ANALYSIS OF THE NEW JERSEY

FISCAL YEAR 2000 - 2001 BUDGET

DEPARTMENT OF HUMAN SERVICES

PREPARED BY

OFFICE OF LEGISLATIVE SERVICES

NEW JERSEY LEGISLATURE

APRIL 2000

NEW JERSEY STATE LEGISLATURE

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

Robert E. Littell (R), 24th District (Sussex and parts of Hunterdon and Morris), *Chairman*
Peter A. Inverso (R), 14th District (Parts of Mercer and Middlesex), *Vice Chairman*
Martha W. Bark (R), 8th District (Parts of Atlantic, Burlington and Camden)
Wayne R. Bryant (D), 5th District (Parts of Camden and Gloucester)
Anthony R. Bucco (R), 25th District (Part of Morris)
Sharpe James (D), 29th District (Parts of Essex and Union)
Walter J. Kavanaugh (R), 16th District (Parts of Morris and Somerset)
Bernard F. Kenny, Jr. (D), 33rd District (Part of Hudson)
Joseph M. Kyrillos, Jr. (R), 13th District (Parts of Middlesex and Monmouth)

GENERAL ASSEMBLY BUDGET COMMITTEE

Leonard Lance (R), 23rd District (Warren and parts of Hunterdon and Mercer), *Chairman*
Joseph R. Malone, III (R), 30th District (Parts of Burlington, Monmouth and Ocean), *Vice Chairman*
Peter J. Biondi (R), 16th District (Parts of Morris and Somerset)
Francis J. Blee (R), 2nd District (Part of Atlantic)
Barbara Buono (D), 18th District (Part of Middlesex)
Steve Corodemus (R), 11th District (Part of Monmouth)
Marion Crecco (R), 34th District (Parts of Essex and Passaic)
Louis D. Greenwald (D), 6th District (Part of Camden)
Nellie Pou (D), 35th District (Part of Passaic)
Albio Sires (D), 33rd District (Part of Hudson)
Joel M. Weingarten (R), 21st District (Parts of Essex and Union)

OFFICE OF LEGISLATIVE SERVICES

Alan R. Kooney, *Legislative Budget and Finance Officer*
Allan Parry, *Assistant Legislative Budget and Finance Officer*

Glenn E. Moore, III, *Director, Central Staff*
Eleanor Seel, *Section Chief, Human Services Section*

This report was prepared by the Human Services Section of the Office of Legislative Services under the direction of the Legislative Budget and Finance Officer. The primary author was Jay A. Hershberg.

Questions or comments may be directed to the OLS Human Services Section (Tel. 609 292-1646) or the Legislative Budget and Finance Office (Tel. 609 292-8030).

DEPARTMENT OF HUMAN SERVICES

Budget Pages....... C-10; C-18; C-24; C-27; D-199 to D-264; G-3 to G-4; H-4; H-6; and H-33.

Fiscal Summary ($000)

	Expended FY 1999	Adjusted Appropriation FY 2000	Recommended FY 2001	Percent Change 2000-01
State Budgeted	$3,204,723	$3,282,964	$3,445,293	4.9%
Federal Funds	2,570,792	2,875,331	3,143,034	9.3%
Other	465,614	528,823	571,968	8.2%
Grand Total	$6,241,129	$6,687,118	$7,160,295	7.1%

Personnel Summary - Positions by Funding Source

	Actual FY 1999	Revised FY 2000	Funded FY 2001	Percent Change 2000-01
State	11,731	12,047	12,048	0.0%
Federal	4,669	4,841	4,991	3.1%
Other*	529	532	507	(4.7)%
Total Positions	16,929	17,420	17,546	0.7%

FY 1999 (as of December) and revised FY 2000 (as of September) personnel data reflect actual payroll counts. FY 2001 data reflect the number of positions funded.
* Excludes positions funded through Revolving Funds.

Introduction

The Department of Human Services serves more than one million persons through eight operating divisions:

- **Division of Mental Health Services** will serve nearly 2,100 patients at six psychiatric hospitals and provide over 269,100 episodes of community mental health services.
- **Division of Medical Assistance and Health Services** will provide various health services to nearly 636,000 Medicaid recipients, 98,800 NJ KidCare recipients and 85,300 recipients in the proposed NJ FamilyCare program.
- **Division of Developmental Disabilities** will serve about 3,600 patients at seven developmental centers and will provide various community services to about 20,700 persons.
- **Commission for the Blind and Visually Impaired** provides education, vocational

Introduction (Cont'd)

rehabilitation, prevention and social services to blind and visually impaired clients and operates the Kohn Residential Center.

- **Division of Family Development** provides financial assistance to 292,400 recipients monthly in the General Assistance, Work First New Jersey Client Benefits and SSI programs and to nearly 152,900 Food Stamp recipients; and child care services to over 61,000 children monthly.
- **Division of Youth and Family Services** as the State's main social services agency will provide foster care, adoption assistance, residential and other social services to 51,000 children/27,000 families monthly.
- **Division of the Deaf and Hard of Hearing** advocates for the rights of deaf and hearing impaired persons, provides information and referral services and publishes a monthly newsletter.
- **Division of Management and Budget** provides centralized support services to the divisions and sets department policy.

Key Points

DEPARTMENT OF HUMAN SERVICES (GENERAL)

Cost of Living Adjustment/Salary Supplement for Direct Services Workers

Included within the recommended **Grants-In-Aid** appropriation is approximately $20.8 million (State/federal) for a Cost of Living Adjustment (COLA) to provider agencies and approximately $17.0 million (State/federal) for a Salary Supplement for Direct Services Workers to direct care employees of provider agencies:

	COLA	SALARY SUPPLEMENT	TOTAL
Mental Health Services	$4,210,000	$3,452,000	$7,662,000
Developmental Disabilities	$7,237,000	$5,817,000	$13,054,000
Commission for the Blind...	$66,000	$12,000	$78,000
Family Development	$4,110,000	$5,090,000	$9,200,000
Youth and Family Services	$5,113,000	$2,633,000	$7,746,000
Central Office	$61,000	$0	$61,000
DEPARTMENT TOTAL	$20,797,000	$17,004,000	$37,801,000

Pursuant to proposed budget language on p. D-264, the funds provided for a COLA and a Salary Supplement are intended to provide direct care employees with a minimum 3.6 percent salary adjustment. Any remaining COLA funds, after direct care employees receive their minimum salary adjustment, may be used for other agency operating expenses, including providing salary increases to non-direct care employees.

Key Points (Cont'd)

Elimination of Legislative Grants

The following Legislative grants, valued at $4.0 million, are not continued or are reduced:

Division of Mental Health Services: Juvenile Suicide Prevention Program - $500,000.

Division of Developmental Disabilities: Community Access Unlimited, Inc. (Union County) - $200,000; ARC Bergen and Passaic/ Expanded Respite Care for Families with Autistic Children - $75,000; Community Options Inc - $400,000; ARC of Union County, Adult Training Center - $100,000; ARC, Ocean County Chapter - Bus - $84,000; ARC - Salem County - $200,000; ARC of Somerset County - $45,000; and Essex ARC - Expanded Respite Care Services for Families with Autistic Children - $175,000.

Division of Family Development: Project Self Sufficiency, Sparta - $175,000; Family Day Care of Gloucester and Cape May - $65,000; and Monmouth County Day Care Center, Red Bank - $50,000.

Division of Youth and Family Services: Robin's Nest - $60,000; Family and Children's Services - Monmouth County - $100,000; Sussex and Morris County Child Advocacy Centers, St. Clare's Hospital - $1,020,000; Somerset Hills School - $175,000; Collier Services, Collier Group Home - $35,000; Amanda Easel Project - $100,000; Domestic Abuse Services, Inc. -- Sussex - $165,000; and Counseling for Families of Young Crime Victims -- Pilot Program - $30,000.

Division of Management and Budget: Interagency Task Force on the Prevention of Lead Poisoning - $200,000.

DIVISION OF MENTAL HEALTH SERVICES

! Direct State Services. Recommended appropriations increase 1.6 percent, from $201.2 million to $204.3 million.

- Community Services funding increases 4.5 percent, from $4.5 million to $4.7 million.
- Administration and Support funding is unchanged at $4.5 million.
- Psychiatric Hospitals. Recommended appropriations increase 1.5 percent, from $192.1 million to $195.0 million. The increase is related to additional costs associated with two residential buildings for 50 clients at the Ann Klein Forensic Center that will open towards the end of FY 2000. Institutional populations will decrease by 75, from 2,145 to 2,070, due to a Supportive Housing Initiative and additional beds at two county psychiatric hospitals.

! Grants-In-Aid. Recommended appropriations increase 4.8 percent, from $210.0 million to $220.1 million. A new Supportive Housing Initiative ($3.0 million) will enable over 350 group home clients to relocate into other, less expensive housing arrangements.

! State Aid. Continuation funding of $87.2 million is recommended to reimburse six county hospitals for an estimated 700 patients daily.

! Capital Construction. Approximately $9.0 million is recommended for projects at Greystone ($2.0 million), Trenton ($2.0 million), Ancora ($4.2 million), Brisbane ($0.4 million) and Hagedorn ($0.4 million).

Key Points (Cont'd)

! Federal Funds. Approximately $12.2 million is anticipated, the same as in FY 2000. These funds are use primarily for community programs.

! Other Funds. Approximately $1.6 million is anticipated, the same as in FY 2000. These funds are used for education related activities.

DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES

! Direct State Services. Recommended appropriations for Health Services Administration and Management increase 2.9 percent, from $23.5 million to $24.2 million, primarily in the Personal Services account.

! Grants-In-Aid. Recommended appropriations for General Medical Services increase 9.2 percent from $1.43 billion to $1.56 billion.

Costs associated with the ongoing Medicaid program increase 6.4 percent, from $1.41 billion to $1.51 billion, reflecting higher costs for many health services including premiums paid to health maintenance organizations. Also, the FY 20000 adjusted appropriation does not accurately reflect projected FY 2000 expenditures which tends to magnify any increase or decrease in FY 2001 recommended appropriations.

The recommended Medicaid appropriation incorporates $22.0 million in prudent purchasing and savings initiatives such as:

- Delayed FY 2000 initiatives - $4.0 million.
- Recoveries from other health insurers - $9.0 million.
- Managed care to the elderly and disabled - $4.0 million.

N.J. Health ACCESS Benefit Payments funding is reduced 23.9 percent, from $15.5 million to $11.8 million, due to lower anticipated enrollments.

The following new items are proposed:

- Hospital Relief Offset Payments - $32.8 million. This represents a transfer from the Department of Health and Senior Services' Health Care Subsidy Fund Payments account to maximize federal reimbursements.

- SSI- Disabled Back-to-Work Incentive - $750,000. This implements federal Pub.L. 106-170 which allows SSI recipients to retain Medicaid benefits even if their earnings exceed allowable SSI limits.

- Provider Increases - $4.4 million. Within the appropriate Medicaid accounts, $3.2 million is provided to increase dental provider rates and $1.2 million is provided for incentives to physicians to submit encounter data related to the Early and Periodic Screening, Diagnosis and Treatment (EPSDT) program. (Tobacco Settlement Funds will support the Dental Fee.)

- Title XIX Children's Initiative - $10.0 million. This initiative attempts to provide better mental health services and treatment to children with emotional and behavioral problems. (Pursuant to proposed budget language on pp. D- 224 and D-264, an unspecified amount of the appropriation may be used for administrative costs and may be transferred among the various divisions.) Over a four-year period,

Key Points (Cont'd)

new spending is projected to increase by $112 million. A Contracted Systems Administrator and up to 15 Care Management Organizations will be hired through a competitive process to administer the system and provide services. (Tobacco Settlement Funds will support this initiative.)

- Proposed budget language provisions on p. F-3 of General Fund Provisions include various financial transactions that are intended to reallocate various State and federal fund hospital payments currently classified as disproportionate share to regular hospital reimbursements. These financial transactions are proposed as the State is at or near the $1.03 billion maximum in disproportionate share payments it can claim for federal reimbursements. Reclassifying disproportionate share payments as regular hospital reimbursements, subject to federal Medicaid matching funds, would allow the State to claim additional disproportionate share expenditures, if needed.

! Federal Funds increase 11.0 percent, from $1.56 billion to $1.73 billion, based on a continuation of the current federal Medicaid program and various initiatives which qualify for Medicaid reimbursement.

! Other Funds increase 9.5 percent, from $447.7 million to $490.2 million. These monies provide:

- $388.7 million for New Jersey Health Care Hospital Payments, including the Hospital Relief Subsidy Fund which provides special financial assistance to certain hospitals that serve a disproportionate number of patients with AIDS/HIV, mental illness, etc.

- $31.4 million for the NJ KidCare Children's Health Insurance Initiative (including $3.8 million for administration). FY 2001 enrollment is expected to increase from 70,500 to 98,800 children.

- $70.1 million for the proposed NJ FamilyCare Affordable and Accessible Health Insurance Initiative (including $7.0 million for administration). The program will cover: single persons and childless couples (including General Assistance recipients) with incomes up to 100 percent of the federal poverty level and working parents with incomes between 133 and 200 percent of the federal poverty level. By the end of FY 2001, 85,300 adults are expected to enroll in the program. First year costs are estimated at $135 million: $70 million State (including monies from the General Assistance program), $48.7 million federal and $16.3 million employee/employer contributions. (Tobacco Settlement Funds will support this program.)

DIVISION OF DEVELOPMENTAL DISABILITIES

! Direct State Services. Recommended appropriations decrease 14.2 percent, from $211.6 million to $181.6 million:

- Division of Developmental Disabilities (Central Office) - Funding of $3.4 million is unchanged from FY 2000 levels.

- Community Programs - Appropriations increase 6.6 percent, from $19.5 million to $20.7 million, primarily in the Personal Services account of the Social Supervision

Key Points (Cont'd)

and Consultation program.

- Developmental Centers - Appropriations for the seven facilities decrease 16.6 percent, from $188.7 million to $157.4 million. However, additional federal ICF-MR funds are being allocated to offset the reduction in General Funds. Institutional populations are unchanged at about 3,600 clients. This does not take into account the Community Transition Initiative - FY 2001, which, over a two-year period, would relocate 144 clients into community programs.

! Grants-In-Aid. Recommended appropriations increase 34.6 percent, from $229.4 million to $308.8 million. (Total grant funding from all fund sources will increase 12.7 percent, from $494.8 million to $557.8 million.) The following expanded or new programs are proposed:

- Community Services Waiting List Reduction Initiative - 2000. Gross funding increases 121.3 percent from $15.0 million to $33.2 million. This Initiative provides 500 community placements and 400 day program slots to persons on the waiting list and provides $3.0 million in family support services at an estimated annualized cost of $34.2 million.

- Community Services Waiting List Reduction Initiative - FY 2001. Initial funding of $25.8 million (gross) is recommended to provide 500 residential placements and 400 day program slots to persons on the waiting list and to provide an additional $3.3 million in family support services. When fully implemented, the Initiative will cost an estimated $36.7 million (gross).

- Community Transition Initiative - FY 2001. Initial funding of $7.7 million (gross) is recommended to relocate 144 clients over a two-year period from developmental centers into community programs. When fully implemented, the Initiative will cost an estimated $11.0 million (gross).

! Capital Construction. Approximately $8.4 million is recommended for projects at Green Brook ($1.0 million), North Jersey ($1.4 million), New Lisbon ($0.8 million), Woodbine ($4.5 million) and Woodbridge ($0.8 million).

! Casino Revenue Funds of $19.6 million are recommended, unchanged from FY 2000 levels. These monies are expended on various community programs.

! Federal Funds. Approximately $360.0 million is recommended, a 5.9 percent increase from FY 2000 levels. The federal funds primarily represent ICF-MR reimbursements of nearly $178.1 million (including $10.0 million in revenues realized through an assessment on all federally certified beds at State/private developmental centers) and Community Care Waiver revenue of $180.4 million.

! Other Funds of $38.0 million are anticipated, the same as in FY 2000. This includes $26.0 million in Group Home/Skill Development Home Recoveries and $12 million in client copayments for services. In addition, approximately $19.6 million in State Facilities Education Funds are anticipated for education related activities.

Key Points (Cont'd)

COMMISSION FOR THE BLIND AND VISUALLY IMPAIRED

! Direct State Services. Recommended appropriations decrease 2.0 percent, from $7.5 million to $7.4 million.

! Grants-In-Aid. Funding of $4.3 million is virtually unchanged from FY 2000 levels.

! Federal Funds of $9.2 million is unchanged from FY 2000 levels.

! Other Funds. Social Security Administration reimbursements of $300,000 and appropriated receipts of $475,000 are anticipated, unchanged from FY 2000 levels.

DIVISION OF FAMILY DEVELOPMENT

! Direct State Services. Recommended State appropriations increase 2.2 percent, from $37.6 million to $38.4 million. Personal Services expenditures increase by about $200,000. Funding for the following Special Purpose accounts is reduced by about $550,000: Electronic Benefits Transfer/Distribution System and Hospital Paternity Program. The following Special Purpose accounts increase by nearly $1.2 million: Work First New Jersey - Child Support Initiatives and SSI Attorney Fees.

! Grants-In-Aid. Recommended appropriations decrease 11.1 percent, from $184.9 million to $164.3 million. As additional federal funds are being allocated, total Grants-In-Aid expenditures increase 10.6 percent, from $492.8 million to $545.0 million.

- Recommended General Fund appropriations for various Work First New Jersey (WFNJ) activities to enable clients to find and retain employment is largely unchanged at $154.4 million: Training Related Expenses ($12.0 million); Work Activities ($58.4 million); Breaking the Cycle Pilots ($ 7.3 million); Child Care ($62.3 million); Community Housing for Teens ($0.5 million); and Substance Abuse Initiatives ($13.8 million).

- Proposed budget language on p. D-252 would increase the amount of Work Force Development Funds allocated for WFNJ Training Related Expenses and Work Activities, from $25.4 million to $30.9 million; and would reduce the amount of additional appropriations from Work Force Development Fund for WFNJ Training Related Expenses and Work Activities, from $19.0 million to $8.0 million.

- The average number of persons expected to receive assistance monthly are: on-the-job training - 1,200; supported work - 5,000; and community work experience - 15,300. In addition, over 61,000 children monthly will receive child care services.

! State Aid. Recommended appropriations decrease 16.8 percent, from $293.7 million to $244.5 million.

- WFNJ - Client benefits. Gross costs decrease 12.7 percent, from $157.3 million to $137.3 million. Approximately 129,400 persons would receive assistance monthly.

- General Assistance (GA) related expenditures for basic and emergency assistance decrease 6.2 percent, from $125.5 million to $117.7 million. Approximately 14,100 employable and 9,600 unemployable persons will receive assistance

Key Points (Cont'd)

monthly; Emergency Assistance will be provided to about 3,800 persons monthly. Medical costs on behalf of GA recipients will be incorporated in the proposed NJ FamilyCare Affordable and Accessible Health Insurance Initiative; and AIDS related drugs will be provided through the Department of Health and Senior Services' AIDS Drug Distribution Program in order for the State to obtain manufacturers' rebates.

- WFNJ - Emergency Assistance. Gross costs are expected to increase 11.4 percent, from $22.1 million to $24.7 million. Approximately 4,600 persons will receive assistance monthly.

- Payments for Supplemental Security Income. Recommended appropriations increase 4.2 percent, from $63.6 million to $66.2 million. About 139,200 persons monthly will receive assistance.

