



**ANALYSIS OF THE NEW JERSEY BUDGET**

**DEPARTMENT OF  
HUMAN SERVICES**

**FISCAL YEAR**

**2005 - 2006**

# NEW JERSEY STATE LEGISLATURE

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# DEPARTMENT OF HUMAN SERVICES

Budget Pages..... C-11; C-18 to C-19; C-26; C-29; C-32; C-33; D-165 to D-240; E-2; G-4; H-4; H-8; H-39.

## Fiscal Summary (\$000)

	Expended FY 2004	Adjusted Appropriation FY 2005	Recommended FY 2006	Percent Change 2005-06
State Budgeted	\$4,722,064	\$4,870,702	\$5,233,512	7.4%
Federal Funds	3,574,700	3,995,534	4,211,126	5.4%
<u>Other</u>	<u>587,563</u>	<u>664,882</u>	<u>692,419</u>	<u>4.1%</u>
Grand Total	\$8,884,327	\$9,531,118	\$10,137,057	6.4%

## Personnel Summary - Positions By Funding Source

	Actual FY 2004	Revised FY 2005	Funded FY 2006	Percent Change 2005-06
State	13,958	14,588	15,057	3.2%
Federal	5,281	5,379	6,486	20.6%
<u>Other (a)</u>	<u>101</u>	<u>100</u>	<u>556</u>	<u>456.0%</u>
Total Positions	19,340	20,067	22,099	10.1%

FY 2004 (as of December) and revised FY 2005 (as of September) personnel data reflect actual payroll counts. FY 2006 data reflect the number of positions funded.

(a) Excludes positions supported by revolving funds.

## Introduction

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

- **Division of Mental Health Services** will serve over 2,200 patients at six State psychiatric hospitals and provides nearly 329,100 episodes of community mental health services.
- **Division of Medical Assistance and Health Services** will provide various health services to 740,000 Medicaid recipients, and to 109,900 children and 53,100 adults in the NJ FamilyCare program.
- **Division of Disabilities Services** will provide over 500 clients with Personal Assistant

**Introduction (Cont'd)**

- Services and various Medicaid services such as Personal Care and specialized Waiver Services to several thousand additional persons.
- **Division of Developmental Disabilities** will serve about 3,100 patients at seven State developmental centers and will provide various community services to nearly 32,700 persons.
  - **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** will provide financial assistance to about 312,000 recipients monthly in the General Assistance, Work First New Jersey and SSI programs; Food Stamp benefits to nearly 445,700 persons monthly; and child care services to nearly 49,500 children monthly.
  - **Office of Children's Services** is the newly established organization that will implement the Child Welfare Reform Plan. The office assumed the responsibility for the Division of Youth and Family Services and the Office of Education and various new administrative entities such as: Prevention and Community Partnership Services and the Child Welfare Training Academy. For FY 2006, the office's active caseload is estimated at nearly 57,200 children/30,700 families; assistance will be provided to 21 Child Welfare Planning Councils and 12 County Collaboratives.
  - **Division of Addiction Services** will assist nearly 46,000 clients with drug treatment services and nearly 19,300 clients with alcohol treatment services through contracts with private providers of services.
  - **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, sets department policy and administers certain grant programs.

**Background Papers:**

- The Substance Abuse Initiative..... p. 64.
- Child Welfare Reform Planning..... p. 65.
- FY 2004 Child Welfare Reform Supplemental Spending.....p. 66.
- FY 2005 Child Welfare Reform Spending Plan..... p. 68.

## Program Description and Key Points

### Key Points

#### DEPARTMENT OF HUMAN SERVICES (GENERAL)

Incorporated into the department's various **Direct State Services** accounts are \$3.2 million in efficiencies.

#### DIVISION OF MENTAL HEALTH SERVICES (DMHS)

DMHS operates four psychiatric hospitals (Ancora, Greystone, Trenton, and the Senator Hagedorn Gero-Psychiatric Hospital) and the Ann Klein Forensic Psychiatric Center for persons who are criminally dangerous or are dangerous in other institutional settings. These facilities will serve about 2,200 patients daily during FY 2006. All facilities, except Forensic, are accredited by the Joint Commission on the Accreditation of Healthcare Organizations. As a result, in FY 2006, the **General Fund** anticipates \$178.7 million in federal Medicaid disproportionate share reimbursements and \$59.6 million in county/third party insurance/recoveries on behalf of patients at the facilities. It is noted, however, that P.L. 2004, c.55, which eliminates most liens on patients admitted to State/county hospitals, may reduce recoveries by at least \$2 million dollars annually.

Pursuant to the Child Welfare Reform court agreement, no admissions to Brisbane will occur after June 30, 2005 and the facility will close by January 2006. Community programs are to be developed for those children/adolescents who would otherwise be placed in Brisbane and for those children currently at Brisbane.

The New Jersey Health Care Facilities Financing Authority has provided \$19.1 million in initial financing to design a new Greystone facility, and for various infrastructure projects. Total costs are estimated at over \$170 million.

The division contracts with 114 agencies to provide nearly 329,100 units of mental health services, such as partial care, residential and case management. The Medicaid reimbursement that agencies receive for providing mental health services to Medicaid eligible clients are included within the Division of Medical Assistance and Health Services' budget.

DMHS reimburses six county psychiatric hospitals 90 percent of the cost for non-Medicaid/Medicare patients; but certain patients are reimbursed at 100 percent. In FY 2006, the State will reimburse county hospitals for about 600 patients daily.

DMHS' FY 2006 recommended appropriations are summarized on the next page.

### Key Points

**Direct State Services.** Recommended appropriations for central office operations and the six psychiatric hospitals decrease \$6.8 million, to \$260.1 million:

- Administration and Support. Recommended appropriations decrease by \$1.2 million, to \$9.8 million, due to a \$1.5 million reduction in Personal Service. This reduction is offset by the allocation of \$1.7 million in federal Medicaid recoveries.

Pursuant to proposed budget language, \$250,000 of the Salaries and Wages appropriation is for the Office of Disaster Mental Health. New funding of \$250,000 is provided for the

**Program Description and Key Points (Cont'd)**

Governor's Council on Mental Health Stigma.

	<b>Adj. Approp. FY 2005</b>	<b>Recomm. FY 2006</b>	<b>\$ Change</b>	<b>% Change</b>
<b>GRAND TOTAL (\$000)</b>	<b>\$632,368</b>	<b>\$671,512</b>	<b>\$39,144</b>	<b>6.2%</b>
<b>Direct State Services:</b>	<b>\$266,838</b>	<b>\$260,070</b>	<b>(\$6,768)</b>	<b>(2.5%)</b>
Administration & Support	11,050	9,825	(1,225)	(11.1%)
Psychiatric Hospitals	255,788	250,245	(5,543)	(2.2%)
<b>Grants-in-Aid:</b>	<b>\$253,251</b>	<b>\$287,694</b>	<b>\$34,443</b>	<b>13.6%</b>
Community Care	202,774	228,924	26,150	12.9%
Greystone Bridge Fund	29,975	32,725	2,750	9.2%
Brisbane Bridge Fund	2,437	7,980	5,543	227.5%
Other Grants	18,065	18,065	--	--
<b>State Aid (county hospitals)</b>	<b>\$93,510</b>	<b>\$104,575</b>	<b>\$11,065</b>	<b>11.8%</b>
<b>Federal</b>	<b>\$15,981</b>	<b>\$16,840</b>	<b>\$859</b>	<b>5.4%</b>
<b>Other Funds (a)</b>	<b>\$2,788</b>	<b>\$2,333</b>	<b>(\$455)</b>	<b>(16.3%)</b>

(a) Includes Revolving Funds not reflected in the division's accounts.

- Psychiatric Hospitals. Overall appropriations for the six hospitals are reduced by \$5.5 million, to \$250.2 million, due to the phase down and closing of Brisbane by January 2006. The amount included for overtime costs at the psychiatric hospitals is not known. Available data indicate that overtime at the psychiatric hospitals has been reduced from approximately \$31.2 million in FY 2003 to an estimated \$24.3 million in FY 2005.

Excluding Brisbane, the overall census at the hospitals is expected to decline by about 60 patients, from around 2,240 to about 2,180, due to an expected reduction in the Greystone census.

**Grants-In-Aid.** Recommended appropriations increase \$34.4 million, to \$287.7 million:

- Greystone Park Psychiatric Hospital Bridge Fund appropriations increase by \$2.8 million, to \$32.7 million, for ongoing and new costs associated with various mental health programs that were developed or expanded. These new programs primarily intend to reduce admissions to, and the census of, Greystone.
- Community Care funding, which supports community mental health services, will increase by \$26.2 million, to \$228.9 million.

As part of the Governor's mental health initiative, \$26.3 million is for new or expanded program identified by proposed budget language: Mental Health Screening Center - \$10.0 million; Self-Help Centers - \$2.1 million; Additional Psychiatric Services - \$2.5 million; Supportive Housing Services - \$5.0 million; Jail Diversion - \$1.8 million; Bilingual/Culturally Competent Services - \$1.0 million; Short Term Care Facilities - \$1.0 million; Community Health Law Project - \$0.6 million; Specialized Case Management - \$1.5 million; and Pilot Re-Entry Case Management Services - \$0.8 million.

## Program Description and Key Points (Cont'd)

- Arthur Brisbane Child Treatment Center Bridge Fund appropriations increase by over \$5.5 million, to \$8.0 million, to develop community programs to enable all admissions to be diverted by July 2005 and to enable the remaining children to be transferred by the end of December 2005.

**State Aid.** Recommended appropriations to reimburse the six county hospitals increase \$11.1 million, to \$104.6 million. Retroactive payments to county psychiatric hospitals are expected to reduce the amount of unexpended balances available to reimburse counties.

**Federal Funds.** The overall increase incorporates \$1.7 million in federal Medicaid recoveries. These monies are to be used to support the overall Personal Services account. No further federal funding is anticipated for a federal grant, the Burlington Partnership Program.

### 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, that provides healthcare services to nearly 740,900 persons monthly, and the NJ FamilyCare program, which will serve about 109,900 children and 53,100 adults monthly.

The State's Medicaid program is one of the nation's most generous and provides most medical services permitted by federal law such as in/out patient hospital care, physician services and prescription drugs. The State establishes reimbursement for most services, within federal guidelines.

As of December 2004, nearly 642,000 persons in Medicaid and NJ FamilyCare were enrolled in Managed Care programs: Work First New Jersey families (including certain pregnant women - 222,200; Disabled (with and without Medicare) - 52,800; DYFS children - 5,200; NJ KidCare - 100,700; Other Children - 181,7000; NJ FamilyCare Adults - 70,900; and Others - 8,400.

DMAHS' FY 2006 recommended appropriation is summarized on the next page.

## Key Points

**Direct State Services.** Recommended appropriations increase \$2.4 million, to \$27.0 million: Greater use of electronic mail is expected to reduce postage costs (Services Other Than Personal) by \$1.5 million. However, a reduction in the amount of unexpended balances in the Payments to Fiscal Agents account (which processes reimbursement and provides other data processing services) requires an additional \$4.0 million.

**Grants-In-Aid.** Recommended appropriations increase by \$172.4 million, to \$2.18 billion, primarily due to increased utilization of services particularly in the General Assistance Medical program, higher costs (particularly for Prescription Drugs) and rate adjustments (primarily in Managed Care). Note that FY 2006 increases/decreases for particular services may be misleading as the FY 2005 appropriation does not reflect estimated expenditures.

Recommended appropriations incorporate \$36.3 million in operational efficiencies and client cost-sharing measures as follows:

## Program Description and Key Points (Cont'd)

	Adj. Approp. FY 2005	Recomm. FY 2006	\$ Change	% Change
<b>GRAND TOTAL (\$000)</b>	<b>\$4,693,955</b>	<b>\$4,973,471</b>	<b>\$279,516</b>	<b>6.0%</b>
<b>Direct State Services</b>	<b>\$24,599</b>	<b>\$26,989</b>	<b>\$2,390</b>	<b>9.7%</b>
<b>Grants-in-Aid:</b>	<b>\$2,008,879</b>	<b>\$2,181,258</b>	<b>\$172,379</b>	<b>8.6%</b>
Managed Care Initiative	525,217	598,522	73,305	14.0%
Inpatient Hospital	200,695	231,990	31,295	15.6%
Prescription Drugs	468,449	505,378	36,929	7.9%
Outpatient Hospitals	176,517	172,681	(3,836)	(2.2%)
Physician	34,204	32,944	(1,260)	(3.7%)
Medicare Premiums	85,437	93,964	8,527	10.0%
Clinic	41,445	57,294	15,849	38.2%
Dental	11,520	13,483	1,963	17.0%
Medical Supplies	15,996	21,236	5,240	32.8%
NJ FamilyCare	130,776	107,161	(23,615)	(18.1%)
General Assistance Medical	122,515	145,790	23,275	19.0%
Other Grants	196,108	200,815	4,707	2.4%
<b>Federal</b>	<b>\$2,085,333</b>	<b>\$2,187,837</b>	<b>\$102,504</b>	<b>4.9%</b>
<b>Other Funds</b>	<b>\$575,144</b>	<b>\$577,387</b>	<b>\$2,243</b>	<b>0.4%</b>

- Enhanced monitoring of outpatient hospital services - \$20.0 million.
- Co-pays of \$3.00 for most adults (excluding pregnant women) for chiropractic, home health and physician services - \$3.3 million.
- Identify Medicaid recipients with third-party health insurance - \$1.0 million.
- Prescription drug co-pays of \$1.00 for most adults - \$3.0 million. (Savings a \$1.00 co-pay may produce are cited as either \$3.0 million or \$4.0 million in different budget documents. Also, the Medicare Part D Prescription Drug Program may impose a higher copayment on upwards of 110,000 Medicaid/Medicare recipients who do not reside in an institution.)
- Update prescription drug price changes monthly instead of weekly - \$3.4 million.
- Enhanced computer edits - \$1.0 million.
- Transfer prior authorization process from a private vendor to the Rutgers School of Pharmacy - \$1.0 million.
- Increase the refill threshold (the quantity of medication that must be used before a refill can be obtained) from 75% to 85% - \$2.8 million.
- Claims editing related to drugs classified as "narcotic" - \$0.5 million.
- Reimbursement changes for drugs dispensed in a physician's office - \$0.3 million.

**Federal Funds** are expected to increase \$102.5 million, to \$2.19 billion. Approximately \$66.7 million is for Medicaid administrative costs. Of the \$2.12 billion available for **Grants**, approximately \$221.0 million in federal funds is for the NJ FamilyCare program (adults - \$111.7 million, and children - \$109.4 million).

**Other Funds** represent various revenues, primarily redirected unemployment insurance funds and cigarette tax revenues. These funds support Charity Care and other payments to hospitals and the NJ FamilyCare program for children.



**Program Description and Key Points (Cont'd)**

Overall, **Other Funds** appropriations increase \$2.2 million, to \$577.4 million:

- The amount of funds allocated for Administration is expected to decrease by about \$1.4 million, to \$3.4 million.
- New Jersey Health Care Hospital Payments, including charity care and assistance to approximately 40 hospitals that serve a large number of patients with mental illness, AIDS/HIV, etc., will decrease by \$4.8 million, to \$520.5 million.
- NJ FamilyCare for children with gross family income of up to 350 percent of the federal poverty level (two persons - \$44,905; and four persons - \$67,725), is expected to increase by \$7.1 million, to \$56.9 million. Enrollment is expected to increase by over 5,300, to nearly 109,900 children by the end of FY 2006.

**DIVISION OF DISABILITY SERVICES (DDS)**

DDS provides information and referral services to persons with disabilities who do not qualify for services from the Divisions of Developmental Disabilities or Mental Health Services. The division also administers various Medicaid programs such as the NJ WorkAbility program (which allows working disabled persons to qualify for Medicaid based on their income), personal care/personal preference services and various home and community based waiver programs such as Traumatic Brain Injury and Community Resources for People with Disabilities.

DDS' FY 2006 recommended appropriations are summarized below.

	Adj. Approp. FY 2005	Recomm. FY 2006	\$ Change	% Change
<b>GRAND TOTAL (\$000)</b>	<b>\$330,942</b>	<b>\$355,801</b>	<b>\$24,859</b>	<b>7.5%</b>
<b>Direct State Services</b>	<b>\$1,071</b>	<b>\$1,071</b>	--	--
<b>Grants-In-Aid:</b>	<b>\$90,792</b>	<b>\$103,213</b>	<b>\$12,421</b>	<b>13.7%</b>
Personal Care	81,030	89,837	8,807	10.9%
Waiver Initiatives	2,332	5,818	3,486	149.5%
Other Services	7,430	7,558	128	0.2%
<b>Casino Revenue Fund</b>	<b>\$80,328</b>	<b>\$80,328</b>	--	--
Personal Assistance Services	3,734	3,734	--	--
Personal Care	60,092	60,092	--	--
Waiver Initiatives	16,502	16,502	--	--
<b>Federal</b>	<b>\$158,751</b>	<b>\$171,189</b>	<b>\$12,438</b>	<b>7.8%</b>

**Key Points**

**Grants-in-Aid: General and Casino Revenue Funds.** Appropriations would increase \$12.4 million, to \$183.5 million, for the various Medicaid/Medicaid waiver services. Included within the Waiver Initiatives program is an additional \$1.8 million to increase the number of slots in the Traumatic Brain Injury waiver from 300 to 350. Personal Care costs are expected to increase 6.2%, to \$149.9 million as it appears that a newly implemented prior authorization program may be reducing the rate of increase in utilization of services.

## Program Description and Key Points (Cont'd)

The same factors cited on the previous page apply to the \$12.4 million increase in the amount of **Federal Funds**.

### 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 qualifies for DDD's various residential and non-residential services. DDD serves a broad range of individuals, including persons with mental retardation, 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 administers the Family Support Act. DDD has under supervision, and provides various community services such as day training, adult activities, residential and case management, to nearly 32,700 persons.

Beginning in FY 2004, a new program, Real Life Choices (which provides individuals with between \$14,300 and \$63,500 for the purchase of goods and services, as determined by clients) was implemented for persons on the DDD waiting list; this program will, over time, replace the Self Determination program. As of February 2005, over 100 persons participated in Real Life Choices and about 300 persons participated in the Self Determination project.

