ANALYSIS OF THE NEW JERSEY

FISCAL YEAR 2001 - 2002 BUDGET

DEPARTMENT OF HUMAN SERVICES

PREPARED BY

OFFICE OF LEGISLATIVE SERVICES

NEW JERSEY LEGISLATURE

APRIL 2001

NEW JERSEY STATE LEGISLATURE

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DEPARTMENT OF HUMAN SERVICES

Budget Pages....... C-10; C-17 to C-18; C-23; C-27; D-195 to D-227; G-3.

Fiscal Summary ($000)

	Expended FY 2000	Adjusted. Appropriation FY 2001	Recommended FY 2002	Percent Change 2001-02
State Budgeted	$3,355,675	$3,523,145	$3,729,032	5.8%
Federal Funds	2,689,395	3,167,900	3,503,273	10.6%
Other	523,936	571,426	508,775	(11.0)%
Grand Total	$6,569,006	$7,262,471	$7,741,080	6.6%

Personnel Summary - Positions By Funding Source

	Actual FY 2000	Revised FY 2001	Funded FY 2002	Percent Change 2001-02
State	12,097	12,428	12,817	3.1%
Federal	4,798	4,836	5,052	4.5%
Other	533	517	448	(13.3)%
Total Positions	17,428	17,781	18,317	3.0%

FY 2000 (as of December) and revised FY 2001 (as of September) personnel data reflect actual payroll counts. FY 2002 data reflect the number of positions funded.

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 265,700 episodes of community mental health services.
- Division of Medical Assistance and Health Services will provide various health services to nearly 665,300 Medicaid recipients, 106,700 NJ KidCare recipients and 133,700 recipients in the NJ FamilyCare program.
- Division of Developmental Disabilities will serve about 3,500 patients at seven developmental centers and will supervise about 22,000 persons in the community.

Introduction (Cont'd)

- **Commission for the Blind and Visually Impaired** provides education, vocational 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 273,900 recipients monthly in the General Assistance, Work First New Jersey Client Benefits and SSI programs, and to nearly 149,100 Food Stamp recipients; and child care services to over 64,000 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 49,700 children and 25,700 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/State Aid** accounts is approximately $40.0 million (State/federal) for a Cost of Living Adjustment (COLA)/Salary Supplement for Direct Services Workers to direct care employees of provider agencies:

Division of Mental Health Services - $8.2 million.
Division of Developmental Disabilities - $14.0 million.
Commission for the Blind and Visually Impaired - $56,000.
Division of Family Development - $8.9 million.
Division of Youth and Family Services - $8.7 million.
Central Office - $0.1 million

The above funds are intended to provide direct care employees with a minimum 3.6 percent salary adjustment. Any funds that remain, 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.

In addition, most direct care employees will receive an immediate $1.00 per hour pay raise at a cost of $28.2 million in FY 2001 and $56.4 million in FY 2002. Various unexpended balances within the Division of Developmental Disabilities **Grants-In-Aid** accounts will be used to fund this salary increase (D-263).

Elimination of Legislative Grants

The following Legislative grants or programs initiated by the Legislature valued at $2.9 million, are not continued or are reduced:

Division of Mental Health Services: Family Support Services Program, Mercer County - $250,000.

Key Points (Cont'd)

Division of Developmental Disabilities: Community Access - $100,000; ARC Bergen and Passaic -- Expanded Respite Care for Families with Autistic Children - $250,000; Mary's Manor Group Home - $25,000; ARC of Union County -- Senior Care Residential Program - $250,000; The ARC, Ocean County Chapter - $60,000; ARC of Burlington County - $40,000; ARC of Somerset County - Respite Home - $50,000; and Essex ARC - Expanded Respite Care Services for Families with Autistic Children - $55,000.

Division of Family Development: Project Self Sufficiency, Sparta - $250,000; Family Day Care of Gloucester and Cape May - $65,000. Also, budget language allocating $250,000 in funds from the Income Maintenance Management program to the Food Bank of Monmouth and Ocean Counties, Spring Lake is not continued.

Division of Youth and Family Services: Robin's Nest - $400,000; Providence House, Willingboro - $25,000; Angel's Wings, Inc., Trenton - $75,000; Group Homes of Camden, Inc. - $10,000; Hudson Cradle - $30,000; Family and Children's Services - Monmouth County - $150,000; Center for Evaluation and Counseling, Newton - Youth Shelter - $250,000; Amanda Easel Project - $125,000; Domestic Abuse Services, Inc. -- Sussex - $165,000; and Fost-Adopt Demonstration Program for Boarder Babies and Children - $90,000.

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 decreases 4.4 percent, from $227.5 million to $217.5 million:

- Continuation funding of $5.1 million is proposed for Community Services.
- Administration and Support Services funding is reduced 67.8 percent, from $14.8 million to $4.8 million, as $10.0 million in Greystone Psychiatric Hospital Bridge Funds are reclassified as **Grants-in-Aid.**
- Psychiatric Hospitals. Recommended appropriations are unchanged at $207.7 million. Institutional populations are expected to decrease by about 40 patients, to about 2,100.

! **Grants-In-Aid.** Funding increases 13.6 percent, from $220.4 million to $250.4 million as $22.0 million is provided to continue services initiated during FY 2001 related to the Greystone Park Psychiatric Hospital Bridge Fund. The Greystone funds may be transferred to other accounts, as required.

! **State Aid.** Proposed funding to reimburse six county hospitals for nearly 740 patients daily increases 1.7 percent, to $91.7 million.

! Ancora receives $500,000 in **Capital Construction** funds. No funds are recommended for costs associated with a new Greystone facility.

! **Federal Funds.** Approximately $15.5 million for community programs is anticipated, a 12.8 percent increase. **Other Funds** of approximately $2.0 million are anticipated and are used for education activities.

Key Points (Cont'd)

DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES

! Direct State Services. Recommended appropriations increase 13.1 percent, from $24.6 million to $27.9 million: Services Other Than Personal and Payments to Fiscal Agents costs are expected to increase $1.6 million and $1.4 million, respectively.

! Grants-In-Aid. Recommended appropriations increase 7.6 percent, from $1.57 billion to $1.69 billion. The increase reflects changes in accounts that are both over and understated:

- In FY 2002, the entire $138.2 million in NJ FamilyCare costs is being reflected "on budget." In FY 2001, $70.0 million had been classified as an "off budget" expense and about $48 million in costs associated with the General Assistance population were included in the General Assistance State Aid account. NJ FamilyCare and the expansion mentioned below are expected to serve 133,700 persons. (The Tobacco Settlement Fund will pay $100 million of FY 2002 costs.)

Pursuant to budget language (D-255), up to $6.0 million may be used for NJ FamilyCare administrative costs.

- $159.6 million in charges otherwise payable with General Funds for Managed Care Initiatives, Inpatient Hospitals and Prescription Drugs costs are charged off against federal Intergovernmental Transfer funds the State will receive by being able to claim nursing home costs at the higher Medicare rate.

The following items are also noted:

- Provider fee increases of $20.3 million, effective January 2002 are proposed. Effective January 2002: Personal Care services reimbursement would be increased $2.8 million; and reimbursement for Physician services and the amount emergency room physicians, pediatricians and dentists are reimbursed by the Managed Care Initiative would be increased by $17.5 million.

- As fewer persons are expected to receive services through the NJ Health ACCESS Benefits Payments program, funding is reduced from $11.8 million to $2.0 million.

- An additional $16 million is proposed to expand the NJ FamilyCare program to cover adults without children with incomes of up to 200 percent of the federal poverty level (1 person - $17,180; two persons - $23,220), subject to federal approval. The expansion will cover 10,500 persons.

- Funding for the Title XIX Children's Initiative increases 86.8 percent, from $10.0 million to $18.7 million. The Initiative would be extended to other counties and new or enhanced treatment services are to be initiated.

- Savings of $17.2 million are assumed. The three major savings initiatives are: Health Insurance Recoveries - $4.0 million; Pharmacy Initiatives - $5.5 million; and Deferred FY 2001 Initiatives - $3.5 million.

Certain Medicaid programs (Personal Care, the Model Waiver, the AIDS Waiver, the Traumatic Brain Injury Waiver and Private Duty Nursing) are to be transferred to the proposed Division of Disability Services.

Key Points (Cont'd)

! Federal Funds increase 17.1 percent, from $1.74 billion to $2.04 billion, based on a continuation of the current federal Medicaid program, NJ FamilyCare/KidCare and various initiatives which qualify for Medicaid reimbursement. Included within the $2.04 billion is nearly $160 million in federal Intergovernmental Transfer monies which will be used to offset State appropriations in Medicaid accounts referenced above. (Pursuant to a federal waiver, federal NJ KidCare funds can be used to cover pregnant women with incomes between 185 - 200 percent of the federal poverty level and parents whose children are on Medicaid/NJ KidCare with income up to 200 percent of the federal poverty level.)

! Other Funds decrease 12.8 percent, from $490.1 million to $427.4 million, as NJ FamilyCare costs are brought "on budget". The $427.4 million provides:

- $388.7 million for New Jersey Health Care Hospital Payments (charity care), 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.

- $38.8 million for the NJ KidCare Children's Health Insurance Initiative: $4.2 million for administration and $34.6 million for services to 106,700 children.

DIVISION OF DEVELOPMENTAL DISABILITIES

! Direct State Services. Recommended appropriations of $191.9 million are essentially unchanged from FY 2001 levels.

- Division of Developmental Disabilities (Central Office). Continuation funding of $3.7 million is provided.

- Community Programs. Proposed funding of $21.2 million represents a 0.9 percent reduction as Education and Day Training program funding is reduced by $0.2 million.

- Developmental Centers. Appropriations for the seven facilities decrease 0.2 percent, from $167.4 million to $167.1 million. The reduction is at the Green Brook Regional Center where a bond payment account is not required because the mortgage was paid off.

  Institutional populations are unchanged at about 3,500 clients. The 3,500 figure does not reflect the 144 clients who are to move to community programs due to the Community Transition Initiatives - FY 2001.

! Grants-In-Aid. Recommended General Fund appropriations increase 19.4 percent, from $309.7 million to $369.7 million. (Total grant funding from all fund sources increases 14.8 percent, from $558.7 million to $641.6 million.) The following expanded or new programs are proposed:

- Community Nursing Care Initiative - FY 2002. Initial funding of $1.6 million (gross) is provided to relocate 25 clients with developmental disabilities from nursing homes to community programs.

Key Points (Cont'd)

- Community Services Waiting List Reduction Initiative - 2001. Gross funding increases 53.4 percent from $25.8 million to $39.8 million. This Initiative would provide 500 community placements, 400 day program slots and $3.0 million in family support services.

- Community Services Waiting List Reduction Initiative - FY 2002. Initial funding of $35.8 million (gross) is recommended to provide 500 residential placements, 400 day program slots and $3.3 million in family support services.

- Community Transition Initiative - FY 2001. Gross funding would increase 59.9 percent, from $7.7 million to $12.3 million, to relocate 144 developmental center clients over a two-year period into community programs.

- Community Transition Initiative - FY 2002. Initial funding of $14.0 million (gross) is provided to relocate an additional 200 developmental center clients over a two-year period into community programs.

! Capital Construction. Approximately $4.3 million is provided for projects at New Lisbon ($2.6 million), Vineland ($0.5 million) and Woodbridge ($1.2 million).

! Casino Revenue Funds of $19.6 million are recommended and are expended on various community programs.

! Federal Funds. Approximately $384.7 million is recommended, a 6.5 percent increase from FY 2001 levels. The federal funds primarily represent ICF-MR reimbursements of nearly $181.7 million (including $12.1 million in revenues realized through an assessment on all federally certified beds at State/private developmental centers) and Community Care Waiver revenue of $201.5 million.

! Other Funds of $57.6 million are anticipated, the same as in FY 2001. Client Cost Recoveries of $38.0 million used in community services are anticipated. Approximately $19.6 million in State Facilities Education Funds are anticipated for education related activities.

COMMISSION FOR THE BLIND AND VISUALLY IMPAIRED

! Direct State Services. Continuation funding of $7.9 million is recommended.

! Grants-In-Aid. Recommended funding of $4.3 million includes a COLA for provider agencies.

! Federal Funds of $9.4 million and Other Funds of $0.8 million are unchanged from FY 2001 levels.

DIVISION OF FAMILY DEVELOPMENT

! Direct State Services. Recommended State appropriations are reduced 52.5 percent, from $34.2 million to $16.3 million. Most of the reduction is in the following accounts: Personal Services ($7.7 million), Work First New Jersey - Technology Investment ($10.2 million); and Work First New Jersey Child Support Initiatives ($1.1 million). Unexpended balances are to be used to support these accounts.

Key Points (Cont'd)

! **Grants-In-Aid.** Recommended appropriations increase 30.4 percent, from $208.3 million to $271.6 million. Including federal funds, total grant funding increases 13.2 percent, to $628.7 million:

- Proposed budget language on D-286/287 would reduce the amount of Work Force Development Fund available for Work First New Jersey activities from $38.9 million to $13 million.

- Additional **General Funds** are recommended for the following activities: Training Related Expenses ($0.4 million); Work Activities ($7.6 million); Child Care ($12.4 million); TANF Abbott Expansion ($37.8 million); and Substance Abuse Initiatives ($3.7 million).

- New funds are requested for the following activities: Pre-Early Childhood Education targeted to the Abbott Districts ($2.0 million); EITC Marketing ($0.1 million); and Mental Health Assessments of TANF and General Assistance clients ($1.6 million).

! **State Aid.** Recommended appropriations are reduced 20.4 percent, from $214.9 million to $171.1 million, as approximately $40 million in medical costs for Payments for Cost of General Assistance recipients is included in the NJ FamilyCare appropriation.

Costs associated with various assistance programs such as WFNJ - Client Benefits/ Emergency Assistance, General Assistance Emergency Assistance Program, Payments for Supplemental Security Income (SSI), etc. increase/decrease by relatively small amounts or are level funded. On a monthly basis, General Assistance will assist 21,500 persons; WFNJ/TANF will assist 113,300 persons; and 139,100 persons will receive SSI benefits.

! **Federal Funds.** Recommended appropriations are virtually unchanged at $825.8 . In the FY 2000 - FY 2002 period, the State has spent or at least obligated its unexpended TANF funds that had accumulated over the past few fiscal years. Over this period unexpended TANF funds have been used for new activities such as Kinship Care Initiatives, School Based Youth Services, Wage Supplement Program, Faith Based Initiatives, Career Advancement Vouchers.

DIVISION OF YOUTH AND FAMILY SERVICES

! **Direct State Services.** Proposed funding increases 7.3 percent, from $47.9 million to $51.5 million, and represents the annualized cost of additional hiring authorized for the Adoption Resource Centers and District Offices. Monthly caseloads increase slightly to 49,700 children and 25,700 families.

! **Grants-In-Aid.** Recommended **General Fund** appropriations of $291.7 million represent a 1.8 percent increase over FY 2001 adjusted levels of $286.4 million. (Total grant funding from all sources increases 3.8 percent, to $357.4 million.) The number of children in paid Foster Care (6,740) is essentially unchanged; while the number of Subsidized Adoptions is expected to increase from 6,500 to 6,800.

For the most part the amount of State funds allocated for the various grant accounts is unchanged from FY 2001 levels (Foster Care - $31.3 million and Residential Placements - $54.3 million). However, the amount of State funds allocated for Subsidized Adoptions is reduced by $2.1 million, to $39.9 million, as additional federal reimbursements are anticipated.

Key Points (Cont'd)

! Casino Revenue Funds of $3.7 million are unchanged from FY 2001 levels. These funds support a portion of the $6.3 million cost of the Personal Assistance Services Program.

! Federal Funds. Recommended appropriations increase 4.7 percent, from $185.7 million to $194.5 million. An additional $2.1 million in federal Title IV-E reimbursements are anticipated and are used to offset State appropriations for Subsidized Adoptions; additional federal TANF funds are allocated for Purchase of Social Services grants.

! Other Funds. Approximately $5.2 million is recommended, unchanged from FY 2001 levels. These funds represent restricted grants and recoveries.

DIVISION OF THE DEAF AND HARD OF HEARING

! Continuation funding of $709,000 is recommended.

DIVISION OF MANAGEMENT AND BUDGET

! Direct State Services. Recommended appropriations are reduced 2.0 percent from $28.1 million to $27.5 million, as a one-time FY 2001 supplemental appropriation included within the Services Other Than Personal account is not continued. Excluding these funds, appropriations would increase by $441,000 to reimburse the Attorney General's office for legal costs.

The Office of Disability Services is to become the Division of Disability Services under an agency reorganization plan to be submitted in March 2001. The division will assume responsibility for certain Medicaid programs.

