State Health Planning.* Provides \$1.2 million from nongeneral funds each year for two federal grant awards designed to increase access to health care services in medically underserved regions of the

Commonwealth. A total of \$972,222 each year will support state health planning efforts while \$252,232 each year will expand financial support for physicians who agree to serve in medically underserved areas.

- *Federal Grants for Rural Access to Automated External Defibrillators (AEDs).* Provides \$230,583 NGF in the second year to the Office of Emergency Medical Services to distribute federal grants through rural community partnerships to purchase and train personnel in the use of AEDs. This federal funding is designed to reduce fatalities from cardiac arrests by increasing access to AEDs in rural areas of the Commonwealth.
- **Department of Health Professions**
  - *NGF for Prescription Drug Monitoring Program.* Provides \$350,781 and two positions from nongeneral funds in the second year to expand the Prescription Drug Monitoring Program statewide. The current pilot program requires pharmacists in Health Planning Region III (Southwest Virginia) to report prescriptions filled for Schedule II drugs to the Department of Health Professions, allowing those who prescribe medications to subsequently determine whether individuals requesting prescriptions may be seeking illegal substances. All drugs are grouped into schedules from one to six with Schedule I being the most addictive drugs (e.g., heroin) to Schedule VI being the least or non-addictive (e.g., over-the-counter medications). The program will be expanded statewide and the schedule of drugs required to be reported will expand to Schedule III (e.g., Vicodin®) and Schedule IV drugs (e.g., Darvon® and Valium®).
  - *NGF for Previously Approved Salary Increases.* This technical amendment adds \$194,286 NGF in FY 2005 and \$358,682 NGF in FY 2006 from license fee revenues to provide a three percent salary increase approved by the 2004 General Assembly.
- **Department of Medical Assistance Services (DMAS)**
  - *Medicaid Utilization and Inflation.* Fully funds expected increases in enrollment and medical costs for the Medicaid program. Growth in the enrollment of low-income adults, children and pregnant women is expected to rise 7.1 percent in FY 2005 and 3.8 percent in FY 2006, considerably higher than previous estimates of 3.2 percent and 1.9 percent, respectively. Consequently, the cost to provide services such as managed care, physician, hospital, pharmacy, and

other services are projected to increase as more enrollees access these medical services.

Medicaid program costs are expected to grow by 13.7 percent in FY 2005 and 9.5 percent in FY 2006, significantly higher than previously anticipated growth rates of 7.6 percent and 8.8 percent, respectively. The projected increases in enrollment and cost require the addition of \$96.9 million GF in FY 2005 and \$85.9 million GF in FY 2006 to maintain current services for eligible persons.

- ***Virginia Health Care Fund Revenue Shortfall.*** Provides \$6.2 million GF and a reduction of \$6.2 million NGF in the first year and \$20.7 million GF and a reduction of \$20.7 million NGF in the second year for Medicaid services as a result of a decline in projected revenue for the program from the Virginia Health Care Fund (VHCF). The Virginia Health Care Fund was created by the 2004 General Assembly to earmark certain revenues to pay for the provision of state-funded health care services, including Medicaid payments. The fund is comprised of revenues from 40 percent of the Tobacco Master Settlement Agreement, tobacco tax revenues, including recently enacted increases, and Medicaid recoveries. Revenues from the fund are unlikely to meet projections made during the 2004 Session, due to a two-month delay in the enactment of legislation creating the fund and implementing tobacco tax increases, lower than expected tobacco tax proceeds, and reduced Medicaid recoveries.
- ***Medicaid-related State Child Health Insurance (SCHIP) Low-Income Children Caseload Growth.*** Provides \$1.3 million GF and \$2.4 million NGF in FY 2005 and \$5.9 million GF and \$11.4 million NGF in FY 2006 to fully fund caseload growth for Medicaid-eligible low-income children living in families with incomes between 100 and 133 percent of the federal poverty level. The federal government matches Medicaid expenditures for these children at the same rate as that provided for the Family Access to Medical Insurance Security (FAMIS) program (about 65 percent). Projected enrollment in Medicaid SCHIP is expected to grow from 21,526 in June 2004 to 31,081 in June 2006, exceeding previously budgeted growth rates of 8 percent in FY 2005 and 6.7 percent in FY 2006.
- ***FAMIS Caseload Growth.*** Includes a small reduction of \$28,885 GF and \$53,644 NGF in FY 2005 and the addition of \$2.2 million GF and \$2.7 million NGF in FY 2006 for the Family Access to Medical Insurance Security or FAMIS program. Enrollment in FAMIS, the state's child health insurance program for low-income children, is