- SSI Administrative Fee to the Social Security Administration. Administrative costs decrease 20.0 percent, from $13.6 million to $10.9 million, as a private vendor is expected to be hired to administer the distribution of checks that the federal government now handles.

- General Assistance County Administration. Recommended appropriations to reimburse counties for their administrative costs decease 13.1 percent, from $13.4 million to $11.6 million, due to caseload reductions and the implementation of the General Assistance Automation System.

! Federal Funds. Recommended appropriations increase 13.9 percent, from $715.8 million to $815.0 million; the $815 million includes spending approximately $107 million in unexpended TANF funds that the State had accumulated over the past few fiscal years. Among the programs the unexpended TANF funds will be used for are services to the Abbott school districts ($69.0 million) and Kinship Care Initiatives ($5.8 million).

DIVISION OF YOUTH AND FAMILY SERVICES

! Direct State Services. Recommended State appropriations decrease 9.1 percent, from $38.4 million to $34.9 million. Monthly caseloads are unchanged from FY 2000 levels at 51,000 children and 27,000 families.

! Grants-In-Aid. Appropriations increase 11.2 percent, from $256.4 million to $285.2 million, which offsets a $19.3 million reduction in federal funds. New funding is provided to implement P.L. 1998, c.127 (Substance Abuse Assessment - $50,000) and P.L. 1999, c.86 (the Fost-Adopt Demonstration Program - $90,000). However, gross expenditures for Foster Care ($47.3 million) and Subsidized Adoption ($36.6 million) are unchanged from FY 2000 levels.

! Casino Revenue Funds of $3.7 million are unchanged from FY 2000 levels. These funds support a portion of the $6.3 million cost of the Personal Assistance Services Program.

! Federal Funds. Recommended appropriations decrease 11.1 percent, from $206.6 million to $183.7 million, as less federal TANF funds are allocated for the Services to Children and Families program. Included within the $183.7 million in proposed federal expenditures is approximately $4.3 million in unexpended federal TANF funds for the following programs: additional Independent Living services ($1.5 million) and expansion of the School Based Youth Services program ($3.8 million).

Key Points (Cont'd)

- **Other Funds.** Approximately $5.1 million is recommended, unchanged from FY 2000 levels. These funds represent restricted grants and recoveries.

DIVISION OF THE DEAF AND HARD OF HEARING

- The recommended $440,000 appropriation is unchanged from FY 2000 levels.

DIVISION OF MANAGEMENT AND BUDGET

- **Direct State Services.** Recommended appropriations increase 66.8 percent, from $15.4 million to $25.7 million. An additional $8.3 million is included in the Personal Services account and an additional $4.8 million is included in the Services Other Than Personal accounts. Offsetting these increases, a one-time appropriation for the Integrated Children's Services Initiatives ($750,000) and additional funds to implement P.L. 1999, c.353, the Physician/Dental Fellowship program ($2.5 million) are not provided.

- **Grants-In-Aid.** Recommended funding decreases 3.4 percent, from $4.0 million to $3.8 million.

- **Capital Construction** funds of $7.8 million for various department wide capital projects in the areas of fire safety, roof repairs, computerization, etc. is recommended.

- **Federal Funds** of $30.0 million is proposed, a small reduction from the $30.3 million anticipated in FY 2000. These monies primarily represent reimbursements for fringe benefits and indirect costs.

- **Other Funds** of $7.2 million is recommended, unchanged from FY 2000 levels, and support the Catastrophic Illness in Children Relief Fund, the Children's Trust Fund and State Facilities Education Act programs.

Background Papers

Program Description and Overview

DEPARTMENT OF HUMAN SERVICES (GENERAL)

Cost of Living Adjustment/Salary Supplement for Direct Services Workers

The **Grants-In-Aid** accounts of the various divisions include $37.8 million (State/federal) in Cost of Living Adjustment/Salary Supplement for Direct Services Workers. A listing of the amounts and a discussion as to how these funds are to be used is provided on p. 2 of the **Key Points** section of this analysis.

Legislative Grants

The **Grants-In-Aid** accounts of the various divisions eliminate about $4.0 million in Legislative grants. A listing is provided on p. 3 of the **Key Points** section of this analysis.

DIVISION OF MENTAL HEALTH SERVICES (DMHS)

DMHS operates five psychiatric hospitals (Ancora, Greystone and Trenton, the Arthur Brisbane Child Treatment Center and the Senator Hagedorn Gero-Psychiatric Hospital) and the Ann Klein Forensic Psychiatric Hospital for persons who are criminally dangerous or are dangerous in other institutional settings. These facilities will serve about 2,100 clients during FY 2001. All psychiatric facilities are accredited by the Joint Commission on the Accreditation of Healthcare Organizations which enables the State to receive federal Medicare, Medicaid and disproportionate share reimbursements.

The division contracts with over 120 agencies to provide 269,100 units of various mental health services such as partial care, residential and case management. (Other community mental health expenditures are funded through the Medicaid and Division of Youth and Family Services' budgets.)

DMHS reimburses six county psychiatric hospitals 90 percent of the cost of non-Medicaid patients; certain patients are reimbursed at 100 percent. About 680 patients daily will receive services at county hospitals.

In FY 1999, the **General Fund** realized $29.0 million in various psychiatric hospital reimbursements and $154.2 million in federal disproportionate share reimbursements for non-Medicaid patients at accredited State and county hospitals.

DMHS' FY 2001 recommended General Fund appropriation is summarized on the next page.

DMHS Central Office. Administrative appropriations increase 2.2 percent, from $9.0 million to $9.2 million, and will support 146 positions, as follows:

Administration and Support funding is unchanged at $4.5 million.

Community Services funding would increase 4.5 percent, from $4.5 million to $4.7 million. The increase in the Personal Services account will reimburse the Department of Law and Public Safety for legal services.

Program Description and Overview (Cont'd)

	Adj. Approp. FY 2000	Recom. FY 2001	Percent Change 2000-01
TOTAL ($000)	$510,130	$520,597	2.1%
Direct State Services:	$201,163	$204,297	1.6%
DMHS Central Office	$9,046	$9,249	2.2%
Psychiatric Hospitals	192,117	195,048	1.5%
Grants-In-Aid:	$209,967	$220,129	4.8%
Community Care	$191,402	$191,402	--
Supportive Housing Initiative	0	3,000	n.a.
COLA/Salary Supplement...	n.a.	7,662	n.a.
Other Grants	18,565	18,065	(2.7)%
State Aid	$87,171	$87,171	--
Capital Construction	$11,829	$9,000	(23.9)%

Psychiatric Hospitals. State appropriations increase 1.5 percent, from $192.1 million to $195.0 million. The increase is attributable to the Ann Klein Forensic Center where an additional $3.5 million is provided for operational costs of two new residential buildings, housing 50 patients, that will open towards the end of FY 2000.

Recommended funding for the other psychiatric hospitals, Ancora ($53.7 million), Brisbane ($9.1 million), Greystone ($47.8 million) and Hagedorn ($22.6 million), decrease/increase by relatively small amounts.

Institutional populations are expected to decline by 75 patients, from 2,145 to 2,070, primarily at Ancora, Greystone and Trenton. A Supportive Housing Initiative will enable 165 patients to move from these psychiatric hospitals to group homes and other residential beds in the community. Also, additional beds are expected to become available at county hospitals in Hudson and Union counties.

Grants-In-Aid. Overall appropriations increase 4.8 percent, from $210.0 million to $220.1 million. The following is noted:

- $3.0 million is recommended for a new Supportive Housing Initiative which includes $2.2 million in housing subsidies to relocate 367 clients from group homes to less restrictive and less expensive housing and $0.8 million for case management services.

State Aid. Funding is unchanged at $87.2 million and will reimburse six county psychiatric hospitals for approximately 680 patients. Proposed budget language would allow the account to retain any unexpended FY 2000 balances. Though the amount of unexpended balances is not known, in FY 1999 approximately $2.7 million of the $85.1 million appropriated was unexpended.

Capital Construction funds of $9.0 million are recommended as follows:

Program Description and Overview (Cont'd)

- Greystone - Infrastructure Improvements, Institutions and Community Facilities: $2.0 million.
- Trenton - Fire Protection projects: $2.0 million.
- Ancora - Emergency Lighting: $1.2 million; Elm Hall Renovations: $1.5 million; Correct Brick Veneer Problems: $1.5 million.
- Brisbane - Various Preservation Projects: $0.4 million.
- Hagedorn - Various Preservation Projects: $0.4 million.

Federal Funds. Approximately $12.2 million is recommended, unchanged from FY 2000 levels. The majority of federal funds are from the mental health block grant ($10.1 million) and the PATH program ($0.8 million) and are used for community programs.

Other Funds. Approximately $1.6 million is recommended, the same as in FY 2000. These funds are for education programs.

DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES (DMAHS)

DMAHS is the largest division within the department in terms of persons served and expenditures. The division administers the Medicaid program which will provide services to about 636,000 persons monthly and NJ KidCare program which will serve 98,800 children monthly.

The State's Medicaid program provides most medical services permitted by federal law including in/out patient hospital care, physician services and prescription drugs. The State develops rates of reimbursement for most services, within federal guidelines. Nearly 235,000 (or 94 percent) of the State's Work First New Jersey families with dependent children, are enrolled in Medicaid managed care. Though surveys indicate that Medicaid recipients are satisfied with managed care, expenditure and utilization data provided by managed care organizations are not timely, making financial and programmatic analysis difficult. Managed care is to be extended to other population groups -- Supplemental Security Income (SSI) recipients and children on the Division of Youth and Family Services caseload -- in late FY 2000 and during FY 2001.

DMAHS' FY 2001 recommended General Fund appropriations are summarized on the next page.

Direct State Services. Administrative appropriations increase 2.9 percent, from $23.5 million to $24.2 million, and will support 177 positions. The increase is in the Personal Services account which will reimburse the Department of Law and Public Safety for legal services.

Grants-In-Aid. Recommended appropriations increase 9.2 percent, from $1.43 billion to approximately $1.56 billion. The following is noted:

- The FY 2001 recommended appropriation for certain services would bring projected expenditures in line with actual FY 1999 expenditures. For example, though the FY 2000 adjusted appropriation for Personal Care is $103.1 million, actual FY 1999 expenditures were $93.2 million; the FY 2001 budget recommends $96.7 million for Personal Care.

Program Description and Overview (Cont'd)

	Adj. Approp. FY 2000	Recom. FY 2001	Percent Change 2000-01
TOTAL ($000)	$1,453,989	$1,585,730	9.1%
Direct State Services:	$23,499	$24,171	2.9%
Medicaid Admin.	$23,499	$24,171	2.9%
Grants-In-Aid:	$1,430,490	$1,561,559	9.2%
Personal Care	$103,067	$96,698	(6.2)%
Managed Care Initiative	357,115	455,890	27.7%
Inpatient Hospitals	204,447	173,620	(15.1)%
Prescription Drugs	236,740	287,854	21.6%
Physician	32,462	20,824	(35.9)%
Home Health	34,720	29,427	(15.2)%
Transportation	39,639	28,787	(27.4)%
Hospital Relief Offset Payment	0	32,836	n.a.
SSI-Disabled Back-to-Work Incentive	0	750	n.a.
Title XIX Children's Initiative	0	10,000	n.a.
N.J. Health ACCESS Benefit Payments	15,500	11,800	(23.9)%
Other Expenditures	406,800	413,073	1.5%

- The FY 2000 adjusted appropriation may not reflect revised expenditures, which magnifies any dollar/percentage increase/reduction. For example, even though the FY 2000 adjusted appropriation for Prescription Drugs is $236.7 million, revised expenditures are estimated at about $270.8 million. Similarly, with respect to Home Health, revised expenditures are estimated at $29.8 million even though the adjusted appropriation is $34.7 million.

- The projected 27.7 percent increase in Managed Care Initiative appropriations, from $357.1 million to $455.9 million, reflects both a rate adjustment and an increase in the number of SSI clients enrolled in managed care. (At present, about 9,000 of the 181,000 SSI related clients are enrolled in managed care.) The increase in the number of Medicaid eligibles enrolled in managed care is the main reason Physician expenditures are expected to decrease 35.9 percent, from $32.5 million to $20.8 million.

- $3.2 million is provided to increase reimbursement rates for Dental services. (The increase would be funded from the Tobacco Settlement Funds.)

- $1.2 million is provided for incentive payments in the Physician account for the submission of encounter data on early childhood health screening, including lead screening (EPSDT).

- Proposed budget language provisions on p. F-3 of General Fund Provisions include various financial transactions to reallocate State and federal funds hospital payments classified as disproportionate share to regular hospital reimbursements. These financial transactions are proposed as the State is at or near the $1.03 billion maximum amount of disproportionate share payments it can claim for federal reimbursements. Reclassifying disproportionate share payments as regular hospital reimbursements would allow the State to claim additional disproportionate share expenditures, if needed. Overall, hospitals will not receive any increase in the amount of reimbursement they receive; only the funding source of the reimbursement changes.

Program Description and Overview (Cont'd)

The recommended appropriation incorporates $22.0 million in savings and cost avoidance as follows:

- Delayed FY 2000 initiatives - $4.0 million.
- Recoveries from other health insurers - $9.0 million.
- Managed care to the elderly and disabled - $4.2 million.
- Prohibiting reimbursement for cyclical discharge and rehospitalizations - $2.0 million.
- Better pricing on goods and services - $1.0 million.
- Improved eligibility management - $1.3 million.
- Assisting beneficiaries to purchase employer-sponsored health insurance - $0.5 million.

The extent to which these savings and cost avoidance initiatives are actually attained is uncertain.

The recommended budget includes several new items:

Hospital Relief Offset Payment. This new $32.8 million account represents the transfer of monies from the Department of Health and Senior Services' Health Care Subsidy Fund Payment account. The shift is being done to comply with federal requirements and maximize federal reimbursement as the State is close to the $1.03 billion (gross) maximum amount it can claim from the federal government for disproportionate share payments. These State (and matching federal) funds are available for transfer to the Hospital Relief Subsidy Fund.

SSI-Disabled Back-to-Work Incentive. This new $750,000 appropriation would implement federal Pub.L 106-170, the "Ticket to Work and Work Incentives Improvement Act of 1999", which permits states to extend Medicaid coverage to SSI disabled recipients who would lose their Medicaid benefits due to employment earnings. As the number of SSI recipients who might benefit from this program is not known, costs are uncertain.

Title XIX Children's Initiative. This new $10.0 million appropriation will generate an additional $29.0 million in federal reimbursements. Over the next four years, total spending under the Initiative is expected to increase by $112 million. This new Initiative is another effort to provide better services to children with emotional and behavioral problems and envisions employing a Contracted System Administrator (CSA) to register, track and coordinate care and contracting with up to 15 community-based Care Management Organizations (CMOs) to identify, organize and ultimately purchase local services for children requiring the most intensive services. The CSA and CMOs will be selected through a Request for Proposal. The Initiative will be coordinated at the department's central office. Pursuant to budget language on pp. D-224 and D-264, the monies can be used for administrative and service costs throughout the department. (The State share of the Initiative would be funded from the Tobacco Settlement Funds.)

Federal Funds. A 11.0 percent increase is anticipated, from $1.56 billion to $1.73 billion, based on current federal Medicaid law. Included within the recommended appropriation is approximately $34.5 million for administrative costs and services related to the NJ KidCare Children's Health Insurance Initiative, approximately $48.7 million for administrative and service costs of the new NJ FamilyCare Affordable and Accessible Health Insurance program and $29.0 million for the new Title XIX Children's Initiative.

Other Funds. Recommended funding for New Jersey Health Care Hospital Payments and the NJ KidCare Children's Health Insurance Initiative is reduced by 6.2 percent, from $447.9 million

Program Description and Overview (Cont'd)

to $420.1 million. In addition to the $420.1 million, approximately $70.1 million in Tobacco Settlement Funds is provided for the proposed NJ Family Care Affordable and Accessible Health Insurance program.

Funding for New Jersey Health Care Hospital Payments, including the Health Care Subsidy Fund (which provides funding to approximately 40 hospitals that serve a large number of patients with mental illness, AIDS/HIV, etc.) is reduced 7.8 percent, from $421.5 million to $388.7 million. The reduction is related to the fact that the State is at or near the $1.03 billion maximum amount it can claim for disproportionate share costs to the federal government. These disproportionate share payments are being converted to regular Medicaid hospital reimbursement payments, which are not capped. This would allow the State to claim additional disproportionate share payments, if needed. Overall funding received by hospitals for charity care should not be reduced.

Funding for the various NJ KidCare Children's Health Insurance Initiatives increases 19.8 percent as follows:

	FY 2000	FY 2001
TOTAL	$26,198,000	$31,388,000
Administration	$3,824,000	$3,789,000
Services	22,374,000	27,599,000

The number of children enrolled in the program is expected to increase from about 70,500 to 98,800 by the end of FY 2001.

Initial funding of $70.1 million from the Tobacco Settlement Funds is provided for the new NJ FamilyCare Affordable and Accessible Health Insurance program. Approximately $7.0 million is available for administration and $69.2 million is available for services. The program consists of the following components:

- Medicaid coverage is increased to 133 percent of the federal poverty level.

- A State funded program is established for working parents with incomes between 133 and 200 percent of the federal poverty level; enrollment is limited to the amount of funds available. Families with incomes of between 150 and 200 percent of the federal poverty level would be required to make a monthly contribution of $25 per adult toward the health insurance premium.

- Individuals and childless couples with incomes up to 100 percent of the federal poverty level would be eligible for the program, and includes persons enrolled in the General Assistance program.

- Persons who qualify for FamilyCare would be required to purchase their health insurance from their employers if their employer contributes at least 50 percent of the costs of the insurance, and benefits are comparable to FamilyCare's benefits.

During the first year, it is estimated that 85,300 adults will participate in the program, including about 24,000 General Assistance recipients. Costs are estimated at $135 million: State - $70 million; federal - $48.7 million; and employee/employer contributions - $16.3 million. When

Program Description and Overview (Cont'd)

fully implemented, FamilyCare is expected to cost upwards of $206 million.

DIVISION OF DEVELOPMENTAL DISABILITIES (DDD)

DDD evaluates various medical, social, and other factors of an individual to determine whether the person is developmentally disabled and requires the division's various residential/non-residential services. DDD serves a broad range of individuals, including persons with cerebral palsy, epilepsy, spina bifida and other neurological impairments which were present before age 22, are likely to continue indefinitely and result in substantial functional limitations in certain areas of major life activities. DDD provides autism services, services to adolescents "aging out" of DYFS and the Family Support Act. DDD has under supervision and provides day training, adult activities and other community services such as case management and group and skill development homes to about 20,700 persons. In FY 2001, approximately $180.4 million in federal Community Care Waiver reimbursements will be received for these community services.

The division will provide residential care, habilitation, health services, education and training to 3,600 clients at 7 developmental centers (Green Brook, Hunterdon, New Lisbon, North Jersey, Vineland, Woodbine and Woodbridge). All developmental centers are accredited, which will enable DDD to receive $178.1 million in federal ICF-MR reimbursements in FY 2001.

DDD's FY 2001 recommended General and Casino Revenue Funded appropriation is summarized below.

