

Overview of the Fiscal 2005 Executive Budget

**NASSAU COUNTY
OFFICE OF LEGISLATIVE
BUDGET REVIEW**

ERIC NAUGHTON, DIRECTOR
STEVEN ANTONIO, DEPUTY DIRECTOR
STEPHANIE RUBINO, ASSISTANT DIRECTOR
CONNIE TUCKER, BUDGET ANALYST
HOWARD DIXON, BUDGET ANALYST
HELENA CARLSON, BUDGET ANALYST

October 18, 2004

*Health and Social
Services Committee*

*Agencies Scheduled to
Testify:*

Social Services

Health

Drug & Alcohol

Mental Health

Senior Citizen Affairs

Youth Board

**NASSAU COUNTY
LEGISLATURE**

Hon. Judith A. Jacobs,
Presiding Officer

Hon. Peter J. Schmitt,
Minority Leader

Hon. Jeffrey Toback,
*Chairman, Health and Social
Services Committee*



ERIC C. NAUGHTON
DIRECTOR
OFFICE OF LEGISLATIVE
BUDGET REVIEW

NASSAU COUNTY LEGISLATURE
ONE WEST STREET
MINEOLA, NEW YORK 11501
(516) 571-6292

Inter-Departmental Memo

To: Hon. Judith A. Jacobs, Presiding Officer
Hon. Peter J. Schmitt, Minority Leader
Hon. Jeff Toback, Chairman of Health and Social Services Committee
All Members of the Health and Social Services Committee

From: Eric C. Naughton, Director
Office of Legislative Budget Review

Date: October 14, 2004

Re: FY 05 Budget Hearing

Enclosed please find preliminary reviews of the FY 05 budget for the specific agencies scheduled to appear before the Health and Human Services Committee. In order to better evaluate the Proposed Budget, in our analyses we have included OMB's FY 04 projections that were prepared in July for their second quarter budget report. In addition, in looking at staffing needs we also compare the proposed FY 05 budget to actual staffing levels as of September 1, 2004, as well as the FY 04 budget.

In FY 04 the Administration created a budget and accounting charge for inter-departmental charges (HF) and debt service (HD). These charges have been developed to more accurately identify and allocate the costs incurred by service departments, such as Information Technology and Real Estate on behalf of other County agencies. A corresponding revenue gets booked to the department providing the service as an inter-departmental revenue (BJ). The value of these charges is approximately \$415 million. For comparison purposes, these charges are separated out of the OTPS budget.

The proposed budget for the local share of Medicaid is increasing by \$21.6 million, or 8.3%, to \$281.7 million. Effective January 1, 2005, the State will assume 50 percent of the local share of

Family Health Plus expenditures and on January 1, 2006, the state will assume 100 percent of the local program costs. With the state picking up half the cost, Nassau would still have had to pay \$14.3 million next year, but the County has decided to pre-pay that amount in FY 04 utilizing budgeted tobacco securitization funds. The County Executive is lobbying New York State for a cap on local share Medicaid expense. If he is not successful in this effort, he will propose a 3.9% (\$28.8 million) property tax levy increase in FY 06, and a 4.9% (\$37.6 million and \$39.5 million) increase in years 2007 and 2008 to finance the annual growth in county Medicaid costs.

It should be noted that the revenue budget for Social Services could be understated by approximately \$5 million. The amount budgeted for reimbursement of interdepartmental charges is not consistent with allowable reimbursement rates.

My staff and I remain ready to provide any additional assistance the Legislature may require in consideration of the proposed budget and Financial Plan.

cc: Hon. Vincent Muscarella, Ranking
Hon. Howard Weitzman, County Comptroller
Sharon Commissiong, Majority Counsel
Mike Deegan, Minority Counsel
Mark Young, Budget Director
Richard Luke, Executive Director, NIFA
Dan McCloy, Special Assistant Minority
Dr. Sal Guajardo, Majority Finance
Ed Ward, Special Assistant to Minority
Art Gianelli, Deputy County Executive
Carol Trottere, Majority Press Secretary
Marilyn Gottlieb, Director of Legislative Affairs
Bill Geier, Clerk of the Legislature
Fran Evans, Director of Policy

HEALTH & SOCIAL SERVICES COMMITTEE

TABLE OF CONTENTS

(1) Department of Social Services..... 1

(2) Department of Health..... 12

(3) Department of Drug & Alcohol Addiction..... 17

(4) Mental Health..... 22

(5) Senior Citizens 25

(6) Youth Board..... 28

DEPARTMENT OF SOCIAL SERVICES

The mission of the Department of Social Services is to provide supportive services and financial assistance to eligible individuals and families in Nassau County, consistent with federal and state laws.

