

Health & Human Services

FY-99 Summary of Appropriations

Cabinet / Agency	\$000's				
	FY-98 Appropriation	FY-98 Base Appropriation	Total Adjustments to Base	Recommended FY-99 Appropriation	% change from Base Appropriation
Children & Youth Comm.	1,733	1,633	45	1,678	2.8%
Handicapped Concerns	324	324	(2)	322	-0.6%
Health Department	55,618	55,618	1,831	57,449	3.3%
Health Care Authority	313,650	313,650	10,838	324,488	3.5%
Human Services Dept.	336,228	325,128	(7,127)	318,001	-2.2%
Indian Affairs	203	203	1	204	0.5%
J.D. McCarty Center	1,587	1,587	(33)	1,554	-2.1%
Office of Juvenile Affairs	88,076	87,886	10,957	98,843	12.5%
University Hospitals Auth.	27,147	26,577	0	26,577	0.0%
Mental Health Dept.	122,491	122,301	(4,087)	118,214	-3.3%
Phys. Manpower Trng. Comm.	5,490	5,490	0	5,490	0.0%
Rehabilitation Svcs., Dept. of	<u>22,774</u>	<u>22,617</u>	<u>(444)</u>	<u>22,173</u>	-2.0%
TOTAL HLTH & HUM. SVCS.	975,321	963,014	11,979	974,993	1.2%

Oklahoma Commission on Children & Youth

FY-99 Appropriation Adjustments		
Agcy #	Agency / Initiative	Total Adjustments \$000's
127 Commission on Children & Youth		
	FY-98 Appropriation	1,733
	Partial reduction for one-time (Children's Database)	<u>(100)</u>
	FY-98 Base Appropriation	1,633
	Adjustments	
	Benefit allowance Increase 2nd \$37.50	10
	Benefit allowance Increase - new FY-99 increase	6
	OPERS employer contribution adjustment	(20)
	Purchasing Reform savings	(26)
	Partial one-time replacement for Children's Database	<u>75</u>
	Total Adjustments	<u>45</u>
	FY-99 Recommended Appropriation	<u>1,678</u>

One-time Funding Change

The Oklahoma Commission on Children & Youth (OCCY) will receive a reduction in funding for the FY-98 one-time appropriation used to implement H.B. 1391. This bill mandated development of a common computer database for state agency children's services. This budget includes a partial replacement of this reduction in the amount of \$75 thousand to complete the bill's implementation in FY-99.

Department of Health

FY-99 Appropriation Adjustments

Agcy #	Agency / Initiative	Total Adjustments \$000's
340 Health Department		
	FY-98 Base Appropriation	55,618
	Adjustments	
	Benefit allow ance Increase 2nd \$37.50	660
	Benefit allow ance Increase - new FY-99 increase	352
	OPERS employer contribution adjustment	(1,378)
	Workers' Compensation premium reduction	(17)
	Purchasing Reform savings	(615)
	Span of control savings	(114)
	Budgeted vacancies	(921)
	Tuberculosis	151
	Children First - annualize current staffing level	2,800
	Children First - Medicaid match savings	(113)
	Abstinence Education	568
	Trauma System Development	<u>458</u>
	Total Adjustments	<u>1,831</u>
	FY-99 Recommended Appropriation	<u>57,449</u>

Children First Program

The incidence of child abuse and neglect is a critical problem in Oklahoma. In FY-96, 29 children died as a result of abuse. In FY-97, there were 48,399 reports of child abuse or neglect and 13,624 reports were confirmed. This is an increase of approximately 17 percent above confirmed reports in FY-96. The Department of Health has been provided with funding to create long term prevention strategies to reduce the incidence of child abuse and neglect.

In FY-97, the Department received partial year funding to implement "Children First" pilot projects in counties with high rates of child abuse and neglect. Those counties were: Garvin, Garfield, Muskogee and Tulsa. In FY-98, the program received additional funding to expand the program to eventually cover one third of all first time births in the state. The Health Department is moving quickly to hire and train public health nurses to deliver services in the program model. The program, originally developed by Dr. David Olds at the University of Colorado Health Sciences Center, has 20 years of research to back its results. It is a prenatal and early childhood program provided by nurses.

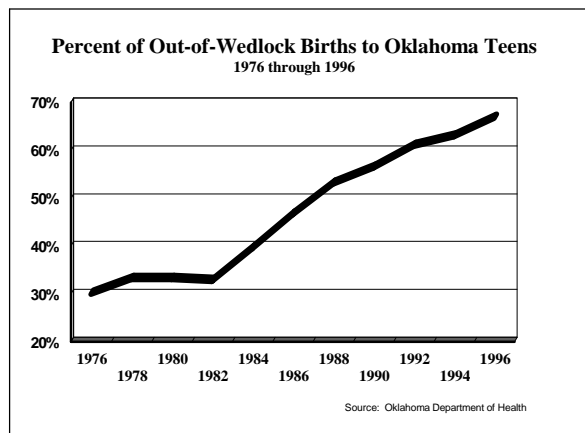
The program serves first time mothers who are at risk because of low income or lack of family and social supports. Nurses make periodic home visits beginning in the second trimester. The nurses teach better health behavior which improves nutrition and reduces substance/alcohol abuse resulting in more full term healthy

babies. Also taught are parenting skills and how to access services for child care, health care, job training and adult education.

The Department will receive an additional \$2.8 million in funding to annualize last year's expansion of this program. Further expansion of this program will be supported after we examine the possibilities of privatizing the delivery of these services as opposed to adding more than 300 FTE to state service. The concept is sound, but we want to make sure it lives up to the established goals and achieves the results that are promised. In addition, the portion of the service delivery which can be matched with Medicaid funds needs further work. The savings estimate of \$113 thousand is based on two percent of the program for FY-99 being eligible for Medicaid match.

Abstinence Education

Federal grant funds are available to implement and rigorously test programs designed to reduce out of wedlock births among teenagers by teaching an abstinence only approach. These federal funds require a match of three state or local dollars for every four federal dollars. The Oklahoma Abstinence Education Provision of the 1996 Welfare Law provides \$757 thousand to Oklahoma requiring a match of \$568 thousand.