expected to grow from 37,260 in June 2004 to 45,945 in June 2006, outpacing budgeted enrollment growth of 7.4 percent in FY 2006.

- ***Increase Reimbursement Rates for OB/GYN Services.*** Adds \$7.4 million GF and \$7.5 million NGF in the first year and \$9.1 million GF and \$9.2 million NGF in the second year for a 34 percent increase in Medicaid reimbursement rates for obstetrical and gynecological (OB/GYN) services that took effect September 1, 2004. The Governor issued emergency regulations increasing reimbursement rates for OB/GYN services in response to problems in accessing needed care, especially in areas of the Commonwealth where physicians or hospitals were serving significant numbers of Medicaid clients. Prior to this increase, rates paid for Medicaid-funded OB/GYN services had not increased since 1991.
- ***Transfer Funding from DMHMRSAS for a Medicaid Case Management Rate Increase.*** Transfers \$9.3 million GF in FY 2006 from DMHMRSAS to match \$9.1 million NGF from federal Medicaid funds to increase rates paid to Community Service Boards (CSBs) for case management and clinic services for individuals with mental illness and mental retardation. The case management rates will increase from \$260.00 to \$326.50 effective July 1, 2005. A separate budget initiative reduces funding provided to CSBs by \$16.9 million GF in FY 2006, resulting in a net increase in total dollars to CSBs of \$1.3 million annually and a net savings of \$7.7 million GF.
- ***Increase Inpatient Hospital Reimbursement.*** Provides \$3.6 million GF and \$3.6 million NGF in FY 2006 to increase inpatient hospital reimbursements by modifying a payment adjustment factor used in calculating the state's reimbursement. Currently, the payment adjustment factor discounts 25 percent of allowable hospital inpatient costs, thus reimbursing hospitals for about 75 percent of their costs. This added funding would allow the department to decrease the discount to 24 percent, resulting in increased reimbursements covering 76 percent of allowable costs for hospital inpatient services.
- ***Special Education Medical Services for School Districts.*** Adds \$3.3 million GF in the second year to preserve federal reimbursements for school districts providing reimbursable medical services. The state payment will generate \$3.6 million in federal Medicaid matching funds that will be distributed to school districts submitting valid claims. The general fund portion of the payment made to the Department of Education, which will act as the fiscal

intermediary for the transaction, will be deposited into a new state account and returned to the general fund each quarter. This complicated financial transaction, for which there is no monetary benefit to the state, was precipitated by federal objections to the current mechanism local school districts use to certify allowable special education medical services in order to claim matching federal Medicaid funds.

