Health and Human Resources

Governor's Proposed Amendments ($ in millions)	FY 2013 Proposed GF	FY 2013 Proposed NGF	FY 2014 Proposed GF	FY 2014 Proposed NGF
2012-14 Current Budget (Ch. 3, Special Session I)	$5,103.8	$7,035.6	$5,213.5	$8,346.7
Proposed Increases	58.0	186.2	153.5	215.3
Proposed Decreases	(176.9)	(3.6)	(145.1)	(1,162.8)
$ Net Change	(118.9)	182.6	8.4	(947.5)
HB 1500/SB 800, as Introduced	**$4,984.9**	**$7,218.2**	**$5,221.9**	**$7,399.2**
% Change	(2.3%)	2.6%	0.2%	(11.4%)
FTEs	9,076.22	9,109.22	7,498.53	7,503.03
# Change	9.00	23.50	9.00	21.50

- **Comprehensive Services for At-Risk Youth and Families**

  – ***Adjust CSA Appropriation to Reflect Caseload and Utilization Trends.*** Proposes a reduction of $21.9 million GF in FY 2013 and $19.7 million GF in FY 2014 to reflect changes in projected CSA caseload and spending trends. The budget adopted by the 2012 General Assembly assumed a growth of 2 percent each year of the biennium. This rate has been adjusted downward to 0.4 percent in FY 2014, significantly below historical program spending. The decline in CSA expenditures is attributed to a drop in the number of children served in CSA. From FY 2011 to FY 2012, the number of children served in CSA declined from 16,567 to 15,305. The number of children to be served is expected to remain flat through the 2012-14 biennium.

  – ***Adjust CSA Appropriation to Reflect Savings from Enhanced Data Collection and Analysis.*** Proposes a reduction of $9.9 million GF in FY 2014 to reflect anticipated savings from the acquisition and operation of a data analytics package to enhance the collection and analysis of child-specific service data. These data are expected to help identify fraud, waste and abuse, as well as enhance the delivery of cost-effective services for at-risk youth.

- **Department for the Aging**

  – ***Transfer FY 2014 Appropriation to the Department for Aging and Rehabilitative Services.*** Proposes the transfer of $17.5 million GF and $38.3 million NGF in FY 2014 and 25.0 FTE positions to implement the merger of the agency into the new Department for Aging and Rehabilitative Services as approved by the 2012 General Assembly.

- **Department of Health**

  New Spending

  – ***Provide Funding for Local Share of State Employee Bonus.*** Proposes to add $350,000 GF in FY 2013 as support for the local share of the state employee 3 percent bonus paid out on December 1, 2012. The total local share for the bonus amounts to $838,571. Language is added to authorize the agency to pay the remainder of the local share of the bonus from excess revenues collected through local health departments. The majority of local health department employees are state employees. Local governments share in the cost of local health department operations through the cooperative health funding formula.

  – ***Provide Funds for Algal Bloom Monitoring and Response Activities.*** Proposes $150,000 GF in FY 2014 to replace federal grant funds to monitor and respond to harmful algal blooms occurring in the Chesapeake Bay and bay tributaries. The federal grant from the U.S. Centers for Disease Control and Prevention will end in FY 2013.

  Budget Reductions

  – ***Supplant GF for Resource Mothers Program with Federal Maternal & Child Health Block Grant.*** The introduced budget replaces $499,866 GF support for the Resource Mothers program with a like amount of funding from the federal Maternal and Child Health Block Grant. The Resource Mothers program is a home visiting program which provides mentoring services to pregnant teens up to age 19, with the goal of achieving healthy births and reducing infant mortality.

  – ***Transfer Costs for 30 Public Health Nurses to City of Norfolk.*** Proposes savings of $423,344 GF in FY 2014 by phasing in the transfer of 30 public health nurses who provide school health services to the City of Norfolk or the Norfolk School Board over a three-year period.

