

Appropriations Committee
DHHS – Division of Children and Family Services
March 17, 2015

Tony Green, Acting Director
Division of Children and Family Services

Good afternoon, Senator Mello and members of the Appropriations Committee. For the record, I am Tony Green (T-O-N-Y G-R-E-E-N), Acting Director of the DHHS Division of Children and Family Services. I will discuss the division's requests for additional appropriations related to FY16 and FY17.

Child Care Market Rate Survey

The Child Care Market Rate Survey is required by §43-536 of Nebraska Revised Statutes and is to be conducted in odd years. The statute requires that Child Care Subsidy providers receive no less than the 60th percentile and no more than the 75th percentile of what licensed providers charge.

At the time the Governor's recommendation was put forth, the Child Market Rate Survey had not yet been completed. The Governor's recommendation reflected the Department request which was calculated using FY14 actual data and used the lowest percentage impact of the past three surveys for the upcoming biennium estimate. Once the survey was completed, the impact in dollars is higher than the estimate by \$5.1 million. The \$8,510,036 for Public Assistance and \$502,875 for Child Welfare in state general funds as recommended by the Committee are needed in order to fulfill statutory requirements. I appreciate the Appropriations' Committee recommendation for this purpose.

Minimum Wage

Passage of state minimum wage increases in January 2015 and January 2016 creates a need in the Public Assistance program where providers, primarily child care subsidy providers and chore service providers, are paid the minimum wage. In FY16, we request an appropriation increase of \$754,814 state general funds. In FY17, we request an increase of \$1,056,740 general funds. This issue was included in the Governor's budget recommendation and we respectfully request the Committee include this funding.

Child Welfare Aid

LB 949, which was signed into law by the Governor on April 12, 2012, moved child welfare expenditures out of Program 347, Public Assistance Aid, into the newly created Program 354, Child Welfare Aid, effective July 1, 2012, or the beginning of State Fiscal Year 2013.

At the beginning of State Fiscal Year 2014, \$15.1 million of state general funds were expended for previous year obligations in Program 354. Subsequently, Program 354 was over obligated in state general funds at the end of State Fiscal Year 2014 by \$12.3 million. The Title IV-E deferral resulted in General Funds being overspent by \$6.9 million and \$4.4 million of service costs for the OJS population where there was no General Fund appropriation. These two issues accounted for \$11.3 million of the \$12.3 million shortfall or 92 percent and explains why there were no carryover funds related to SFY14 in Program 354.

In State Fiscal Year 2015, then, \$12.3 million of state general funds were expended for obligations incurred in FY 2014. Therefore, we estimate that an additional \$12.3 million General Funds will be needed for FY2016 in Child Welfare Aid, Program 354 to break this cycle of Program 354 being over obligated at the end of each fiscal year. This would be one-time funding in State Fiscal Year 2016 for services provided in FY 2015.

The Department requests that reappropriation of unused General Funds from Program 250 Juvenile Services Operations, Program 347 Public Assistance Aid and Program 514 Public Health Aid totaling \$12.3 million be appropriated to Program 354 Child Welfare Aid for FY 2016 to finance Program 354 Child Welfare Aid.

Supplemental Request

I want to thank the Appropriations Committee, once again, for your assistance with our emergency request to transfer \$7 million from Program 347 Public Assistance to Program 354 Child Welfare, as well as including the \$7,584,150 General Funds relating to foster care reimbursement rates in your preliminary recommendations for FY 2015 supplemental funding.

There is one additional supplemental request in the Governor's recommendation that I hope you will consider funding and that is for those youth that are still in the care and custody of the Department of Health and Human Services after the Office of Juvenile Services (OJS) population transitioned to the Office of Probation Administration. For a variety of reasons, these youth (there are currently 59) will remain with DHHS until they age out. While we will continue to provide services for these challenging cases, we do

not have operations or aid funding to support this population as the funds were all transferred to Probation. We therefore request \$365,922 state general funds with \$271,419 personal service level for staffing in Program 033 Operations and \$1,128,000 state general funds for aid in Program 354 Child Welfare Aid.

Thank you for your consideration of these items. I'm happy to answer any questions you have.