

Health and Human Resources

Proposed Adjustments as Introduced				
(\$ in millions)				
	FY 2021 Proposed		FY 2022 Proposed	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
2018-20 Base Budget, Ch. 854	\$7,073.9	\$13,455.8	\$7,073.9	\$13,455.8
Proposed increases	498.7	1,058.1	935.3	1,818.1
Proposed decreases	(125.6)	(97.2)	(154.0)	(301.7)
\$ Net Change	373.1	960.9	781.2	1,516.5
HB/SB 30, as Introduced	\$7,447.0	\$14,416.7	\$7,855.1	\$14,972.3
% Change	5.3%	7.1%	11.0%	11.3%
FTEs	8,362.65	6,410.12	8,463.15	6,113.12
# Change	(769.50)	(37.00)	(669.00)	(334.00)

- **Children’s Services Act (CSA)**

- ***Mandatory Caseload and Cost Increases.*** Recommends \$18.1 million GF in FY 2021 and \$25.8 million GF in FY 2022 to fund the anticipated growth in the CSA program. Caseload dropped slightly in FY 2019 to 15,645 from 15,744 in FY 2018. While total census growth is flat, expenditures in FY 2019 were up 2.7 percent over FY 2018. Most of this growth was due to an increasing number of children placed in private day treatment through federally mandated Individualized Education Program (IEP) plans and an increase in treatment foster care. In FY 2019, 126 additional children were provided private day treatment, a 3.1 percent increase over FY 2018. Expenditures for private day increased by \$12.3 million, which is a 7.1 percent increase over FY 2018. The annual cost of a private day treatment placement was \$43,780 in FY 2019 compared with the average annual cost of \$27,298 for all CSA services.
- ***Complete the Rate Study for Private Day Placement Services.*** Proposes \$175,000 GF in FY 2021 and \$75,000 GF in FY 2022 for the Office of Children’s Services to continue a contract for a study to determine the adequacy of the current rates paid by localities to special education private day programs. Prior funding was provided for this study, however an insufficient number of providers participated in order to develop appropriate rates. Budget language requires all providers to participate in

the study and includes protections for public disclosure of provider information. A report is due to the Governor and the Chairs of the House Appropriations and Senate Finance Committees by June 1, 2021 on the study's findings.

- ***Fund Training.*** Recommends \$50,000 GF each year to improve training by the Office of Children's Services provided to community partners. The proposed funding would be used to support the annual conference, an instructional designer to develop on-line courses, and training costs for individuals using the uniform assessment tool. The last increase in the office's training funds was in 1998.
- ***Continue Limit on Private Day Placement Rate Increases.*** Includes budget language that maintains the 2 percent limit for increases each year on the rates paid to providers of special education private day placement services. The current appropriation act includes this limit for FY 2020. This proposal continues the limit for FY 2021 and FY 2022, until the rate study can be completed with the new mandatory requirement that all providers participate in the study.

- **Department for the Deaf and Hard-of-Hearing**

- ***Fund Shared Services Contract Costs.*** Provides \$9,731 GF each year to reflect higher costs for shared services provided by the Department for Aging and Rehabilitative Services (DARS). DARS provides certain administrative services (fiscal, budget, procurement, human resources, etc.) to smaller disability agencies. The agencies contract with DARS for those services and this funding recognizes the typical increases in costs for DARS to provide those shared services.
- ***Adjust NGF Appropriation for the Relay Services Contract.*** Reduces by \$728,453 each year the special fund appropriation to reflect a reduction in the cost of the telecommunications relay services contract, which has been reduced to \$1.7 million a year, as more individuals use services made available through the Internet. The source of the special fund for these programs is the Communications Sales and Use Tax.

- **Department of Health**

- ***Fund Implementation of an Electronic Health Records System.*** Proposes \$7.0 million GF in FY 2021 and \$8.3 million GF in FY 2022 and 2 positions each year to design and implement an electronic health records system for the 119 local health departments.
- ***Fund Tobacco Cessation Quit Now Program.*** Recommends \$3.1 million GF each year to increase nicotine counseling through the department's quit-line program known as Quit Now Virginia. The intent of this funding is to focus on Medicaid enrollees to reduce their incidence of smoking and future related health costs.

- ***Support for the Hampton University Proton Therapy Foundation.*** Proposes \$3.0 million GF each year to support cancer and proton therapy research and therapy activities at the Hampton University Proton Beam Therapy Institute. (The embedded budget language in the introduced budget bill contains an incorrect amount of \$5.0 million GF that will need to be corrected to reflect funds proposed for appropriation.)
- ***Increase the Transfer to the General Fund from the Emergency Medical Services Fund.*** Part 3 of the introduced budget bill proposes to increase the annual transfer from the Emergency Medical Services Fund to the general fund from \$10.5 million to \$12.5 million each year, a \$2.0 million increase. The fund generates revenue from an existing \$2.00 add-on to the vehicle registration fee. Revenue from the fee is higher than expenditures from the fund.
- ***Support Local Efforts to Reduce Opioid Overdoses.*** Proposes \$1.6 million GF each year to purchase and provide NARCAN (an opioid reversal drug) and personal protection equipment through local health departments and community services boards to support citizen rescue efforts for those who deal with vulnerable populations. This funding level will support over 20,000 doses of NARCAN each year.
- ***Fund the Drinking Water State Revolving Fund.*** Recommends \$482,400 GF and \$3.0 million NGF each year to increase the state match and federal appropriation for increases in federal funding for waterworks construction projects. The state is required to match 20 percent of the federal grant. The fund is supported by a grant from the U.S. Environmental Protection Agency.
- ***Fund Improvements in Data Management for the Drinking Water Program.*** The introduced budget includes \$150,000 GF the first year and \$250,000 GF the second year to fund the costs for updating water quality and monitoring databases to meet state security and federal reporting requirements under the federal Safe Drinking Water Act.
- ***Fund Adult Sickle Cell Services.*** Proposes \$305,000 GF each year to create a comprehensive adult program for sickle cell disease. This program is intended to supplement the existing pediatric program to assist individuals in transitioning into adulthood to ensure appropriate care continues.
- ***Fund a Pilot Program for Community Health Workers.*** Proposes \$289,168 GF and four positions each year to place eight community health workers in four local health districts to increase local health department capacity. Community health workers can provide social support, advocacy and serve as a resource in navigating the system for high-need individuals. The pilot program will run for two years.

- ***Fund Positions for the Shellfish Safety Program.*** Proposes to fund \$168,270 GF and 2 positions each year to handle the increasing workload of the program, especially as the Commonwealth’s oyster industry has grown in recent years. The program currently has 27 positions and certifies over 300 seafood facilities of various types.
- ***Fund Support for the Office of Health Equity.*** Proposes \$150,000 GF and 1 position each year to support the office’s work in advancing the “Health in All Policies” initiative. This position will require travel throughout the state for community meetings to promote the initiative.
- ***Fund a Wastewater Infrastructure Manager.*** Adds \$131,880 GF and 1 position each year to fund a wastewater infrastructure manager to oversee a comprehensive assessment of onsite sewage system needs throughout the Commonwealth. The position will also serve as a liaison to promote opportunities for septic system repairs and improvements.
- ***Fund Increased Rents at Local Health Departments.*** Proposes \$75,889 GF and \$49,195 NGF each year to address higher lease costs for 20 local health departments that have moved into new facilities or experienced higher costs in current leased space. While lease arrangements are negotiated by the Department of General Services, the cost of new leases is the responsibility of local health departments, which are funded jointly by the state and local governments.
- ***Fund Education and Access for Women’s Reproductive Health.*** The introduced budget provides \$2.0 million NGF each year in additional federal Temporary Assistance to Needy Families (TANF) block grant funding to continue the pilot program to increase education and expand access to contraceptives, particularly Long Acting Reversible Contraceptives (LARC). (The introduced budget bill inadvertently did not include any language related to the LARC program and will need to be corrected.)
- ***Reduce Office of Information Technology’s Federal Appropriation.*** Reduces \$263,056 GF and \$2.4 million NGF in FY 2021 and \$343,264 GF and \$3.1 million NGF in FY 2022 for the development of the Emergency Department Care Coordination program. This program connects all emergency departments in hospitals throughout the Commonwealth to improve care coordination. The program was primarily funded from a federal grant. This action reflects the appropriation reduction for the developmental costs of the program, which has been implemented.
- ***Modify Funding Source for the Trauma Center Fund.*** Proposes to eliminate the \$1.9 million annual transfer to the general fund from the Emergency Medical Services Trauma Center Fund in Part 3 of the introduced budget bill. This change is intended to leave enough revenue in the fund to continue to provide funding to hospital