- **Department of Medical Assistance Services**

  Forecast Changes

  – ***Medicaid Utilization and Inflation.*** The introduced budget adds $46.2 million GF and $27.6 million NGF in FY 2013 and $68.4 million GF in FY 2014 to fund expected increases in utilization and medical costs for the Medicaid program. It further reduces nongeneral funds by $1.1 billion in FY 2014 to reflect the removal of federal Medicaid matching funds for Medicaid expansion to individuals up to 138 percent of the federal poverty level, pursuant to the federal Patient Protection and Affordable Care Act (referred to as the Affordable Care Act or ACA). Last June, the U.S. Supreme Court ruled that the Medicaid expansion as required by the ACA was not enforceable, in effect making it optional for states. The official Medicaid forecast excludes this funding since the expansion is considered an optional policy decision.

Medicaid expenditure increases are attributed to several factors, including FY 2012 payments delayed until FY 2013, loss of anticipated savings in FY 2013, and required hospital rebasing in FY 2014. Certain quarterly payments for state teaching hospitals were delayed in the last quarter of FY 2012 and billing delays from state training centers and mental health hospitals have resulted in higher estimated expenditures for FY 2013. In addition, savings that were expected from the implementation of managed behavioral health care will not be realized in FY 2013 due to a legal challenge over a vendor disqualification. In FY 2014, the driving factor in expenditure increases is the rebasing of hospital costs. Medicaid regulations require periodic rebasing of these rates, but this has become a policy choice in recent years due to budget constraints.

Two areas of Medicaid spending that continue to grow at rates well above the average for other services are: (1) personal care provided through home- and community-based waiver services, and (2) adult community mental health services. In addition, the program is experiencing a slight uptick in fee-for-service medical expenditures, despite recent efforts to expand managed care to more populations and services.

– ***Adjust Medicaid General Fund Amounts for Revenue Changes in the Virginia Health Care Fund***. The proposed budget reduces general fund amounts in the Medicaid budget by $142.5 million GF in FY 2013 and $60.0 million GF in FY 2014 to reflect changes in net revenues in the Virginia Health Care Fund. Revenues from the Fund are used as a portion of the state's match for the Medicaid program; therefore, lower revenues require an additional general fund appropriation to maintain currently-funded Medicaid services. Conversely, higher revenues allow for a reduction in general fund support. Tobacco taxes, Medicaid recoveries, and a portion of the Master Tobacco Settlement Agreement (41.5 percent of tobacco settlement revenues) comprise the revenues in the Fund. Changes to the Fund include:

- A $65.3 million cash balance from FY 2012 and projected revenue of $65.0 million in each year of the 2012-14 biennium, primarily due to pharmacy rebates collected on behalf of managed care recipients required by the federal Affordable Care Act;

- A net increase of $7.7 million in FY 2013 and $2.1 million in FY 2014 from projected in tax collections from cigarettes and other tobacco products;

- An increase of $6.6 million in FY 2013 and a decrease of $8.1 million in FY 2014 from Medicaid recoveries. The reduction in the second year reflects a revised forecast of collections in the second year anticipated from the efforts of additional staffing within the Attorney General's Medicaid Fraud Control Unit that were added during the 2012 Session. Originally collections were anticipated to be $20.0 million higher in FY 2014.

– ***Correct Forecast Error in Funding for State Teaching Hospitals.*** Proposes $11.3 million GF in FY 2014 to correct an error in the calculation of Indirect Medical Education (IME) and Disproportionate Share Hospital (DSH) payments to the teaching hospitals that was contained in the 2011 Official Medicaid Forecast. The budget adopted by the 2012 General Assembly corrected the forecast error in FY 2013 only.

– ***Family Access to Medical Insurance Security (FAMIS) Utilization and Inflation.*** Proposes $5.1 million GF and $9.4 million NGF in FY 2013 and $15.1 million GF and $27.8 million NGF in FY 2014 to address anticipated enrollment and cost increases for the FAMIS program. Pregnant women and children under the age of 19 in families with income between 133 and 200 percent of poverty are eligible for this program. Spending is projected to increase by 14.4 percent in FY 2013 and 21.3 percent in FY 2014, significantly higher in FY 2013 than that projected in last year's expenditure forecast.

The increase in FAMIS costs is largely due to the 15.6 percent increase in managed care rates that took effect on July 1, 2012, which is higher than the 4 percent increase anticipated in the 2011 FAMIS forecast. The proposed budget also assumes that managed care rates will increase by an additional four percent in FY 2014. Of the increased spending in FY 2014, $6.0 million GF is due to increased enrollment in FAMIS expected as a result of the "woodwork" effect of the Affordable Care Act. As the individual mandate of the ACA takes effect, it is estimated that FAMIS enrollment will increase slightly.

