

**SENATE OF VIRGINIA**

**HHR Senate Finance Subcommittee**

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**Overview of the Governor's FY  
2017 Savings Plan and Agency  
Budget Requests for the  
2017 Session**

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# Projected Revenue Shortfall

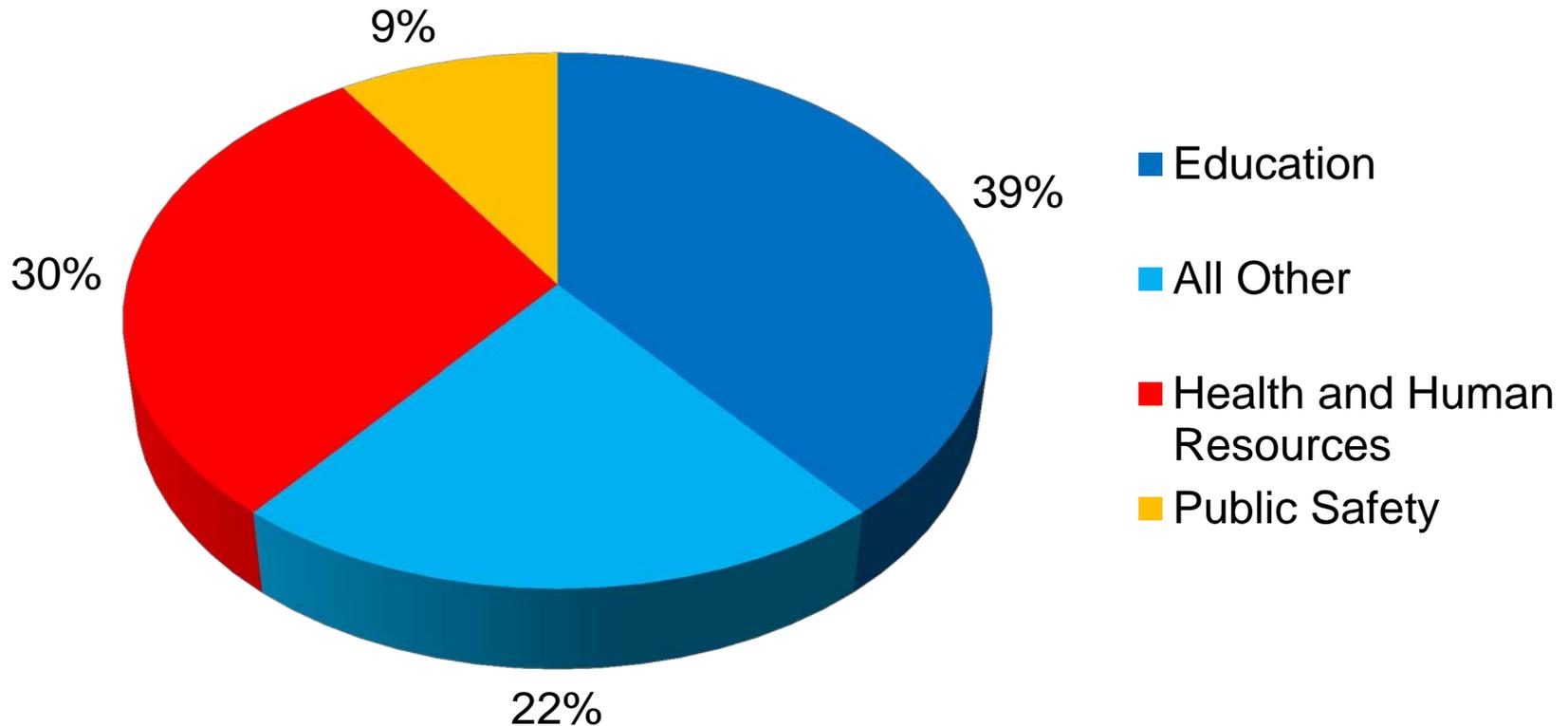
- FY 2016 General Fund collections finished **\$279.3 million** below forecast.
- The interim August Revenue Forecast reduced total General Fund revenues by **\$564.4 million** in FY 2017 and **\$632.7 million** in FY 2018.
- The FY 2017 budget shortfall, due to the lower FY 2016 collections which reduced the budgeted carryforward balance and combined with the expected revenue shortfall, is **\$861.4 million**.