	Adj. Approp. FY 2000	Recom. FY 2001	Percent Change 2000-01
TOTAL ($000)	$467,865	$518,424	10.8%
Direct State Services:	$211,591	$181,562	(14.2)%
Administration...	$3,452	$3,445	(0.2)%
Community Programs	19,453	20,732	6.6%
Developmental Centers	188,686	157,385	(16.6)%
Grants-In-Aid:	$229,355	$308,802	34.6%
Comm. ... Initiatives - FY 2000	$0	$11,800	n.a.
Comm. ... Initiatives - FY 2001	0	18,688	n.a.
Comm. Transition... - FY 2001	0	5,701	n.a.
Private Institutional Care	28,943	28,481	(1.6)%
Skill Development Homes	8,306	8,306	--
Group Homes	121,946	121,946	--
Purchase of Adult Actv.	31,288	63,274	102.2%
Other Grants	38,872	50,606	30.2%
Capital Construction	$7,284	$8,425	15.7%
Casino Revenue Funds	$19,635	$19,635	---

Administration and Support Services. While the overall recommendation is unchanged at about $3.4 million, the amount allocated for Personal Services would increase from $1.8 million to $2.0 million. The increase would bring the FY 2001 recommendation in line with actual FY 1999 salary expenditures. Offsetting the increase, proposed funding for Additions, Improvements

Program Description and Overview (Cont'd)

and Equipment is reduced from about $0.4 million to about $0.1 million.

Community Programs. Recommended appropriations increase 6.6 percent, from $19.5 million to $20.7 million. The increase is in the Personal Services account within the Social Supervision and Consultation program and incorporates salary costs that had been included in the various Community Services Waiting List Reduction Initiatives.

Developmental Centers. Appropriations for the seven developmental centers are reduced 16.6 percent, from $188.9 million to $157.4 million. Excluding Capital Construction expenditures, overall funding for the developmental centers increases from $300.7 million to $305.0 million; the reduction in the General Fund is offset by allocating an additional $35.6 million in federal ICF-MR funds to the developmental centers.

Institutional populations are unchanged at 3,600. This does not reflect the transfer of 144 clients over a two year period from developmental centers to community programs as a result of the Community Transition Initiative - FY 2001 discussed in the Grants-In-Aid section. At this time, it is not known from what developmental centers clients will be relocated.

An additional $1.1 million is provided in the Additions, Improvements and Equipment accounts at the various developmental centers as these accounts had not received adequate appropriations in prior fiscal years.

Grants-In-Aid. Recommended appropriations increase 34.6 percent, from $229.4 million to $308.8 million. (**Total grant funding - including Casino Revenue, Federal and Other Funds would increase 12.7 percent, from $494.8 million to $557.8 million.**)

New or increased State appropriations are recommended for the following:

- Community Services Waiting List Reduction Initiative - FY2000 - $11.8 million.

  The FY 2000 Initiative provides for 500 community placements, 400 day program slots and $3.0 million in family support services. FY 2000 funding consisted of $5.0 million in Federal Funds and $10.0 million in Other Funds. In FY 2001, funding for the initiative will increase from $15.0 million to $33.2 million as follows: $11.8 million in General Funds, $11.4 million in Federal Funds and $10.0 million in Other Funds.

- Community Services Waiting List Reduction Initiative - FY 2001 - $18.7 million.

  The FY 2001 Initiative provides for 500 community placements, 400 day program slots and $3.3 million in family support services. When fully implemented, the initiative is expected to cost approximately $36.7 million. The FY 2001 recommended budget provides $25.8 million for the initiative: $18.7 million in General Funds and $7.2 million in Federal Funds.

- Community Transition Initiative - FY 2001 - $5.7 million.

  The Community Transition Initiative will enable 144 clients from developmental centers to be relocated to community programs. The Initiative is a response to the Olmstead decision wherein the U.S. Supreme Court ruled that, where appropriate, institutionalized persons should be placed into community programs. For FY 2001, $7.7 million is provided: $5.7 million in General Funds and $2.0 million in Federal Funds. To maintain

Program Description and Overview (Cont'd)

federal ICF-MR reimbursement, the number of beds that meet federal ICF-MR standards will not be reduced; beds that do not meet federal ICF-MR standards (primarily at the Vineland and Woodbine Developmental Centers) will ultimately be eliminated. When fully implemented, the Initiative will cost approximately $11.0 million.

- Purchase of Adult Activity Services - $32.0 million.

  Though total Adult Activity Services funding is unchanged, the General Fund appropriation increases from $31.3 million to $63.3 million. As total recommended funding for Adult Activity Services is unchanged at $90.6 million, the General Fund increase offsets a corresponding reduction in the amount of Federal Funds allocated for Adult Activity Services. (The allocation of federal funds among the various programs is discretionary.)

Casino Revenue Fund. Appropriations of $19.6 million are unchanged from FY 2000 levels and are used to supplement the General Fund appropriation for Grants-In-Aid.

Capital Construction funds of $8.4 million are recommended as follows:

- Green Brook - Air handlers, chillers and burner replacement: $1.0 million.
- North Jersey - Various renovations and improvements, a new generator and various HVAC improvements: $1.4 million.
- New Lisbon - Renovations to the food service building: $0.8 million.
- Woodbine - Renovations to the food service building and repairs to the steam tunnel: $4.5 million.
- Woodbridge - Replace main electrical feeder: $0.8 million.

Federal Funds. Approximately $360.0 million is anticipated, a 5.9 percent increase over the $339.9 million anticipated in FY 2000. ICF-MR revenues and Community Care Waiver revenues are the primary federal revenue sources. (The allocation of federal ICF-MR and Community Care Waiver funds among the various programs is discretionary. Also, if additional federal funds are received above the amounts indicated, the additional federal funds could be used to either expand programs or to offset State appropriations.)

ICF-MR revenues (including approximately $10 million in ICF-MR assessment revenues) increase 2.4 percent, from $173.9 million to $178.1 million. Community Care Waiver revenues increase 9.5 percent, from $164.8 million to $180.4 million as additional clients are served in various community programs.

In FY 2001, the recommended budget allocates $147.1 million in federal ICF-MR funds to the operation of the developmental centers, a 31.9 percent increase over the FY 2000 allocation of $111.6 million. The increased allocation offsets a reduction in the General Fund appropriation to the centers.

The amount of federal ICF-MR and Community Care Waiver funds allocated for administration and community programs decreases 6.8 percent, from $228.4 million to $212.8 million. The reduction in the amount of federal funds allocated for these activities is offset by increasing the General Fund appropriation for these activities.

Other Funds. Recommended funding of $38.0 million is unchanged from FY 2000 levels. These funds represent recoveries for Group Homes ($13.5 million) and Skill Development Homes ($12.5 million), Client Co-Payments ($2.0 million) and Client Fees ($10.0 million). These funds are

Program Description and Overview (Cont'd)

used to support various activities of the Purchased Residential Care program. In addition, approximately $19.6 million in State Facilities Education Funds are anticipated in support of activities in the Education and Day Training program and at various developmental centers.

COMMISSION FOR THE BLIND AND VISUALLY IMPAIRED (CBVI)

CBVI provides education services to 2,400 clients, vocational rehabilitation services to 2,800 clients, independent living services to 4,000 persons, and prevention services to 27,000 persons. Services are provided through four offices (Camden, Newark, Pleasantville and Toms River). Certain services such as college and career counseling, screening programs and the operation of a toll-free telephone number are provided on a Statewide basis. CBVI operates the Kohn Residential Center (New Brunswick) which evaluates the vocational skills of clients and provides training programs for clients to enable them to live and function independently; the center serves about 200 clients annually.

The commission's programs are accredited by the National Accreditation Council for Agencies Serving the Blind and Visually Impaired.

CBVI's FY 2001 General Fund recommended appropriation is summarized below:

	Adj. Approp. FY 2000	Recom. FY 2001	Percent Change 2000-01
TOTAL ($000)	$11,714	$11,640	(0.6)%
Direct State Services	$7,524	$7,372	(2.0%)
Grants-In-Aid	$4,190	$4,268	1.9%

Direct State Services. Recommended FY 2001 appropriations would decrease approximately 2.0 percent, from $7.5 million to $7.4 million. The reduction is in the Personal Services account within the Services for the Blind and Visually Impaired program and will be offset by additional reimbursements from local boards of education for services provided by the CBVI.

Grants-In-Aid. Recommended funding increases 1.9 percent, from $4.2 million to $4.3 million.

Federal Funds. Approximately $9.2 million is anticipated, unchanged from FY 2000 levels. Most of the federal funds - $8.0 million - are for Vocational Rehabilitation services.

Other Funds. CBVI expects to receive $475,000 in appropriated receipts and $300,000 in Social Security Administration reimbursements to enhance vocational rehabilitation services.

DIVISION OF FAMILY DEVELOPMENT (DFD)

DFD supervises local administration of the federal Temporary Assistance for Needy Families (TANF) Block Grant, General Assistance (GA), Food Stamp, Low Income Home Energy Assistance, and federally mandated child support enforcement programs. (Other child support activities are administered by the Administrative Office of the Courts .)

Program Description and Overview (Cont'd)

DFD's primary responsibility has changed from monitoring and reviewing county and municipal welfare programs to one involving job training, employment and requiring TANF recipients to assume more responsibility over their lives and financial circumstances.

DFD administers the Work First New Jersey (WFNJ) program which succeeds previous programs that attempted to train and find employment for welfare clients such as WIN, JPTA, REACH, JOBS and the Family Development Program. In general, the program emphasizes employment and job training and provides financial assistance, child care, transportation, extended Medicaid benefits and on-going case management support. WFNJ also provides education and job training to GA recipients in certain municipalities, though the program does not qualify for federal reimbursement.

Increases/reductions in General Funds appropriations for particular WFNJ activities is discretionary so long as the State meets its federal Maintenance of Effort requirement of $304 million. This enables the State to obtain approximately $404 million in federal TANF funds. Similarly, the State has discretion in allocating federal TANF funds among WFNJ programs.

DFD's FY 2001 recommended General Fund appropriation is summarized below.

	Adj. Approp. FY 2000	Recom. FY 2001	Percent Change 2000-01
TOTAL ($000)	$516,171	$447,259	(13.4)%
Direct State Services:	$37,571	$38,404	2.2%
Administration/Other	$19,033	$19,217	1.0%
Hospital Paternity Program	606	494	(18.5)%
Electronic Benefit Transfer...	1,023	578	(43.5)%
WFNJ Related Activities	16,909	17,115	1.2%
SSI Attorney Fees	0	1,000	n.a.
Grants-In-Aid:	$184,853	$164,317	(11.1)%
WFNJ Related Activities	$154,862	$154,372	(0.3)%
Storm and Flood Relief...	20,000	0	(100)%
Other Grants	9,991	9,945	(0.5)%
State Aid:	$293,747	$244,538	(16.8)%
General Assistance Programs	$125,540	$117,749	(6.2)%
WFNJ Client Benefits/Emergency Asst.	63,877	24,252	(62.0)%
SSI	63,561	66,237	4.2%
SSI Administration	13,573	10,854	(20.0)%
Other State Aid	27,196	25,446	(6.4)%

Direct State Services. Recommended State appropriations increase 2.2 percent, from $37.6 million to $38.4 million, as follows:

- Personal Services. Funding increases 1.4 percent, from $12.7 million to $12.9 million, and will support 271 positions.

- WFNJ Child Support Initiatives (including centralized collections of child support, New Hires reporting system, license revocation and public awareness). Funding increases 4.2

Program Description and Overview (Cont'd)

percent, from $4.8 million to $5.0 million. (Total funding increases from $14.2 million to $14.8 million.)

- Electronic Benefit Transfer/Distribution System (developmental costs associated with providing various benefits through ATMs and other electronic devices). Funding would decrease 43.5 percent, from $1.0 million to $0.6 million. (Total funding decreases from $3.9 million to $3.3 million.)

- SSI Attorney Fees (to assist public assistance recipients, primarily unemployable General Assistance recipients, to obtain federal SSI benefits). The budget recommends $1.0 million to continue a program initiated by transfer at the end of FY 1999.

- Hospital Paternity Program. Funding is reduced from about $0.6 million to $0.5 million as certain one-time expenditures are not required. (Total funding decreases from $1.8 million to $1.5 million.)

Grants-In-Aid. Recommended appropriations decrease 11.1 percent, from $184.9 million to $164.3 million. Excluding a one-time appropriation for Storm and Flood Relief - Hurricane Floyd, FY 2001 recommended appropriations are essentially unchanged.

Recommended **General Fund** appropriations for WFNJ activities decrease slightly, from $154.9 million to $154.4 million:

	FY 2000	FY 2001
WFNJ -Training Related Expenses	$12,518,000	$12,016,000
WFNJ - Work Activities	$57,174,000	$58,437,000
WFNJ - Community Housing for Teens	$539,000	$544,000
WFNJ - Child Care	$60,900,000	$62,335,000
WFNJ - Breaking the Cycle Pilots	$9,981,000	$7,290,000
Substance Abuse Initiative	$13,750,000	$13,750,000

Including federal funds, total expenditures on the above WFNJ activities will decrease from $442.6 million to $434.4 million.

The FY 2001 recommended appropriations provide: training related expenses to 16,600 recipients monthly; vocational training and education to about 2,150 teen parents monthly; 15,200 recipients monthly with community work experience projects; and child care to 61,000. Approximately 1,600 recipients monthly will enter employment.

- Proposed budget language on p. D-252 would: Increase from $25.4 million to $30.9 million the amount of Workforce Development Partnership Funds used to offset General Fund WFNJ Work Activity/Training Related Expenses appropriations; and reduce additional Workforce Development Partnership Fund appropriations for WFNJ Work Activity/Training Related Expenses from $19.0 million to $8.0 million.

- Continuation funding is provided for: Social Services for the Homeless ($8.2 million) and

Program Description and Overview (Cont'd)

Mini Child Care Center Project Grants ($316,000), Family Day Care Provider Registration Act ($481,000), Kinship Care ($500,000) and Minority Male Initiative ($200,000).

State Aid. Appropriations decrease 16.8 percent, from $293.7 million to $244.5 million, as follows:

- General Assistance. Total recommended appropriations decrease 6.2 percent, from $125.5 million to $117.7 million.

    - Emergency Assistance. Appropriations decrease 9.2 percent, from $27.0 million to $24.5 million. The number of persons receiving assistance is expected to decline 9.2 percent, from about 4,150 to about 3,800.

    - Payments to Municipalities.... Recommended appropriations decrease 5.4 percent, from $98.5 million to $93.2 million. Assistance will provided to 23,700 persons (14,100 "employable"/9,600 "unemployable"), a 5.5 percent reduction from FY 2000 levels of 25,000 (14,900 "employable"/10,100 "unemployable").

    Various initiatives are proposed to reduce caseloads and expenditures in the short and long term:

    - $3.0 million is provided for work and training activities;
    - $1. 0 million is provided for the SSI Attorney Fees project to qualify GA recipients for federal SSI benefits;
    - $2.5 million is provided for housing subsidies as an alternative to more costly hotel/motel emergency housing;
    - have the AIDS Drug Distribution Program provide AIDS/HIV medications to GA clients to enable the State to obtain manufacturers' rebates; and
    - incorporate the medical costs of GA clients in the proposed NJ FamilyCare program.

- WFNJ Client Benefits. Total (State/federal) appropriations decrease 12.7 percent, from $157.3 million to $137.3 million. Recommended State appropriations decrease 80.8 percent, from $49.0 million to $9.4 million.

    Caseloads are expected to decline 11.2 percent, from 145,800 to 129,400.

- WFNJ Emergency Assistance. Total (State/federal) appropriations increase 11.4 percent, from $22.1 million to $24.7 million. Recommended State appropriations of $14.8 million are unchanged from FY 2000 levels.

    Though caseloads are expected to decline 3.7 percent, from 4,800 to 4,600, the average amount of emergency assistance provided is expected to increase from about $414 to $479 per month.

- Payments for Supplemental Security Income. Recommended appropriations increase 4.2 percent, from $63.6 million to $66.2 million, due to a slight increase in caseloads to over 139,200 recipients and an increase in burial costs.

- SSI Administration. Recommended appropriations decrease 20.0 percent, from $13.6 million to $10.9 million, despite an increase in the amount the federal government charges

Program Description and Overview (Cont'd)

states for processing checks from $7.80 to $8.10 per check per month. The reduction assumes that the State will hire a private vendor to administer the State's SSI supplement.

- General Assistance County Administration. Proposed funding decreases 13.1 percent, from $13.4 million to $11.6 million. A reduction in the number of GA clients receiving assistance and implementation of the General Assistance Automated System are expected to reduce costs.

- Continuation funding is recommended for: the Food Stamps Administration - State program ($9.1 million) to reimburse counties for the loss of federal Food Stamp administration funds; and the Food Stamps for Legal Aliens program ($4.5 million) to provide Food Stamps to persons who are not eligible for the federal Food Stamp program.

Federal Funds. Appropriations increase 13.9 percent, from $715.8 million to $815.0 million. The increase is related to the expenditure of unexpended TANF funds, as in previous years the State did not spend its entire $404 million annual allocation as caseloads declined rapidly. In FY 2001, TANF expenditures will total nearly $511 million, about $107 million above its annual allocation. The additional TANF funds will be used as follows:

- Salary Supplement for Direct Services Workers/Cost of Living Adjustment - $9.0 million.

- TANF Abbott Expansion (for various costs associated with early childhood education: Preschool rates for 33,000 child care slots will be increased; Head Start half-day school programs for 10,000 children will become full-day, year round programs; copayments for services will be reduced or eliminated; and additional equipment/toys will be purchased) - $69.0 million.

- Kinship Care Initiatives (for housing, legal assistance, furniture, etc. as required by relatives who take care of related children) - $5.8 million.

- Criminal Background Evaluations (for criminal history record background checks of child care employees) - $2.6 million.

- Social Services for the Homeless (to be distributed to counties to provide various services to the homeless) - $2.0 million.

- Domestic Violence Prevention Training and Assessment (to conduct assessment of clients who have safety concerns and request an exemption from WFNJ work requirements) - $0.5 million.

DIVISION OF YOUTH AND FAMILY SERVICES (DYFS)

DYFS is responsible for investigating all reports of child abuse and neglect; providing services to abused, neglected and delinquent children and their families; supervising the provision of social services by county welfare agencies; and approving and monitoring county Youth Services Plans. DYFS has regulatory responsibilities for licensing and monitoring child care centers, family day care providers, residential programs, foster care and other programs. The division operates 36 district offices, four regional adoption centers and various residential facilities.

Program Description and Overview (Cont'd)

DYFS' FY 2001 recommended General and Casino Revenue Fund appropriation is summarized below.

	Adj. Approp. FY 2000	Recom. FY 2001	Percent Change 2000-01
TOTAL ($000)	$298,593	$323,859	8.5%
Direct State Services	$38,437	$34,937	(9.1)%
Grants-In-Aid:	$256,422	$285,188	11.2%
Group Homes	$14,754	$19,735	33.8%
Foster Care	29,249	30,759	5.2%
Subsidized Adoption	31,564	35,395	12.1%
Residential Placements	50,954	57,781	13.4%
Other Grants	129,901	141,518	8.9%
Casino Revenue Fund	$3,734	$3,734	--

Direct State Services. General Fund appropriations decrease 9.1 percent, from $38.4 million to $34.9 million. The reduction is related to changes in the amount allocated for various "lump sum" appropriations within the overall Personal Services account. This reduction will have no impact on caseworker staffing. Caseloads of 51,000 children/27,000 families are unchanged from FY 2000 levels.