– ***Adjust Funding in the Medicaid State Children's Health Insurance Program (SCHIP).*** The proposed budget reduces funding by $240,471 GF and increases funding by $960,290 NGF in FY 2013 to reflect forecast changes in the Medicaid SCHIP program. The Medicaid SCHIP program serves Medicaid-eligible low-income children ages six to 19 living in families with incomes between 100 and 133 percent of the federal poverty level. Currently, the federal match rate is the same as that provided for the FAMIS program (about 65 percent).

Further, the proposed budget restores funding for the SCHIP program in FY 2014 which had been moved into the Medicaid program based on requirements in the Affordable Care Act. It adds back $20.9 million GF and $41.8 million NGF in federal matching funds in FY 2014. Federal guidance allows for continued federal match for Medicaid expenditures for these children at the same rate that is provided for the FAMIS program. The proposed budget transfers funding from the Medicaid program in FY 2014 to reflect this change.

– ***Funding for Involuntary Mental Commitments.*** The proposed budget reduces the general fund support by $1.3 million GF in FY 2013 and $754,777 GF in FY 2014 to reflect hospital and physician costs related to temporary detention orders. Spending for these medical services is projected to increase by 5.2 percent in FY 2013 and 4.4 percent in FY 2014, lower than that projected in last year's forecast.

Increased Funding

– ***Funding for the Virginia Foundation for Health Innovation.*** The introduced budget reserves $3.0 million NGF in FY 2013 from the Virginia Health Care Fund for the Virginia Foundation for Health Innovation, a nonprofit, public-private partnership of employers, health care providers, health systems, health plans, pharmaceutical and device manufacturers, consumers, and government, whose mission is to accelerate the adoption of value-driven models of wellness and health care in Virginia.

– ***Medicaid Impact of State Inmate Inpatient Hospital Costs.*** Provides $1.4 million GF and a like amount of federal matching funds the second year to reflect the Medicaid impact of covering inpatient hospital costs for aged, disabled or pregnant inmates that would otherwise qualify for Medicaid coverage. Federal policy allows for Medicaid reimbursement for hospital inpatient services only for these individuals. A companion amendment in the Department of Corrections reduces medical expenditures for inmate health care services to reflect this action, which results in a net savings to the general fund.

– ***Modify Nursing Facility Reimbursement to Reflect Lower Minimum Occupancy Requirement.*** Adds $916,624 GF and a like amount of federal Medicaid matching funds the second year to modify the reimbursement of nursing homes to reduce the minimum occupancy requirement for the reimbursement of indirect care and capital costs from 90 to 88 percent. The Medicaid agency adjusts nursing home costs by an occupancy rate factor in the reimbursement process, which is a typical cost control strategy employed by states to encourage facilities to be more efficient by maintaining a high occupancy rate. Virginia's occupancy standard for indirect and capital costs was adjusted downward in FY 2001 from 95 to 90 percent to recognize that most Virginia nursing facilities had occupancy rates lower than 95 percent and that the high occupancy facilities as a group tended to perform more poorly on quality of care indicators than other facilities. It is estimated that more than one-third of nursing facilities have an average occupancy rate below 90 percent.

– ***Provide Funds to Implement Dual Eligible Demonstration Program.*** Proposes $650,784 GF and $1.9 million NGF in federal matching funds and 4.0 positions the second year to implement the dual eligible managed care demonstration program. The program is estimated to serve up to 70,000 individuals who are dually eligible for Medicaid and Medicare who will participate in a managed care program which integrates covered benefits for both programs. The demonstration program will be implemented in the following regions: Central Virginia, Northern Virginia, Tidewater, and Western Virginia/Charlottesville.

– ***Increase Congregate Care Rates for Certain Community Placements.*** Adds budget language authorizing an increase of up to 25 percent in Medicaid payments for congregate care for persons receiving the Medicaid Intellectual Disability Waiver who are being discharged from state facilities or who are at imminent risk of institutionalization. Language targets the rate increase for care of those individuals who have the most intense behavioral or medical needs and are moving to a community placement serving no more than four individuals. No additional funding is provided to support this initiative.