	FY 2017	FY 2018
<b>FY 2016 Balance</b>	(\$279.3)	\$0
<b>Revenue Shortfall</b>	(\$564.4)	(\$632.7)
<b>GF Transfers</b>	(\$17.7)	(\$21.6)
<b>Total Shortfall</b>	<b>(\$861.4)</b>	<b>(\$654.3)</b>



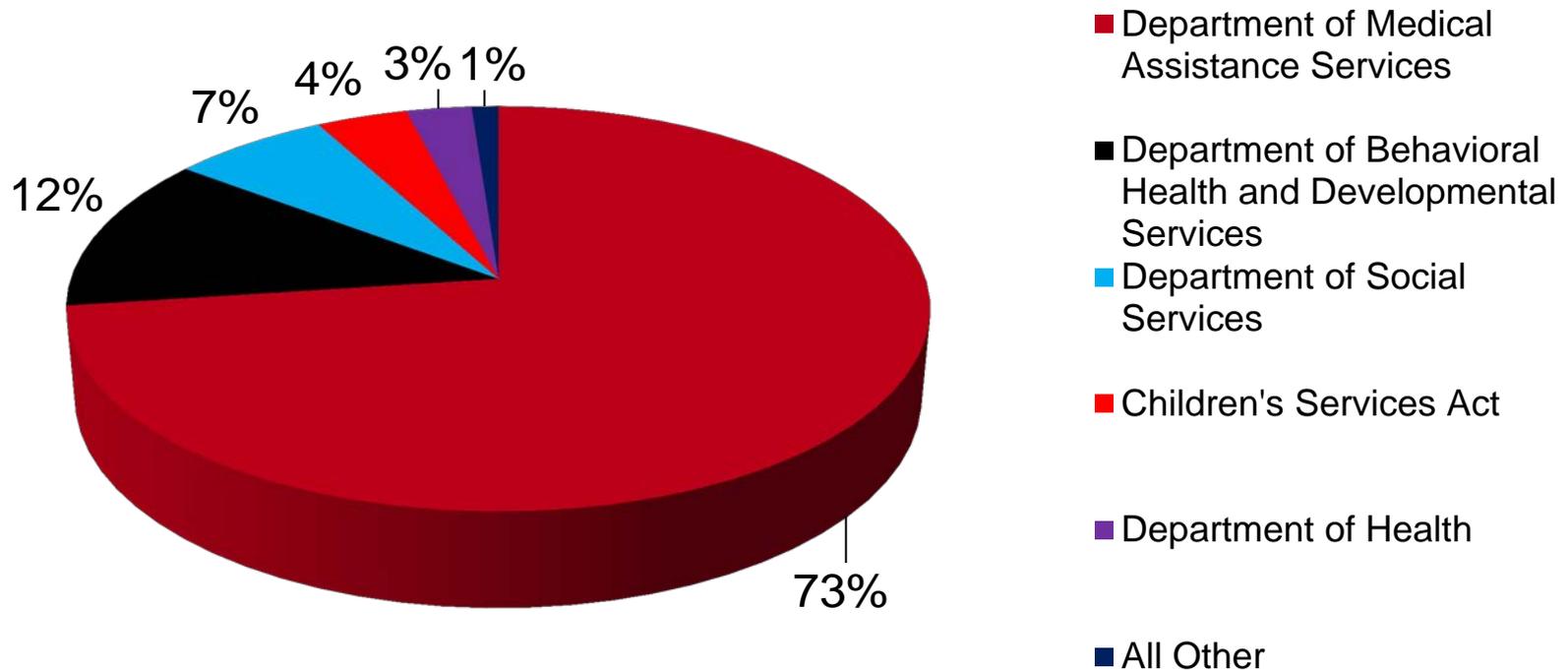
# HHR is 30 Percent of the Budget

**FY 2017 General Fund Budget  
\$20.3 Billion**



# HHR Budget by Agency

## FY 2017 General Fund Budget \$6.1 Billion



# FY 2017 Savings Plan Actions to Address Shortfall

- Statewide and one-time actions (i.e. Rainy Day Fund, etc.) will help resolve most of the FY 2017 shortfall.