The funding will allow the Department to implement community abstinence education projects without requiring these community projects to provide part of the match. This makes it possible for more communities to participate. Communities will apply for grant funds via proposals to the Department. The purpose is to pick specific communities where other teen pregnancy prevention programs do not exist and then saturate the area with an abstinence only approach. The evaluation component will measure outcomes such as whether or not the number of out-of-wedlock births to teens is decreased.

Trauma Care System

The trauma care system will create communication, referral and service delivery that meets the health care needs of seriously injured people in any region of the state. In FY-97, approximately \$100 thousand was appropriated for the purpose of acting on the recommendations of the Governor's Task Force on Trauma System Development. A comprehensive trauma care system emphasizes prevention, universal access and ongoing evaluation. It also addresses the components,

providers and settings for trauma care with the goal of getting the right patient to the right place in the right amount of time.

Trauma and injury care studies have clearly shown that implementation of a trauma care system reduces preventable injury deaths by at least 20 percent and treatment costs by 10 percent to 15 percent. In Oklahoma, this translates into saving hundreds of lives and millions of dollars.

An additional \$458 thousand to complete the planning of the trauma care system will accomplish:

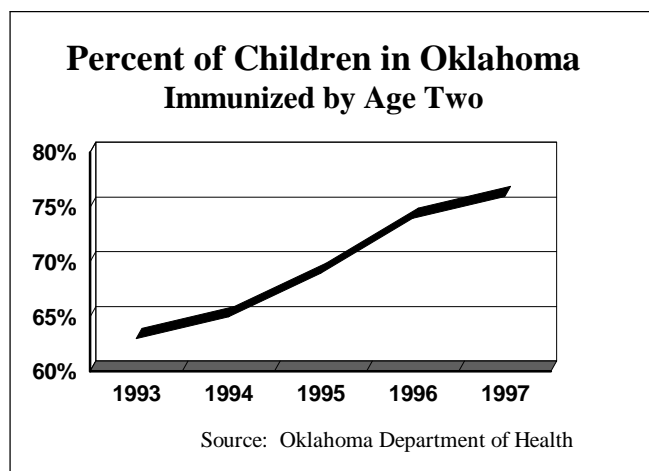
- Approval and implementation of the standards for trauma center designation;
- Public information and education regarding the need for a formal trauma system;
- Assist the RAC's (Regional Advisory Councils) with composition of a regional trauma plan;
- Provide training for optimal utilization of the trauma registry software with subsequent submission of data to the Department; and
- Approval of triage protocols with subsequent training for Emergency Medical Staffs statewide.

Tuberculosis

Once thought to be under control, tuberculosis has reemerged as a serious threat to the public's health. To avert the development of drug resistant strains of tuberculosis, it is necessary for every active case to complete the prescribed course of drugs. Direct observation therapy means the Department contracts with individuals to deliver and watch the ingestion of tuberculosis medication. The increase of \$151 thousand with supplemental federal funds allows 100 percent of newly diagnosed cases to be placed on direct observation therapy.

Immunization Outreach

The Department has asked for an additional appropriation to cover the cost of hiring and training recipients of Temporary Assistance for Needy Families (TANF) as outreach workers to increase the percentage of Oklahoma children who have their immunizations by age two. Oklahoma's level of appropriately immunized children by the age of two is 76 percent. The short term goal is to reach an immunization level of 90 percent.



This program would help TANF recipients comply with the work requirements of the Personal Responsibility Act by providing employment opportunities in every county. The outreach workers, after training, would do follow up work on lists of children produced by the Oklahoma State Immunization Information System (OSIS) who are late for immunizations. They will contact the families via telephone or home visits and keep the OSIS database at their particular county health department clear of inactive or unlocatable children.

This outreach program is a good idea, but the Department of Health should coordinate with the Department of Human Services to spend TANF block grant dollars for this program.

Health Care Authority

FY-99 Appropriation Adjustments			
Agcy #	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%; padding: 5px;">Agency / Initiative</td> <td style="width: 20%; padding: 5px; text-align: center;">Total Adjustments \$000's</td> </tr> </table>	Agency / Initiative	Total Adjustments \$000's
Agency / Initiative	Total Adjustments \$000's		
807 Health Care Authority			
FY-98 Base Appropriation	313,650		
Adjustments			
Benefit allowance Increase 2nd \$37.50	50		
Benefit allowance Increase - new FY-99 increase	27		
OPERS employer contribution adjustment	(129)		
Workers' Compensation premium reduction	(1)		
Purchasing Reform savings	(602)		
Increase in FMAP - Title XIX	(3,938)		
Prescription drugs - 11.5% increase	2,924		
SoonerCare COLA 4.95%	1,645		
Fiscal agent increase	358		
Annualizations:			
SB 639 - annualize new eligibles @ 66.9% participation	5,327		
Add 15 year olds to 185% fpl @ 66.9% participation	938		
OBRA 90 - 14 year olds	775		
Hospital COLA	629		
Nursing facilities	597		
Medicare part A and B increases	562		
Medicare A and B FY-99 increase	368		
Savings - one time 98 carryover use of XXI for exp	(1,000)		
Capitation Reconciliation Specialist - MC	42		
ABD MC expansion	154		
OBRA 90 pharmacy system enhance	351		
Survey and certification contract increase	418		
Drug rebate program FTE	(366)		
Third party liability FTE	(30)		
Medical claims editing system	(41)		
FY99 inflationary program increases	<u>1,780</u>		
Total Adjustments	<u>10,838</u>		
FY-99 Recommended Appropriation	<u>324,488</u>		

Medicaid Expansion for Children and Pregnant Women

Across the nation, the issue of the uninsured is one of great concern. Without health insurance, many of the uninsured are forced to forgo medical treatment including preventive care and basic physician services. This can result in treatable illnesses becoming acute and requiring more extensive treatment, often through the emergency room or hospitalization.

Access to regular preventive care is a particularly critical issue for pregnant women and children to ensure good health outcomes through early prenatal care for

pregnant women; and immunizations and well-baby and well-child checkups for children. Uninsured children are more likely to be hospitalized for conditions which are avoidable through earlier treatment. Women who receive early and consistent prenatal care are more likely to have improved birth outcomes and improved infant care for their newborns.