As of January 2000, caseworker staffing levels, as a percentage of the Child Welfare League of America standard, was as follows:

Central District Offices - 75.2 percent
Metropolitan District Offices - 77.4 percent
Northern District Offices - 78.7 percent
Southern District Offices - 63.5 percent
Adoption Resource Centers - 52.1 percent

Grants-In-Aid. Appropriations increase 11.2 percent, from $256.4 million to approximately $285.2 million. Essentially, a $28.8 million General Fund increase offsets a $19.2 million reduction in the amount of federal Medicaid and Title IV-E funds allocated to support the various grant activities such as Foster Care, Subsidized Adoption, Group Homes and Residential Placements. **(Total grant funding - including Federal and Other Funds - increases 2.9 percent, from $329.8 million to $339.3 million.)**

Evaluation Data on pp. D-254 and D-255 indicates that between FY 2000 and FY 2001 despite efforts to reduce the number of children in foster care and increase the number of subsidized adoptions, there is no change in foster care caseloads (6,700) or the number of subsidized adoptions (6,400). Total funding for foster care ($47.3 million) and subsidized adoption ($36.6 million) is also unchanged from FY 2000 levels.

In addition to providing General Funds to offset a reduction in federal grant funds, the recommended appropriation provides: new funding to implement P.L. 1998, c.127, Substance Abuse Assessment ($50,000) and to implement P.L. 1999, c.86, Fost-Adopt Demonstration Program for Boarder Babies and Children ($90,000).

Program Description and Overview (Cont'd)

Casino Revenue Fund. The recommended appropriation of $3.7 million is unchanged from FY 2000 levels and is used to support the Personal Attendant Program.

Federal Funds. Approximately $183.7 million is anticipated, a 11.1 percent reduction from the $206.6 million expected in FY 2000. While the overall reduction in federal funds is largely attributable to the allocation of less federal TANF funds to the division's programs, unexpended federal TANF funds are being made available to expand the following programs:

- School Based Youth Services Program - $3.8 million. This program provides social and health services to 25,000 students through 30 school-based programs. The additional funds would enable the program to serve 13,000 children/adolescents at 15 additional sites to be determined through a competitive process.

- Independent Living - $1.5 million. A recent federal General Accounting Office report indicated that independent living programs in general do not appear to provide children with the skills needed to function independently. The additional funds would provide rent subsidies, transportation, food allowances, education/vocational training and employment services to children who will age out of regular DYFS services.

Other Funds. Approximately $ 5.2 million is recommended, unchanged from FY 2000 levels. These funds represent restricted grants and various recoveries from legally responsible relatives.

DIVISION OF THE DEAF AND HARD OF HEARING (DDHH)

The division advocates on behalf of the deaf with public and private organizations and conducts training programs for such groups. DDHH distributes information on telecommunication devices, decoders and other auxiliary aids for the deaf and hearing impaired; provides public information and publishes the Monthly Communicator newsletter; and acts as the certifying agency for the 25 percent rate reduction for phone customers who use a telecommunication device for the deaf and for the half-fare transportation card for the disabled.

DDHH's recommended appropriation of $440,000 is unchanged from the adjusted FY 2000 levels and will support five positions.

DIVISION OF MANAGEMENT AND BUDGET (DMB)

DMB implements legislation, formulates policy and coordinates program planning activities among the seven other operating divisions. The division provides various centralized services to the other divisions such as financial management, auditing, purchasing and security services; prepares cost reports for the State developmental centers and psychiatric hospitals; and develops per diem rates for these facilities, subject to the approval of the State House Commission. The Catastrophic Illness in Children Relief Fund is included in the division for organizational purposes.

Program Description and Overview (Cont'd)

The division's FY 2001 recommended General Fund appropriation is summarized below.

	Adj. Approp. FY 2000	Recom. FY 2001	Percent Change 2000-01
TOTAL ($000)	$24,062	$37,344	55.2%
Direct State Services	$15,393	$25,671	66.8%
Grants-In-Aid	$3,982	$3,843	(3.5)%
Capital Construction	$4,687	$7,830	67.1%

Direct State Services. Recommended appropriations of $25.7 million represents a 66.8 percent increase from FY 2000. Personal Services appropriations increase 96.8 percent, from $8.6 million to $17.0 million, and would support over 330 positions, a 15.7 percent increase from September 1999 personnel levels. Services Other Than Personal appropriations increase 261.3 percent, from $1.9 million to $6.7 million, and would bring the appropriation more in line with actual FY 1999 expenditures. Based on the experience of prior years, most of the monies will be expended on "professional services," (i.e., consultants).

Offsetting the above increases, $2.5 million in funding related to P.L.1999, c.353, Physician/Dental Fellowship, is not continued; the legislation is in the process of being implemented and additional funds are not now required. One-time funding for the Special Purpose appropriation, Integrated Children's Services Initiatives ($750,000), for costs associated with developing the initiative is not continued. The $10.0 million appropriation included in the Medicaid budget can be used for administrative costs associated with implementing this initiative pursuant to proposed budget language on p. D-264.

Continuation funding is provided for other Special Purpose accounts: Clinical Services Scholarships ($150,000), Background Checks of Job Applicants ($200,000), Institutional Staff Background Checks ($407,000) and the State Office on Disability Services ($450,000).

Grants-In-Aid. Recommended funding decreases 3.5 percent from $4.0 million to $3.8 million. Continuation funding is provided for the Office for Prevention of Mental Retardation and Developmental Disabilities ($0.7 million) and the New Jersey Youth Corps ($3.1 million), of which the Work Force Development Partnership Fund would provide about $1.9 million.

Capital Construction. The budget recommends $7.8 million for various department-wide capital projects such as:

- Roof Repair/Replacements, Various Facilities - $1.7 million.
- Preservation Improvements, Institutions and Community Facilities - $0.4 million.
- Preservation and Infrastructure Projects, Regional Schools - $1.3 million.
- Facility Environmental Assessments - $1.0 million.
- Statewide Automated Child Welfare Information System - $3.5 million.

Federal Funds. Approximately $30.0 million is recommended, a slight reduction from FY 2000 levels of $30.3 million. Most federal funds represent reimbursement for fringe benefits and indirect costs chargeable to federal programs. In past fiscal years, a portion of these federal funds was used to offset departmental deficits instead of reimbursing the General Fund.

Program Description and Overview (Cont'd)

Other Funds. Approximately $7.2 million is recommended, unchanged from FY 2000 levels. These funds include:

- Catastrophic Illness in Children Relief Fund (administration) - $1.1 million.
- Children's Trust Fund - $0.5 million.
- State Facilities Education - $5.0 million.
- Appropriated Receipts (personal needs allowances for institutional clients) $0.6 million.

Fiscal and Personnel Summary

AGENCY FUNDING BY SOURCE OF FUNDS ($000)

DEPARTMENT OF HUMAN SERVICES (TOTAL)

	Expended FY 1999	Adj. Approp. FY 2000	Recom. FY 2001	Percent Change 1999-01	Percent Change 2000-01
General Fund					
Direct State Services	$537,671	$535,618	$516,854	-3.9%	-3.5%
Grants - In - Aid	2,207,091	2,319,259	2,548,106	15.5%	9.9%
State Aid	427,195	380,918	331,709	-22.4%	-12.9%
Capital Construction	4,564	23,800	25,255	453.4%	6.1%
Debt Service	0	0	0	0.0%	0.0%
Sub-Total	$3,176,521	$3,259,595	$3,421,924	7.7%	5.0%
Property Tax Relief Fund					
Direct State Services	$0	$0	$0	0.0%	0.0%
Grants-In-Aid	0	0	0	0.0%	0.0%
State Aid	0	0	0	0.0%	0.0%
Sub-Total	$0	$0	$0	0.0%	0.0%
Casino Revenue Fund	$28,202	$23,369	$23,369	-17.1%	0.0%
Casino Control Fund	$0	$0	$0	0.0%	0.0%
State Total	$3,204,723	$3,282,964	$3,445,293	7.5%	4.9%
Federal Funds	$2,570,792	$2,875,331	$3,143,034	22.3%	9.3%
Other Funds (a)	$465,614	$528,823	$571,968	22.8%	8.2%
Grand Total	$6,241,129	$6,687,118	$7,160,295	14.7%	7.1%

(a) Includes Revolving Funds

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 1999	Revised FY 2000	Funded FY 2001	Percent Change 1999-01	Percent Change 2000-01
State	11,731	12,047	12,048	2.7%	0.0%
Federal	4,669	4,841	4,991	6.9%	3.1%
All Other (b)	529	532	507	-4.2%	-4.7%
Total Positions	16,929	17,420	17,546	3.6%	0.7%

FY 1999 (as of December) and revised FY 2000 (as of September) personnel data reflect actual payroll counts. FY 2001 data reflect the number of positions funded.
(b) Does not include Revolving Fund positions

AFFIRMATIVE ACTION DATA

Total Minority Percent	53.1%	53.8%	53.8%	----	----

Significant Changes/New Programs ($000)

Budget Item	Adj. Approx. FY 2000	Recomm. FY 2001	Dollar Change	Percent Change	Budget Page

DEPARTMENT OF HUMAN SERVICES (GENERAL)

Cost of Living Adjustment/Salary Supplement for Direct Services Workers

Included within the recommended Grants-In-Aid appropriation is approximately $20.8 million (State/federal) for a Cost of Living Adjustment to provider agencies and approximately $17.0 million (State/federal) for a Salary Adjustment for Direct Services Workers to direct care employees. A listing of the amounts allocated to each division and how these funds are to be used appears on p. 2, Key Points.

Elimination of Legislative Grants

A listing of the Legislative grants, valued at $4.0 million, that are not continued or reduced, appears on p. 3, Key Points.

DIVISION OF MENTAL HEALTH SERVICES

Budget Item	Adj. Approx. FY 2000	Recomm. FY 2001	Dollar Change	Percent Change	Budget Page
Community Services	$4,523	$4,726	$203	4.5%	D-205

The increase is in the Personal Services account and is related to legal costs paid to the Department of Law and Public Safety.

Budget Item	Adj. Approx. FY 2000	Recomm. FY 2001	Dollar Change	Percent Change	Budget Page
Supportive Housing Initiative	$0	$3,000	$3,000	—	D-206

This new program would provide rental subsidies ($2.2 million) and case management services ($0.8 million) to enable 367 clients to relocate from group homes to more independent housing options. This, in turn, permits 165 State hospital patients to be placed in group home beds.

Budget Item	Adj. Approx. FY 2000	Recomm. FY 2001	Dollar Change	Percent Change	Budget Page
Capital Construction	$11,829	$9,000	($2,829)	(23.9)%	D-208; D-210; D-213; D-215; D-216

Capital Construction funds will be used as follows: Greystone ($2.0 million) for infrastructure improvements at the institution and community facilities; Trenton ($2.0 million) for fire protection projects; Ancora ($4.2 million) for renovations to Elm Hall, emergency lighting and to correct a brick veneer problem; and Brisbane ($0.4 million) and Hagedorn ($0.4 million) for various preservation projects.

Significant Changes/New Programs ($000) (Cont'd)

Ann Klein Forensic Center	**$15,137**	**$18,648**	**$3,511**	**23.2%**	**D-211**

The increase is related to operational costs of two new residential buildings for 50 patients which are expected to open towards the end of FY 2000.

DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES

Health Services Administration and Management	**$23,499**	**$24,171**	**$672**	**2.9%**	**D-219**

The increase is the Personal Services account and is related to legal costs paid to the Department of Law and Public Safety.

Hospital Relief Offset Payment	**$0**	**$32,836**	**$32,836**	**–**	**D-219**

This new line item represents a transfer of monies from the Department of Health and Senior Services' Health Care Subsidy Fund Payments account. The monies are included in the Medicaid budget to comply with federal requirements and maximize federal reimbursements as the State is at the $1.03 billion (gross) amount of disproportionate share monies it can claim from the federal government.

Payments for Medical Assistance Recipients: Personal Care	**$103,067**	**$96,698**	**($6,369)**	**(6.2)%**	**D-219**
Managed Care Initiative	**$357,115**	**$455,890**	**$98,775**	**27.7%**	**D-219**
Waiver Initiatives	**$14,358**	**$16,391**	**$2,033**	**14.2%**	**D-219**
Other Treatment Facilities	**$5,891**	**$8,047**	**$2,156**	**36.6%**	**D-219**
Inpatient Hospital	**$204,447**	**$173,620**	**($30,827)**	**(15.1)%**	**D-219**
Prescription Drugs	**$236,740**	**$287,854**	**$51,114**	**21.6%**	**D-219**
Outpatient Hospital	**$178,534**	**$175,484**	**($3,050)**	**(1.7)%**	**D-219**
Physician	**$32,462**	**$20,824**	**($11,638)**	**(35.9)%**	**D-219**
Home Health	**$34,720**	**$29,427***	**($5,293)**	**(15.2)%**	**D-220**
Medicare Premiums	**$62,934**	**$68,019**	**$5,085**	**8.1%**	**D-220**
Dental	**$9,064**	**$9,823**	**$759**	**8.4%**	**D-220**

*Revised 4/13/00

Significant Changes/New Programs ($000) (Cont'd)

Psychiatric Hospital	$11,585	$13,534	$1,949	16.8%	D-220
Medical Supplies	$19,232	$16,015	($3,217)	(16.7)%	D-220
Clinic	$70,115	$68,070	($2,045)	(2.9)%	D-220
Transportation	$39,639	$28,787	($10,852)	(27.4)%	D-220

Estimated FY 2001 expenditures to provide the above services to Medicaid eligible clients:

- In some instances, the FY 2001 recommended appropriation for particular services would bring projected expenditures in line with actual FY 1999 expenditures. For example, the FY 2000 adjusted appropriation for Personal Care is $103.1 million, while actual FY 1999 expenditures were $93.3 million. The FY 2001 budget recommends $96.7 million.

- The FY 2000 adjusted appropriation may not reflect revised expenditures, which magnifies any dollar and percentage increase or reduction. For example, even though the FY 2000 adjusted appropriation for Prescription Drugs is $236.7 million, revised expenditures are estimated at about $270.9 million. Similarly, with respect to Home Health, even though the FY 2000 adjusted appropriation is $34.7 million, actual expenditures are estimated at $29.8 million.

- The projected 27.7 percent increase in Managed Care Initiative appropriations, from $357.1 million to $455.9 million, reflects both a rate adjustment and an increase in the number of SSI clients who will be enrolled in managed care. (At present, only 9,000 of the 181,000 SSI clients are enrolled in managed care.) The increase in projected managed care enrollment is expected to reduce Physician expenditures by 35.9 percent, from $32.5 million to $20.8 million.

- $3.2 million is provided to increase dental provider rates and $1.2 million is provided for incentive payments to physicians to submit encounter data on early childhood health screening, including lead screening. (The increase in dental reimbursement would be funded from the Tobacco Settlement Funds.)

The recommended appropriation incorporates approximately $22.0 million in "prudent purchasing and savings initiatives":

- Delayed FY 2000 savings initiatives - $4.0 million.
- Recoveries from other health insurers - $9.0 million.
- Managed care to the elderly and disabled - $4.2 million.
- Prohibiting reimbursement for cyclical discharge and rehospitalizations - $2.0 million.
- Medicaid recoveries from cross matches - $1.3 million.
- Better pricing on goods and services - $1.0 million.
- Assisting Medicaid beneficiaries to purchase insurance - $0.5 million.

Significant Changes/New Programs ($000) (Cont'd)

Unit Dose Contract Services	$7,665	$9,855	$2,190	28.6%	D-220

The recommended appropriation reflects the terms of a new contract that took effect February 2000.

SSI-Disabled Back-to-Work Incentive	$0	$750	$750	--	D-220

These funds would implement Pub.L.106-170, the "Ticket to Work Incentives Improvement Act of 1999", which allows states to extend Medicaid to SSI disabled recipients who lose their Medicaid benefits because of employment earnings. Costs are uncertain as the number of SSI disabled who may be eligible for benefits is not known.

Title XIX Children's Initiative	$0	$10,000	$10,000	--	D-220

This new, multi-year initiative attempts to provide better mental health services to children with emotional and behavioral problems. Requests for Proposals will be issued to hire a Contracted System Administrator (to register, track and coordinate care for children who are screened into the system at any level) and hire up to 15 Care Management Organizations (to identify, organize and purchase services) to operate the system. The initiative is expected to generate an additional $29 million in federal reimbursement in FY 2001. Over the next four years, an additional $112 million in State and federal funds are to be provided for this program.

The program will be coordinated at the department's central office. Pursuant to budget language on pp. D-224 and D-264, monies would be transferred from this account for administrative and services costs among the various divisions. How much of the $10 million may be used for administration cannot be determined at this time. (This appropriation would be funded from the Tobacco Settlement Funds.)

N.J. Health ACCESS Benefit Payments	$15,500	$11,800	($3,700)	(23.9)%	D-220

ACCESS costs are expected to decrease as enrollment is limited to persons who were enrolled as of July 1, 1998 and the proposed NJ FamilyCare Affordable and Accessible Health Insurance program should further reduce ACCESS enrollment.

DIVISION OF DEVELOPMENTAL DISABILITIES

Community Programs	$19,453	$20,732	$1,279	6.6%	D-227

The increase occurs primarily in the Social Supervision and Consultation program as Personal Services expenditures will increase from $6.7 million to $8.2 million for costs associated with various waiting list reduction initiatives.

Significant Changes/New Programs ($000) (Cont'd)

Community Services Waiting List Reduction Initiative - FY 2000 (Total)	$15,000	$33,200	$18,200	121.3%	D-228
General Funds	$0	$11,800	$11,800	—	
Federal	$5,000	$11,400	$6,400	128.0%	
Other	$10,000	$10,000	$0	(33.3)%	
Community Services Waiting List Reduction Initiative - FY 2001 (Total)	$0	$25,849	$25,849	—	D-228
General Funds	$0	$18,688	$18,688	—	
Federal	$0	$7,161	$7,161	—	

The FY 2000 Initiative will provide 500 community placements, 400 day program slots and an additional $3 million for family support services at an estimated annual cost of $34.2 million when completed. The FY 2001 Initiative will provide 500 community placements, 400 day program slots and an additional $3.3 million for family support services with a projected gross cost of $36.7 million when completed.

Community Transition Initiative - FY 2001 (Total)	$0	$7,666	$7,666	—	D-228
General Fund	$0	$5,701	$5,701	—	
Federal	$0	$1,965	$1,965	—	

Over a two-year period, the Initiative will relocate 144 developmental center clients into community programs, at a projected annual cost of $11.0 million. In order to generate approximately the same amount of federal ICF-MR reimbursement, beds that do not meet federal ICF-MR standards (primarily at Vineland and Woodbine) will be eliminated.

Capital Construction	$7,284	$8,425	$1,141	15.7%	D-231; D-235; D-236; D-238; D-240

Capital Construction funds will be used as follows: Green Brook ($1.0 million) for air handlers, chillers and burner replacement; North Jersey ($1.4 million) for various renovations and improvements, a new generator and various HVAC improvements; New Lisbon ($0.8 million) for

Significant Changes/New Programs ($000) (Cont'd)

renovations to the food service building; Woodbine ($4.5 million) for renovations to the food service building and steam tunnel repairs; and Woodbridge ($0.8 million) to replace the main electrical feeder.

Vineland Developmental Center	$44,709	$42,824	($1,885)	(4.2)%	D-233
North Jersey Developmental Center	$24,084	$18,758	($5,326)	(22.1)%	D-234
Woodbine Developmental Center	$32,526	$25,943	($6,583)	(20.2)%	D-236
Woodbridge Developmental Center	$27,075	$21,245	($5,830)	(21.5)%	D-239
Hunterdon Developmental Center	$34,052	$22,261	($11,791)	(34.6)%	D-241

The reductions at the various developmental centers are offset by allocating additional federal ICF-MR revenues as follows: Vineland - $2.8 million; North Jersey - $5.9 million; Woodbine - $7.2 million; Woodbridge - $6.4 million; and Hunterdon - $12.3 million.

