



HUMAN SERVICES – STRUCTURAL IMBALANCE IN THE DSPD COMMUNITY SUPPORTS WAIVER

SOCIAL SERVICES APPROPRIATIONS SUBCOMMITTEE
STAFF: STEPHEN JARDINE

ISSUE BRIEF

SUMMARY

The Division of Services for People with Disabilities (DSPD) requests funding for FY 2012 and FY 2013 to cover a structural imbalance in its Community Supports Waiver program. The ongoing structural imbalance is a result of DSPD not fully implementing appropriated budget reductions from previous Legislative sessions. Timely discussion of the structural imbalance was delayed by the approved use of one-time funding sources in previous budget years to pay for ongoing program costs through intent language. No additional one-time sources of funding are anticipated for FY 2013. Additionally, DSPD has statutory nonlapsing authority allowing it to carry any unused funds from one fiscal year into the subsequent fiscal year (UCA 62A-5-102(7)). This statute specifies that these unexpended funds “may be used only for one-time expenditures unless otherwise authorized by the Legislature.” Since 2004 the Legislature has authorized DSPD, through intent language, to use its nonlapsing funds to cover ongoing costs. Elimination or clarification of this intent language authority would facilitate more timely discussions about the ongoing structural balance of the DSPD budget. The Fiscal Analyst has provided a range of options in dealing with the DSPD ongoing structural imbalance for the subcommittee to consider.

LEGISLATIVE ACTION - OPTIONS FOR CONSIDERATION:

The Legislature can consider the following range of options, or variations of these options, in responding to the DSPD structural imbalance request:

1. Require the division to live within its current budget and further require it to provide to the subcommittee a detailed plan as to how it will accomplish this.
2. Fund the Governor’s FY 2013 recommendation one-time; require DSPD to work with all stakeholders to develop a plan to live within its appropriated levels using ongoing funding; and require DSPD and stakeholders come back to the subcommittee and present a plan along with options to live within the ongoing appropriated budget.
3. Request DSPD provide the subcommittee a list of reductions and efficiencies taken in other states for the area of services to individuals with disabilities, and how they can apply to Utah, that the subcommittee can consider acting upon in order to bring the DSPD budget into structural balance.
4. Combine the Division of Services for People with Disabilities, which is primarily a Medicaid-funded agency, with the Division of Medical and Healthcare Financing in the state Department of Health (Medicaid) where other long-term care services are provided. A close working relationship already exists between these two agencies. The Division of Medical and Healthcare Financing also performs a Medicaid oversight function for many of the programs in DSPD.
5. Create separate line items for major areas of funding within the DSPD budget. For example, separate line items could be created for the direct services programs which include the three Medicaid waivers, the Non-Medicaid services program, and the Utah State Developmental Center. Creating separate line items would stop any movement of funds between program areas. Moving funds between program areas has been one of the mechanisms DSPD used to delay the discussion of the Community Supports waiver structural imbalance.
6. Eliminate annual intent language allowing DSPD to use one-time carry forward funds for ongoing program expenditures. Elimination of this intent language authority would facilitate more timely discussions about the ongoing structural balance of the DSPD budget.
7. Adopt a portion of the Governor’s recommended funding of \$3,390,000 in ongoing General Fund for FY 2013 to partially eliminate the structural imbalance and require DSPD to cover the remaining amount with internal reductions.
8. Fully adopt the Governor’s recommendation and fund \$3,390,000 in ongoing General Fund for FY 2013 to partially eliminate the structural imbalance.

BACKGROUND

The Division of Services for People with Disabilities requests funding for FY 2012 and FY 2013 to cover a structural imbalance in its Community Services Waiver program. The ongoing structural imbalance is a result of DSPD not fully implementing appropriated budget reductions from previous Legislative sessions. Budget discussions regarding the nature

of the structural imbalance were delayed by DSPD using one-time funding sources to balance previous budgets. No additional one-time sources of funding are anticipated for FY 2013. In its request, DSPD states, "For a number of years, the Community Supports Waiver has needed funds from other appropriation units within DSPD in order to end each fiscal year without a deficit. As budget cuts have reduced the amount of funds available from the other appropriation units within the division, it has become necessary to request a building block (and supplemental) in order to prevent a Division wide deficit at the end of FY 2013." The Governor has recommended funding the FY 2013 request with \$3,390,000 ongoing General Fund. The Governor did not recommend the DSPD FY 2012 structural imbalance supplemental request of \$2,260,400. Instead, the Governor asked the department to cover the current year structural imbalance with one-time funding sources within its existing FY 2012 budget structure.

SOURCES OF THE DSPD STRUCTURAL IMBALANCE:

DSPD outlines in its budget request the following items, showing the General Fund amounts, it associates with its current structural imbalance:

**Division of Services for People with Disabilities
FY 2013 Structural Imbalance**

Source of Funding Imbalance	State General Fund	Federal Medicaid Funds	Total Funding
FY 2011 One-time funding not available after FY 2012	800,000	1,961,000	2,761,000
FY 2012 Reduction for "Fraud Recovery" Not Materialized	335,900	872,400	1,208,300
FY 2010 Unfunded Mandated Additional Services to Clients	500,000	1,200,000	1,700,000
Lack of Nonlapsing Funding from Other Division Programs	1,754,600	4,277,400	6,032,000
Total Structural Imbalance	3,390,500	8,310,800	11,701,300

Source: Department of Human Services FY 2013 Budget Request to the Governor (Form 400)

**Division of Services for People with Disabilities
FY 2012 Structural Imbalance**

Source of Funding Imbalance	State General Fund	Federal Medicaid Funds	Total Funding
FY 2011 One-time funding not available after FY 2012	800,000	1,961,000	2,761,000
FY 2012 Reduction for "Fraud Recovery" Not Materialized	335,900	872,400	1,208,300
FY 2010 Unfunded Mandated Additional Services to Clients	500,000	1,200,000	1,700,000
FY 2011 FMAP change and FY 2012 partial FMAP funding	421,700	1,033,700	1,455,400
Lack of Nonlapsing Funding from Other Division Programs	202,800	473,700	676,500
Total Structural Imbalance	2,260,400	5,540,800	7,801,200

Source: Department of Human Services FY 2013 Budget Request to the Governor (Form 600)

STATUTORY INTENT LANGUAGE AND THE USE OF ONE-TIME FUNDING FOR ONGOING NEEDS

DSPD has statutory nonlapsing authority allowing it to carry any unused funds from one fiscal year into the subsequent fiscal year (UCA 62A-5-102(7)). This statute specifies that "funds unexpended by the division at the end of the fiscal year may be used only for one-time expenditures unless otherwise authorized by the Legislature." Since 2004 the Legislature has authorized, through intent language, DSPD to use its nonlapsing funds to cover ongoing costs associated with emergency services and youth with intellectual disabilities aging out of the Division of Child and Family Services custody.

The use of one-time carry forward funds to cover ongoing program costs has masked the DSPD structural imbalance. Eliminating this authority would facilitate more timely discussions about the structural balance of the DSPD budget.

PROVIDER RATE REDUCTION AS THE DSPD RECOMMENDED SOLUTION IF ADDITIONAL FUNDING NOT RECEIVED

DSPD offers the following alternative if no additional funding is received: “an across the board rate reduction for all waiver services to contracted providers will have to be implemented effective July 1, 2012.”