! Grants-In-Aid. Proposed funding increases 47.1 percent, from $4.0 million to $5.9 million. Subject to federal approval (and related federal funds), $2.0 million is recommended for a new program, Community Supports to Allow Discharge from Nursing Homes, to enable 150 people with physical disabilities to be relocated from nursing homes or avoid nursing home placements.

! Capital Construction funds of $11.0 million for various departmentwide capital projects in the areas of fire safety, roof repairs, and computerization are recommended.

In addition, an $11.0 million "line-of-credit" is to be made available to the department to install sprinkler systems at various psychiatric hospitals and residential facilities.

! Federal Funds of $30.1 million are unchanged from FY 2001 levels. These monies primarily represent reimbursements for fringe benefits and indirect costs.

! Other Funds of $8.5 million are recommended, unchanged from FY 2001 levels. These funds support various dedicated programs such as the Catastrophic Illness in Children Relief Fund and the Children's Trust Fund.

Key Points (Cont'd)

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/State Aid** accounts of the various divisions include $40.0 million (State/federal) in Cost of Living Adjustment/Salary Supplement for Direct Services Workers. A **listing** of the amounts and how these funds are to be used is provided on p. 2, **Key Points.** Also, pursuant to proposed budget language (D-263), unexpended Division of Developmental Disabilities **Grants-In-Aid** accounts will be used to provide most direct care employees with a $1.00 per hour salary increase at an estimated cost of $28.2 million in FY 2001 and $56.4 million in FY 2002.

Legislative Grants

Grants-In-Aid accounts of the various divisions are reduced by about $2.9 million, reflecting the elimination or reduction in Legislative grants. A **listing** is provided on pp. 2 - 3, **Key Points.**

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 2002. 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 about 130 agencies to provide 265,700 units of 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 740 patients daily will receive services at county hospitals.

In FY 2000, the **General Fund** realized $28.9 million in various psychiatric hospital reimbursements and $167.4 million in federal disproportionate share reimbursements for non-Medicaid patients at accredited State and county hospitals.

DMHS' FY 2002 recommended **General Fund** appropriation is summarized on the next page.

DMHS Central Office. Appropriations decrease 50.4 percent, from $19.8 million to $9.8 million, as follows:

Community Services. Continuation funding of $5.1 million is recommended.

Administration and Support Services. Funding decreases 67.8 percent, from $14.8 million to $4.8 million, as $10.0 million in Greystone Park Psychiatric Hospital Bridge Funds is reclassified as **Grants-in-Aid.**

Program Description and Overview

	Adjusted Appropriation FY 2001	Recommended FY 2002	Percent Change
TOTAL ($000)	$547,071	$560,100	2.4%
Direct State Services:	$227,521	$217,521	(4.4)%
DMHS Central Office	$19,826	$9,826	(50.4)%
Psychiatric Hospitals	207,695	207,695	- - -
Grants-In-Aid:	$220,379	$250,369	13.6%
Community Care	$202,064	$202,064	- - -
Greystone ... Bridge Fund	n.a.	22,000	n.a.
COLA/Salary Supplement...	n.a.	8,240	n.a.
Other Grants	18,315	18,065	(1.4)%
State Aid	$90,171	$91,710	1.7%
Capital Construction	$9,000	$500	(94.4)%

The six Psychiatric Hospitals receive continuation funding of $207.7 million. Institutional populations are expected to decline by about 40 patients (net), from 2,130 to 2,090. Patient populations are expected to decrease at Ancora (-15), Greystone (-35) and Trenton (-20); increases are expected at Forensic (24) and Hagedorn (5).

Grants-In-Aid. Overall appropriations increase 13.6 percent, from $220.4 million to $250.4 million, as $22.0 million is recommended to continue the Greystone Park Psychiatric Hospital Bridge Fund. Bridge Funds may be transferred to other accounts, as required, and will be used to expand/enhance community programs that prevent readmissions of persons discharged from State/county psychiatric hospitals such as Intensive Case Management Services and Programs for Assertive Community Treatment.

State Aid. Funding increases 1.7 percent, to $91.7 million, and will reimburse six county psychiatric hospitals for approximately 735 patients. In addition, monies from the Bridge Fund may be used to supplement the State Aid account to reimburse county psychiatric hospitals for patients who would otherwise be admitted to Greystone.

Capital Construction. To replace the electrical distribution system at Ancora $500,000 is recommended. No funds are recommended for initial costs related to the construction of new beds at Greystone - - 300 beds could cost upwards of $50 million. (About 200 beds at Greystone are in reasonably good condition and may be retained.)

A 12.8 percent increase in Federal Funds, to $15.5 million is anticipated. These funds - Mental Health Block Grant ($13.0 million), the PATH program ($1.0 million) and the Burlington Partnership Program ($1.3 million) - are primarily used for various community programs. Other Funds of $2.0 million are recommended and are used for education programs.

Program Description and Overview (Cont'd)

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 provides services to about 665,300 persons monthly and the NJ FamilyCare/KidCare program which serves 106,700 children/133,700 adults 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. Over 207,000 (or 95 percent) of the State's Work First New Jersey families with dependent children, are enrolled in Medicaid managed care. Surveys indicate that, in general, Medicaid recipients are satisfied with the health care services provided by managed care. Managed care is being extended to disabled persons who are not on Medicare, in FY 2001 and early FY 2002; at present, over 18,000 disabled are enrolled in managed care programs.

DMAHS' FY 2002 recommended **General Fund** appropriations is summarized below:

	Adjusted Appropriation FY 2001	Recommended FY 2002	Percent Change
TOTAL ($000)	$1,597,553	$1,720,288	7.7%
Direct State Services:	$24,624	$27,855	13.1%
Medicaid Adman.	$24,624	$27,855	13.1%
Grants-In-Aid:			
Personal Care	$1,572,929	$1,692,433	7.6%
Managed Care Initiative	$96,698	$108,707	12.4%
Inpatient Hospitals	455,890	457,140	0.3%
Prescription Drugs	173,620	173,620	- - -
Physician	287,854	287,854	- - -
Home Health	20,824	29,421	41.3%
Transportation	38,977	28,420	(27.1)%
Outpatient Hospitals	28,787	23,255	(19.2)%
SSI-Disabled Back-to-Work Incentive	175,484	150,523	(14.3)%
Title XIX Children's Initiative	750	1,500	100%
N.J. Health ACCESS Benefit Payments	10,000	18,679	86.8%
NJ FamilyCare....	11,800	1,980	(83.2)%
NJ FamilyCare ... Expansion	n.a.	138,183	- - -
Other Expenditures	0	16,000	- - -
	272,245	257,351	(5.5)%

Direct State Services. Administrative expenditures increase from $24.6 million to $27.9 million: Services Other Than Personal costs increase from $3.4 million to $5.1 million as additional funds are requested for professional services (consultants) and information processing. The Payments to Fiscal Agents account increases from $4.7 million to $6.1 million and reflects the new UNISYS contract. (In addition, up to $6.0 million in NJ FamilyCare funds are available for administrative costs.)

Program Description and Overview (Cont'd)

Grants-In-Aid. Recommended appropriations increase 7.6 percent, from $1.57 billion to approximately $1.69 billion:

- The Managed Care Initiative, Inpatient Hospitals and Prescription Drugs appropriations are reduced by $159.6 million, as additional federal Intergovernmental Transfer (IGT) funds are being used to offset State appropriations. (IGT involves the State claiming Nursing Home costs for county and non-governmental facilities at the higher Medicare rate. The State's receipt of IGT funds will be limited to county nursing homes by the end of FY 2003 due to regulations adopted by the federal government in January 2001.)

- The Managed Care Initiative and Physician accounts include $17.5 million to increase physician reimbursement, effective January 2002. Dentists, emergency room physicians and pediatricians in managed care programs would receive a 30 percent reimbursement increase; physicians in the fee-for-service component would receive an 80 percent reimbursement increase. (Procedures will be developed to assure that managed care programs pass the reimbursement increase through to providers.)

  The Personal Care account includes $2.8 million to increase reimbursement to personal care assistants by nearly 7.0 percent (from $14.50 to $15.50 per hour), effective January 2002. (Personal Care services, the three Model Waivers, the Traumatic Brain Injury Waiver, the AIDS Waiver and Private Duty Nursing are to be transferred to the new Division of Disability Services.)

- Various decreases in Medicaid accounts such as Outpatient Hospitals, Transportation, Home Health, etc. reflect the enrollment of disabled persons into managed care, which are expected to reduce service costs. (By early FY 2002, most disabled persons who are not on Medicare will be phased into managed care. Between June 2000 and February 2001, the number of disabled persons enrolled in managed care increased from 9,200 to nearly 19,000.)

  The reduction in the Health Benefits Coordination Services account, from $9.4 million to $7.7 million, will be offset by unexpended balances. Also, as more persons are enrolled in managed care, coordination costs should decline.

- NJ FamilyCare. Recommended funding of $138.2 million reflects a shift in program funding. Instead of partially being an "off-budget" item, approximately $70 million in FY 2001 costs are placed as an "on budget" expense. Also, approximately $48 million in General Assistance (GA) medical and drug costs are included in the FamilyCare account rather than in the GA State Aid account. (A portion of the $48 million is made available to the Aids Drug Distribution Program administered by the Department of Health and Senior Services in order to obtain manufacturers' rebates.)

  Up to $6.0 million of Family Care funds may be used for program administration pursuant to language on D-255.

  The basic NJ FamilyCare program covers: Parents with income up to 200 percent of the poverty level; and single persons and married adults with no children with income up to 100 percent of the poverty level.

Program Description and Overview (Cont'd)

NJ FamilyCare ... Expansion would extend NJ FamilyCare to childless single and married adults with incomes up to 200 percent of the poverty level. The expansion will cover an estimated 10,500 person at a cost of $16.0 million.

NJ FamilyCare and the expansion will cover an estimated 133,700 persons. As of February 2001, about 68,000 adults were eligible for NJ FamilyCare. The Tobacco Settlement Fund will pay $100 million of total NJ FamilyCare costs of $264.9 million.

- N.J. Health ACCESS Benefit Payments. Costs are expected to decrease from $11.8 million to $2.0 million as enrollment in ACCESS is limited to persons enrolled as of July 1998 and as more persons enrolled in ACCESS qualify for NJ FamilyCare.

- Title XIX Children's Initiative. Funding increases from $10.0 million to $18.7 million as Care Management Organizations are to be established in Atlantic/Cape May, Bergen, Hudson, Mercer, Middlesex and Morris/Sussex counties; and as additional services such as family care treatment homes and crisis stabilization are provided. No data are available regarding this Initiative as it is in the early stages of implementation.

- SSI-Disabled Back-to-Work Incentive program implements federal Pub.L 106-170, the "Ticket to Work and Work Incentives Improvement Act of 1999", which extends Medicaid coverage to SSI disabled recipients who would lose their Medicaid benefits due to employment earnings. Funding increases from $750,000 to $1.5 million. As the program is being implemented in the second half of FY 2001, no data are available as to how many disabled persons may participate in the program.

- The recommended appropriation incorporates $17.2 million in savings:

  Pharmacy Initiatives (such as requiring prior authorization when a brand name drug is prescribed and increasing the discount from 10 to 15 percent for certain high volume pharmacies) - $5.5 million; Health Insurance Recoveries - $4.0 million; Deferred FY 2001 Initiatives - $3.5 million; ACCESS Managed Care Savings - $2.02 million; Transportation Savings (related to transportation for methadone patients) - $1.5 million; and Additional Medicare B Revenues - $0.7 million.

Federal Funds. A 17.1 percent increase is anticipated, from $1.74 billion to $2.04 billion, based on current federal Medicaid law. Though most of the increase is routine and reflects the current Medicaid program with its various expansions, the following is noted:

- $159.6 million in federal Intergovernmental Transfer funds are used to offset the cost of certain Medicaid services previously mentioned.

- $89.5 million is included for NJ FamilyCare.

- $71.9 million is included for NJ KidCare. (A recently approved federal waiver will allow NJ KidCare monies to be used to cover pregnant women with incomes between 185 percent and 200 percent of the federal poverty level and to cover parents with incomes up to 200 percent of the federal poverty level, whose children are on Medicaid.)

Other Funds. Recommended funding is reduced 12.8 percent, from $490.1 million to $427.4 million, primarily because NJ FamilyCare is reclassified as an "on budget" expense.

Program Description and Overview (Cont'd)

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 unchanged at $388.6 million.

NJ KidCare costs are expected to increase 23.5 percent, from $31.4 million to $38.8 million: Administrative costs increase from $3.8 million to $4.2 million; and service expenditures increase from $27.6 million to $34.6 million. (NJ KidCare provides health coverage to certain children with gross family income of up to 350 percent of the federal poverty level.) By the end of FY 2002, 106,700 children will be covered.

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 DDD'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 22,000 persons. In FY 2002, approximately $201.5 million in federal Community Care Waiver reimbursements will be received for these community services.

The division's seven developmental centers (Green Brook, Hunterdon, New Lisbon, North Jersey, Vineland, Woodbine and Woodbridge) provide residential care, habilitation, health services, education and training to 3,500 clients. All developmental centers are accredited, resulting in $185.3 million in federal ICF-MR reimbursements in FY 2002.

DDD's FY 2002 recommended General and Casino Revenue Funds appropriation is summarized on the next page.

Administration and Support Services (Central Office). Continuation funding of $3.7 million is recommended.

Community Programs. Overall funding is reduced 0.9 percent, to $21.2 million. Continuation funding is provided for the Purchased Residential Care ($1.0 million), Social Supervision and Consultation ($9.6 million) and Adult Activities ($1.0 million) programs. Education and Day Training program funding is reduced by about $200,000 in the Maintenance and Fixed Charges account

Appropriations for the seven Developmental Centers are reduced from $167.4 million to $167.1 million. The reduction is limited to the Green Brook Regional Center where a $0.3 million Bond Payment account is eliminated as the center's mortgage has been retired.

Institutional populations are unchanged at 3,500. This does not reflect the pending transfer of 144 clients over a two year period from developmental centers to community programs (Community Transition Initiative - FY 2001). At this time, it is not known how many clients will be relocated or from which centers they will come.

Program Description and Overview (Cont'd)

Grants-In-Aid. Recommended appropriations increase 19.4 percent, from $309.7 million to $369.7 million. (Total grant funding - including Casino Revenue, Federal and Other Funds - increases 14.8 percent, from $558.7 million to $641.6 million.)

	Adjusted Appropriation FY 2001	Recommended FY 2002	Percent Change
TOTAL ($000)	$530, 214	$585,498	10.4%
Direct State Services:	$192,422	$191,918	(0.3)%
Administration...	$3,675	$3,675	- - -
Community Programs	21,343	21,152	(0.9)%
Developmental Centers	167,404	167,091	(0.2)%
Grants-In-Aid:	$309,732	$369,680	19.4%
Comm. Nursing Init. FY 2002	$0	$1,173	n.a.
Comm. Transition FY 2002	0	10,137	n.a.
Comm. Transition FY 2001	5,701	8,589	50.7%
Comm. WL Init. FY 2002	0	25,706	n.a.
Comm. WL Init. FY 2001	18,688	27,641	47.9%
Group Homes	130,347	130,347	- - -
Purchase of Adult Actv.	65,747	65,747	- - -
Other Grants	89,249	100,340	12.4%
Capital Construction	$8,425	$4,265	(49.4)%
Casino Revenue Funds	$19,635	$19,635	- - -

New or increased State appropriations are recommended for the following:

- Community Services Waiting List Reduction Initiative - FY 2001 - $9.0 million increase.

  The FY 2001 Initiative provided initial funding of $25.8 million for 500 community placements, 400 day program slots and $3.3 million in family support services. In FY 2002, $39.8 million (gross) - - $27.6 million State/$12.1 million federal - - is recommended. (As of December 2000, only 67 placements have occurred.)

- Community Services Waiting List Reduction Initiative - FY 2002 - $25.7 million.

  Initial funding of $35.8 million (gross) - - $25.7 million State/$10.1 million federal - - is recommended. The FY 2002 Initiative would provide for 500 community placements, 400 day program slots and $3.5 million in family support services.

- Community Transition Initiative - FY 2001 - $2.9 million increase.

  The FY 2001 Transition Initiative provided initial funding of $7.7 million (gross) to enable 144 clients from developmental centers to relocate to community programs. In FY 2002, $12.3 million (gross) - - $8.6 million State/$3.7 million federal - - is recommended. (As of this writing, no clients have been placed into community programs.)

Program Description and Overview (Cont'd)

- Community Transition Initiative - FY 2002 - $10.1 million.

  The FY 2002 Transition Initiative would enable 200 clients from developmental centers to relocate to community programs. Initial funding of $14.0 million (gross) - - $10.1 million State/$3.8 million federal - - is recommended.

