



**OKLAHOMA DEPARTMENT OF HUMAN SERVICES**

# MISSION STATEMENT

**WE IMPROVE THE QUALITY OF LIFE  
OF VULNERABLE OKLAHOMANS  
BY INCREASING PEOPLE'S ABILITY  
TO LEAD SAFER, HEALTHIER,  
MORE INDEPENDENT AND  
PRODUCTIVE LIVES.**

# PROGRAMS

## **Aging Services (ASD)**

- ADvantage Program
- Personal Care Program
- Local Social and Nutrition Programs
- Senior Community Service Employment Program (SCSEP)

## **Child Welfare Services (CWS)**

- Investigations
- In-home Prevention Services
- Foster Care
- Adoptions

## **Child Support Services (CSS)**

- Paternity Establishment
- Order Establishment and Modification
- Enforcement

## **Developmental Disabilities Services (DDSD)**

- Home and Community Based Waiver Programs

## **Adult and Family Services (AFS)**

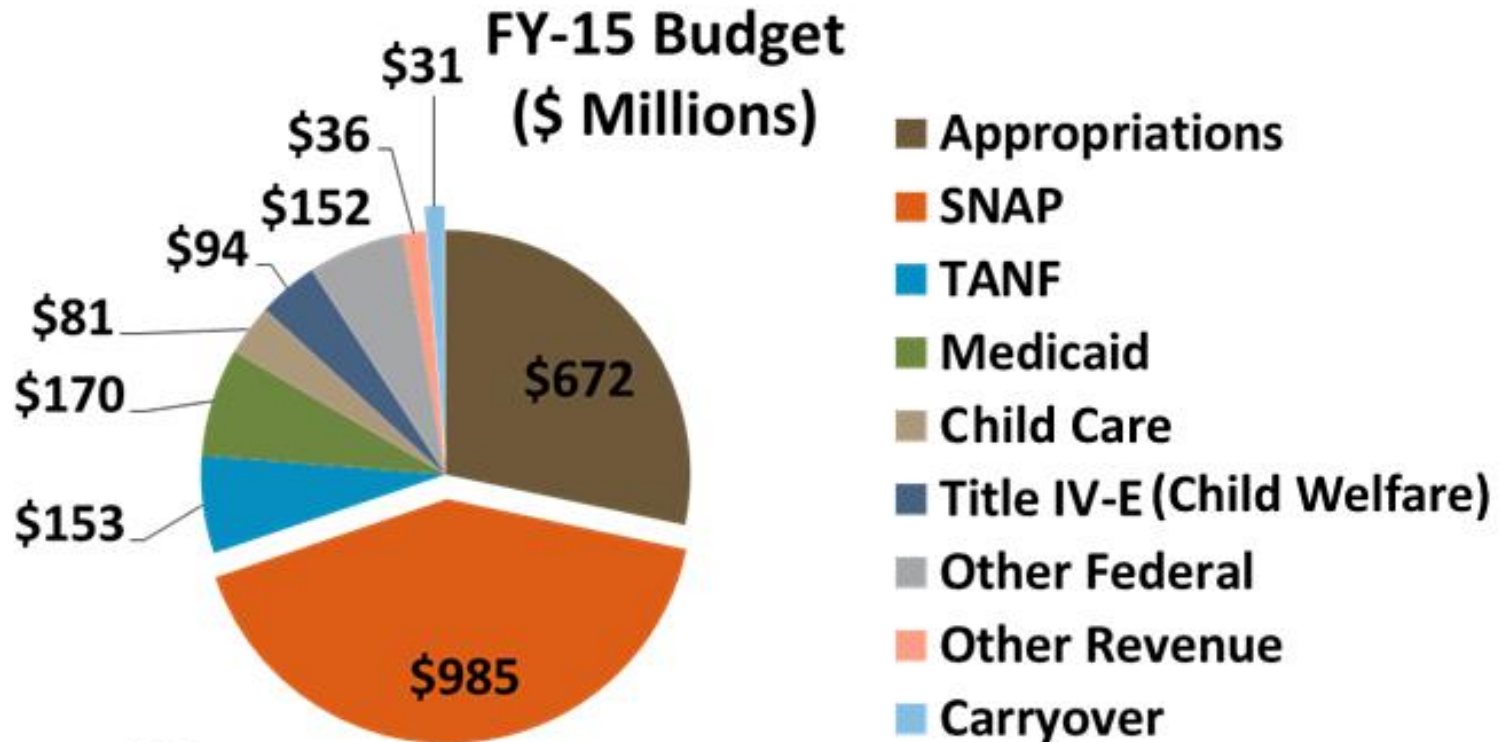
- Temporary Assistance for Needy Families (TANF)
- Supplemental Nutrition Assistance Program “SNAP” (formerly Food Stamps)
- Low-Income Home Energy Assistance Program (LIHEAP)
- Child Care Subsidy
- Refugee Assistance