The department has the responsibility for the implementation and monitoring of the following Multi-Year Financial Plan initiative which has been incorporated into the FY 05 budget and baseline:

Medicaid Utilization (HSS01) - \$5,000,000

This initiative involves the implementation of a state-of-the-art data warehouse of Medicaid claim records which will allow for significant improvement in the management of fraud/abuse identification, investigation, and recovery, disproportionate share Medicaid optimization, indigent care medical cost conversions, provider billing, Medicare Part A and B maximization, 3rd party billing and recovery, SSI eligibility, and payment computation and accuracy. The Administration has stated that based on the results in other municipalities, including New York City and the states of Florida and Massachusetts, a 4% reduction in costs is possible over time. The initiative assumes savings of approximately 3% of projected non-IGT Medicaid costs. The Medicaid reimbursement maximization portion of the initiative has been implemented. Payments that had been made for services provided to individuals in non-Medicaid programs for which Nassau picks up 50% of the cost, such as Pre-School Special Education, were found to be Medicaid eligible, thereby requiring only a 25% County share. The 3rd party billing program involves the recovery of costs in cases where a third party insurer was liable for a claim paid by Medicaid. The third major component implemented is fraud and abuse identification. Cases of non-normal billing by providers will be uncovered and investigated. Medical transportation was the first area to be examined.

As can be seen in the chart on the next page, the proposed budget for the Department of Social Services contains an increase of \$21.8 million, or 4.2%. However, if the IGT payment and the inter-departmental charges are backed out, the increase becomes \$32.7million, or 7.1%. Although the IGT is being reduced by \$17.2 million in FY 05, the County will not realize any budgetary savings because the expense in both years is balanced by an equal revenue (see discussion of IGT below). The \$32.7 million difference is made up of \$29.1 million for direct assistance, \$2.8 million for salaries, and \$0.8 million for OTPS.

**EXPENSE BUDGET
BY OBJECT CLASS**

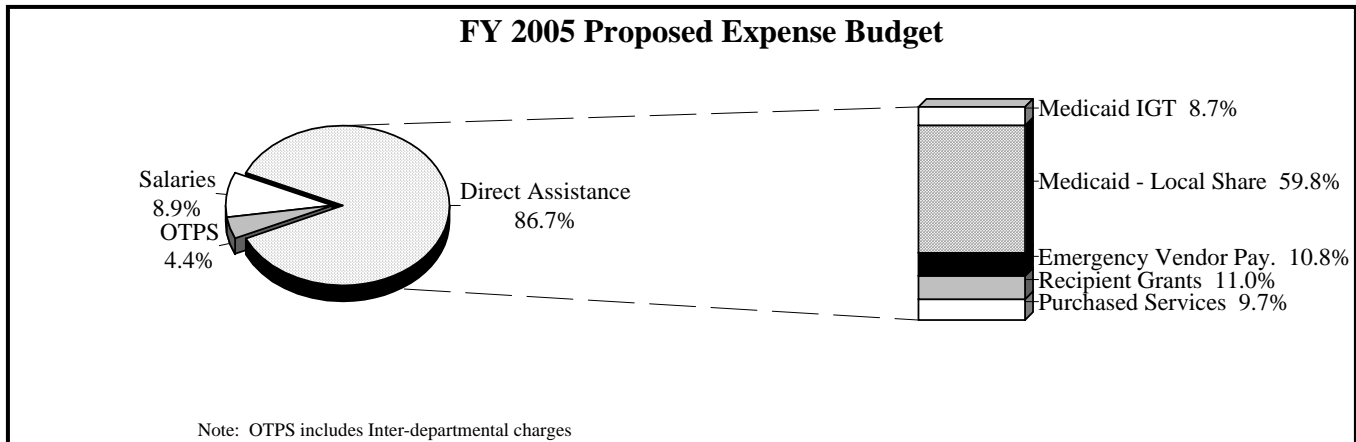
Obj	Name	Adopted FY 04 Budget	OMB FY 04 Projection	FY 05 Dept. Request	FY 05 Exec. Budget	Variance Exec. vs Adopted 04	Variance Exec. vs FY 04 Proj.
AA	Salaries	45,729,446	44,051,128	48,899,201	48,487,080	2,757,634	4,435,952
BB	Equipment	124,970	66,908	126,532	126,532	1,562	59,624
CC	Materials & Supplies	28,000	20,456	48,000	48,000	20,000	27,544
DD	General Expenses	1,199,205	6,637,045	1,214,195	1,105,195	(94,010)	(5,531,850)
DE	Contractual Services	10,837,974	10,387,974	12,261,461	11,811,461	973,487	1,423,487
DF	Utility Costs	90,200	90,200	96,965	400	(89,800)	(89,800)
	Total OTPS	12,280,349	17,202,583	13,747,153	13,091,588	811,239	(4,110,995)
SS	Recipient Grants	46,723,850	50,240,000	53,104,600	51,604,600	4,880,750	1,364,600
TT	Purchased Services	44,431,814	43,351,951	46,386,814	45,886,814	1,455,000	2,534,863
WW	Emergency Vendor Payments	49,664,213	48,360,213	51,574,000	50,824,000	1,159,787	2,463,787
XX	Medicaid - Local Share	260,101,782	271,644,215	307,342,883	281,748,167	21,646,385	10,103,952
XY	Medicaid - IGT	58,202,530	58,202,530	40,973,706	40,973,706	(17,228,824)	(17,228,824)
	Total Direct Assistance	459,124,189	471,798,909	499,382,003	471,037,287	11,913,098	(761,622)
HF	Inter-Depart Charges	4,343,732	8,123,225	0	10,663,208	6,319,476	2,539,983
	Grand Total	521,477,716	541,175,845	562,028,357	543,279,163	21,801,447	2,103,318