To support various community programs, the FY 2006 recommended budget anticipates \$228.7 million in federal Community Care Waiver (CCW) reimbursements. It is noted that a FY 2005 supplemental appropriation of \$20.1 million is expected to be introduced to offset a shortfall in the amount of federal CCW revenues received. DDD has applied to the federal government for three new waivers to replace the existing CCW program.

The division's seven developmental centers (Green Brook, Hunterdon, New Lisbon, North Jersey, Vineland, Woodbine and Woodbridge) will provide residential care, habilitation, health services, education and training to about 3,100 clients daily in FY 2006. All developmental centers are currently accredited, and \$278.9 million in federal ICF-MR reimbursements are expected in FY 2006. Though accredited, New Lisbon and Woodbridge have been cited for violations of patient rights by the U.S. Department of Justice. To address these problems, the FY 2005 appropriations act and the FY 2006 recommended budget include funds for improvements at the two facilities through a Developmental Center Enhancement program.

DDD's FY 2006 recommended appropriations are summarized on the next page.

## Key Points

**Direct State Services.** Though the overall recommended appropriation is reduced by \$6.4 million, to \$210.9 million, an additional \$20.8 million in federal funds are available to support these activities. The amount included for overtime at the developmental centers is not known; however, overtime costs at the developmental centers have increased from approximately \$33.9 million in FY 2003 to an estimated \$41.2 million in FY 2005. (A portion of the increase in overtime expenses is directly related to various investigations at New Lisbon and Woodbridge.)

## Program Description and Key Points (Cont'd)

	Adj. Approp. FY 2005	Recomm. FY 2006	\$ Change	% Change
<b>TOTAL (\$000)</b>	<b>\$1,174,626</b>	<b>\$1,217,283</b>	<b>\$42,657</b>	<b>3.6%</b>
<b>Direct State Services:</b>	<b>\$217,239</b>	<b>\$210,845</b>	<b>(\$6,394)</b>	<b>(2.9%)</b>
Administration	4,433	4,433	--	--
Community Programs	5,975	6,365	390	6.5
Developmental Centers	206,831	200,047	(6,784)	(3.3)
<b>Grants-In-Aid:</b>	<b>\$462,389</b>	<b>\$464,157</b>	<b>\$1,768</b>	<b>0.4%</b>
Group Homes	242,402	226,764	(15,638)	(6.4%)
Private Institutional Care	37,393	41,878	4,485	12.0%
CSWL Initiative Development	5,051	12,450	7,399	146.5%
Skill Development Homes	13,157	15,146	1,989	15.4%
Real Life Choices	0	5,706	5,706	n.a.
Home Assistance	36,772	34,608	(2,164)	(5.9%)
Adult Activities	87,117	87,117	--	--
Other Grants	40,497	40,488	(9)	--
<b>Casino Revenue Fund</b>	<b>\$38,409</b>	<b>\$38,409</b>	<b>--</b>	<b>--</b>
<b>Federal:</b>	<b>\$417,879</b>	<b>\$465,186</b>	<b>\$47,307</b>	<b>11.3%</b>
Administration	6,501	6,874	373	5.7%
Community Programs	211,518	238,071	26,553	12.6%
Developmental Centers	199,860	220,241	20,381	10.2%
<b>Other Funds</b>	<b>\$38,710</b>	<b>\$38,686</b>	<b>(\$24)</b>	<b>0%</b>

The only new initiative for which funds are provided are \$2.5 million for Developmental Center Enhancement for improvements at the Woodbridge Developmental Center. In 2004, Woodbridge was cited by the U.S. Department of Justice for violations of clients' civil rights. Along with \$1.8 million in federal funds, approximately \$4.3 million will be available to recruit additional staff, particularly nursing personnel, and make equipment purchases to correct problems cited by the federal government. Pursuant to proposed budget language, these monies can be transferred to a similar **Grants-in-Aid** account or to Woodbridge itself.

**Grants-In-Aid.** State appropriations increase by \$1.8 million, to \$464.2 million. If one excludes an expected \$20.1 million supplemental appropriation to offset a shortfall in federal funds, State appropriations increase by \$21.9 million.

Recommended appropriations represent a continuation of or the annualized cost of existing programs and services. No new initiatives are proposed:

- The \$2.0 million recommended for the Developmental Center Enhancement program in FY 2006 is for activities at New Lisbon; no funds are provided for Woodbridge, though a portion of the **Direct State Services** appropriation may be used for Woodbridge-related activities.
- While Real Life Choices is presented as if it were a new activity, the program is being separated from the Home Assistance program to clearly identify the program and its costs.

## Program Description and Key Points (Cont'd)

Accordingly, Home Assistance appropriations are being reduced. In FY 2006, Real Life Choices is expected to provide services to 300 persons.

**Federal Funds.** These monies primarily represent federal Medicaid revenues for the ICF-MR and CCW programs. Federal Funds are expected to increase by \$47.3 million, to \$465.2 million, and support **General and Casino Revenue Fund** appropriations for **Direct State Services** and **Grants-in-Aid**. Of the overall \$47.3 million increase, \$26.6 million will be used to support community programs.

It is noted that in both FY 2004 and FY 2005 (projected), federal CCW revenues are below the amounts that the respective recommended budget had estimated. As such, a FY 2005 supplemental appropriation of \$20.1 million is being proposed to offset the federal fund shortfall.

### COMMISSION FOR THE BLIND AND VISUALLY IMPAIRED (CBVI)

In FY 2006, CBVI will provide education services to 2,900 clients, vocational rehabilitation services to 2,600 clients, independent living services to 4,800 persons, and eye screens to 49,000 persons. Services are provided through four offices (Camden, Newark, Pleasantville and Toms River). Certain services, such as college and career counseling, screening programs and the operation of a toll-free telephone number, are provided on a Statewide basis. CBVI operates the Kohn Residential Center (New Brunswick), which evaluates the vocational skills of clients and provides training programs for clients to enable them to live and function independently. The center serves about 200 clients annually.

### Key Points

Continuation funding of \$9.0 is recommended for **Direct State Services: Services for the Blind and Visually Impaired** - \$ 7.5 million, including about \$0.8 million for Technology for the Visually Impaired; and Administration and Support Services - \$1.4 million.

Though **Grants-in-Aid** funding is unchanged at \$4.2 million, an additional \$0.3 million in federal Vocational Rehabilitation Funds are expected. The amount of **federal funds** the commission anticipates will increase from \$11.7 million to \$12.0 million.

### DIVISION OF FAMILY DEVELOPMENT (DFD)

DFD supervises local administration of the federal Temporary Assistance for Needy Families (TANF) Block Grant, General Assistance (GA), Food Stamps, Low Income Home Energy Assistance (LIHEAP), and federally mandated child support enforcement programs (in cooperation with the Administrative Office of the Courts). In FY 2006, the number of persons that will be provided services by these programs is estimated as follows: TANF - 118,000; GA - 45,900; Food Stamps - 445,700; and LIHEAP - 372,700.

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 federal/State programs that focused on training and finding employment for welfare clients. In general, TANF/WFNJ emphasize employment and job training and provides financial assistance, child care,

## Program Description and Key Points (Cont'd)

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. All employment-directed and workforce development programs related to the Work First New Jersey and Food Stamp programs are administered by the Department of Labor and Workforce Development.

Increases or reductions in **General Fund** appropriations for WFNJ activities are discretionary so long as \$304 million in State funds are expended annually to meet its Maintenance of Effort requirement. This enables the State to obtain its annual allotment of approximately \$404 million in federal TANF funds. Additional State funds are requested in FY 2006, to offset a reduction in the amount of federal TANF unexpended balances available to the State.

DFD's FY 2006 recommended appropriation is summarized below.

	Adj. Approp. FY 2005	Recomm. FY 2006	\$ Change	% Change
<b>GRAND TOTAL (\$000)</b>	<b>\$1,403,230</b>	<b>\$1,487,080</b>	<b>\$83,850</b>	<b>6.0%</b>
<b>Direct State Services:</b>	<b>\$27,162</b>	<b>\$27,162</b>	<b>\$0</b>	<b>0%</b>
Administration	17,621	17,621	--	--
Child Support Initiatives	1,702	1,702	--	--
WFNJ Technology	4,345	4,345	--	--
Misc.	3,494	3,494	--	--
<b>Grants-In-Aid:</b>	<b>\$259,766</b>	<b>\$241,672</b>	<b>(\$18,094)</b>	<b>(7.0%)</b>
WFNJ Related Activities	103,137	98,213	(4,924)	(4.8%)
TANF Abbott Expansion	108,409	104,409	(4,000)	(3.7%)
Kinship Programs	7,438	8,268	830	11.2%
Substance Abuse	16,455	6,455	(10,000)	(60.8%)
Misc.	24,327	24,327	--	--
<b>State Aid:</b>	<b>\$265,566</b>	<b>\$349,858</b>	<b>\$84,292</b>	<b>31.7%</b>
General Assistance Benefits	132,170	160,034	27,864	21.1%
General Assistance Admin.	23,805	26,005	2,200	9.2
WFNJ Client Benefits	3,272	55,823	52,551	1,606.1%
SSI Programs	90,062	91,739	1,677	1.9%
Misc. State Aid	16,257	16,257	0	--
<b>Federal:</b>	<b>\$843,562</b>	<b>\$839,061</b>	<b>(\$4,501)</b>	<b>(0.5%)</b>
Direct State Services	71,658	94,118	22,460	31.3%
Grants-in-Aid	299,226	296,792	(2,434)	(0.8%)
State Aid	472,678	448,151	(24,527)	(5.2%)
<b>Other Funds (a)</b>	<b>\$7,174</b>	<b>\$29,327</b>	<b>\$22,153</b>	<b>308.8%</b>

(a) Includes Revolving Funds that are not reflected in the division's accounts.

## Key Points

Overall **Direct State Services** appropriations are unchanged at \$27.2 million. However, \$12.5 million in off-budget child support incentive monies received by the State will be available

## Program Description and Key Points (Cont'd)

for WFNJ Technology Initiatives. Also, federal funds in support of administrative operations is expected to increase by \$22.5 million, primarily for technology related activities. A Request for Proposal was recently released to update the child support computer system that is over 20 years old; the potential cost of this upgrade will not be known until bids are received, reviewed and a contract awarded.

The **Grants-In-Aid** appropriations are reduced by about \$18.1 million, to \$241.7 million, however these reductions are expected to be offset by **federal and other funds**:

- WFNJ Related Activities funding in the area of WFNJ Work Activities is reduced by \$4.9 million, to \$18.7 million. The reduction may be offset by up to \$10.0 million from the New Jersey Workforce Development Partnership Fund.
- TANF Abbott Expansion is reduced \$4.0 million, to \$104.4 million, as federal funds are anticipated for wraparound services.
- Substance Abuse Initiative funding is reduced by \$10.0 million, to be offset by \$10 million from Medicaid and from the Division of Addiction Services.

Offsetting the above reductions, funding for the various Kinship programs will increase by \$0.8 million, to \$8.3 million, reflecting increased utilization of the various programs that are part of Child Welfare Reform.

**State Aid.** Funding increases 31.7 percent, to \$349.9 million largely due to the General Assistance (GA) benefits and WFNJ Client Benefits programs:

- The GA Emergency Assistance Program and the Payments for Cost of GA programs are expected to increase by \$27.9 million, to \$160.0 million, due to increased caseloads. Between FY 2005 and FY 2006, Emergency Assistance caseloads are expected to increase from 6,800 to 8,300, while the number of persons receiving GA benefits is expected to increase from 40,000 to over 45,900.

The increase in General Assistance caseloads will require an additional \$2.2 million in funds to reimburse county welfare agencies for administrative costs.

- The Work First New Jersey Client Benefits account will increase by \$52.6 million, to \$55.8 million. Although the number of people receiving assistance has increased from 107,100 (FY 2003) to 118,000 (FY 2006), the main reason for additional State funding is the decline in the amount of unexpended federal TANF funds to below the level capable of maintaining benefits or services.

**Federal Funds.** The overall amount of Federal Funds available to support the division's various programs will decrease by \$4.5 million, to \$839.1 million. Though federal funds for the Food Stamps and Child Support programs are expected to increase, the amount of available federal TANF funds is expected to decrease from \$500.9 million to \$458.9 million. As a result, State expenditures for various programs such as Client Benefits will increase. In future fiscal years, additional State funds will be required if existing WFNJ benefits and services are to be maintained.

**Other Funds.** These consist of Revolving Funds from counties for data processing costs (\$6.8 million) and various new off-budget revenues: Child Support Incentives from Federal Government (\$12.5 million) and Appropriated Receipts (\$10.0 million): The \$12.5 million will be used for State costs associated with the WFNJ Technology Investment program, specifically costs

**Program Description and Key Points (Cont'd)**

associated with an upgraded child support computer system. The \$10.0 million will be transferred from the Workforce Development Partnership Fund to support Work First New Jersey Work Activities and Training Related Expenses.

**OFFICE OF CHILDREN'S SERVICES (OCS)**

The Office of Children's Services is the new organization established to implement Child Welfare Reform. Various existing programs and operations were transferred to the office and several new entities were created. The operations transferred were: the Office of Education (which provides education programs for clients under the department's supervision); Division of Youth and Family Services (DYFS) now referred to as Child Protective and Permanency Services (which investigates allegations of abuse and neglect and provides out-of-home placements); and Child Behavioral Health Services (which contracts with private, non-profit agencies to provide mental health and related services to children). The new units established are: Prevention and Community Partnership Services (to develop a community based prevention and early intervention system) and Child Welfare Training Academy Services and Operations (to provide a central location for all training and development opportunities for State and contract providers). An expanded Administration and Support program was established to oversee the ongoing and new operations of OCS.

OCS's FY 2006 recommended budget is summarized below.

	<b>Adj. Approp. FY 2005</b>	<b>Recomm. FY 2006</b>	<b>\$ Change</b>	<b>% Change</b>
<b>GRAND TOTAL (\$000)</b>	<b>\$1,030,451</b>	<b>\$1,124,603</b>	<b>\$94,152</b>	<b>9.1%</b>
<b>Direct State Services:</b>	<b>\$190,998</b>	<b>\$179,210</b>	<b>(\$11,788)</b>	<b>(6.2%)</b>
Education Services	8,152	8,152	--	--
Child Protective (DYFS) ...	165,147	114,701	(50,446)	(30.5%)
Prevention and Community...	--	1,839	1,839	n.a.
Child Welfare Training ...	--	2,145	2,145	n.a.
Administration and Support	17,699	52,373	34,674	195.9%
<b>Grants-In-Aid:</b>	<b>\$477,530</b>	<b>\$544,791</b>	<b>\$67,261</b>	<b>14.1%</b>
Child Protective (DYFS) ...	308,620	302,005	(6,615)	(2.1%)
Child Behavioral Health Serv.	168,910	223,141	54,231	32.21%
Prevention and Community ...	--	19,645	19,645	n.a.
<b>Federal Funds:</b>	<b>\$337,415</b>	<b>\$372,523</b>	<b>\$35,108</b>	<b>10.4%</b>
Direct State Services	185,556	219,196	33,640	18.1%
Grants-In-Aid	151,859	153,327	1,468	1.0%
<b>Other Funds</b>	<b>\$24,508</b>	<b>\$28,079</b>	<b>\$3,571</b>	<b>14.6%</b>

**Key Points**

**Direct State Services.** Although recommended appropriations are reduced by \$11.8 million, from \$191.0 to \$179.2 million, the reduction should have no effect on operations as \$33.6 million in additional federal funds are expected to support operations.

## Program Description and Key Points (Cont'd)

Overall, OCS staff will increase from approximately 4,500 (all fund sources) to over 6,200 employees: Education Services - over 500 (mostly teaching and related personnel); DYFS - over 4,800 (primarily caseworkers and related personnel); Prevention and Community Partnership Services - 30; Training Academy - 20; and Administration and Support - nearly 800. Approximately 78%, or \$330.1 million (gross), of the office's total appropriation of \$423.2 million is allocated for Personal Services.

**Grants-in-Aid.** Recommended appropriations would increase \$67.3 million, from \$477.5 million to \$544.8 million. It is noted that the FY 2005 adjusted appropriation of \$477.5 million includes a proposed \$14.6 million supplemental appropriation to offset costs in the areas of Family Support Services and Subsidized Adoption for which no additional federal funds are available (\$6.6 million), and to offset \$8.0 million in retroactive claims that the federal government did not approve.

With the exception of \$19.6 million for the new Prevention and Community Partnership program, the \$544.8 million recommended appropriation funds programs and activities that have operated for many years or which were expanded/enhanced as part of Child Welfare Reform:

- DYFS. Overall grant funding would be reduced from \$308.6 million to \$302.0 million. Among the activities these funds support are: Foster Care (\$62.2 million); Subsidized Adoption (\$69.0 million); Family Support Services (\$53.5 million); Purchase of Social Services (\$26.1 million); Independent Living (\$24.1 million); and various residential programs (\$26.2 million).
- Child Behavioral Health Services. Grant funding is increased from \$168.9 million to \$223.1 million to enhance and expand existing programs such as: Treatment Homes/Emergency Behavioral Health Services (\$142.3 million); Care Management Organizations (\$31.1 million); Intensive In-Home Behavioral Assistance (\$20.5 million); Mobile Response (\$9.0 million); and Youth Incentive Program (\$7.4 million).
- Prevention and Community Partnership Services. New grant funding of \$19.6 million is proposed. Approximately \$8.9 million will be used to expand the School Based Youth Programs. (The Division of Family Development's budget also includes \$12.5 million in State and federal funds for similar grants.) Approximately \$4.3 million in grants will be awarded for Area Prevention and Support Services, otherwise known as Child Welfare Planning Councils; \$3.6 million in grants will be awarded to develop county Collaboratives; and \$2.8 million in grants will be awarded for Community Case Managers.

**Federal Funds** of \$372.5 million are anticipated, a \$35.1 million increase over FY 2005. Much of the federal reimbursements are from either the Medicaid (Title XIX) or Title IV-E (Foster Care) programs. Whether this amount of revenue will be realized is uncertain as less federal revenues have been realized than had been anticipated in recent years; these shortfalls required additional State funds. In FY 2005, a \$14.6 State supplemental is anticipated to offset federal funds that the State had anticipated, but which will not be received.

### DIVISION OF ADDICTION SERVICES (DAS)



## Program Description and Key Points (Cont'd)

DAS contracts with substance abuse clinics and treatment facilities to reduce drug and alcohol abuse and rehabilitate persons suffering from alcohol or drug addiction. The division also provides counseling and detoxification services in clinics, institutions and schools. In addition, DAS coordinates with the Division of Mental Health Services to provide addiction services to persons with mental illness, and provides counseling for compulsive gamblers.