- Community Nursing Care Initiative - FY 2002 - $1.2 million.

  The Nursing Care Initiative would relocate 25 developmentally disabled nursing homes clients to community programs. Estimated gross costs are $1.6 million - - $1.2 million State/$0.4 million federal - - or about $64,000 per client.

The Community Transition and Nursing Care Initiatives are a response to the Olmstead decision wherein the U.S. Supreme Court ruled that, where appropriate and cost effective, institutionalized persons should be placed into community programs.

It is noted that various Grants-In-Aid Initiative accounts have significant unexpended balances because agencies have difficulty hiring personnel to staff the programs started by the Initiatives. These unexpended balances will be used to provide various direct care employees with a $1.00 per hour salary increase in FY 2001 and FY 2002.

Casino Revenue Fund. Appropriations of $19.6 million are unchanged from FY 2001 levels and are used to supplement Grants-In-Aid programs.

Capital Construction funds of $4.3 million are recommended as follows: New Lisbon - $2.6 million for HVAC improvements; Vineland - $0.5 million for a fire notification system; and Woodbridge - $1.2 million to replace/upgrade emergency generators.

Federal Funds. Approximately $384.7 million is anticipated, a 6.5 percent increase over the $361.0 million anticipated in FY 2001. 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 $12.1 million in ICF-MR assessment revenues) of approximately $181.7 million and Community Care Waiver revenues of approximately $201.5 million are anticipated.

Other Funds. Continuation funding of $57.6 million is recommended. These funds represent recoveries for Group Homes ($13.5 million) and Skill Development Homes ($12.5 million), Client Co-Payments ($2.0 million) and Other Recoveries used for Waiting List Reduction Initiatives ($10.0 million). These funds are 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 eye screenings to 27,000 persons.

Program Description and Overview (Cont'd)

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.

Direct State Services. Continuation funding of $7.9 million is recommended, including $0.8 million for Technology for the Visually Impaired.

Grants-In-Aid. Recommended funding increases 1.3 percent in FY 2002, from $4.2 million to $4.3 million, due to a COLA for provider agencies. Grant funding for Educational Services for Children ($2.1 million) and Services to Rehabilitation Clients ($1.9 million) is unchanged.

Federal Funds. Approximately $9.4 million is anticipated, unchanged from FY 2001 levels. Most of the federal funds are for Vocational Rehabilitation services ($6.2 million).

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 .)

DFD's primary responsibility has changed from supervision of 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, although the GA program does not qualify for federal reimbursement.

Increases/reductions in General Funds appropriations for particular WFNJ activities are 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 2002 recommended General Fund appropriation is summarized on the next page.

Program Description and Overview (Cont'd)

	Adjusted Appropriation FY 2001	Recommended FY 2002	Percent Change
TOTAL ($000)	$457,445	$458,925	0.3%
Direct State Services:	$34,248	$16,267	(52.5)%
Administration/Other	$16,670	$8,964	(46.2)%
Electronic Benefit Transfer...	492	1,518	208.5%
WFNJ Related Activities	15,592	4,291	(72.5)%
Misc.	1,494	1,494	- - -
Grants-In-Aid:	$208,281	$271,597	30.4%
WFNJ Related Activities	$113,889	$131,883	15.8%
TANF Abbott	68,211	106,000	55.4%
Other Grants	26,181	33,714	28.8%
State Aid:	$214,916	$171,061	(20.4)%
General Assistance Programs	$125,855	$78,163	(37.9)%
WFNJ Client Benefits/Emergency Asst.	0	1,996	n.a.%
SSI Activities	78,367	80,023	2.1%
Other State Aid	10,694	10,879	1.7%

Direct State Services. Recommended State appropriations decrease 52.5 percent, from $34.2 million to $16.3 million, as follows:

- Personal Services funding is reduced from $9.8 million to $2.1 million, as unexpended balances will be used to offset the reduction. Funding for Services Other Than Personal costs are expected to increase from $5.7 million to $6.0 million; the additional monies will be used for professional services (consulting) and information processing. Maintenance and Fixed Charges costs are expected to decrease from about $0.7 million to $0.3 million to better reflect actual FY 2000 expenditures.

- WFNJ Child Support Initiatives (including centralized collection of child support, New Hires reporting system, license revocation and public awareness) decreases 20.9 percent, from $5.4 million to $4.3 million. (Total State/federal funding decreases from $16.0 million to $12.6 million.) Unexpended balances will be available to offset the reduction.)

- Electronic Benefit Transfer/Distribution System costs associated with providing various benefits through ATMs and other electronic devices increases over 200 percent, from $0.5 million to $1.5 million, as General Assistance will be incorporated into the system and no federal funds are available for this program. (Total State/federal funding increases from $3.2 million to $4.0 million.)

- WFNJ Technology Investment. Though no **General Funds** are recommended, sufficient unexpended balances are available to support activities.

Grants-In-Aid. Recommended appropriations increase 30.4 percent, from $208.3 million to $271.6 million.

Recommended **General Fund** appropriations for WFNJ activities increase 17.9 percent, from $121.6 million to $143.3 million:

Program Description and Overview (Cont'd)

	FY 2001	FY 2002
WFNJ -Training Related Expenses	$2,275,000	$2,659,000
WFNJ - Work Activities	$38,777,000	$46,383,000
WFNJ - Community Housing for Teens	$300,000	$300,000
WFNJ - Child Care	$62,335,000	$74,657,000
WFNJ - Breaking the Cycle Pilots	$10,202,000	$7,884,000
Substance Abuse Initiative	$7,721,000	$11,455,000

(Including federal funds, total WFNJ expenditures on the activities listed above will increase 3.1 percent, from $445.4 million to $459.4 million.)

The monies listed above will provide: training related expenses to 10,900 recipients monthly; vocational training and education to about 5,400 teen parents monthly; 1,500 recipients monthly with community work experience projects; and child care to 64,000 children. Approximately 1,200 recipients monthly will enter employment.

- Proposed budget language on D-286/287 would reduce the amount of Workforce Development Partnership Funds used for WFNJ Work Activity/Training Related Expenses from $38.9 million to $13.0 million. (Additional **General Funds** would be used for WFNJ Work Activity/Training Related Expenses activities.)

New or additional **General Funds** are provided for the following:

- TANF Abbott Expansion ($37.8 million) to enable half day programs to be expanded to full day, year round programs in all Abbott districts. The FY 2001 appropriation reflected a phase in to full day, year round programs. An estimated 24,000 three and four year olds would be served by this expansion.

- Pre-Early Childhood Education ($2.0 million) to better prepare children for preschool and to reduce instances of abuse and neglect in the Abbott districts.

- EITC Marketing ($140,000) to inform potential beneficiaries of the earned income tax credit recently enacted into law.

- Mental Health Assessments ($1.6 million) to enable 1000 TANF/GA clients to receive assessments, referrals and treatment.

State Aid appropriations would be reduced 20.4 percent, from $214.9 million to $171.1 million, as follows:

- General Assistance (GA) Programs. Total recommended appropriations decrease 37.9 percent, from $125.9 million to $78.2 million.

    - Emergency Assistance appropriations decrease 4.7 percent, from $19.1 million to $18.2 million, as caseloads are expected to decline 4.3 percent, from about 2,800 to about 2,700.

Program Description and Overview (Cont'd)

- Payments to Municipalities appropriations decrease 46.2 percent, from $85.6 million to $37.5 million. The reduction is related to GA health care costs being included within the NJ FamilyCare account and not reflected in the Payments to Municipalities account. (Funding is included within other programs for additional case management services to GA and certain Food Stamps recipients ($15.0 million) and to provide additional work activities to GA clients ($12.6 million.)

  Approximately 21,500 persons (12,400 employable and 9,100 unemployable) will receive assistance, a 5.8 percent decrease from FY 2001 levels of 22,800 (13,500 employable and 9,300 unemployable).

- GA County Administration. Proposed funding increases 6.3 percent, from $21.2 million to $22.5 million, based on current cost projections.

- WFNJ Client Benefits. Total (State/federal) appropriations decrease 3.2 percent, from $150.8 million to $146.0 million. Only $2.0 million in **General Funds** are being allocated for Client Benefits in FY 2002. Caseloads are expected to decline 7.1 percent, from 121,900 to 113,300.

- WFNJ Emergency Assistance. Total appropriations increase 3.6 percent, from $21.6 million to $22.3 million. No **General Funds** are allocated for Emergency Assistance in FY 2002. Though caseloads are expected to decline 8.4 percent, from 4,000 to 3,700 persons, the average amount of emergency assistance provided is expected to increase from about $475 to $537 per month.

- Payments for Supplemental Security Income. Recommended appropriations increase 1.5 percent, from $64.2 million to $65.2 million, due to increases in emergency assistance and burial costs. Approximately 139,100 aged and disabled persons will receive benefits monthly.

- SSI Administration. Recommended appropriations increase 4.8 percent, from $14.2 million to $14.9 million, as the monthly per check fee charged by the federal government to process checks will increase to $8.10 and $8.50 in federal FY 2001 and FY 2002, respectively.

- 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. Recommended appropriations increase 0.3 percent, from $823.6 million to $825.8 million. The State continues to spend unexpended federal TANF Block Grant allocations. In FY 2001 and FY 2002, TANF expenditures will be $515.6 million and $487.9 million, respectively, compared to the State's $404 million annual allocation. A listing of proposed federal TANF spending is on p. 66.

Program Description and Overview (Cont'd)

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.

DYFS' FY 2002 recommended General and Casino Revenue Fund appropriation is summarized below.

	Adjusted Appropriation FY 2001	Recommended FY 2002	Percent Change
TOTAL ($000)	$338,089	$346,877	2.6%
Direct State Services	$47,937	$51,543	7.5%
Grants-In-Aid:	$286,418	$291,690	1.8%
Group Homes	$20,587	$20,587	- - -
Foster Care	31,326	31,326	- - -
Subsidized Adoption	42,048	39,948	(5.0)%
Residential Placements	54,277	54,277	- - -
Other Grants	138,180	145,552	5.3%
Casino Revenue Fund	$3,734	$3,734	- - -

Direct State Services appropriations increase 7.5 percent, from $47.9 million to $51.5 million. The increase is related to the annualization of funding provided by the Legislature for additional staff at the Adoption Resource Centers (ARCs) and District Offices (DOs).

As of January 2001, staffing levels at the various DOs and ARCs, as a percentage of the Child Welfare League of America standard, were:

Central DOs - 75.5%
Metropolitan DOs - 71.6%
Northern DOs -75.2%
Southern DOs -63.1%
ARCs - 66.8%

Grants-In-Aid appropriations increase 1.8 percent, from $286.4 million to approximately $291.7 million. The increase is largely related to the COLA provider agencies will receive. (**Total grant funding - including Federal and Other Funds - increases 3.8 percent, from $344.2 million to $357.4 million.**)

Though most grants receive continuation funding, the Subsidized Adoption account is reduced by $2.1 million, to $39.9 million, as additional federal revenues are expected to be realized by the private accounting firm employed by the department to maximize federal revenues.

Program Description and Overview (Cont'd)

Evaluation Data indicate that between FY 1999 and FY 2002, despite efforts to reduce the number of children in paid Foster Care, the number has remained essentially unchanged at about 6,700, and while the number of Subsidized Adoptions will increase by 325, to over 6,800, the increase is not significantly greater than in prior years.

Casino Revenue Fund. The recommended appropriation of $3.7 million is unchanged from FY 2001 levels and is used to support the Personal Attendant Program.

Federal Funds of approximately $194.5 million are recommended, a 4.7 percent increase from the $185.7 million expected in FY 2001. The budget assumes a $2.1 million increase in federal subsidized adoptions reimbursements mentioned above. Additional federal TANF funds are also allocated for Purchase of Social Services.

Other Funds of $ 5.2 million are recommended and 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.

Continuation funding of $709,000 is recommended and includes approximately $300,000 to continue a Legislative initiative, Services to Deaf Clients, to expand services to the deaf.

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.

The division's FY 2002 recommended General Fund appropriation is summarized on the next page.

Direct State Services. Recommended appropriations of $27.5 million represents a 2.0 percent reduction from FY 2001. Services Other Than Personal appropriations would decrease 7.2 percent, from $7.8 million to $7.2 million, as a one-time $1.0 million FY 2001 supplemental appropriation to reimburse a consultant for services is not continued. An additional $441,000 is provided to reimburse the Attorney General's office for legal services.

Continuation funding is provided for other Special Purpose accounts: Clinical Services Scholarships ($150,000), Background Checks of Job Applicants ($560,000), Institutional Staff Background Checks ($407,000).

Program Description and Overview (Cont'd)

	Adjusted Appropriation FY 2001	Recommended FY 2002	Percent Change
TOTAL ($000)	$39,942	$44,457	11.3%
Direct State Services	$28,069	$27,510	(2.0)%
Grants-In-Aid	$4,043	$5,947	47.1%
Capital Construction	$7,830	$11,000	40.5%

The State Office on Disability Services ($450,000) will be elevated to the Division on Disability Services and will assume responsibility for certain Medicaid services (Personal Care, three Model Waivers, the Traumatic Brain Injury Waiver, the AIDS Waiver and Private Duty Nursing).

Grants-In-Aid. Recommended funding increases 47.1 percent from $4.0 million to $5.9 million. The increase is related to a new $2.0 million program, Community Supports to Allow Discharge from Nursing Home; the program (subject to federal approval) would relocate 75 physically disabled nursing homes patients to community programs and would provide services to 75 physically disabled persons who might otherwise be placed in a nursing home.

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). (The Work Force Development Partnership Fund would provide about $1.9 million of the Youth Corps funding.)

Capital Construction. The budget recommends $11.0 million for various department-wide capital projects such as: Life Safety Improvements, Various Institutions and Community Facilities - $3.0 million; Facility Environmental Assessments - $1.0 million; and Statewide Automated Child Welfare Information System - $7.0 million.

Federal Funds are mostly reimbursement for fringe benefits and indirect costs chargeable to federal programs. Approximately $30.1 million is recommended.

Other Funds. Approximately $8.5 million is recommended, unchanged from FY 2001 levels. These funds are used for the following: Catastrophic Illness in Children Relief Fund (administration) - $1.1 million; Children's Trust Fund - $0.5 million; State Facilities Education - $5.0 million; CapKold Food Production System (revolving fund) -$1.3 million; and Personal Needs Allowances (for persons in institutions) - $0.6 million.

Fiscal and Personnel Summary

AGENCY FUNDING BY SOURCE OF FUNDS ($000)

DEPARTMENT OF HUMAN SERVICES (TOTAL)

	Expended FY 2000	Adj. Approp. FY 2001	Recom. FY 2002	Percent Change 2000-02	Percent Change 2001-02
General Fund					
Direct State Services	$559,580	$563,384	$541,087	-3.3%	-4.0%
Grants - In - Aid	2,403,123	2,606,050	2,886,040	20.1%	10.7%
State Aid	359,198	305,087	262,771	-26.8%	-13.9%
Capital Construction	10,406	25,255	15,765	51.5%	-37.6%
Debt Service				0.0%	0.0%
Sub-Total	$3,332,307	$3,499,776	$3,705,663	11.2%	5.9%
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	$23,368	$23,369	$23,369	0.0%	0 0.0%
Casino Control Fund	$0	$0	$0	0.0%	0.0%
State Total	$3,355,675	$3,523,145	$3,729,032	11.1%	5.8%
Federal Funds	$2,689,395	$3,167,900	$3,503,273	30.3%	10.6%
Other Funds (a)	$523,936	$571,426	$508,775	-2.9%	-11.0%
Grand Total	$6,569,006	$7,262,471	$7,741,080	17.8%	6.6%

(a) Includes Revolving Funds.

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 2000	Revised FY 2001	Funded FY 2002	Percent Change 2000-02	Percent Change 2001-02
State	12,097	12,428	12,817	6.0%	3.1%
Federal	4,798	4,836	5,052	5.3%	4.5%
All Other (b)	533	517	448	-15.9%	-13.3%
	17,428	17,781	18,317	5.1%	3.0%

FY 2000 and revised FY 2001 personnel data reflect actual payroll counts. FY 2002 data reflect the number of positions funded.
(b) Does not include Revolving Fund positions.

AFFIRMATIVE ACTION DATA

Total Minority Percent	53.8%	54.5%	54.5%	----	----

Significant Changes/New Programs ($000)

Budget Item	Adj. Approp. FY 2001	Recomm. FY 2002	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/State Aid appropriations is approximately $40.0 million (State/federal) for a Cost of Living Adjustment/Salary Adjustment for Direct Services Workers to direct care employees. In addition, various direct care employees of provider agencies would receive a $1.00 per hour salary increase using unexpended balances within the Division of Developmental Disabilities Grants-In-Aid accounts. These matters are discussed on p. 2, Key Points.