An additional $1.1 million is recommended for the developmental centers' Additions, Improvements and Equipment accounts as these accounts had been underfunded.

COMMISSION FOR THE BLIND AND VISUALLY IMPAIRED

Services for the Blind and Visually Impaired	$6,243	$6,091	($152)	(2.4)%	D-244

The reduction is in the program's Personal Services account and will be offset by additional reimbursements from local boards of education for services the commission provides.

DIVISION OF FAMILY DEVELOPMENT

Electronic Benefits Transfer/Distribution System (Total)	$3,937	$3,306	($631)	(16.0)%	D-249
General Fund	$1,023	$578	($445)	(43.5)%	
Federal	$2,914	$2,728	($186)	(6.4)%	

The system enables recipients to obtain public assistance/Food Stamp benefits and certain child support benefits through ATMs and other electronic devices. Ongoing operational and developmental costs are expected to decrease.

Significant Changes/New Programs ($000) (Cont'd)

SSI Attorney Fees	$0	$1,000	$1,000	—	D-249

The program assists Work First New Jersey recipients, primarily unemployable General Assistance clients, to qualify for federal SSI benefits. The program is funded in FY 2000 through a transfer approved by the Joint Budget Oversight Committee. In FY 2001, rather than fund the project through a transfer, a $1.0 million appropriation is recommended .

Hospital Paternity Program (TOTAL)	$1,783	$1,453	($330)	(18.5)%	D-249
General Fund	$606	$494	($112)	(18.5)%	
Federal Funds	$1,177	$959	($218)	(18.5)%	

The program attempts to establish paternity at the time of a child's birth. Program costs decrease as certain one-time program costs are no longer necessary.

Work First New Jersey - Child Support Initiatives (Total)	$14,179	$14,785	$606	4.3%	D-249
General Funds	$4,823	$5,029	$206	4.3%	
Federal	$9,356	$9,756	$400	4.3%	

Funding is for projects including the New Hires monitoring system, centralized collection of child support payments, cross-checks with financial institutions and seizure of assets that are in various stages of operation and development.

Storm and Flood Relief - Hurricane Floyd	$20,000	$0	($20,000)	(100.0)%	D-250

One-time funding for costs associated with Hurricane Floyd are not continued.

Work First New Jersey - Breaking the Cycle Pilots (Total)	$29,022	$23,931	($5,091)	(17.5)%	D-250
General Funds	$9,981	$7,290	($2,691)	(27.0)%	
Federal	$19,041	$16,641	($2,400)	(12.6)%	

Funding is for various one-time and ongoing projects such as: housing subsidies/housing security deposits; adolescent pregnancy prevention; transportation; faith-based initiatives; and a homeless study.

Significant Changes/New Programs ($000) (Cont'd)

TANF Abbott Expansion (Federal)	$0	$69,000	$69,000	—	D-250
Kinship Care Initiatives (Federal)	$500	$5,750	$5,250	1050.0%	D-250
Criminal Background Evaluations (Federal)	$1,282	$2,615	$1,333	104.0%	D-250
Domestic Violence Prevention Training and Assessment (Federal)	$600	$450	($150)	(25.0)%	D-250
Bright Beginnings Expansion (Federal)	$5,000	$0	($5,000)	(100.0)%	D-250

TANF Abbott Expansion. These federal TANF monies would be used for various costs associated with early childhood education in the Abbott school districts: Preschool rates for 33,000 child care slots will be increased; and Head Start half-day school year programs for 10,000 children will become full-day, year round programs. Co-payments for early childhood services will be reduced or eliminated; and monies will be made available for equipment and toys.

Kinship Care Initiatives. These federal TANF monies would be used to provide additional financial assistance and services to relatives who take care of children of relatives such as housing, legal assistance, furniture, etc.

Criminal Background Evaluations. These federal TANF monies would be used to conduct criminal history record background checks of child care center employees.

Domestic Violence Prevention Training and Assessment. These federal TANF monies would be used to provide domestic violence prevention training and assessment services. Funding is reduced as certain one-time training costs are no longer required.

Bright Beginnings Expansion. Federal TANF monies were used in FY 2000 to expand early education and child care services in targeted school districts. Funds are not requested for this activity in FY 2001 in light of the $69.0 million provided for other Abbott school district activities.

Social Services for the Homeless (Total)	$9,154	$10,154	$1,000	10.9%	D-250
General Fund	$8,154	$8,154	$0	0.0%	
Federal	$1,000	$2,000	$1,000	100.0%	

Additional federal TANF funds would be allocated to the Social Services for the Homeless program. These monies are distributed to the counties to provide various services.

Significant Changes/New Programs ($000) (Cont'd)

General Assistance (GA) (Total):	$125,540	$117,749	($7,791)	(6.2)%	
Emergency Assistance	$26,998	$24,503	($2,495)	(9.2)%	D-251
Payments to Municipalities...	$98,542	$93,246	($5,296)	(5.4)%	D-251

The recommended appropriations provides emergency assistance to approximately 3,800 persons monthly and basic public assistance to 14,100 “employable” and 9,600 “unemployable” recipients monthly. Caseloads are expected to decline 5.4 percent in the “employable” segment, 5.6 percent in the “unemployable”segment and 9.2 percent in emergency assistance.

Various initiatives are proposed with respect to the GA program which are expected to generate short and long-term savings:

- Additional job training services - $3.0 million.
- SSI Attorney Fee project to qualify GA recipients for SSI benefits - $1.0 million.
- Housing subsidies as an alternative to expensive hotel/motel options - $2.5 million.
- Funding of AIDS/HIV drug costs through the Department of Health and Senior Services AIDS Drug Distribution Program to enable the State to obtain manufacturers' rebates.
- Incorporating the medical costs of GA clients in the proposed NJ FamilyCare Program.

Work First New Jersey - Client Benefits (Total):	$157,341	$137,302	($20,039)	(12.7)%	D-251
General Fund	$49,040	$9,415	($39,625)	(80.8)%	
Federal	$108,301	$127,887	$19,586	18.1%	

Work First New Jersey - Emergency Assistance (Total):	$22,137	$24,662	$2,525	11.4%	D-251
General Fund	$14,837	$14,837	$0	0.0%	
Federal	$7,300	$9,825	$2,525	34.6%	

The recommended appropriations provide Client Benefits to approximately 129,400 persons, an 11.2 percent reduction from FY 2000 levels of 145,800 and Emergency Assistance to about 4,600 persons monthly, a 3.7 percent reduction from FY 2000 levels of 4,800.

Payments for Supplemental Security Income	$63,561	$66,237	$2,676	4.2%	D-251

Program costs are expected to increase due to higher caseloads (139,000 persons) and because of higher burial costs.

Significant Changes/New Programs ($000) (Cont'd)

State Supplemental Security Income Administrative Fee to SSA	$13,573	$10,854	($2,719)	(20.0)%	D-251

The per check processing fee charged by the Social Security Administration will increase from $7.80 to $8.10 per check per month. However, privatizing this function is expected to reduce overall administrative costs.

General Assistance County Administration	$13,363	$11,613	($1,750)	(13.1)%	

Costs to reimburse counties for administrative costs decrease as caseloads are expected to decline 5.5 percent, to 23,700 persons monthly, and the implementation of the General Assistance Automated System will automate administrative functions.

DIVISION OF YOUTH AND FAMILY SERVICES

Division of Youth and Family Services (Total):	$176,854	$169,733	($7,121)	(4.0)%	D-256
General Fund	$38,437	$34,937	($3,500)	(9.1)%	D-256
Federal	$136,469	$132,848	($3,621)	(2.7)%	D-256
Other	$1,948	$1,948	$0	0.0%	D-236

The reduction in State appropriations is due to various changes affecting "lump sum allocation" and "salary adjustments" and do not directly affect the number of positions funded. The reduction in federal funds primarily affects the Additions, Improvements and Equipment account.

As a percentage of the Child Welfare League of America standard, DYFS caseworker staffing (January 2000) averaged 73.1 percent at the district offices and 52.1 percent at the adoption resource centers. Caseloads are expected to be unchanged from FY 2000 levels: 51,000 children/27,000 families.

Substance Abuse Assessment	$0	$50	$50	—	D-257
Fost-Adopt Demonstration Program for Boarder Babies and Children	$0	$90	$90	—	D-258

Funding is provided to implement P.L. 1998, c.127 (Substance Abuse) and P.L. 1999, c.86, (Fost-Adopt Demonstration), respectively.

Significant Changes/New Programs ($000) (Cont'd)

School Based Youth Services Program (Total):	$9,866	$11,741	$1,875	19.0%	D-258
General Fund	$7,991	$7,991	$0	0.0%	
Federal	$1,875	$3,750	$1,875	100.0%	

Additional federal TANF funds are allocated to extend this program which provides various social/health services to children/adolescents at 30 to 45 school-based sites.

Purchase of Social Services (Total):	$14,895	$16,395	$1,500	10.1%	D-258
General Fund	$6,295	$6,295	$0	0.0%	
Federal	$8,600	$10,100	$1,500	17.4%	

Additional federal TANF funds are allocated to the Independent Living program to provide rent subsidies, transportation, food allowances, education/vocational training and employment services to children in the process of aging out of regular DYFS services.

DIVISION OF MANAGEMENT AND BUDGET

Personal Services	$8,627	$16,974	$8,347	96.8%	D-262

State appropriations increase due to various changes affecting "lump sum allocation" and other "salary adjustments" and will support 331 positions.

Services Other Than Personal	$1,857	$6,738	$4,881	262.8%	D-262

The Services Other Than Personal accounts have been underfunded. The recommended appropriation brings the accounts more in line with actual FY 1999 expenditures. Based on prior year expenditures, much of the appropriation will be expended on professional services (i.e., consultants).

Integrated Children's Services Initiative	$750	$0	($750)	(100.0)%	D-262

This Special Services appropriation was included in the FY 2000 appropriations act at the administration's request and provided one-time funding for activities related to the FY 2001 proposed $10.0 million Title XIX Children's Initiative included within the Medicaid budget. Proposed budget language on pp. D-224 and D-264 would allow the $10.0 million appropriation to be transferred among the divisions for related administrative costs of the Children's Initiative.

Significant Changes/New Programs ($000) (Cont'd)

Physicians/Dental Fellowship	$2,500	$0	($2,500)	(100.0)%	D-262

No new funds are recommended in FY 2001 as P.L. 1999, c.353 is in the process of being implemented.

Capital Construction	$4,687	$7,830	$3,143	67.1%	D-263

Capital Construction funds will be used as follows: Roof Repair/Replacements, Various Facilities - $0.35 million; Statewide Automated Child Welfare Information System - $3.5 million; Preservation Improvements, Institutions and Community Facilities - $350,000; Preservation and Infrastructure Projects, Regional Schools - $1.3 million; and Facility Environmental Assessments - $1.0 million.

Language Provisions

DIVISION OF MENTAL HEALTH SERVICES

2000 Appropriations Handbook	2001 Budget Recommendations
p. C-23.	p. D-207.
From the amount appropriated hereinabove for the Community Care grant account, $1,000,000 shall be allocated for after-hours crisis coverage.	Similar language except that the word crisis has been eliminated.

Explanation

Elimination of the word "crisis" has no impact. The division allocates the monies to all employees involved in "after-hours" services.

2000 Appropriations Handbook	2001 Budget Recommendations
P.L. 1999, c.138.	
(The language below was inadvertently omitted from the Handbook.) There is appropriated from the General Fund up to $2,600,000 to pay for the start up and operational costs associated with the Ann Klein Forensic Center expansion, should construction be completed prior to June 30, 2000 and the facility is ready for occupancy, subject to the approval of the Director of the Division of Budget and Accounting.	No comparable language provision.

Explanation

Language is no longer required. The FY 2001 recommended budget provides $3.5 million to operate the two new residential buildings now under construction.

Language Provisions (Cont'd)

DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES

2000 Appropriations Handbook	2001 Budget Recommendations
p. B-71.	p. D-221.
The unexpended balances as of June 30, 1999, not to exceed $400,000 in the Salaries and Wages account, related to Medicaid fraud and abuse initiatives are appropriated, subject to the approval of the Director of the Division of Budget and Accounting.	Similar language except that amount has been changed to $370,000.

Explanation

Proposed language would reappropriate up to $370,000 in certain unexpended balances. The amount of unexpended balances that may be available cannot be readily determined.

2000 Appropriations Handbook	2001 Budget Recommendations
p. B-72.	
The Division of Medical Assistance and Health Services, in coordination with the county welfare agencies, shall continue a program to outstation eligibility workers in disproportionate share hospitals and federally qualified health centers.	No comparable language provision.

Explanation

The language provision is not necessary as both federal and State law requires that eligibility workers be outstationed at such facilities.

Language Provisions (Cont'd)

2000 Appropriations Handbook	2001 Budget Recommendations
	p. D-221.
No comparable language provision.	Additional federal Title XIX revenue generated from the claiming of medical service payments on behalf of individuals enrolled in the second year of Medicaid Extension is appropriated, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

This technical language involves the receipt of federal Medicaid reimbursement on behalf of persons who are employed but who are eligible for Medicaid and would appropriate an unspecified amount of additional federal reimbursements that may be realized.

2000 Appropriations Handbook	2001 Budget Recommendations
	p. D-222.
No comparable language provision.	The unexpended balances as of June 30, 2000, in individual service accounts, as a result of accelerated and/or early implementation of succeeding fiscal year initiatives, are appropriated to the same service accounts, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The proposed language would reappropriate unexpended balances in various accounts that are the result of certain initiatives. The amount of unexpended balances that may be available cannot be readily determined.

Language Provisions (Cont'd)

2000 Appropriations Handbook	2001 Budget Recommendations
	p. D-223.
No comparable language provision.	Of the revenues received as a result of sanctions to health maintenance organizations participating in Medicaid Managed Care, an amount not to exceed $500,000 is appropriated to the Payments for Medical Assistance Recipients -- Physician account, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The proposed language would appropriate up to $500,000 in revenues generated by the imposition of sanctions on health maintenance organizations that participate in Medicaid Managed Care to the Medicaid Physician account. As the imposition of sanctions is new, the amount of sanction revenues that may be generated cannot be determined.

2000 Appropriations Handbook	2001 Budget Recommendations
	p. D-224.
No comparable language provision.	Premiums received from families enrolled in the NJ Family Care program are appropriated for NJ Family Care payments.

Explanation

The proposed language would appropriate premiums received from families that are in enrolled in the proposed new NJ Family Care program for program costs. As this is a new program, the revenues premiums may generate cannot be readily determined.

Language Provisions (Cont'd)

2000 Appropriations Handbook

p. C-28.

The Division of Medical Assistance and Health Services (DMAHS) is authorized to pay financial rewards to individuals or entities who report instances of health care-related fraud and/or abuse involving the programs administered by DMAHS (including but not limited to the New Jersey Medicaid and N.J. KidCare programs), or Pharmaceutical Assistance to the Aged and Disabled (PAAD) program or Work First New Jersey General Public Assistance programs. Rewards are to be paid only when the reports result in a recovery by DMAHS, and shall be limited to 10% of the recovery or $1,000, whichever is less. Notwithstanding any State law to the contrary, but subject to any necessary federal approval, receipt of such rewards shall not affect an individual's financial eligibility for the programs administered by DMAHS, or for PAAD or Work First New Jersey General Public Assistance programs.

2001 Budget Recommendations

p. D-223.

Similar language except that the words, **Effective July 1 1999,** is added to the beginning of the language provision.

Explanation

The language provision was first included in the FY 2000 appropriations act, but had no effective date. It was possible that individuals/entities who reported instances of health care-related fraud/abuse for periods prior to FY 2000 could claim they are entitled to the financial rewards specified in the language. By including a July 1, 1999 effective date, health care-related fraud/abuse claims for periods prior to July 1, 1999 would not be entitled to the financial rewards specified in the language.

Language Provisions (Cont'd)

2000 Appropriations Handbook	2001 Budget Recommendations
p. C-28.	p. D-223.
Notwithstanding any law to the contrary, no funds appropriated for the New Jersey ACCESS program may be expended for individuals who were not enrolled in the program on July 1, 1998, or for individuals who are eligible for New Jersey KidCare or Title XIX medical coverage.	Similar language except that the proposed New Jersey Family Care program is also referenced.

Explanation

This technical change incorporates the proposed New Jersey Family Care program into the list of programs for which New Jersey ACCESS funds cannot be expended.

2000 Appropriations Handbook	2001 Budget Recommendations
	p. D-224.
No comparable language provision.	Such sums as may be necessary are appropriated from the Medical Assistance Grants-In-Aid account to the Health Services Administration and Management accounts to fund administrative costs incurred in the Title XIX Children's Initiative, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The proposed language would appropriate an unspecified amount of monies from the $10.0 million Grants-In-Aid account for Children's Initiative administrative costs.

Language Provisions (Cont'd)

THE FOLLOWING LANGUAGE PROVISIONS APPEAR IN THE GENERAL FUND PROVISIONS BUT AFFECT VARIOUS MEDICAID ACCOUNTS RELATED TO HOSPITAL PAYMENTS AND THE NJ KIDCARE PROGRAM.

2000 Appropriations Handbook	2001 Budget Recommendations
	p. F-3.
No comparable language provision.	Notwithstanding any other law to the contrary, those hospitals that are eligible to receive a Hospital Relief Subsidy Fund (HRSF) payment shall receive enhanced payments from the Medicaid program for providing services to Medicaid and New Jersey KidCare-Plan A beneficiaries. The total payments shall not exceed the amount appropriated and shall be allocated among hospitals proportionately based on the amount of HRSF payments (excluding any adjustments to the HRSF for other Medicaid payment increases.) Effective July 1, 2000, interim payments shall be made from the Hospital Relief Offset Payment in equal monthly lump sum amounts, based on an estimate of the total enhanced amount payable to a qualifying hospital, and subject to cost settlement. The enhanced payment, determined at cost settlement, will be seven hundred and fifty dollars per Medicaid patient day, adjusted by a volume variance factor (the ratio of expected Medicaid patient days to actual Medicaid inpatient days for the rate year) and an HRSF factor (the ratio of the hospital's HRSF payments to total HRSF payments) and subject to a pro rata adjustment so that the total enhanced per diem amounts are equivalent to the total State and federal funds appropriated in the amount of $51,240,000.

Explanation

The proposed language would establish a methodology to distribute $51,240,000 in State and federal "enhanced payments". The purpose of this transaction is to convert payments classified as disproportionate share (which is capped at $1.03 billion gross) to regular Medicaid hospital reimbursement payments (which are not capped).

The following hospitals receive HRSF payments in FY 2000 and would receive "enhanced" Medicaid reimbursement: Atlantic City Medical; Barnert; Bergen Pines; Beth Israel (Passaic); Cathedral Healthcare; CentaState; Christ; Clara Maass; Cooper Hospital; East Orange General; Elizabeth General; Greenville; Helene Fuld; Hospital Center at Orange; Jersey City Medical; Jersey Shore; Kennedy (Stratford); Kimball; Monmouth Medical; Muhlenberg; Newark Beth Israel; Raritan

Language Provisions (Cont'd)

Bay; St. Clare's (Riverside); St. Elizabeth; St. Francis (Jersey City); St. Francis (Trenton); St. Joseph's; St. Mary's (Hoboken); St. Mary's (Passaic); St. Peter's; and UMDNJ. (South Amboy received HRSF payments prior to its closing.) Hospitals will not receive any additional funds as a result of this change.

