

**Schedule 13**

**Department of Health Care Policy and Financing**

**Funding Request for The FY 2021-22 Budget Cycle**

Request Title

**R-22 Executive Director's Office Reduction**

Dept. Approval By: 

**Supplemental FY 2020-21**

OSPB Approval By: 

**Budget Amendment FY 2021-22**

**X**

**Change Request FY 2021-22**

Summary Information	Fund	FY 2020-21		FY 2021-22		FY 2022-23
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
<b>Total</b>		<b>\$5,264,801</b>	<b>\$0</b>	<b>\$6,826,728</b>	<b>(\$445,628)</b>	<b>(\$445,628)</b>
FTE		0.0	0.0	0.0	0.0	0.0
<b>Total of All Line Items Impacted by Change Request</b>	GF	\$1,342,322	\$0	\$2,480,588	(\$445,628)	(\$445,628)
	CF	\$548,313	\$0	\$573,987	\$0	\$0
	RF	\$138,532	\$0	\$173,157	\$0	\$0
	FF	\$3,235,634	\$0	\$3,598,996	\$0	\$0

Line Item Information	Fund	FY 2020-21		FY 2021-22		FY 2022-23
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
<b>Total</b>		<b>\$5,264,801</b>	<b>\$0</b>	<b>\$6,826,728</b>	<b>(\$445,628)</b>	<b>(\$445,628)</b>
FTE		0.0	0.0	0.0	0.0	0.0
01. Executive Director's Office, (A) General Administration, (1) General Administration - Health, Life, and Dental	GF	\$1,342,322	\$0	\$2,480,588	(\$445,628)	(\$445,628)
	CF	\$548,313	\$0	\$573,987	\$0	\$0
	RF	\$138,532	\$0	\$173,157	\$0	\$0
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**Auxiliary Data**

**Requires Legislation?** NO

**Type of Request?**

Department of Health Care Policy and Financing Prioritized Request

**Interagency Approval or Related Schedule 13s:**

No Other Agency Impact



**Department Priority: R-22**  
**Request Detail: Executive Director's Office Reduction**

<b>Summary of Funding Change for FY 2021-22</b>				
	<b>Totals</b>		<b>Incremental Change</b>	
	<b>FY 2020-21 Appropriation</b>	<b>FY 2021-22 Base</b>	<b>FY 2021-22 Request</b>	<b>FY 2022-23 Request</b>
Total Funds	\$5,264,801	\$6,826,728	(\$445,628)	(\$445,628)
FTE	0.0	0.0	0.0	0.0
General Fund	\$1,342,322	\$2,480,588	(\$445,628)	(\$445,628)
Cash Funds	\$548,313	\$573,987	\$0	\$0
Reappropriated Funds	\$138,532	\$173,157	\$0	\$0
Federal Funds	\$3,235,634	\$3,598,996	\$0	\$0

**Summary of Request:**

To help the State achieve a balanced budget, the Department requests a reduction of \$445,628 total funds and General Fund in FY 2021-22 and ongoing to its (1) Executive Director's Office (A) General Administration; Health, Life, and Dental line item. This reduction is half of the reduction that was imposed in FY 2020-21 for budget balancing purposes. The Department would manage the reduction by maintaining the tighter controls it imposed over personal services and operating expenses in response to the FY 2020-21 reduction.

***Current Program:***

To balance the budget for FY 2020-21, the General Assembly imposed a 5% reduction to each department's General Fund appropriations for Health, Life, and Dental. In total, the Department received a reduction of \$891,254 General Fund. To ensure that expenditures remain within the total appropriation, the Department has absorbed the reduction through changes to its hiring and contracting processes. These controls include:

- mandatory executive director review of all requests to hire positions;
- recommending a 60 day waiting period before filling positions to maximize vacancy savings;
- limiting discretionary pay differentials;
- putting restrictions in place for the Department's standard hiring and promotional compensation policies, for example, by hiring people closer to the minimum of a salary range and offering lower promotional salaries;
- eliminating unneeded or antiquated positions;
- limiting operating expenses; and,
- reducing contract costs in the Department's General Professional Services and Special Projects line item.