– ***Increase Federal Appropriation for Medicaid Provider Electronic Health Record Incentive Payments.*** Proposes an additional $28.8 million NGF in FY 2014 to increase the federal appropriation for health care providers to receive federal grant funding to implement technology needed to produce and use electronic health records. Federal law requires that the funding be made available through the state Medicaid agency. DMAS is responsible for administering the program, conducting outreach, determining eligibility for funding, making the payments to qualified health care providers, and providing technical support. Payments for FY 2014 are projected to total $48.8 million NGF.

– ***Increase Funds for Third Party Liability Contractor***. Adds $400,000 NGF in FY 2013 and $500,000 NGF in FY 2014 from Medicaid recoveries estimated to be received through efforts to recover payments from third parties who may be liable for the cost of medical services that were reimbursed by Medicaid. The agency currently contracts with a third party liability (TPL) vendor that receives higher payments if efforts result in additional revenue collections.

Medicaid Forecast and Other Reductions

– ***Level Fund Disproportionate Share Hospital Payments in FY 2014.*** Reduces the Medicaid forecast by $21.7 million GF and $21.7 million NGF in FY 2014 to reflect level funding of hospital disproportionate share (DSH) payments in FY 2014. Hospitals that serve a disproportionate share of Medicaid recipients may be eligible for these payments if they meet certain criteria. Rebasing of hospital costs results in a significant increase in DSH payments, due to increases in Medicaid utilization and an increase in qualifying hospitals. Virginia's allotment for federal DSH funding is currently fully utilized. Further, future federal DSH allotments are expected to decline under provisions in the ACA. Consequently, the introduced budget proposes level funding current payments until the methodology can be examined in light of current and future federal funding.

– ***Reflect Lower Costs of the PERM Eligibility Review Contract.*** Reduces funding of $1.1 million GF and a like amount of federal matching funds the second year to reflect the lower contract cost for the vendor conducting the Payment Error Rate Measurement (PERM) eligibility review and creating a permanent program for quality assurance. The 2012 Appropriation Act provided $1.6 million GF and $1.6 million NGF for this initiative; however, the agency was able to negotiate a significantly lower contract cost.

Administrative Changes

– ***Add Positions to Address Growth in Waiver Slots Related to the DOJ Settlement Agreement.*** Adds 13.0 positions in the agency to reflect additional responsibilities related to the implementation of the U.S. Department of Justice Settlement Agreement. The positions are expected to support the quality management review, appeals, audit, and oversight of the new waiver slots contained in the agreement and approved by the General Assembly.

– ***Alternative Reimbursement for Children's Services in Institutes for Mental Disease (IMDs) and Residential Treatment Centers.*** The 2012 General Assembly approved changes contained in the November 2011 Medicaid forecast which set aside $31.4 million GF in FY 2013 to reimburse the federal government in the case of an adverse ruling in a dispute regarding inpatient psychiatric services provided to children under age 21. Further, language was adopted to retroactively change Medicaid policy to April 2010 to limit the Commonwealth's liability for potential repayment of past claims, resulting in projected general fund savings of $7.1 million, if the case is settled in the federal government's favor. The federal government disputed Medicaid payments made to physicians and pharmacists who provided services to children residing in free-standing children's psychiatric facilities hospitals (Institutes for Mental Disease or IMDs). The adopted changes ensure appropriate payments for physician and pharmacy services provided to children in IMDs and residential treatment centers.

  The introduced budget adds language to further change the reimbursement method for IMDs and residential treatment centers as a result of the agency's loss of the audit appeal and the need to comply with federal reimbursement limits.

– ***Eliminate Coverage of Medicaid and FAMIS Services that Will Be Provided through the Health Benefits Exchange.*** Adds language authorizing the elimination of coverage for certain health care programs for populations that will be able to access coverage through private insurance offered through the health benefits exchange pursuant to the Affordable Care Act. Examples of services that would be eliminated would be coverage for FAMIS moms with incomes between 133 percent and 200 percent of the federal poverty level and family planning services for individuals between 100 and 200 percent of the federal poverty level.

– ***Modify Eligibility Determination Process to Comply with ACA Provisions.*** Adds language providing DMAS with the authority to modify the eligibility determination process to comply with provisions in the ACA. Changes will include implementation of the Modified Adjusted Gross Income (MAGI) methodology in determining eligibility, telephonic applications, real-time application assistance and customer services.