Elimination of Legislative Grants

A listing of the Legislative grants, valued at $2.9 million, that are not continued or reduced, appears on pp. 2-3, Key Points.

DIVISION OF MENTAL HEALTH SERVICES

Budget Item	Adj. Approp. FY 2001	Recomm. FY 2002	Dollar Change	Percent Change	Budget Page
Direct State Services: Greystone Park Psychiatric Hospital Bridge Fund	$10,000	$0	($10,000)	(100.0)%	D-235
Grants-in-Aid: Greystone Park Psychiatric Hospital Bridge Fund	$0	$22,000	$22,000	—	D-235

Greystone Park Psychiatric Hospital Bridge Funds are reclassified from Direct State Services to Grants-in-Aid.

These monies will be used to enhance various community programs such as Intensive Case Management Supervision and Programs for Assertive Community Treatment that seek to reduce hospitalizations/rehospitalizations of persons discharged from State/county psychiatric facilities. Funds may also be transferred to Direct State Services/State Aid accounts as required.

Budget Item	Adj. Approp. FY 2001	Recomm. FY 2002	Dollar Change	Percent Change	Budget Page
Capital Construction	$9,000	$500	($8,500)	(94.4)%	D-238; D-240; D-244; D-245; D-247

The $500,000 would be used to replace the electrical distribution system at Ancora.

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

Budget Item	Adj. Approp. FY 2001	Recomm. FY 2002	Dollar Change	Percent Change	Budget Page

DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES

Budget Item	Adj. Approp. FY 2001	Recomm. FY 2002	Dollar Change	Percent Change	Budget Page
Health Services Administration and Management	$24,624	$27,855	$3,231	13.1%	D-250

Services Other Than Personal costs increase from $3.4 million to $5.0 million. The additional funds are for professional services (consultants) and information processing expenses.

Payments to Fiscal Agent costs increase from $4.7 million to $6.1 million and reflect costs of the new UNISYS contract.

Budget Item	Adj. Approp. FY 2001	Recomm. FY 2002	Dollar Change	Percent Change	Budget Page
Payments for Medical Assistance Recipients: Personal Care	$96,698	$108,707	$12,009	12.4%	D-250
Managed Care Initiative	$455,890	$457,140	$1,250	0.3%	D-250
Other Treatment Facilities	$8,047	$9,784	$1,737	21.6%	D-250
Inpatient Hospital	$173,620	$173,620	$0	0.0%	D-251
Prescription Drugs	$287,854	$287,854	$0	0.0%	D-251
Outpatient Hospital	$175,484	$150,523	($24,961)	(14.2)%	D-251
Physician	$20,824	$29,421	$8,597	41.3%	D-251
Home Health	$38,977	$28,420	($10,557)	(27.1)%	D-251
Dental	$9,823	$11,192	$1,369	13.9%	D-251
Psychiatric Hospital	$13,534	$11,670	($1,864)	(13.8)%	D-251
Clinic	$68,070	$55,551	($12,519)	(18.4)%	D-251
Transportation	$28,787	$23,255	($5,532)	(19.2)%	D-251
Other Services	$9,099	$7,253	($1,846)	(20.3)%	D-251

The amounts listed above are estimated FY 2002 expenditures to provide these services to Medicaid eligible clients:

- The $12.0 million increase in Personal Care costs includes $2.8 million to increase reimbursement to personal care assistants by nearly 7 percent (from approximately $14.50 to $15.50 per hour), effective January 2002.

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

Budget Item	Adj. Approp. FY 2001	Recomm. FY 2002	Dollar Change	Percent Change	Budget Page

- The Managed Care Initiative and Physician accounts include $17.5 million to increase physician reimbursement, effective January 2002. Dentists, emergency room physicians and pediatricians in managed care programs would receive a 30 percent reimbursement increase; physicians and other type of medical providers in the fee-for-service component of Medicaid would receive an 80 percent reimbursement increase.

- The Managed Care Initiative, Inpatient Hospitals and Prescription Drug recommended appropriations are reduced by $159.6 million, as additional federal Intergovernmental Transfer funds will be used to reduce State appropriations.

- Recommended appropriation reductions for various Medicaid services reflect savings expected to be realized by enrolling certain disabled persons into managed care programs; costs for such disabled persons are included within the Managed Care Initiative account. Increased appropriations for Other Treatment Facilities reflects an expansion in the type of facilities that now qualify for Medicaid reimbursement.

- The recommended appropriation incorporates $17.2 million in savings:

  Health insurance recoveries - $4.0 million; Pharmacy control measures such as prior authorization whenever a brand name drug is prescribed, and an increase in the discount the State receives from high volume pharmacies from 10 percent to 15 percent - $5.5 million; Deferred FY 2001 Savings - $3.5 million; ACCESS managed care savings - $2.0 million; Transportation savings - $1.5 million; and Additional Medicare B revenues - $0.7 million.

SSI-Disabled Back-to-Work Incentive	$750	$1,500	$750	100.0%	D-251

Estimated cost of a program that will be implemented during the second half of FY 2001. Costs are uncertain as it is not known how many disabled persons will enroll in the program.

Health Benefit Coordination Services	$9,379	$7,725	($1,654)	(17.6)%	D-251

The reduction will be offset by the availability of unexpended balances. Also, as more persons are phased into the Managed Care Initiative, coordination costs should decrease.

NJ FamilyCare - Affordable and Accessible Health Coverage Benefits	n.a.	$138,183	$138,183	—	D-251
NJFamilyCare ... Expansion	$0	$16,000	$16,000	—	D-251

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

Budget Item	Adj. Approp. FY 2001	Recomm. FY 2002	Dollar Change	Percent Change	Budget Page

NJ FamilyCare covers parents with incomes up to 200 percent of the federal poverty level and single persons and married adults without children with incomes up to 100 percent of the federal poverty level. NJ FamilyCare ... Expansion would expand coverage for single persons/married adults without children from 100 to 200 percent of the federal poverty level.

In FY 2001, NJ FamilyCare was funded partially "on budget" and "off budget." Approximately $48 million in medical costs for the General Assistance (GA) population was included within the GA State Aid appropriation; and approximately $70 million in program costs were "off-budget". In FY 2002, NJ FamilyCare costs are being entirely reflected as an "on-budget" expense. (Up to $6.0 million in FamilyCare funds may be used for program administration pursuant to budget language, D-255.)

Approximately 134,000 persons (including 10,600 in the Expansion) are expected to be covered by the program in FY 2002. The Tobacco Settlement Fund will fund $100 million of NJ Family Care costs.

Title XIX Children's Initiative	$10,000	$18,679	$8,679	86.8%	D-251

Funding for the second year of this multi-year initiative to enhance services to children with emotional and behavioral problems increases, as the Children's Initiative expands into Atlantic/Cape May, Bergen, Hudson, Mercer, Middlesex and Morris/Sussex counties and as additional services are provided. Federal funds of $29 million are anticipated. As the Initiative is in the early stages of implementation in Burlington, Monmouth and Union counties, no data on the initiative are available.

N.J. Health ACCESS Benefit Payments	$11,800	$1,980	($9,820)	(83.2)%	D-251

ACCESS costs are expected to decrease as enrollment is limited to persons who were enrolled as of July 1, 1998 and NJ FamilyCare is expanded.

DIVISION OF DEVELOPMENTAL DISABILITIES

Community Nursing Care Initiative - FY 2002 (Total)	$0	$1,610	$1,610	—	D-261
General Funds	$0	$1,173	$1,173	---	
Federal	$0	$437	$437	---	

The Nursing Care Initiative would provide community services to 25 developmentally disabled nursing home clients.

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

Budget Item	Adj. Approp. FY 2001	Recomm. FY 2002	Dollar Change	Percent Change	Budget Page
Community Services Waiting List Reduction Initiative - FY 2001 (Total)	$25,849	$39,785	$13,936	53.9%	D-261
General Funds	$18,688	$27,641	$8,953	47.9%	
Federal	$7,161	$12,144	$4,983	69.6%	
Community Services Waiting List Reduction Initiative - FY 2002 (Total)	$0	$35,832	$35,832	—	D-261
General Funds	$0	$25,706	$25,706	—	
Federal	$0	$10,126	$10,126	—	

Over a two-year period, the FY 2001 Initiative will provide 500 community placements, 400 day program slots and $3 million in family support services.

The new FY 2002 Initiative will provide 500 community placements, 400 day program slots and $3.5 million in family support services over a two year period.

Budget Item	Adj. Approp. FY 2001	Recomm. FY 2002	Dollar Change	Percent Change	Budget Page
Community Transition Initiative - FY 2001 (Total)	$7,666	$12,258	$4,592	59.9%	D-261
General Fund	$5,701	$8,589	$2,888	50.7%	
Federal	$1,965	$3,669	$1,704	86.7%	
Community Transition Initiative - FY 2002 (Total)	$0	$13,959	$13,959	—	D-261
General Funds	$0	$10,137	$10,137	—	
Federal	$0	$3,822	$3,822	—	

Over a two-year period, the FY 2001 Initiative will relocate 144 developmental center clients to community programs.

The new FY 2002 Initiative will relocate an additional 200 developmental center clients to community programs, also over a two-year period.

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

Budget Item	Adj. Approp. FY 2001	Recomm. FY 2002	Dollar Change	Percent Change	Budget Page

To minimize the loss of federal ICF-MR funds, beds that do not meet federal standards will be eliminated (primarily at the Vineland and Woodbine Developmental Centers) and staffing at the various developmental centers will be maintained to the extent possible.

Budget Item	Adj. Approp. FY 2001	Recomm. FY 2002	Dollar Change	Percent Change	Budget Page
Green Brook Regional Center	$1,677	$1,364	($313)	(18.7)%	D-264

The Green Brook Bond Payment account is eliminated as the mortgage has been retired.

Budget Item	Adj. Approp. FY 2001	Recomm. FY 2002	Dollar Change	Percent Change	Budget Page
Capital Construction	$8,425	$4,265	($4,160)	(49.4)%	D-267; D-272; D-274

Capital Construction funds will be used as follows: New Lisbon for HVAC improvements - $2.6 million; Vineland for a fire notification system - $0.5 million; and Woodbridge to replace and upgrade emergency generators - $1.2 million.

DIVISION OF FAMILY DEVELOPMENT

Budget Item	Adj. Approp. FY 2001	Recomm. FY 2002	Dollar Change	Percent Change	Budget Page
Personal Services (Total):	$26,630	$18,890	($7,740)	(29.1)%	D-283
General Fund	$9,813	$2,073	($7,740)	(78.9)%	
Federal	$16,817	$16,817	$0	0.0%	

The reduction in the amount of General Funds recommended for Personal Services reflects the use of unexpended FY 2001 balances for this account.

Budget Item	Adj. Approp. FY 2001	Recomm. FY 2002	Dollar Change	Percent Change	Budget Page
Electronic Benefits Transfer/Distribution System (Total)	$3,173	$4,023	$850	26.8%	D-283
General Fund	$492	$1,518	$1,026	208.5%	
Federal	$2,681	$2,505	($176)	(6.6)%	

The system which provides cash benefits and Food Stamps to eligible recipients through use of ATMs, is being extended to General Assistance, a program that does not qualify for federal reimbursements.

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

Budget Item	Adj. Approp. FY 2001	Recomm. FY 2002	Dollar Change	Percent Change	Budget Page
Work First New Jersey - Child Support Initiatives (Total)	$15,951	$12,615	($3,336)	(20.9)%	D-283
General Funds	$5,425	$4,291	($1,134)	(20.9)%	
Federal	$10,526	$8,324	($2,202)	(20.9)%	

Unexpended balances will be available to offset the funding reduction for various child support projects, including the New Hires monitoring system, centralized child support collections, financial institutions data match and various public relations activities.

Budget Item	Adj. Approp. FY 2001	Recomm. FY 2002	Dollar Change	Percent Change	Budget Page
Work First New Jersey - Technology Investment (Total)	$30,132	$19,965	($10,167)	(33.7)%	D-284
General Fund	$10,167	$0	($10,167)	(100.0)%	
Federal Funds	$19,965	$19,965	$0	0.0%	

The reduction in State appropriations is offset by using unexpended balances. In addition, proposed budget language would make an additional $3.0 million available to the account, if needed. These funds are used for a variety of data processing activities such as, Fingerimaging, One EZ Link and the General Assistance Automated System.

Budget Item	Adj. Approp. FY 2001	Recomm. FY 2002	Dollar Change	Percent Change	Budget Page
Work First New Jersey - Training Related Expenses (Total)	$21,851	$20,156	($1,695)	(7.8)%	D-284
General Fund	$2,275	$2,659	$384	16.9%	
Federal	$19,576	$17,497	($2,079)	(10.6)%	

These costs are to provide approximately 10,900 clients monthly with transportation and other expenses to enable clients to participate in training programs.

Budget Item	Adj. Approp. FY 2001	Recomm. FY 2002	Dollar Change	Percent Change	Budget Page
Work First New Jersey - Work Activities (Total)	$125,801	$139,167	$13,366	10.6%	D-284
General Fund	$38,777	$46,383	$7,606	19.6%	
Federal	$87,024	$92,784	$5,760	6.6%	

These estimated costs provide 3,700 clients with supported work projects, 400 clients with on-the-job training, 16,500 clients with alternative work experience, 1,500 clients with community work experience and 5,400 teen parents with vocational training/education on a monthly basis.

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

Budget Item	Adj. Approp. FY 2001	Recomm. FY 2002	Dollar Change	Percent Change	Budget Page
Work First New Jersey - Breaking the Cycle Pilots (Total)	$24,343	$23,084	($1,259)	(5.2)%	D-284
General Funds	$10,202	$7,884	($2,318)	(22.7)%	
Federal	$14,141	$15,200	$1,059	7.5%	

These estimated costs are associated with various projects such as: housing subsidies/housing security deposits; adolescent pregnancy prevention; transportation; faith-based initiatives; the 21st Century City program; and loan programs.

Budget Item	Adj. Approp. FY 2001	Recomm. FY 2002	Dollar Change	Percent Change	Budget Page
TANF Abbott Expansion	$68,211	$106,000	$37,789	55.4%	D-284

The FY 2001 appropriation represented a phase-in year to full-day, year round programs for three and four year old children in the Abbott districts. The FY 2002 recommended appropriation represents the annualization of FY 2001 costs and the completion of the phase-in to full-day, year round programs. An estimated 24,000 children will receive services.

Budget Item	Adj. Approp. FY 2001	Recomm. FY 2002	Dollar Change	Percent Change	Budget Page
Pre-Early Childhood Education	$0	$2,000	$2,000	—	D-284

This new program in the Abbott districts is intended to prepare at-risk children for preschool and to reduce instances of child abuse and neglect.

Budget Item	Adj. Approp. FY 2001	Recomm. FY 2002	Dollar Change	Percent Change	Budget Page
EITC Marketing	$0	$140	$140	—	D-284

This new program would be used to publicize the recently enacted earned income tax credit to households that may be eligible for the tax credit.

Budget Item	Adj. Approp. FY 2001	Recomm. FY 2002	Dollar Change	Percent Change	Budget Page
Mental Health Assessments (Total)	$1,200	$4,000	$2,800	233.3%	D-285
General Funds	$0	$1,600	$1,600	—	
Federal	$1,200	$2,400	$1,200	100.0%	

These monies would be used to provide mental health assessments, referrals and treatment to 600 TANF and 400 General Assistance clients.

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

Budget Item	Adj. Approp. FY 2001	Recomm. FY 2002	Dollar Change	Percent Change	Budget Page
Kinship Care Guardianship and Subsidy (Federal)	$0	$6,407	$6,407	—	D-285
Career Advancement Vouchers (Federal)	$3,750	$5,000	$1,250	33.3%	D-285
Domestic Violence Prevention Training and Assessment (Federal)	$600	$450	($150)	(25.0)%	D-284
Wage Supplement Program (Federal)	$1,017	$2,034	$1,017	100.0%	D-285

Kinship Care Guardianship and Subsidy. This program will increase the monthly subsidy low income family members (with incomes below 100 percent of the poverty level) receive, from $162 to $250 per month. It is estimated that 5,400 children will be affected by this program.

Career Advancement Vouchers. These monies would assist former TANF clients who are in entry-level jobs to obtain additional training and assistance to ensure that they remain gainfully employed.

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

Wage Supplement Program. TANF recipients who work 20 hours or more per week, who receive a TANF grant of less than $200 per month and who have been on TANF for at least five months, would receive a $200 wage supplement to remove them from the assistance roles and preserve their 60 months of eligibility for TANF benefits.

