

Program 060

DSHS - Economic Services Administration

Recommendation Summary

Dollars in Thousands

	Annual FTEs	General Fund State	Other Funds	Total Funds
2007-09 Expenditure Authority	4,244.0	1,219,922	1,085,776	2,305,698
Supplemental Changes				
Federal Funds Technical Adjustment				
Transfer Program Funding to the Department of Early Learning		(2,272)		(2,272)
Child Support Match		997		997
IRS Collections Distribution Change		2,739	2,861	5,600
Food Stamp Bonus Federal Receipt		(2,468)	2,913	445
Incapacity Exams		1,954	488	2,442
Federal Audit Requirements	14.2	926	924	1,850
Pension Plan 1 COLA Funding		64	50	114
PEBB Rate Reduction		(4,493)	(3,460)	(7,953)
Interagency Rate Changes		55	42	97
Mileage Rate Adjustments		4	4	8
Postage Rate Adjustments		300	228	528
Mandatory Caseload Adjustments		3,426	(952)	2,474
FMAP Match Adjustment		44		44
Transfers	10.0	(7,389)	(16,968)	(24,357)
Subtotal - Supplemental Changes	24.2	(6,113)	(13,870)	(19,983)
Total Proposed Budget	4,268.1	1,213,809	1,071,906	2,285,715
Difference	24.2	(6,113)	(13,870)	(19,983)
Percent Change	0.6%	(0.5)%	(1.3)%	(0.9)%

SUPPLEMENTAL CHANGES

Federal Funds Technical Adjustment

A technical adjustment is made to properly align expected federal earnings between federal fund types. (General Fund-Federal)

Transfer Program Funding to the Department of Early Learning

Funding is transferred from the Department of Social and Health Services to the Department of Early Learning (DEL) for services now delivered by DEL.

Child Support Match

Fiscal Year 2009 funding is provided to maintain the Division of Child Support (DCS) at current operating levels. The Deficit Reduction Act of 2005 no longer allows states to use child support incentive funds to draw additional federal funds. This item provides the necessary state funding to draw approximately \$2.9 million in federal funds.

HUMAN SERVICES - DSHS

IRS Collections Distribution Change

The Deficit Reduction Act (DRA) changed the provisions regarding the distribution of child support. This summer the Office of Child Support Enforcement clarified that beginning October 1, 2008, Internal Revenue Service tax refunds intercepted by the Division of Child Support must first be distributed to any debts owed to families. This change affects DCS retained support collections. Funds are provided to maintain DCS at current operating levels. (General Fund-State, General Fund-Federal)

Food Stamp Bonus Federal Receipt

The Department was awarded additional federal funds for its performance in administering the food stamp program. Funding is provided for one-time enhancements to the ESA Interactive Voice Response system to improve customer service and for staff training to improve program integrity. (General Fund-State, General Fund-Federal)

Incapacity Exams

Funding is provided for incapacity exams to maintain the current level of service. Incapacity exams are necessary to determine client eligibility for the General Assistance program. (General Fund-State, General Fund-Federal)

Federal Audit Requirements

The Centers for Medicaid and Medicare Services (CMS) is currently engaged in audits authorized by federal legislation to combat fraud, abuse and waste within the Medicaid program. The Department must review a sample of cases to determine eligibility accuracy, as well as accommodate additional billing and payment audits. Although, these activities will drive administrative costs, it is anticipated the audits will eventually improve payment error rates and lower forecasted expenditure growth. While reductions in the forecast are not anticipated to be large, beginning in Fiscal Year 2008, they will offset the anticipated expenditures required to comply with federal audits. These audits, when combined with existing efforts from CMS, the Office of the Inspector General, and the State Auditor's Office, require additional coordination and vendor relations management. Funding is provided to improve audit coordination within the Medicaid portfolio. (General Fund-State, General Fund-Federal)

Pension Plan 1 COLA Funding

Funding was provided in the 2007-09 budget for the additional employer contributions to retirement systems required by modifications to the eligibility criteria for the uniform COLA in the Public Employees' Retirement System Plan 1 (PERS 1) and the Teachers' Retirement System Plan 1 (TRS 1) in Senate Bill 5175. This item moves that funding from the State Employee Compensation Adjustments agency into individual agency budgets. (General Fund-State, other funds)

PEBB Rate Reduction

The state contributes 88 percent of the total weighted average of the employee health care premium and also pays for the cost of dental, life and long-term disability insurance. Total Public Employees Benefit Board (PEBB) expenditures for the 2007-09 Biennium are anticipated to be lower than budgeted because (1) health plan costs for calendar year 2008 are lower than expected, which will benefit both the state and its employees; (2) the Uniform Medical Plan continues to perform better than projected; and (3) funding was removed from the PEBB administrative cost allocation for an information technology system replacement due to the restrictive nature of federal funding. The state employer contribution rate will be reduced from \$732 per month to \$575 per month. This one-time reduction will leave an unrestricted fund balance of \$19.2 million at the end of Fiscal Year 2009. (General Fund-State, various other funds).

Interagency Rate Changes

Since final enactment of the 2007-09 budget, the Washington State Patrol increased the rates it charges for background checks. In addition, the Department of Information Services' charges have been adjusted as a result of a regulatory ruling. (General Fund-State, General Fund-Federal)

Mileage Rate Adjustments

Reimbursements for client-related travel are increased to the allowable automobile mileage rate of \$.485 per mile. (General Fund-State, General Fund-Federal)

Postage Rate Adjustments

Funding is provided to address the 5.1 percent postage rate increase for first-class mail. (General Fund State, General Fund Federal)

Mandatory Caseload Adjustments

Funding is provided to cover forecasted changes in the refugee assistance, general assistance, child support recoveries, and immigrant food assistance program costs. (General Fund-State, General Fund-Federal)

FMAP Match Adjustment

Washington State's federal medical assistance percentage (FMAP) rate was set for Federal Fiscal Year 2009 at 50.94 percent. When converted to state fiscal year, the new FMAP rate for state Fiscal Year 2009 for Title XIX services will be 51.09 percent. The 2007-09 budget assumed an FMAP rate of 51.52 percent. Growth in personal income, especially for western states, is causing the decreased federal participation. Additional state funding is provided to offset reduced federal participation. (General Fund-State, General Fund-Federal)

Transfers

Transfers between DSHS programs are made to properly align FTE staff and appropriations with those programs expected to realize the expenditures or savings. These transfers net to zero agency-wide.