– *Medicaid Program Improvements.* Includes several strategies that are designed to improve Medicaid efficiencies related to provider enrollment, reimbursement, and care coordination and the provision of benefits. Specifically, the proposed budget includes the following provisions:

  - Requires the agency to implement a web-based enrollment process to the extent possible for providers requesting to enroll and participate in Medicaid's fee-for-service program.

  - Authorizes the agency to deliver notices of program reimbursement by electronic means.

  - Authorizes the agency to develop a new nursing facility reimbursement methodology to provide better incentives for cost effectiveness. Language requires that the new methodology be budget neutral.

  - Authorizes the agency to limit deductions for dental expenses to that allowed under private dental insurance plans for calculating the patient payment calculation for individuals receiving Medicaid long-term care. Currently, the program places no limits on deductions for these expenses as part of the calculation of recipient responsibility for payment toward the cost of their long-term care.

- **Department of Behavioral Health and Developmental Services (DBHDS)**

  – *Part C – Early Intervention Services.* The introduced budget proposes $3.0 million GF the first year and $3.0 million GF the second year to address the need for additional infants and toddlers identified as having developmental delays. Of the first year funding, $750,000 GF is proposed to update and enhance data collection and accountability systems for the Part C program.

  – *Increase Funding to Implement Department of Justice (DOJ) Settlement Agreement.* The proposed budget adds $5.1 million GF the second year to expand access to crisis services for individuals with intellectual disabilities consistent with the DOJ Settlement Agreement finalized in August 2012. Specifically, the budget adds $1.3 million GF in FY 2014 to establish mobile crisis, in-home, and psychiatric services for children with intellectual disabilities (ID) and developmental disabilities (DD). In addition, the proposed budget includes $3.8 million the second year for crisis services for adults with ID and DD. Funding provided during the 2012 Session for crisis services for adults has been determined to be insufficient to meet projected needs under the agreement.

  – *Increase Staffing and Improve Financial Management.* The proposed budget adds $185,982 the first year and $893,929 the second year from the general fund and $43,482 the first year and $173,929 the second year from nongeneral funds and 10.0 positions to enhance the Department's financial oversight of budget, management, accounting, and reimbursement functions involving federal, state, special funds as well as grants. Funding will also be used for contractual services to enhance the Department's ability to improve the quality of services provided.

– *Increase Funding for Children's Mental Health Services.* Proposes $1.0 million GF the second year to increase funding and access to child psychiatry and children's crisis response services in the Commonwealth. The 2012 General Assembly appropriated $1.5 million GF the first year and $1.8 million GF the second year for children's mental health services. This additional funding will build upon current efforts to expand crisis response services, child psychiatry, case management, in-home services or other services deemed appropriate by the Commissioner.

– *Add Funding for Discharge Assistance Program (DAP).* The proposed budget adds $750,000 GF the second year to expand DAP funding to assist individuals with the transition from state mental health facilities to the community. At present, 160 individuals have been determined to be clinically ready for discharge from state facilities but face barriers to treatment in the community. Additional funding for DAP services will establish access to community-based services thereby alleviating demand for inpatient bed capacity at state facilities.

– *Restore Funding for Inpatient Beds at Northern Virginia Mental Health Institute (NVMHI).* Proposes $700,000 GF in FY 2014 to maintain inpatient mental health treatment capacity at NVMHI. The 2012 General Assembly provided $600,000 GF in FY 2013 only pending a report on the need for inpatient bed capacity in the area served by NVMHI. That report recommended continued funding for inpatient mental health treatment beds at this facility.

Spending Decreases

– *Reduce Discretionary Spending at State Mental Health Facilities.* Proposes to reduce $1.5 million GF in FY 2014 from discretionary spending at state mental health facilities that is not related to direct care for patients. This savings proposal was part of the agency's 4 percent budget reduction strategy.

- **Department for Aging and Rehabilitative Services**

– *Transfer FY 2014 Appropriation from the Department for the Aging.* The introduced budget proposes the transfer of $17.4 million GF and $38.3 million NGF in FY 2014 and 23.0 FTE positions from the Department for the Aging to implement the merger of the agency into the new Department for Aging and Rehabilitative Services approved by the 2012 General Assembly.