The \$2.8 million, or 6%, payroll increase will accommodate a CSEA contractual salary adjustment of 3.5% as of January 1, 2005, plus steps. Budgeted headcount will grow by seven full-time and four part-time positions. The department receives an average 75% reimbursement for its personnel costs up to the state aid cap, and 50% for expenditures over the cap.

The proposed budget for other than personal services, less interdepartmental charges, is increasing by \$811,239, or 6.6%, largely the result of an additional \$1 million for contractual services. The department contracts for such services as process serving and employment assessment. The vendors for the Medicaid Utilization initiative are also paid from this code. The line for general expenses is decreasing slightly compared to the FY04 budget, but is \$5.5 million less than OMB's projected FY 04 actuals. This is due primarily to the Health and Human Services scanning project. The Department of Social Services, with millions of documents, is the largest component of the effort to digitize and make accessible the records of the vertical's agencies. The line for utility costs has been reduced by 99.6%. These expenses will now be accounted for as inter-departmental building occupancy charges.

Inter-departmental charges have been developed to more accurately identify and allocate the costs incurred by other departments on behalf of the Department of Social Services. A corresponding revenue gets booked to the department providing the service as an inter-departmental revenue (BJ). Building

occupancy charges have gone from a budget of \$2.0 million to \$5.4 million. In 2005, Social Services, along with most of the HHS departments, will be moving to leased space in the Reckson Building on Charles Lindbergh Boulevard. The building occupancy charges represent the department's portion of the expenses related to the new location. In addition charges have been added for services provided by the Department of Probation (\$835,375), Drug and Alcohol (\$547,096), Mental Health, (\$173,915) the Correctional Center (\$120,000), and the County Attorney (\$37,604). The Police Department will be charging Social Services \$890,000 to provide security. The combined costs of telecommunications and information technology are increasing by almost \$300,000 to \$1.4 million.



As can be seen in the chart above, direct assistance is the largest expense category for Social Services, making up 86.7% of the budget. Medicaid comprises 59.8% of direct assistance.

Medicaid is a jointly-funded, federal-state health insurance program for certain low-income and needy people, including children, the aged, blind, and/or disabled, and people who are eligible to receive federally assisted income maintenance payments. Medicaid payments are used to pay for nursing homes, hospital bills, prescription medicine, doctors, dentists, medical transportation, etc. Although states are required to pay for a core set of benefits, they can choose to offer such optional benefits as prescription drugs and dental care. The amount that is the responsibility of the County varies depending on the type of expenditure (see chart on following page which shows costs and the local share percentage for the different service categories in 2003). On average, the County pays for approximately 18% of the total Medicaid expense (the State pays the bill and the County reimburses the State for the local share). It should be noted that although nursing homes account for the largest portion of gross Medicaid dollars spent in Nassau, the largest expense for the County is hospital care, which requires a much greater local share percentage than nursing homes.