trauma centers to offset the higher costs necessary for maintaining around the clock availability of trauma care. Revenue for the fund is derived from a \$100 fee for driver’s license reinstatements related to convictions for driving under the influence. In the 2019 Session, action was taken to end the policy of suspending driver’s licenses due to failure to pay fines and fees, and eliminating the revenue to the Trauma Center Fund through an inadvertent error. The language is corrected to allow revenue from the suspension of driver’s licenses, unrelated to failure to pay fines and fees, to continue to be deposited to the fund.

Language

- ***Mandate Hospital Reporting of Temporary Detention Orders.*** Proposes language requiring all hospitals in the Commonwealth to report to the Board of Health all involuntary and voluntary admissions of individuals meeting the criteria under state law for psychiatric commitment. The board is provided authority to share that information with the Department of Behavioral Health and Developmental Services.

- ***Modify Abortion Limitations and Reporting.*** Proposes language in Part 4 of the introduced budget bill that allows the expenditure of funds for abortions as permitted by state statute. Beyond federal restrictions, Virginia law allows abortions in the case of gross fetal abnormality. Budget language requiring the department to report on the number of abortions paid for each month pursuant to state law is also removed.

Technical Adjustments

- ***NGF Technical Adjustments.*** Proposes to increase \$16.9 million NGF each year in various programs throughout the department to reflect higher federal grant awards, fee increases, and other NGF revenues. The following table illustrates the changes.

Technical Adjustment	Each Year
Office of Epidemiology - Federal Ryan White Funds	\$12,500,000
Federal Grant Indirect Cost Recoveries	2,500,000
Central Pharmacy Costs (Fees Recoup the Costs)	500,000
Office of Radiological Health (License Fee Increase)	500,000
Office of Chief Medical Examiner (Federal Funding Increase)	250,000
Office of Radiological Health (Dominion Energy Fee Increase)	221,817
Office of Chief Medical Examiner (Cadaver Revenue)	200,000
Office of Chief Medical Examiner (Other NGF Revenue)	150,000
State Loan Repayment Grant (Federal Grant Increase)	111,000
Total Technical Adjustments	\$16,932,817

- *Create New Service Areas and Transfer the Appropriate Funding.* The introduced budget proposes two new service areas related to Population Health and administration of the Cooperative Agreement (for the merger of health systems in Southwest Virginia). This technical adjustment nets to zero as it moves funding from existing services areas to the new ones in order to better account for agency activities.

- **Department of Health Professions**

- *Increase Position Level and NGF Appropriation to Reflect Increasing Workload and Convert Wage and Temporary Positions to Full-time.* Proposes \$605,825 NGF and 11 positions the first year and \$727,685 NGF and 14 positions the second year to support increases in workload and to convert 12 wage and temporary positions to full-time positions. The source of the nongeneral funds is generated from fees charged to regulated health professionals. This proposal would not require any increase in fees.

- **Department of Medical Assistance Services**

Forecast Changes

- *Medicaid Utilization and Inflation.* Recommends \$174.4 million GF and \$744.3 million NGF in FY 2021 and \$500.5 million GF and \$1.4 billion NGF in FY 2022 to fund expected increases in enrollment and medical costs for the Medicaid program. Base Medicaid spending (excluding Medicaid Expansion) is expected to increase by 7.2 percent and 5.9 percent, respectively, in FY 2021 and FY 2022, near the average annual growth rate of 6 percent over the past 10 years. Spending growth in the program is largely due to enrollment growth, inflation for providers, and increased supplemental payments to hospitals.

Spending growth is mainly impacted by managed care rate increases. The November 2019 Medicaid Forecast assumes that managed care rates for CCC Plus will increase by 4.2 percent the first year and 4.5 percent the second year. For the Medallion 4.0 program, managed care rates are assumed to increase 5.4 percent each year. Enrollment is expected to grow less than 3 percent a year (mainly children), excluding the impact of Medicaid Expansion.

The Medicaid forecast also contains additional funding for inflation adjustments of certain provider rates required by law or regulation. Funding is included for inflation adjustments for hospitals (\$52.0 million GF over the biennium) and nursing homes (\$49.5 million GF over the biennium). The costs of Medicare premiums adds \$53.2 million GF over the biennium in costs and the restoration of the Affordable Care Act's health insurance tax adds \$60.0 million GF over the biennium in costs to Medicaid managed care.

- ***Adjust GF Appropriation for Medicaid Due to Virginia Health Care Fund Increases.*** Proposes to reduce the appropriation by \$105.6 million GF in FY 2021 and \$117.8 million GF in FY 2022 and adds a like amount of nongeneral funds each year to reflect changes in revenues to the Virginia Health Care Fund. The largest change in revenue is due to a proposed increase in the cigarette tax from 30 to 60 cents a pack and a doubling of the wholesale tax on other tobacco products. Revenues from the Fund are used as a portion of the state’s match for the Medicaid program; therefore, higher revenues result in a reduction of the general fund appropriation needed to maintain currently-funded Medicaid services. Conversely, lower revenues require additional general fund support. Revenues in the fund are derived from tobacco taxes, Medicaid recoveries and revenue maximization initiatives, and a portion of the Master Tobacco Settlement Agreement (41.5 percent of tobacco settlement revenues). Changes to the fund include:
 - An increase of \$120.0 million in FY 2021 and \$130.0 million in FY 2022 for the increases in the cigarette tax and other tobacco products tax,
 - An increase of \$700,000 in FY 2021 and \$1.4 million in FY 2022 to reflect projected increases in current tax collections from other tobacco products,
 - A decrease in Master Tobacco Settlement Agreement payments of \$10.1 million in FY 2021 and \$10.6 million in FY 2022 to reflect special payments that are no longer required,
 - A decrease of \$1.5 million in FY 2021 and increase of \$4.1 million in FY 2022 in expected pharmacy rebates,
 - A decrease of \$3.5 million in FY 2021 and \$7.1 million in FY 2022 from projected reductions in the current tax collections from cigarettes, and
 - A decrease of \$1.7 million each year to redirect 1.5 percent of the tobacco settlement revenue to the Virginia Foundation for Healthy Youth (which used to receive these funds before a budget reduction shifted them to the Health Care Fund).

- ***Family Access to Medical Insurance Security (FAMIS) Utilization and Inflation.*** Proposes to add \$34.0 million GF and reduce \$9.4 million NGF in FY 2021, and add \$46.2 million GF and reduce \$6.8 million NGF in FY 2022 to reflect the forecast of expenditures in the FAMIS program. The main reason for the increase in state costs is due to the match rate change for the Children’s Health Insurance Program (CHIP). The Affordable Care Act reduced the state match rate from 35 to 12 percent from October 1, 2015 through September 30, 2019. Congress continued half the match rate differential (resulting in a 23.5 percent state match) as a one-year bridge for states. The first quarter of FY 2021, the state match rate is 23.5 percent with a

state match rate of 35 percent for the remaining quarters of the biennium. The change in the match rate accounts for about 73 percent of the total GF biennial need. The remaining increase in program costs is due to higher growth in the number of children served by the program and managed care rate increases assumed at 5.4 percent each year.