To address this issue, the Governor and Legislature enacted SB 639, an expansion of Medicaid to cover pregnant women and children up to 185% of the Federal Poverty Guidelines in 1997. The expansion became effective December 1, 1997. The Oklahoma Health Care Authority (OHCA) headed a multi-agency work group to tackle the expansion. This group included the Department of Human Services (DHS), the Health Department, Oklahoma Commission on Children and Youth and the State Department of Education to begin outreach efforts to those who are newly eligible. Approximately 95,000 children and 4,000 pregnant women will be eligible for this program.

In FY-98 OHCA received \$5 million of funding for seven months. This budget includes funding of \$5.3 million to annualize the cost of those covered by the expansion.

Enrollment Accessibility

In conjunction with the outreach efforts implemented for the expansion, OHCA along with DHS has made some changes to the eligibility process to make it more accessible. A simplified application is available. In addition, face-to-face interviews will no longer be required with caseworkers and the asset test has been eliminated for this population. Applications will be available at a wide variety of locations such as the DHS county offices, County Health Departments, WIC offices, public libraries and schools.

Title XXI - State Childrens' Health Insurance Program

In the summer of 1997, Congress passed Title XXI of the Social Security Act: State Childrens' Health Insurance Program (SCHIP). This program was specifically designed to address the problem of uninsured children in America. It provides funding to states for health insurance for children. States have the option of offering this coverage through a Medicaid expansion, a state-designed plan or a combination of Medicaid and a state-designed plan. The program can cover those children with family incomes up to 200% of poverty.

Federal funding for SCHIP has a higher match rate than Medicaid which translates to lower state costs. Oklahoma's Medicaid expansion is eligible for SCHIP due to its December 1, 1997, effective date. The Governor and legislative leaders agreed that Oklahoma's SCHIP program would be a Medicaid program. The Medicaid expansion will use SCHIP funds, commonly called the enhanced match since it is higher than our Medicaid match, to fund the Medicaid expansion for children resulting in lower state costs for the expansion.

For FY-98 the cost savings to the state from the enhanced match are estimated to be \$1 million. The savings will be reflected as carryover from FY-98 appropriations, since OHCA will not need the same level of funding for the expansion under SCHIP. These savings, estimated to be \$1 million for FY-99, are an offset against the annualization costs for the expansion.

Coverage of Children Through Age 15

The Omnibus Budget Reconciliation Act of 1990 (OBRA 90) mandates that all children living below 100% of the Federal Poverty Guidelines be provided Medicaid coverage. This program is implemented by adding one year to the age criteria each year until all children through age 18 are covered up to 100%. In FY-99, we add 15 year olds. The SB 639 expansion will cover children over the minimum federal level to 185% of the poverty guidelines. The cost for this group of 15-year olds will be \$938 thousand.

Other Annualizations

OBRA 90 14-year olds	\$.775 million
Hospital cola	.629
Nursing facilities cola	.597
Medicare part A and B premium	.562

Program Savings

The federal match rate, or FMAP, for the Medicaid program is updated annually at the beginning of the federal fiscal year. In Federal FY-99 the FMAP increased to 70.84% from 70.51%. The state savings to be realized for this increase in federal funding will be \$3.9 million

OHCA can undertake several other program savings initiatives which will generate increased revenues, decreasing the need for state appropriations. Estimated savings are \$431 thousand for these initiatives:

- Drug rebate program - pursue a backlog of disputed receivables from drug manufacturers and increase collection on current receivables. 2 FTE
- Third party liability - increase recovery of funds from private insurance, child support orders, auto insurance or other third parties. 3 FTE
- Medical claims editing - purchase commercial claims editing software to avoid payment of claims under predetermined parameters. 0 FTE

Medicaid Inflationary and COLA Adjustments

The proposed increases for these adjustments to Medicaid is approximately \$6.4 million. States are mandated according to their plans officially approved by the United States Health Care Financing Administration to take into account certain inflationary and cost of living adjustments (COLA's) in some of the Medicaid programs.

Recent federal legislation has changed the way COLAs for hospitals and nursing homes may be calculated. Previously, states were regulated in their methodology by the Boren amendment which was repealed in 1997 allowing states more ability to contain their costs. States must amend their plans to indicate new methodologies for calculating COLA's. While no specific methodology is being proposed in this budget, additional funding is recommended in an amount more conservative than required under the Boren amendment.

Hospitals and nursing homes	\$1.4 million
Physicians - critical care/NICU	.4
Prescription drugs	2.6
SoonerCare cola and program changes	1.6
Medicare A and B increase	.4

Other Increases

Unisys contract increases and three additional FTE are needed for year 2000 issues, program backlog issues and SCHIP reporting requirements. One FTE is recommended for capitation reconciliation work to enhance reporting between managed care providers and OHCA and contain costs. An increase to the contract with the Health Department for certification of all nursing facilities in the state is recommended.

One-time investments for FTE to prepare for the Aid to Blind and Disabled transition to managed care and pharmacy system enhancements required by OBRA 90 are recommended for FY-99 only.

Department of Human Services

FY-99 Appropriation Adjustments

Agcy #	Agency / Initiative	Total Adjustments \$000's
830 Department of Human Services		
	FY-98 Appropriation	336,228
	Base reduction / recapture of carryover	<u>(11,100)</u>
	FY-98 Base Appropriation	325,128
	Adjustments	
	Benefit allowance Increase 2nd \$37.50	2,276
	Benefit allowance Increase - new FY-99 increase	1,214
	OPERS employer contribution adjustment	(4,249)
	Purchasing Reform savings	(2,765)
	TANF reduction to 75% MOE	(4,000)
	Less carryover available for use in '99	4,059
	Base Adjustment - MOE double count	(10,600)
	- HB 1241 Adopt. Reunion Registry	432
	- HB 2133 Advocacy Foster Care	84
	Annualizations:	
	Home/Comm Based Waiver	2,147
	Home/Comm Based - Admin	721
	Geriatric Day Care rate increase	159
	New Geriatric Day Care providers	47
	Adoption subsidy growth	1,182
	Foster Care Growth	525
	Adoptive/Foster Parent Pre-service training	72
	Therapeutic Foster Care Beds (150 req., 150 rec.)	<u>1,569</u>
	Total Adjustments	<u>(7,127)</u>
	FY-99 Recommended Appropriation	<u>318,001</u>

Welfare Reform

The implementation of the Personal Responsibility and Work Opportunity Reconciliation Act has been going well in Oklahoma. This act, passed by Congress in the Fall of 1996 drastically overhauled the United States welfare system, eliminating Aid to Families with Dependent Children (AFDC) and replacing it with a new program called Temporary Assistance to Needy Families (TANF). It is designed to end dependence on government by promoting job preparation, work and marriage, preventing and reducing out-of-wedlock pregnancies and encouraging the formation of two parent families.