## **Adult Protective Services (APS)**

## **Child Care Services (CCS)**

- Child Care Facility Licensing

# REVENUE SOURCES



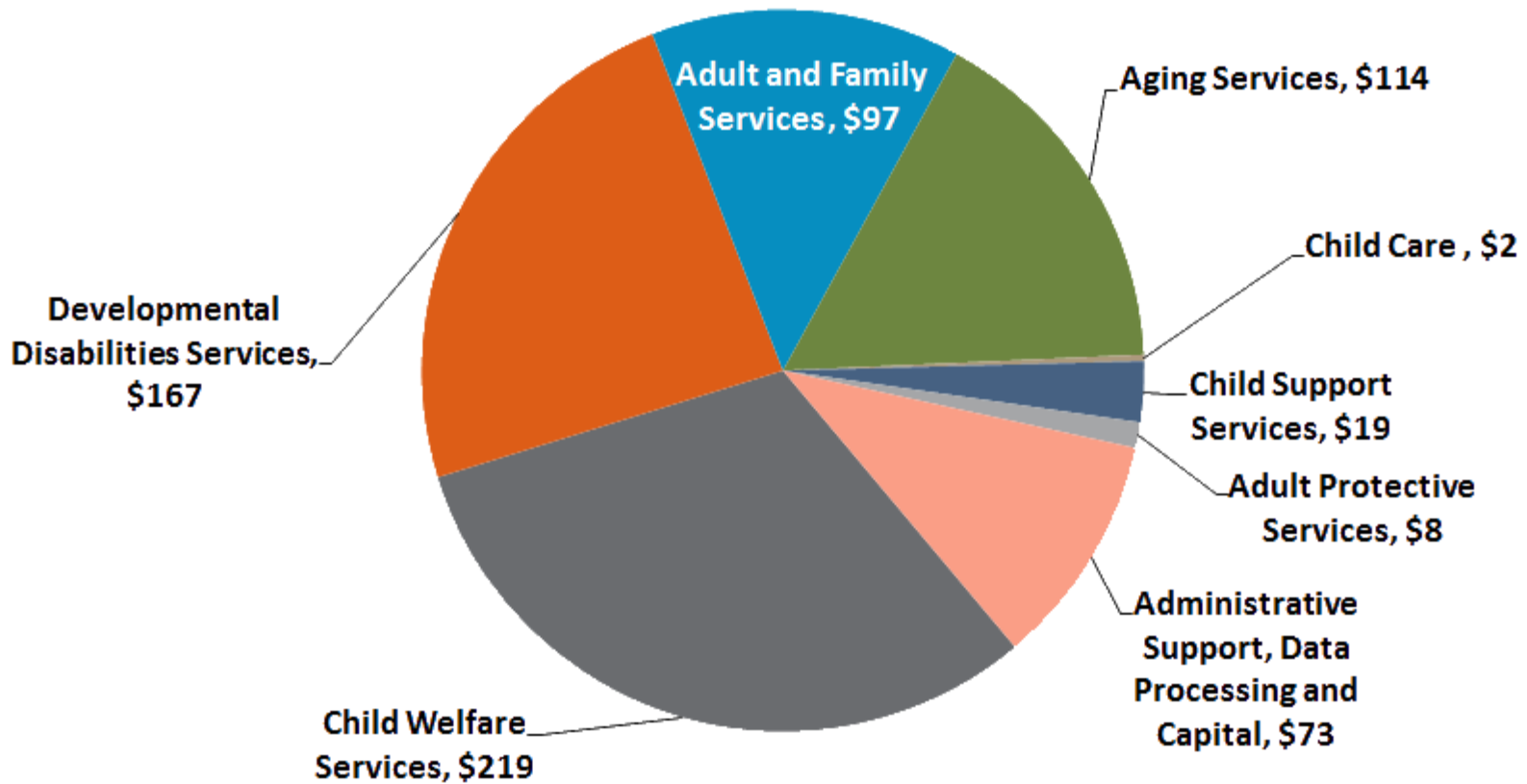
Total = \$2.374 billion

Source: DHS Monthly Financial Reports

## Key Points

- 95% of SNAP is direct payment of benefits
- 65% of DHS revenue is federal. When we spend less our federal revenue declines
- We are able to maximize federal revenues through effective cost allocation

## FY-2015 STATE DOLLAR BUDGET (\$ MILLIONS)



### ➤ Total State Dollars

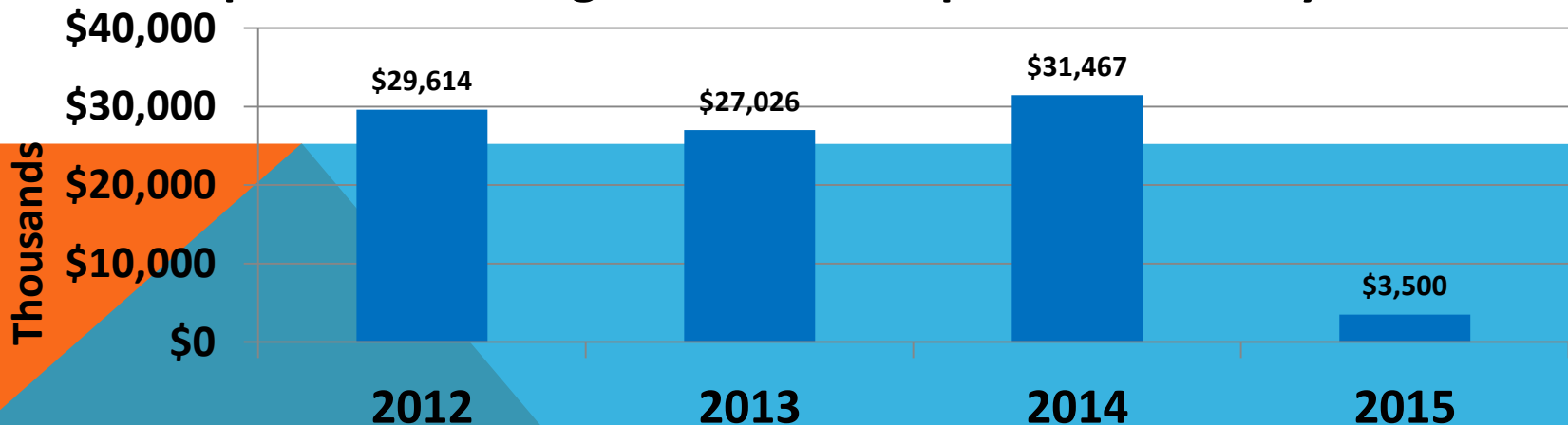
➤ \$672,794,994

➤ \$26,396,068 Carryover

Source: FY-2015 Initial Budget Work Program

# CARRYOVER BALANCE

- Typically, DHS has utilized between \$27M and \$31M in carryover to maintain services to the agency
- DHS will not have this level of carryover to augment its budget in FY-16
- The primary reasons DHS will not have the previous year's level of carryover are:
  - The increased number of children in custody which has resulted in higher than anticipated costs in Foster and Adoption Assistance Subsidies
  - The change in FMAP
  - The cost of statutory obligations (child abuse and neglect hotline, fingerprinting/background checks)
- **DHS spends an average of \$6 million per business day**