Substance Abuse Initiatives (Total)	$16,440	$20,174	$3,734	22.7%	D-285
General Fund	$7,721	$11,455	$3,734	48.4%	
Federal	$8,719	$8,719	$0	0.0%	

This program screens and provides substance abuse treatment services to applicants for TANF/General Assistance. Program costs are expected to increase to $20.2 million.

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

Budget Item	Adj. Approp. FY 2001	Recomm. FY 2002	Dollar Change	Percent Change	Budget Page
General Assistance (Total):	$104,687	$55,658	($49,029)	(46.8)%	
Emergency Assistance	$19,098	$18,193	($905)	(4.7)%	D-285
Payments to Municipalities...	$85,589	$37,465	($48,124)	(56.2)%	D-285

The recommended appropriations provides emergency assistance to 2,700 persons monthly and basic public assistance to 12,400 employable and 9,100 unemployable recipients monthly. Caseloads are expected to decline 5.8 percent in the Payments to Municipalities component and 4.3 percent in the Emergency Assistance component.

As health care costs for GA recipients are included in the NJ FamilyCare program administered by Medicaid, approximately $48 million in funding is no longer included in the Payments to Municipalities account.

Budget Item	Adj. Approp. FY 2001	Recomm. FY 2002	Dollar Change	Percent Change	Budget Page
Work First New Jersey - Client Benefits (Total):	$150,843	$146,013	($4,830)	(3.2)%	D-285
General Fund	$0	$1,996	$1,996	—	
Federal	$150,843	$144,017	($6,826)	(4.5)%	
Work First New Jersey - Emergency Assistance (Total):	$21,559	$22,337	$778	3.6%	D-285
General Fund	$0	$0	$0	—	
Federal	$21,559	$22,337	$778	3.6%	

As permitted by federal law, the State is funding virtually all Client Benefits/Emergency Assistance costs with federal TANF funds.

Compared to FY 2001 levels, the number of persons receiving Client Benefits will decline 7.1 percent, to approximately 113,300; and the number of persons receiving Emergency Assistance will decline 8.4 percent, to about 3,700 persons monthly, though average monthly expenditures are expected to increase from about $475 to $535.

Budget Item	Adj. Approp. FY 2001	Recomm. FY 2002	Dollar Change	Percent Change	Budget Page
Payments for Supplemental Security Income	$64,176	$65,152	$976	1.5%	D-286

State expenditures are expected to increase due to higher emergency assistance costs (from $2.9 million to $3.2 million) and burial expenses (from $11.2 million to $11.8 million).

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

Budget Item	Adj. Approp. FY 2001	Recomm. FY 2002	Dollar Change	Percent Change	Budget Page
State Supplemental Security Income Administrative Fee to SSA	$14,191	$14,871	$680	4.8%	D-286

The amount to reimburse the federal government in federal FY 2001 and FY 2002 will increase to $8.10 and $8.50 per check per month, respectively.

Budget Item	Adj. Approp. FY 2001	Recomm. FY 2002	Dollar Change	Percent Change	Budget Page
General Assistance County Administration	$21,168	$22,505	$1,337	6.3%	D-286

The appropriation reflects estimated costs to reimburse counties for administration of General Assistance. Certain municipalities such as Atlantic City, East Orange and Newark have chosen not to transfer administration to the county.

DIVISION OF YOUTH AND FAMILY SERVICES

Budget Item	Adj. Approp. FY 2001	Recomm. FY 2002	Dollar Change	Percent Change	Budget Page
Division of Youth and Family Services (Total):	$181,234	$185,629	$4,395	2.4%	D-291
General Fund	$47,937	$51,453	$3,516	7.3%	
Federal	$131,469	$132,316	$847	0.6%	
Other	$1,828	$1,860	$32	1.8%	

The increase in Direct State Services reflects the annualized cost of FY 2001 funding for additional Adoption Resource Center and District Office staff.

As a percentage of the Child Welfare League of America standard, DYFS caseworker staffing (January 2001) averaged 70.5 percent at the district offices and 66.8 percent at the adoption resource centers. Caseloads are expected to increase slightly from FY 2001 levels to 49,700 children and 25,700 families.

Budget Item	Adj. Approp. FY 2001	Recomm. FY 2002	Dollar Change	Percent Change	Budget Page
Subsidized Adoption (Total)	$43,211	$43,211	$0	0.0%	D-292
General Funds	$42,048	$39,948	($2,100)	(5.0)%	
Federal	$1,163	$3,263	$2,100	180.6%	

The recommended State appropriation assumes that a private accounting firm employed by the department to maximize federal revenues will generate $2.1 million in additional federal reimbursements. (The amount of federal funds reflected for Subsidized Adoption does not represent

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

Budget Item	Adj. Approp. FY 2001	Recomm. FY 2002	Dollar Change	Percent Change	Budget Page

the actual amount of federal funds the State receives for subsidized adoptions. This federal reimbursement can be, and is, used to support other program costs.)

Purchase of Social Services (Total)	$18,882	$24,690	$5,808	30.8%	D-293
General Funds	$6,411	$6,411	$0	0.0%	
Federal	$12,471	$18,279	$5,808	46.6%	

Additional federal TANF funds are being allocated for Grants-in-Aid in FY 2002.

DIVISION OF MANAGEMENT AND BUDGET

Services Other Than Personal	$7,749	$7,190	($559)	(7.2)%	D-297

Excluding a one-time $1.0 million supplemental appropriation to reimburse a consultant that is not continued, recommended appropriations increase by $441,000 to reimburse the Attorney General's office for legal costs.

Community Supports to Allow Discharge from Nursing Homes	$0	$2,000	$2,000	—	D-298

Subject to federal approval and related matching funds, Community Supports would relocate 75 physically disabled nursing home clients to community programs and would provide services to 75 physically disabled persons who might have to go into a nursing home.

Capital Construction	$7,830	$11,000	$3,170	40.5%	D-298; D-299

Capital Construction funds will be used as follows: Life Safety Improvements, Various Institutions and Community Facilities - $3.0 million; Statewide Automated Child Welfare Information System - $7.0 million; and Facility Environmental Assessments - $1.0 million.

Language Provisions

Division of Mental Health Services

2001 Appropriations Handbook	2002 Budget Recommendations
p. B-105.	
In addition to the amount appropriated hereinabove for the Greystone Park Psychiatric Hospital Bridge Fund account, such additional sums as may be required are appropriated from the General Fund, not to exceed $5,000,000, subject to the approval of the Director of the Division of Budget and Accounting.	No comparable language provision.

Explanation

The language provision was requested by the Administration to provide up to $5.0 million in additional funds for the Greystone Park Psychiatric Hospital Bridge Fund. The $5.0 million has been made available to the account. The language is not required in FY 2002, as $22.0 million has been recommended for the Greystone Park Psychiatric Hospital Bridge Fund.

2001 Appropriations Handbook	2002 Budget Recommendations
p. B-106.	
The unexpended balances as of June 30, 2000 of funds in the Juvenile Suicide Prevention Program-Mercer County account is appropriated, subject to the approval of the Director of the Division of Budget and Accounting.	No comparable language provision.

Explanation

The language provision is not continued. As of this writing, the account has over $200,000 in unexpended/unencumbered funds.

Language Provisions (Cont'd)

Division of Medical Assistance and Health Services

2001 Appropriations Handbook	2002 Budget Recommendations
pp. B-112/113/116.	
Notwithstanding any law to the contrary, such sums are appropriated as are necessary for the development and implementation of a Medicaid Disease State Management demonstration project, based on a plan approved in advance by the Director of the Division of Budget and Accounting.	No comparable language provisions.
Notwithstanding the provisions of any other law or regulation to the contrary, and in order to more prudently purchase, the Commissioner of Human Services is authorized to competitively bid managed care contracts, which provide for the medical care of those eligible for the Medical Assistance program, in such manner as the commissioner, in consultation with the State Treasurer, determines to be in the best interest of the State.	
The amounts hereinabove appropriated for Payments for Medical Assistance Recipients are available for the payments of the residual claims from the Garden State Health Plan.	
Notwithstanding any law to the contrary, all appropriations and any unexpended balance of funds appropriated or otherwise available to the Department of Health and Senior Services in connection with the administration of the New Jersey ACCESS program shall be transferred to the Department of Human Services, subject to the approval of the Director of the Division of Budget and Accounting.	

Explanation

Language provisions concerning development of a Medicaid Disease State Management demonstration project, competitively bidding managed care contracts, the Garden State Health Plan and ACCESS are dated and are no longer deemed necessary by the division.

Language Provisions (Cont'd)

2001 Appropriations Handbook	2002 Budget Recommendations
p. B-113.	
In addition to the amounts hereinabove for payments to providers on behalf of medical assistance recipients, such additional sums as may be required are appropriated from the General Fund to cover costs consequent to the establishment of presumptive eligibility for children in the Medicaid (Title XIX) program, subject to the approval of the Director of the Division of Budget and Accounting.	Similar language, except that the NJ KidCare and FamilyCare programs are also referenced.

Explanation

The FY 2002 language provision incorporates technical changes which reference the NJ KidCare and FamilyCare programs.

2001 Appropriations Handbook	2002 Budget Recommendations
	p. D-252.
No comparable language provision.	The unexpended balances as of June 30, 2001 in the NJ FamilyCare account are appropriated, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

Proposed language would reappropriate any unexpended NJ FamilyCare account balances. At this time, it is not known if the account will have unexpended balances.

Language Provisions (Cont'd)

2001 Appropriations Handbook

p. B-114.

Notwithstanding the provisions of any law or regulation to the contrary, effective July 1, 2000 consistent with the notice provisions of 42 CFR 447.205 where applicable, no funds appropriated in the Pharmaceutical Assistance to the Aged and Disabled program shall be expended except under the following conditions: (a) reimbursement for prescription drugs, excluding those products impacted by the State v. Ven-A-Care settlement, shall be based on the Average Wholesale Price less a 10% discount; (b) prescription drugs dispensed by a retail pharmacy shall be limited to a maximum 34 day supply for the initial prescription and a 34 day or 100 unit dose supply, whichever is greater, for any prescription refill; and (c) the current prescription drug dispensing fee structure set as a variable rate of $3.73 to $4.07 in effect on June 30, 2000 shall remain in effect through fiscal year 2001, including the current increments for patient consultation, impact allowances, and allowances for 24-hour emergency services.

2002 Budget Recommendations

p. D-254.

Similar language except that (a) has been reworded as follows:

... reimbursement for the cost of legend and non-legend drugs excluding nutritional supplements shall not exceed their Average Wholesale Price (AWP) less a 15% discount for high volume pharmacies as defined by the Commissioner of Human Services, or a 10% discount for all other pharmacies.

Explanation

Reference to the State v. Ven-A-Care settlement has been eliminated due to a policy change by the federal Health Care Financing Administration.

Proposed language would also increase the discount the State receives for prescription drugs from 10% to 15% for high volume pharmacies (to be defined) as it is assumed that such pharmacies receive a better price when they purchase drugs from a manufacturer or distributor.

(A similar language provision is included in the Division of Family Development's budget on D-287.)

Language Provisions (Cont'd)

2001 Appropriations Handbook	2002 Budget Recommendations
	p. D-254.
No comparable language provision.	Notwithstanding the provisions of any law or regulation to the contrary, effective July 1, 2001, no funds appropriated in the Payments to Medical Assistance - Prescription Drug account, or the NJ FamilyCare program, shall be expended for a substitutable brand-name drug unless prior authorization by the Medical Exception Process (MEP) vendor under contract with the Department of Human Services.

Explanation

Proposed language would require that any prescription requesting a brand name drug, when a generic equivalent is available, must be approved by the vendor which administers the MEP program before being filled.

2001 Appropriations Handbook	2002 Budget Recommendations
	p. D - 255.
No comparable language provisions.	Notwithstanding any law to the contrary, unexpended balances of funds from the Children's Health Insurance Program, defined in P.L.1997, c.272 (C.30:41-1 et seq.) shall be appropriated to the NJ FamilyCare Program as defined in P.L.2000, c.71, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

As the Children's Health Insurance Program (NJ KidCare) has been incorporated into the NJ FamilyCare Program, the proposed technical language would appropriate any unexpended NJ KidCare balances to the NJ FamilyCare Program.

Language Provisions (Cont'd)

2001 Appropriations Handbook	2002 Budget Recommendations
	p. D -255.
No comparable language provision.	Of the amount hereinabove for the NJ FamilyCare Program, there shall be transferred to various accounts, including Direct State Services and State Aid accounts such amounts, not to exceed $6,000,000, as are necessary to pay for administrative costs of the program, subsequent to the approval of the Director of the Division of Budget and Accounting.

Explanation

The proposed language would permit the transfer of up to $6.0 million in NJ FamilyCare Program appropriations for administrative costs of the program.

Division of Developmental Disabilities

2001 Appropriations Handbook	2002 Budget Recommendations
p. B-118.	p. D-263.
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, FY 2000 and FY 2001 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. This waiver also applies to those persons identified as part of the Community Transition Initiative - FY 2001 who choose self determination.	Similar language provisions, except that the various FY 2002 Initiatives are also referenced.

Explanation

The FY 2002 language provision incorporates technical changes to incorporate the various FY 2002 Initiatives.

Language Provisions (Cont'd)

2001 Appropriations Handbook	2002 Budget Recommendations
p. B-118; p. B-120.	
Of the amount appropriated hereinabove for the Community Services Waiting List Reduction Initiative - FY 2001 account, an amount not to exceed $1,083,000 of the total in the Family Support portion may be reallocated as required to fund a pilot program for in-home supports.	No comparable language provisions.
The unexpended balances as of June 30, 2000 in the Reward for Identification of Person(s) Responsible for the Assault on Client account are appropriated for the same purpose.	

Explanation

Language provisions concerning a pilot program for in-home supports and a reward account at the Vineland Developmental Center are not continued as the division considers the provisions unnecessary or dated.

2001 Appropriations Handbook	2002 Budget Recommendations
	p. D-263.
No comparable language provision.	From the amounts appropriated hereinabove for the Community Services Waiting List - FY 2002 and the Community Transition Initiative FY 2002 accounts, such funds as are necessary may be transferred to various administrative accounts as required, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The proposed technical language would permit the transfer of FY 2002 initiative funds to various administrative accounts. The amount of monies that may be transferred is not known at this time.

Language Provisions (Cont'd)

2001 Appropriations Handbook	2002 Budget Recommendations
	p. D-263.
No comparable language provision.	Such sums as are necessary from the unexpended balances in the Division of Developmental Disabilities' Community Services Waiting List - FY 2000, FY 2001, FY 2002, the Community Transition Initiative - FY 2001, FY 2002, and the Community Nursing Care Initiative - FY 2002, accounts in the Department of Human Services are appropriated for the purpose of providing a salary increase for Direct Care Workers' Salaries of providers contracting with the Department of Human Services, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

Proposed language would permit the use of unexpended balances from various DDD Initiatives to be used to provide direct care workers of community contract agencies with a $1.00 per hour salary increase, retroactive to January 1, 2002. The cost of a $1.00 per hour increase is estimated at $28.2 million in FY 2001 and $56.4 million in FY 2002.

2001 Appropriations Handbook	2002 Budget Recommendations
p. B-123	p. D-276.
The State appropriation is based on ICF/MR revenues of $178,067,000, provided that if the ICF/MR revenues exceed $178,067,000, 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 is $185,269,000.

Explanation

This technical change reflects the amount of federal ICF-MR revenues anticipated in FY 2002. However, it is noted that Schedule II Other Revenues indicates $181.7 million if federal ICF-MR revenues.

Language Provisions (Cont'd)

Division of Family Development

2001 Appropriations Handbook	2002 Budget Recommendations
	p. D-287.
No comparable language provision.	Notwithstanding any law to the contrary, amounts may be transferred from the Division of Family Development to the Department of Labor to meet the federal Welfare to Work requirements, subject to the approval to the Director of the Division of Budget and Accounting.
	Of the amounts appropriated for Work First New Jersey - Work Activities, amounts may be transferred to the Department of Labor in accordance with Division of Family Development's agreements with that department to provide work activities, subject to the approval of the Director of the Division of Budget and Accounting. Any unobligated balances remaining from funds transferred to the Department of Labor for Work First New Jersey - Work Activities shall be transferred back to the Division of Family Development subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The two language provisions are technical in nature. The first provision would permit the transfer of funds to the Department of Labor to enable the department to meet federal requirements. The second provision outlines how certain Work First New Jersey funds are to be handled between the two agencies.