Guiding Principles

The following Guiding Principles are once again recommended to inform the further development of welfare reform policy:

We should assume everyone is able to work or at least capable of making a contribution to society through work activity within their abilities.

Families are society's way of nurturing and protecting children. Both parents, whether or not living with their children, are assumed equally responsible for their care. All policies must be judged by how well they strengthen the responsibility of parents to care for their children.

The benchmark for determining the system's fairness is by comparison with low-income families who work for a living, not by comparison with those receiving various government benefit packages.

The culture of entitlement undermined the status and dignity once attached to work and self-sufficiency. A system of incentives that reinforce productive behavior must continue in Oklahoma.

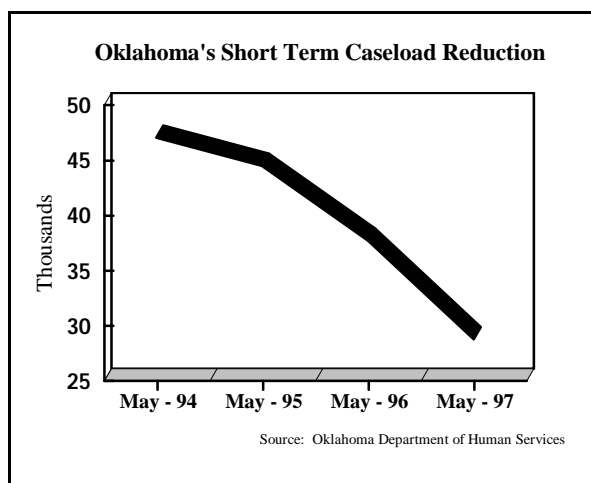
Individuals are part of communities of people and places. We should pay attention to how communities affect families and how they support individual efforts to achieve self-sufficiency.

The new system should provide only as much service as an eligible individual ask for, rather than with any and all available services. Many individuals will do better with just a light touch.

We should reassess government's traditional role in managing programs and look to other alternatives using market and performance mechanisms to achieve our objectives.

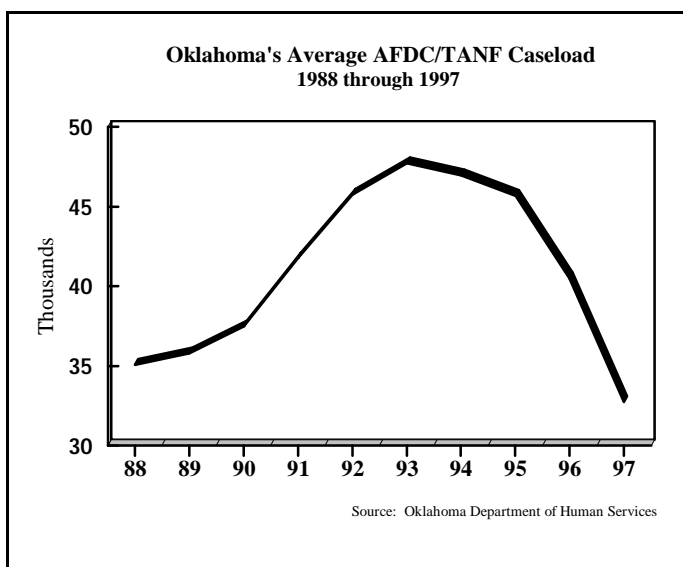
Some of the welfare reforms that are already in place in Oklahoma are:

- Family Cap - no additional cash benefit for having more children while on TANF
- Reduction of Oklahoma cash benefits to the regional average
- Flexible funds which allow front line DHS workers to solve applicant's immediate problems and help them get to work quickly
- Case closure for failure to comply with work requirements
- Literacy assessments of TANF applicants
- Pilot program privatizing TANF case management
- Legal aliens cannot apply for benefits for five years
- New mothers are exempt from work requirements for three months only
- Total lifetime limit on benefits of 60 months
- Teenage parents must live with parent or guardian and cannot establish a separate household for the purpose of getting benefits.



Additional Reform Proposals

While the recent caseload reductions have been impressive, our caseload count has only recently fallen below the 1988 level when caseloads began to increase dramatically all across the country. States which began intensive reforms in the late eighties did not experience those same sharp increases and now have caseloads significantly lower than in 1988.



Caseload reductions even greater than those that have happened so far can be achieved. To get more Oklahomans in the workforce and continue ending the cycle of dependency on government programs the following additional reforms are proposed to the Commission for Human Services:

- Drug testing for TANF recipients and case closure for use of illegal drugs
- Case closure for failure to keep children in school

- Case closure for receiving a felony conviction while on assistance
- A waiting period for reapplication after case closure
- A sliding scale TANF payment which begins at 125 percent of the current level and is reduced by 5 percent per month for ten months until it levels out at 75 percent of the current level

Welfare to Work

The Balanced Budget Act of 1997 provides additional resources to states for achieving the goal of getting TANF recipients into the workforce. The United States Department of Labor is administering these Welfare to Work Grants which are designed to be used at the local level by Private Industry Councils. In Oklahoma, the Employment Security Commission is the administering agency. A total of \$11.7 million is available to Oklahoma with a required match rate of 34 percent.

Since one-half of the state's match can be provided by in-kind contributions, an appropriation of \$2.9 million will be made to the Employment Security Commission. Private Industry Councils who meet the challenge of raising and documenting their share of the match can qualify to use these funds for employment programs that put TANF recipients to work.

Fifteen percent of these funds will be used at the Governor's discretion to expand the IndEx (Industrial Exchange) employment training program. This program has been recognized nationally as a model education and employment program which also serves as a business incubator.

Privatization/Outsourcing Opportunities

The Department of Human Services Commission should outsource and privatize functions such as training, job placement and child support enforcement. With proper incentives, contracted services can provide efficient and effective use of taxpayer dollars while limiting the growth of government bureaucracies.