- Savings from agency reduction plans account for 8.3% of the total savings.

Strategies to Address Shortfall	FY 2017 Savings
Transfer from Rainy Day Fund	\$392.3
Remove Pay Increase	125.1
Revert FY 2016 Discretionary Balances	66.8
Use Additional Lottery Revenue	47.1
Adjust Accelerated Sales Tax	35.1
Other Miscellaneous Strategies	135.8
FY 2017 Savings Plan	73.0
<b>Total Savings</b>	<b>\$875.1</b>



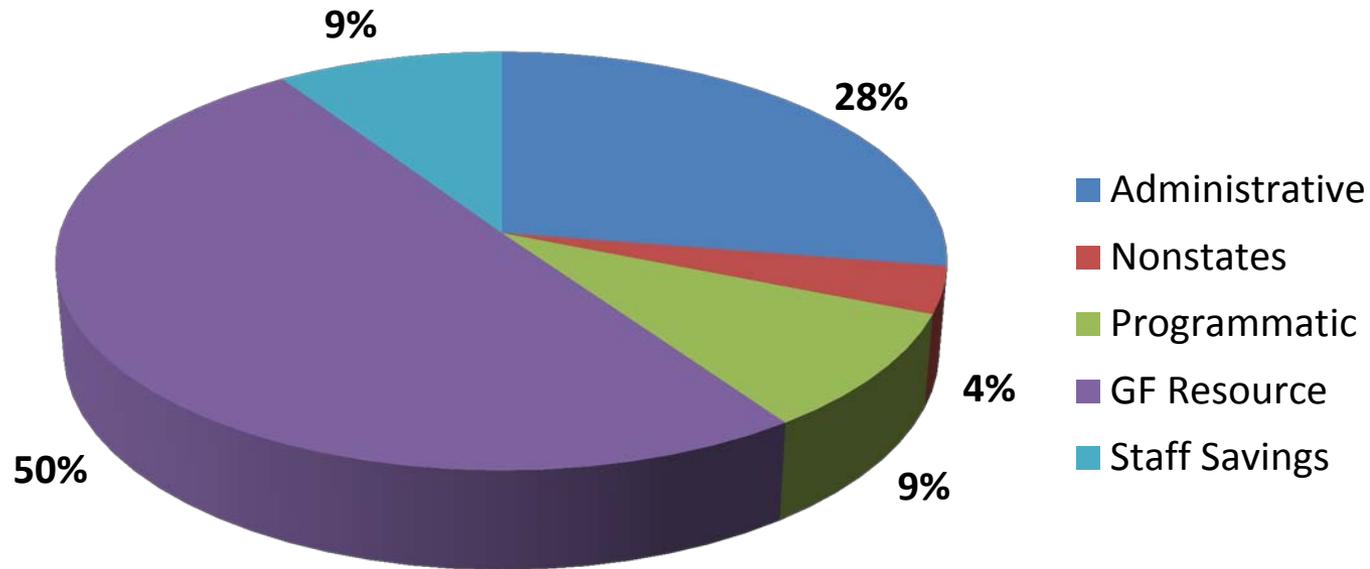
# FY 2017 Savings Plan (\$ in Millions)