Language Provisions (Cont'd)

2001 Appropriations Handbook	2002 Budget Recommendations
p. B-126.	p. D-287.
Notwithstanding any law to the contrary, of the amounts hereinabove for the Work First New Jersey - Work Activity and Work First New Jersey - Training Related Expenses, $30,900,000 is appropriated from the Workforce Development Partnership Fund, section 9, of P.L.1992, c.43 (C.34:15D-9), subject to the approval of the Director of the Division of Budget and Accounting.	Similar language, except that the amount is reduced to $5,000,000.

Explanation

Proposed language provision would reduce the amount of monies that are appropriated from the Workforce Development Partnership Fund for the Work First New Jersey program from $30.9 to $5 million. Thus, additional General Funds or federal TANF funds would be used to support any additional program costs.

2001 Appropriations Handbook	2002 Budget Recommendations
p. B-126.	
From the amount appropriated hereinabove for the Income Maintenance Management program classification, $250,000 shall be allocated for a grant to the Food Bank of Monmouth and Ocean Counties, Spring Lake.	No comparable language provision.

Explanation

The budget language was added by the Legislature and is not continued in FY 2002.

Language Provisions (Cont'd)

Department of Human Services (General)

2001 Appropriations Handbook	2002 Budget Recommendations
p. B-132.	
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.	No comparable language provisions.
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 above language provisions may have been inadvertently omitted from the FY 2002 budget recommendations as similar language was included in the Department of Health and Senior Services section.

Omission of the language provisions should not affect how the funds for cost of living adjustments are distributed as the department has indicated that direct care employees are to receive an overall 3.6 percent salary increase.

Discussion Points

DEPARTMENT OF HUMAN SERVICES (GENERAL)

1. In FY 2000, one-time funding was provided to the Division of Family Development to eliminate an accounting procedure wherein the State reimbursed county welfare agencies at the rate of 87.5 percent during January 1 - June 30 and at the rate of 102.5 percent during July 1, - December 31, so long as the total amount of State/federal reimbursement did not exceed 95 percent.

A similar accounting procedure exists with respect to mental health services. For patients at county hospitals, the State reimburses counties at the rate of 130 percent during July 1 - December 31 and at the rate of 50 percent during the period of January 1 - June 30, provided that the total amount paid by the State does not exceed 90 percent during the calendar year. For patients at State hospitals, counties pay 50 percent of the actual reasonable per capita costs, with the State reimbursing counties during the July 1 - December 31 period 40 percent of the total reasonable per capita costs for the January - December period.

Changing these mental health accounting policies could simplify administration at both the State and county levels. State revenues from the counties for patients at State hospitals would decrease on a one-time basis by about $25 million and State expenditures to reimburse counties for patients at county hospitals would increase by about $9 million. Conversely, county property taxes would decrease as county revenues would increase by about $9 million and county expenditures would decrease by about $25 million.

! *Question:* Should additional one-time funds be provided to modify mental health accounting procedures between the State and counties?

2. The Budget in Brief indicates that an $11.0 million line-of-credit will be available to the department to install sprinkler systems at various State facilities.

! *Question:* At what interest rate is the $11.0 million line-of-credit? Would it be more cost effective for the State to appropriate funds for this purpose rather than borrow the funds?

3. In FY 2000, the department incurred deficits in the fuel and utilities accounts of the various State institutions. A similar deficit is expected for FY 2001. As the fuel and utilities accounts at the various State institutions are flat funded in FY 2002, a deficit already exists in those accounts.

! *Question:* How much additional funds are needed to offset deficits in the "fuel and utilities" accounts?

4. As part of the Title XIX Children's Initiative, the department awarded contracts to three agencies that will serve as Care Management Organizations (CMOs) in Burlington, Monmouth and Union counties. Each of the three contracts is for about $1.6 million and is based on 120 children in each county being served.

However, the performance measures by which the CMOs are to be evaluated, particularly with respect to "outcomes," are yet to be determined. There are no baseline or performance standards in the contracts for such key measures as: restrictiveness of living environment; readmission rates; functioning; placement stability; permanency; and residential length of stay. Data already are available to enable the department to establish preliminary baseline or performance standards for each of these indicators on either a Statewide or county specific basis. by which to evaluate the CMOs. The absence of preliminary baseline or performance standards in the contract may leave the measures subject to interpretation.

Discussion Points (Cont'd)

! *Question:* Why were preliminary baseline or performance standards with respect to outcomes, on either a State or county specific basis, not identified as part of the initial CMO contracts?

DIVISION OF MENTAL HEALTH SERVICES

5. To address problems at Greystone Park Psychiatric Hospital, additional funds were provided in FY 2001 to increase staff and reduce the hospital's census. The following is noted:

- Though the number of nursing personnel has remained relatively unchanged at around 210, the number of human services assistants/human services technicians has increased from about 275 to 320.

- Between January 2000 - 2001, the net census declined from 619 to 540, as patients were transferred to the Ann Klein Forensic Hospital, Bergen Pines and Meadowview (Hudson). Also contributing to the reduction are fewer admissions: in FY 2000, about 32 patients were admitted monthly, and in FY 2001, approximately 23 patients are being admitted monthly.

- Despite better staffing and fewer patients, overtime hours/expenditures have not been reduced significantly: Overtime will exceed 300,000 hours and cost $7 million in FY 2001 compared to 275,000 hours and expenditures of $6.3 million in FY 1999.

! *Question:* Why have overtime hours/expenditures not declined on a comparative basis despite better staffing and fewer patients?

6. Overtime continues to be a problem at Ancora, Brisbane and Trenton. The increases in overtime hours/expenditures have occurred despite increases in the total number of direct care staff at the various facilities.

	FY 1998		FY 2001 est.	
Facility	Overtime Hours	Overtime $	Overtime Hours	Overtime $
Ancora	213,900	$4.5 million	250,000	$5.7 million
Brisbane	20,500	$0.5 million	36,300	$0.9 million
Trenton	120,300	$2.8 million	185,800	$4.7 million

! *Question:* Are additional staff needed at Ancora, Brisbane and Trenton to reduce overtime hours/expenditures?

7. Both Governor Whitman and Acting Governor DiFrancesco have indicated that new beds will be constructed at Greystone Park Psychiatric Hospital. The actual number of new beds to be constructed has not been indicated but as there are about 200 beds at Greystone which are in reasonably good physical condition and can be retained, as many as 300 new beds may be constructed at a potential cost of $50 million. The FY 2002 budget does not provide any funds for new beds at Greystone and no bond monies are available for construction costs.

Discussion Points (Cont'd)

! *Question:* How many beds will be constructed? At what cost? How will construction costs be funded?

8. Approximately $600,000 in State/federal funds has been provided for fraud abuse initiatives for the past few years.

! *Question:* How much fraud abuse savings has the initiative achieved?

9. The FY 2001 appropriations act provided $3.0 million for a Supportive Housing Initiative: $2.2 million for rental subsidies and $0.8 million for case management services. These monies were to enable 367 group home clients to relocate to more independent housing and place 165 State hospital patients into group homes. As of this writing, less than $1.0 million has been expended.

! *Question:* How many clients have been relocated from group homes? How many clients have been relocated from State hospitals? How much has been expended for rental subsidies and case management services?

10. The division is in the process of qualifying the Programs for Assertive Community Treatment (PACTs) for federal Medicaid reimbursement. Thus, some portion of the $21.0 million to be spent on PACTs will be offset by federal funds. For example, if approval to bill Medicaid is received by January 2002 and 20 percent of PACT clients are Medicaid eligible, federal Medicaid reimbursements of $1.0 million would be realized. The recommended Community Care Grants-In-Aid appropriation does not reflect such federal Medicaid reimbursements.

! *Question:* Does the Community Care appropriation reflect the receipt of Medicaid reimbursement for PACT services? Of the $21.0 million (gross) to be expended on PACT's, how much federal Medicaid reimbursement can reasonably be anticipated in FY 2002?

11. A review of the Intensive Case Management Services (ICMS) program indicated that agencies generated an average of about 15 percent in Medicaid reimbursement: some agencies generated less than 5 percent from Medicaid, while some agencies generated 25 percent or more from Medicaid. If agencies with Medicaid collections rates below the Statewide average increased collections to the Statewide average, State ICMS expenditures would be reduced by about $250,000.

A variety of reasons account for agency differences in Medicaid reimbursement:

- Inconsistent performance at the State hospitals in qualifying patients for Interim Assistance and Medicaid: ICMS agencies served by Ancora generally realized more Medicaid reimbursement than agencies served by Greystone.

- Some ICMS agencies are more diligent in qualifying clients for Medicaid and in reviewing and correcting Medicaid denials because the wrong procedure code/client Medicaid number was used.

! *Question*: What steps can be taken to improve the processing of Interim Assistance/Medicaid applications at the various State hospitals? Are additional staff trained in Medicaid reimbursement issues needed to work with agencies to increase Medicaid reimbursement?

Discussion Points (Cont'd)

DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES

12.a. Proposed budget language (D-254) would increase from 10 to 15 percent the discount the State receives from "high volume" pharmacies, as defined by the commissioner. The rationale for this increase is that manufacturers/distributors provide high volume pharmacies with better prices than low volume pharmacies.

! *Question:* What prescription volume will be used to define high volume? Will, for example, the total prescription volume of chain pharmacies such as CVS, Rite Aid or Walgreen's be considered, or will each individual CVS, Rite Aid or Walgreen's be considered separately in the determination of high volume?

12.b. Proposed budget language (D-254) would require prior authorization when a physician prescribes a brand name drug, if a generic is available. At present, a physician must write, "brand medically necessary" if a brand name medication is prescribed.

! *Question:* How many claims would be subject to prior authorization?

13. In late 1999, the Medical Exception Process (MEP) and the Monthly Prescription Threshold Process (MPTP) were implemented wherein certain Medicaid claims were reviewed by a private vendor. Reimbursement could be denied if inadequate justification were provided for the prescription.

The chart below indicates that between December 1999 - September 2000 out of nearly 225,000 claims reviewed, about 4,000 claims were denied by MEP/MPTP:

MPTP Claims Reviewed	MPTP Claims Denied	% Denied	MEP Claims Reviewed	MEP Claims Denied	% Denied
93,700	525	0.6%	130,500	3,500	2.7%

Through September 2000, the private vendor was reimbursed over $1.0 million for services. The estimated value of 4,000 claims that were denied was about $267,400 (based on an approximate Medicaid -Retail cost per claim of about $66):

MPTP Claims Costs	Est. Value of MPTP Claims Denied	MEP Claims Cost	Est. Value of MEP Claims Denied
$350,000	$34,800	$697,000	$231,900

Including one-time start-up costs, about $1.8 million has been expended to deny about $267,400 in Medicaid drug claims. (Administrative costs will increase as a new reimbursement structure is in place to reimburse the private vendor.)

! *Question:* As over $1.8 million has been spent to deny $267,000 in claims, should the cost-effectiveness of MEP/MPTP be reviewed? Alternatively, as MPTP appears to be less cost-effective than MEP, should the MPTP component be eliminated? Are there any non-cost related benefits for MEP or MPTP that should be considered in evaluating the effectiveness of the program?

Discussion Points (Cont'd)

14. Approximately $108.7 million is recommended for the Personal Care account, including $2.8 million to increase reimbursement by 7 percent, effective January 2002.

The division's efforts to control growth in Personal Care expenditures appears to have been successful: FY 2001 expenditures are estimated at around $94 million, compared to the $96.7 million adjusted appropriation. Also, the Cash and Counseling Program operated by the proposed Division of Disability Services may divert persons from using Personal Care services.

! *Question:* Can the $108.7 million recommended appropriation be reduced?

15. Continuation funding of $9.9 million is provided for Unit Dose Contract Services. As the unit dose system is being converted from a daily to a seven day delivery system at the developmental centers, there should be a reduction in transportation related costs.

! *Question:* As a seven day unit dose system should reduce transportation costs, can the recommended $9.9 million appropriation be reduced?

16.a. The NJ FamilyCare program provides health care coverage to parents of children on NJ KidCare with incomes up to 200 percent of the federal poverty level and to single persons and couples without children couples, including the General Assistance (GA) population, with incomes up to 100 percent of the federal poverty level. At the current rate of expenditure, NJ FamilyCare expenditures will be between $175 - $200 million, much of it for the GA population. As estimated costs were projected at about $135 million, NJ FamilyCare funding may be insufficient.

! *Question:* How will the potential funding shortfall be dealt with?

16.b. The FY 2002 budget recommends $243.7 million (gross) for NJ FamilyCare, including approximately $48 million for the GA population. The capitation rate managed care organizations receive for the GA population enrolled in NJ FamilyCare may be too low as the hospitalization costs of the GA population are not readily known because their hospitalization costs had been classified as charity care. Many GA recipients are diagnosed with HIV/AIDS, mental illness or other chronic medical conditions that result in significant hospitalization costs.

! *Question:* As GA hospitalization costs are uncertain, is the recommended appropriation sufficient?

16.c. In FY 2002, approximately $14.5 million in employer/individual contributions are anticipated in support of NJ FamilyCare costs, primarily from individuals. A system to obtain employer contributions is in the process of being established.

! *Question:* Is the $14.5 million estimate realistic given the limited experience in obtaining employer contributions?

17. To curtail Medicaid fraud and abuse, budget language has been included for several years to:

- Allow county welfare agencies to retain 25 percent of any gross recovery.
- Allow individuals to retain 10 percent of any recovery or $1,000, whichever is less.

! *Question*: How much has been recovered as a result of these provisions? If nothing has been recovered, are the language provisions still necessary?

Discussion Points (Cont'd)

DIVISION OF DEVELOPMENTAL DISABILITIES

18. The FY 2002 recommended budget provides funding for 39 State and 110 federal positions in the division's central office. As central office had in September 2000, and still has, approximately 68 State and 122 federal employees, insufficient funding is available for these positions.

! *Question*: How will the funding shortfall for about 40 positions be addressed?

19. To address between 15 to 20 vacancies in the Foster Grandparent program, the FY 2001 appropriations act provided $233,000 for the program.

! *Question*: Has the number of Foster Grandparent vacancies been reduced?

20. Approximately $1.6 million (gross) is recommended for a Community Care Nursing Initiative - FY 2002 to provide community services to 25 developmentally disabled persons in nursing homes. The initiative is, at least in part, in response to the Olmstead decision. The per client cost exceeds $64,000, compared to about $44,000 in a nursing home. Federal reimbursement under the initiative represents 27 percent of total costs, compared to 50 percent in a nursing home.

! *Question*: As cost is a valid consideration under the Olmstead decision, should funding for the Initiative be eliminated?

21. The Community Transition Initiative - FY 2001 was to place 144 clients from developmental centers into community programs during FY 2001 and FY 2002. Yet between FY 2001 and FY 2002, the developmental centers' census is unchanged at around 3,500.

! *Question*: How many of the 144 clients will be relocated from the developmental centers in FY 2001 and FY 2002?

22. The two Community Transition Initiatives - FY 2001 and FY 2002, coupled with natural attrition, will result in 400 fewer clients at developmental centers by the end of FY 2003. This reduction is equivalent to closing the North Jersey Developmental Center or four centers the size of the Green Brook Regional Center. By not beginning the process of closing a developmental center, a developmental center infrastructure that may be greater than necessary is being maintained.

! *Question:* As there will be at least 400 fewer clients at the seven developmental centers by the end of FY 2003, will a center be closed?

23. Overtime at the North Jersey Developmental Center has increased from 79,400 hours (FY 1999) to an estimated 106,400 hours (FY 2001), with a corresponding increase in expenditures. Though direct care staffing (nursing personnel, human services assistants/cottage training technicians) has declined slightly during this period, it would not account for a 34 percent increase in overtime.

! *Question*: Are additional staff or administrative changes needed to reduce overtime?

24. Budget language (D-276) indicates that federal ICF-MR revenues of $185.3 million (including fringe benefits/indirect costs) are anticipated. However, Schedule II (C-24) reports $181.7 million in ICF-MR revenues, a figure that may not include fringe benefits and indirect costs.

Discussion Points (Cont'd)

! *Question*: What is the correct amount?

COMMISSION FOR THE BLIND AND VISUALLY IMPAIRED

25. Approximately $1.3 million in 1994 bond funds appropriated to the commission to develop community residential programs has not been expended.

! *Question:* Should 1994 bond funds be reallocated to other capital projects within the department?

26. In FY 2000, available federal funding for Vocational Rehabilitation was $7.1 million, but only $5.0 million was expended, leaving an unexpended balance of $2.1 million.

! *Question:* What accounts for the $2.1 million in unexpended balances?

DIVISION OF FAMILY DEVELOPMENT

27. Though the FY 2002 budget recommends $20.0 million in federal funds for Work First New Jersey - Technology Investment, the account will have significant amounts of unexpended balances available. Also, proposed budget language would appropriate up to $3.0 million in additional State funds "to meet the timely implementation of ... technology initiatives."