Annualizations

Home and Community Based Waiver

This \$2.1million will annualize FY-98 partial year funding for the Advantage Medicaid waiver for the elderly and adults with physical disabilities for year five of the program. This funding provides continued delivery of home and community based services as an alternative to institutional care. Both the program and the administrative portion, \$721 thousand , are funded.

Geriatric Day Care

A geriatric day care rate increase was provided for three quarters of FY-98; this funding of \$159 thousand will cover the additional quarter for FY-99. An additional \$47 thousand annualizes the day care subsidy for six additional providers which were approved for funding effective October 1, 1997.

Other Funding Issues

Adoption Subsidy

The adoption subsidy program is a federally mandated program which assists in the adoptive placement of special needs children found in the foster care system of the Department, licensed nonprofit child placement agencies and federally recognized tribes. During FY-97, 2,225 children were covered by adoption subsidies. The \$1.2 million provides for an expected growth of about 18 percent in this program.

Foster Care

The increase of \$525 thousand provides for 179 more children in Family Foster care and 158 children in Difficulty of Care. An additional \$72 thousand will be used to buy training for foster, adoptive and kinship providers of care.

Funding of \$1.6 million will purchase an 150 therapeutic foster care beds. Children who are taken into state custody as a result of abuse or neglect and who are determined to be in need of alcohol, drug or behavioral treatment are placed in services provided by contractors with the Department.

TANF Maintenance of Effort Reduction

The Personal Responsibility and Work Opportunity Reconciliation Act which overhauled the welfare system allows for states to budget their maintenance of effort dollars at 75 percent as long as the required percentages are met for getting recipients into work or work activities. If Oklahoma budgets these funds at 75 percent and then fails to meet the work activity requirements, the penalty is five percent of our \$148 million dollar block grant which then must be made up with state dollars.

Although some may consider this a risky position, lowering the state dollars in this program to 75 percent will keep the Department focused on meeting these requirements and getting more TANF recipients into productive employment activities. The Department now budgets these state dollars at 80 percent, the difference is approximately \$4 million annually.

Child Care Development Fund Maintenance of Effort

The Department of Human Services has been informed by the federal Agency for Children and Families staff that, as a result of technical amendments, the first \$10.6 million of state maintenance of effort in the Child Care Development Fund also counts toward our state obligation for TANF maintenance of effort. This \$10.6 million is therefore available to offset funding increases and to decrease the appropriation to the Department.

Carryover Replacement and Anticipated Carryover

Due to legislative intent and Commission actions, the Department is currently spending about \$39 million in accumulated carryover funding for recurring expenditures. At this time we are anticipating carryover going into FY-99 of \$35 million. This results in a positive adjustment of \$4 million to replace carryover used in FY-98.

Base Adjustment for Recurring Carryover

Due partly to the size of the total budget of the Department, programs running under budget, special “revenue events” and employee turnover result in significant carryover accumulating year after year. A onetime reduction of \$11.1 million to the DHS appropriation level is proposed based on expected expenditure levels being consistently below revenue levels.

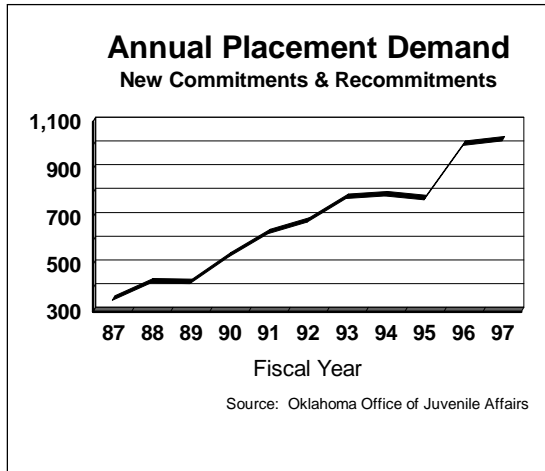
Office of Juvenile Affairs

FY-99 Appropriation Adjustments

Agcy #	Agency / Initiative	Total Adjustments \$000's
400 Office of Juvenile Affairs		
	FY-98 Appropriation	88,076
	One-time: VoTech equipment	(120)
	One-time: Constructions cost of COJC expansion	<u>(70)</u>
	FY-98 Base Appropriation	87,886
	Adjustments	
	Benefit allow ance Increase 2nd \$37.50	531
	Benefit allow ance Increase - new FY-99 increase	283
	OPERS employer contribution adjustment	(916)
	Workers' Compensation premium reduction	(1)
	Purchasing Reform savings	(2,035)
	Replace use of DHS Carryover (Reappropriation)	4,000
	Annualizations of Youthful Offender Programs	3,421
	Replace FY-97 carryover/federal revenue	2,000
	37 county detention beds (1/1/99)	535
	28 county detention beds (2/1/99)	220
	Manitou operating needs	147
	YGS reclassification	414
	3 New specialized community homes - 12 beds	197
	Level E Program - 14 Beds	695
	Psychological evaluations	45
	Accountability follow-up program increase	1,448
	Span of Control savings	<u>(27)</u>
	Total Adjustments	<u>10,957</u>
	FY-99 Recommended Appropriation	<u>98,843</u>

Juvenile crime is a growing concern, especially with the increasingly violent nature of the crimes. Further, these youth appear to be entering the juvenile justice system at younger ages, thereby greatly increasing the possibilities of their having extended delinquent careers and being repeatedly processed through the correctional system. The Oklahoma Juvenile Reform Act (HB 2640) created The Office of Juvenile Affairs (OJA) as a separate state agency in 1994. This legislation sought to revitalize the state's juvenile justice system, promote public safety and reduce juvenile delinquency.

The increase in juvenile crime is apparent in the following chart. These figures illustrate Oklahoma's growing demand of annual placements into the juvenile justice system through new commitments and recommitments over the past ten years. The second chart estimates indicate that if the trend continues, this number could double by the year 2010. This budget includes funding to provide the additional beds necessary to adequately house the estimated increase in juveniles sent to OJA custody .



The following table provides a breakdown of the number of juveniles adjudicated delinquent in FY-97 by the definitions used in the Uniform Crime Reports.