FAMIS enrollment of children increased by 1.7 percent in FY 2019. Through November 1, 2019, average monthly enrollment for FY 2020 is up 2 percent for children. The FAMIS program serves pregnant women and children under the age of 19 in families with income between 143 and 205 percent of poverty.

- ***Medicaid Children’s Health Insurance Program (CHIP) Utilization and Inflation.*** The proposed budget adds \$27.6 million GF and reduces \$13.5 million NGF the first year, and adds \$40.8 million GF and reduces \$7.4 million NGF the second year to reflect the forecast of expenditures in the Medicaid CHIP program. As with the FAMIS program, the main reason for the increase in state costs is due to the match rate change for the Children’s Health Insurance Program (CHIP). The Affordable Care Act reduced the state match rate from 35 to 12 percent from October 1, 2015 through September 30, 2019. Congress continued half the match rate differential (resulting in a 23.5 percent state match) as a one-year bridge for states. The first quarter of FY 2021, the state match rate is 23.5 percent with a state match rate of 35 percent for the remaining quarters of the biennium. The change in the match rate accounts for about 82 percent of the total GF biennial need. The remaining increase in program costs is due to higher growth in the number of children served by the program and managed care rate increases assumed at 5.4 percent each year.

Enrollment in the Medicaid CHIP program increased by 1.3 percent in FY 2019. Through November 1, 2019, average monthly enrollment for FY 2020 is up 3.4 percent. The Medicaid CHIP program provides services for Medicaid-eligible low-income children, aged 6 – 18, living in families with incomes between 109 and 143 percent of the federal poverty level.

Policy Changes

- ***Fund Implementation of the Redesign of Medicaid Behavioral Health Services.*** The introduced budget includes \$3.0 million GF and \$4.1 million in federal Medicaid matching funds in FY 2021 and \$10.3 million GF and \$14.1 million in federal Medicaid matching funds in FY 2022 to implement the proposed behavioral health redesign of the Medicaid community rehabilitation behavioral health services. The redesign improves Medicaid rates or adds new services as follows:
 - Effective January 1, 2021, increases Medicaid rates for programs for assertive community treatment (PACT), and adds multi-systemic therapy and family functional therapy as new services; and

- Effective July 1, 2021, increases Medicaid rates for mobile crisis intervention; crisis stabilization; partial hospitalization; and, adds residential crisis stabilization services, intensive outpatient, and 23-hour observation as new services.
- ***Implement a New Home Visiting Program in Medicaid.*** Proposes \$1.1 million GF and \$3.5 million in federal Medicaid matching funds in FY 2021 and \$11.8 million GF and \$34.2 million in federal Medicaid matching funds in FY 2022 to fund new home visiting benefits for pregnant and postpartum women in Medicaid. The new program will provide supports to women to improve birth outcomes and maternal health.
- ***Remove the 40 Quarter Work Requirement for Legal Permanent Residents.*** Recommends \$1.2 million GF and \$6.5 million NGF in FY 2021 and \$3.3 million GF and \$9.5 million NGF in FY 2022 to eliminate the requirement that legal permanent residents have 40 quarters (ten years) of work experience to qualify for Medicaid. Federal law requires five years of legal residence to qualify for Medicaid, but Virginia requires 10 years of work experience, one of six states with such a requirement.
- ***Extend Coverage of Pregnant Women in FAMIS.*** The introduced budget includes \$1.1 million general fund and \$2.1 million in federal funds in FY 2021 and \$2.1 million GF and \$3.9 million in federal funds in FY 2022 to extend postpartum coverage for women in the FAMIS program from two months to 12 months. Women with income from 143 to 205 percent of the federal poverty level are currently eligible for coverage in the FAMIS program during pregnancy through 60 days postpartum. FAMIS is funded through the federal Children’s Health Insurance Program with a 35 percent state match.
- ***Expand Opioid Treatment Services.*** Proposes \$421,476 GF and \$620,156 from federal Medicaid matching funds in FY 2021 and \$1.3 million GF and \$1.9 million in federal Medicaid matching funds in FY 2022 to allow individuals with a mental health diagnosis to access preferred office-based opioid treatment services. This service is currently limited to only those individuals with a primary diagnosis of substance use disorder.
- ***Fund Coverage for Care Coordination Services for Inmates Prior to Release.*** Proposes \$347,803 GF and \$11.4 million NGF in FY 2021 and \$465,440 GF and \$16.4 million NGF in FY 2022 to provide care coordination services through Medicaid to inmates 30 days prior to release. The proposal is intended to improve an inmate’s reentry from incarceration to ensure their health care needs are addressed.
- ***Add Inpatient Substance Use Disorder Treatment as a Benefit in FAMIS MOMS.*** The introduced budget recommends \$307,500 GF and \$626,900 NGF in FY 2021 and

\$356,775 GF and \$662,550 NGF in FY 2022 to provide access to inpatient substance use disorder (SUD) services to pregnant women in the FAMIS MOMS program. FAMIS MOMS provides coverage to pregnant women with incomes from 143 to 205 percent of the federal poverty level and the federal funding is paid from the Children's Health Insurance Program. This change aligns FAMIS MOMS with Medicaid, which already allows pregnant women to access inpatient SUD services through the Addiction and Recovery, Treatment Services program.

- ***Modify COMPASS Wavier.*** Proposes to reduce \$17.3 million NGF each year related to the implementation of the 1115 waiver by eliminating the Training, Education, Employment, and Opportunity program along with cost sharing and other personal responsibility provisions. The only part of the waiver remaining is related to implementing employment supports and housing supports. The 1115 waiver was part of the agreement in the 2018 Session related to expanding the Medicaid program. This proposed reduction leaves \$7.2 million NGF each year for waiver implementation, of which \$1.6 million is hospital provider assessment revenue and the remainder is federal Medicaid funds.
- ***Increase Disproportionate Share Hospital (DSH) Payments to Private Hospitals to Incentivize Temporary Detention Order (TDO) Admissions.*** Proposes \$32.5 million NGF each year and 1 position to increase DSH payments to private hospitals for those that increase their TDO admissions in order to reduce the census pressure on state mental health hospitals. DSH is a federal program that requires a 50 percent state match. The source of the state match for this proposal is the provider assessment on private hospitals.

Proposed Spending for Department of Justice (DOJ) Related Items

- ***DOJ: Add Funding for Community Living (CL) and Family and Individual Supports (FIS) Waiver Slots.*** Proposes \$17.0 million GF in FY 2021 and \$24.8 million GF in FY 2022 and an equal amount of federal Medicaid matching funds to add 1,135 new CL and FIS waiver slots over the biennium. The authorized slots in FY 2021 are created as required under the DOJ settlement agreement for FY 2021, which is the last year of the agreement. Funding will be used to create 25 (20 CL and 5 FIS) slots each year for individuals transitioning from state training centers into the community. In addition, the funding will be used to add 125 new CL waiver slots the first year and 75 the second year along with 635 new FIS waiver slots the first year and 200 the second year for individuals on the waiting list that are residing in the community. A total of 25 emergency slots (15 CL and 10 FIS) are funded each year to handle situations in which an individual's situation requires a slot immediately.

<u>Summary of Slots By Year</u>	<u>FY 2021</u>	<u>FY 2022</u>
Community Living Slots	160	110
Family and Individual Supports Slots	650	215
Total	810	325

- ***DOJ: Reduce Funding for State Intellectual Disability (ID) Training Centers.*** Proposes general fund savings of \$4.8 million in FY 2021 and \$13.9 million in FY 2022 and \$3.0 million in FY 2021 and \$12.1 million in FY 2022 in federal Medicaid matching funds reflecting the ongoing closure of operations at state ID training centers. The DOJ settlement agreement requires that individuals be transitioned into more integrated settings in the community. Savings this biennium reflect the planned closure of Central Virginia Training Center in June of 2020.
- ***DOJ: Increase Developmental Disability Rates for Select Services.*** Recommends \$3.6 million GF in FY 2021 and \$3.7 million GF in FY 2022 and a like amount of federal Medicaid matching dollars to fund an average increase of 6.4 percent for eight services that include: independent living supports, in-home support services, group supported employment, workplace assistance, community engagement, community coaching, and therapeutic consultation.