- ***Expand Prenatal Care and Pregnancy-related Services to Pregnant Women in FAMIS.*** Adds \$3.3 million GF and \$6.2 million NGF in the second year to expand prenatal care and pregnancy-related medical services to low-income women with annual income between 133 percent and 175 percent (\$21,210 for a family of two) of the federal poverty level. This initiative is designed to increase access to prenatal care among uninsured women, improve birth outcomes, and reduce the high number of premature births. It also takes advantage of favorable federal matching rates from the Title XXI (State Children's Health Insurance Program - SCHIP), allowing the Commonwealth to generate \$2.00 from the federal government for each general fund dollar spent.
- ***Increase Medicaid Reimbursement for Dental Services.*** Provides \$2.8 million GF and \$3.1 million NGF in the second year for a 10 percent rate increase for dental services. In addition to the initiative proposed in the Health Department to expand access to dental care, this initiative is designed to increase access to dental services for Medicaid and FAMIS clients across the Commonwealth. Dental access is a growing problem for children in these programs; in FY 2002, only 23 percent of children enrolled in Medicaid or FAMIS were able to access dental services, despite the availability of state reimbursement for services.
- ***Involuntary Mental Health Commitments.*** Provides \$2.7 million GF in the first year to fund a projected shortfall in hospital and physician costs related to involuntary mental health commitments.
- ***Medicaid Effect of Auxiliary Grant Increase.*** Adds \$1.7 million GF and \$1.7 million NGF in the second year to fund anticipated enrollment increases as a result of the \$50.00 per month increase in the auxiliary grants paid to assisted living facilities. As a result of the Governor's proposed increase from \$894 to \$944 each month effective January 1, 2006, enrollment in Medicaid is expected to rise as more individuals become eligible for health care services.

- ***Mental Retardation (MR) Waiver Start-up Costs.*** Transfers \$1.3 million GF from the Department of Medical Assistance Services to the Department of Mental Health, Mental Retardation, and Substance Abuse Services to provide funding for start-up costs related to the addition of 700 Mental Retardation waiver slots by the 2004 General Assembly. To ensure that services are made available to individuals with mental retardation on a timely basis, the Department will provide one-time funding for transportation costs, trial visits to group homes, and group home furnishings.
- ***Transition Costs for Individuals Leaving Facilities.*** Allocates \$370,000 GF and \$370,000 NGF in the second year to provide a one-time allocation of up to \$4,000 for individuals transitioning from nursing homes or intermediate care facilities for persons with mental retardation into the community. Funding for this initiative will implement a recommendation of the Olmstead Advisory Committee to continue progress in integrating individuals into the community.
- ***Disproportionate Share Hospital Savings.*** Reduces \$20.0 million GF and adds \$60.0 million NGF in the first year as a result of the receipt of additional Medicaid disproportionate share hospital (DSH) funding for the Virginia Commonwealth University Health System (VCUHS). The agency will employ a federal revenue maximization strategy to obtain the additional DSH funding by using \$40.0 million in funds transferred by the VCUHS to the agency that will be repaid to VCUHS. This payment will allow the state to claim \$20.0 million in currently unallocated federal disproportionate share hospital monies that will be used to offset rising Medicaid costs, on a one-time basis.
- **Department of Mental Health, Mental Retardation, and Substance Abuse Services (DMHMRSAS)**
  - ***Fund Shortfall in Community Aftercare Pharmacy.*** Adds \$5.5 million GF in FY 2005 to address a shortfall in funding of atypical and non-atypical antipsychotic medications. The medications are provided to individuals with mental illness served by Community Services Boards (CSBs) through the Aftercare Pharmacy program. A portion of the increased costs of the Aftercare Pharmacy are due to the higher costs of newer medications which have fewer and less severe side effects for many individuals. It is anticipated that the new medications will improve drug regimen compliance and decrease inpatient hospital costs.



- ***Fund Shortfall in Facility Medications.*** Adds \$1.4 million GF in FY 2006 to address a shortfall in funding the increasing costs of providing atypical and other antipsychotic medications, as well as other prescription drugs provided through state facilities to individuals with mental illness and mental retardation.

The cost of facility medications is expected to rise by 7 percent annually in FY 2005 and FY 2006. In the last six years, prescription drug costs at state mental health facilities and mental retardation training centers have increased 88 percent and 124 percent, respectively. The increasing cost of pharmaceuticals in state facilities is attributable to the increasing costs of antipsychotic medications, and the increasing medication needs of consumers with chronic medical conditions.