Agency	FY 2017 GF Budget	FY 2017 Target	FY 2017 Budget Savings	FY 2017 Resources
Medical Assistance Services	\$4,411.5	(\$2.0)	(\$2.0)	-
Behavioral Health and DS	752.6	(16.7)	(5.1)	10.1
<i>Grants to Localities</i>	331.1	-	-	-
<i>MH Treatment Centers</i>	294.0	13.8	-	8.9
<i>ID Training Centers</i>	34.7	-	(2.5)	-
<i>Center for Behavioral Rehab.</i>	35.4	1.8	-	-
<i>Central Office</i>	57.1	1.1	(2.6)	1.2
Social Services	410.2	(0.2)	(0.4)	-
Children's Services Act	237.7	-	-	-
Health	170.1	(8.1)	(1.1)	1.7
All Other	71.4	(3.4)	(3.0)	-
<b>Total HHR</b>	<b>\$6,053.2</b>	<b>(\$30.4)</b>	<b>(\$11.6)</b>	<b>\$11.7</b>



# FY 2017 Savings Plan by Type of Savings

HHR Savings = \$23.3 Million GF



# Specific Savings Strategies

## Virginia Department of Health

- *Human Services Organizations*
  - Reduces funding by three percent, with the exception that Hampton Proton Beam Therapy Institute is reduced by five percent.
  - Mission of Mercy and St. Mary's Health Wagon were exempt.
- *Virginia Student Loan Repayment Program*
  - Eliminates the \$150,000 GF the General Assembly funded in order to prevent the loss of federal dollars for the program.

## Department of Medical Assistance Services

- *Funding for Contract Re procurements*
  - \$400,000 GF savings from delaying reprocurement by one-year.



# Specific Savings Strategies (cont'd)

## Department of Behavioral Health and Developmental Services

- *Mental Health Treatment Centers*
  - \$8.9 million in savings from the transfer of special fund balances to the General Fund.
  - Special fund revenue is generated primarily from Medicaid payments.
- *Training Centers*
  - \$2.5 million GF in savings from unobligated funds.

## Department for Aging and Rehabilitative Services

- \$2.4 million GF savings mainly from programs (Brain Injury, LTESS, CILs, and programs for elderly Virginians); only 5% of savings was administrative.
- Reduces funding for Didlake and Jewish Social Service Agency by 50% and Mountain Empire Older Citizens Pharmacy Connect program by 58%.



# Agency Budget Requests for 2017

- Health and Human Resources Agencies have requested \$168.9 million GF for the 2016-2018 Biennium in the amended budget.
  - This does not include any additional funding for Medicaid or other expenditure forecasts that are not yet complete.
- **Children’s Services Act**
  - \$58.7 million GF to fund program growth
- **Department of Medical Assistance Services**
  - \$3.0 million GF to expand GAP Income Level to 100% of the Federal Poverty Level
- **Department of Behavioral Health and Developmental Services**
  - \$44.3 million GF for STEP VA (Same Day Access, Hospital Census Management, and Administrative Support)
  - \$11.6 million GF for state hospitals for additional staff and special hospitalization costs



# Agency Budget Requests for 2017 (cont'd)

- **Department for Aging and Rehabilitative Services**
  - \$2.1 million GF to implement a conflict-free ombudsman program
- **Department of Social Services**
  - Child welfare and TANF forecasts are not yet complete
  - \$6.0 million GF to restore funding for VITA costs
  - \$5.5 million GF for mandated investment in child welfare



# Next Steps – Balancing FY 2018

- Agencies will be submitting additional budget reductions to the Department of Planning and Budget by the end of October for FY 2018.
- The Governor will submit an amended budget on December 16, 2016 that will include his proposals to offset the shortfall for FY 2018.
- The amended budget will contain the second year savings from the FY 2017 Reduction Plan for those strategies with recurring savings.
- Additional agency and programmatic reductions will likely be included and major programs such as Medicaid may contain additional policy actions (i.e. provider rate changes or service changes) in order to balance the budget.
- The Governor has indicated he will include Medicaid Expansion in his budget.
- The General Assembly will consider the proposals in the amended budget as part of the normal process for the 2017 Session.