During FY 2006, the program will handle 19,283 admissions primarily involving alcohol, and 45,993 admissions primarily involving drugs; process 24,000 intoxicated driver cases; and provide information and referral services to 45,000.

DAS' FY 2006 recommended appropriations are summarized below:

	Adj. Approp. FY 2005	Recomm. FY 2006	\$ Change	% Change
<b>TOTAL (\$000)</b>	<b><u>\$113,047</u></b>	<b><u>\$133,288</u></b>	<b><u>\$20,241</u></b>	<b><u>17.9%</u></b>
<b>Direct State Services</b>	\$482	\$482	--	--
<b>Grants-In-Aid</b>	\$29,304	\$49,275	\$19,971	68.2%
<b>State Aid</b>	\$12,000	\$12,000	--	--
<b>Federal</b>	\$62,510	\$62,731	\$221	0.4%
<b>Other</b>	\$8,751	\$8,800	\$49	0.6%

## Key Points

**Grants-in-Aid.** Appropriations increase by approximately \$20 million, from \$29.3 million to \$49.3 million. This is largely due to the shifting of \$13.7 million in funding for programs targeting mothers with substance abuse problems from the Division of Youth and Family Services (DYFS) and the Division of Family Development (DFD), to the Substance Abuse Services - Child Welfare Reform account in DAS.

In addition to the \$13.7 million, the budget recommends another \$7.3 million in funding for more substance abuse slots for women who are involved with the child welfare system, or are at risk for involvement.

**Federal.** Federal funding remains relatively level at an anticipated \$62.7 million in FY 2006, compared to \$62.5 million in FY 2005. Accordingly, funding from the Substance Abuse Block Grant is anticipated at \$53.2 million for FY 2006, compared to \$53 million in FY 2005.

A new Access to Recovery Grant is expected to provide \$4 million for each of the next three years. Available information indicates that the division will use these funds for assessment, detoxification, case management and mentoring.

## DIVISION OF THE DEAF AND HARD OF HEARING (DDHH)

**Program Description and Key Points (Cont'd)**

The division advocates on behalf of the deaf and hearing impaired 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 \$0.7 million is recommended and includes \$0.3 million 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 eight 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. Also, as part of Child Welfare Reform, a new entity, Children's Services Support, is being established to handle such functions as licensing, child abuse investigations and the NI SPIRIT/SACWIS computer project.

The division's FY 2006 recommended appropriation is summarized on below.

	<b>Adj. Approp. FY 2005</b>	<b>Recomm. FY 2006</b>	<b>\$ Change</b>	<b>% Change</b>
<b>GRAND TOTAL (\$000)</b>	<b>\$126,084</b>	<b>\$147,274</b>	<b>\$21,190</b>	<b>16.8%</b>
<b>Direct State Services:</b>	<b>\$35,201</b>	<b>\$44,215</b>	<b>\$9,014</b>	<b>25.6%</b>
Children's Services Support	--	9,647	9,647	n.a.
Institutional Security Serv.	6,221	8,797	2,576	41.4%
Admin. & Support	28,980	25,771	(3,209)	(11.1%)
<b>Grants-In-Aid:</b>	<b>\$11,064</b>	<b>\$714</b>	<b>(\$10,350)</b>	<b>(93.5%)</b>
Office of Prevention ...	714	714	--	--
United Way 2-1-1	350	--	(350)	(100%)
Social Services ... Grants	10,000	--	(10,000)	(100%)
<b>Capital Construction</b>	<b>\$10,400</b>	<b>\$11,600</b>	<b>\$1,200</b>	<b>11.5%</b>
<b>Federal</b>	<b>\$62,387</b>	<b>\$83,713</b>	<b>\$21,326</b>	<b>34.2%</b>
<b>Other</b>	<b>\$7,032</b>	<b>\$7,032</b>	<b>--</b>	<b>--</b>

**Key Points**

## Program Description and Key Points (Cont'd)

**Direct State Services.** Recommended appropriations increase 25.6%, to \$44.2 million. The increase is attributable to Child Welfare Reform: A new Children's Service Support program is established in Central Office and additional monies are provided to Institutional Security Services for Human Services Police services. Included within the \$9.6 million recommended appropriation for Children's Services Support is a Special Purpose appropriation of \$2.7 million for unspecified Information Technology - Child Welfare Reform activities.

Offsetting these increases, \$3.2 million in one-time costs are discontinued, though supplemental appropriations for these purposes may be needed during FY 2006: Consulting Reimbursements (\$1.2 million); development of a Health Care Billing System (\$0.6 million); and Fingerprint/Background Checks (\$1.2 million).

**Grants-In-Aid** are reduced by \$10.4 million as one-time legislative appropriations are not continued: Social Services Emergency Grants (\$10.0 million) and United Way 2-1-1 System (\$0.4 million).

**Capital Construction** funds of \$11.6 million are provided for the following projects: Statewide Automated Child Welfare Information System (\$3.5 million); Vineland Developmental Center HVAC completion (\$3.0 million); and Sewer Connection - Camden County Municipal Utilities Authority (\$5.1 million).

**Federal Funds** are expected to increase by \$21.3 million, to \$83.7 million, primarily due to an additional \$18.5 million in federal ICF-MR revenues. Most of the federal funds in question represent federal reimbursements for fringe benefits costs.

**Fiscal and Personnel Summary**

**AGENCY FUNDING BY SOURCE OF FUNDS (\$000)**

	Expended FY 2004	Adj. Approp. FY 2005	Recom. FY 2006	Percent Change	
				2004-06	2005-06
<b>General Fund</b>					
Direct State Services	\$768,455	\$773,288	\$759,742	(1.1)%	(1.8)%
Grants-In-Aid	3,490,381	3,597,201	3,877,000	11.1%	7.8%
State Aid	332,714	371,076	466,433	40.2%	25.7%
Capital Construction	11,878	10,400	11,600	(2.3)%	11.5%
Debt Service	0	0	0	0.0%	0.0%
<b>Sub-Total</b>	<b>\$4,603,428</b>	<b>\$4,751,965</b>	<b>\$5,114,775</b>	<b>11.1%</b>	<b>7.6%</b>
<b>Property Tax Relief Fund</b>					
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%
<b>Sub-Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Casino Revenue Fund</b>					
	\$118,636	\$118,737	\$118,737	0.1%	0.0%
<b>Casino Control Fund</b>					
	\$0	\$0	\$0	0.0%	0.0%
<b>State Total</b>	<b>\$4,722,064</b>	<b>\$4,870,702</b>	<b>\$5,233,512</b>	<b>10.8%</b>	<b>7.4%</b>
<b>Federal Funds</b>	<b>\$3,574,700</b>	<b>\$3,995,534</b>	<b>\$4,211,126</b>	<b>17.8%</b>	<b>5.4%</b>
<b>Other Funds</b>	<b>\$587,563</b>	<b>\$664,882</b>	<b>\$692,419</b>	<b>17.8%</b>	<b>4.1%</b>
<b>Grand Total</b>	<b>\$8,884,327</b>	<b>\$9,531,118</b>	<b>\$10,137,057</b>	<b>14.1%</b>	<b>6.4%</b>

**PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE**

	Actual FY 2004	Revised FY 2005	Funded FY 2006	Percent Change	
				2004-06	2005-06
State	13,958	14,588	15,057	7.9%	3.2%
Federal	5,281	5,379	6,486	22.8%	20.6%
All Other*	101	100	556	450.5%	456.0%
<b>Total Positions</b>	<b>19,340</b>	<b>20,067</b>	<b>22,099</b>	<b>14.3%</b>	<b>10.1%</b>

FY 2004 (as of December) and revised FY 2005 (as of September) personnel data reflect actual payroll counts. FY 2006 data reflect the number of positions funded.

\* Excludes positions supported by Revolving Funds.

**AFFIRMATIVE ACTION DATA**

Total Minority Percent	57.7%	57.8%	57.8%	—	—
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**Significant Changes/New Programs (\$000)**

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2004</u>	<u>Recomm.</u> <u>FY 2005</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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**DEPARTMENT OF HUMAN SERVICES (GENERAL)**

Approximately \$3.2 million in unidentified savings are incorporated in the department's various Direct State Services accounts.

**DIVISION OF MENTAL HEALTH SERVICES**

<b>Personal Services</b>	<b>\$9,340</b>	<b>\$7,865</b>	<b>(\$1,475)</b>	<b>(15.8)%</b>	<b>D-173</b>
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The reduction is offset by \$1.7 million in anticipated federal Medicaid cost recoveries. Included within the \$7.9 million recommended appropriation is \$250,000 for the Office of Disaster Mental Health, a funding priority of the Governor's Task Force on Mental Health.

<b>Governor's Council on Mental Health Stigma</b>	<b>\$0</b>	<b>\$250</b>	<b>\$250</b>	<b>—</b>	<b>D-173</b>
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A funding priority of the Governor's Task Force on Mental Health, the Governor's Council on Mental Health Stigma is to develop a master plan to increase public awareness and understanding of mental disorders.

<b>Greystone Park Psychiatric Hospital Bridge Fund</b>	<b>\$29,975</b>	<b>\$32,725</b>	<b>\$2,750</b>	<b>9.2%</b>	<b>D-173</b>
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The Bridge Fund supports the development, expansion and enhancement of community programs to transfer about 400 patients from, and reduce admissions to, State hospitals, particularly Greystone. Funding was phased-in over several years and the amount recommended represents the estimated FY 2006 costs.

<b>Community Care</b>	<b>\$202,774</b>	<b>\$228,924</b>	<b>\$26,150</b>	<b>12.9%</b>	<b>D-173</b>
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The recommended Community Care appropriation incorporates \$26.3 million in mental health priorities identified by the Governor's Task Force on Mental Health:

- Mental Health Screening Centers (\$10.0 million) to add 160 new master's level clinicians.
- Self-Help Centers (\$2.1 million) to expand outreach and programming capabilities at the existing 27 centers.
- Psychiatric Services (\$2.5 million) to provide an additional 25,000 additional hours of counseling time from psychiatrists and/or advance practice psychiatric nurses.
- Permanent Housing Support Services (\$5.0 million) to provide mental health services to 500 persons that will receive housing through a proposed \$200 million Housing Trust

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

Fund.

- Jail Diversion (\$1.8 million) to divert non-violent mentally ill prisoners from the prison system by developing judicial treatment liaisons in counties with the greatest need.
- Bilingual/Culturally Competent Services (\$1.0 million) to expand bilingual and culturally-diverse case management and outpatient services.
- Short Term Care Facilities (\$1.0 million) to implement a pilot project to provide inpatient psychiatric hospitalization at existing Short Term Care Facilities for up to 30 days as an alternative to State/county hospitalization.
- Community Health Law Project (\$0.6 million) to expand the number of counties the agency provides legal services to from seven to 10 counties.
- Specialized Case Management (\$1.5 million) to service persons who are "treatment resistant," but who are not committable under current law.
- Pilot Re-entry Case Management Services (\$0.8 million) to enable UMDNJ to provide about 100 hours of case management services to 100 mentally ill prisoners who are discharged from prison.

Funding for other new or expanded mental health services recommended by the Task Force are included in the budgets of the Department of Health and Senior Services, the Department of Labor and Workforce Development and the Department of Military and Veterans Affairs.

**Arthur Brisbane Child Treatment Center**

<b>Bridge Fund</b>	<b>\$2,437</b>	<b>\$7,980</b>	<b>\$5,543</b>	<b>227.5%</b>	<b>D-173</b>
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As part of Child Welfare Reform, the State must halt admissions to the facility by June 30, 2005 and relocate all remaining children by the end of December 2005. To meet these objectives, \$2.4 million in funds will be made available in FY 2005 and \$8.0 million will be made available in FY 2006. The funds will be used to develop community residential programs and support services at agencies like Trinitas Hospital and UMDNJ - UBHC at Piscataway.

**Support of Patients in County Psychiatric Hospitals**

<b>Hospitals</b>	<b>\$93,510</b>	<b>\$104,575</b>	<b>\$11,065</b>	<b>11.8%</b>	<b>D-173</b>
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An additional \$11.1 million is recommended to reimburse the six county hospitals. Rate adjustments to rates previously approved by the State House Commission will result in retroactive adjustments to prior year payments made to the various county hospitals. These retroactive adjustments will reduce the amount of unexpended FY 2005 balances available in FY 2006 which are used to reimburse counties.

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2005</u>	<u>Recomm. FY 2006</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
<b>DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES</b>					
<b>Services Other Than Personal</b>	<b>\$5,000</b>	<b>\$3,480</b>	<b>(\$1,520)</b>	<b>(30.4)%</b>	<b>D-187</b>
<b>Payments to Fiscal Agents</b>	<b>\$3,043</b>	<b>\$7,043</b>	<b>\$4,000</b>	<b>131.4%</b>	<b>D-187</b>
<p>The reduction in <u>Services Other Than Personal</u> reflect postage savings from distributing materials electronically. Additional funds are requested for the <u>Payments to Fiscal Agents</u> account as significantly lower unexpended FY 2005 balances will be available.</p>					
<b>Payments for Medical Assistance Recipients:</b>					
<b>Managed Care Initiative</b>	<b>\$525,217</b>	<b>\$598,522</b>	<b>\$73,305</b>	<b>14.0%</b>	<b>D-187</b>
<b>Inpatient Hospital</b>	<b>\$200,695</b>	<b>\$231,990</b>	<b>\$31,295</b>	<b>15.6%</b>	<b>D-187</b>
<b>Prescription Drugs</b>	<b>\$468,449</b>	<b>\$505,378</b>	<b>\$36,929</b>	<b>7.9%</b>	<b>D-187</b>
<b>Outpatient Hospital</b>	<b>\$176,517</b>	<b>\$172,681</b>	<b>(\$3,836)</b>	<b>(2.2)%</b>	<b>D-187</b>
<b>Physician</b>	<b>\$34,204</b>	<b>\$32,944</b>	<b>(\$1,260)</b>	<b>(3.7)%</b>	<b>D-188</b>
<b>Medicare Premiums</b>	<b>\$85,437</b>	<b>\$93,964</b>	<b>\$8,527</b>	<b>10.0%</b>	<b>D-188</b>
<b>Dental</b>	<b>\$11,520</b>	<b>\$13,483</b>	<b>\$1,963</b>	<b>17.0%</b>	<b>D-188</b>
<b>Medical Supplies</b>	<b>\$15,996</b>	<b>\$21,236</b>	<b>\$5,240</b>	<b>32.8%</b>	<b>D-188</b>
<b>Clinics</b>	<b>\$41,445</b>	<b>\$57,294</b>	<b>\$15,849</b>	<b>38.2%</b>	<b>D-188</b>
<b>Other Medicaid Services</b>	<b>\$171,238</b>	<b>\$176,716</b>	<b>\$5,478</b>	<b>3.2%</b>	<b>D-187 to D-188</b>
<b>TOTAL MEDICAID SERVICES</b>	<b>\$1,730,718</b>	<b>\$1,904,208</b>	<b>\$173,490</b>	<b>10.0%</b>	

The above amounts are estimated FY 2006 costs to provide services to Medicaid eligible clients. (Increases/decreases may be misleading as the FY 2005 adjusted appropriation does not reflect projected expenditures.) Overall, the FY 2006 recommended budget for the Medicaid services listed above increases \$173.5 million after incorporating \$36.3 million in savings:

- Monitoring of Outpatient Hospital Services - \$20 million.
- Medical Services Co-Pays: Adult beneficiaries, excluding pregnant women, would pay a \$3.00 per visit copayment for chiropractic, home health and physician services - \$3.3 million.

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2005</u>	<u>Recomm. FY 2006</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
<ul style="list-style-type: none"> <li>• <u>Third Party Recoveries</u>: Identify Medicaid recipients with other health insurance coverage - \$1.0 million.</li> <li>• <u>Prescription Drug Co-Pays</u>: Adult beneficiaries, excluding pregnant women and institutionalized persons, would pay a \$1.00 per prescription co-payment - \$3.0 million. (Note that a different savings estimate of \$4.0 million also appears in the budget document.)</li> <li>• <u>Other Prescription Drug Savings Initiatives</u> - Reduce the frequency of drug pricing updates from a weekly to a monthly basis (\$3.4 million); Allow refills after 85% of the prescription has been used rather than 75% (\$2.8 million); Enhanced computer edits to monitor the number of pills dispensed (\$1.0 million); Transfer the prior authorization function from a private vendor to the Rutgers School of Pharmacy (\$1.0 million); Enhanced computer edits to prevent narcotic drugs to be dispensed to persons on methadone (\$0.5 million); and reduce reimbursement to physicians for injectable drugs administered in a physician's office from AWP less 5% to AWP less 12.5% and obtain rebates for such drugs (\$0.3 million)</li> </ul>					

**Unit Dose Contract Services**

	<b>\$6,000</b>	<b>\$5,125</b>	<b>(\$875)</b>	<b>(14.6)%</b>	<b>D-188</b>
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Implementation of the Medicare Part D Prescription Drug Program should reduce program costs. Medicare would be responsible for providing drugs to Medicare beneficiaries at the three veterans nursing homes and other State facilities.

**General Assistance Medical Services**

	<b>\$122,515</b>	<b>\$145,790</b>	<b>\$23,275</b>	<b>19.0%</b>	<b>D-188</b>
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This program was implemented in FY 2003 to provide General Assistance (GA) recipients, who were removed from the NJ FamilyCare program, with non-hospital services. The number of GA recipients served by the program is expected to increase from about 39,600 to over 43,100 and additional funds are recommended.

**NJ FamilyCare - Affordable and Accessible Health Coverage Benefits**

	<b>\$130,776</b>	<b>\$107,161</b>	<b>(\$23,615)</b>	<b>(18.1)%</b>	<b>D-188</b>
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Program costs are expected to decrease in FY 2006. Estimated enrollment is expected to decline from 69,500 (FY 2005) to 53,100 (FY 2006) as new applications are not being accepted and some adults lose coverage. The State appropriation is supplemented with \$111.7 million in federal funds.