2000 Appropriations Handbook	2001 Budget Recommendations
	p. F-3.
No comparable language provision.	Notwithstanding any other law to the contrary, any New Jersey acute care hospital that has been recognized by the New Jersey Medicaid program as a nominal charge hospital for three prior years, and had a Medicaid fee-for-service utilization greater than 30% in its finalized cost report for the hospital's fiscal year ending during 1995, shall be eligible to receive an enhanced payment for providing inpatient services to New Jersey Medicaid and New Jersey KidCare - Plan A fee for service beneficiaries. Effective July 1, 2000, interim payments shall be made in equal monthly lump sum amounts, based on an estimate of the total enhanced amount payable to a qualifying hospital, and subject to cost settlement. The enhanced payment, determined at cost settlement, will be two thousand, one hundred and fifty dollars per Medicaid patient day, adjusted by a volume variance factor (the ratio of expected Medicaid patient days to actual Medicaid inpatient days for the rate year) and subject to a pro rata adjustment so that the total enhanced per diem amounts do not exceed $52,000,000 in combined State and federal funds.

Explanation

The proposed language would establish the methodology to distribute $52,000,000 in State and federal "enhanced payments". The purpose of this transaction is to convert payments classified as disproportionate share (which is capped at $1.03 billion gross) to regular Medicaid hospital reimbursement payments (which are not capped). UMDNJ is the only hospital affected by this language provision. UMDNJ will not receive any additional funds as a result of this change.

Language Provisions (Cont'd)

2000 Appropriations Handbook	2001 Budget Recommendations
	p. F-3.
No comparable language provision.	Notwithstanding any other law to the contrary for those hospitals that qualify for a Hospital Relief Subsidy Fund payment, the New Jersey Medicaid program shall reimburse those hospitals Graduate Medical Education outpatient payments up to the amount the hospital would have received under Medicare principles of reimbursement for Medicaid and New Jersey KidCare - Plan A fee for service beneficiaries. Effective July 1, 2000, equal monthly lump sum payments shall be made from the Hospital Relief Offset Payment account, and shall be based on the qualifying hospital's first finalized 1996 cost reports. The amount that the qualifying hospital would otherwise be eligible to receive from the Hospital Relief Subsidy Fund shall be reduced by the amount of this Graduate Medical Education outpatient payment. The total amount of these payments shall not exceed $6,333,000 in combined State and federal funds. In no case shall these payments and all other enhanced payments related to those services primarily used by Medicaid and New Jersey KidCare -Plan A beneficiaries that the hospital receives exceed the amount the hospital would otherwise have been eligible to receive from the Hospital Relief Subsidy Fund in the State fiscal year.

Explanation

The proposed language establishes the methodology to distribute $6.3 million in enhanced payments. The entire purpose of this transaction is to convert payments classified as disproportionate share (which is capped as at $1.03 billion gross) to regular Medicaid hospital reimbursement payments, which are not capped.

The following hospitals receive both HRSF payments and Graduate Medical Education reimbursement: Newark Beth Israel; Cooper Hospital; St. Joseph's Hospital; St. Francis (Trenton); West Jersey; Elizabeth General; Our Lady of Lourdes; Raritan Bay; St. Mary's (Hoboken); Bergen Pines; Muhlenberg; Atlantic City Medical; St. Peter's; St. Elizabeth; Jersey Shore; Jersey City Medical; Monmouth Medical; Hospital Center at Orange; Kennedy (Cherry Hill); Helene Fuld; Cathedral Healthcare; and UMDNJ. Hospitals will not receive any additional funds as a result of this change.

Language Provisions (Cont'd)

2000 Appropriations Handbook	2001 Budget Recommendations
	p. F-3.
No comparable language provision.	Of the amount appropriated in State and federal funds in the Hospital Relief Offset Payment accounts in the Department of Human Services, such sums as may be necessary shall be transferred to the Hospital Relief Subsidy Fund within the Health Care Subsidy Fund (P.L.1992, c.160) to maximize federal revenues related to these accounts and maintain an appropriate level of hospital payments, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The proposed language would permit the transfer of $65.6 million in State/federal Hospital Relief Offset Payment account funds to the Hospital Relief Subsidy Fund to maximize federal revenues as the State is at or close to $1.03 million gross of disproportionate share reimbursement it can claim. How much State and federal funds might be transferred is not identified.

DIVISION OF DEVELOPMENTAL DISABILITIES

2000 Appropriations Handbook	2001 Budget Recommendations
p. C-30.	
A portion of the total amount appropriated in the Community Services Waiting List Reduction Initiative - FY 2000 is available for the operational costs of developing community placements, subject to the approval of the Director of the Division of Budget and Accounting of a plan as shall be submitted by the Commissioner of Human Services.	No comparable language provision.

Explanation

The FY 2000 language provision is no longer deemed necessary. Monies are included in various accounts for operational costs of the FY 2000 Initiative.

Language Provisions (Cont'd)

2000 Appropriations Handbook

p. C-30.

The total amount appropriated in the Community Waiting List Reduction Initiatives - FY 1997, FY 1998, FY 1999 and FY 2000 are available for transfer to community support programs, subject to the approval of the Director of the Division of Budget and Accounting.

2001 Budget Recommendations

p. D-229.

Similar language except that the FY 1997 and FY 1998 initiatives are no longer referenced and the new FY 2001 Initiative and the new Community Transition Initiative - FY 2001 are referenced.

Explanation

These technical changes deletes reference to the completed FY 1997 and FY 1998 Initiatives and references the FY 2001 Initiative and the Community Transition Initiative - FY 2001.

2000 Appropriations Handbook

p. C-30.

Notwithstanding the provisions of Title 30 of the Revised Statutes or any other law or regulation to the contrary, the Director of the Division of Developmental Disabilities is authorized to waive statutory, regulatory or licensing requirements for the implementation of a self determination pilot program included in the Community Services Waiting List Reduction Initiatives - FY 1997, FY 1998, FY 1999 and FY 2000 accounts, subject to the approval of a plan by the Director of the Division of Developmental Disabilities, which will allow an individual to be removed from the waiting list.

2001 Budget Recommendations

p. D-230.

Similar language except that the FY 2001 Waiting List Initiative is referenced. Also, the following new sentence is added to the end of the paragraph, This waiver also applies to those persons identified as part of the Community Transition Initiative - FY 2001 who choose self determination.

Explanation

These technical changes reference the new FY 2001 Waiting List Initiative and the new Community Transition Initiative.

Language Provisions (Cont'd)

2000 Appropriations Handbook	2001 Budget Recommendations
p. B-77.	p. D-242.
The State appropriation is based on ICF/MR revenues of $173,902,000, provided that if the ICF/MR revenues exceed $173,902,000, there will be placed in reserve a portion of the State appropriation equal to the excess amount of ICF/MR revenues, subject to the approval of the Director of the Division of Budget and Accounting.	Similar language except that the amount of ICF/MR revenues anticipated is "$178,067,000".

Explanation

This technical change reflects the amount of federal ICF/MR revenues anticipated in FY 2001.

DIVISION OF FAMILY DEVELOPMENT

2000 Appropriations Handbook	2001 Budget Recommendations
p. B-79.	
Any federal funds received by the Division of Family Development for the direct or indirect costs incurred by the Department of Labor for the operation of the Wage Reporting System shall be deposited in the General Fund.	No comparable language provision.

Explanation

The language provision is no longer necessary as the amount of federal funds the State can receive for the welfare related administrative costs such as the Wage Reporting System is capped.

Language Provisions (Cont'd)

2000 Appropriations Handbook	2001 Budget Recommendations
p. C-32.	p. D-252.
Notwithstanding any law to the contrary, in addition to the amounts hereinabove for the Work First New Jersey - Work Activity and Work First New Jersey - Training Related Expenses, an amount not to exceed $19,000,000 is appropriated from the Workforce Development Partnership Fund, section 9 of P.L. 1992, C. 43 (C.34:15D-9).	Similar language except that the additional amount appropriated from the Workforce Development Partnership Fund has been reduced to $8,000,000. Also, language has been added making the appropriation subject to the approval of the Director of the Division of Budget and Accounting.
Notwithstanding any law to the contrary, of the amounts hereinabove for Work First New Jersey - Work Activity and Work First New Jersey - Training Related Expenses, an amount not to exceed $25,400,000 is appropriated from the Workforce Development Partnership Fund, section 9 of P.L. 1992, C. 43 (C.34:15D-9).	Similar language except that the amount appropriated from the Workforce Development Partnership Fund has been increased to $30, 900,000. Also, language has been added making the appropriation subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The FY 2001 budget recommends $70.5 million in State funds for Work First New Jersey - Work Activity/Training Related Expenses.

The first language provision reduces the additional amount appropriated from the Workforce Development Partnership Fund for various Work First New Jersey activities from $19.0 million to $8.0 million.

The second language provision increases how much of the $70.5 million in State funds comes from the Workforce Development Partnership Fund from $25.4 million to $30.9 million. Finally, both language provisions would be subject to the approval of the Director of the Division of Budget and Accounting.

Language Provisions (Cont'd)

2000 Appropriations Handbook	2001 Budget Recommendations
	p. D-253.
No comparable language provisions.	Effective July 1, 2000, no funding shall be provided from the Payments for Cost of General Assistance program for anti-retroviral drugs for the treatment of HIV/AIDS, as specified in the Department of Health and Senior Services' formulary for the AIDS Drugs Distribution Program (ADDP). Of the amounts appropriated for the Payments for Cost of General Assistance program, amounts may be transferred to the Department of Health and Senior Services for the cost of the AIDS Drugs Distribution Program (ADDP) and to the Division of Medical Assistance and Health Services for New Jersey Family Care, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The first language provision prohibits General Assistance (GA) from reimbursing for drugs used in the treatment of HIV/AIDS. GA recipients will obtain prescription drugs for the treatment of HIV/AIDS through ADDP. This would enable the State to obtain manufacturers' rebates for GA HIV/AIDS drug expenditures paid by ADDP.

The second language provision allows for the transfer of GA funds to the ADDP program for the cost of HIV/AIDS drugs and to the proposed New Jersey Family Care program for the medical costs of GA clients. Estimated medical and drug costs of GA clients is about $48.8 million.

Language Provisions (Cont'd)

2000 Appropriations Handbook	2001 Budget Recommendations
p. D-10.	
The unexpended balances in the Exxon Oil Overcharge and Stripper Well accounts previously appropriated to the Department of Human Services are transferred to the Department of Transportation for the purpose of funding light rail and alternative fuel vehicles programs.	No comparable language provision.

Explanation

This one-time language provision requested by the administration is no longer necessary.

2000 Appropriations Handbook	2001 Budget Recommendations
p. D-11.	
Notwithstanding the provisions of any law to the contrary, no funds appropriated for the General Assistance (GA) for pharmaceutical services shall be expended unless participating pharmacies are also Medicare providers.	No comparable language provision.

Explanation

The above language was inadvertently included in the FY 2000 appropriations act. Similar language affecting the Medicaid and Pharmaceutical Assistance to the Aged and Disabled programs had been deleted. As such, the language is not continued.

Language Provisions (Cont'd)

2000 Appropriations Handbook	2001 Budget Recommendations
p. D-10.	
Notwithstanding the provisions of subsection a. of section 4 of P.L.1997, c.37 (C.44:10-74), for cash assistance benefits to recipients with dependent children, the State and federal governments' share shall be at the rate of 87.5% for the period of January 1 through June 30, 1999, and at a rate of 102.5% for the period of July 1 through December 31, 1999; except that the total payment of the State and federal share of expenditures during January through December 31, 1999 shall not exceed 95%.	No comparable language provisions.
Of the amount appropriated hereinabove for Work First New Jersey - Client Benefits, $7,600,000 is available to offset the costs of section 14 of P.L.1991, c.63 (C.44:10-5). The matching rates will be maintained at 95% percent State/federal and 5 percent county, as stated in subsection a. of section 4 of P.L.1997, c.37 (C.44:10-74).	

Explanation

The language provisions are no longer necessary as counties now reimburse the State 5 percent the entire fiscal year.

DEPARTMENT OF HUMAN SERVICES (GENERAL)

2000 Appropriations Handbook	2001 Budget Recommendations
p. C-34.	p. D-264.
Of the amounts hereinabove appropriated for cost of living adjustments throughout the Department of Human Services, 70% shall be expended for direct service workers' salaries, effective July 1, 1999.	From the amounts provided hereinabove for cost of living adjustments throughout the Department of Human Services, it is intended that these monies shall be used to fund, at a minimum, a 1.6% cost of living increase for direct service workers' salaries, effective July 1, 2000.

Language Provisions (Cont'd)

The amount hereinabove for Salary Supplement for Direct Service Workers account shall only be expended for direct service workers' cost of living adjustments throughout the Department of Human Services.	The amounts hereinabove for Salary Supplement for Direct Service Workers shall only be used to fund, at a minimum, an additional 2.0% direct service workers' cost of living adjustment throughout the Department of Human Services, effective July 1, 2000.

Explanation

The amended language provisions are intended to provide direct service workers with a 3.6 percent cost of living adjustment. The recommended budget provides $17.0 million in Salary Supplement Funds; this is equal to a 2.0 percent salary adjustment. The recommended budget also provides $20.8 million for agency Cost of Living Adjustments. A portion of the $20.8 million is to be used to provide direct service workers with sufficient funds for an additional 1.6 percent salary adjustment. Any remaining COLA funds can then be used for other agency expenses such as providing non-direct service workers with a salary increase.

2000 Appropriations Handbook	2001 Budget Recommendations
	p. D-264.
No comparable language provision.	Of the amounts hereinabove appropriated for the Children's Initiative, the Department of Human Services may expend funds for children's services and related administration within and across all divisions within the Department of Human Services based on the services required, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The proposed language would allow the $10.0 million in Children's Initiative funds (included in the Medicaid budget) to be expended among the various divisions for services and administration as required. How much will be spent among the various divisions for services and administration is not identified.

Discussion Points

DEPARTMENT OF HUMAN SERVICES (GENERAL)

1. The budget provides $20.8 million (State/federal) for a Cost of Living Adjustment (COLA) and $17.0 million (State/federal) for a Salary Supplement for Direct Service Workers. The intent of these two appropriations is to provide direct service workers with a 3.6 percent salary adjustment. To achieve this, a portion of the $20.8 million in COLA is to supplement the $17.0 million in Salary Supplement monies. Any remaining COLA funds can then be used for other agency operating expenses or to provide other employees (such as clerical support) with a salary adjustment.

! *Question:* Will sufficient COLA funds be available to meet other agency operating costs and provide non-direct care employees with a salary adjustment?

2. The FY 2000 appropriations act assumed Grants-In-Aid savings of between $1.0 - $2.0 million by refinancing high interest mortgages of contract agencies.

! *Question:* How much has been refinanced? How much will be saved on an annualized basis?

3. FY 2001 revenue of $161.9 million (Schedule I) is estimated for Medicaid Uncompensated Care - Psychiatric. As additional beds will become available during FY 2001 at the Hudson and Union County facilities, revenues may be understated.

! *Question:* Is the $161.9 million in Schedule I revenue too low?

4. The original FY 2000 revenue estimate (Schedule I) from Patients' and Residents' Cost Recovery - Developmental Disabilities was $17.8 million. Since then, the department implemented P.L. 1995, c.155 which requires persons to reimburse the department for service. In implementing the law, some clients ended up retaining a greater portion of their income than had previously been the case. The revised Schedule I FY 2000 estimate is $14.4 million.

! *Question:* Is the reduction in FY 2000 revenues attributable only to developmental center clients being allowed to retain more of their income?

DIVISION OF MENTAL HEALTH SERVICES

5. The chart below shows actual/projected overtime expenditures during FY 1998 - FY 2000 and the amount allocated for FY 2001.

	FY 1998	FY 1999	FY 2000	FY 2001
Ancora	$4.5 million	$5.6 million	$5.8 million	$3.3 million
Greystone	$5.6 million	$6.3 million	$6.8 million	$3.9 million
Trenton	$2.8 million	$3.7 million	$4.2 million	$2.5 million

! *Question:* Is the overtime allocation in FY 2001 at the three facilities adequate?

6. Direct care staffing at Ancora has not increased to the same extent as its census has increased:

Discussion Points (Cont'd)

	Net Census			Direct Care Staff*		
	FY 1995	FY 2000**	% Change	FY 1995	FY 2000	% Change
Ancora	491	636	29.5%	537	605	12.6%

*Direct Care Staff consists of the following titles: Graduate Head Nurse, Head Nurse, Practical Nurse, Supervisor of Nursing Services, Human Services Assistant and Human Services Technician. Pay Period 26 is used for comparison purposes.

** Yearly average as of December 1999.

! *Question:* Is additional direct care staff required at Ancora?

7. The budget recommends $3.0 million($2.2 million for housing subsidies and $0.8 million for case management services) for a Supportive Housing Initiative to relocate group home clients to less restrictive, less costly housing and to relocate patients from State hospitals to group homes.

Most, if not all, group home clients receive case management services. Clients who are discharged from State hospitals are eligible for either "intensive case management services" or "program for assertive community treatment" services.

! *Question:* Can the $0.8 million provided for case management be eliminated or reduced as it is duplicative of services such clients already receive or are entitled to receive?

8. Continuation funding of $191.4 million is recommended for Community Care for various community and residential mental health services. The department is in the process of extending Medicaid reimbursement for Mental Health Rehabilitation Services. Providers of such services under contract to the division will have their contract "adjusted to reflect an increase in their revenue from the Medicaid and NJ KidCare-Plan A programs and a corresponding decrease in their state contract ceiling."

The division's $191.4 million Grants-In-Aid appropriation does not appear to reflect the reduction in State expenditures.

! *Question:* How much can State appropriations be reduced to reflect an increase in Medicaid reimbursement for Mental Health Rehabilitation services?

9. Continuation funding of $87.2 million is recommended for Support of Patients in County Psychiatric Hospitals. This would provide reimbursement for 682 patients daily, including 72 at the Hudson County facility and 14 at the Union County facility.

Additional beds at both the Hudson and Union county facilities will come on line during FY 2001.

! *Question:* As additional beds at the Hudson and Union county facilities will be available, is the recommended appropriation sufficient?

10. The State House Commission CY 2000 rate for Essex County Hospital Center is approximately $351 per day; for Meadowview (Hudson), $601; and for Runnells (Union), $500.

Discussion Points (Cont'd)

Since the rates were approved, Essex terminated 100 staff and privatized certain operations; while operational costs at both Meadowview and Runnells will increase as the facilities will serve additional patients. Thus, the State House Commission rates may overpay Essex while underpaying Hudson and Union.

! *Question:* Should the State House Commission rates for Essex, Hudson and Union county hospitals be adjusted to reflect changes at these facilities and to minimize any future retroactive adjustments?

DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES

11. The State's Medicaid program does not cover "over-the-counter" medications. However, many agencies providing residential services to clients with developmental disabilities/mental illness provide "over-the-counter" medications if needed. The amount paid for such medications exceeds what Medicaid would have paid had Medicaid covered the items. (The amount agencies spend on "over-the-counter" medications is not known as this expense is generally included within other expenditure items.)

! *Question:* To reduce State costs, should Medicaid cover "over-the counter" medications in such instances?