Number of Juveniles Adjudicated Delinquent	
UCR Codes	FY-97
Total	3,845
Part I Violent Offenses (Murder, Manslaughter, Rape, Robbery and Felonious Assault)	413
Part I Non Violent Offenses (Burglary, Larceny, Motor Vehicle Theft and Arson)	1,716
Part II Other Felony and Misdemeanor Offenses	1,545
Status Offenses (noncriminal)	171

Source: Oklahoma Office of Juvenile Affairs

Youthful Offender

HB 2640 also created another essential element of reform, the Youthful Offender Act, for youth thirteen through seventeen years of age who have committed certain serious felonies or who have been adjudicated for three or more felonies and would be considered habitual offenders. The purpose of the Youthful Offender Act is to protect the public effectively through appropriate assignment of serious juvenile offenders between the Department of Corrections (DOC) and OJA, and establish a bridge between the juvenile and adult system for juveniles who are not responding to rehabilitation. Implementation of the Youthful Offender Act began on January 1, 1998.

In FY-96, there were 237 youth remanded to DOC who could be classified as a youthful offender under the new legislation. Of the 237, OJA has projected 125 would be under the juvenile system with 112 remaining in the adult system. In FY-97, there were an additional 127 DOC youth who could be classified as a youthful offender. OJA must locate beds for placement of these additional juveniles into its system. However, if no new beds are available, youth currently committing less serious crimes would have to be placed back on the street to make beds available for the more violent offenders. Since implementation of Youthful

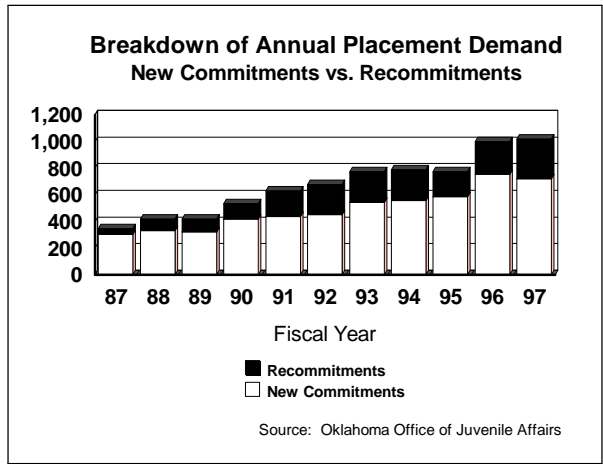
Offender legislation has just begun, it is difficult to project the total number of beds needed for FY-99.

The agency received increased appropriations for FY-98 of approximately \$6.3 million to begin funding additional beds and programs related to implementation of this act. This budget includes an appropriation of \$9.4 million to annualize the funding provided last year and replace the one-time funding sources used in FY-98.

This combined two-year funding level will provide an additional 260 beds through a 90 day boot camp, a high impact wilderness boot camp, a property offender program, an expansion at the Central Oklahoma Juvenile Center (COJC), and a new medium secure facility. This increase in beds will remove violent offenders from the street and greatly reduce the number of juveniles awaiting placement.

Reintegration of Custody Youth

The occurrence of chronic recommitments due to recidivism has a tremendous impact on the annual demand for placement resources within the juvenile justice system. These “high-risk” juveniles tend to exhibit a persistent pattern of justice system contact, including arrests, adjudication, and placements. They also are plagued by a number of other need-related risk factors frequently involving a combination of problems associated with family, negative peer influence, school difficulties, and substance abuse. On average during the last ten years the recommitment population constituted more than a quarter, 26.5 percent, of the annual population requiring placement. The chart below illustrates this trend.



The agency’s implementation plan for Youthful Offender incorporates prevention and early intervention as part of the overall process. OJA will receive an appropriation of \$1.4 million for additional community-based follow-up accountability and reintegration. Reintegration means arranging follow-up services such as intensive supervision, counseling, job training, and/or education to youth exiting residential placements. These services are designed to provide a level of structure and supervision necessary to protect the community while providing support to the youth in reintegrating back into the community. The length of services is determined by the risk posed by the youth. This amount, combined with the \$1.6 million received for this purpose in FY-98, will provide programs that hold youth accountable and will help to lower recidivism and eventually result in a reduced demand for out-of-home placement.

Expansion of Detention Beds

An important piece of HB 2640 was the expansion of detention beds statewide. This budget contains \$755 thousand to provide 65 additional detention beds. This funding will allow for more secure placement of dangerous and violent youth or youth who are at high risk if left in the community. Additional detention beds will allow OJA to be better able to provide for the protection of the public and assure court appearances for those youth detained.

The amount included for FY-99 will provide a partial year of operational funding, with an annualization to be provided in FY-2000. Once completely implemented, the system will gain 23,725 bed days at an average of 17 days per stay. This equates to an additional 1,395 youths who will be off the streets and in secure detention in order to better protect the public.

Operating Needs for Manitou

OJA will also receive \$147 thousand in additional operating funds for the Southwest Oklahoma Juvenile Center (Manitou). The agency received partial funding in FY-96 and an annualized amount in FY-97 to operate this newly constructed, 70 bed, secure treatment facility. These funds will allow implementation and maintenance of services not originally provided, including security personnel, so Manitou will have "around the clock" security and officers to provide exclusive transportation coverage.

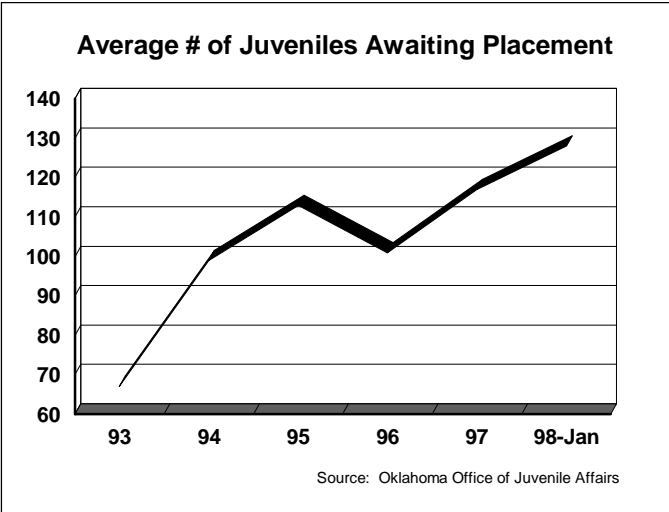
These secure facilities oversee the care and custody for the youth, as well as providing rehabilitation programs and educational services. These services help prepare the youth for reintegration into the home and/or community and reduce recidivism through applicable treatment for specific problems to enable better adolescent maturation. This additional amount will help equate the funding level at this facility with the other two secure residential facilities operated by OJA.

