

**Department of Human Services  
Health and Human Services Committee  
Representative Weisz, Chairman  
June 16, 2010**

Chairman Weisz, members of the Health and Human Services Committee, I am Brenda M. Weisz, the Chief Financial Officer for the Department of Human Services. I am here today to provide preliminary, estimated costs to continue for the 2011 – 2013 biennium.

The estimates I am providing today are just that – estimates - and are preliminary. As we begin to build the Department's budget for the 2011 – 2013 biennium, the first area to consider are the amounts listed in Section 2 of HB 1012, the Department's appropriation bill. These amounts include the need to replace \$2.76 million of child support incentive funds that were authorized under the American Recovery and Reinvestment Act (ARRA) to be used to match federal funds. The ability to use incentive funds to match federal funds is scheduled to end September 30, 2010. Also listed in HB 1012 is the need to replace \$66.5 million of ARRA Federal Medical Assistance Percentage (FMAP), which is 69.95%. Future FMAP changes will also impact the 2011 – 2013 biennium. In April, the organization Federal Funds Information for States (FFIS) issued the preliminary FMAP for Federal Fiscal Year (FFY) 2012, which is 56.96%. This is a change from the 60.35% that was finalized for FFY 2011, which will be in place beginning January 2011. Applying this FMAP for FFY 2012 and FFY 2013 could result in a general fund need of \$82 - \$83 million.

The use of IGT funds will also impact the 2011 – 2013 biennium. During the 2009 Legislative Session section 24 of HB 1012 states that "...Moneys in the fund may not be included in draft appropriation acts..." The amount of IGT funds to be replaced for the next budget is \$4.1 million.

Finally, when looking at preliminary estimated costs to continue, the Department will need to consider the costs to continue the 6% inflation granted to Providers on July 1, 2010 for a full 24 months. We will also need to maintain the ending caseloads for the 2009 – 2011 biennium for a full 24 months. The estimate for these items is \$31 - \$32 million.

As I mentioned, the amounts I have discussed are preliminary and the Department has a great deal of work ahead of us. The FMAP for FFY 2012 is not finalized until September 2010 and there continues to be active discussion regarding FMAP at the federal level. I do not believe we have heard the last on FMAP changes. As we build our budget we also need to look at Child Support Collections which are on the rise for families. The increase in pass through child support funds for families means higher monthly income for them and the likelihood of needing less assistance from the Department. Another area we analyze every budget cycle is the number of Medicaid eligible clients that are seen at the Human Service Centers along with how many of those clients have third party coverage, whether it be Medicare, or other private insurance. We will carefully scrutinize these estimates since income from these sources will result in less need from the general fund.

This concludes my testimony and I am open to your questions.