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

<u>Budget Item</u>	<u>Adj. Approp. FY 2005</u>	<u>Recomm. FY 2006</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
<b>DIVISION OF DISABILITY SERVICES</b>					
<b>Grants in Aid (Total):</b>	<b><u>\$329,361</u></b>	<b><u>\$354,203</u></b>	<b><u>\$24,842</u></b>	<b><u>7.5%</u></b>	
General Fund	\$90,792	\$103,213	\$12,421	13.7%	D-194
Casino Revenue Fund	\$80,328	\$80,328	\$0	0.0%	D-194
Federal Funds	\$158,241	\$170,662	\$12,421	7.8%	

These funds support the State-funded Personal Assistance Services Program and the following Medicaid programs: Personal Care, various Waiver programs such as Traumatic Brain Injury, and the AIDS Community Care Alternative Program.

Total program costs are expected to increase by over \$24.8 million, to \$354.2 million. The FY 2006 recommended appropriation provides an additional \$3.6 million in State/federal funds to enable the Traumatic Brain Injury waiver to increase the number of available slots from 300 to 350. The balance of the increase is for higher Personal Care costs.

**DIVISION OF DEVELOPMENTAL DISABILITIES**

<b>Personal Services (Community Programs)</b>					
<b>(Total)</b>	<b><u>\$25,930</u></b>	<b><u>\$27,858</u></b>	<b><u>\$1,928</u></b>	<b><u>7.4%</u></b>	<b>D-199</b>
General Fund	\$1,464	\$2,005	\$541	37.0%	
Federal	\$24,466	\$25,853	\$1,387	5.7%	

The FY 2006 recommended appropriation for Personal Services incorporates FY 2005 Grants-in-Aid monies that can be used to support administrative costs in developing community programs, as permitted by budget language provisions.

<b>Direct State Services:</b>					
<b>Developmental Center Enhancement Fund (Total)</b>					
	<b><u>\$5,166</u></b>	<b><u>\$4,298</u></b>	<b><u>(\$868)</u></b>	<b><u>(16.8)%</u></b>	<b>D-199</b>
General Fund	\$2,826	\$2,500	(\$326)	(11.5)%	
Federal	\$2,340	\$1,798	(\$542)	(23.2)%	

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2005</u>	<u>Recomm. FY 2006</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
<b>Grants-in-Aid:</b>					
<b>Developmental Center Enhancement Fund (Total)</b>	<b><u>\$3,910</u></b>	<b><u>\$2,894</u></b>	<b><u>(\$1,016)</u></b>	<b><u>(26.0)%</u></b>	<b>D-200</b>
<b>General Fund</b>	<b>\$2,140</b>	<b>\$1,984</b>	<b>(\$156)</b>	<b>(7.3)%</b>	
<b>Federal</b>	<b>\$1,770</b>	<b>\$910</b>	<b>(\$860)</b>	<b>(48.6)%</b>	

**Direct State Services:** The FY 2005 funds were for improvements at the New Lisbon Developmental Center. The recommended FY 2006 appropriation is for improvements at the Woodbridge Developmental Center. (These monies may be transferred to either a similar **Grants-in-Aid** account or to Woodbridge pursuant to budget language.)

**Grants-in-Aid:** The FY 2005 appropriation and FY 2006 recommended appropriation are for improvements at the New Lisbon Developmental Center, including community placements.

Both appropriations attempt to correct problems identified by the U.S. Department of Justice.

<b>Private Institutional Care (Total)</b>	<b><u>\$38,704</u></b>	<b><u>\$43,189</u></b>	<b><u>\$4,485</u></b>	<b><u>11.6%</u></b>	
<b>General Fund</b>	<b>\$37,393</b>	<b>\$41,878</b>	<b>\$4,485</b>	<b>12.0%</b>	<b>D-200</b>
<b>Casino Revenue Fund</b>	<b>\$1,311</b>	<b>\$1,311</b>	<b>--</b>	<b>--</b>	<b>D-200</b>

Program costs increase due to growth in the number of clients receiving services, from 615 to 637, and higher average costs, from over \$81,300 to \$83,000 per client.

<b>Group Homes (Total)</b>	<b><u>\$420,137</u></b>	<b><u>\$425,119</u></b>	<b><u>\$4,982</u></b>	<b><u>1.2%</u></b>	<b>D-200</b>
<b>General Fund</b>	<b>\$242,402</b>	<b>\$226,764</b>	<b>(\$15,638)</b>	<b>(6.5)%</b>	
<b>Federal</b>	<b>\$137,988</b>	<b>\$158,608</b>	<b>\$20,620</b>	<b>14.9%</b>	
<b>Other Funds</b>	<b>\$13,500</b>	<b>\$13,500</b>	<b>\$0</b>	<b>0.0%</b>	
<b>Casino Revenue Fund</b>	<b>\$26,247</b>	<b>\$26,247</b>	<b>\$0</b>	<b>0.0%</b>	<b>D-200</b>

Overall, Group Homes funding will increase by \$5.0 million. In FY 2006, the number of persons receiving residential services will increase by 200, to nearly 7,700 clients. (The FY 2005 General Fund appropriation reflects an expected \$20.1 million supplemental appropriation as less federal funds are being realized than had been anticipated.)

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2005</u>	<u>Recomm. FY 2006</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
<b>Skill Development Homes (Total)</b>	<b><u>\$26,798</u></b>	<b><u>\$28,787</u></b>	<b><u>\$1,989</u></b>	<b><u>7.4%</u></b>	<b>D-200</b>
<b>General Fund</b>	<b>\$13,157</b>	<b>\$15,146</b>	<b>\$1,989</b>	<b>15.1%</b>	<b>D-200</b>
<b>Casino Revenue Fund</b>	<b>\$1,141</b>	<b>\$1,141</b>	<b>\$0</b>	<b>0.0%</b>	<b>D-200</b>
<b>Other Funds</b>	<b>\$12,500</b>	<b>\$12,500</b>	<b>\$0</b>	<b>0.0%</b>	

The increase reflects the estimated cost of providing approximately 1,600 clients with services in a Skill Development Home.

<b>CSWL Initiative Development (Total)</b>	<b><u>\$7,243</u></b>	<b><u>\$16,713</u></b>	<b><u>\$9,470</u></b>	<b><u>130.7%</u></b>	<b>D-205</b>
<b>General Fund</b>	<b>\$5,051</b>	<b>\$12,450</b>	<b>\$7,399</b>	<b>146.5%</b>	
<b>Federal</b>	<b>\$2,192</b>	<b>\$4,263</b>	<b>\$2,071</b>	<b>94.5%</b>	

This Initiative intends to place 200 clients from the waiting list into community programs as follows: group homes - 100; supervised apartments - 24; and vacancies in existing residential programs -76. The FY 2006 recommended appropriation reflects the estimated annualized cost of programs initiated in FY 2005 and to be implemented in FY 2006.

<b>Home Assistance (Total)</b>	<b><u>\$41,089</u></b>	<b><u>\$38,925</u></b>	<b><u>(\$2,164)</u></b>	<b><u>(5.3)%</u></b>	<b>D-200</b>
<b>General Fund</b>	<b>\$36,772</b>	<b>\$34,608</b>	<b>\$3,350</b>	<b>4.2%</b>	
<b>Federal</b>	<b>\$2,660</b>	<b>\$2,660</b>	<b>\$1,650</b>	<b>4.6%</b>	
<b>Casino Revenue Fund</b>	<b>\$1,657</b>	<b>\$1,657</b>	<b>--</b>	<b>--</b>	<b>D-200</b>
<b>Real Life Choices (Total)</b>	<b><u>\$0</u></b>	<b><u>\$9,510</u></b>	<b><u>\$9,510</u></b>	<b>—</b>	<b>D-200</b>
<b>General Fund</b>	<b>\$0</b>	<b>\$5,706</b>	<b>\$5,706</b>	<b>—</b>	
<b>Federal</b>	<b>\$0</b>	<b>\$3,804</b>	<b>\$3,804</b>	<b>—</b>	

Funding for the Real Life Choices program had been incorporated within the Home Assistance program in FY 2005. As the FY 2006 budget identifies Real Life Choices as a distinct program, funding for the Home Assistance program is reduced. In both FY 2005 and FY 2006, approximately 10,800 persons and 300 persons are expected to participate in the Home Assistance and Real Life Choices programs, respectively.

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2005</u>	<u>Recomm. FY 2006</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
<b>DIVISION OF FAMILY DEVELOPMENT</b>					
<b>Electronic Benefits Distribution System (Total)</b>	<b><u>\$3,173</u></b>	<b><u>\$3,612</u></b>	<b><u>\$439</u></b>	<b><u>13.8%</u></b>	<b>D-221</b>
<b>General Fund</b>	<b>\$668</b>	<b>\$668</b>	<b>\$0</b>	<b>0.0%</b>	
<b>Federal</b>	<b>\$2,505</b>	<b>\$2,944</b>	<b>\$439</b>	<b>17.5%</b>	

The Electronic Benefits Distribution System is expected to become operational in FY 2006, after several years of development. Operational costs of the system are expected to increase as a result of system implementation.

<b>Work First New Jersey - Technology Investment (Total)</b>	<b><u>\$27,829</u></b>	<b><u>\$62,352</u></b>	<b><u>\$34,523</u></b>	<b><u>124.1%</u></b>	<b>D-221</b>
<b>General Fund</b>	<b>\$4,345</b>	<b>\$4,345</b>	<b>\$0</b>	<b>0.0%</b>	
<b>Federal</b>	<b>\$23,484</b>	<b>\$45,505</b>	<b>\$22,021</b>	<b>93.8%</b>	
<b>Other Funds</b>	<b>\$0</b>	<b>\$12,502</b>	<b>\$12,502</b>	<b>—</b>	

The Technology Investment appropriation supports various data processing projects affecting public assistance benefits and child support. In addition to the \$4.3 million State appropriation, the Technology Investment account retains its unexpended State funds which totaled \$4.4 million at the end of FY 2004.

Recommended appropriations (gross) increase due to a recently released Request for Proposal to upgrade the child support enforcement computer system. Costs to upgrade the system will not be known until bids are received and evaluated and a contract is awarded. To provide additional State funding for the cost of the child support computer system, \$12.5 million in **Other Funds** (federal child support incentive monies) received by the State is redirected towards this objective.

<b>Work First New Jersey - Work Activities (Total)</b>	<b><u>\$73,423</u></b>	<b><u>\$78,820</u></b>	<b><u>\$5,397</u></b>	<b><u>7.4%</u></b>	<b>D-222</b>
<b>General Fund</b>	<b>\$23,617</b>	<b>\$18,693</b>	<b>(\$4,924)</b>	<b>(20.8)%</b>	
<b>Federal</b>	<b>\$49,806</b>	<b>\$50,127</b>	<b>\$321</b>	<b>0.6%</b>	
<b>Other Funds</b>	<b>\$0</b>	<b>\$10,000</b>	<b>\$10,000</b>	<b>—</b>	

The \$78.8 million (gross) for Work Activities will provide: 3,400 clients with supported

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2005</u>	<u>Recomm. FY 2006</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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work projects, over 350 clients with on-the-job training, 7,500 clients with alternative work experience, 1,000 clients with community work experience, 3,900 teen parents with vocational training/education and over 4,200 persons with other work activities. (Data represent monthly averages.)

Although the recommended State appropriation is reduced, pursuant to budget language on page D-224, an additional \$10.0 million in funds for Work Activities and Training Related Expenses, would be appropriated from the Workforce Development Partnership Fund to supplement existing funding.

<b>Work First New Jersey - Child Care (Total)</b>	<b><u>\$251,059</u></b>	<b><u>\$243,700</u></b>	<b><u>(\$7,359)</u></b>	<b><u>(2.9)%</u></b>	<b>D-222</b>
<b>General Fund</b>	<b>\$75,256</b>	<b>\$75,256</b>	<b>\$0</b>	<b>0.0%</b>	
<b>Federal</b>	<b>\$175,803</b>	<b>\$168,444</b>	<b>(\$7,359)</b>	<b>(4.2)%</b>	

The \$243.7 million (gross) for Child Care supports administrative costs and provides services to nearly 49,500 children monthly. There are currently about 7,000 children on the child care waiting list. The amount of federal funds available to support Child Care costs is reduced due to a decline in the amount of unexpended federal TANF funds, a portion of which has been used for Child Care services

<b>TANF Abbott Expansion</b>	<b><u>\$108,409</u></b>	<b><u>\$108,409</u></b>	<b><u>\$0</u></b>	<b><u>0.0%</u></b>	<b>D-222</b>
<b>General Fund</b>	<b>\$108,409</b>	<b>\$104,409</b>	<b>(\$4,000)</b>	<b>(3.7)%</b>	
<b>Federal</b>	<b>\$0</b>	<b>\$4,000</b>	<b>\$4,000</b>	<b>—</b>	

The \$4.0 million reduction in the amount of **General Funds** for the TANF Abbott Expansion program anticipates the receipt of \$4.0 million in federal funds for wraparound services.

<b>Kinship Care Guardianship and Subsidy (Total)</b>	<b><u>\$15,127</u></b>	<b><u>\$19,382</u></b>	<b><u>\$4,255</u></b>	<b><u>28.1%</u></b>	<b>D-222</b>
<b>General Fund</b>	<b>\$969</b>	<b>\$1,799</b>	<b>\$830</b>	<b>85.7%</b>	
<b>Federal</b>	<b>\$14,158</b>	<b>\$17,583</b>	<b>\$3,425</b>	<b>24.2%</b>	

Overall funding, primarily federal, is increased. Program utilization is expected to increase as the Kinship program is part of Child Welfare Reform.

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2005</u>	<u>Recomm. FY 2006</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
<b>Housing Diversion/Subsidy Program (Federal)</b>	<b>\$1,554</b>	<b>\$1,250</b>	<b>(\$304)</b>	<b>(19.6)%</b>	<b>D-222</b>
<b>Wage Supplement Program (Federal)</b>	<b>\$2,880</b>	<b>\$1,280</b>	<b>(\$1,600)</b>	<b>(55.6)%</b>	<b>D-222</b>
<b>Criminal Background Evaluations</b>	<b>\$1,000</b>	<b>\$0</b>	<b>(\$1,000)</b>	<b>(100.0)%</b>	<b>D-222</b>

Appropriations for the Housing Diversion program are reduced, reflecting lower program costs than had been anticipated.

Wage Supplement appropriations are reduced based on current estimates of program costs.

Appropriations for Criminal Background Evaluations are eliminated. Federal funds had initially been provided to address a significant increase in the number of child care providers for which background checks had to be conducted. Such additional funding is no longer needed and costs are included within other appropriations.

<b>Substance Abuse Initiatives (Total):</b>	<b><u>\$35,174</u></b>	<b><u>\$25,174</u></b>	<b><u>(\$10,000)</u></b>	<b><u>(28.4)%</u></b>	<b>D-223</b>
<b>General Fund</b>	<b>\$16,455</b>	<b>\$6,455</b>	<b>(\$10,000)</b>	<b>(60.8)%</b>	
<b>Federal</b>	<b>\$18,719</b>	<b>\$18,719</b>	<b>\$0</b>	<b>0.0%</b>	

The \$10.0 million reduction in **General Fund** appropriations is to be offset by \$5.0 million in Medicaid reimbursement and \$5.0 million from the Division of Addiction Services.

<b>General Assistance (Total):</b>	<b><u>\$132,170</u></b>	<b><u>\$160,034</u></b>	<b><u>\$27,864</u></b>	<b><u>21.1%</u></b>	
<b>GA Emergency Assistance</b>	<b>\$61,964</b>	<b>\$79,508</b>	<b>\$17,544</b>	<b>28.3%</b>	<b>D-223</b>
<b>Payments to Municipalities for Cost of General Assistance</b>	<b>\$70,206</b>	<b>\$80,526</b>	<b>\$10,320</b>	<b>14.7%</b>	<b>D-223</b>

Emergency Assistance caseloads and related expenditures have increased. The FY 2006 budget assumes a 1,500 caseload increase, from 6,800 to 8,300, coupled with an increase in average monthly assistance.

Caseloads in the General Assistance Payments program and related expenditures have increased in recent years. The FY 2006 budget assumes a caseload increase of over 5,800, from nearly 40,000 to nearly 45,900.

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2005</u>	<u>Recomm. FY 2006</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
<b>WFNJ Client Benefits (Total)</b>	<b><u>\$135,558</u></b>	<b><u>\$145,641</u></b>	<b><u>\$10,083</u></b>	<b><u>7.4%</u></b>	<b>D-223</b>
<b>General Fund</b>	<b>\$3,272</b>	<b>\$55,823</b>	<b>\$52,551</b>	<b>1606.1%</b>	
<b>Federal</b>	<b>\$132,286</b>	<b>\$89,818</b>	<b>(\$42,468)</b>	<b>(32.1)%</b>	

Since FY 2003 caseloads have increased and caseloads are expected to increase by an additional 1,200 persons, from 116,800 (FY 2005) to an estimated 118,000 (FY 2006).

Since the inception of the federal TANF Block Grant, Client Benefits has largely been supported with federal funds. As the amount of federal unexpended balances has declined, additional State funds are required to continue to provide monthly benefits to eligible persons. In FY 2006, this results in a \$52.6 million increase in recommended State appropriations.

<b>WFNJ Emergency Assistance (Total)</b>	<b><u>\$73,310</u></b>	<b><u>\$81,104</u></b>	<b><u>\$7,794</u></b>	<b><u>10.6%</u></b>	<b>D-223</b>
<b>General Fund</b>	<b>\$5,987</b>	<b>\$5,987</b>	<b>\$0</b>	<b>0.0%</b>	
<b>Federal</b>	<b>\$67,323</b>	<b>\$75,117</b>	<b>\$7,794</b>	<b>11.6%</b>	

The increase reflects an expected increase in caseloads of about 2,000 persons, from 17,700 (FY 2005) to over 19,700 (FY 2006).

<b>State Supplemental Security Income Administrative Fee to SSA</b>	<b>\$16,003</b>	<b>\$17,006</b>	<b>\$1,003</b>	<b>6.3%</b>	<b>D-223</b>
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The increase reflects the estimated cost to reimburse the Social Security Administration for administrative costs of providing the State supplement to the monthly SSI check.

<b>General Assistance County Administration</b>	<b>\$23,805</b>	<b>\$26,005</b>	<b>\$2,200</b>	<b>9.2%</b>	<b>D-223</b>
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The State reimburses county welfare agencies for administrative costs of the General Assistance program. As the number of recipients is expected to increase from 40,000 (FY 2005) to 45,900 (FY 2006), additional monies are required to reimburse the counties.