Other New or Reduced Spending

- ***Fund Managed Care Contract Changes.*** Proposes \$2.2 million GF in FY 2021 and \$2.4 million GF in FY 2022 and a like amount of federal Medicaid matching funds to fund changes to the Commonwealth Coordinated Care Plus and Medallion 4.0 managed care contracts. These changes include:
 - Expand care coordination for adoption assistance members;
 - Require that all foster care children receive a physician and dental visit within the first 30 days of plan enrollment;
 - Provide cultural competency training and case management initiatives specific to the LGBTQI community;
 - Require Patient Utilization Management and Safety (PUMS) Program “lock-in” re-evaluations for members changing plans;
 - Require additional care coordinators for the early intervention population;

- Develop advisory groups for member feedback and engagement surrounding maternal, child, and women's health;
 - Develop strategies to keep mom and baby together during residential SUD treatment;
 - Require plans to identify and address racial disparities in maternal, reproductive and child health;
 - Improve care coordination of the high-risk maternity program;
 - Require maternal screenings for substance abuse (SBIRT);
 - Require maternal screenings for mental health;
 - Waive the signature requirement for non-emergency transportation providers;
 - Establish payment targets for the total portion of medical spending covered under a value based payment arrangement; and,
 - Increase the cap on giveaways or incentives provided to members by plans from \$50 to \$100.
- ***Increase Mental Health Provider Rates.*** Proposes \$2.4 million GF and \$4.4 million in federal Medicaid matching funds in FY 2021 and \$2.5 million GF and \$4.5 million in federal Medicaid matching funds in FY 2022 to increase mental health provider rates to 110 percent of Medicare rates. In the 2019 Session, these rates were increased to 100 percent of Medicaid.
- ***Redirect Funding to the Virginia Foundation for Healthy Youth.*** The introduced budget proposes \$1.7 million GF each year to supplant \$1.7 million in Tobacco Master Settlement Agreement (MSA) revenue that is deposited into the Health Care Fund to support the state costs of Medicaid. Currently, 41.5 percent of the Tobacco MSA payment is deposited to the Health Care Fund. This proposal redirects 1.5 percent, leaving 40 percent to be deposited into the Health Care Fund, to the Virginia Foundation for Healthy Youth. Years ago, the foundation received 10 percent of the Tobacco MSA payment, but budget reductions reduced it by 1.5 percent. This action reverses that previous budget reduction.
- ***Fund Costs of STEP-VA Services.*** Recommends \$486,951 GF in FY 2021 and \$2.3 million GF in FY 2022 and a like amount of federal Medicaid matching funds to fund the Medicaid related costs of STEP-VA. STEP-VA is the behavioral health initiative that when fully implemented will establish a base continuum of services across all Community Services Boards in the Commonwealth.

- ***Implement Episodic Payment Models for Chronic Conditions.*** Proposes \$151,915 GF and \$174,266 NGF in FY 2021 and \$249,415 GF and \$271,766 NGF in FY 2022 and 1 position to implement new payment models to pay for episodes of care for maternity, asthma, and congestive heart failure.

Administrative Funding

- ***Reduce Funding for Contracts.*** Proposes to reduce \$302,787 GF and a like amount of federal Medicaid matching funds each year as the agency reduces various contract costs by using more cost-effective alternatives.

Language

- ***Modify Medicaid Forecasting Process.*** Includes language specifying involvement of staff from the House Appropriations and Senate Finance Committees throughout the process of developing the Medicaid forecast to improve transparency and provide legislative staff feedback.
- ***Adjust Hospital Provider Assessment Language.*** Proposes to modify language to make technical changes to improve the actual assessment process and reflect how the agency has implemented such process. In addition, language authorizes the use of the assessment to increase Disproportionate Share Hospital (DSH) payments to support increased temporary detention order (TDO) utilization in private acute care hospitals.
- ***Provide Authority to Offset Lost Federal Revenue for Children's Hospital of the King's Daughters.*** Recommends language authorizing the department to make indirect medical education payments to offset the potential loss of Disproportionate Share Hospital (DSH) payments that may be reduced as a result of a federal court case. This language allows other federal funding sources to offset the loss of DSH payments and therefore has no state funding impact.

Technical

- ***Adjust Agency Budget to Reflect Current Operations.*** Reduces \$9.1 million NGF in FY 2021 and \$12.6 million NGF in FY 2022 to reflect several changes in the agency's operations. These actions include shifting \$3.0 million GF in FY 2021 and \$3.6 million GF in FY 2022, which the agency is absorbing in their administrative budget, to account for the reduction in the federal match rate for the Children's Health Insurance Programs. Much of the NGF reduction is related to the decline in federal funding for the Medicaid Incentive Program for support of providers moving to electronic health records. This proposal also eliminates the funding provided for Vision to Learn, which is a program that provides low-income children with free eye exams and glasses.

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

System Transformation, Excellence and Performance in Virginia (STEP-VA) Services

- *Add Funds to Continue STEP-VA Implementation at Community Services Boards (CSBs).* The proposed budget recommends \$21.9 million GF and \$0.5 million NGF the first year and \$34.1 million GF and \$2.3 million NGF the second year to continue implementation of behavioral health services pursuant to the System Transformation, Excellence and Performance in Virginia (STEP-VA) process as specified in Chapters 607 and 683 of the 2017 Acts of Assembly. Funding will support the build out of outpatient mental health and substance abuse services and crisis services, which were partially implemented in FY 2020. In addition, funding will support the following new services: peer support and family support services, and mental health services for members of the armed forces located 50 miles or more from a military treatment facility and veterans located 40 miles or more from a Veterans Health Administration medical facility. Language delays the mandatory implementation of psychiatric rehabilitation, care coordination, and case management services. Proposed funding is included in the budgets for the Department of Medical Assistance Services, Community Services Boards for community mental health and substance abuse services and the DBHDS Central Office. The summary table below details the STEP-VA related budget actions.

Proposed Funding for STEP-VA Services				
(\$ in millions)				
	HB/SB 30			
	FY 2021		FY 2022	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
<u>Programs and Services</u>				
Department of Medical Assistance Services				
Outpatient Services	\$0.4	\$0.4	\$1.7	\$1.7
Mobile Crisis			0.3	0.3
Military and Veterans Services	0.1	0.1	0.3	0.3
Subtotal: Proposed DMAS Funding	\$0.5	\$0.5	\$2.3	\$2.3
DBHDS Community Services				
Outpatient Services	\$9.4		\$6.9	
Mobile Crisis Services			6.1	
Clinicians for Crisis Dispatch			4.7	
Military and Veterans Services	4.3		3.8	
Peer and Family Support Services	2.8		5.3	
CSB Support Staff	3.2		3.2	
Subtotal: Proposed Community Funding	\$19.7		\$30.1*	

Proposed Funding for STEP-VA Services

(\$ in millions)

	HB/SB 30			
	FY 2021		FY 2022	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
<u>Programs and Services</u>				
DBHDS Central Office:				
Administration	1.7		1.7	
Subtotal: Proposed Central Office Funding	\$1.7		\$1.7	-
Total STEP-VA Proposed Spending	\$21.9	\$0.5	\$34.1	\$2.3
*Number may not total due to rounding.				
Note: Mobile crisis services are funded as part of the actions addressing the DOJ Settlement Agreement. However, these services will be integrated to serve individuals with developmental disability and/or mental illness.				

