

**Department of State Health Services  
Agenda Item for State Health Services Council  
August 6, 2007**

**Agenda Item Title:** Update on DSHS FY08-09 Legislative Appropriations

**Agenda Number:** 5

**Recommended Council Action:**

For Discussion Only

For Discussion and Action by the Council

**Summary:**

Machelle Pharr will provide update of on the DSHS FY08-09 Legislative Appropriations.

**Proposed Motion:**

No Action Required

**Agenda Item Approved by:** Executive Leadership Team and Council Chair

**Presented by:** Machelle Pharr

**Title:** Chief Financial Officer

**Program/Division:** CFO

**Contact Name/Phone:** Rosamaria Murillo  
458-7404 ext. 2149

**Date  
Submitted**  
07/23/07



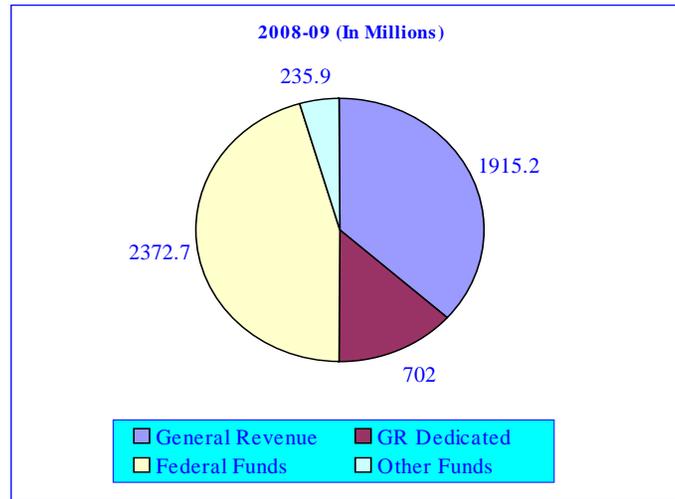
# 2008-2009 Legislative Appropriations

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DSHS Council  
August 6, 2007

# 2008-09 Legislative Appropriations By MOF and Goal

- DSHS was appropriated \$ 5.23 billion in All Funds.
- Amounts do not include contingency riders, annual pay increase, nor \$30.6 million in bonds dependent on voter approval.
- 9 of 13 exceptional items were partially or fully funded. Additionally, funds were provided to DSHS for exceptional items that were consolidated and included in HHSC's legislative appropriation request for the HHS Enterprise.
- HB1 establishes DSHS FTE cap at 12,193.8 with an additional 14.5 available contingent on fee collection.



Goal	2008-09
Preparedness and Prevention	\$ 979,470,554
Community Health Services	\$ 3,233,078,227
Hospital Facilities and Services	\$ 708,188,013
Consumer Protection Services	\$ 107,507,473
Indirect Administration	\$ 81,973,817
Capital Items	\$ 105,920,695
Waiting/Interest List: Reduce	\$ 9,642,942
Total	\$ 5,225,781,721