As discussed in a Background Paper (p. 69), significant issues confront the Technology Investment program: projects are over budget and behind schedule; systems are not operating properly; etc. The cost to correct these problems is not known, but may cost hundreds of millions of dollars.

! *Question*: As many Technology Investment projects are over budget, behind schedule and not functioning as envisioned, should funding be reduced or terminated pending the submission of a detailed program and cost analysis?

28. The division was preparing a Request for Proposal to extend Fingerimaging Statewide. At present, Fingerimaging is limited to the General Assistance program in Newark and surrounding municipalities.

Though Fingerimaging may have a deterrent effect, the division has acknowledged that Fingerimaging identified few instances of fraud during its years of operation. An August 2000 New York Times article also concluded that fingerimaging programs are not cost effective.

! *Question*: As Fingerimaging may not be cost-effective, is Statewide expansion still being considered?

29. In July 2000, the federal government fined the State $1.3 million for its high payment error rate in the Food Stamps program. No monies actually changed hands as the State agreed to $1.3 million in improvements to reduce the Food Stamps error rate.

Quality Control Error Rate data for the April - September 2000 period indicates that the State's 10 percent payment error rate may result in a federal penalty.

! *Question:* How much does the State anticipate being fined for its Food Stamps error rate?

Discussion Points (Cont'd)

30. Continuation funding of $1.0 million is recommended to continue the SSI Attorney Fees project which assists TANF/General Assistance clients to obtain federal SSI benefits. To date, none of the $1.0 million FY 2001 appropriation has been expended, as FY 2000 obligated funds are supporting the program.

! *Question*: Can the FY 2002 recommended appropriation be reduced or eliminated as the program could operate with unexpended FY 2001 funds?

31. The budget recommends $300,000 for Work First New Jersey - Community Housing for Teens program. To date, less than $100,000 has been expended or obligated.

! *Question*: Can funding be reduced?

32. Of the $5.8 million appropriated for Kinship Care Initiatives in FY 2001, only $500,000 has been expended to date. The FY 2002 budget recommends continuation funding of $5.8 million for the program. In addition, the program will retain significant unexpended balances.

! *Question*: Can the Kinship Care Initiatives account be reduced as the program will retain a significant amount of FY 2001 unexpended balances?

33. The FY 2002 budget recommends $140,000 for EITC Marketing. Both the federal Internal Revenue Service and the State Division of Taxation already prepare information on the earned income tax credit that is distributed to the public in general, and to persons who may be eligible for the tax credit. Other organizations also publicize the earned income tax credit.

! *Question*: Can EITC Marketing be eliminated as duplicative of other publicity efforts?

34. Funding for the Substance Abuse Initiative would increase from $16.4 million (gross) to $20.2 million (gross). In FY 2000, the Initiative expended $10.1 million of the $18.8 million available and about 4,400 welfare clients were referred to the program of which 1,900 entered treatment. FY 2001 expenditures should not be significantly more than $10.1 million as the number of clients referred to the program and entering treatment approximate FY 2000 numbers.

! *Question:* Can the recommended appropriation be reduced as the number of clients served by the program and related expenditures are less than the $20.2 million?

35. The Legislature included budget language allocating $250,000 to the Food Bank of Monmouth and Ocean Counties. As of this writing, no funds have been distributed to the agency.

! *Question*: What is the status of the $250,000 allocation to the Food Bank?

36. In FY 2002, the recommended budget assumes 12,400 employable persons will receive General Assistance (GA). Though no statistical or financial data have been published since December 1999 because of computer problems, unpublished data indicate that 12,300 employable persons received GA benefits (December 2000). Thus, the number of employable persons receiving benefits is below the FY 2002 budget estimate.

! *Question*: Can the recommended appropriation for the GA employable component be reduced based on current caseloads?

Discussion Points (Cont'd)

37. The Work First New Jersey - Emergency Assistance (EA) appropriation assumes that monthly caseloads will decline from about 4,050 to 3,700. For the July - December 2000 period, caseloads averaged about 4,800, significantly greater than the FY 2001 estimate.

! *Question*: As EA caseloads have not declined as anticipated, is the FY 2002 EA appropriation adequate?

38. Payments for Supplemental Security Income are expected to increase from $64.2 million to $65.2 million. Current data projects $63 million in expenditures, about $1.2 million less than estimated.

! *Question*: Can the recommended appropriation be reduced based on more current expenditure data?

39. For the past several years, the function of providing SSI recipients with their monthly State supplement was to have been privatized, as opposed to paying the federal government for this service from the State Supplemental Security Income Administrative Fee to SSA account. The FY 2002 recommended budget assumes that the function will not be privatized and that the State will still continue to reimburse the federal government for this service.

! *Question*: What is the status of privatization?

40. The budget recommends $22.5 million for General Assistance (GA) County Administration. The number of persons on GA is expected to decline, from about 22,800 to 21,500 in FY 2002. Also, county administrative costs should be reduced, as the GA accounting system becomes operational.

! *Question*: Can the recommended appropriation be reduced as GA caseloads are declining and the computer system becomes operational?

41. Food Stamp Administration - State funding of $8.6 million is recommended. These monies reimburse counties for a reduction in federal Food Stamps administrative funding.

The amount of State funds needed to reimburse counties should decline as the declining TANF/Food Stamps enrollment should reduce county administrative costs with a corresponding reduction in the amount of federal administrative funds lost. In addition, as of this writing, no FY 2001 funds have been expended to reimburse counties for such administrative costs.

! *Question*: Can the recommended appropriation be reduced?

42. The FY 2002 budget recommends $4.0 million for the Food Stamps for Legal Aliens program. As federal Food Stamps eligibility has been restored to some legal aliens, FY 2001 program expenditures will be about $3.8 million: $3.2 million in Food Stamp benefits and about $550,000 in administrative costs.

! *Question:* Can the recommended appropriation be reduced?

DIVISION OF YOUTH AND FAMILY SERVICES

43. Despite additional funding to improve staffing levels at the various district offices, staffing levels, as a percentage of the Child Welfare League of America standards, particularly in the

Discussion Points (Cont'd)

southern region, have not improved due to retirements and resignations of case workers as indicated in the chart below:

District Offices	January 1998	January 2001
Central Region	80.5%	75.5%
Metropolitan Region	79.2%	71.6%
Northern Region	85.5%	75.2%
Southern Region	78.5%	63.1%

! *Question:* What additional funding is required to prevent staffing levels from decreasing even further?

44. The chart below lists various Grants-In-Aid accounts where significant FY 2000 State funds lapsed, and the recommended FY 2002 appropriation (State share):

PROGRAM	FY 2000 Expended	FY 2000 Lapsed	FY 2002 Recom.
Purchase of Social Services	$4.8 million	$1.1 million	$6.4 million
County Human Services Advisory Board - Formula Funding	$6.9 million	$0.3 million	$7.4 million
Domestic Violence Program	$3.8 million	$0.1 million	$4.1 million
Family Support Services	$27.6 million	$1.7 million	$32.0 million
Residential Placements	$48.2 million	$1.1 million	$54.3 million
Group Homes	$13.7 million	$0.6 million	$20.6 million

! *Question:* Can the recommended appropriations be reduced in view of the FY 2000 lapses?

45. Since the federal Adoption and Safe Families Act took effect, the number of children assigned to the Adoption Resource Centers for purposes of adoption has increased from about 2,300 (January 1998) to nearly 3,300 (January 2001). However, no significant reduction in the number of months children are in placement before being adopted has occurred: January 1998 - 41.5 months; January 2001 - 40.9 months. Also, the net increase in adoptions has remained in the 300 - 400 annual range.

! *Question:* Is additional funding required to reduce the amount of time children wait before being adopted and to significantly increase the number of adoptions?

46. The State's Subsidized Adoption appropriation is reduced by $2.1 million with a corresponding increase in federal reimbursements. The FY 2002 budget assumes that a private accounting firm will generate additional federal revenues.

The private accounting firm has had several claims rejected by the federal government due to inadequate documentation that the children were eligible for federal reimbursement.

Discussion Points (Cont'd)

! *Question:* As the $2.1 million increase in federal reimbursement for Subsidized Adoption is speculative, should additional State funds be made available?

47. Continuation funding of $47.9 million (gross) is recommended for Foster Care. However, FY 2001 expenditures are estimated at $58.5 million. As the projected number of children in paid Foster Care in FY 2002 is essentially unchanged at about 6,740, the FY 2002 appropriation appears to underfund the account.

! *Question*: As FY 2001 Foster Care expenditures are estimated at $58.5 million (gross), is the $47.9 million (gross) recommended appropriation sufficient?

48. The division has not been able to expend its bond appropriations in a timely manner:

Bond Issue	Amount Unexpended
1994	$3.4 million
1989	$1.9 million
1984	$0.6 million

! *Question:* Should unexpended bond funds be reallocated to other capital projects within the department?

DIVISION OF THE DEAF AND HARD OF HEARING

49. In response to requests from community groups representing the deaf and hard of hearing community, the FY 2001 appropriations act provided an additional $250,000 to expand services. As of this writing, less than $50,000 has been expended.

! *Question*: What is the status of the appropriation? How are the funds to be expend0ed?

DIVISION OF MANAGEMENT AND BUDGET

50. Overtime costs attributable to the Human Services Police Department continue to exceed $1.0 million annually. The primary factor for the overtime is unfilled police vacancies.

! *Question:* As the department had previously indicated that such vacancies would be filled, how many vacancies presently exist and what steps have been taken to fill them?

51. The FY 2002 budget recommends $2.0 million for a new program, subject to federal approval, Community Supports to Allow Discharge from Nursing Homes, to enable 75 physically disabled clients to be relocated from nursing homes and to prevent 75 physically disabled clients from being placed into nursing homes.

! *Question:* Since the federal government has not approved the program's waiver application and new programs, in general, tend to overestimate the number of persons served during the first year, can the recommended appropriation be reduced?

Discussion Points (Cont'd)

52. In FY 2001, $3.5 million in Capital Construction funds were appropriated for the Statewide Automated Child Welfare Information System (SACWIS). As of this writing, about $120,000 has been expended.

The FY 2002 budget recommends an additional $7.0 million in Capital Construction funds for SACWIS. The SACWIS project will issue a Request for Proposal by the end of FY 2001. Until bids are received and evaluated, SACWIS costs are uncertain and the length of time needed to develop and implement SACWIS is not known.

! *Question*: As SACWIS costs are uncertain at this time and the implementation schedule of SACWIS is not known, can the appropriation be reduced?

53. Budget language to reappropriate the unexpended balances in Physician-Dentist Fellowship account is recommended. To date, none of the $2.5 million available for the program has been expended.

! *Question*: As no funds have been expended in the Physician-Dentist Fellowship program, can the amount of unexpended balances to be reappropriated be reduced?

Background Paper: NJ Kid Care/FamilyCare -- An Overview

Budget Pages.... D-249 (Evaluation Data); D-251; D-252 (Federal and Other Funds)

Funding (per Evaluation Data - $000)	Actual FY 2000	Revised FY 2001	Estimate FY 2002
NJ KidCare(a)	$66,150	$90,439	$110,835
Other (State) Funds	$23,152	$31,731	$38,842
Federal	42,997	58,707	71,993
NJ FamilyCare (a)	-	$168,993	$264,855
General Funds		$107,197b	$160,850c
Federal		60,674	89,507
Employer/Individual Contributions		1,123	14,496

a. Includes administrative costs. Totals may not add due to rounding.
b. Includes $70 million in Tobacco Settlement Funds.
c. Includes $100 million in Tobacco Settlement Funds.

SUMMARY

Until (a) NJ FamilyCare expenditure data for March 2001 and later months become available and (b) capitation rates managed care organizations will receive in FY 2002 are known, the adequacy of the $264.9 million recommended for NJ FamilyCare in FY 2002 cannot be determined.

BACKGROUND AND ANALYSIS

NJ KidCare

NJ KidCare consists of four distinct eligibility groups:

Plan A (Medicaid Expansion) - for children with family incomes up to 133% of the federal poverty level (FPL).[1]
Plan B - for children with family incomes of between 134% and 150% of the FPL.
Plan C - for children with family incomes of between 151% and 200% of the FPL.
Plan D - for children with family incomes of between 201% and 350% of the FPL.

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[1] The 2001 federal poverty levels (FPL) are:

Family Size	133% of FPL	150% of FPL	200% of FPL	350%of FPL
1	$11,425	$12,885	$17,180	$30,065
2	15,441	17,415	23,220	40,635
3	19,458	21,945	29,260	51,205
4	23,475	26,475	35,300	61,775

Background Paper: NJ Kid Care/FamilyCare -- An Overview (Cont'd)

The federal matching rate for program expenditures is 65%, compared to 50% in the regular Medicaid program. The State's annual allocation of federal funds is $98.8 million which can be expended over a three-year period. When combined with State funds, approximately $152.0 million is available for NJ KidCare costs.

In January 2001, the federal government approved a waiver that will allow federal KidCare funds to cover:

- The parents of children enrolled in NJ KidCare with incomes up to 200% of the FPL.
- Pregnant women with incomes between 185% - 200% of the FPL.

Initially, it had been estimated that over 100,000 children would be enrolled in NJ KidCare. While enrollments are increasing, it is doubtful that enrollments will reach either the revised FY 2001 estimate of 91,300 or the FY 2002 estimate of 106,700, as the average monthly rate of enrollment growth is about 1.2%:

NJ KidCare Enrollment

	Plan A	Plan B	Plan C	Plan D	Total
Dec. 1999	25,600	6,000	17,600	4,400	53,600
June 2000	29,400	7,500	21,100	9,400	67,400
Dec. 2000	31,200	8,000	23,000	12,700	74,800

Because of lower enrollments, the State has not utilized all the $98.8 million in federal funds available for the program. Thus, sufficient federal KidCare funds are available to enable the State to cover pregnant women with income between 185% - 200% of the FPL and for parents whose children are enrolled in NJ KidCare with income up to 200% of the FPL.

NJ FamilyCare

NJ FamilyCare consists of two distinct eligibility groups:

Parents of Children Enrolled in NJ KidCare - with incomes up to 200% of the FPL. Initially, federal Medicaid reimbursement only was available for parents with incomes up to 133% of the FPL. A January 2001 federal waiver will enable the State to use federal KidCare funds for parents with incomes up to 200% of the FPL at a 65% federal matching rate.

Single Persons and Couples Without Dependent Children - with incomes of up to 100% of the FPL, including 20,000 - 25,000 General Assistance recipients. The FY 2002 recommended budget would provide coverage to an additional 10,600 persons by increasing the income limits from 100% to 200% of the FPL.

The FY 2000 appropriations act assumed that NJ FamilyCare enrollment would reach 85,300 by the end of the fiscal year, including about 24,000 General Assistance recipients. Preliminary March 2001 data indicate enrollment of nearly 80,000. The chart on the next page provides enrollment data for the October 2000 - January 2001 period:

Background Paper: NJ Kid Care/FamilyCare -- An Overview (Cont'd)

NJ FamilyCare Enrollment

	Parents: Income < 133% FPL	Parents: Income 134% - 200% FPL	Single Persons - Childless Couples: Income < 23% FPL	Single Persons - Childless Couples: Income 24% - 100% FPL	Total
Oct. 2000	3,400	minimal	23,500	900	27,800
Nov. 2000	12,000	minimal	24,500	1,500	38,000
Dec. 2000	26,300	700	24,800	3,500	53,700
Jan. 2000	33,400	3,200	25,000	3,600	65,300

Expenditures: As indicated in the chart below, through January 2001, $53.2 million has been expended which is greater than anticipated largely because until more parents, single persons and couples without dependent children are enrolled in or assigned to a managed care provider, the State is reimbursing providers directly for health care services. And the rates paid by Medicaid for hospital services and prescription drugs is higher than what managed care organizations reimburse for similar hospital services or prescription drugs. For example, through January 2001, only 20% of total FamilyCare expenditures were for managed care payments, while nearly 50% of expenditures were for inpatient/outpatient hospital services on a fee-for-service basis.

SERVICE ($000)	Oct. 2000	Nov. 2000	Dec. 2000	Jan. 2001	TOTALS*
Inpatient Hosp.	$4	$3,801	$5,213	$7,193	$16,211
Outpatient Hosp.	7	1,922	2,742	4,741	9,412
Prescription Drugs	1,596	3,399	3,035	3,502	11,531
HMO Capitation	-	1,328	3,264	6,151	10,743
Other	-	1,625	1,623	2,023	5,272
TOTALS*	$1,607	$12,075	$15,877	$23,610	$53,169
Parents - Medicaid	$22	$1,002	$2,912	$5,926	$9,862
Parents - Non Medicaid	2	72	179	590	843
Single Persons/Childless Couples	1,583	11,000	12,787	17,094	42,464

* Totals may not add due to rounding.