Other Community Mental Health and Substance Use Disorder Treatment Services

- *Fund Discharge Assistance Planning Funds to Transition Individuals Ready for Discharge from State Mental Health Facilities.* The proposed budget adds \$7.5 million GF the first year and \$12.5 million GF the second year to fund community discharge assistance planning for individuals ready for discharge from state mental health hospitals. Language allows for the use of \$2.5 million each year to acquire or develop clinically appropriate housing options in the community.
- *Fund Increase in Acute Inpatient Care for Children.* Proposes adding \$6.3 million GF the first year and \$8.4 million GF the second year to pursue options to serve children with behavioral health acute inpatient care needs in the community who would otherwise be admitted to the Commonwealth Center for Children and Adolescents. The proposed budget adds language to authorize the agency to open up to 20 new inpatient beds at an existing state facility if community-based alternatives are unavailable by September 1, 2020.
- *Expand Permanent Supportive Housing for Mentally Ill.* The Governor’s proposed budget recommends \$2.9 million GF the first year and \$5.6 million the second year to expand permanent supportive housing for individuals with serious mental illness who are currently residing in state facilities and are ready for discharge. The added funding will serve about 215 individuals in FY 2021 and 415 individuals in FY 2022.

- ***Discharge Planning at Local Jails.*** Proposes an additional \$1.4 million the first year and \$2.1 million the second year from the general fund for Community Services Boards to provide discharge planning services at three additional jails with a high percentage of inmates with serious mental illness. The General Assembly provided \$1.6 million GF in fiscal year 2020 biennium for discharge planning services at two local jails. Discharge planning includes linking inmates with serious mental illness to community providers for treatment and housing and other needed services as they transition from jails to the community.
- ***Fund the Virginia Mental Health Access Program.*** The proposed budget includes \$4.2 million GF each year and 14 positions to expand the Virginia Mental Health Access Program (VMAP) statewide. VMAP is an integrated care pediatric program that increases access for children and adolescents to behavioral health services through enhanced pediatric training, psychiatric consultations, tele-health, and care navigation. This funding will allow the program to be implemented statewide providing mental health training for primary care providers focusing on screening, diagnosis, management, treatment, referral and resources to address pediatric mental health disorders. In addition, three regional teams will be added to the existing two teams providing two care navigators, a licensed clinical social worker, and a child and adolescent psychiatrist for each region. Funding will also provide for increased use of the call center by providers seeking mental health resources for children, development of a database for care navigation, and quality assurance and program evaluation of VMAP.

Mental Health Treatment Centers

- ***Fund Additional Beds at Catawba Hospital.*** Proposes \$9.3 million GF the first year and \$10.4 million GF the second year and 60 positions to fund 56 additional beds at Catawba Hospital, which are expected to be temporary. Construction of two additional units with 56 beds at Western State Hospital were supposed to be complete by FY 2020. However, planning and construction delays associated with the Western State beds have resulted in the need for additional capacity at Catawba Hospital through the biennium.
- ***Annualize Operating Support for New 56-Bed Unit at Western State Hospital (WSH).*** Proposes \$2.3 million GF each year to annualize the cost for 112 positions and operating costs for two new 28-bed units at WSH that are scheduled to open during the 2020-22 biennium. The agency received an appropriation of \$5.6 million GF and \$621,805 NGF for these costs associated with the new units that had been scheduled to open by FY 2020. The units are expected to be fully operational in FY 2021 with an annual operating cost of \$8.5 million.
- ***Fund Safety and Security at State Mental Health Hospitals.*** The introduced budget proposes \$2.3 million GF the first year and \$3.1 million GF the second year to fund

44.5 security positions at state mental health hospitals. Additional staff is needed to respond to emergencies such as fire alarms and patient aggression incidents, as well as monitoring critical building automation systems alerts or outages. Hiring will be phased in over FY 2021. A change in state law in 2014, that made the state hospitals the facility “of last resort,” has resulted in much higher admissions of individuals subject to temporary detention orders at all state hospitals as private hospitals have reduced their share of these admissions.

- ***Cover Increased Pharmacy Costs at State Facilities.*** The Governor’s proposed budget recommends \$966,638 GF each year to cover the increasing pharmacy costs at state facilities. Increases in psychiatric admissions, comorbidity of patients and higher drug costs have resulted in the need for additional funding. The cost of medications have risen consistently between 6 to 10 percent annually.
- ***Increase Clinical Staffing at the Commonwealth Center for Children and Adolescents.*** Proposes \$756,425 GF each year and 12.5 positions to support increased admissions at the facility. Funding will support three additional staff in the Admissions unit, six full-time Directs Service Assistants, three full-time Registered Nurses and one part-time Clinical Psychologist.

Proposed Department of Justice (DOJ) Budget Actions

- ***Summary of Proposed Actions.*** The introduced budget includes a net addition of \$11.7 million GF the first year and \$9.5 million GF the second year to continue implementation of the settlement agreement with the U.S. Department of Justice related to the training centers and community integration of individuals with intellectual and developmental disabilities into the community. The budget proposals are included in the budgets for the Department of Medical Assistance Services, and the Department of Behavioral Health and Developmental Services (DBHDS). The summary table below illustrates all DOJ related budget actions in the agencies. The DMAS items were described previously and the individual descriptions of related budget actions for DBHDS follow.

Department of Justice (DOJ) Settlement Agreement
Proposed Funding*
(\$ in millions)

<u>Programs and Services</u>	<u>HB/SB 30</u>			
	FY 2021		FY 2022	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
Department of Medical Assistance Services				
1,135 Medicaid Waiver Slots:	\$17.0	\$17.0	\$24.8	\$24.8
- 50 Facility Transition Waiver Slots				
- 200 Community Living Waiver Slots				
- 835 Family & Ind. Support Waiver Slots				
- 50 Emergency Slots				
Rate Increases for Selected Waiver Services	3.6	3.6	3.7	3.7
Training Center Facility Closure Savings	<u>(4.8)</u>	<u>(3.0)</u>	<u>(13.9)</u>	<u>(12.1)</u>
Subtotal of Proposed DMAS Funding	\$15.8	\$17.6	\$14.6	\$16.4
Dept. of Behavioral Health and Developmental Services				
11 Licensing Staff, 9 Quality Assurance and Risk Management Staff, 5 Human Rights Advocates, 2 Behavioral Analysts, 1 Individual & Family Support Regional Coordinator	4.1	3.4	4.2	1.4
State Rental Assistance Program Subsidies		3.8	5.1	
State Rental Assistance Program Coord.	0.1	0.1	0.1	0.1
Hiram Davis Medical Center Improvements		2.0		
Crisis Infrastructure/Crisis Funds		5.5	0.5	
Mobile Dentistry Equipment		0.5		
Data Warehouse Updates and 1 Position for DOJ Reporting Requirements	0.9	1.2	1.2	0.0
Training Center Facility Closure Savings	<u>(9.2)</u>	<u>(52.7)</u>	<u>(16.2)</u>	<u>(62.7)</u>
Subtotal of Proposed DBHDS Funding	(\$4.1)	(\$36.2)	(\$5.1)	(\$60.7)
Total DOJ Proposed GF Spending	\$11.7	(\$18.6)	\$9.5	(\$44.3)

- *DOJ: Fund Provider Licensing, Compliance, Quality Improvements and Individual Assessments.* Proposes \$4.1 million the first year and \$4.2 million the second year from the general fund and \$3.4 million the first year and \$1.4 million the second year from nongeneral funds for quality improvement and risk management for individuals with developmental disabilities. Funding will support 28 additional staff for licensing, quality assurance, behavioral analysis, human rights, and for the Individual and Family Support Program. Of the nongeneral funds, \$2.0 million in

FY 2021 comes from the Behavioral Health and Developmental Services Trust Fund with the remaining coming from matching federal Medicaid funds.