– *Transfer FY 2014 Appropriation from the Department of Social Services (DSS).* The proposed budget transfers $1.0 million GF and 9.0 FTE positions in FY 14 from the Department of Social Services reflecting the transfer of adult services from DSS to the Department for Aging and Rehabilitative Services, as approved by the 2012 General Assembly.

- **Department of Social Services**

  Spending Increases

  – ***Create Pilot Program to Increase Adoption of Foster Care Children.*** Adds $2.0 million GF and $350,000 NGF the second year to create pilot programs to increase private adoptions of children from the state's foster care rolls. Funding will be used to provide families with a one-time payment of $1,000 per child, in addition to available federal funding, to offset costs associated with the addition of an adopted child into the families' home. The Department will also use funding to provide ongoing support services and improve efforts to recruit adoptive parents.

  – ***Restore Funding for Virginia Early Childhood Foundation.*** Restores $750,000 GF the second year to the Virginia Early Childhood Foundation, a public-private partnership that makes grants to community-based organizations to improve the provision of child care services. Funding for the Foundation was reduced by 50 percent during the 2012 Session. Budget language requires that the additional funding be used to develop a kindergarten readiness assessment tool as part of a pilot program by Smart Beginnings coalitions and local school divisions to assess the range of skills children have as they enter kindergarten and progress through that first year.

  – ***Enhance Staffing for Eligibility System Modernization Effort.*** The budget as adopted included over $60 million in total funds to modernize the Department of Social Services eligibility processing information system for benefit programs. The new system will convert the aging ADAPT system into a modern relational database to process TANF, Medicaid and SNAP (formerly Food Stamp), energy assistance, and child care benefits. The proposed budget adds $522,286 GF and $1.9 million NGF from enhanced federal Medicaid matching funds the second year to increase the Department's management and technical support for the eligibility modernization initiative. In addition, the proposed budget authorizes eight new positions as part of this effort.

  Spending Decreases

  – ***Adjust Appropriations for Foster Care and Adoption Subsidies Programs.*** The introduced budget reduces $1.8 million GF each year for three child welfare services – Title IV-E foster care, Title IV-E adoption subsidy payments and state-funded Special Needs Adoption Subsidies. The proposed budget assumes spending on foster care and adoption subsidies will slow based on the most recent three months for which data is available. In addition, the implementation of reductions to foster care and adoption subsidy maintenance payments should also dampen future growth of these child welfare programs.

    Changes in appropriation amounts are uneven across these three programs. For example:

- Spending on Title IV-E adoption subsidies are projected to increase by $2.7 million GF each year;
- Spending on Title IV-E foster care is expected to decline by $2.7 million GF each year; and
- Spending on state-funded adoption subsidies is anticipated to fall by $1.9 million GF each year.

The table below summarizes spending on child welfare services from all sources of funding.

Governor's Proposed Child Welfare Services Spending (All Funds)

	FY 2012	Proposed FY 2013	Proposed FY 2014
Title IV-E Foster Care*	$49,844,158	$44,531,465	$44,531,465
Title IV-E Adoption Subsidies*	$59,473,436	$64,970,816	$64,970,816
State Funded Adoption Subsidies	$41,716,531	$39,829,644	$39,829,644
Total	**$151,034,125**	**$149,331,925**	**$149,331,925**

**The general fund share of these costs is 50 percent.*

– ***Adjust Appropriation for Unemployed Parents Program.*** Reduces funding of $1.1 million GF in FY 2013 and $823,636 GF in FY 2014 to adjust downward the current appropriation for the unemployed parents' cash assistance program to reflect slower growth in the program as the economy continues its slow recovery.

- **Temporary Assistance to Needy Families (TANF) Block Grant Funding**

– ***Adjust Funding for Mandatory TANF Benefits.*** Proposes to reduce general fund spending on cash assistance provided to TANF recipients by $5.0 million NGF each year, reflecting a reduction in the caseload of eligible families. Recently identified local TANF spending of $5.0 million NGF annually will now be included as part of the Commonwealth's share of the maintenance of effort requirements under the federal TANF block grant program. The budget redistributes funding within the federal TANF block grant program to address increased demand for mandatory child care under the Virginia Initiative for Employment not Welfare (VIEW) program by proposing $2.2 million NGF the first year and $2.8 million NGF the second year.