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2005</u>	<u>Recomm. FY 2006</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
<b>OFFICE OF CHILDREN'S SERVICES</b>					
<b>Direct State Services (Total)</b>	<b><u>\$190,998</u></b>	<b><u>\$179,210</u></b>	<b><u>(\$11,788)</u></b>	<b><u>(6.2)%</u></b>	<b>D-229</b>
<b>Education Services</b>	<b>\$8,152</b>	<b>\$8,152</b>	<b>\$0</b>	<b>0.0%</b>	<b>D-229</b>
<b>Child Protective and Permanency Services (DYFS)</b>	<b>\$165,147</b>	<b>\$114,701</b>	<b>(\$50,446)</b>	<b>(30.5)%</b>	<b>D-229</b>
<b>Prevention and Community Partnership Services</b>	<b>\$0</b>	<b>\$1,839</b>	<b>\$1,839</b>	<b>—</b>	<b>D-229</b>
<b>Child Welfare Training Academy Services and Operations</b>	<b>\$0</b>	<b>\$2,145</b>	<b>\$2,145</b>	<b>—</b>	<b>D-229</b>
<b>Administration and Support Services</b>	<b>\$17,699</b>	<b>\$52,373</b>	<b>\$34,674</b>	<b>195.9%</b>	<b>D-229</b>

The Office of Children's Services is the newly created organization to implement Child Welfare Reform. Various existing units such as the Division of Youth and Family Services (DYFS), now referred to as Child Protection and Permanency Services, the Office of Education and Child Behavioral Health Services were transferred to this new office and various new units were created such as: Prevention and Community Partnership Services and the Child Welfare Training Academy Services and Operations.

With respect to the recommended Direct State Services \$179.2 million appropriation, the following is noted:

- Prevention and Community Partnership Services. Of the \$1.8 million recommended, approximately \$1.5 million is for Personal Services. In addition, \$0.4 million in federal funds are anticipated. The program will have 30 staff.
- Child Welfare Training Academy. Of the \$2.1 million recommended, approximately \$1.3 million is for Personal Services costs. In addition, \$1.8 million in federal funds are anticipated, much of which will be used for training consultants. The program will have 20 staff.
- Administration and Support Services. Consists of the old DYFS' Administration and Support Services operation and various expanded functions such as quality assurance. Administration will have nearly 800 staff. Of the \$52.4 million recommended appropriation, approximately \$15.8 million would be transferred to the Department of Law



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

<u>Budget Item</u>	<u>Adj. Approp. FY 2005</u>	<u>Recomm. FY 2006</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
and <u>Public Safety</u> and the <u>Office of the Public Defender</u> to support activities of those organizations related to <u>Child Welfare Reform</u> .					
<b>Grants-in-Aid (Total)</b>	<b><u>\$477,530*</u></b>	<b><u>\$544,791</u></b>	<b><u>\$67,261</u></b>	<b><u>14.1%</u></b>	<b>D-230</b>
<b>Child Protective and Permanency Services (DYFS)</b>	<b><u>\$308,620*</u></b>	<b><u>\$302,005</u></b>	<b><u>(\$6,615)</u></b>	<b><u>(2.1)%</u></b>	<b>D-230</b>
<b>Child Behavioral Health Services</b>	<b><u>\$168,910</u></b>	<b><u>\$223,141</u></b>	<b><u>\$54,231</u></b>	<b><u>32.1%</u></b>	<b>D-230</b>
<b>Prevention and Community Partnerships</b>	<b><u>\$0</u></b>	<b><u>\$19,645</u></b>	<b><u>\$19,645</u></b>	<b><u>—</u></b>	<b>D-230</b>

\* Includes \$14.6 million in pending supplemental appropriations to offset an \$8.0 million denial of retroactive claims and \$6.4 million for increased costs for which additional federal funds are not available.

With respect to the \$544.8 million recommended Grants-in-Aid appropriations, the following is noted:

- DYFS - Child Protective and Permanency Services. Recommended appropriations would decrease by \$6.6 million, to \$302.0 million.

These grants support such programs as: Foster Care (Resource Families); Subsidized Adoption; various Residential Programs; Child Abuse Prevention Programs; and Purchased Social Services.

In FY 2006, approximately 7,900 children will receive Foster Care; adoption subsidies will be provided to 9,200 children; domestic violence programs will assist 183,000 clients.

- Child Behavioral Health Services. Recommended appropriations would increase by \$54.2 million, to \$223.1 million.

These grants support various mental health services such as: Care Management Organizations; Treatment Homes/Emergency Behavioral Health Services; Youth Case Management; Mobile Response; and Family Support Organizations.

The number of children/families served by these various programs are expected to increase

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2005</u>	<u>Recomm. FY 2006</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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significantly in FY 2006 from FY 2005 levels: Care Management Organizations - 37% increase, to over 2,500 children; Mobile Response services - 21%, to over 7,400 families; Youth Case Management - 126% increase, to over 4,100 slots; and Family Support Organizations - 174%, to 2,800 family slots.

- Prevention and Community Partnerships. These grants will support the development of community planning and support services such as: School Based Youth Programs; Community Case Managers; and (County based) Collaboratives. Financial support is also to be provided to Child Welfare Planning Councils.

In FY 2006, funds will be provided to assist 12 Collaboratives and 21 Child Welfare Planning Councils. An additional 38 school based youth services programs will be established.

The overall **Grants-in-Aid** appropriation is supplemented with \$153.3 million in federal funds, primarily Medicaid and Title IV-E reimbursements. Whether the federal funds anticipated to support these operations will be forthcoming is not known and additional State funds may be required if the federal funds are not received.

**DIVISION OF ADDICTION SERVICES**

<b>Grants-in-Aid</b>	<b>\$29,304</b>	<b>\$49,275</b>	<b>\$19,971</b>	<b>68.2%</b>	<b>D-233 to D-234</b>
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The increase is largely attributable to shifting \$13.7 million in substance abuse programs included in the budgets of other divisions: \$8.7 million from Child Welfare Reform within the Division of Youth and Family Services and \$5.0 million from the Substance Abuse Initiative within the Division of Family Development. An additional \$7.3 million is provided to increase the number of substance abuse slots for women who are, or who are at risk of being, involved with the child welfare system.

The increase is partially offset by a \$1 million reduction in Grants-in-Aid funding for Community Based Substance Abuse Treatment and Prevention - State Share, from \$24.3 million to \$23.3 million. Monies from this account provide the necessary Maintenance of Effort monies to match the federal Substance Abuse Block Grant. To offset the \$1.0 million reduction, an additional \$1.0 million will be made available from the Drug Enforcement and Demand Reduction Fund (DEDR) pursuant to budget language (p. D-234). Available information indicates that the FY 2006 recommended funding, along with the DEDR supplement, will be sufficient to meet the State's financial obligation to receive the federal grant.

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2005</u>	<u>Recomm. FY 2006</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
<b>DIVISION OF MANAGEMENT AND BUDGET</b>					
<b>Personal Services</b>	<b>\$19,264</b>	<b>\$28,035</b>	<b>\$8,771</b>	<b>45.5%</b>	<b>D-237</b>
<b>Services Other Than Personal</b>	<b>\$7,872</b>	<b>\$6,720</b>	<b>(\$1,152)</b>	<b>(14.6)%</b>	<b>D-237</b>
<b>Special Purpose: Information Technology - Child Welfare Reform</b>	<b>\$0</b>	<b>\$2,703</b>	<b>\$2,703</b>	<b>—</b>	<b>D-237</b>
<b>Special Purpose: Health Care Billing System</b>	<b>\$600</b>	<b>\$0</b>	<b>(\$600)</b>	<b>(100.0)%</b>	<b>D-237</b>
<b>Special Purpose: Transfer to State Police...</b>	<b>\$3,560</b>	<b>\$2,360</b>	<b>(\$1,200)</b>	<b>(33.7)%</b>	<b>D-238</b>
<p>The \$8.8 million increase in <u>Personal Services</u> expenses is related to <u>Child Welfare Reform</u>. A new <u>Children's Services Support</u> program is established within the division and approximately \$6.3 million in personnel costs are associated with the unit. Personnel costs of the <u>Institutional Security Services</u> program, <u>Human Services Police</u>, increase by \$2.4 million.</p> <p>The \$1.2 million reduction in the <u>Services Other Than Personal</u> account is not a true reduction as a \$1.4 million supplemental appropriation authorized to reimburse a vendor for services is not continued. It is probable that during FY 2006, supplemental funding will be approved to reimburse vendors for services. Included within the \$6.7 million Services Other Than Personal appropriation is nearly \$250,000 in new funding for the <u>Children's Services Support</u> and <u>Institutional Security Services</u> programs and is related to <u>Child Welfare Reform</u>.</p> <p>Information is not available as of this writing as to the new \$2.7 million recommended appropriation for <u>Information Technology - Child Welfare Reform</u> and how it relates to existing and proposed appropriations for the <u>SACWIS/NJ SPIRITS</u> project.</p> <p>One time supplemental appropriations for the <u>Health Care Billing System</u> - \$0.6 million and <u>Fingerprint/Background Checks</u> - \$1.2 million are not continued. However, proposed budget language would appropriate additional funds for the Health Care Billing System for State institutions; additional funds may be required if a Request for Proposal is released.</p>					
<b>Social Services Emergency Grants</b>	<b>\$10,000</b>	<b>\$0</b>	<b>(\$10,000)</b>	<b>(100.0)%</b>	<b>D-238</b>
<b>United Way 2-1-1</b>	<b>\$350</b>	<b>\$0</b>	<b>(\$350)</b>	<b>(100.0)%</b>	<b>D-238</b>

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2005</u>	<u>Recomm. FY 2006</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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Social Services Emergency Grants is a Legislative initiative which is not continued. As of this writing, no funds have been expended. Unexpended balances in this account would be available in FY 2006 pursuant to budget language within the General Provisions section of the budget.

One-time funding for the United Way 2-1-1 system is not continued. The system is part of a nationwide system that provides a toll-free number for information and referral on human services related matters.

**Capital Construction:  
Statewide Automated  
Child Welfare  
Information System**

<b>\$10,400</b>	<b>\$3,500</b>	<b>(\$6,900)</b>	<b>(66.3)%</b>	<b>D-238</b>
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An additional \$3.5 million is recommended for the Statewide Automated Child Welfare Information System/NJ SPIRIT computer project. The total amount of State monies available for the project will be about \$19.9 million, excluding the cost of computer equipment and training costs. These monies are matched with federal funds.

During 2003, two contracts totaling \$29.8 million were awarded to Bearing Point and American Management Systems to develop and implement the system and for related monitoring and oversight activities.

**Capital Construction:  
Vineland  
Developmental Center -  
HVAC**

<b>\$0</b>	<b>\$3,000</b>	<b>\$3,000</b>	<b>—</b>	<b>D-238</b>
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These additional funds are needed to complete a HVAC project at the facility.

**Capital Construction:  
Sewer Connection -  
Camden County  
Utilities Authority**

<b>\$0</b>	<b>\$5,100</b>	<b>\$5,100</b>	<b>—</b>	<b>D-238</b>
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As the current sewage system at Ancora Psychiatric Hospital cannot handle the volume produced, these monies will enable the facility to connect with the Utility Authority's pumping station in Winslow Township.

**Language Provisions****DIVISION OF MENTAL HEALTH SERVICES****2005 Appropriations Handbook**

No comparable language provisions.

**2006 Budget Recommendations****p. D-174.**

The amounts hereinabove appropriated for the Governor's Council on Mental Health Stigma shall be expended consistent the recommendations in the final report of the Governor's Task Force on Mental Health.

Of the amounts hereinabove appropriated for Salaries and Wages, \$250,000 shall be expended consistent with the recommendations in the final report of the Governor's Task Force on Mental Health as follows: \$250,000 for the Office of Disaster Mental Health.

Of the amounts hereinabove appropriated for Community Care, \$26,300,000 shall be expended consistent with the recommendations in the final report of the Governor's Task Force on Mental Health as follows: \$10,000,000 for Mental Health Screening Centers; \$2,100,000 for Self-Help Centers; \$2,500,000 for psychiatric services; \$5,000,000 for support services for permanent supportive housing; \$1,800,000 for jail diversion; \$1,000,000 for bilingual and culturally competent services; \$1,000,000 for Short-Term Care Facilities; \$600,000 for Community Health Law Project; \$1,500,000 for Special Case Management services; \$800,000 for Pilot Re-entry Case Management services.

The Commissioner of Human Services shall provide the Governor's Task Force on Mental Health with quarterly reports, due within 60 days after the end of each quarter, containing written statistical and financial information on the Governor's Task Force on Mental Health's final recommendations.

**Language Provisions (Cont'd)**

**Explanation**

The various language provisions on the previous page refer to funding priorities of the Governor's Task Force on Mental Health that are included in the Direct State Services and Grants-in-Aid sections of the recommended budget, and reports that are to be provided to the Task Force by the Commissioner of Human Services.

**2005 Appropriations Handbook**

**2006 Budget Recommendations**

No comparable language provision.

**p. D-183.**

Of the amounts appropriated hereinabove for the Arthur Brisbane Child Treatment Center, such sums as are necessary may be transferred to the Arthur Brisbane Child Treatment Center Bridge Fund account in the Division of Mental Health Services, subject to the approval of the Director of the Division of Budget and Accounting.

**Explanation**

The proposed language would permit the transfer of a portion of Brisbane's \$5.5 million recommended appropriation to the Brisbane Bridge Fund to supplement the recommended \$8.0 million appropriation. At this time it is not known how much will be transferred. (Similar language has appeared in previous appropriations acts to facilitate the transfer of monies between institutional and grant accounts of a similar nature related to de-population efforts.)

**DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES**

**2005 Appropriations Handbook**

**2006 Budget Recommendations**

**p. B-95.**

Notwithstanding any law to the contrary, of the amount appropriated hereinabove funding is available for the Department of Human Services to provide education and public awareness concerning the use of the new rapid AIDS test.

No comparable language provision.

**Explanation**

When the rapid AIDS test was introduced in FY 2005, the cost of educating the public about this

**Language Provisions (Cont'd)**

test was uncertain. This language permitted Medicaid to pay this expense , although no monies appear to have been spent on such activities. The language is not continued in FY 2006.



**2005 Appropriations Handbook**

**2006 Budget Recommendations**

**p. B-96.**

Notwithstanding any law to the contrary, a New Jersey major teaching acute medical/surgical care hospital that has been recognized by the State Medicaid program as an eligible non-State owned or operated government facility shall be eligible to receive an enhanced payment as appropriated in the Payments for Medical Assistance Recipients-Inpatient Hospital program for providing inpatient and outpatient services to Medicaid and NJ FamilyCare fee-for-service beneficiaries. Effective July 1, 2004, interim payments shall be made in monthly lump sum amounts, based on an estimate of the total enhanced amount payable to a qualifying hospital, subject to the approval of the Director of the Division of Budget and Accounting.

No comparable language provision.

**Explanation**

The language permitted Disproportionate Share (DSH) hospital payments to be classified as regular Medicaid payments as the State was over the \$606 million DSH cap in FY 2005. As the State will be below the \$606 million DSH cap in FY 2006, the language is not considered necessary.



**2005 Appropriations Handbook**

**2006 Budget Recommendations**

**p. B-98.**

The unexpended balance as of June 30, 2004 in the NJ FamilyCare-Affordable and Accessible Health Coverage Benefits account is appropriated.

No comparable language provision.

**Explanation**

As no unexpended balances are anticipated, the language has been eliminated.



Language Provisions (Cont'd)

2005 Appropriations Handbook

No comparable language provision.

2006 Budget Recommendations

p. D-192.

Notwithstanding the provisions of any other law or regulation to the contrary, effective commencing with the start of the fiscal year, or the earliest date thereafter consistent with notice provisions of 42 CFR 447.205 where applicable, the appropriation in the Payments for Medical Assistance Recipients - Physician Services account shall be conditioned upon the following provisions: (a) reimbursement for the cost of physician-administered drugs shall not exceed the lower of the physician's acquisition cost or the Average Whole Price (AWP) less a 12.5% discount; and (b) reimbursement for selected high cost physician-administered drugs shall be limited to those drugs supplied by manufacturers who have entered into the federal Medicaid Drug Rebate Agreement and are subject to drug rebate rules and regulations consistent with this Agreement.

Explanation

The proposed language would limit physician reimbursement for drugs administered in their office to the drug's AWP less 12.5% and would require drug manufacturers to provide the State with rebates for such drugs as a condition of covering their drugs under Medicaid. Savings of about \$0.3 million are anticipated.



2005 Appropriations Handbook

2006 Budget Recommendations

p. D-192.

Notwithstanding the provisions of any law or regulation to the contrary, the appropriations hereinabove for Payments for Medical Assistance Recipients - Other Services, and NJ FamilyCare are conditioned upon rate increases for the provider tax not being included in the calculation of the hospice per diem room and board payment rates.



**Language Provisions (Cont'd)****Explanation**

Hospice reimbursement is based, in part, on a percentage of the rate paid Nursing Homes. This technical change would exclude the added reimbursement Nursing Homes will receive from the provider assessment from determining hospice reimbursement.

**2005 Appropriations Handbook**

No comparable language provision.

**2006 Budget Recommendations****p. D-193.**

Notwithstanding the provisions of any other law or regulation to the contrary, commencing with the start of the fiscal year, the appropriation in the Payments for Medical Assistance Recipients - Client Services shall be conditioned upon the following provision: No funds shall be expended for partial care services to any provider who was not a Medicaid approved partial care provider prior to July 1, 2005 with the exception of new providers whose services are deemed necessary to meet special needs by the Division of Medical Assistance and Health Services.

**Explanation**

The proposed language limits partial care reimbursement to providers that were enrolled in the Medicaid program as of June 30, 2005. Essentially, no new agencies can become a Medicaid provider after June 30, 2005. This action is deemed necessary as the number of partial care providers has increased significantly since the Certificate of Need requirement was eliminated in the mid-1990s. There have been problems associated with these type of providers, particularly for-profit providers, and the Medicare and Medicaid program have conducted investigations of these types of providers.

Language Provisions (Cont'd)

2005 Appropriations Handbook

2006 Budget Recommendations

No comparable language provisions.