- ***Community Crisis Services.*** Adds \$2.9 million GF in the second year to increase community crisis services. A portion of the funding (\$1.8 million GF) will be used to expand the purchase of inpatient mental health services at community hospitals and to increase private hospital payment rates in certain communities in order to retain private providers. The remaining funds will be used to establish 2 new community crisis stabilization units. These units would provide intensive intervention, stabilization and/or residential services for individuals who would otherwise be hospitalized.
- ***Part C Early Intervention Services.*** Adds \$2.3 million GF each year for early intervention services through the federal Individuals with Disabilities Act Early Intervention Program (IDEA Part C). The Part C program serves children from birth to age three who are developmentally delayed and need services such as, occupational, physical, and speech therapy; parental education; and other necessary supports. The new funds will be used to continue providing services to the existing caseload of 4,207 children.
- ***Mental Retardation (MR) Waiver Start-up Costs.*** Transfers \$1.3 million GF in FY 2006 from the Department of Medical Assistance Services to provide funding for start-up costs related to the addition of 700 mental retardation waiver slots by the 2004 General Assembly. To ensure that services are made available to persons with mental retardation on a timely basis, the agency will provide one-time funding for transportation costs, trial visits to group homes, and group home furnishings.

- ***Adjust Nurse Salaries to Improve Retention.*** Adds \$988,865 GF in FY 2006 to adjust registered nurse (RN) salaries to improve retention and reduce turnover rates in state mental health and mental retardation facilities. A salary study conducted by the department found that in the last year, turnover of RNs ranged from 18.5 percent in mental retardation facilities to 36.1 percent in mental health facilities. Further, the study found that, in some instances, salaries of new RNs were exceeding those of current employees with certifications and/or considerable amounts of related education and experience.
- ***Increase Community Mental Health Services for Children and Adolescents.*** Provides \$500,000 GF in the second year to expand mental health services for children and adolescents with serious emotional disturbances and related disorders. While these children and adolescents may have the same diagnoses and illnesses as mandatory cases served through the Comprehensive Services Act (CSA), they are not eligible to receive CSA-funded services. For example, children whose parents retain custody of them, as opposed to relinquishing custody to the state, may be ineligible for mental health services, whereas foster care children are considered mandated cases. Funding for this program is part of the Olmstead initiative.
- ***Increase Funding for the Office of the Inspector General.*** Adds \$491,532 GF in FY 2006 and provides one position for the Office of the Inspector General. The agency had transferred second year funding for the Office to the first year of the biennium to support three positions and other operating costs, and add one additional position. The 2004-06 budget provided \$92,600 GF and \$160,658 NGF each year of the biennium for this office.
- ***Information System on Resources for Children with Special Needs.*** Adds \$150,000 GF in FY 2006 to develop an information system on resources for families of children with special needs. The funding would be passed through to a nonstate entity, "Celebrating Special Children," to develop the system.
- ***Continue Olmstead Oversight Advisory Committee.*** Adds \$6,000 GF in FY 2005 and \$14,400 GF in FY 2006 to meet the ongoing meeting-related expenses of the Governor's Olmstead Initiative Community Integration Oversight Advisory Committee.
- ***Supplant GF in Community Services Boards with Fee Revenue from a Medicaid Case Management Rate Increase.*** Reduces \$16.9

million GF in FY 2006 and supplants these funds with fee revenues from increased Medicaid rates for case management and clinic services. Of this reduction, \$9.3 million GF in FY 2006 will be transferred from the Department of Mental Health, Mental Retardation and Substance Abuse Services (DMHMRSAS) to match \$9.1 million in federal Medicaid funds to increase rates paid to Community Services Boards for case management services to mentally ill and mentally retarded consumers. The rates for these services will increase from \$260.00 to \$326.50 per month. This action results in a net general fund savings of \$7.7 million.

- **Department of Rehabilitative Services**

- *Centers for Independent Living.* Adds \$150,000 GF in the second year to provide additional funding for seven centers for independent living in areas that are currently underserved. Funding for this program is part of the Olmstead initiative.
- *Long Term Rehabilitation Case Management.* Adds \$150,000 GF to address the waiting list for long term rehabilitation case management services. Funding would be used to assist physical disabled persons in locating and obtaining needed services. Funding for this program will implement a recommendation of the Olmstead Advisory Committee.
- *Expedite Medicaid Disability Determinations.* Modifies language designed to expedite Medicaid disability determinations of persons transitioning from hospitals to rehabilitation facilities.