– ***Additional Federal TANF Block Grant Spending.*** The proposed budget includes $1.8 million NGF the first year and $8.4 million NGF the second year from the federal TANF block grant program from estimated balances resulting from a projection of less TANF spending on cash assistance and higher TANF balances from previous fiscal years. Specifically, the budget:

- Sets aside $3.5 million NGF in FY 2014 as a reserve reflecting an estimate of the future operating costs of information technology services attributable to the current eligibility modernization project;

- Adds $1.8 million NGF each year to increase funding for the operation of TANF-related information systems ($1.5 million) and local staffing and operations ($300,000);

- Restores $1.0 million NGF and adds $818,745 NGF in FY 2014 for transfer to the Child Care and Development Fund (CCDF) for at-risk child day care services. Last session, TANF funding for child care subsidies was reduced from $7.1 million NGF to $6.1 million NGF. This proposal brings funding to $7.8 million NGF to address the waiting list for services;

- Adds $658,104 NGF from TANF in FY 2014 to supplant general fund support for Community Action Agencies ($500,000) and Healthy Families Virginia ($158,104); and

- Includes $600,000 NGF from TANF in FY 2014 to strengthen families consistent with the purposes of the federal TANF block grant program. Funding will be used to initiate family engagement activities to improve outcomes for children in child welfare services, reduce recidivism, increase placements in family settings and improve child well-being.

- **Department for the Blind and Vision Impaired**

  – ***Transfer Enhanced Support for Blind and Visually Impaired Students to Standards of Quality.*** Assumes savings of $502,662 GF in FY 2014 by eliminating funding currently used to supplement teacher salaries. A companion amendment to Item 139 (Direct Aid to Public Education) proposes $4.9 million GF to recognize the cost of providing services through the schools for blind and visually impaired students.

TANF Block Grant Funding
Actual FY 2012 and Proposed FY 2012-14

	Actual FY 2012	Proposed FY 2013	Proposed FY 2014
TANF Resources			
Annual TANF Block Grant Award	$158,285,000	$158,285,000	$158,285,000
Carry-Forward From Prior Fiscal Year	25,574,493	30,053,974	22,192,651
Total TANF Resources Available	**$183,859,493**	**$188,338,974**	**$180,477,651**
TANF Expenditures			
VIP/VIEW Core Benefits and Services			
TANF Income Benefits	$56,399,695	$62,376,192	$65,226,447
VIEW Employment Services	14,063,788	11,612,144	11,612,144
VIEW Child Care Services	4,591,091	13,589,282	15,648,776
Subtotal VIP/VIEW Benefits and Services	**$89,397,525**	**$87,577,618**	**$92,487,367**
Administration			
State Administration	$3,138,177	$2,936,580	$2,936,580
Information Systems	2,950,716	3,052,023	3,052,023
Local Direct Service Staff and Operations	40,412,554	40,905,710	40,905,710
Local Eligibility and Administration	7,304,715	6,819,252	6,819,252
Economic Support Mgmt./IT Allocation Reserve	0	0	3,500,000
Subtotal Administration	**$51,913,565**	**$53,713,565**	**$57,213,565**
TANF Programming			
Local Domestic Violence Grants	$829,664	$0	$0
Community Action Agencies	628,318	0	500,000
Healthy Families/Healthy Start	2,986,914	2,475,501	2,633,605
Comprehensive Health Investment Project (VDH)	500,000	0	0
Strengthening Families/Family Engagement	0	0	600,000
Subtotal TANF Programming	**$4,944,896**	**$2,475,501**	**$3,733,605**
Total TANF Expenditures	**$133,805,632**	**$143,766,684**	**$153,434,537**
Transfers to other Block Grants			
CCDF Transfer – At-Risk Child Care	$7,054,139	$6,054,139	$7,872,884
CCDF Transfer to Head Start (Wraparound) Services	2,500,000	2,500,000	2,500,000
SSBG Transfer – Comprehensive Services Act	9,419,998	9,419,998	9,419,998
SSBG Transfer - Local Staff Support	1,025,750	4,405,502	4,405,502
Total TANF Transfers	**$19,999,887**	**$22,379,639**	**$24,198,384**
Total TANF Expenditures & Transfers	**$153,805,519**	**$166,146,323**	**$177,632,921**