# DSHS 08-09 Exceptional Item Request

	LAR Request		FY 08	FY09	HB1			HB15		
	GR	All Funds	FTEs	FTEs	GR	All Funds	FTEs	GR	All Funds	FTEs
<i>Exceptional Items</i>										
Restore/Increase FTEs for 06/07 funding levels			470.1	470.1			470			
1	Fund Ancillary and Support Costs	5,818,708	5,818,708	18.00	18.00	5,818,708	5,818,708	18		
2	Reduce the Spread of Tuberculosis and HIV	19,378,675	19,378,675	11.0	11.0	17,100,000	17,100,000	11		
3	Mental Health Community Crisis Services	82,336,430	82,336,430	4.0	4.0	82,000,000	82,000,000	4		
4	Prevention, Preparedness & Emergency Response	40,213,457	40,213,457	17.0	33.0				11,000,000	11,000,000
5	Prevent/Reduce Smoking in Children and Adults	49,168,770	49,168,770	6.0	6.0	2,000,000	2,000,000			
6	Recruit and Retain Critical Shortage Professionals	6,842,954	6,842,954	46.0	46.0					
7	Substance Abuse Treatment	10,920,706	26,265,678	-	-					
8	School Cafeteria Inspections	1,084,061	1,084,061	14.0	14.0	1,304,200	1,304,200	14		
9	Technology and Equipment for Critical Agency Functions	34,775,153	35,387,653	3.0	3.0	8,900,000	8,900,000	3	9,700,000	9,700,000
10	Reduce Obesity & Related Chronic Diseases Among Children & Families	13,250,000	13,250,000	9.0	9.0					
11	Repair & Renovation of Facilities Including Equipment & Furniture	7,765,657	65,744,704	-	-	13,540,693	13,540,693			
12	Monitoring of Sexually Violent Predators	2,566,228	2,566,228	3.0	5.0	-1,664,800	4,215,049	5		
13	Medicaid Rate Restoration	3,111,684	3,111,684			3,111,684	3,111,684			
	Less: Kidney Health Care Savings Redirected					-10,996,180	-10,996,180		-9,700,000	-9,700,000
<b>Total Exceptional Item Request</b>		<b>277,232,483</b>	<b>351,169,002</b>	<b>131.00</b>	<b>149.00</b>	<b>121,114,305</b>	<b>126,994,154</b>	<b>55</b>	<b>11,000,000</b>	<b>11,000,000</b>

# Enterprise Exceptional Items – DSHS Portion

	LAR Request		FY 08	FY09	HB1		
	GR	All Funds	FTEs	FTEs	GR	All Funds	FTEs
<i>Exceptional Items Carried by HHSC</i>							
Breast and Cervical Cancer Program	4,700,000	4,700,000	5.00	5.00	5,234,520	5,234,520	5.0
Alberto N		-	99.50	99.50			99.5
Enterprise Information and Asset Management; Enterprise Identify Management; Enterprise Security Services Center, Application Tools, Enterprise Telecommunication Enhancements and Enterprise Messaging and Collaboration	4,200,000	7,300,000					
Waiting List for Demographic Growth							
MH Adults	17,773,595	17,773,595					
MH Children	4,665,159	4,665,159					
CSHCN	2,468,997	2,468,997					
Reduce Waiting List		-					
MH Adults	10,454,250	10,454,250					
MH Children	3,648,240	3,648,240			2,188,944	2,188,944	
CSHCN	11,360,023	11,360,023			7,453,998	7,453,998	
Nurse Retention and Recruitment	23,000,000	23,000,000		54.00			
Provider Rate Increases	11,125,026	11,899,547					
<b>Total from Exceptional Items Carried by HHSC</b>	<b>93,395,290</b>	<b>97,269,811</b>	<b>104.50</b>	<b>158.50</b>	<b>14,877,462</b>	<b>14,877,462</b>	<b>104.5</b>

- Amounts Represent DSHS Portion

# Other Items Funded

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- Technical Adjustments of \$3.7 million to align appropriations with BRE for tobacco earnings and vital statistics collections.
- \$6.1 million for Public Safety Triage and Detoxification Unit in Bexar County
- U.B of approximately \$1 million from the Perpetual Care Account for Radiation Control Activities
- Funding of \$7 million for an additional 20 beds at Harris County Psychiatric Hospital Center
- 2%/50 monthly minimum across the board pay raise each year of the biennium.

# FY 2008 Key Budget Issues

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- Funded Opportunities
  - Mental Health Crisis Services Roll-out
  - Public Safety and Triage Facility in Bexar County
  - Construction of an Outpatient and Substance Abuse Facility in Edinburg
  - Renovation of existing South Texas Health Care Facility
  - Construction of TCID
  