As of June 30<sup>th</sup>, 2014

\*Estimated carryover at end of FY-15

# RIGHTSIZING THE FY-2015 BUDGET

- **\$20.0M shifted to higher priority services**
- **Paid for essential improvements and obligations through strategic budget right-sizing**
  - Eliminated 57 long-term vacant positions
  - Reduced contracts to actual historical costs
  - ½% additional reductions agency-wide
- **Significant change in budget practice**
  - Reduced budget to actual expenditures
  - Created budget for actual needs

# PRIORITIZING SPENDING NEEDS

**TABLE 1. DHS Sources and Uses of Funds, FY-2014 and FY-2015 Budget and FY-2016 Preliminary  
(\$ millions)**

	FY-2014 Budget	FY-2015 Budget	FY-2016 Prelim	Net Change
<b>Funding Sources</b>				
Appropriation	\$ 637.0	\$ 672.1	\$ 672.1	\$ -
Federal revenue	\$ 1,488.8	\$ 1,541.2	\$ 1,541.2	\$ -
Medicaid and other revenue	\$ 141.8	\$ 134.3	\$ 134.3	
Change in FMAP			\$ (9.9)	\$ (9.9)
Carryover from prior year				
State	\$ 12.5	\$ 18.7	\$ 8.0	\$ (10.7)
Drawn from TANF reserve	\$ 14.5	\$ 7.3	\$ 18.0	\$ 10.7
<b>Total Sources of Funds</b>	<b>\$ 2,299.1</b>	<b>\$ 2,373.6</b>	<b>\$ 2,363.7</b>	<b>\$ (9.9)</b>
<b>Uses of Funds</b>				
Child Welfare Services	\$ 318.1	\$ 393.7	\$ 393.7	
Fully fund adoption			\$ 8.4	\$ 8.4
Fully fund foster care			\$ 8.1	\$ 8.1
Fully fund existing staffing levels			\$ 7.0	\$ 7.0
All other operations	\$ 1,981.0	\$ 1,979.9	\$ 1,979.9	\$ -
<b>Total Uses of Funds</b>	<b>\$ 2,299.1</b>	<b>\$ 2,373.6</b>	<b>\$ 2,363.7</b>	<b>\$ 23.5</b>
<b>Sources Less Uses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (33.4)</b>	<b>\$ (33.4)</b>



# FY-16 BUDGET REALIGNMENT

- Total need = **\$33.4M** which amounts to a **4.77%** reduction for affected programs
- Reductions will come from:
  - Operating reductions and personnel = \$15-20M
  - Programs = \$13-18M
- **\$33.4M in state funded realignment also reduces \$30.6M in federal revenue**
- **DHS currently has 7,642 budgeted positions, of which 375 are vacant**

## 2% DECREASE VS 4% INCREASE

- An additional 2% reduction in appropriations would amount to a \$13.4M decrease
- An additional 4% reduction in appropriations would amount to a \$26.8M decrease
- In either case, DHS would make further reductions in Operations and Programs

