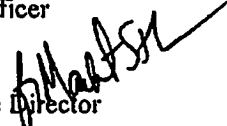




STATE OF MISSISSIPPI
Phil Bryant, Governor
DEPARTMENT OF HUMAN SERVICES
Richard A. Berry, Executive Director

To: Mr. Richard Moor
House Budget Officer

From: Richard A. Berry 
MDHS Executive Director

Date: July 15, 2015

Subject: Impact of a 7.8% Budget Reduction
State Fiscal Year (SFY) 2016

As requested, the Mississippi Department of Human Services (MDHS) has closely reviewed the potential impact of a 7.8% budget reduction of the \$152,395,151 appropriated for SFY 2016. At the current level of state funding, the state leverages \$1.6 billion in federal funds to administer programs. An analysis of a state budget reduction must take into consideration additional factors that may potentially impact federal funding during the same period of time for the programs this agency administers. Specifically, MDHS is greatly concerned about the future the *Olivia Y* lawsuit and the *Social Services Block Grant* (SSBG).

The impact of the *Olivia Y* lawsuit within the Division of Family and Children's Services cannot be overlooked in any budget consideration. The state faces a federal contempt hearing scheduled in August 2015. The outcome of this hearing will possibly prescribe additional requirements and costs associated with the administration of Child Protective Services. It is incumbent upon the state to provide a good faith effort in meeting the Modified Settlement Agreement. Based on outcomes in other states, additional state funding and resources will be required to meet the expectations of the federal court if receivership is going to be avoided.

The *American Public Human Services Association* (APHSA) and the *National Governors Association* (NGA) both indicate Congress will eliminate SSBG funding when it passes the national budget or possibly even in the next continuing resolution. Should this occur, the State (MDHS) would lose our primary funding source for Adult Protective Services (APS). The State would have to cut 25% or \$6,678,000 in funding for Home Delivered Meals and other aging programs which allow seniors to live independently in their homes. This will result in more nursing home confinements and further increase State Medicaid expenditures. In addition, this would eliminate funding for approximately 100 social worker's salaries and put an additional \$4,779,426 burden on our general fund budget. There is an additional \$1,980,199 in SSBG funding that would be eliminated that supports Adolescent Offender Programs and Youth Court Counselors. The total SSBG allocation is currently \$14,827,833.

These factors along with the impact of a 7.8% state budget reduction would make it impossible for the State to provide adequate services to some of the most vulnerable citizens in Mississippi. Also of note, is the extreme reduction in force that would be necessary in an effort to provide the basic required services of the federal programs MDHS administers.

Four (4) scenarios based on the potential cuts in SSBG (\$14,827,833) as well as the 7.8% state budget reduction (\$11,866,822) for SFY 2016.

\$14,827,833
- \$11,866,822
\$26,694,655 total dollars cut for SFY 2016

SCENERIOS

Note: *The average salary of an MDHS employee is \$31,258.57 with fringe calculated at 30% for a total of \$40,636.14. There is a 50% federal match and a 50% state match. Therefore, for this analysis the state portion of the average MDHS employee's salary is \$20,318.00.*

Scenario One:

\$26,694,655 (total SSBG and 7.8% cut) divided by \$20,318 (salary) =
1,339 positions eliminated

Scenario Two:

\$17,914,043 (cuts in personnel minus service dollars) divided by \$20,318 (salary) =
881 positions eliminated

Scenario Three:

\$11,866,822 (7.8% budget reduction) divided by \$20,318 (salary) =
584 positions eliminated

Scenario Four:

\$14,300,00 (cut total state dollars funding Oakley Training School and permanently close)
391 positions eliminated

Discussion

The Divisions of Social Services Block Grant and Community Services are 100% federally funded requiring no state match.

The Division of Early Childhood Care and Development (DECCD) utilizes a state match of \$7,340,000 which allows MDHS to draw down \$57,131,000 federal funds providing child care certificates to children of low income working families.

The Division of Aging and Adult Services (DAAS) utilizes a state match of \$1,302,000 which allows MDHS to match \$10,534,644 in federal funds through the Older Americans Act to provide funds for Adult Protective Services. The SSBG funds are the only funds available to support this vital mission to protect the elderly from physical and sexual abuse as well as financial exploitation.

The Division of Field Operations (DFO) utilizes a state match of \$33,886,000 which allows MDHS to draw down \$86,700,000 in federal funds to administer the TANF program.

TANF funds provide services to the poorest citizens of the state, support services to assist in transitioning from welfare into employment, additional child care certificates, child welfare prevention programs to keep children out of foster care, salaries for child protection workers, community based prevention programs designed to keep adolescent offenders out of Oakley/prison system, and to reduce out of wedlock as well as teen pregnancy.

The **SNAP** program which brings in over \$1 billion in total federal nutrition assistance and nutrition education directly into every community around the state is administered in this division. This program has been recognized nationally for the past ten years for maintaining one of the highest payment accuracy and timeliness rates in the nation for the past 10 years.

The **Child Support Enforcement** Program utilizes approximately \$5,919,000 to leverage \$35,000,000 in federal funds to collect over \$350,000,000 in child support for the children in Mississippi. They are recognized nationally as having the lowest administrative cost in the nation. This program has been grossly underfunded for years. State dollars run out by January and the only way the program can survive in Mississippi is by earning federal incentive dollars for high performance. Any reduction in state funds would result in a significant reduction in staff which would lead to a decrease in performance and the elimination of incentive funds virtually shutting down the entire program.

Note: State Legislative cuts since 2004 have eliminated over 800 positions in this one division. Further cuts would result in our inability to provide services in each of the 82 counties as currently required by state law. There are currently one in every four Mississippians receiving benefits from these federal programs.

The **Division of Family and Children's Services (DFCS)** receives \$79,418,151 in general funds that must be exempted from any cuts due to the ongoing Olivia Y. Lawsuit. As stated earlier, plaintiffs are currently seeking from a federal court receivership of the Child Welfare Agency. Should the state be unsuccessful in defending this request, the federal court through a Receiver would dictate budgets and expenditures to the state under the threat of a Writ of Mandamus should the Legislature not comply with the court's mandate.

The **Division of Youth Services (DYS)** operates almost solely on state general fund dollars totaling \$17,852,000. **Oakley Training School** requires the majority of those funds. In order to comply with the Department of Justice standards for the safe and productive operation of a youth detention facility we must comply with the following: staff to student ratio, strict provisions of medical and mental health services to the students (with no Medicaid reimbursement), compliance with all USDA nutrition requirements, and the operation of a fully accredited school system. The total costs for these services are a whopping \$14,300,000 in state general funds. If cuts at the proposed level are implemented, as distasteful as it would be, I would propose MDHS must work with the legislature to see how to begin the process of closing the School as a permanent solution to the general funds shortfall. This would eliminate 391 PINS.