- Riders
  - County Indigent Health Care, Rider 55  
*Limits any individual county up to 10%; however, makes available funds not requested by other counties to counties whose expenditures exceed 10%.*
  - Tobacco Prevention, Rider 66 and 72  
*Requires DSHS to enter into a contract for \$3 million each year for the prevention of the use of tobacco products among school-aged children in grades 4-12. Requires DSHS to use funds in Tobacco Prevention strategy to create a competitive statewide grant program allowing all Texas city and county health departments and local independent school districts to apply.*
  - Article II, Special Provisions, Sec. 49, Contingent Appropriation of Medicare Part D Savings  
*Plans for use of Medicare Part D savings for HIV must be submitted and approved prior to expenditure.*

# FY 2008 Key Budget Issues

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- Unfunded Needs
  - Recruitment and Retention of Nurses
  - Recruitment and Retention of Other Professionals
  - Equipment and Furniture for Hospitals
  - Vehicles for Hospitals and Regions
  - Rate Increases
  
- Unfunded Legislative Directives
  - Epilepsy Service, Rider 78  
*Provides for an additional \$1 million per year from existing funds to be used to contract with a non-profit provider to expand services*
  - Stroke Survival, Rider 80  
*Requires to the extent funds are available to allocate up to \$750,000 in GR each year for the purpose of stroke recognition and treatment training.*
  - Governor's Advisory Council on Physical Fitness, Rider 84  
*DSHS to make available \$400,000 each year for use by the Governor's Advisory Council on Physical Fitness to provide grants to local mayor councils.*
  - Article IX, Section 1.01 Classification Schedule Changes  
*Numerous classification changes were made in HB1, many of which will affect DSHS. The estimated financial impact is \$850,000 each year*

# FY 2008 Key Budget Issues

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- Unfunded Legislative Directives
  - SB288  
*Relating to the reporting of health care associated infections at certain health facilities and creation of advisory panel. DSHS cost estimate \$7.5 million, 36 FTEs.*
  - HB654  
*Relating to a pilot project to develop and operate a crisis stabilization unit on Kerrville State Hospital grounds. Required funding \$1.9 million. DSHS provided \$1 million to assist local community with this pilot.*
  - HB1297  
*Relating to the creation of the state wellness program. Cost estimated at \$373,000.*
  - SB1562  
*Relating to animal control officer training. Cost estimated at \$475,000.*

# Federal Funds Reductions

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- **Public Health Preparedness and Response to Bioterrorism (CDC)**  
*Provides funding to states to prepare for natural and man-made disasters. In FY 2006, the base funding was \$47.5 million. An additional \$5.9 million was provided for preparing for and preventing a pandemic flu event and other set-aside amounted to \$6 million. In FY 2007, the base funding was reduced to \$40 million and the funds for pandemic flu preparation were increased to \$15.5 million. DSHS recently was advised that the base grant would be reduced by approximately 10 % or \$3.9 million and the funding for pandemic flu preparedness would be reduced by approximately 25% or \$3.8 million.*
- **Bioterrorism Hospital Preparedness Program (HRSA)**  
*Provides funds for hospitals to prepare and be equipped to handle surges caused by natural and man-made disasters. In FY 2006, the base funding for this program was \$34 million. In FY 2007, the base funding was \$33 million. DSHS has recently been informed that this funding will be reduced by approximately 9% or \$2.9 million leaving a base of \$30 million.*
- **Cancer Registry (CDC)**  
*DSHS recently received notice of a 27% reduction (approximately \$600,000) of the National Program of Cancer Registries. Over the last two years and with CDC and state funding, the Texas Cancer Registry (TCR) has made significant progress, achieving national cancer registry gold certification and meeting CDC program standards for including in the U.S. Cancer Statistics, and in the national cancer database. These reductions jeopardize TCR's gold certification and reduce Texas' ability to meet CDC cancer registry standards.*
- **Abstinence Education**  
*DSHS received notification from the federal grantor that funding for the Health and Human Services funded Abstinence Education program will not be authorized beyond June 2007. This grant normally runs from October 1<sup>st</sup> through September 30<sup>th</sup> and the award, which began in October 2006, is funded at \$4.7 million. Federal legislation recently passed continuing the program through the end of the federal fiscal year, September 2007. However, funding for future years has not been established. DSHS is appropriated \$540,000 in state funds each year for this program.*