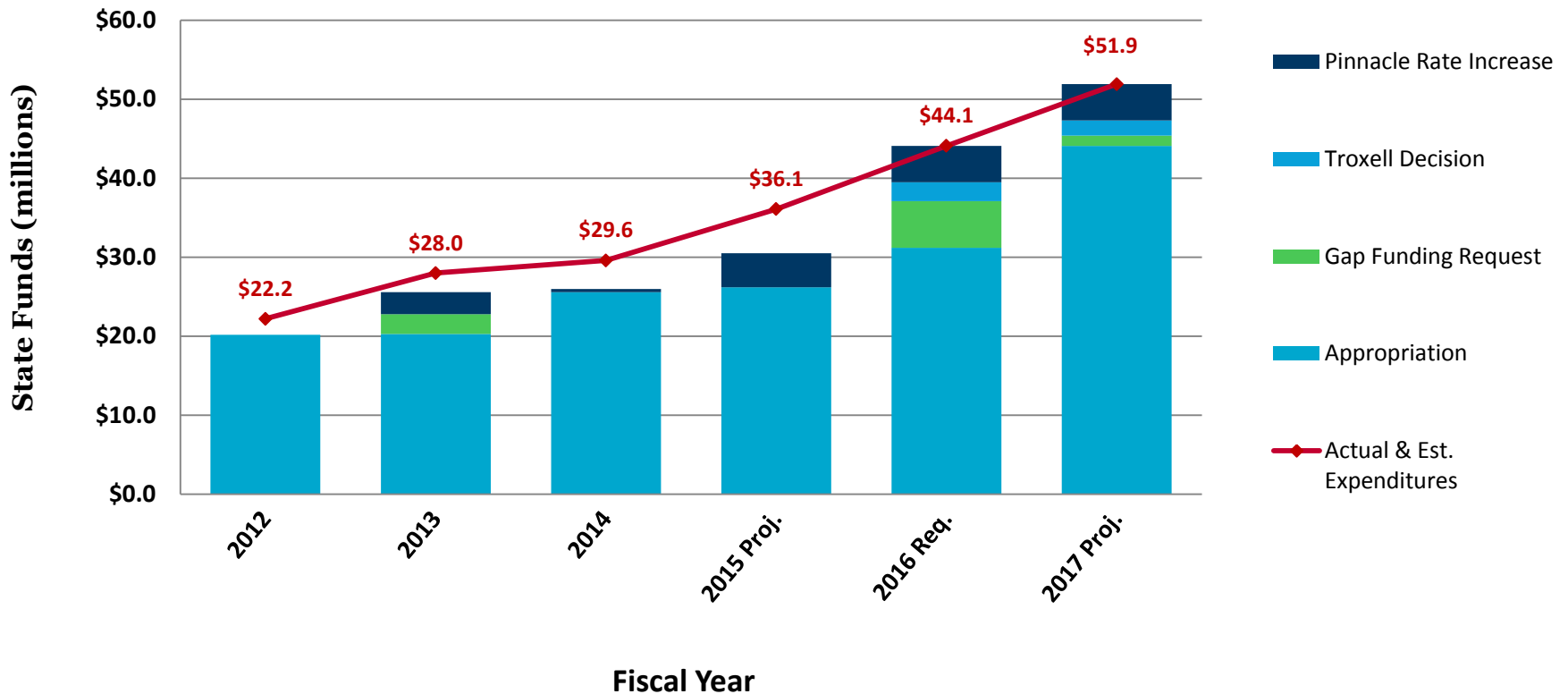
# PINNACLE PLAN FUNDING

Pinnacle Plan Budget Requests and Appropriation, by Plan Year  
(\$ millions)

	Year 1	Year 2	Year 3	Year 4	Year 5 Prelim.	Total
Request	\$29.7	\$42.2	\$35.9	\$15.9	\$15.8	\$139.5
Appropriation	\$25.0	\$32.0	\$35.9			