Program costs should begin to moderate, or even decrease, beginning March 2001, as persons who have not selected a managed care providers will be assigned one. Also, effective January 2001, federal Medicaid reimbursement for parents with incomes up to 200% of the FPL will increase from 50% to 65% pursuant to the recently approved federal waiver that will allow the State to use federal KidCare funds to cover such parents.

Background Paper: Community Care Nursing Initiative

Budget Pages.... D-261.

Funding ($000)	Expended FY 2000	Adj. Approp. FY 2001	Recom. FY 2002
Community Care Nursing Initiative - FY 2002	--	--	$1,610
General Fund			$1,173
Federal			437

SUMMARY

The proposed Community Care Nursing Initiative - FY 2002 may not be cost effective.

BACKGROUND and ANALYSIS

The FY 2002 budget recommends $1.6 million ($1.2 million State/$0.4 million federal) for a new Community Care Nursing Initiative - FY 2002 to provide 25 developmentally disabled clients currently residing in nursing homes with services to permit them to live in the community.[1] The Nursing Initiative responds to the U.S. Supreme Court Olmstead decision wherein the court ruled that, where appropriate and cost effective, community care should be provided to persons in institutions.

The Olmstead decision permits cost to be considered in deciding whether community care should be provided. Available information indicates that the Nursing Initiative may not be cost effective:

- The $1.6 million recommended is equal to an annual per client cost of $64,400. In comparison, the annual Medicaid cost for nursing home care is about $44,000. Thus, the cost to provide services under the Initiative would be $20,000 more than the cost of nursing home care.

- Under the Initiative, the federal share of costs is 27 percent. In a nursing home, the federal share is 50 percent. Thus, under the Initiative, State funds will comprise a larger percentage of program costs than in a nursing home.

[1] The 25 developmentally disabled persons in nursing homes who would be willing to take part in the Nursing Initiative have not been identified.

Background Paper: Community Transition Initiatives and the Closing of Developmental Centers

Budget Pages.... D-261.

Funding ($000)	Expended FY 2000	Adj. Approp. FY 2001	Recom. FY 2002
Community Transition Initiative:	$0	$7,666	$26,217
FY 2001 (Gross)	$0	$7,666	$12,258
FY 2002 (Gross)	$0	$0	$13,959

SUMMARY

Once the two Initiatives are completed, a sufficient number of clients will have been relocated from developmental centers to close a developmental center. By not relocating and transferring clients among the various developmental centers, more developmental centers will be maintained than may be necessary.

BACKGROUND

The FY 2001 appropriations act and the FY 2002 recommended budget provide $7.6 million and $12.3 million, respectively, to enable 144 clients from various developmental centers to be relocated to community programs. As of this writing, no clients have been placed into community programs.

The FY 2002 recommended budget provides $14.0 million to place an additional 200 clients from various developmental center into community programs. (At this time, no clients have been identified who would be willing to relocate to community programs.)

These two Initiatives are a response to the U.S. Supreme Court Olmstead decision where the court ruled that, where appropriate, clients should receive community services instead of remaining in a State institution.

Assuming the two Initiatives are successful in relocating 344 clients from developmental centers to community programs by FY 2003, and when combined with historical attrition, developmental centers will have over 400 fewer clients. A 400 person reduction is equivalent to closing almost three Green Brook Regional Centers or a North Jersey Developmental Center. But as the Initiatives will relocate clients from every developmental center, without transferring or relocating the remaining clients among the other developmental centers, the State will continue to operate seven developmental centers when at least one developmental center could be closed.

ANALYSIS

The two Community Transition Initiatives along with historical attrition at the developmental centers will reduce the number of clients at developmental centers by over 400 by the end of FY 2003, yet, at present, the same number of developmental centers will be maintained. To reduce administrative costs, initial planning should begin to determine which clients can be relocated to other developmental centers with the goal of facilitating the closing of at least one developmental center with a corresponding savings in administrative overhead.

Background Paper: Federal Temporary Assistance to Needy Family (TANF) Funds and State Maintenance of Effort (MOE) Allocations

SUMMARY

The State receives a block grant of approximately $404 million from the federal government for the TANF program. To obtain these funds, the State must spend at least $300 million annually of its own funds - its MOE requirement.

As questions are frequently asked as to how the State is expending its federal TANF funds and what expenditures are being counted towards the State's MOE, the tables on the next two pages provide a breakdown of federal TANF and State MOE allocations for FY 2001 and FY 2002. (It is assumed that actual expenditures will approximate the amount allocated for particular activities.) The tables indicate that:

- Federal TANF allocations in FY 2001 and FY 2002 will exceed the $404 million in federal funds the State will receive from the federal government. The State is spending or will spend down unexpended federal TANF funds that had accumulated from previous years.

- State MOE allocations are greater than the minimum amount needed to receive its allotment of federal TANF funds.

Background Paper: Federal Temporary Assistance to Needy Family (TANF) Funds and State Maintenance of Effort (MOE) Allocations (Cont'd)

Table 1. Federal TANF Allocations

	FY 2001	FY 2002
TANF TOTAL[1]	$515,608	$487,789
ADMINISTRATION TOTAL	$50,595	$50,595
State	13,595	13,595
County	37,000	37,000
TECHNOLOGY	$8,706	$8,660
GRANTS-IN-AID TOTAL	$266,149	$244,424
Training Related Expenses	19,086	17,007
Work Activities	80,698	83,089
Child Care	95,020	73,246
Substance Abuse	8,719	8,719
Social Services Block Grant Transfer	20,423	9,377
Early Childhood Education	6,000	6,000
Child Care Evaluation	630	630
Criminal History Checks	2,615	2,615
Housing Diversion Program	2,000	2,000
Medicaid Outreach	5,000	5,000
Breaking the Cycle	13,141	14,200
Faith-Based Initiatives	1,000	1,000
Domestic Violence Training	600	450
Independent Living Services	1,500	1,500
Career Advancement Vouchers	3,750	5,000
Wage Supplement Program	1,017	2,034
Mental Health Assessment/Treatment	1,200	2,400
Kinship Care Initiatives	0	6,407
School Based Youth Services	3,750	3,750
STATE AID TOTAL	$190,158	$184,110
TANF Recipients Assistance	150,843	144,017
Emergency Assistance	28,399	29,177
Social Services Block Grant Transfer	8,602	8,602
Food Stamps for Legal Aliens	2,114	2,114
Other	200	200

[1] Includes unexpended federal TANF Block Grant funds from previous years.

Background Paper: Federal Temporary Assistance to Needy Family (TANF) Funds and State Maintenance of Effort (MOE) Allocations (Cont'd)

Table 2. State MOE Allocations

	FY 2001	FY 2002
MOE TOTAL	$322,301	$377,059
ADMINISTRATION TOTAL	$39,950	$39,950
State	2,950	2,950
County	37,000	37,000
TECHNOLOGY	$1,929	$1,865
GRANTS-IN-AID TOTAL	$237,461	$295,745
Work Activities (DHS)	23,466	23,516
Work Activities (Other)	8,150	8,150
Child Care	26,374	26,374
Early Childhood Education (DHS)	20,000	40,000
Early Childhood Education (Other)	112,000	112,000
Pre Early Childhood Education	0	2.000
Housing Subsidy Program	2,500	2,500
Earned Income Tax Credit	37,500	70,000
Substance Abuse	6,221	9,955
Substance Abuse (Other)	1,250	1,250
STATE AID	$42,961	$39,499
TANF Recipients Assistance	0	1,996
Emergency Assistance	6,840	6840
County Share of Assistance	7,092	6940
Child Support Collections	29,029	23,723

Background Paper: Welfare Data Processing Initiatives

Funding ($000)	Expended FY 2000	Adj. Approp. FY 2001	Recom. FY 2002
Work First New Jersey - Technology Investment (TOTAL)	$20,587	$30,132	$19,965
State	$11,920	$10,167	*
Federal	8,667	19,965	19,965

* Over $10 million in unexpended balances will be available.

SUMMARY

Before providing additional funds for the Technology Investment account, ongoing implementation problems and cost uncertainties over future projects need to be reviewed.

BACKGROUND

In March 1997, the Department of Human Services (DHS) requested and received approval to spend upwards of $70 million in State/federal funds in FY 1997 and FY 1998 to modernize various computer systems within the Division of Family Development (DFD) and to undertake other data processing initiatives such as the One EZ Link project and General Assistance Automation System. Subsequent expenditures on these and other data processing activities may have increased total expenditures to over $100 million.

It appears that many of these data processing initiatives have not been successful, have cost more than anticipated and have taken longer to develop than anticipated:

- Family Assistance Management Information System. A Request for Information was released in late 2000 as a first step to redesign the primary welfare/Food Stamps/Work First New Jersey computer systems. Until a Request for Proposal is issued and bids are received and reviewed, the project's cost will not be known, but it is highly likely that the cost to redesign this system could be in the $100 million range.

- Automated Child Support Enforcement System. A Request for Proposal was released in late 2000 to hire a consultant to "reengineer" the State's child support enforcement system. Towards the end of FY 2002, a Request for Proposal will be issued for the actual reengineering. Until bids are received and reviewed, reengineering costs will not be known, but it is highly likely that costs will exceed $100 million.

- General Assistance Automation System (GAAS). A project that was to be completed February 1999 at a cost of about $2 million is still not fully operational in March 2001. Documented costs through August 1999 were between $4 and $5 million. Total expenditures on GAAS are not readily available as costs were absorbed by existing personnel and other projects.

- Fingerimaging. Initially implemented to deter fraud (i.e., the receipt of benefits from multiple jurisdictions) in the Newark General Assistance program, DFD has acknowledged that few cases of fraud have been documented. Despite evidence that Fingerimaging is not cost effective, Statewide implementation is still being actively considered, at an unknown cost.

Background Paper: Welfare Data Processing Initiatives (Cont'd)

- One EZ Link (OEL). After nearly four years of development and implementation at a cost of $6.4 million, OEL is still largely an Email system. The case management software that is part of OEL does not interface with other DHS computer systems. For example, a mental health agency taking client information using OEL would still have to complete the Division of Mental Health Services' USTF document (the primary intake document), as OEL does not transfer information to the USTF document. Agencies under contract to DHS cannot use OEL to send necessary financial and statistical reports the department needs. The cost to link OEL with other DHS computer systems and forms required by the various divisions is not known.

ANALYSIS

Upwards of $100 million has been expended on data processing enhancements since FY 1997 with limited success.

Costs for systems such as GAAS increased significantly beyond initial estimates. Despite evidence that Fingerimaging is not cost effective, DFD is considering expanding Fingerimaging Statewide at an unknown cost. How much additional funds are necessary to make OEL interface with existing and future department data systems is not known, and the cost of new systems for welfare, Food Stamps and child support will likely be in the hundreds of millions of dollars.

Appropriating monies for Technology Initiatives would allow funds to be expended on projects whose costs are not known. Prior to appropriating funds to this initiative, the Legislature should consider requiring DHS and DFD to define its short and long term data processing objectives and the costs associated with these projects.

Background Paper: Division of Youth and Family Services (DYFS)

BACKGROUND AND ANALYSIS

Beginning in FY 1998, the Legislature provided additional funds to DYFS to increase staffing, reduce the time children spend in out-of-home placement such as foster care and increase the number of adoptions:

FY 2002 recommended: Child Protection Initiative - $12.2 million; Foster Care Permanency - $6.8 million; Adoption Resource Center Hiring - $4.4 million; District Office Hiring - $5.8 million; Foster Care and Permanency Initiative (Grants) -$15.8 million; and Certified Drug and Alcohol Counselors Model (Grants) - $1.5 million.

FY 2001 adjusted: Child Protection Initiative - $12.2 million; Foster Care Permanency - $6.8 million; Adoption Resource Center Hiring - $3.5 million; District Office Hiring - $2.5 million; Foster Care and Permanency Initiative (Grants) -$15.8 million; and Certified Drug and Alcohol Counselors Model (Grants) - $1.5 million.

FY 2000 expended: Child Protection Initiative - $12.2 million; Foster Care Permanency - $6.8 million; Foster Care and Permanency Initiative (Grants) -$14.7 million; and Certified Drug and Alcohol Counselors Model (Grants) - $1.5 million.

FY 1999 expended: Child Protection Initiative - $12.2 million; Foster Care and Permanency Initiative (Grants) - $9.3 million; and Certified Drug and Alcohol Counselors Model (Grants) - $1.5 million.

FY 1998 expended: Child Protection Initiative - $13.8 million.

The following tables provide various statistical data concerning aspects of DYFS' operations at a specific point in time since additional funds were provided.

District Office (DO) and Adoption Resource Center (ARC) Staffing[1]

	January 1998	January 1999	January 2000	January 2001
ARCs	62.9%	61.2%	59.8%	66.8%
Central Region DOs	80.5%	81.4%	81.0%	75.5%
Metropolitan Region DOs	79.2%	76.0%	80.2%	71.6%
Northern Region DOs	85.5%	81.1%	80.9%	75.2%
Southern Region DOs	78.5%	73.3%	67.2%	63.1%

Staffing levels as a percentage of the Child Welfare League of America standard have improved at the ARCs, but staffing levels has declined at the district offices, particularly in the Southern Region (Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester and Salem). It would appear that retirements/resignations exceed the ability to recruit new caseworkers.

[1]As a percentage of the Child Welfare League of America standard.

Background Paper: Division of Youth and Family Services (DYFS)(Cont'd)

Average Number of Children in Foster Care (including Para/Kinship Care)

	January 1998	January 1999	January 2000	January 2001
Number of Children	6,821	6,863	6,961	7,147
% Change	n.a.	0.6%	1.4%	2.7%

The number of children in foster care has increased and now exceeds 7,100.[2] (The figures include children who are in a "free" placement, i.e., the State is not making a foster care payment.)

Avg. No. of Months in Placement for Children in Foster Care with a Goal to Return Home (a)

All Foster Children			Children with One Placement		Children with Multiple Placements	
	Total # of Children	Avg. Total Months in All Foster Placements	# of Children	Avg. Total Months in Placement	# of Children	Avg. Total Months in All Placements
Jan. 1998	2,399	17.2	1,223	12.6	1,176	22.5
Jan. 1999	2,257	17.4	1,139	13.5	1,118	21.7
Jan. 2000	2,055	16.4	1,046	11.6	1,009	21.4
Jan. 2001	1,955	15.8	1,007	10.8	948	21.0

(a) Limited to children in foster care assigned to the District Offices with a "return home" goal.

The number of children in foster care with a "return home" goal has decreased, either because more children are being returned home, or fewer children have "return home" as a goal. Also, there has been a reduction in the average number of months such children are in placement, with the reduction being greater for those children for whom this is the first out-of-home placement.

[2] During the same period, the total number of children under DYFS supervision also increased. However, the total number of children under DYFS supervision includes children whose cases have been closed but who remain an active case as the paperwork needed to close a case has not been processed. Thus, the reliability of that figure is debatable.

Background Paper: Division of Youth and Family Services (DYFS)(Cont'd)

Average Number of Children in Subsidized Adoptions

	January 1998	January 1999	January 2000	January 2001
Number of Children	5,769	6,045	6,208	6,594
% Change	n.a.	4.8%	2.7%	6.2%

The number of children in subsidized adoptions has increased, but the increase is not large enough to make a significant reduction in the number of children in foster care who have an adoption goal: While the number of subsidized adoptions increased by 14 percent between January 1998 and January 2001, the number of children assigned to the ARCs during the same period increased over 41 percent (see below).

Avg. No. of Months in Placement for Children in Foster Care with an Adoption Goal (b)

All Foster Children			Children with One Placement		Children with Multiple Placements	
	Total # of Children	Avg. Total Months in All Placement	# of Children	Avg. Total Months in Placement	# of Children	Avg. Total Months in All Placements
Jan. 1998	2,315	41.5	966	34.7	1,349	46.4
Jan. 1999	2,556	40.5	1,083	33.4	1,472	45.7
Jan. 2000	3,122	39.6	1,350	32.8	1,772	44.8
Jan. 2001	3,274	40.9	1,355	34.2	1,919	45.6

(b) Limited to children in foster care assigned to the ARCs as such children, for the most part, have an "adoption" goal.

Consistent with the intent of the federal Adoption and Safe Families Act, the number of children in foster care who have an "adoption" goal has increased. However, there does not appear to have been any significant reduction in the number of months children remain in placement before being adopted. The data indicate that recruitment of individuals/families to adopt continues to be difficult despite financial and non-financial incentives.

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 2002 budget are encouraged to contact:

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