12. In 1998, new Home Health services regulations were adopted. Savings of $6.5 million (gross) and $9.6 million (gross), respectively, were anticipated during the first two years. Based on these new regulations, the FY 2000 appropriations act included $67.7 million for Home Health. Revised FY 2000 expenditures are $59.9 million (gross). It appears that the regulatory changes produced greater savings than anticipated.

! *Question:* To what extent can the Home Health regulations be modified to provide additional reimbursement for Home Health services?

13. Approximately $13.5 million is recommended for Payments for Medical Assistance Recipients - Psychiatric Hospital account. The State share of expenditures for this service has ranged between $9.3 million and $11.3 million (FY 1995 - FY 1999 period). Though revised FY 2000 data indicate expenditures of $11.6 million, current data indicate expenditures of $10.5 million.

! *Question:* Can the recommended $13.5 million appropriation be reduced?

14. Approximately $9.9 million is recommended for Unit Dose Contract Services.

Genesis Health Ventures, which provides the service, has reported significant quarterly losses; Moody's has downgraded Genesis' bonds to nearly "junk" status; and its stock currently trades between $1 and $2 a share.

! *Question:* If the company is unable to continue to operate, is there a contingency plan to provide medications to patients at State facilities? Does the State's contract contain a performance bond that the State can access in the event the vendor is unable to fulfill the terms of the contract? Does the State's contract provide for financial penalties in the event the company cannot fulfill the terms of the contract?

15. The FY 2001 budget recommends $11.8 million for the NJ Health ACCESS Benefits Payments program. Between December 1998 - December 1999, ACCESS enrollment declined 23

Discussion Points (Cont'd)

percent, to about 5,400. At this rate, ACCESS enrollment will average 4,150 during FY 2001. Further, the average monthly ACCESS benefit is $237. This is much higher than the $107 - $151 per month Medicaid managed care pays for females between the ages of 15 - 44 and males between the ages of 21 - 44. Also, ACCESS enrollment will further decline because of the new FamilyCare program.

! *Question:* Can the ACCESS appropriation be reduced? Should ACCESS benefits be capped at the Medicaid managed care premium rate to reduce ACCESS costs?

16. The FY 2000 appropriations act and recommended FY 2001 budget allocate $1.9 million from the Medicaid Outpatient Hospital account and $1.9 million from the Medicaid Clinic account for "limited prenatal care" for pregnant legal aliens not eligible for Medicaid. Similarly, $630,000 is allocated from the Eligibility Determination account for "increased eligibility determination costs related to immigrant services."

! Question: Is the $3.8 million allocation for "limited prenatal care" adequate? Is the $0.6 million allocation for "increased eligibility determination costs" adequate?

17. A year ago it was noted that there were about 1,600 children under DYFS supervision who received Medicaid benefits with no federal reimbursement. If all such children were enrolled in NJ KidCare, the State would save about $5.0 million.

Upon examination, the division determined that many children cannot qualify for NJ KidCare because their parents/guardians did not cooperate in the NJ KidCare application process.

! *Question:* Has a waiver been sought from the federal government to qualify such children for NJ KidCare when (a) the child is under State supervision and (b) the parents/guardians do not cooperate in the eligibility process?

18. The FY 2001 budget recommends $70.2 in Other Funds for the NJ FamilyCare program: $7.0 million for administration and $63.2 million for services. (Other State and federal funds are available for this program.)

As a new program, actual costs are difficult to estimate, but it appears that the $7.0 million allocated for administration is excessive as many NJ FamilyCare recipients are known: they are either the parents of NJ KidCare children or enrolled in the General Assistance program. In contrast, only $3.8 million will be spent on NJ KidCare administration.

! *Question:* Can the amount allocated for NJ FamilyCare administrative costs be reduced?

19. The budget recommends $10 million in State funds and $29 million in federal funds for a multi-year Title XIX Children's Initiative.

Limited information is available concerning the initiative at this time. Once Requests for Proposals are available to hire a Contracted Systems Administrator (CSA) and to hire up to 15 Care Management Organizations (CMOs) additional detail concerning the Initiative will be available. Nonetheless, the Initiative raises the following issues:

! *Question:* Will the CSA and the CMOs be liable from a civil and criminal perspective for the provision of inadequate or inappropriate care?

Discussion Points (Cont'd)

What performance outcome measures will be used to evaluate the CSA and the CMOs?

What financial penalties will be imposed on the CSA and CMOs for failing to meet the outcome measures?

Will the CSA and CMOs be required to post performance bonds?

As the CSA will be responsible for contracting services through the CMOs, how much will be saved by reducing the contracting functions of both the Division of Mental Health Services and the Division of Youth and Family Services?

Will the CSA have control over the many direct appropriations of funds that agencies currently receive? For example, will the CSA control monies directly appropriated to UMDNJ's Community Mental Health Centers or for the School Based Youth Services Program?

As many of the mental health/behavioral health services children receive are ordered by the courts and the level of service to be provided is specified by the courts, would the CSA and the CMOs be able to override such court orders? If not, what would be the function of the CSA and CMOs?

Though the Initiative envisions an "any willing provider" clause to prevent the CSA or the CMOs from excluding any provider, there is no guarantee that an agency will provide the same level or dollar amount of services. Assuming an agency currently provides adequate services at a reasonable cost, can the CSA or CMOs reduce funding to that agency?

In many geographic areas of the State there are only one or two social services providers. In these areas, will the CSA or CMOs reduce duplication and overlap?

Will the CSA or CMOs assume responsibility for federal claiming, obtaining federal reimbursement and other third party reimbursements, fraud and abuse investigations, etc., or will the department be responsible for these functions?

DIVISION OF DEVELOPMENTAL DISABILITIES

20. The Foster Grandparent program assigns seniors to work with clients at developmental centers on a one-to-one basis. Foster grandparents receive a $2.55 per hour stipend and $0.25 mileage reimbursement. This program is supported entirely by federal funds and the amount of federal funds will decline from $983,000 to $956,000 in FY 2001. At present, the program has between 15 and 20 foster grandparent vacancies.

! *Question*: Can State funds be used to increase the $2.55 stipend, in order to increase the number of foster grandparents who participate?

21. The chart on the next page shows actual/projected overtime expenditures in the FY 1998 - FY 2000 period and the amount allocated for FY 2001.

Discussion Points (Cont'd)

	FY 1998	FY 1999	FY 2000	FY 2001
Hunterdon	$3.6 million	$3.8 million	3.9 million	$3.2 million
New Lisbon	$5.2 million	$5.5 million	$4.9 million	$2.8 million
North Jersey	$1.7 million	$2.3 million	$2.1 million	$1.5 million
Vineland	$2.9 million	$3.0 million	$2.6 million	$2.1 million
Woodbine	$2.4 million	$2.1 million	$2.5 million	$1.5 million
Woodbridge	$4.1 million	$2.1 million	$4.1 million	$3.2 million

! *Question:* Is the amount allocated for overtime at the developmental centers in FY 2001 adequate?

22. The FY 2000 appropriations act assumed that various initiatives would reduce the number of clients and expenditures in Private Institutional Care: While the FY 2000 appropriations act assumed 385 clients, revised data indicates 549 clients in private institutional care; and while, FY 2000 expenditures were estimated at $27.0 million, revised data indicates expenditures of $30.3 million.

! *Question*: Why have the initiatives not been able to reduce the number of clients and expenditures?

23. The budget recommends $7.7 million (State/federal) for a Community Transition Initiative - FY 2001. Over a two year period, 144 clients would be relocated into community programs at an annualized cost of $11.0 million. No capital costs are associated with the Initiative as housing would be purchased with a mortgage; the principal and interest costs would be reimbursed by the division.

If agencies are allowed to obtain their own mortgages, the State may pay more in interest than if the State arranged for mortgage financing.

! *Question*: Will the State arrange for mortgage financing or will agencies arrange for their own financing?

24. The placement of 144 clients over a two-year period as part of the Community Transition Initiative - FY 2001 is a response to the Olmstead decision where the U.S. Supreme Court ruled that, where appropriate, clients in institutions should receive services in the community.

It is generally known that several hundred developmental center clients could be in other settings. Thus, the Community Transition Initiative may be the beginning of a larger program whose costs are not known.

! *Question*: How many developmental center clients are affected by Olmstead? What are the potential financial implications of Olmstead?

25. When the Community Transition Initiative is completed, beds that do not meet federal ICF-MR standards will be eliminated. The Vineland Developmental Center has the largest number of non-ICF-MR beds and will be most affected by the Initiative.

Discussion Points (Cont'd)

In FY 2000, $3.5 million was appropriated to renovate the Vineland Developmental Center hospital to create additional ICF-MR space. The movement of 144 clients, coupled with natural attrition, will reduce populations at the center by about 200 annually and, essentially, eliminate all non-ICF-MR beds within two to three years.

! *Question*: Should funding for hospital renovations be discontinued and the monies used to defray Community Initiative costs?

26. The division has primarily considered group homes as the residential placement option of choice for its medically fragile clients at a capital cost of approximately $50,000 per person.

There are many residential housing options available to reduce the capital costs associated with developing group homes. As discussed in a Background Paper, a number of nursing homes have excess bed capacity that could be converted into appropriate residential placements for medically fragile clients at a fraction of the capital cost associated with developing a group home. Similarly, vacant beds exist at licensed Residential Health Care Facilities which may be appropriate for some of the division's clients.

! *Question*: Should a pilot project be initiated to examine the financial/programmatic feasibility of excess nursing home and residential health care facility capacity as placements options for medically fragile and other appropriate division clients?

27. The budget recommends $313,000 for the Green Brook Bond Payments account. As of July 2000, the Green Brook mortgage will be paid off.

! *Question*: Should funding for this account be deleted?

DIVISION OF FAMILY DEVELOPMENT

28. The chart below shows actual/projected overtime during FY 1998 - FY 2000 and the amount allocated for FY 2001.

FY 1998	FY 1999	FY 2000 est.	FY 2001
$178,000	$444,000	$370,000	$114,000

! *Question*: Is the amount allocated for overtime adequate?

29. The division is preparing a Request for Proposal to extend the Fingerimaging project Statewide. At present, Fingerimaging is limited to the General Assistance program in Newark and surrounding municipalities. (Fingerimaging annual cost of over $300,000 are incorporated within the overall $29.0 million Work First New Jersey - Technology Investment account.)

Though there is a deterrent effect to Fingerimaging - that matching a client's fingerprints with others on file may uncover possible fraud - the department has acknowledged that Fingerimaging has only uncovered a small number of possible fraud cases during its five years of operation. Thus, Fingerimaging's operating costs exceed documented fraud savings.

! *Question*: Should Fingerimaging be extended Statewide, at an unknown cost, when the current program does not appear to be cost-effective?

Discussion Points (Cont'd)

30. In addition to the $29.0 million in State/federal funds for Work First New Jersey - Technology Investment, proposed budget language would appropriate up to $4.1 million in additional State funds "to meet the timely implementation of ... technology initiatives." Similar language appears in the FY 2000 appropriations act. As of this writing, no additional funds have been allocated to the account. Also, the "timely implementation" provision is vague and can be used to cover cost overruns such as in the General Assistance Automated System.

! *Question*: As no additional monies have been made available, should the language appropriation be eliminated or reduced? Should the language concerning "timely implementation" be strengthened to prohibit the expenditure of additional monies for cost overruns?

31. To continue the SSI Attorney Fees project which assists WFNJ clients (primarily those enrolled in General Assistance) to obtain federal SSI benefits, $1.0 million in General Funds is provided. (This project is funded in FY 2000 by a transfer approved by the Joint Budget Oversight Committee.)

Information received from staff at the federal Administration for Children and Families which administers the federal TANF program and the National Conference of State Legislatures indicates that this type of program can be funded using federal TANF funds.

! *Question*: Can unexpended federal TANF funds be used to support all or a portion of the SSI Attorney Fee project instead of General Funds?

32. The budget recommends $544,000 for Work First New Jersey - Community Housing for Teens program. In FY 1999, only $190,000 of a $690,000 appropriation was expended; in FY 2000, no funds have been expended as of this writing.

! *Question*: Can funding be reduced and the monies used for other WFNJ activities?

33. The FY 2000 appropriation for Work First New Jersey - Client Benefits assumed gross child support collections of $90 million, including approximately $8.9 million from various federally mandated initiatives. Revised FY 2000 data reduce child support collections to about $70.1 million, a reduction of nearly $20 million. This reduction affects the State's Maintenance of Effort requirements.

! *Question*: How will the State offset the $20 million loss of child support collections for Maintenance of Effort purposes?

34. The division recently implemented a Financial Institution Match to increase child support collections. Collections attributable to the Financial Institution Match are expected to increase from $2.6 million to $6.0 million in FY 2001.

! *Question*: Based on the experience with the Financial Institution Match to date, are estimated collections of $2.6 million (FY 2000) and $6.0 million (FY 2001) attainable?

35. Approximately 9,600 "unemployable" persons are expected to receive General Assistance in FY 2001, at a projected cost of $68.3 million: $19.5 million for assistance and $48.8 million for medical services. Caseload data for the July - October 1999 period indicates that about 9,900 "unemployable" persons receive benefits; this is lower than FY 2000 estimate of approximately 10,100.

Discussion Points (Cont'd)

! *Question*: Can the recommended appropriation be reduced based on the current number of "unemployable" persons on the caseload?

36. Work First New Jersey - Emergency Assistance expenditures are expected to increase 11.4 percent, to $24.7 million (State/federal). Evaluation Data indicates that caseloads will decline by 3.7 percent, to 4,600 monthly and that the average monthly benefit will increase from about $415 to $480. This increase occurs despite additional funds being provided for housing subsidies, security deposits, etc. Caseload data for the July - November 1999 period indicates that the average emergency assistance benefit is about $400, below the $415 estimate the budget assumes.

! *Question*: In view of current average expenditures, can the $24.7 million appropriation be reduced and the monies used for other TANF/WFNJ activities?

37. For the past several years, the division has attempted to privatize the function of providing SSI recipients with their State supplement as opposed to paying the federal government for this service (State Supplemental Security Income Administrative Fee to SSA). Efforts to privatize this function have not been successful.

There already exists a mechanism to deliver SSI benefits fairly efficiently: Electronic Benefits Transfer (EBT). As many, if not all SSI recipients, receive their Food Stamps benefits through EBT, extending EBT to the SSI program should be considered.

! *Question*: Can EBT be extended to provide the State SSI supplement?

38. Payments for Supplemental Security Income would increase from approximately $63.6 million to $66.2 million in FY 2001, as more people will receive SSI benefits and because of higher burial costs. Present expenditure data projects FY 2000 SSI expenditures at about $62 million.

! *Question*: Can the $66.2 million recommended appropriation be reduced?

39. The Food Stamps for Legal Aliens program (for persons not eligible for the federal Food Stamps program) is funded at $4.5 million. Present expenditure data projects program costs at about $3.0 million annually.

! *Question*: Can the $4.5 million appropriation be reduced and the monies used for other TANF/WFNJ activities?

DIVISION OF YOUTH AND FAMILY SERVICES

40. The chart below shows actual/projected overtime during FY 1998 - FY 2000 and the amount allocated for FY 2001.

FY 1998	FY 1999	FY 2000 est.	FY 2001
$1.1 million	$1.0 million	$1.2 million	$0.3 million

! *Question*: Is the amount allocated for overtime adequate?

41. The chart below indicates that despite an increase in staff at the five Adoption Resource Centers, staffing as a percentage of Child Welfare League of America (CWLA) standards decreased between January 1998 and January 2000:

Discussion Points (Cont'd)

	January 1998	January 1999	January 2000
Actual Case Carrying Staff	107	114	127
% of CWLA Standard	59.3%	58.7%	52.1%

! *Question*: Are additional staff required at the Adoption Resource Centers to meet the adoption goals of the federal "Adoption and Safe Families Act"?

42. FY 2001 foster care placements are unchanged from FY 2000 levels of 6,700. Despite initiatives to reduce the number of children in foster care, caseloads for the past two years have averaged over 6,900, and in March 2000, over 7,000 children were in foster care.

! *Question*: Is the FY 2001 estimate of 6,700 children in foster care at an annual cost of $55.4 million understated?

43. FY 2001 subsidized adoptions are unchanged from FY 2000 levels of 6,400. The number of subsidized adoptions is increasing by 200 to 300 annually and the goal of the federal "Adoption and Safe Families Act" is to further increase the number of adoptions. As such, assuming that there are 6,400 subsidized adoptions in FY 2000, there should be between 6,600 - 6,700 subsidized adoptions in FY 2001 based on annual historical increases.

! *Question*: Is the FY 2001 estimate of 6,400 subsidized adoptions at an annual cost of $38.7 million understated?

44. The FY 2001 budget provides continuation funding of $2.5 million in General Funds for Family Friendly Centers. Recently, the department awarded $450,000 in grants to programs in the State's "special-needs" school districts. Most of the other funds are likely to be used for the benefit of low-income and working parents. As program expenditures are not counted towards the State's Maintenance of Effort requirement under the federal TANF program, use of the $2.5 million for that purpose is not an issue.

! *Question*: Can unexpended federal TANF funds be used in total or in part to offset General Fund expenditures for this program?

45. The charts below display funding for Group Homes and Residential Placements in FY 2000 and FY 2001:

GROUP HOMES	TOTAL	FEDERAL	STATE
FY 2000	$ 22,137,000	$7,383,000	$14,754,000
FY 2001	$22,137,000	$2,402,000	$19,735,000
RESIDENTIAL PLACEMENTS	TOTAL	FEDERAL	STATE
FY 2000	$ 63,601,000	$12,647,000	$50,954,000
FY 2001	$63,601,000	$5,820,000	$57,781,000

The department is in the process of extending Medicaid reimbursement for Mental Health

Discussion Points (Cont'd)

Rehabilitation Services. Providers of such services under contract to the division"will simply change the funding stream for some services currently provided by these providers, but the reimbursement they currently receive from the Division...will remain the same."

The recommended appropriations for Group Homes and Residential Placements do not reflect the increase Medicaid appropriations for these expenditures and does not reflect a reduction in State appropriations.

! *Question:* How much can State appropriations be reduced for Group Homes and Residential Placements be reduced to reflect an increase in Medicaid reimbursement for Mental Health Rehabilitation Services?

DIVISION OF THE DEAF AND HARD OF HEARING

46. Recommended funding for the division is unchanged at $440,000.

Advocates for the deaf and hard of hearing community have testified at this year's public hearings that the division requires (a) hard of hearing specialist and (b) regional offices as the division's Trenton office is not easily accessible to the hearing impaired population.

! *Question*: How much additional monies are required to employ a hard of hearing specialist? Can the department's various regional offices be used as part time regional offices for the division?

DIVISION OF MANAGEMENT AND BUDGET

47. The FY 2000 appropriations act provided approximately $8.6 million for Personal Services to support 277 State funded positions. As of September 1999, 316 positions were on the payroll, an increase of 39 positions over what the budget could initially support. Expenditure data indicates that the division's salary accounts have a projected deficit of between $5 and $7 million, depending on the amount of funds allocated from the Interdepartmental Accounts and other offsets. In FY 2001, the Personal Services account increase nearly 100 percent, to $17.0 million, and will support 331 positions, 54 more than were originally funded in FY 2000.

! *Question:* What accounts for the 39 position increase over the number originally funded in FY 2000? What accounts for the additional 15 positions in FY 2001? Will the division reduce staff to offset its projected FY 2000 salary deficit? As the number of funded positions in FY 2001 is 54 more than in FY 2000, what accounts for the doubling of the salary account?

