

## **Agenda Item Number 12.B.**

### **Update on DHS Budget Shortfall: Impact on Senior & Disabled Services**

**Presenter:** Kay Metzger

**Action Recommended:** None, information only

**Background:**

Prior to the January 2006 Legislative Emergency Board Meeting, the Department of Human Services announced a projected budget shortfall of \$172 million by the end of the biennium. In a message to DHS staff and partners, Dr. Bruce Goldberg, DHS Director, laid out the Governor's proposed plan for addressing the shortfall. Given that the economy is improving and it appears the state has the revenue available to manage the projected budget shortfall, the Governor proposed a plan of enhanced management and available revenue to bring DHS into balance by June 30, 2007. Progress will be evaluated at clearly defined intervals and additional measures will be instituted if expenditure and revenue targets are not met. The Governor's plan is based on six principles that include:

- A balanced budget by June 30, 2007
- Ensuring fiscal accountability through careful management and tracking of revenues and expenditures
- Preservation of services to the greatest extent possible
- Frequent monitoring of caseloads, program performance, policy and fiscal data
- Transparency and accountability
- Collaboration with legislature, federal government, service providers, stakeholders

During the interim session, several committees are meeting to evaluate DHS caseload forecasting methods, monitor caseload growth, and explore ways to address the shortfall. At each Emergency Board Meeting, progress will be evaluated and potential solutions discussed. It is unknown at this time whether or not the Legislature will hold a special session to address the issue. Additional

activities are also occurring, such as a study of the methodology for determining staffing ratios within DHS. S&DS staff have participated in the staffing study, with several of our supervisors, case managers, and financial service workers being interviewed regarding work activities and expectations.

In summary, the DHS projected budget shortfall has had no impact on S&DS' current budget. While the 2005-07 budget required S&DS to lay off several staff members in the fall of 2005, there are no plans to implement further cuts at this time.