SERVICE TYPE	MMIS Payments 2003		
	Gross \$'s	Local Share	Local %
Hospital-Inpatient	185,741,847	46,007,858	24.8%
Hospital-Outpatient	31,858,344	7,907,492	24.8%
Skilled Nursing Facility	329,630,026	29,592,767	9.0%
Intermediate Care Facility	43,230,431	9,879,430	22.9%
Clinics	48,649,924	10,423,932	21.4%
Hospice Services	3,752,156	952,372	25.4%
Physician	10,482,403	2,591,988	24.7%
Dental	4,713,612	1,171,827	24.9%
Other Practioners	12,068,579	2,689,760	22.3%
Child Care Med. Per Diem	1,672,480	416,953	24.9%
Personal Care	95,885,500	8,925,332	9.3%
Home Health Aid	4,777,191	413,215	8.6%
Home Nursing	6,380,297	593,167	9.3%
Assisted Livng Prog	1,553,766	145,744	9.4%
Waived Services	112,303,687	25,580,206	22.8%
Rehab.& Therapy Services	4,310,018	307,335	7.1%
Rehab Option Svcs	27,616,373	4,228,391	15.3%
Drugs	103,639,021	25,848,227	24.9%
Sick Room Supplies	6,075,007	1,497,801	24.7%
Eyeglasses	108,580	27,300	25.1%
Dme And Appliances	3,314,249	821,458	24.8%
Hmo Services	84,876,007	21,714,133	25.6%
Ltc - Managed Care	19,783,664	2,184,059	11.0%
Case Mgmt. Plans	9,106,181	2,193,654	24.1%
Pre-Paid Mental Health Plan	689,512	0	0.0%
Transportation	9,035,379	2,270,749	25.1%
Lab And X-Ray	3,079,561	776,031	25.2%
Other	550,231	135,311	24.6%
TOTAL MMIS PAYMENTS	1,164,884,026	209,296,492	18.0%

The proposed budget for the local share of Medicaid is increasing by \$21.6 million, or 8.3%, to \$281.7 million. The growth as compared to OMB's projected actual expense for FY 04 is \$10.1 million, or 3.7%. However, the cost of the Family Health Plus program, approximately \$14.3 million in FY 04, will no longer be a County obligation (see below). Adjusting for the absence of that expense in FY 05, the local share growth from the FY 04 projection to the FY 05 budget is 9.5%. According to a report entitled "The Continuing Medicaid Budget Challenge: State Medicaid Spending Growth and Cost Containment in Fiscal Years 2004 and 2005," published by the Kaiser Commission on Medicaid and the Uninsured:

In FY 2004, total Medicaid spending increased on average by 9.5%. The increase in total Medicaid spending in FY 2004 was slightly higher than the 9.4 percent growth rate

reported for 2003, but lower than the 11.9 percent average annual rate of growth that occurred over the 2000-20002 period.

Medicaid costs for the current year are projected at \$271.6 million, which is over budget by \$11.5 million. This is partly the result of the department having addressed the backlog of some 10,000 cases that had accumulated (3,000 is considered the norm). Many of the accumulated claims were processed at the 2.95% higher federal reimbursement rate, or FMAP, that was in effect from April 1, 2003 through June 30, 2004. Surplus Medicaid funds in the amount of \$6.2 million 2003 were accrued to cover the department’s costs associated with the backlog reduction.

The 2005 Medicaid budget was arrived at by estimating the various growth rates for each category of services. Then the County share of the projected gross costs, which varies according to the services rendered, was calculated. Also factored in were the effect of the FMAP increase, and the savings from the Medicaid utilization initiative. The department requested \$25.6 million more in Medicaid funding than was included in the Executive Budget, but that amount included funding for the Family Health Plus program. Those costs will be taken over by New York State, as described in the New York State Association of Counties Weekly Wire for August 13, 2004:

In response to the county call for local Medicaid relief, the Senate and Assembly have included a phased-in takeover of the local share of the Family Health Plus program. Effective January 1, 2005, the state will assume 50 percent of the local share of Family Health Plus expenditures and on January 1, 2006, the state will assume 100 percent of the local program costs.