**p. D-193.**

Notwithstanding the provisions of any other law or regulation to the contrary, effective commencing with the start of the fiscal year, the appropriation hereinabove for Payments for Medical Assistance Recipients - Prescription Drugs and Managed Care Initiative shall be conditioned upon the following provision: all Division of Medical Assistance and Health Services beneficiaries, except pregnant women and children, consistent with 42 CFR 447.53, will be required to provide a \$1.00 copayment at the point of sale for each prescription filled.

Notwithstanding the provisions of any other law or regulation to the contrary, effective commencing with the start of the fiscal year, the appropriations hereinabove for Payments for Medical Assistance Recipients - Physician Services and Payments for Medical Assistance Recipients - Home Health Care shall be conditioned upon the following provision: all Division of Medical Assistance and Health Services beneficiaries, except pregnant women and children, consistent with 42 CFR 447.53, will be required to provide a \$3.00 copayment for each physician, chiropractor, and home health care visit.

**Explanation**

The first proposed language provision would impose a \$1.00 copayment on prescription drugs and is expected to save either \$3.0 million or \$4.0 million (both savings impacts are described in the budget document). Effective January 2006, when the Medicare Part D Prescription Drug program takes effect, some Medicaid recipients, who are also Medicare beneficiaries, may have a co-pay greater than \$1.00, as required by federal law.

The second proposed language provision would impose a \$3.00 copayment on physician, chiropractor and home health care visits and is expected to save \$3.3 million.

Neither copayment requirement would apply to children and pregnant women.



**Language Provisions (Cont'd)**

2005 Appropriations Handbook

2006 Budget Recommendations

No comparable language provisions.

**p. D-193.**

Notwithstanding the provisions of any other law or regulation to the contrary, effective commencing with the start of the fiscal year, the appropriations hereinabove for Payments for Medical Assistance Recipients - Prescription Drugs shall be conditioned upon the following provision: No funds shall be appropriated for the refilling of a prescription drug until such time as the original prescription is 85% finished.

Notwithstanding the provisions of any other law or regulation to the contrary, effective commencing with the start of the fiscal year, the appropriations hereinabove for Payments for Medical Assistance Recipients - Prescription Drugs shall be conditioned upon the following provision: The frequency of pricing updates to the reimbursement rates paid for Medicaid prescription drugs shall be decreased from once a week to once a month.

**Explanation**

The first proposed language provision would increase the threshold when a prescription can be refilled from 75% of the quantity to 85% and is expected to save \$2.8 million.

The second proposed language provision would reduce the frequency by which drug prices are updated, from weekly to monthly, and is expected to save \$3.4 million.



Language Provisions (Cont'd)

DIVISION OF DEVELOPMENTAL DISABILITIES

2005 Appropriations Handbook

2006 Budget Recommendations

p. D-201.

No comparable language provision.

Of the amounts hereinabove for Developmental Center Enhancement, such sums as are necessary may be transferred to Grants-in-Aid for the Developmental Center Enhancement or to the Woodbridge Developmental Center, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The proposed language would permit the \$4.3 million (gross) Direct State Services appropriation for Developmental Center Enhancement to be transferred to a similarly titled Grants-in-Aid account or to the Woodbridge Developmental Center. The monies are to be used to correct problems identified at Woodbridge by the U.S. Department of Justice.

2005 Appropriations Handbook

2006 Budget Recommendations

pp. B-103; B-104.

pp. D-201; D-202.

Cost recoveries from developmentally disabled patients and residents collected during the fiscal year ending June 30, 2005, not to exceed \$5,500,000, are appropriated for the continued operation of the Group Homes program, and an additional amount, not to exceed \$20,000,000, is appropriated for Community Services Waiting List Reduction Initiatives, subject to the approval of the Director of the Division of Budget and Accounting.

Similar language, except that the \$20,000,000 amount has been increased to \$20,630,000.

Explanation

Proposed language reflects an expected increase in cost recoveries from \$20.0 million to \$20.6 million. The additional monies, if realized, would be used on programs intended to reduce the waiting list for community services.

**Language Provisions (Cont'd)**

**2005 Appropriations Handbook**

**2006 Budget Recommendations**

**p. B-103.**

The amount appropriated for Vocational Rehabilitation/Extended Employment Program from the Community Care Waiver will become available pending approval from the Center for Medicare and Medicaid Services (CMS), completion of necessary systems and program changes, in accordance with an Memorandum of Understanding between the Commissioners of the Department of Human Services and Labor.

No comparable language provision.

**Explanation**

The language is not continued because this waiver is no longer being pursued as it may be too costly to implement.



**2005 Appropriations Handbook**

**2006 Budget Recommendations**

**pp. B-103; B-107**

**pp. D-202; D-214.**

Notwithstanding any law to the contrary, expenditures of federal Community Care Waiver funds received for community-based programs in the Division of Developmental Disabilities are limited to \$205,768,000. Federal funding received above this level must be approved by the Director of the Division of Budget and Accounting in accordance with a plan submitted by the Department of Human Services.

Similar language except that the amount referenced is \$228,655,000.

The State appropriation is based on ICF/MR revenues of \$218,233,000, provided that if the ICF/MR revenues exceed \$218,233,000, 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 referenced is \$278,905,000.

**Language Provisions (Cont'd)**

**Explanation**

These changes update the amount of federal monies available from the Community Care Waiver for community-based programs and the amount of federal ICF-MR monies upon which the State appropriation is based, respectively.

It is noted that in both FY 2004 and FY 2005 (est.), the amount of federal Community Care Waiver funds received was less than had been anticipated. This shortfall in federal funds in FY 2005 requires a \$20.1 million FY 2005 supplemental appropriation.

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**DIVISION OF FAMILY DEVELOPMENT**

**2005 Appropriations Handbook**

**2006 Budget Recommendations**

**p. B-109.**

In addition to the amount appropriated hereinabove for the Work First New Jersey - Technology Investment account, such additional sums as may be required are appropriated from the General Fund, not to exceed \$3,000,000, to meet the timely implementation of Work First New Jersey technology initiatives, subject to the approval of the Director of the Division of Budget and Accounting.

No comparable language provision.

**Explanation**

The proposed budget redirects \$12.5 million in child support incentive monies received by the State for Work First New Jersey - Technology Investment related purposes. Accordingly, language authorizing additional State appropriations for technology is not necessary.

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**2005 Appropriations Handbook**

**2006 Budget Recommendations**

**p. B-110.**

Notwithstanding any law to the contrary, amounts may be transferred from the Division of Family Development to the Department of Labor to meet federal Welfare to Work Grant requirements, subject to the approval of the Director of the Division of Budget and Accounting.

No comparable language provision.

**Language Provisions (Cont'd)**

**Explanation**

P.L.2004, c.39 consolidated various welfare related work programs, such as Welfare to Work, within the Department of Labor and Workforce Development. Therefore, the language is no longer considered necessary.

**2005 Appropriations Handbook**

No comparable language provision.

**2006 Budget Recommendations**

**p. D-224.**

Notwithstanding any law to the contrary in addition to the amounts hereinabove for Work First New Jersey - Work Activities and Work First New Jersey - Training Related Expenses accounts, an amount not to exceed \$10,000,000 is appropriated from the New Jersey 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.

**Explanation**

The budget recommends \$1.2 million and \$18.7 million in General Fund appropriations for Training Related Expenses and Work Activities, respectively. The proposed language would make available an additional amount up to \$10.0 million in Workforce Development Partnership Funds for such purposes, if needed.

**OFFICE OF CHILDREN'S SERVICES**

**2005 Appropriations Handbook**

**p. B-114.**

The Department of Human Services shall provide a list of the County Human Services Advisory Boards' contracts to the Director of the Division of Budget and Accounting on or before September 30, 2004. The listing shall segregate out the administrative costs of such contracts.

**2006 Budget Recommendations**

No comparable language provision.

**Language Provisions (Cont'd)**

**Explanation**

The requirement that an annual County Human Services Advisory contract listing be submitted is not recommended for continuation. This contract listing has not been submitted in several years.

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**DIVISION OF ADDICTION SERVICES**

**2005 Appropriations Handbook**

**2006 Budget Recommendations**

**p. B-112.**

**p. D-235.**

There is appropriated \$700,000 from the "Drug Enforcement and Demand Reduction Fund," established pursuant to N.J.S. 2C:35-15, to the Department of Health and Senior Services for a Grant to Partnership for a Drug-Free New Jersey.

Similar language, except the amount is **\$1,000,000.**

**Explanation**

The proposed language increases funding from the Drug Enforcement and Demand Reduction Fund for the Partnership for a Drug Free New Jersey from \$700,000 in FY 2005 to \$1.0 million in FY 2006.

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**2005 Appropriations Handbook**

**2006 Budget Recommendations**

**p. B-112.**

**p. D-234.**

In addition to the amount hereinabove for Community Based Substance Abuse Treatment and Prevention - State Share program, there is appropriated \$1,700,000 from the Drug Enforcement and Demand Reduction Fund for the same purpose.

Similar language, except the amount is **\$2,700,000.**

**Explanation**

The proposed budget decreases Grants-in-Aid funding for Community Based Substance Abuse Treatment and Prevention - State Share, by \$1.0 million, from \$24.3 million to \$23.3 million. To offset this reduction, a \$1.0 million increase from FY 2005 funding, from the Drug Enforcement and Demand Reduction Fund will be made available.



**Language Provisions (Cont'd)**

**DIVISION OF MANAGEMENT AND BUDGET**

**2005 Appropriations Handbook**

**2006 Budget Recommendations**

**p. B-115.**

Funds made available from savings realized from reductions in the use of consultants throughout the department may be reallocated in an amount not to exceed \$1,000,000 to the Division of Management and Budget in the department.

No similar language provisions.

Funds made available from savings realized from efficiencies throughout the department may be reallocated, subject to the approval of the Director of the Division of Budget and Accounting, in an amount not to exceed \$18,600,000 to the Division of Management and Budget in the department.

Funds made available from savings realized from contract efficiencies throughout the department may be reallocated in an amount not to exceed \$1,000,000 to the Division of Management and Budget in the department.

**Explanation**

The three language provisions were included in the FY 2005 appropriations act by the Legislature and are not continued. It is not known whether the department reduced consultant costs by \$1.0 million, or achieved \$18.6 million in efficiencies, or \$1.0 million in contract efficiencies.



**2005 Appropriations Handbook**

**2006 Budget Recommendations**

**p. B-115.**

Of the amount appropriated hereinabove for Cost of Living adjustment, amounts may be transferred to other divisions within the Department of Human Services, subject to the approval of the Director of the Division of Budget and Accounting.

No comparable language provision.

**Explanation**

As the FY 2006 recommended budget does not provide funds for a Cost of Living adjustment to

Language Provisions (Cont'd)

provider agencies, the language is not required.

2005 Appropriations Handbook

2006 Budget Recommendations

p. E-6.

Notwithstanding any other provisions of this or the provisions of any other law to the contrary, an amount not to exceed \$3,000,000 as shall be determined by the Director of the Division of Budget and Accounting is transferred from the Lead Hazard Control Assistance Fund to the Catastrophic Illness in Children Relief Fund to reimburse the Catastrophic Illness in Children Relief Fund for the appropriations made from the fund in the "Lead Hazard Control Assistance Act, P.L.2003, c.311.

No comparable language provision.

Explanation

The FY 2005 appropriations act language that transferred \$3.0 million from the Lead Hazard Control Assistance Fund to the Catastrophic Illness in Children Relief Fund was complied with and is not continued.

2005 Appropriations Handbook

2006 Budget Recommendations

No comparable language provision

p. F-7.

The unexpended balances at the end of the fiscal year for the ... Social Services Emergency Grants ... accounts are appropriated, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

Proposed language reappropriates various unexpended grant funds, including Social Services Emergency Grants. Though no Social Services Emergency Grants funds have been expended, it is not known whether unexpended balances will be available in the account at the end of FY 2005.

**Language Provisions (Cont'd)****2005 Appropriations Handbook****2006 Budget Recommendations****p. E-6.**

For nonprofit community providers that provide at least 50% of the cost of employees' health benefits, 50% of the Cost of Living Increase shall be dedicated to salaries of employees who work for the nonprofit. The remaining 50% shall be available for the nonprofit to use as it determines. For nonprofit community care providers that provide less than 50% of the cost of employees' health benefits, 70% of the Cost of Living Increase shall be dedicated to salaries of employees who work for the nonprofit. The remaining 30% shall be available for the nonprofit to use as it determines. Departments with appropriations for cost of living increases for nonprofit community care providers may transfer funds available from other appropriations made to those departments, subject to the approval of the Director of the Division of Budget and Accounting, to provide an additional 1/2% cost of living increase to those providers which shall also be subject to other provisions of this section.

No comparable language provision.

**Explanation**

Language was included in the FY 2005 appropriations act by the Legislature to provide guidance regarding the distributions of Cost of Living adjustment funds. The language is not continued. The FY 2006 recommended budget does not include funds for a cost-of-living adjustment for provider agencies.

## Discussion Points

### DEPARTMENT OF HUMAN SERVICES (GENERAL)

1. The FY 2006 recommended budget incorporates \$3.2 million in Direct State Services efficiencies.

- **Question: What efficiencies will produce \$3.2 million in savings?**

2. The FY 2005 appropriations act directed the department to: reduce consultant services by \$1.0 million; identify efficiency savings of \$18.6 million; and achieve \$1.0 million in contract efficiencies.

- **Question: What specific consultant services were eliminated to achieve \$1.0 million in savings? What specific efficiencies were identified to save \$18.6 million? What specific contract efficiencies were identified to save \$1.0 million?**

3. In FY 2005, the department's "long-term review" of its federal accounts resulted in an increase in Miscellaneous (federal) Revenue (Schedule 1) from \$1.5 million to \$48.5 million. In FY 2006, this revenue item is reduced from \$48.5 million to \$5.5 million.

- **Question: Will the \$48.5 million in federal revenues be attained in FY 2005? As the "long term review" of its federal accounts should result in a permanent increase in the amount of federal funds the department realizes, what accounts for the significant reduction in federal revenues in FY 2006?**

4. The department incurs a significant amount of overtime costs, particularly at the State developmental centers and psychiatric hospitals:

	FY 2003	FY 2004	FY 2005 est.
Developmental Centers	\$33,945,000	\$37,272,900	\$41,150,000
Psychiatric Hospitals	\$31,205,000	\$29,985,600	\$24,279,000

- **Question: How much is included in the FY 2006 Personal Services accounts of the various divisions and State facilities for overtime, and how do these amounts compare to projected overtime costs for FY 2005?**

5. To address legislative concerns, the department was to "convene a consortium of representative providers" to address the salary and benefits disparity between the State and private agencies.

- **Question: What recommendations did the consortium propose? What would be the additional cost to the State to reduce these wage and benefits disparities?**

### DIVISION OF MENTAL HEALTH SERVICES

6. The FY 2006 budget recommends \$250,000 for the Governor's Council on Mental Health Stigma to develop a master plan to increase public awareness and understanding of mental disorders. The division already contracts with advocacy groups, who as part of their overall

## Discussion Points

mission, attempt to educate the public about, and the problems associated with, mental illness.

- **Question: Can funding for existing contracts that provide similar services be reduced?**

7. The FY 2006 recommended budget estimates the average daily census at Greystone will be reduced from 545 patients in FY 2005 (revised) to 487 patients in FY 2006. In FY 2004 and FY 2005, the recommended budgets had assumed a census of 491 and 451 patients at Greystone, respectively. The actual census in FY 2004 was 541 and in FY 2005 (thru February) was 550.

While the FY 2006 recommended budget proposes additional funding for the Greystone Bridge Fund and various new initiatives that may reduce admissions to, and the census of, Greystone, their success is uncertain.

- **Question: As previous census reductions at Greystone have not been realized, what is the basis for the projected FY 2006 census reduction?**

8.a. The FY 2006 budget recommends \$26.3 million in program expansions and new programs as part of the Governor's Mental Health Initiative.

These programs require hiring additional staff at a time when turnover at some mental health programs is as high as 80%.

- **Question: As the various new/expanded mental health programs are likely to have recruitment difficulties, can recommended appropriations be reduced?**

8.b. Many of the new/expanded programs are billable to Medicaid and would generate federal reimbursement for Medicaid eligible clients.

- **Question: How much federal Medicaid reimbursement are these expanded/new services expected to generate?**

9. State Aid funding to the six county psychiatric hospitals will increase by \$11.1 million, to \$104.6 million, as revised rates approved by the State House Commission will result in retroactive adjustments to county payments that will reduce the amount of unexpended FY 2005 balances available in FY 2006.

- **Question: How much unexpended FY 2005 balances are anticipated?**

### DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES

10. The FY 2006 recommended budget proposes a \$1.00 co-pay on prescription drugs for most non-institutionalized adult recipients. The amount expected to be saved is cited as \$4.0 million (p. D-166) and \$3.0 million (Budget in Brief, p. 20).

- **Question: How much will be saved by a \$1.00 co-pay on prescription drugs?**

11.a. The FY 2006 recommended budget does not address the new Medicare Part D drug program and the provision of prescription drugs by Medicaid. For example, though the proposed budget recommends that most adult Medicaid recipients pay a \$1.00 co-pay, under Medicare Part

## Discussion Points

D, upwards of 110,000 dual eligibles (Medicare/Medicaid recipients) who reside in the community may have higher co-pays, depending on their income.

- **Question:** Does the State intend to pay the proposed Medicare Part D co-pay or the difference between the Medicare Part D co-pay and the proposed Medicaid \$1.00 co-pay?

11.b. Under the new Medicare Part D program, the four Private Drug Providers that will administer the program in New Jersey will be able to implement drug formularies.

- **Question:** Does the State intend to cover prescription drugs that are not included in the formularies, but are currently available under the State's Medicaid program?

11.c. States will have to return 90% of prescription drug savings realized by the assumption of drug costs for dual eligibles by Medicare Part D. While the exact amount states will have to return to the federal government will not be known until October 2005, some portion of the \$505.4 million Prescription Drugs appropriation represents an amount the State will have to return to the federal government.

- **Question:** How much of the Prescription Drugs appropriation does the department anticipate having to return to the federal government?

12. The FY 2006 recommended budget anticipates \$3.4 million in savings by reducing the frequency of drug price updates from weekly to monthly.

- **Question:** Does federal law permit drug prices to be updated quarterly? How much would be saved by updating drug pricing quarterly?

13. The federal Office of Inspector General (September 2004) indicated that New Jersey's Medicaid program paid more for prescription drugs than other states, most notably Texas.