Reclassification of Youth Guidance Specialists

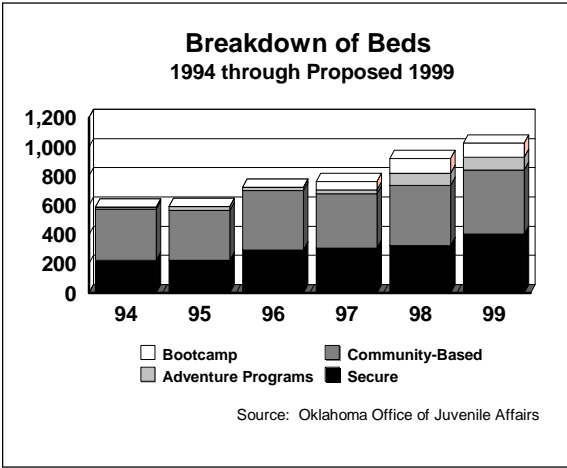
This budget includes \$414 thousand to fund a new job class series for the agency's 350 Youth Guidance Specialists. For more information on this proposal, see the discussion on pay issues under the section on major budget and policy issues.

New Community-Based Beds

As mentioned above, OJA continues to experience a growing number of juveniles awaiting placement into a proper facility. The graph below illustrates the change in the average number of juveniles awaiting placement over the past five years. The current waiting list as of January 16, 1998, consists of 128 youth; 105 of the 128 youth are scheduled for community-based residential care.



This budget includes \$892 thousand to help address this need of additional community-based residential care beds. These funds will provide 12 additional beds at three new specialized community homes and 14 additional beds at a level E group home. Combined with the additional youthful offender beds, the new detention beds, and other beds being provided with new federal funds, the list of juveniles awaiting placement will be eliminated. The following charts provide a breakdown of the beds available by type since 1993.



Beds in the Juvenile System

Bed Type	<u>FY-94</u>	<u>FY-95</u>	<u>FY-96</u>	<u>FY-97</u>	<u>FY-98</u>	<u>FY-99</u>
Secure	224	224	294	309	325	400
Community-Based	352	344	407	373	414	400
Adventure/Wilderness	12	24	24	24	84	80
Bootcamp	0	0	0	60	100	100
Total Beds	588	592	725	766	923	980

Source: Oklahoma Office of Juvenile Affairs

Psychological Evaluations

This budget contains \$45 thousand to provide additional funding for psychological evaluations. These evaluations are ordered by the court and used for dispositional decision making. There has been an increase in the number of evaluations being ordered, and there is also a potential additional increase due to the Youthful Offender legislation. There are three occasions upon which the court considers information from psychological evaluations in hearings on youthful offenders. These include a motion to consider a youthful offender as a juvenile, a motion to consider imposition of adult sentence, and during sentencing.

One-time Reductions

The recommended FY-99 funding for OJA is being reduced for the FY-98 one-time appropriations used to provide school equipment and the construction related to the expansion at COJC.

University Hospitals Authority

FY-99 Appropriation Adjustments	
Agcy #	Total Adjustments \$000's
Agency / Initiative	
825 University Hospitals Authority	
FY-98 Appropriation	27,147
One-time payments to staff	(570)
FY-98 Base Appropriation	26,577
Adjustments	
None	<u>0</u>
Total Adjustments	<u>0</u>
FY-99 Recommended Appropriation	<u>26,577</u>

Early in 1998 the employees of the University Hospitals Authority (Hospitals) will officially transfer to the employment of Columbia Hospital Corporation of America (Columbia). The closing of this agreement represents the successful culmination of several years of negotiations on the part of Hospitals Authority members and staff, Governor's staff and legislative staff. The new entity created consists of what were University Hospital, Children's Hospital and Presbyterian Hospital.

The lease of the operation of the Hospitals is easily the largest, most comprehensive privatization accomplishment in Oklahoma thus far. Employees on state payroll will decrease by six percent (about 2,300 FTE) with the transfer. All current employees of the Hospitals have equivalent jobs at substantially the same rate of pay as under state employment. Benefits such as employee health insurance, annual and sick leave vary somewhat from state benefits but are consistent with those offered to employees at Presbyterian Hospitals.

University Hospitals operate in close conjunction with the University of Oklahoma Health Sciences Center and provide a venue for the delivery of medical education and delivery of medical services to indigent people. Privatization makes it possible for the Hospitals to compete and survive in a rapidly changing health care market. It does this while preserving the functions of indigent care, medical education and research.

The state will continue to appropriate the current base amount of support for the Hospitals in the future. This \$26.5 million will be used to buy indigent care. Also provided is medical care for Department of Correction's inmates and the continuing operation of the Poison Control Center.

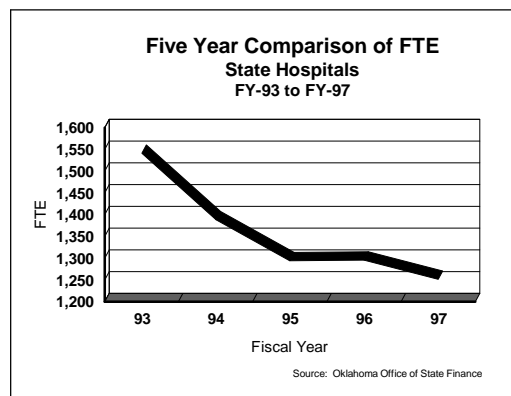
Department of Mental Health and Substance Abuse Services