- ***DOJ: Crisis Infrastructure.*** Recommends \$5.0 million NGF the first year and \$500,000 NGF the second year from the Behavioral Health and Developmental Services Trust Fund to improve the crisis response system to comply with requirements of the settlement agreement. This funding will support the development of a statewide crisis hotline and start up fund for emergency dispatch. The settlement agreement requires the Commonwealth to implement a statewide crisis system to support individuals with developmental disabilities.
- ***DOJ: Fund State Rental Assistance Program (SRAP) for Individuals with Developmental Disabilities to Live in Independent Settings.*** Proposes \$3.8 million NGF the first year from the Behavioral Health and Developmental Services Trust Fund and \$5.1 million GF the second year to provide 350 additional individuals rental subsidies through a SRAP, a long-term rental assistance program administered under contract with public entities, public housing agencies and CSBs. A separate action proposes \$55,000 GF each year and one position to serve as program coordinator.
- ***DOJ: Reduce Funds to Reflect Downsizing and Closure of Training Centers.*** Recommends reducing general fund spending by of \$9.2 million GF the first year and \$16.2 million the second year to reflect savings from the continued downsizing and closure of training centers. Also proposes to adjust the special fund appropriation for training centers by \$52.7 million the first year and \$62.7 million the second year and eliminate 1,048 positions to reflect a reduction in Medicaid and third party reimbursements due to downsizing and closure. The Central Virginia Training Center is slated to close by June 30, 2020. This action will complete the closure of four training centers over the 10-year Settlement Agreement with the U.S. Department of Justice.

Other Spending Initiatives

- ***Fund Caseload Increases for Part C Early Intervention Services.*** Proposes \$2.5 million GF the first year and \$3.9 million GF the second year to cover the costs of the increasing caseload for the program. The caseload has been growing on average by 5.4 percent a year over the past five years. This provides a 4 percent annual increase in the general fund amounts for the program each year. The program provides early intervention services to children from birth to 2 years old with a developmental delay or at-risk of a developmental delay. This program is part of the federal Individuals with Disabilities Education Act.
- ***Fund Workforce Training on Behavioral Health Redesign.*** Recommends \$1.0 million GF the first year and \$1.2 million GF the second year and 3 positions to

provide training for the behavioral health workforce on changes in the delivery system due to behavioral health redesign. Significant changes will occur in state funded behavioral health services, including requirements for services to be evidence-based, provider credentials, allowable service types and levels, and reimbursement. These changes will affect state funded services provided through DMAS, DBHDS and DSS.

- ***Provide Nongeneral Funds for Electronic Health Records.*** Proposes \$5.4 million NGF the first year to fund the remaining costs of implementing electronic health records in state facilities. Funding is provided from existing nongeneral fund balances.
- ***Add Position to Review Disproportionate Share Hospital (DSH) Incentive Payments.*** Recommends to add one position and \$110,000 NGF each year to review DSH incentive payments which are proposed to be used to encourage hospitals to accept individuals subject to temporary detention orders. The source of the nongeneral funds is the Medicaid hospital provider rate assessment and matching federal Medicaid funding.

Virginia Center for Behavioral Rehabilitation (VCBR)

- ***Fund VCBR Expansion Operating Costs.*** The introduced budget proposes \$536,003 GF the first year and 15 positions and \$5.4 million GF the second year and 108.0 positions for the increased operating costs associated with the completion of the 72-bed expansion, including a transitional housing unit and units for those with acute medical or psychiatric needs.
- ***Fund Costs for Sexually Violent Predator Supervision and Monitoring.*** Recommends \$244,835 GF the first year and \$481,387 GF the second year for the costs to supervise and monitor an increasing number of sexually violent predators who are discharged from the Virginia Center for Behavioral Rehabilitation. The agency contracts with the Department of Corrections to provide these services.

Department of Behavioral Health and Developmental Services Decreases

- ***Eliminate Funding for Canceled Contract with Institute of Law, Psychiatry, and Public Policy.*** Proposes to capture savings of \$144,523 GF and \$104,783 NGF each year from a contract with the University of Virginia's Institute of Law, Psychiatry, and Public Policy that the department has canceled.

Department of Behavioral Health and Developmental Services Language

- *Authorize Emergency Regulations for Licensing Changes Related to Behavioral Health Redesign.* Recommends language to allow the agency to promulgate emergency regulations related to the licensing of services impacted by changes due to behavioral health redesign.

- **Department for Aging and Rehabilitative Services**

- *Increase Hourly Rate for Personal Attendant Rates to Mirror Medicaid Rates.* Proposes \$99,320 GF each year to increase the hourly rate for personal attendant services to mirror rates provided for similar services through the Medicaid program. This increases rates on average by \$0.38 per hour for 125 individuals who are not eligible for the Medicaid program.

- **Department of Social Services**

Child Welfare Programs and Services

- *Annualize Costs to Implement the 2019 Foster Care Omnibus Bill.* Recommends \$457,057 GF and \$347,957 NGF each year to annualize the costs of 18 new positions at the Department of Social Services to implement Chapter 446 of the 2019 Acts of Assembly to improve the foster care system.
- *Fund Cost of Living Adjustment for Foster Care and Adoption Subsidy Payments.* Proposes \$2.3 million GF and \$1.8 million NGF each year to adjust foster family home rates and adoption assistance maintenance payments by five percent. The Appropriation Act requires that these rates be increased in the year following a salary increase provided for state employees. State employees received up to a five percent raise in June 2019, therefore a similar percentage increase is proposed for these rates. Federal Title IV-E grant funds provide the nongeneral portion of the amount.
- *Fund Foster Care and Adoption Forecast.* Recommends a net increase of \$722,339 GF and \$4.1 million NGF each year for projected changes to the foster care and adoption programs. Adoption subsidies are projected to increase by \$12.0 million GF and \$12.0 million in federal Title IV-E funds over the 2020-22 biennium above FY 2020 appropriations. Title IV-E foster care expenditures are expected to decline by \$3.8 million GF and \$3.8 million NGF over the biennium below FY 2020 appropriations. The increased costs for the Title IV-E foster care and adoption programs are partially offset by a projected decline in state adoption subsidies of \$6.8 million GF over the biennium.
- *Fund Child Welfare Information System Improvements.* The introduced budget proposes \$2.0 million GF the first year and \$8.3 million GF the second year and

\$832,866 NGF the first year and \$6.5 million NGF the second year to implement a new comprehensive child welfare information system for case management to replace four information systems using federally required reinvestment funding. The new system will be used for foster care and adoption case management, investigations of abuse and neglect, to track and monitor preventive services to at-risk families and provide for other record keeping needs. Since federal FY 2010, the program criteria for an applicable child for federal Title IV-E adoption assistance have resulted in an increase in children eligible for federal funding. Services for these children were fully state-supported, resulting in state savings. The savings are required by federal law to be reinvested in the child welfare system.