- **Department of Social Services**

- *Improve Child Welfare Services.* Adds \$2.7 million GF in FY 2006 for federally required improvements in the child protective services and foster care systems. Funding will be used for 80 to 90 new staff in local offices to increase the number of interactions between local staff, foster children, foster families, families involved in Child Protective Services cases, and families in need of child welfare training and support. These needed improvements were identified in the federal Child and Family Services Review. Funding will target improvements in localities with the most critical needs.
- *Realign TANF Spending to Provide Cash Assistance and Day Care to Meet Caseload Growth.* The Governor's proposed amendments to the 2004-06 budget realigns spending in the Temporary Assistance to Needy Families (TANF) block grant to provide TANF

benefits to an increasing number of families who are eligible for cash assistance and child care. The number of families that applied for TANF assistance in the past year increased by about 5 percent. The proposed changes to the TANF spending plan assume that caseload growth will increase in FY 2005 to about 38,000 cases, level off in late FY 2005 and remain stable through FY 2006. Reallocation of TANF funding provides:

- an additional \$8.4 million in FY 2005 and \$13.3 million FY 2006 in TANF funds for cash assistance to meet caseload increases.
- an additional \$6.3 million in FY 2005 and \$3.0 million in FY 2006 in TANF funds for day care assistance for a growing number of families participating in the Virginia Initiative for Employment not Welfare (VIEW).

In order to meet the growing need for TANF cash assistance and VIEW day care, TANF spending was reallocated through the following changes:

- First, \$7.9 million in additional TANF funding was provided in FY 2005 through the receipt of a federal high performance bonus for successfully placing welfare participants in jobs, and improving job retention and wage advancement.
- Second, \$3.5 million each year in TANF funding of local eligibility and administration was reduced based on historical spending for these activities.
- Third, \$4.0 million in FY 2005 and \$9.6 million in FY 2006 in TANF funding for at-risk child care funding was reduced, and supplanted with general fund and matching federal child care block grant funds (as described below).
- Finally, \$5.2 million in FY 2006 in TANF funding for child care licensing activities was reduced and supplanted with general fund monies (described below).

These changes along with an additional TANF spending amendment described below result in a TANF balance of \$2.7 million in FY 2005 and \$30,500 in FY 2006.

- ***Restore TANF Child Support Supplement to FY 2005 Level.*** Restores \$3.9 million in TANF funding for the child support supplement in FY 2006. This allocation will continue the child

support supplement at the FY 2005 level of \$7.8 million. The program provides a supplemental payment each month to TANF families receiving child support, and will fund 85 percent of the amount of child support expected to be collected on behalf of eligible TANF families, less any appropriate income disregards.

- ***Supplant TANF with GF for Child Day Care Subsidies for At-risk, Low-income Families.*** Adds \$2.0 million GF in FY 2005 and \$4.8 million GF in FY 2006 to supplant TANF funding for child day care subsidies for low-income families. This funding will be matched with a like amount of federal child care block grant funds. Together these funds replace \$4.0 million in FY 2005 and \$9.6 million in FY 2006 in child day care subsidies that are currently transferred from the federal TANF block grant to the Child Care Development Fund for these services. This action frees up TANF dollars to restore funding for cash assistance and VIEW day care assistance.
- ***Supplant TANF with GF for Child Day Care Licensing.*** Adds \$2.6 million GF in FY 2006 to supplant TANF funding for child day care licensing activities. This funding will be matched with a like amount of federal child care block grant funds and will replace \$5.2 million in TANF funds that are currently transferred to the Child Care Development Fund for these activities. This action frees up TANF dollars to restore funding for cash assistance and VIEW day care assistance.
- ***Increase Assisted Living Facility Payments.*** Adds \$2.3 million GF in the second year to increase the payment rate for licensed assisted living facilities and adult foster care homes by \$50 from \$894 to \$944 per month. The new rate includes a \$16 per month federal cost of living adjustment to the monthly Supplemental Security Income payment and an increase in the state Auxiliary Grant payment of \$34 per month. Together, these income sources pay for room and board of low-income aged, blind and disabled persons in these facilities. The additional payments will assist the facilities in improving care in the event new legislative and regulatory requirements are adopted by the 2005 General Assembly for these facilities.