48. Funding for the Services Other Than Personal (SOTP) accounts will increase in FY 2001, from approximately $1.9 million to $6.7 million. Based on prior year expenditure patterns, an estimated $5.4 million will be spent on professional services (i.e., consultants).

! *Question*: What professional services will be required?

49. The New Jersey Youth Corps provides young adults who have not completed high school with an opportunity to obtain a GED and job training. The program operates in 11 sites, primarily urban locations. At several sites, persons seeking to enroll in the Youth Corps are on a waiting list. As continuation funding of $3.1 million is recommended in FY 2001, waiting lists are likely to continue at various locations.

Discussion Points (Cont'd)

! *Question*: As unexpended federal TANF funds are being used for a variety of programs that are similar in nature to the Youth Corps, e.g. Independent Living, School Based Youth Services, etc., can unexpended federal TANF funds be allocated to eliminate the program's waiting list?

50. Capital Construction funds of $3.5 million are recommended for the Statewide Automated Child Welfare Information System (SACWIS). The March 1998 Advance Planning Document update estimated system costs at $30.2 million: $14.4 million State and $15.8 million federal. Expenditures of $9.2 million had been incurred on the project as of that date. Estimated project costs and related expenditures may have changed since the March 1998 update.

! *Question*: What are SACWICS current projected costs, State and federal? How much, State and federal, has been expended to date? When is SACWICS expected to be completed?

Background Paper: Overtime at Various State Psychiatric Hospitals

Budget Pages.... D-208; D-210; D-213; D-216

Overtime ($000) included within Personal Services	FY 1999 Actual	FY 2000 Projected*	FY 2001 Recom.**
Ancora Psychiatric Hospital	$5,623	$5,764	$3,278
Greystone Park Psychiatric Hospital	$6,299	$6,791	$3,910
Trenton Psychiatric Hospital	$3,709	$4,159	$2,476
Senator Hagedorn Gero-Psychiatric Hospital	$1,958	$1,986	$2,094

* Overtime expenditures may exceed projections because of the January inclement weather.

** The amount included for overtime is somewhat arbitrary and is used to balance the overall Personal Services account at each institution. For example, Ancora's FY 2000 appropriation provided $2.0 million for overtime though in FY 1998 and FY 1999 overtime costs were $4.5 million and $5.6 million, respectively.

SUMMARY

To reduce overtime expenditures, particularly at Ancora, additional staff is required.

BACKGROUND

Overtime costs and hours at the adult State psychiatric hospitals have increased significantly since FY 1995 as indicated below:

OVERTIME EXPENDITURES ($000)			
	FY 1995	FY 2000 est.	% Change
Ancora	$3,252	$5,764	77.2%
Greystone	$3,574	$6,791	90.0%
Hagedorn	$479	$1,986	314.6%
Trenton	$2,215	$4,159	87.8%

OVERTIME HOURS			
	FY 1995	FY 2000 est.	% Change
Ancora	159,600	253,500	58.8%
Greystone	167,500	554,000	230.7%
Hagedorn	22,500	85,200	278.7%
Trenton	104,200	163,800	57.1%

Background Paper: Overtime at Various State Psychiatric Hospitals(Cont'd)

Possible contributing factors:

- With the closure of Marlboro Psychiatric Hospital (June 1998), Hagedorn and Trenton, which had largely served a geriatric population, began accepting younger patients; Ancora began accepting more elderly patients, a large number of Kroll (not guilty by reason of insanity) and dually diagnosed clients; and Greystone began accepting patients from Essex county.

- The commitment of certain persons who had been in State prisons but who still require confinement.

In the case of Ancora, direct care staffing has not increased to the same extent as the census has increased. This may contribute to the amount of overtime expenditures and hours at the facilities.

	Net Census			Direct Care Staff*		
	FY 1995	FY 2000**	% Change	FY 1995	FY 2000	% Change
Ancora	491	636	29.5%	537	605	12.7%
Greystone	576	616	6.9%	433	483	11.5%
Hagedorn	168	265	57.7%	145	258	77.9%
Trenton	320	410	28.1%	345	486	40.8%

* Direct Care Staff consists of the following titles: Graduate Nurse, Head Nurse, Practical Nurse, Supervisor of Nursing Services, Human Services Assistant and Human Services Technician. Pay Period 26 was used for comparison purposes.

** As of December 1999.

ANALYSIS

Overtime costs and hours at the four adult psychiatric hospitals have increased significantly in recent years. While Marlboro's closing may account for some of the increase, direct care staffing at Ancora has not kept pace with its census increase over the same period:

- At Ancora, the net census increased 29.5 percent while staffing increased only 12.7 percent.

Providing additional staff to Ancora may reduce overtime expenditures.

Background Paper: Reducing the Cost of Prescription Drugs at State Institutions

Budget Pages.... D-219; D-220.

Funding ($000)	Expended FY 1999	Adj. Approp. FY 2000	Recom. FY 2001
Payments to Medical Assistance Recipients - Prescription Drugs:	$305,772	$236,740	$287,854
Drugs at State Institutions	$6,500*	$8,800*	$11,000*
Unit Dose Contract Services	$5,541	$7,665	$9,855

*Estimate

SUMMARY

Genesis Health Ventures (GHV) which supplies prescription drugs to State institutions has financial problems. There is no backup plan to provide medications if GHV should be unable to fulfill its contract with the State.

The State may be able to provide similar drug services at less cost than the estimated $39.5 million GHV will be paid during FY 2000.

BACKGROUND

In the mid to late 1980s, DHS contracted with private vendors for various pharmaceutical services:

- GHV staffs State institutions with pharmacy related personnel and on a daily basis transports unit dose medications to each institution. GHV was reimbursed approximately $7.6 million in FY 1999; FY 2000 reimbursement is estimated at $10.5 million; and in FY 2001, reimbursement is estimated at $13.5 million. (Amounts are State/federal.)

- GHV supplies medications and is reimbursed based on the drug's average wholesale price less 12 percent, with certain exceptions. GHV was reimbursed approximately $20.9 million in FY 1999; FY 2000 reimbursement is projected at $23.3 million; and in FY 2001, reimbursement may exceed $26 million. (Amounts are State/federal.)

- Another vendor, Pharma-Care, provides independent consulting pharmacy services to monitor drug usage and identify issues and problems related to the dispensing of medications. Pharma-Care was reimbursed approximately $2.0 million in FY 1999; FY 2000 reimbursement is estimated at $2.6 million; and in FY 2001, reimbursement is estimated at $2.8 million. (Amounts are State/federal.)

Though providing unit dose medications on a daily basis is more expensive than dispensing medications from a bottle as needed, savings were anticipated by eliminating State pharmacists and by reducing inventory shrinkage (waste and theft of drugs.) No evaluation was ever conducted to determine whether providing medications in unit dose form and contracting for other pharmaceutical related services is less costly than the system it replaced.

Background Paper: Reducing the Cost of Prescription Drugs at State Institutions (Cont'd)

GHV's Financial Condition

GHV is having financial difficulties. It has suffered significant quarterly and annual losses which resulted in Moody's Investors Service downgrading GHV's bond ratings. GHV's stock currently sells at between $1 and $2 a share, down from a 52 week high of about $8.00.

If GHV is unable to provide medications to patients at State institutions, DHS does not have any long-term backup plan to ensure that patients receive medications. Though DHS is working with GHV to convert the daily unit dose system to a seven-day unit dose system, this system would be of limited value if GHV is not able to provide services.

A contingency plan needs to be in place to assure the delivery of medications in the event GHV is unable to fulfill its contract.

Reducing Unit Dose Costs

In FY 2000, GHV will be reimbursed approximately $33.8 million for its services: $10.5 million for pharmaceutical/transportation services and $23.3 million for prescription drugs. In FY 2001, it is estimated that GHV will receive $39.5 million for its services: $13.5 million for pharmaceutical/transportation services and $26 million for prescription drugs. The costs of drugs is the single largest cost to the State.

Prescription drug costs may be reduced by:

- The State purchasing drugs directly from a manufacturer or drug distributor.
- Contracting with a vendor/vendors for packaging and delivery of medications.

How much the State might save if it purchased medications directly from a manufacturer or wholesaler is uncertain as the State would be required to go though the bid process.

Medication Savings. While savings the State might realize by purchasing medications directly are not known, a sense of how much the State might save by purchasing drugs directly can be seen in the chart on the next page which compares the price the State currently pays for certain drugs with its Direct Price, if purchased from the manufacturer.

By purchasing medications directly, the State retains the savings. At present, GHV retains the difference between what it pays for drugs and what Medicaid reimburses for those drugs.

Lessen Dependence. At present, the State depends on GHV to implement cost savings the State may wish to adopt. For example, it took several years to get GHV to begin to convert the unit dose system to a seven day system. Had the State purchased medications directly, the State could contract with a vendor or vendors to package the medications in seven day unit dose form. Furthermore, having multiple vendors, lessens dependence on a single vendor for all aspects of a service. If one vendor goes bankrupt or produces an unsatisfactory product, the State has other vendors to fill the void.

Background Paper: Reducing the Cost of Prescription Drugs at State Institutions (Cont'd)

Medication	AWP Less 12%	Direct Price	$ Savings: Direct v. AWP	% Savings: Direct v. AWP
Aricept 5mg.	$3.71	$3.55	$0.16	4.3%
Ativan 0.5mg.	$0.64	$0.59	$0.05	7.8%
Depakote 250mg.	$0.73	$0.66	$0.07	9.6%
Norvasc 5mg.	$1.17	$1.12	$0.05	4.3%
Pepcid 20mg.	$1.65	$1.50	$0.15	9.1%
Vasostec 5mg.	$0.96	$0.88	$0.08	8.3%
Zoloft 25mg.	$1.94	$1.85	$0.09	4.6%

ANALYSIS

If GHV's financial difficulties make it unable to provide medications to State institutions, no long term backup plan exists to provide medications to State institutions.

Dependence on GHV to provide medications to State institutions should be reduced. By being the sole provider of services, GHV has no financial incentive to reduce State costs, as it simply reduces its profit. Thus, unit dose costs are greater than they could be.

As the most costly component of the current unit dose system is the cost of drugs, purchasing drugs from manufacturers or wholesalers is the easiest way to reduce the estimate $26 million the State will pay for drugs in FY 2001. Though the amount DHS might save by purchasing medications directly is not known, it is not unreasonable to anticipate a 10 percent annual savings, or $2.6 million. There are various administrative issues that need to be addressed before DHS could purchase medications directly, but the potential savings appears to outweigh any short term administrative problems that would have to be resolved.

By purchasing the drugs directly, the State could then contract with one or more vendors to package and deliver medications to State institutions. Having several vendors package and deliver medications would eliminate the State's dependence on a single vendor for that service and would foster competition among the vendors as the State could terminate inefficient vendors.

Background Paper: Using Excess Nursing Home Capacity for Medically Fragile DDD Clients

SUMMARY

Converting excess nursing home bed capacity for use by medically fragile clients on the Division of Developmental Disabilities (DDD) waiting list and currently residing in the community would save the State upwards of $5 million in capital costs for every 100 beds converted.

BACKGROUND

By FY 2002, the $80 million in 1994 bond issue funds available to reduce the DDD community waiting list will have been expended. As the number of clients in the "urgent" waiting list category has increased from 2,630 (December 1997) to 3,360 (December 1999), additional capital funds would be needed to further reduce the waiting list.

In its January 2000 newsletter, the New Jersey Association of Health Care Facilities stated that nursing homes need "to develop a plan to address possible ... over capacity in the future" resulting from various initiatives to provide community alternatives to nursing home admission and to relocate clients from nursing homes to the community.

A cursory review of 30 nursing homes (attached), each with a licensed bed capacity of 150 beds or less, indicates that these facilities had nearly 400 vacant beds. If nursing homes with an average of 10 or more vacant beds decertified 5 beds each, about 100 beds would available. Making excess nursing homes beds available to medically fragile DDD clients currently residing in group homes or who are on the waiting list accomplishes the following:

- Reduced Capital/Bond Costs. The State saves about $5 million for every 100 nursing home beds that can be converted to DDD use. (It costs between $250,000 - $300,000 to develop a five-person group home.) Some capital funds might be needed for minor renovations and, perhaps, to construct a separate entrance.

- Siting Issues. Nursing homes are already located in a community. Converting nursing home beds for use by DDD clients should not generate any community opposition.

- Infrastructure. Nursing homes provide various health, social and recreational services to their patients. DDD could purchase these services if appropriate for their medically fragile clients. Food and maintenance services could be purchased for DDD clients at nominal additional cost. Finally, medically fragile clients have access to health services in case of an emergency.

- Benefits to Nursing Homes. By providing services to medically fragile DDD clients, nursing homes develop a new revenue source. Also, as occupancy rate is considered in determining a facility's Medicaid rate, decertifying excess beds would increase a facility's occupancy rate and its Medicaid reimbursement.

The decertified nursing home beds would be licensed by DDD and operate in accordance with DDD standards with respect to staff and services. Who would operate the beds could be decided on a case by case basis by DDD. A nursing home could decide to contract with DDD to operate the beds or an outside agency could contract with DDD to operate the beds.

Background Paper: Using Excess Nursing Home Capacity for Medically Fragile DDD Clients (Cont'd)

ANALYSIS

An opportunity exists to convert excess nursing home bed capacity for use by DDD to provide appropriate residential placements to medically fragile clients currently residing in group homes or who are on the waiting list. These beds would no longer be part of the nursing home for licensing and operating purposes though they may be physically located in a nursing home. The beds would be licensed by DDD and could be operated by the operator of a nursing home or another agency in accordance with DDD regulations.

The State would save $5 million in capital/bond costs for every 100 nursing home beds that are converted.

POTENTIAL NUMBER OF VACANT NURSING HOME BEDS

Nursing Facility	LTC Beds	Occupancy	Vacant Beds (Est.)
Arcadia Nursing (Mercer)	128	89.5%	13
Berkeley Hall (Union)	67	88.0%	8
Birchwood Nursing (Middlesex)	84	86.4%	11
Charlotte D. Nelson (Camden)	120	89.1%	13
Chestnut Hill (Passaic)	101	89.9%	10
De La Salle (Monmouth)	28	74.9%	7
Deer Park (Mercer)	96	83.9%	15
Forest Hill (Essex)	120	70.6%	35
Fountainview Care (Ocean)	130	89.6%	14
Green Hill (Essex)	100	81.6%	18
Hartwyck - Oak Tree (Middlesex)	59	81.5%	11
Harvest Village (Camden)	60	90.1%	6
Job Haines (Essex)	28	87.5%	4
Lakeview Subacute	108	84.9%	16
Linwood Conv. (Atlantic)	148	89.0%	16
MCHS - Cherry Hill (Camden)	108	83.5%	18
Millville Center	120	94.6%	7
Monmouth Conv. (Monmouth)	113	87.7%	14
Monroe Village (Middlesex)	60	89.8%	6
North Cape (Atlantic)	60	86.8%	8
Northfield Manor (Essex)	131	86.4%	18
Oceanside Conv. (Atlantic)	104	81.4%	19
Phillipsburg Center (Warren)	60	89.3%	6
Pine Brook (Monmouth)	133	84.2%	21
Princeton Nursing (Mercer)	119	87.2%	15
Rolling Hills (Hunterdon)	68	83.1%	11
Rose Mountain (Middlesex)	112	84.1%	18
South Cape (Cape May)	40	83.3%	7
Westwood Hall (Union)	80	87.9%	10
Whitebirch Nursing (Passaic)	44	85.2%	7

Source: Computation of Medians and Reasonableness Limits as of December 31, 1998.

Background Paper: Federal TANF Expenditures

Budget Pages.... D-220

SUMMARY

In FY 2000 and FY 2001, the State will spend about $138 million of its unexpended Temporary Assistance to Needy Families (TANF) surplus that had accumulated over the past several years. This will leave the State between $100 - $125 million in unexpended TANF funds.

The State receives approximately $404 million from the federal government annually for the federal TANF program. To obtain these funds, the State must spend approximately $300 million of its own funds annually -- its Maintenance of Effort amount.

New Jersey and most other states have not been able to expend their entire allotment of federal funds primarily because of reductions in the number of persons receiving public assistance. Also, many states wanted to maintain some sort of reserve in the event of an economic downturn with a corresponding increase in caseloads. New Jersey's unexpended TANF balance was in excess of $250 million, though in the State's quarterly report to the federal government all TANF funds appear as being "obligated". Although the unexpended federal funds are obligated, it does not mean that funds could not be unobligated and spent on other purposes.

The chart on the next page shows proposed federal TANF expenditures in FY 2000 and FY 2001.

Background Paper: Federal TANF Expenditures (Cont'd)

	FY 2000	FY 2001
TANF TOTAL	$435,552,000	$510,736,000
ADMINISTRATION TOTAL	$46,796,000	$46,795,000
State	9,796,000	9,795,000
County	37,000,000	37,000,000
TECHNOLOGY	$4,925,000	$4,925,000
GRANTS-IN-AID TOTAL	$252,288,000	$305,362,000
Training Related Expenses	10,619,000	10,115,000
Work Activities	40,642,000	40,169,000
Child Care	122,567,000	127,495,000
Substance Abuse	5,000,000	5,000,000
Bright Beginnings II	5,000,000	0
Transfer to SSBG	32,662,000	9,377,000
Abbott Expansion	0	69,000,000
Increased Subsidy for Abbott in Headstart	6,000,000	6,000,000
Child Care Evaluation	500,000	500,000
Criminal History Checks	1,282,000	2,615,000
Housing Diversion Program	1,000,000	2,000,000
Housing Subsidy Program	0	2,500,000
Kinship Care	500,000	5,750,000
Medicaid Outreach	5,000,000	5,000,000
Breaking the Cycle	17,041,000	14,141,000
County Training	2,000,000	0
Domestic Violence Training	600,000	450,000
Independent Living Expansion	0	1,500,000
School Based Youth Program	1,875,000	3,750,000
STATE AID TOTAL	$131,543,000	$153,654,000
Assistance Payments	108,301,000	127,887,000
Emergency Assistance	14,140,000	16,665,000
Transfer to SSBG	8,602,000	8,602,000
Other State Aid	500,000	500,000

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services provides nonpartisan assistance to the State Legislature in the areas of legal, fiscal, research, bill drafting, committee staffing and administrative services. It operates under the jurisdiction of the Legislative Services Commission, a bipartisan body consisting of eight members of each House. The Executive Director supervises and directs the Office of Legislative Services.

The Legislative Budget and Finance Officer is the chief fiscal officer for the Legislature. The Legislative Budget and Finance Officer collects and presents fiscal information for the Legislature; serves as Secretary to the Joint Budget Oversight Committee; attends upon the Appropriations Committees during review of the Governor's Budget recommendations; reports on such matters as the committees or Legislature may direct; administers the fiscal note process and has statutory responsibilities for the review of appropriations transfers and other State fiscal transactions.

The Office of Legislative Services Central Staff provides a variety of legal, fiscal, research and administrative services to individual legislators, legislative officers, legislative committees and commissions, and partisan staff. The central staff is organized under the Central Staff Management Unit into ten subject area sections. Each section, under a section chief, includes legal, fiscal, and research staff for the standing reference committees of the Legislature and, upon request, to special commissions created by the Legislature. The central staff assists the Legislative Budget and Finance Officer in providing services to the Appropriations Committees during the budget review process.

Individuals wishing information and committee schedules on the FY 2001 budget are encouraged to contact:

Legislative Budget and Finance Office
State House Annex
Room 140 PO Box 068
Trenton, NJ 08625

(609) 292-8030 Fax (609) 777-2442