By using these mechanisms, the Department has been able to manage its General Administration spending such that its expected costs for FY 2020-21 do not exceed its available appropriations.

***Problem or Opportunity:***

Due to the ongoing revenue shortfalls created by the COVID-19 pandemic, additional permanent budget reductions are needed for the State to achieve a balanced budget in FY 2021-22 and future years.

***Proposed Solution:***

The Department requests a reduction of \$445,628 total funds, including \$445,628 General Fund in FY 2021-22 and future years to help balance the State budget. The requested reduction would be taken from the Department's Health, Life, and Dental line item, consistent with how the reduction was imposed for FY 2020-21. The Department would manage its General Administration budget within its appropriation through a combination of vacancy savings, lower salary offers, operating reductions, and reductions to contracts.

If this request is not approved, other reductions would be needed to balance the State budget.

***Anticipated Outcomes:***

Approval of this request may continue to impair Department operations by limiting the number of new hires the Department makes and reducing the salaries that the Department can offer its prospective employees or current employees receiving promotions. This may reduce the

Department's ability to manage its programs, implement new policies, or respond to inquiries from members, the media, and legislators. However, given the urgent need to balance the State's budget during this fiscal crisis, the Department believes that this is an acceptable proposal and preferable to further reductions to Medicaid and other health care services.

This request is supported by the Department's strategic pillar in its performance plan of Operational Excellence. Reductions to the Department's administration budget require the Department to critically examine its processes and practices to ensure that every expenditure is necessary and proper for administration of the program. The Department must do its part to be stewards of the State's resources.

***Assumptions and Calculations:***

The Department calculated this reduction as 50% of the reduction that was imposed by the General Assembly in FY 2020-21. The Department assumes that the remainder of the FY 2020-21 reduction would be restored for FY 2021-22 through the State's Common Policy budget requests.

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R-22 Executive Director's Office Reduction  
Appendix A: Assumptions and Calculations

Table 1.1 Summary by Line Item FY 2021-22									
Row	Line Item	Total Funds	FTE	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FFP Rate	Notes/Calculations
A	(1) Executive Director's Office (A) General Administration; Health, Life, and Dental	(\$445,628)	0.0	(\$445,628)	\$0	\$0	\$0	N/A	See narrative
<b>B</b>	<b>Total Request</b>	<b>(\$445,628)</b>	<b>0.0</b>	<b>(\$445,628)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		Row A

Table 1.2 Summary by Line Item FY 2022-23									
Row	Line Item	Total Funds	FTE	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FFP Rate	Notes/Calculations
A	(1) Executive Director's Office (A) General Administration; Health, Life, and Dental	(\$445,628)	0.0	(\$445,628)	\$0	\$0	\$0	N/A	See narrative
<b>B</b>	<b>Total Request</b>	<b>(\$445,628)</b>	<b>0.0</b>	<b>(\$445,628)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		Row A

R-22 Executive Director's Office Reduction  
Appendix A: Assumptions and Calculations

Table 2.1 Summary by Initiative FY 2021-22									
Row	Item	Total Funds	FTE	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FFP Rate	Notes/Calculations
A	Reduction to Health, Life, and Dental Appropriation	(\$445,628)	0.0	(\$445,628)	\$0	\$0	\$0	N/A	See narrative
<b>B</b>	<b>Total Request</b>	<b>(\$445,628)</b>	<b>0.0</b>	<b>(\$445,628)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		Row A

Table 2.2 Summary by Initiative FY 2022-23									
Row	Item	Total Funds	FTE	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FFP Rate	Notes/Calculations
A	Reduction to Health, Life, and Dental Appropriation	(\$445,628)	0.0	(\$445,628)	\$0	\$0	\$0	N/A	See narrative
<b>B</b>	<b>Total Request</b>	<b>(\$445,628)</b>	<b>0.0</b>	<b>(\$445,628)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		Row A