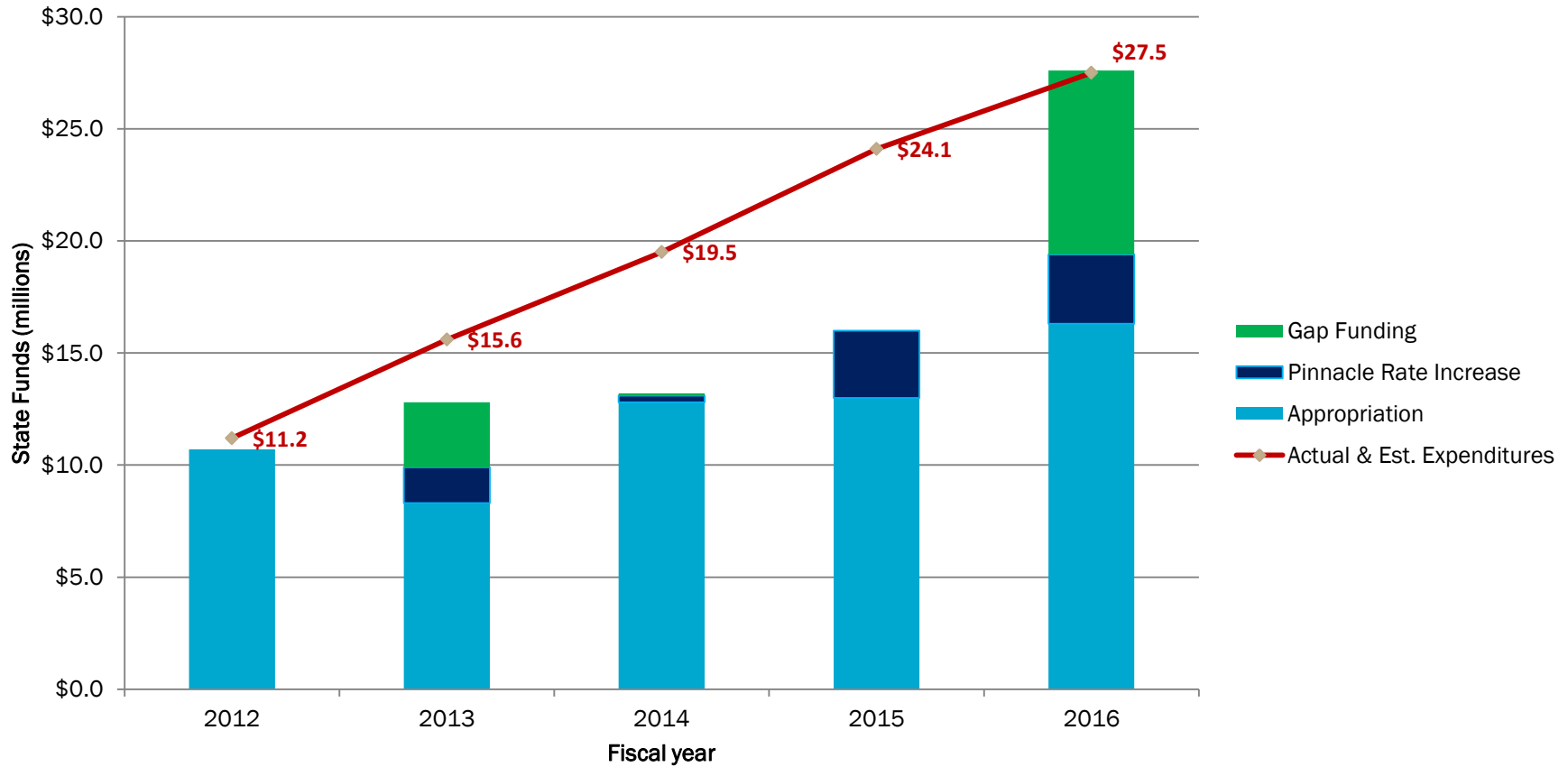
- The Legislature has appropriated \$92.9M for Pinnacle Plan funding through Year 3 (FY-2015)
- DHS has dedicated agency carryover and other agency funding to increase child welfare funding by \$45.4M in addition to the Pinnacle Plan in years 1-3.
  - Of the \$92.9 million Pinnacle appropriation:
    - \$44.7M (48%) is obligated to staff salaries and raises
    - \$9.1M (10%) is obligated to adoption and foster care rate increases.

# ADOPTION SUBSIDY INCREASE



- Adoption subsidy costs exceed the significant increase in recent appropriations
- 1,660 (14%) increase in children from 2012 to 2016
- \$192 per month (53%) increase in cost per child from 2012 to 2016

# FOSTER CARE



➤ DHS has a long-term gap between budget and actual foster care costs

# CONCLUSIONS

- **Even with the Legislature's \$92.9M commitment to the Pinnacle Plan to date, DHS can't meet the child welfare case load standards for the number of children currently in custody**
- **DHS has reallocated \$45.4M internally to meet the needs of an evolving child welfare system**
- **As in the past, DHS intends to align its new and existing resources to meet the changing demands faced by the agency; while understanding the fiscal constraints faced by the State and the Legislature**
- **A 2-4% cut will severely impact Aging Services, Developmental Disabilities, Child Care, Adult & Family Services, Child Support, and Adult Protective Services**