## TANF Block Grant Funding 2004-2006 Budget

	<b>Chapter 4</b>		<b>Governor's Proposal HB 1500/SB 700</b>	
<b><u>TANF Resources</u></b>	<b><u>FY 2005</u></b>	<b><u>FY 2006</u></b>	<b><u>FY 2005</u></b>	<b><u>FY 2005</u></b>
Annual TANF Block Grant Award	\$158,285,000	\$158,285,000	\$158,285,000	\$158,285,000
Bonus Award			7,914,250	
Carry Forward From Prior Fiscal Year	9,664,170	1,981,019	9,664,170	2,726,870
<b>TANF Resources Available</b>	<b>\$167,949,170</b>	<b>\$160,266,019</b>	<b>\$175,863,420</b>	<b>\$161,011,870</b>
<b><u>TANF Expenditures</u></b>				
<i>VIP/VIEW Core Benefits and Services</i>				
TANF Income Benefits	49,174,054	49,174,054	57,541,962	62,482,277
TANF Child Support Supplement	7,800,000	3,900,000	7,800,000	7,800,000
VIEW Employment Services	20,764,014	20,764,014	20,764,014	20,764,014
VIEW Child Care Services			6,300,490	3,000,000
Caseload/TANF Reauthorization Contingency	3,000,000	-	3,000,000	-
<b>Subtotal, VIP/VIEW Benefits and Services</b>	<b>\$80,738,068</b>	<b>\$73,838,068</b>	<b>\$95,406,566</b>	<b>\$94,046,291</b>
<i>Administration</i>				
State Administration	2,203,893	2,203,893	2,203,893	2,203,893
Information Systems	1,678,560	1,678,560	1,678,560	1,678,560
Local Eligibility and Administration	14,133,977	14,133,977	10,633,977	10,633,977
<b>Subtotal, Administration</b>	<b>\$18,016,430</b>	<b>\$18,016,430</b>	<b>\$14,516,430</b>	<b>\$14,516,430</b>
<i>TANF Programming</i>				
Local Foster Care/ Adoptions Staff	9,300,000	9,300,000	9,300,000	9,300,000
Dept of Housing & Community Dev.	4,910,128	4,910,128	4,910,128	4,910,128
Local Domestic Violence Grants	1,062,500	1,062,500	1,062,500	1,062,500
Centers for Employment & Training	637,500	637,500	637,500	637,500
Domestic Awareness Campaign	127,500	127,500	127,500	127,500
Child Advocacy Centers	200,000	200,000	200,000	200,000
Teen Pregnancy Prevention Progs. (VDH)	910,000	910,000	910,000	910,000
Resource Mothers (VDH)	176,800	176,800	176,800	176,800
St Paul's College Project	85,000	85,000	85,000	85,000
People, Inc.	42,500	42,500	42,500	42,500
Community Action Agencies	3,397,859	3,397,859	3,397,859	3,397,859