- ***Fund Increase to Relative Support Maintenance Payments with TANF Funds.*** Proposes \$8.5 million NGF each year from the Temporary Assistance to Needy Families block grant to provide an increased maintenance/assistance payment to families who are providing relative care to children to avoid a foster care placement. Currently, relatives caring for children outside of foster care receive an average of \$240 per month per case/family or an average of \$163 a child in TANF funds. This request would increase monthly payments by \$200 for 3,524 eligible children and allow more families to afford to continue caring for a relative child.
- ***Fund Prevention Services at Local Departments of Social Services.*** Proposes to add \$24.9 million GF each year and \$7.9 million NGF for local departments of social services to establish preventive services departments and hire staff to implement the Family First Prevention Services Act.
- ***Fund Family First Prevention Services Act Evidence-Based Prevention Programs.*** The introduced budget proposes \$8.4 million GF and \$8.4 million NGF from federal Title IV-E funds each year for prevention services for children at risk of foster care placement and their families, pursuant to the Family First Prevention Services Act. Services must be evidence-based and trauma informed mental health services, substance use disorder services and in-home parent skill based training. Further, they must be included in the list of recognized evidence-based programs contained in the federal title IV-E Prevention Services Clearinghouse.
- ***Fund Implementation of Statewide Contracts for Family First Evidence- Based Services.*** The introduced budget proposes \$1.1 million GF and \$1.1 million NGF each year and two positions to oversee, implement and sustain evidence-based programming for prevention and foster home services through Family First. The funding would support start-up fees, program development, curriculum materials, and implementation and sustainability supports.
- ***Fund Evaluation Team for Evidence-Based Practices.*** Proposes \$801,328 GF and \$801,328 NGF the first year and \$765,187 GF and \$765,187 the second year and 20 positions for an evaluation team and technical staff positions for Family First

Prevention Services. Staff will provide technical assistance and support across the state for the implementation and sustainability for the prevention program. An evaluation team is required by Family First to ensure that the provision of evidence-based programs to children and families are producing the desired outcomes to improve the safety, permanency and well-being of children.

Emergency Shelter Services

- *Fund Improved Planning and Operations of Emergency Shelters.* Recommends \$188,945 GF and \$240,475 NGF in FY 2021 and \$152,117 GF and \$193,603 NGF in FY 2022 to establish and sustain a trained state workforce for comprehensive support of local and state sheltering and to implement and establish a review and update cycle of state shelter sites.
- *Transfer Sheltering Coordinator Position from the Virginia Department of Emergency Management (VDEM).* Proposes to transfer \$115,600 GF each year and one position from VDEM to DSS for a sheltering coordinator position and attendant responsibilities.
- *Fund Emergency Shelter Management Software and Application.* Proposes to add \$492,800 GF and \$627,200 NGF the first year and \$154,000 GF and \$196,000 NGF the second year to procure an emergency shelter management system that can be integrated with the Virginia Department of Emergency Management’s web emergency operations center. The funding would also be used to develop an application that provides shelter details during declared disaster to the public.

Child Care and Development Fund

- *Transfer Administration of the Federal Child Care and Development Fund (CCDF) to the Department of Education (DOE).* The introduced budget proposes adding \$3.1 million GF and transferring \$181.1 million from the federal CCDF block grant and 150 positions the second year to the Department of Education to administer child care and education programs under one agency. Also, proposes language requiring DSS and DOE to develop a plan to transfer the Child Care Development Fund grant no later than July 1, 2021. Language also requires the plan to be submitted to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees no later than August 15, 2020, confirming the funding amounts and positions that need to be transferred between the impacted agencies, and identifying any savings or additional costs associated with the transfer of these programs.

- ***Backfill Funds for Adult Licensing and Child Welfare Unit Licensing.*** Proposes to add \$2.1 million GF and eight positions in FY 2022 for adult and child welfare licensing units to backfill for the loss of shared funding and positions with the child care licensing unit after it is transferred to the Department of Education.
- ***Fund Replacement of Agency Licensing System.*** The introduced budget proposes adding \$2.2 million GF and \$3.2 million NGF in FY 2021 and \$431,638 GF and \$68,362 NGF in FY 2022 to replace the agency’s obsolete Division of Licensing Programs Help and Information Network (DOLPHIN), and perform necessary upgrades to the Central Registry System and the Background Investigations System. The new licensing system represents a six-year project with cost totaling \$7.5 million and will replace the 16-year old legacy software application which is currently not supported by VDSS Information Systems and does not provide fundamental functionality or support the capturing of certain data elements needed to comply with state and federal reporting requirements.

Other Increases

- ***Increase Local Staff Minimum Salary to Address Turnover Rates.*** Recommends \$9.0 million GF and \$9.1 million NGF to increase local departments of social services’ salaries and improve the recruitment and retention of staff. A local match of \$3.3 million will also be required. The average base salary for these staff is about 11 percent below both national median and average for social workers. Family Services Specialists positions have an average turnover rate over 40 percent within their first two years of employment. The proposed funds will initially support a pay band minimum increase of 20 percent for the Social Work positions and a 15 percent increase for positions such as eligibility and administration staff that are currently below the proposed minimum threshold. In addition, an overall three percent increase will be applied to all local positions in an effort to address compression concerns.
- ***Fund Replacement of Legacy IT Systems with An Enterprise Platform Solution.*** The introduced budget proposes \$1.1 million GF and \$1.3 million NGF the first year and \$1.9 million GF and \$2.3 million NGF the second year to replace the Virginia a case management system (VA-CMS) and other legacy systems with a modular enterprise platform solution. The VA-CMS system was developed beginning in FY 2013 after the 2012 General Assembly authorized funds to modernize the Department of Social Services eligibility processing information system for benefit programs.
- ***Fund Improvements in Determining Supplemental Nutrition Assistance Program (SNAP) Payments.*** Proposes \$1.9 million GF the first year for penalties assessed by the federal government for payment errors in administering SNAP benefits in federal fiscal years (FFY) 2017 and 2018. The funds will be used for activities designed to reduce errors, such as targeted case reviews, training, system

improvements and collaboration with local agencies and workers on improvement strategies. The \$1.9 million represents 50 percent of the penalty amount to be reinvested into approved activities to improve administration of the program. However, 50 percent of the penalty amount is at-risk for repayment if a liability for an excessive payment error rate is established for FFY 2019.

- ***Replace Federal Funds for Linking Systems of Care Program.*** Proposes \$187,443 GF the first year and \$467,116 GF the second year and 3 positions to continue a federal grant program called Linking Systems of Care (LSC) for Children and Youth originally funded by the United States Department of Justice, Office of Justice Programs, Office for Victims of Crime. The program is a statewide demonstration initiative with the goal of identifying children and youth who have had crimes committed against them and addressing the potential serious and long-lasting consequences of exposure to crime.
- ***Fund Enhanced 2-1-1 VIRGINIA Services.*** The introduced budget proposes \$153,614 GF and \$187,751 NGF each year over the biennium to fully fund the expansion of 2-1-1 VIRGINIA services that has occurred over the past 12 years. Growth in the contracted program is attributed to a rise in call volume and length, growth in agency participation, and a significant increase in the complexity and urgency of caller needs.
- ***Use Auxiliary Grant Program Balances for a Rate Increase.*** Proposes using anticipated balances of \$3.3 million GF in the Auxiliary Grant program to increase the rate by \$80 per month beginning July 1, 2020. This increases the grant rate by 6 percent over the proposed FY 2020 rate of \$1,329 per month, which reflects a \$12 per month increase to reflect a Supplemental Security Income cost of living adjustment beginning January 1, 2020. With the cost of living adjustment, the FY 2021 rate will increase by nine percent above the current monthly payment of \$1,292.
- ***Adjust Funding in TANF Unemployed Parents Program.*** Proposes a reduction of \$3.5 million GF each year due to the revised projection of costs in the unemployed parents cash assistance program.

Nongeneral Fund Increases

- ***Adjust NGF Appropriation for Local Staff Salary Increases.*** The introduced budget increases the appropriation by \$8.9 million each year to reflect the nongeneral fund portion of local staff salary increases provided in Chapter 854.
- ***Increase Appropriation for Low-Income Energy Assistance Program (LIHEAP).*** Proposes increasing the LIHEAP appropriation by \$4.5 million NGF each year to reflect an increase in the federal grant award.

Decreases

- *Eliminate Funds for Medicaid COMPASS Waiver Work Requirements.* Recommends eliminating \$4.2 million NGF each year to fund systems upgrades which would have been needed to implement the work and cost sharing requirements for the COMPASS waiver program.