The report indicated that since the federal government is up to two years behind in setting a Maximum Allowable Cost (MAC) for certain generic drugs, Texas and several other states established programs to set a MAC price pending action by the federal government. This action appears to account for the difference in Medicaid prescription drug reimbursement between Texas and New Jersey.

- **Question:** If the State adopted its own MAC pricing program, pending a federal MAC price, how much could Medicaid drug costs be reduced?

14. The FY 2006 recommended budget assumes \$20 million in savings through "enhanced monitoring of Medicaid payments for outpatient services."

- **Question:** What specific payment problems with respect to outpatient services is the program concerned about?

15. The FY 2006 recommended budget assumes that Medicare Premiums expenditures will increase 10%, from \$85.4 million to \$94.0 million. The federal government recently announced that premiums in 2006 will increase by about 14%.

## Discussion Points

- **Question: Will the \$94.0 million appropriation be adequate?**

16. Under the FY 2006 recommended budget, costs associated with Unit Dose Contract Services are expected to be reduced by \$0.9 million due to implementation of Medicare Part D, under which Medicare will assume responsibility for the administrative costs of providing prescription drugs to Medicare patients in State institutions. There is no corresponding reduction in costs for Consulting Pharmacy Services, even though Medicare will assume responsibility for utilization review for such patients.

- **Question: Can the Consulting Pharmacy Services appropriation be reduced due to the implementation of Medicare Part D?**

17. The FY 2006 recommended budget proposes co-pays for prescription drugs, physician and chiropractor services and home health care services for most Medicaid recipients. General Assistance (GA) recipients will not be subject to these co-pays.

- **Question: How much would be saved by extending co-pays to GA recipients?**

### DIVISION OF DISABILITY SERVICES

18. The division administers the Traumatic Brain Injury waiver. In FY 2005, \$3.6 million was appropriated to increase the number of program slots by 50, from 250 to 300. Available data indicate that between 250 - 265 recipients are receiving services in any given month.

The FY 2006 recommended budget would provide an additional \$3.6 million to increase the number of slots from 300 to 350.

- **Question: As the additional 50 slots made available in FY 2005 are not being fully utilized, are additional funds and program expansion needed at this time?**

### DIVISION OF DEVELOPMENTAL DISABILITIES

19.a. The FY 2006 recommended budget \$4.3 million (gross) in **Direct State Services** for the Developmental Center Enhancement program to address U.S. Department of Justice concerns related to the Woodbridge Developmental Center (Fall 2005). Additional costs, such as overtime, have been incurred during FY 2005 to address these problems.

- **Question: How much additional funding is required in FY 2005 to support improvements at Woodbridge?**

19.b. As of this writing, a formal plan to address the problems at Woodbridge has not been submitted to and approved by the federal government. Thus, the \$4.3 million (gross) included for FY 2006 may be insufficient to support the proposed improvements.

- **Question: What is the status of the submission of a corrective action plan to the federal government? How much additional funds may be required to address the problems at Woodbridge?**

20. Several years ago, the division announced an initiative to reduce reliance on Private

## Discussion Points

Institutional Care (PIC) for which no federal reimbursement is available; yet the number of PIC clients has increased from 597 (FY 2003) to an estimated 637 (FY 2006).

- **Question: What accounts for the division's difficulty in reducing the PIC use?**

21. The FY 2006 recommended budget includes \$28.8 million (gross) for Skill Development Homes. According to the Evaluation Data, program costs should be about \$27.6 million in FY 2006.

- **Question: What accounts for this difference?**

22. In response to a FY 2005 Discussion Point concerning client contributions to the cost of care, the division indicated that "no more than \$2 million is outstanding from clients" who did not pay the required contribution. A subsequent review by the State Auditor indicated that in 2003, alone, \$2.5 million in client contributions were not collected.

- **Question: What is the total amount of client contributions that is outstanding?**

23.a. The FY 2004 appropriations act anticipated \$210.4 million in federal Community Care Waiver (CCW) funds; only \$188.4 million was realized. Though the FY 2005 appropriations act assumed \$226.1 million in federal CCW funds, \$204.0 million is now anticipated. This shortfall in federal CCW funds requires a State supplemental appropriation of \$20.1 million.

- **Question: What accounts for the shortfall in federal CCW funds in FY 2004 and FY 2005?**

23.b. The FY 2006 recommended budget assumes \$228.7 million in federal CCW funds, a 12.1% increase over revised FY 2005 estimates.

- **Question: As actual federal CCW revenues have been below FY 2004 and FY 2005 estimates, what is the basis for a 12.1% increase in federal CCW revenues in FY 2006?**

23.c. The FY 2006 recommended budget assumes a 17.3% increase in federal ICF-MR revenues, from \$237.8 million to \$278.9 million. In FY 2004 and FY 2005, the amount of federal ICF-MR revenues anticipated was largely unchanged at about \$237.8 million.

- **Question: What is the basis for a 17.3% increase in federal ICF-MR revenues?**

### COMMISSION FOR THE BLIND AND VISUALLY IMPAIRED

24. In FY 2003, \$1.2 million in Capital Construction funds were appropriated for emergency equipment upgrades at the Kohn Rehabilitation Center. To date, about \$185,000 has been either expended or encumbered and about \$1.0 million is unexpended.

- **Question: What is the status of the emergency equipment upgrades at the center?**

### DIVISION OF FAMILY DEVELOPMENT

25.a. The FY 2005 appropriation for WFNJ-Technology Investment projects was to be expended



## Discussion Points

as follows: ACSES Reengineering - \$15.3 million; ISIS/CASS - \$7.3 million; child support/Food Stamp document imaging - \$4.3 million; maintenance - \$2.7 million; operational support - \$1.9 million; and equipment upgrades - \$1.0 million.

- **Question:** What is the status of each project and will expenditures be in line with initial estimates?

25.b. The FY 2006 recommended budget includes \$62.4 million (gross) for WFNI-Technology Investment projects.

- **Question:** What projects are being undertaken and at what cost?

26. The FY 2006 budget recommends reducing State funding for Abbott Expansion by \$4.0 million and is offsetting this with \$4.0 million in federal wraparound funds.

- **Question:** What specific federal program is the source of these wraparound funds?

27. The FY 2006 recommended budget includes \$3.3 million in State/federal funds for Mental Health Assessment (MHA). One objective of MHA is to enable TANF/GA recipients with mental illness to obtain gainful employment. Available information indicates that MHA may save the TANF/GA programs less than \$500,000.

- **Question:** If the expenditure of \$3.3 million is documented to save less than \$0.5 million, are there other considerations that can justify the expenditure of these monies?

28. The FY 2006 recommended budget provides \$1.3 million for a Pharmaceuticals for Working GA Clients program. Monies were appropriated for the program in FY 2004 and FY 2005, but no funds have been expended on the program.

- **Question:** As no program was established in FY 2004 and as no program has been established in FY 2005 (to date), can the FY 2006 recommended appropriation be reduced or eliminated?

29. The FY 2006 recommended budget increases funding for the General Assistance Emergency Assistance Program from \$62.0 million to \$79.5 million, due to a significant increase in caseload and related costs. Per capita emergency hotel/motel costs in Bergen county are about \$600, while per capita costs in Essex and Ocean counties are over \$1,300 and \$1,600, respectively.

- **Question:** Why are disparities so large among the various counties? Should per capita expenditures for hotel/motel costs be capped?

30. The FY 2006 recommended budget reduces Substance Abuse Initiative (SAI) funding by \$10.0 million, which is offset by \$10.0 million in reimbursements, including \$5.0 million in Medicaid reimbursements.

Available data indicate that over 70% of SAI clients do not qualify for Medicaid. Also, some SAI services may not be eligible for federal Medicaid reimbursement and some SAI providers may not be approved Medicaid providers.

- **Question:** What is the basis for assuming \$5.0 million in federal Medicaid

**Discussion Points**

reimbursements?

**DIVISION OF ADDICTION SERVICES**

31. In October 2001, the Division of Addiction Services began implementing the New Jersey Substance Abuse Monitoring System (NJSAMS) to replace the Alcohol and Drug Abuse Data System and become the standard for data reporting among providers. NJSAMS was to be operational by July 2004.

- **Question: Is NJSAMS fully operational? How much in State and federal funds did it cost to implement NJSAMS?**

32. Essex County has contracted with a private company, Education and Health Center of America, to operate Delaney Hall. The facility provides residential substance abuse treatment services to certain inmates of the county detention center. The FY 2006 recommended budget continues an FY 2005 appropriation of \$12 million in State Aid for County of Essex - Delaney Hall, to offset county costs.

- **Question: What is the total cost of the county's contract related to the operation of Delaney Hall?**

33. Through the new federal Access to Recovery Grant, the State will receive approximately \$4 million for each of the next three years. Available information indicates that the division will use these funds to create a voucher program to provide treatment options; increase outpatient treatment capacity; expand day programs; create a central hotline for referral services; and provide patients with wrap-around services, such as shelter and transportation.

- **Question: How many people will be served by the program in each of the next three years?**

**OFFICE OF CHILDREN'S SERVICES**

During FY 2004, the Joint Budget Oversight Committee approved the transfer of \$15 million for additional costs of Child Welfare Reform. Proposed and actual State/federal expenditures related to the \$15 million are summarized below:

	Proposed FY 2004 Expenditures	Actual FY 2004 Expenditures (including obligations)
State	\$15,000,000	\$14,971,000
Federal	\$3,377,000	\$952,000
<b>TOTAL</b>	<b>\$18,377,000</b>	<b>\$15,923,000</b>

34.a. Though actual State expenditures were about \$15 million, federal expenditures were \$2.4 million less than proposed.

- **Question: What accounts for the \$2.4 million lower expenditures in federal funds? Did the State use any of the \$15 million in State funds to cover the shortfall in federal funds?**

## Discussion Points

The \$18.4 million in State/federal funds was intended to accomplish certain objectives, as discussed below:

34.b. **Staffing and Related Expenditures.** An additional 158 staff were to be hired at a cost of \$4.8 million in personnel/non-personnel expenses. Actual expenditures were \$6.0 million.

- **Question: How many staff were hired? Why were costs \$1.2 million greater than anticipated?**

34.c. **Assessments.** An additional 6,500 safety/placement assessments were to be conducted at a cost of \$2.6 million. Actual expenditures were \$1.7 million.

- **Question: How many assessments were conducted?**

34.d. **Centralized Screenings and Hotline.** Approximately \$0.3 million was made available to develop a centralized screening program and retrofit office space. Actual expenditures were \$1.4 million.

- **Question: Why were costs \$1.1 million greater than anticipated?**

34.e. **Youth Case Managers.** An additional 86 contracted case managers were to be hired at a cost of \$1.4 million. Actual expenditures were \$1.2 million.

- **Question: How many contracted youth case managers were hired?**

34.f. **Intensive In-Home/Behavioral Assistance.** An additional 326 children/families were to receive services at a cost of \$4.8 million. Actual expenditures were \$3.0 million.

- **Question: How many additional children/families received services?**

34.g. **Treatment Homes/Emergency Behavioral Health.** Twenty emergency treatment and 75 non-emergency treatment beds were to be established at a cost of \$1.5 million. Actual expenditures were \$1.25 million, though none of the 95 beds were established, and the monies were obligated for an unrelated residential program.

- **Question: Why was the department unable to establish the 95 treatment beds?**

34.h. **Medical Evaluations/Nursing Services.** Three thousand (3,000) physical exams were to be provided to all children entering foster care, a pool of pediatricians to conduct exams was to be developed, and a nurse/nurse practitioner was to be placed in each district office, at a cost of \$0.8 million. Actual expenditures were \$0.5 million and UMDNJ and private agencies were contracted to provide the nursing services.

- **Question: How many physical exams were provided? How many pediatricians were recruited to provide the exams? How many nurse/nurse practitioners did UMDNJ and private agencies provide, and at what average cost? Is every district office staffed by nursing personnel?**

**Discussion Points**

34.i. **Comprehensive Health Evaluations.** A provider network to provide assessments within 30 days was to be established at a cost of \$250,000. Actual expenditures were \$0.5 million.

- **Question:** Are all assessments being completed within 30 days? Why did program costs double?

34.j. **Children in Office Awaiting Placement.** An additional \$0.6 million was made available to provide unspecified additional services. Actual expenditures were \$0.1 million.

- **Question:** Why were costs much lower than anticipated? How many children received services?

34.k. **Senior Management Staff.** Twenty senior staff at an average annualized salary of \$88,000 were to be hired. Actual expenditures were \$0.2 million.

- **Question:** How many senior staff were hired and at what average salary?

35.a. Summarized below is a breakdown of the proposed expenditure of \$125 million in new Child Welfare Reform funds for April 2004 and January 2005 (revised). The January 2005 Quarterly Report does not explain increases/reductions from the April 2004 spending plan.

PURPOSE (in millions)	April 2004*	January 2005	Change
Case Practice	\$28.9	\$45.1	\$16.2
Resource Families	\$12.6	\$14.5	\$1.9
Adolescents	\$4.7	\$3.4	(\$1.3)
Reducing Inappropriate Settings	\$14.3	\$15.8	\$1.5
Core Services	\$32.4	\$19.7	(\$12.7)
Safety and Permanency**	\$15.7	\$13.2	(\$2.5)
Culture and Workforce	\$6.2	\$6.6	\$0.4
High Quality	\$4.7	\$3.2	(\$1.5)
Information and Technology	\$5.4	\$3.5	(\$1.9)
<b>TOTAL COST</b>	<b>\$125.0</b>	<b>\$125.0</b>	--

\* May not add due to rounding.

\*\* Monies to be transferred to the Department of Law and Public Safety and the Office of the Public Defender.

- **Question:** For each Child Welfare Reform spending purpose, account for any increase or decrease in spending between April 2004 and January 2005. With respect to any reductions, how will the reduction affect the programs' objectives?

35.b. The April 2004 spending plan identified \$62.2 million in federal funds that would be available to supplement State funds as follows: **Case Practice** - \$11.3 million; **Resource Families** - \$5.0 million; **Adolescents** - \$4.4 million; **Reducing Inappropriate Settings** - \$6.4 million; **Core**

## Discussion Points

Services - \$29.1 million; Culture and Workforce - \$3.1 million; High Quality - \$1.3 million; and Information and Technology - \$1.6 million. It is also noted that a FY 2005 supplemental State appropriation of \$14.6 million will be requested.

- **Question: Will \$62.2 million in federal funds be realized? If not, what accounts for any increase/decrease in the amount of federal funds expected to be received? How much of the proposed FY 2005 \$14.6 million supplemental appropriation is due to a shortfall in the amount of federal funds anticipated in April 2004 for Child Welfare Reform?**

36. The FY 2005 State/federal appropriations for Child Welfare Reform were intended to achieve certain objectives, as discussed below.

36.a. **Case Practice.** An additional 625 staff were to be hired; mini-diagnostic centers were to be established; and additional adoption support services and emergency funding were to be made available.

- **Question: As of April 1st: How many staff have been hired and are working? How many mini-diagnostic centers have been established and at what annualized cost? What additional adoption services have been provided and at what annualized cost? How much additional emergency funds has been provided and at what annualized cost?**

36.b.. **Resource Families.** An additional 97 staff were to be hired; foster care/adoption subsidy rates were to be increased; and an additional 1,000 foster homes were to be recruited.

- **Question: As of April 1st: How many staff have been hired and are working? How many of the 1,000 new homes have been recruited? How many homes have left the system?**

36.c. **Adolescents.** An additional 70 staff were to be hired; and additional transitional services for aging out youth were to be provided.

- **Question: As of April 1st: How many of the 70 additional staff have been hired and are working? What additional transitional services to aging out youth have been provided and at what annualized cost?**

36.d. **Reducing Inappropriate Settings.** An additional 8 staff for the Office of Child Behavioral Health were to be hired; additional mobile response, youth case management, and intensive in-home services were to be provided; additional family support organizations were to be established; youth shelter rates were to be increased; and additional treatment homes/emergency behavioral health services were to be provided.

- **Question: As of April 1st: How many staff have been hired and are working? Is the annualized cost of providing the additional mobile response, youth case management, intensive in-home services and family support organizations in line with the initial cost estimates? Is Medicaid reimbursement being obtained for these services for children that are Medicaid/NJ FamilyCare eligible? Were youth shelter rates increased and is the annualized cost of this increase in line with initial estimates?**

36.e. **Core Services.** An additional 106 staff were to be hired; additional slots were to be created for day care (625), substance abuse (425) and adolescent treatment (150); additional Collaboratives

## Discussion Points

and Collaborative support services were to be established; and effective October 2004, 107 caseworkers were to be contracted for through county welfare agencies and private agencies.

- **Question: As of April 1st: How many additional staff have been hired and are working? How many day care slots have been established and at what cost? How many substance abuse slots and adolescent treatment slots have been established, and at what cost? As of October 1st, how many of the 107 contracted casework staff were hired?**

36.f. **Culture and Workforce.** An additional 92 staff were to be hired in the areas of support activities and senior management.

- **Question: As of April 1st, how many of the additional staff have been hired and are working?**

36.g. **High Quality.** An additional 60 staff were to be hired.

- **Question: As of April 1st, how many of the additional staff have been hired and are working?**

36.h. **Information and Technology.** An additional 40 staff were to be hired; and efforts would be undertaken to integrate the SACWIS/NJ SPIRIT system with other departmental systems.

- **Question: As of April 1st: How many of the additional staff have been hired and are working? How much of the \$5.0 million earmarked for computer system integration has been expended?**

37. In addition to the \$125.0 million in State funds appropriated for Child Welfare Reform, an additional \$24.8 million in State funds was appropriated for related activities: Personnel related items - \$17.5 million; and Contracted Services - \$7.3 million.

- **Question: What specific personnel related expenses was the \$17.5 million in State funds intended to support? What specific contract related costs was the \$7.3 million intended to support?**

38. As part of Child Welfare Reform, at least 25 unclassified positions were established (January 2005 Quarterly Report).

- **Question: What is the average salary of the 25 unclassified positions? Will these positions be converted into the regular civil service classified positions?**

39. Approximately \$330.1 million (gross) in grants will be awarded as part of Child Welfare Reform: Treatment Homes/Emergency Behavioral Health Services - \$219.0 million; Care Management Organizations - \$40.6 million; Intensive In Home Services - \$33.3 million; Mobile Response - \$11.4 million; Family Support Organizations - \$8.7 million; Youth Case Managers - \$8.5 million; Youth Incentive Program - \$8.3 million; and Other Residential Services - \$0.3 million.