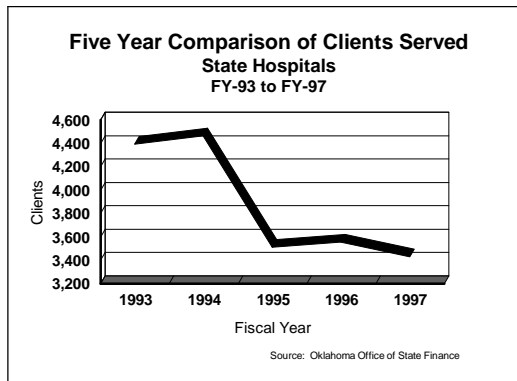
FY-99 Appropriation Adjustments

Agcy #	Agency / Initiative	Total Adjustments \$000's
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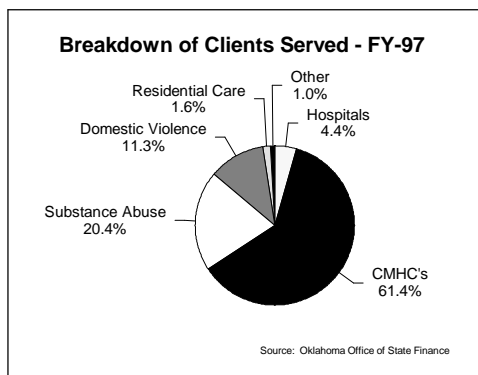
452 Department of Mental Health	
FY-98 Appropriation	122,491
Onetime: roof	(190)
FY-98 Base Appropriation	122,301
Adjustments	
Benefit allow ance Increase annualization	1,111
Benefit allow ance Increase - new FY-99 increase	593
OPERS employer contribution adjustment	(1,980)
Workers' Compensation premium reduction	(107)
Purchasing Reform savings	(1,937)
Span of Control savings	(85)
Newer medications	428
Med-surg unit/Griffin-transfer of accountability to DOC	(1,780)
Transfer to DOC for Western facility costs	(330)
Total Adjustments	(4,087)
FY-99 Recommended Appropriation	<u>118,214</u>

The Department of Mental Health and Substance Abuse Services (DMHSAS) continues to move toward providing community-based rather than inpatient hospital services. This trend is apparent when you review the shift in the agency's staffing and the number of clients served over the past five years at the state mental hospitals. These changes are illustrated in the following graphs.

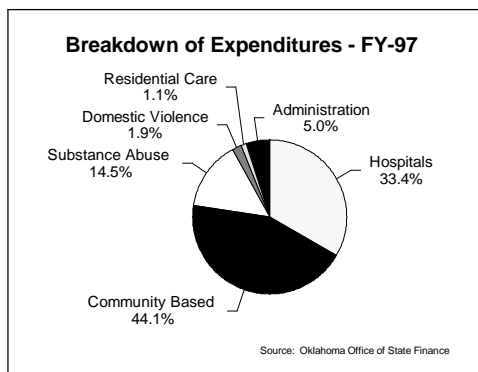




The charts below illustrate the breakdown of the clients served by type of service and the expenditures by activity for FY-97.



As illustrated, the state mental hospitals consumed 33.4 percent of the agency's budget and served 4.4 percent of its clients. For FY-93, these percentages were 37.2 percent of the budget and 6.6 percent of the clients.



While the FY-97 percentages represent a positive change toward community services, the three remaining state hospitals still consume too high of a percentage of the agency's budget, especially in comparison to the percentage of clients served there. This budget includes a recommendation for a study of the services provided by DMHSAS to identify how the services can be restructured to serve more clients, including more opportunities to partner with the private sector.

Medication Funding

This budget includes funding of \$428 thousand for DMHSAS to provide additional newer generation medications to its clients. Combined with the \$1.3 million received over the past two fiscal years, this funding will better equip the agency to provide the most appropriate and effective medication to treat its clients' disorders. Since these newer drugs help allow these individuals to lead more productive, self-sufficient lives, the State will also benefit by the possible reduction in their dependence on public assistance.

Use of these drugs is an integral component of a client's treatment regimen. These newer medications offer many advantages, including fewer inpatient hospital stays, shorter lengths of stay if admitted, decreased symptoms, improved quality of life, and an opportunity for independent living and work. The continued use of these medications will eventually lead to reallocation of resources to community-based services as this population requires fewer inpatient days.

Medical Costs Transfer to Department of Corrections

This budget also includes a recommended reduction of \$1.8 million in the agency's base appropriation for the direct costs of medical services provided to inmates at Griffin Memorial Hospital (GMH) in Norman. The Department of Corrections (DOC) will receive these funds, combined with the amount in its budget, to use in contracting for medical services for inmates. This transfer of funding will help provide better accountability by DOC for the costs associated with inmate medical care. DMHSAS has been responsible for providing medical services for inmates at no cost to DOC since 1975, as required by state law (Section 3-701 of Title 43A).

For more details on the inmate medical services proposal, see the discussion in the section for the Department of Corrections.

Western Facility Costs Transfer to Department of Corrections

DMHSAS will also transfer a recommended \$330 thousand to DOC to accompany its assumption of responsibility for the operation of the power house and mechanical building at William S. Key Correctional Center, part of the former Western State Mental Hospital.

One-time Reduction

The recommended FY-99 funding for DMHSAS is being reduced for the FY-98 one-time appropriation used to replace the roof at the former Norman Veterans Center, where the agency is in the process of setting up a "one-stop shopping" center for local community services.

Department of Rehabilitation Services

FY-99 Appropriation Adjustments

Agcy #	Agency / Initiative	Total Adjustments \$000's
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805 Department of Rehabilitation Services

FY-98 Appropriation	22,774
One-time: vehicles for OSB & OSD	(157)
FY-98 Base Appropriation	22,617
Adjustments	
Benefit allowance Increase 2nd \$37.50	175
Benefit allowance Increase - new FY-99 increase	93
OPERS employer contribution adjustment	(311)
Workers' Compensation premium reduction	(4)
Purchasing Reform savings	(192)
Span of Control savings	(40)
Budgeted vacancies	(200)
Fire alarms (OSB)	<u>35</u>
Total Adjustments	<u>(444)</u>
FY-99 Recommended Appropriation	<u>22,173</u>

Fire Alarms

This budget includes one-time funding of \$35 thousand for the Department of Rehabilitation Services (DRS) to use for the needed fire alarms at the Oklahoma School for the Blind (OSB).

One-Time Reduction

DRS will receive a reduction in funding for the FY-98 one-time appropriation used to replace vehicles at OSB and the Oklahoma School for the Deaf (OSD).