## TANF Block Grant Funding 2004-2006 Budget

	Chapter 4		Governor's Proposal HB 1500/SB 700	
<i>TANF Programming (continued)</i>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2005</u>	<u>FY 2005</u>
Healthy Families/Healthy Start	4,139,820	4,139,820	4,139,820	4,139,820
Comprehensive Health Investment Project	2,141,890	2,141,890	2,141,890	2,141,890
Hard to Serve Employment Services	957,821	957,821	957,821	957,821
Local Department Retention Programs	2,295,000	2,295,000	2,295,000	2,295,000
Partners in Prevention (VDH)	765,000	765,000	765,000	765,000
United Community Ministries	38,250	38,250	38,250	38,250
Competitive Grants	1,500,000	1,500,000	1,500,000	1,500,000
<b><i>Subtotal, TANF Programming</i></b>	<b>\$36,358,898</b>	<b>\$36,358,898</b>	<b>\$36,358,898</b>	<b>\$36,358,898</b>
<b>TANF Expenditures, TOTAL</b>	<b>\$135,113,396</b>	<b>\$128,213,396</b>	<b>\$ 146,281,795</b>	<b>\$144,921,620</b>
<b>Transfers to other Block Grants</b>				
<i>CCDF Transfer-Child Care Licensing</i>	5,233,474	5,233,474	5,233,474	0
<i>CCDF Transfer-Child Care Services</i>	9,561,531	9,561,531	5,561,531	0
<i>CCDF Transfer-Craig County Day Care</i>	21,250	21,250	21,250	21,250
<i>SSBG Transfer-Local Staff Support</i>	9,101,387	9,101,387	9,101,387	9,101,387
<i>SSBG Transfer-Special Needs Adoptions</i>	2,000,000	2,000,000	2,000,000	2,000,000
<i>SSBG Transfer-Comp. Services Act</i>	4,727,113	4,727,113	4,727,113	4,727,113
<i>SSBG Trans.-Fredericksburg Dental Clinic</i>	10,000	10,000	10,000	10,000
<i>SSBG Trans.-Va. Health Care Foundation</i>	200,000	200,000	200,000	200,000
<b>TANF Transfers, TOTAL</b>	<b>\$30,854,755</b>	<b>\$30,854,755</b>	<b>\$26,854,755</b>	<b>\$16,059,750</b>
<b>TOTAL, TANF Expenditures &amp; Transfers</b>	<b>\$165,968,151</b>	<b>\$159,068,151</b>	<b>\$173,136,550</b>	<b>\$160,981,370</b>
<b>TOTAL, TANF Resources</b>	<b>\$167,949,170</b>	<b>\$160,266,019</b>	<b>\$175,863,420</b>	<b>\$161,011,870</b>
<b>TANF, Remaining Balance (*)</b>	<b>\$1,981,019</b>	<b>\$1,197,868</b>	<b>\$2,726,870</b>	<b>\$30,500</b>

NOTE: Numbers in italics represent changes proposed in HB 1500/SB 700.

\*Remaining TANF balances are carried forward to the next fiscal year.

- *Increase Oversight of Assisted Living Facilities.* Adds \$0.5 million GF and 11 adult licensing inspectors in FY 2006 to increase oversight of care provided in assisted living facilities and adult day care facilities. The additional staff will also be needed to inspect facilities in the event new legislative and regulatory requirements are adopted by the 2005 General Assembly for these facilities.

- *Adjust NGF for Increased Revenues.* Adds \$13.3 million in FY 2005 and \$6.4 million in FY 2006 to adjust the nongeneral fund appropriation for the department due to changes in revenues. These changes include:
  - an increase of \$3.5 million each year in federal special purpose grants such as child abuse and neglect grant, victim assistance programs, adoption incentives, Americorps, refugee assistance, and other programs;
  - an increase of \$3.0 million each year for the federal program share of salary increases provided in proposed budget;
  - an increase of \$6.8 million in FY 2005 and a reduction of \$40,010 in FY 2006 as a result of TANF appropriation changes in the proposed budget.
- **Virginia Board for Persons with Disabilities**
  - *Increase NGF for Agency Operations.* Adds \$90,740 from nongeneral funds in the second year to provide sufficient funding from existing federal funds for the salary and benefit costs of new employees as well as the recent addition of board members with developmental disabilities.
- **Department for the Blind and Visually Impaired**
  - *Increase Appropriation for Physical Plant Services.* Increases the appropriation for physical plant services at the department by \$40,000 NGF each year to reflect expenditures for current salaries and projected expenditures.
  - *Increase Appropriation for Manufacturing Services.* Increases the appropriation for manufacturing services at the department by \$22,889 NGF in FY 2006 to reflect expenditures associated with the training of visually impaired employees.