Of the \$330.1 million, federal reimbursement (primarily Medicaid) of \$107.0 million (32%) is expected.

## Discussion Points

A majority of the children served by these programs are Medicaid/NJ FamilyCare eligible. Though some services do not qualify for Medicaid reimbursement, federal reimbursement should exceed 32%; however, the total percentage of federal reimbursement anticipated declines from 37.6% to 32.4% between FY 2005 and FY 2006.

- **Question: What accounts for a reduction in the amount of federal reimbursement?**

40. Approximately \$2.8 million is being provided for Community Case Managers by the Prevention and Community Partnerships Services program. Though case management services are a reimbursable federal service, virtually no federal reimbursement is reflected.

- **Question: Why is no federal reimbursement reflected for this service?**

41. Within the Administration and Support Services program of Child Behavioral Health, in FY 2005, \$8.2 million in State funds are available for Services Other Than Personal; the FY 2006 recommended budget allocates \$11.6 million in federal funds for Services Other Than Personal. This account is used primarily, though not exclusively, to pay for consultants.

- **Question: How much of the \$8.2 million (FY 2005) and \$11.6 million (FY 2006) are being used for consultant services and which consultants are being used?**

42. In the FY 2006 recommended budget, within the Prevention and Community Partnership Services program, approximately \$8.8 million is provided for School Based Youth Program grants. Similar grant funding of \$8.5 million is included within the Division of Family Development. Thus, two agencies will incur administrative costs to administer essentially the same program.

- **Question: How much can be saved by consolidating administration with one agency?**

43. The FY 2006 recommended budget includes \$4.3 million in grants for Area Prevention and Support Services; these monies will be used, among other things, to develop Child Welfare Planning Councils. An additional \$3.6 million in grants is recommended to establish county Collaboratives. Both the Planning Councils and the Collaboratives have similar objectives. There also exist other county planning bodies supported by the department and the Courts that are engaged in planning related to children and human services issues.

- **Question: To reduce overall costs, can planning functions be handled by a single county-based organization?**

44. The FY 2006 recommended budget estimates that the number of children in a Subsidized Adoption setting will increase by over 500, from about 8,600 to nearly 9,200. In early 2005, the number of children in Subsidized Adoption already exceed 9,100.

- **Question: Is the estimated number of children in Subsidized Adoption too low?**

45.a. Pursuant to language in the FY 2004 and FY 2005 appropriations acts and the FY 2006 recommended budget, the Center for Children's Support (UMDNJ Stratford) will have received \$2.4 million to develop a "model comprehensive diagnostic and treatment program to address both the medical and mental health needs of children experiencing abuse."

- **Question: What is the status of the "model comprehensive diagnostic and treatment**

## Discussion Points

program?"

45.b. Available contract information indicates that a portion of the \$0.8 million awarded annually to the center was used to increase the center director's compensation from about \$238,000 to nearly \$262,000. No other employees of the center received an increase in compensation.

- **Question: What justification did the center provide for increasing the center director's compensation?**

### DIVISION OF MANAGEMENT AND BUDGET

46.a. DHS has been in litigation with Deloitte Consulting to recoup monies from Deloitte for \$54.9 million in claims submitted to the federal government, but disallowed, and to recoup upwards of \$5.0 million in payments paid to Deloitte for the submission of these claims. This dispute has been ongoing for at least two years.

- **Question: What is the current status of the litigation? Pending resolution of the matter, can Deloitte Consulting be disqualified from being awarded other DHS contracts?**

46.b. In January 2004, the federal government issued a report that Deloitte Consulting had submitted \$11.1 million in invalid Medicaid disproportionate share claims and sought repayment of these monies. DHS disagreed with the federal position on this matter.

- **Question: What is the status of the repayment of the \$11.1 million? Has DHS sought to recoup additional monies from Deloitte for this disallowance?**

46.c. In 2004, DHS terminated its contract with the Education and Health Centers of America, Inc., for the operation of Lipman Hall. DHS indicated that it would recoup \$3.0 million in improper markups from the company.

- **Question: How much of the \$3.0 million has been recouped? Pending resolution of the matter, can Education and Health Centers of America be disqualified from being awarded other DHS contracts?**

47. DHS was appropriated \$10.0 million for Social Services Emergency Grants. As of this writing, no funds have been expended.

- **Question: What is the status of these funds? To the extent that funds have or will be awarded, what agencies received monies, how much did the agencies receive, and what is the intended use of these monies?**

48.a. The FY 2006 recommended budget provides an additional \$7.0 million (gross) for the Statewide Automated Child Welfare System (SACWIS), now named NJ SPIRIT project. This is in addition to the \$32.8 million (gross) previously provided for the project.

- **Question: Why is an additional \$7.0 million (gross) needed for the project? Including hardware and other related costs, what is the total projected cost of implementing SACWIS/NJ SPIRITS?**



## Discussion Points

48.b Release 2 of SACWIS/NJ SPIRIT has been delayed by at least three months, from September to December 2005. Various reports by Bearing Point (which provides DHS with technical support on the project) indicate that the implementation vendor's schedule is "aggressive" and questions the reasonableness of the implementation schedule.

- **Question:** Is the December 2005 date still operational? What impact will the delay have on the overall cost and completion date of the project? What caused the three month delay? If the delay is the fault of the vendor, has DHS sought to impose penalties on the vendor for the delay?

48.c. As part of the overall Child Welfare Reform, a new Children's Services Support program was established in Central Office. Of the \$9.6 million recommended for the program, approximately \$2.7 million is for Information Technology - Child Welfare Reform.

- **Question:** Are these monies related to the SACWIS/NJ SPIRIT project?

**Background Paper: The Substance Abuse Initiative**

Budget Pages.... D-223.

Funding (\$000)	Expended FY 2004	Adj. Approp. FY 2005	Recomm. FY 2006
<b>Substance Abuse Initiative:</b>	<b>\$10,704</b>	<b>\$35,174</b>	<b>\$25,174</b>
State	12,354	16,455	6,455
Federal	(1,650)	18,719	18,719

**SUMMARY**

The FY 2006 recommended appropriation for the Substance Abuse Initiative (SAI) account assumes \$10.0 million in funds received from other programs, \$5.0 million of which may be unattainable.

**BACKGROUND**

The FY 2006 recommended budget assumes that SAI will realize \$10.0 million in other revenues. The **Grants-in-Aid** account within the Division of Addiction Services includes \$5.0 million and while the source of the remaining \$5.0 million is not specifically identified, informal information is that Medicaid reimbursements are anticipated.

SAI is one of the earliest State initiatives to provide TANF and GA welfare recipients with substance abuse treatment to enable these persons to obtain employment. The table below provides data on the number of referrals, assessments conducted and persons entering treatment between FY 2000 and December 2004:

	Referrals	Assessments	Persons Entering Treatment
<b>TOTAL</b>	<b>29,300</b>	<b>21,800</b>	<b>16,000</b>
TANF	9,100	6,000	4,100
GA	20,200	15,800	11,900

The data show that GA recipients utilize SAI services to a greater extent than TANF recipients.

**ANALYSIS**

It may be difficult to obtain \$5.0 million in Medicaid reimbursements:

- GA clients represent between 69% - 74% of the SAI clients, and Medicaid reimbursement is not available for any portion of their costs, administration or treatment.
- Not every service provided by SAI qualifies for Medicaid reimbursement, and not every agency that participates in SAI is a Medicaid provider.

## Background Paper: Child Welfare Reform Planning

Budget Pages.... D-230; D-231.

Funding (\$000)	Expended FY 2004	Adj. Approp. FY 2005	Recomm. FY 2006
County Human Services Advisory Board - Formula Funding	\$7,833	\$8,049	\$8,049
Area Prevention and Support Services	--	--	4,296
Collaboratives	--	--	3,645

### SUMMARY

Child Welfare Reform will create two new State funded county-based organizations involved in planning related activities affecting children. There already exist various county entities supported by either State or county funds that are involved with issues affecting children. Consolidation of the county planning functions may reduce overall administrative costs.

### BACKGROUND

The recommended FY 2006 budget includes \$4.3 million for Area Prevention and Support Services and \$3.6 million for Collaboratives. Some or all of the \$4.3 million will be used to support 21 Child Welfare Planning Councils. As described in the Governor's Recommended Budget, these councils "are intended to be county level planning bodies ... charged with assessing, understanding and influencing how child and family welfare needs in the community are being met," while the \$3.6 million would be used to support 12 Collaboratives to "assess social service needs" on a smaller level than the Planning Councils.

Funding is also provided for County Human Services Advisory Boards which are "county-based planning" entities. The regulations establishing the boards states that two functions of the boards are: "identifying the high priority human services needs for their community" and "the coordination and improvement of services."

Also on a county level are organizations known as CARTs (Case Assessment Resource Teams) and CIACCs (County Inter-Agency Coordinating Councils). Both entities have monitoring and planning functions related to children. The criminal justice system has also established county Youth Services Commissions for planning and other activities related to providing services to children involved in the criminal justice system.

### ANALYSIS

There already exist numerous county-based entities that are funded by the State and county governments involved with planning for children's services on a county level. Under the proposed budget, another \$7.9 million in new monies would be available to establish new organizations within counties to plan services for children.

Consolidating these various entities could reduce overall State and county expenditures and possibly reduce duplication of effort.

## Background Paper: FY 2004 Child Welfare Reform Supplemental Spending

During the spring of 2004, the Joint Budget Oversight Committee approved the transfer of \$15 million in additional State funds to implement the DYFS Reform Plan. Coupled with an additional \$3.4 million in federal funds, a total of \$18.4 million was to be expended.

The chart on the next page provides information as to how DHS intended to spend the monies, the spending objectives and how much was actually expended. The Discussion Point section contains questions regarding the spending and the objectives.

## Background Paper: FY 2004 Child Welfare Reform Supplemental Spending

## FY 2004 DYFS REFORM SUPPLEMENTAL SPENDING (\$000)

Purpose and Primary Objective	FY 2004 Proposed Spending Plan	FY 2004 Actual Spending
<b>Staffing and related expenditures:</b> Hire an additional 158 staff and related equipment.	\$4,831	\$5,997
<b>Assessments:</b> Conduct over 6,500 safety/placement assessments.	\$2,843	\$1,722
<b>Centralized Screenings and Hotline:</b> Develop a centralized screening program; retrofit office space.	\$274	\$1,378
<b>Boarder Babies:</b> Funding for "relative home studies" and "family team meetings."	\$172	\$78
<b>Mobil Response:</b> Implement programs in Middlesex, Mercer and Passaic counties.	\$221	\$63
<b>Youth Case Managers:</b> Contract to hire an additional 86 youth case managers.	\$1,400	\$1,198
<b>Intensive In-Home/Behavioral Assistance:</b> Provide services to an additional 326 children/families.	\$4,801	\$2,972
<b>Treatment Homes/Emergency Behavioral Health:</b> Establish 20 emergency and 75 non-emergency treatment beds.	\$1,500	\$1,250
<b>Medical Evaluations/Nursing Services:</b> Provide 3,000 physical exams to all children entering foster care. Develop a pool of pediatricians to conduct exams. Place a nurse or a nurse practitioner in each district office.	\$815	\$458
<b>Comprehensive Health Evaluations:</b> Establish a provider network to conduct assessments within 30 days.	\$250	\$520
<b>Children in Offices Awaiting Placement:</b> Provide additional services to children.	\$625	\$111
<b>Senior Management Staff:</b> Hire 20 additional staff at an average salary of \$88K.	\$644	\$177
<b>TOTAL STATE</b>	<b>\$15,000</b>	<b>\$14,971</b>
<b>TOTAL FEDERAL</b>	<b>\$3,377</b>	<b>\$952</b>
<b>TOTAL COSTS</b>	<b>\$18,377</b>	<b>\$15,923</b>

## Background Paper: FY 2005 Child Welfare Reform Spending Plan

In April 2004, the Department of Human Services provided detailed information regarding the proposed expenditure of \$187.2 million (\$125.0 million State/\$62.2 million federal) to further implement the Child Reform Plan.

The January 2005 Quarterly Report indicates that as of December 2004 approximately \$60.0 million in State funds have been expended/obligated. Information on the status of the \$62.2 million in federal funds was not included in the Quarterly Report, although a \$14.6 million State supplemental appropriation is anticipated to offset lower federal revenues.

**Table 1** summarizes the April 2004 plan as to how the \$187.2 million in State/federal funds were to be expended.

**Table 2** summarizes the April 2004 plan as to the intended use of the \$187.2 million in State/federal funds.

Questions regarding **Tables 1 – 2** are found in the Discussion Points section of this report.

**Table 3** provides information as to the changes in proposed spending between April 2004 and January 2005 as summarized in the January 2005 Quarterly Report to the New Jersey Legislature. It is this office's understanding that changes to the April 2004 information provided to the Legislature were required by the Child Welfare Reform Oversight Panel as a condition for approving the Child Welfare Reform Plan.

## Background Paper: FY 2005 Child Welfare Reform Spending Plan

Table 1. FY 2005 DYFS REFORM SPENDING PLAN, APRIL 2004 (\$000)

PURPOSE	GROSS COST	STATE*	FEDERAL
Case Practice*	\$40,702	\$29,448	\$11,254
Resource Families*	\$18,836	\$13,812	\$5,024
Adolescents	\$9,057	\$4,707	\$4,350
Reducing Inappropriate Settings*	\$25,647	\$19,261	\$6,386
Core Services*	\$71,194	\$42,064	\$29,131
Safety and Permanency	\$15,700	\$15,700	0
Culture and Workforce	\$9,304	\$6,227	\$3,077
High Quality	\$5,999	\$4,686	\$1,313
Information and Technology	\$7,064	\$5,446	\$1,618
<b>TOTAL COST</b>	<b>\$203,504</b>	<b>\$141,351</b>	<b>\$62,153</b>
Less Existing State Spending	\$16,351	\$16,351	--
<b>TOTAL NET COST</b>	<b>\$187,153</b>	<b>\$125,000</b>	<b>\$62,153</b>

\* Includes \$16.4 million in existing State spending as follows: Case Practice - \$0.5 million; Resource Families - \$1.2 million; Reducing Inappropriate Settings - \$5.0 million; and Core Services - \$9.7 million.

## Background Paper: FY 2005 Child Welfare Reform Spending Plan

Table 2. FY 2005 DYFS REFORM SPENDING PLAN OBJECTIVES (APRIL 2004)

PURPOSE	PRIMARY OBJECTIVES**
<b>Case Practice (\$40.7 million)</b>	Hire an additional 625 staff: licensing (33), police (36), investigations (24), adoptions (1) and general case work (531) (\$31.6 million); establish mini-diagnostic centers (\$1.5 million); provide adoption support services (\$2.1 million); and provide emergency funding (\$2.3 million).
<b>Resource Families (\$18.8 million)</b>	Hire an additional 97 staff (\$5.5 million); increase foster care/adoption/relative care subsidy rates (\$9.2 million); and increase recruitment of foster homes (\$2.1 million).
<b>Adolescents (\$9.1 million)</b>	Hire an additional 70 staff (\$3.8 million); and provide additional transitional services for aging out youth (\$1.5 million).
<b>Reducing Inappropriate Settings (\$25.6 million)</b>	Hire an additional 8 staff for the Office of Child Behavioral Health (\$0.7 million); provide additional mobile response, youth case management, intensive in-home services and family support organizations (\$18.7 million); increase youth shelter rates (\$2.3 million); and provide additional treatment homes/emergency behavioral health (\$4.0 million).
<b>Core Services (\$71.2 million)</b>	Hire an additional 106 staff: transportation (38), prevention and community development (46), and community developers/county services specialists (22) (\$6.2 million); provide 625 additional day care slots (\$3.7 million); provide additional nursing services at district offices (\$1.9 million); maintain and create 425 substance abuse treatment slots (\$17.4 million); establish collaboratives and collaborative support services (\$3.7 million); expand school based youth programs (\$5.1 million); increase family home visits (\$6.0 million); enroll DYFS children in managed care (\$14.0 million); and contract with county welfare agencies (\$2.0 million) and private agencies (\$3.3 million) for 107 case managers.
<b>Safety and Permanency (\$15.7 million)</b>	Provide funds to the Department of Law and Public Safety (\$8.0 million) and the Office of the Public Defender (\$7.7 million) for services.
<b>Culture and Workforce (\$9.3 million)</b>	Hire an additional 92 staff: support (72) and senior management (20) (\$7.7 million); and provide additional training (\$1.6 million).



**Background Paper: FY 2005 Child Welfare Reform Spending Plan**

<b>High Quality (\$6.0 million)</b>	Hire an additional 60 staff: support (23), children's behavioral health (7) and children's services (30) (\$5.0 million); consultant services (\$0.5 million); and information technology training (\$0.5 million).
<b>Information and Technology (\$7.1 million)</b>	Hire an additional 40 staff (\$2.1 million); and integrate SACWIS/NJ SPIRIT with other departmental data systems (\$5.0 million).

\*\* Dollar amounts listed under Primary Objectives may not equal the amount cited under Purpose, since not all spending items are listed.

**Table 3. FY 2005 DYFS REFORM SPENDING PLAN, APRIL 2004 COMPARED TO JANUARY 2005 - \$125 MILLION IN NEW STATE FUNDS ONLY (\$000)**

PURPOSE	APRIL 2004**	JANUARY 2005**	CHANGE
Case Practice	\$28,900	\$45,100	\$16,200
Resource Families	\$12,600	\$14,500	\$1,900
Adolescents	\$4,700	\$3,400	(\$1,300)
Reducing Inappropriate Settings	\$14,300	\$15,800	\$1,500
Core Services	\$32,400	\$19,700	(\$12,700)
Safety and Permanency	\$15,700	\$13,200	(\$2,500)
Culture and Workforce	\$6,200	\$6,600	\$400
High Quality	\$4,700	\$3,200	(\$1,500)
Information and Technology	\$5,400	\$3,500	(\$1,900)
<b>TOTAL COST</b>	<b>\$125,000</b>	<b>\$125,000</b>	<b>--</b>

\*\* Numbers may not add due to rounding.

## OFFICE OF LEGISLATIVE SERVICES

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Individuals wishing information and committee schedules on the FY 2006 budget are encouraged to contact:

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