Temporary Assistance to Needy Families (TANF) Block Grant

- *Adjust Temporary Assistance to Needy Families (TANF) Funding to Account for Providing Mandated Benefits.* Proposes to reduce TANF spending by a net of \$5.8 million NGF each year to reflect the spending forecast of TANF benefits, including cash assistance, employment services and child care.
- *Adds Funding to Eliminate the TANF Family Cap.* Proposes \$30,742 GF and \$667,934 in TANF funding each year to remove the restriction on families receiving additional TANF benefits as part of the assistance unit if they have children born 10 months after they begin receiving benefits. This policy change and funding is dependent upon the passage of legislation introduced during the 2020 Session.

TANF Proposed Policy Changes

- \$7.8 million NGF the first year and \$5.1 million NGF the second year to create a summer feeding pilot program to provide \$50 on a family's electronic benefit card each month during the summer for meal purchases;
- \$367,876 GF and \$3.3 million NGF from TANF funds to increase the monthly cash benefit amount by five percent effective July 1, 2020. The general fund amount provides an adjustment to cash benefits for two-parent families, which are funded only with general fund dollars. The TANF cash benefit amount was last raised by five percent in FY 2019;
- \$3.0 million NGF the first year to support the Federation of Virginia Food Banks for child nutrition programs;
- \$1.0 million NGF each year to provide transit passes for low-income working families through competitive grants to public transit companies;
- \$700,000 NGF each year for United Community, located in Fairfax County, to provide additional wraparound services for low-income families;
- \$6,441 GF and \$139,935 NGF each year to provide additional funding for one-time emergency and diversionary assistance for families at risk of becoming eligible for TANF cash assistance; and

- \$49,295 NGF the first year and \$98,592 NGF the second year to provide TANF benefits to individuals previously denied TANF who have been convicted of a felony drug-related offense.

Budget Language

- ***Study Public Assistance Benefits Cliff.*** Proposes budget language that the Department of Social Services study the resource cliff that families receiving public assistance face when their income increases enough to impact that assistance. The study shall look at how eligibility for public assistance programs affects the ability of families to move toward self-sufficiency. The department shall submit the report to the Governor and the Chairs of the House Appropriations and Senate Finance Committees by August 1, 2021.
- ***Require Notification of Changes to Agency Documents.*** Proposed language to require the department to provide 60 days written notice to the Governor and the Director of the Department of Planning and Budget of any change to a public guidance document, handbook, manual, or state plan. The notice shall include any future regulatory action needed and assess any local or state cost of the proposed change.

- **Virginia Board for People with Disabilities**

- ***Fund Increase in Shared Services Contract Costs.*** Provides \$8,918 GF each year to reflect higher costs for shared services provided by the Department for Aging and Rehabilitative Services (DARS). DARS provides certain administrative services (fiscal, budget, procurement, human resources, etc.) to smaller disability agencies. The agencies contract with DARS for those services and this funding recognizes the typical increases in costs for DARS to provide those shared services.

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

- ***Fund Vocational Rehabilitation Services.*** The introduced budget recommends \$3.1 million GF each year to increase funding for vocational rehabilitative services for individuals who are blind, vision impaired or deafblind.
- ***Backfill Federal Funding for Independent Living Teachers.*** The introduced budget proposes \$397,844 GF each year to backfill the loss of federal revenue for rehabilitation teacher positions that are vacant. The positions work with vision impaired individuals on daily living skills to promote independent living.
- ***Fund Shared Services Contract Increases.*** Recommends \$312,207 GF each year to reflect higher costs for shared services provided by the Department for Aging and Rehabilitative Services (DARS). DARS provides certain administrative services (fiscal, budget, procurement, human resources, etc.) to smaller disability agencies.

The agencies contract with DARS for those services and this funding recognizes the typical increases in costs for DARS to provide those shared services.

TANF Block Grant Funding
Proposed for FY 2020, FY 2021 and FY 2022

	HB/SB 29 Proposed FY 20	HB/SB 30 Proposed FY 21	HB/SB 30 Proposed FY 22
TANF Resources			
Annual TANF Block Grant Award	\$157,762,831	\$157,762,831	\$157,762,831
Carry-Forward From Prior Fiscal Year	<u>151,404,869</u>	<u>132,490,062</u>	<u>94,592,490</u>
Total TANF Resources Available	\$309,167,700	\$290,252,893	\$252,355,321
TANF Expenditures			
<i>VIP/VIEW Core Benefits and Services</i>			
TANF Income Benefits	\$21,163,680	\$21,163,680	\$21,163,680
<i>Increase benefits by 5 percent</i>	<i>0</i>	<i>3,337,206</i>	<i>3,337,206</i>
<i>Expand TANF eligibility (drug felonies)</i>	<i>49,296</i>	<i>98,592</i>	<i>98,592</i>
<i>Eliminate family cap</i>	<i>0</i>	<i>667,934</i>	<i>667,934</i>
VIEW Employment Services	13,612,144	13,612,144	13,612,144
VIEW Child Care Services	2,119,005	2,659,033	2,659,033
TANF Caseload Reserve	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
Subtotal VIP/VIEW Benefits and Services	\$38,944,125	\$43,538,589	\$43,538,589
<i>Administration</i>			
TANF State/Local Operations	\$53,725,733	\$53,725,733	\$53,725,733
<i>Increase local min. salary/compression</i>	<i>0</i>	<i>2,285,611</i>	<i>2,285,611</i>
<i>NGF match for local staff salary increases</i>	<u><i>1,622,707</i></u>	<u><i>1,770,228</i></u>	<u><i>1,770,228</i></u>
Subtotal Administration	\$50,052,361	\$57,781,572	\$57,781,572
<i>TANF Programming</i>			
Healthy Families/Healthy Start	\$8,617,679	\$8,617,679	\$8,617,679
Community Employment & Training Grants	10,500,000	10,500,000	10,500,000
Community Action Agencies (CAAs)	6,250,000	6,250,000	6,250,000
CAA Two Generation/Whole Family Pilot	1,125,000	1,125,000	1,125,000
Local Domestic Violence Prevention Grants	3,846,792	3,846,792	3,846,792
<i>Long Acting Reversible Contraceptives</i>	<i>5,245,316</i>	<i>2,000,000</i>	<i>2,000,000</i>
<i>Federation of Virginia Food Banks</i>	<i>3,000,000</i>	<i>3,000,000</i>	<i>0</i>
CHIP of Virginia (VDH)	2,400,000	2,400,000	2,400,000
Virginia Early Childhood Foundation	1,250,000	1,250,000	1,250,000
Resource Mothers	1,000,000	1,000,000	1,000,000
Boys and Girls Clubs	1,500,000	1,500,000	1,500,000
Child Advocacy Centers	1,136,500	1,136,500	1,136,500
Northern Virginia Family Services	1,000,000	1,000,000	1,000,000
Early Impact Virginia (home visiting)	600,000	600,000	600,000
Laurel Center	500,000	500,000	500,000
EITC Grants	185,725	185,725	185,725
FACETS	100,000	100,000	100,000
Visions of Truth STRIVE Program	75,000	75,000	75,000
<i>Increase Relative Support Payments</i>	<i>0</i>	<i>8,457,600</i>	<i>8,457,600</i>
<i>Summer Feeding Program Pilot</i>	<i>2,720,349</i>	<i>7,773,299</i>	<i>5,052,950</i>
<i>Transit Passes</i>	<i>0</i>	<i>1,000,000</i>	<i>1,000,000</i>
<i>United Community</i>	<i>0</i>	<i>700,000</i>	<i>700,000</i>
<i>Emergency and diversionary assistance</i>	<i>0</i>	<i>139,935</i>	<i>139,935</i>
Subtotal TANF Programming	\$51,202,361	\$63,157,530	\$57,437,181
Transfers to other Block Grants	\$31,182,712	\$31,182,712	\$31,182,712
Total TANF Expenditures & Transfers	\$176,677,638	\$195,660,403	\$189,940,054