Starting in October, 2001, Family Health Plus has been available to single adults, couples without children, and parents with limited income who are residents of New York State and are United States citizens or fall under one of many immigration categories. Health care is provided through participating managed care plans. The explosive growth of the program can be seen in the chart on the right, which shows the monthly caseload for Family Health Plus enrollees in Nassau County since the program’s inception (a case can represent up to two individuals). New York State has estimated that there are as many as 39,000 Nassau residents eligible for Family Health Plus, so participation may continue to rapidly expand. The annual expenditures for each of the two complete years that the program has been available and year-to-date 2004 are as follows:

FHP Caseload	
Sep-01	0
Dec-01	58
Mar-02	321
Jun-02	715
Sep-02	1,230
Dec-03	2,048
Mar-03	3,740
Jun-03	4,973
Sep-03	6,416
Dec-03	7,632
Mar-04	9,060
Jun-04	10,762
Sep-04	11,569

<u>Year</u>	<u>Gross \$</u>	<u>Local Share</u>	<u>Monthly Avg</u>
FY 2002	\$2,966,591	\$741,648	\$61,804
FY 2003	\$23,967,879	\$6,946,474	\$578,873
FY 2004	\$27,166,795	\$8,369,292	\$1,195,613 7 months

The monthly average cost of Nassau’s local share has grown from \$61,804 in 2002 to \$1.2 million over the first seven months of 2004, which projects out to a total of \$14.3 million. This amount is expected to double to \$28.6 million in 2005. With the state picking up half the cost, Nassau would still have had to pay \$14.3 million next year, but the County has decided to pre-pay that amount in FY 04 utilizing budgeted tobacco securitization funds. It should be kept in mind, however, that even though the state is

going to pay the full cost of the program beginning in 2006, the Department of Social Services will still be responsible for processing the applications and the annual certification of the enrollees.

Since October 1, 2001, with the implementation of its Medicaid Managed Care program, Nassau has been authorized to enroll Medicaid applicants into one of the HMO's that have contracted with the County to provide health services. Capitated managed care costs for Medicaid-eligible individuals cost the County less than paying on a fee for service basis. The program is expected to save \$2.3 million in FY 05. Through September of this year 80% of those eligible have been enrolled.

The County's Multi-Year Plan anticipates that Medicaid costs will grow by 13.5% in year FY 06 and 12.5% in years FY 07 and FY 08. This would appear to be a conservative projection as it is based on inflating the gross expenses, less the Intergovernmental Transfer (see below). The gross includes charges for such items as indigent care adjustments and public goods pools payments which are not growing at the same rate as the rest of the program.

The County Executive is lobbying New York State for a cap on local share Medicaid expense. If he is not successful in this effort, he will propose a 3.9% property tax levy increase in FY 06, and a 4.9% increase in years 2007 and 2008 to finance the annual growth in county Medicaid costs. In addition to rising health care costs, Medicaid expenses are being driven by the growing caseload:

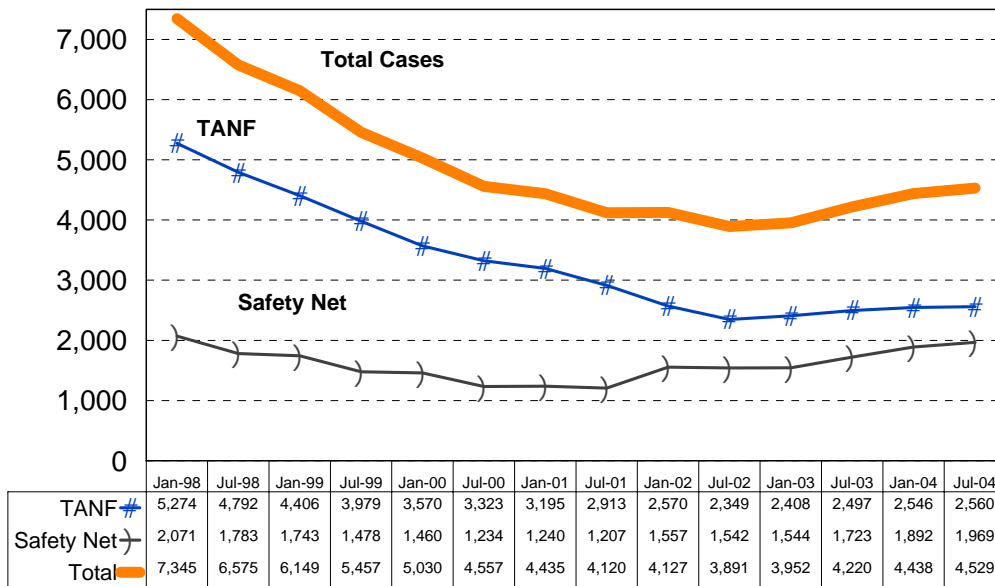
Total Medical Assistance Caseload

Month	Cases	Annual % Change
Sep-94	37,011	
Sep-95	38,797	4.8%
Sep-96	39,709	2.4%
Sep-97	40,054	0.9%
Sep-98	40,853	2.0%
Sep-99	41,422	1.4%
Sep-00	42,698	3.1%
Sep-01	43,595	2.1%
Sep-02	47,389	8.7%
Sep-03	55,570	17.3%
Sep-04	69,109	24.4%

Also included in the Medicaid control center is funding for the County's contribution to New York State for the Intergovernmental Transfer (IGT). The IGT is a funding mechanism to provide increased federal aid to public nursing homes and hospitals (the nursing home portion is being phased out). The County will be reimbursed 100% by the Nassau Health Care Corporation (NHCC) for its IGT payment, which is budgeted at \$41.0 million. An equal amount is reflected in the department's revenue budget. Just recently the County learned that its 2004 IGT payment for the hospital piece alone will be \$102 million,

well over the \$58.2 million in the budget. The additional funds will have to be supplementally appropriated, but the County will still get back as much as it pays out.

Nassau County TANF & Safety Net Caseload January 1998 - July 2004



Funding for recipient grants is increasing by \$4.9 million, or 10.4%, over this year’s budget, and \$1.4 million, or 2.7%, over OMB’s FY 04 projection. Larger caseloads are anticipated in 2005. One half of the proposed budget of \$51.6 million for recipient grants will be used to fund Temporary Assistance to Needy Families, or TANF (formerly referred to as Aid to Families with Dependent Children), which is increasing by \$2.3 million. States receive a block grant allocation and are required to maintain a historical level of state spending known as maintenance of effort. States may use TANF funding “to provide assistance to needy families so that children can be cared for in their own homes; to reduce dependency by promoting job preparation, work and marriage; to prevent out-of-wedlock pregnancies; and to encourage the formation and maintenance of two-parent families.”¹ The other half is divided between Safety Net Assistance (formerly referred to as Home Relief), increasing from \$14.0 million to \$16.2 million, and various other programs, such as Subsidized Adoptions, Children in Foster Homes, and Home Energy Assistance, which will receive the remaining \$9.6 million. In December of 2001, TANF recipients began to reach the 5-year maximum term that a family is allowed to participate in this program. Those individuals who cannot find other means of support have to apply for the Safety Net program (Home Relief). As of July of this year, TANF cases were lower than their January 2001 level, while Safety Net has risen almost 59% in that same period. This trend is significant because the County contributes 50% for the Safety Net program, but only 25% for TANF.

¹d “Welfare Fact Sheet”, U.S. Department of Health and Human Services: Administration for Children and Families, September, 2000.

The costs associated with day care are recorded as purchased services. This allocation is increasing by \$1.5 million, or 3.3%, from the current year's budget of \$44.4 million, and \$2.5 million, or 5.8% from OMB's projected actuals. Caseload peaked at 5,000 at the end of 1999, and has averaged approximately 3,300 cases per month since then. The budget reflects an anticipated rate increase effective in October 2005. Caseload is expected to remain near the current level.

The funding for emergency vendor payments is increasing approximately \$1.2 million, or 2.3%, over the FY 04 budget of \$49.7 million, and \$2.5 million, or 5.1%, over OMB's projected actuals for the year. These costs are related to various programs, including training schools, education of handicapped children, juvenile delinquents (CC65), Children in Institutions (CC62), and Persons in Need of Supervision (PINS). Expenses cover such items as room and board, education, and childcare.

The chart below shows the expense amount allocated to each of the department's control centers, which correspond to the various programmatic areas. The large variance in Administration is mostly related to the increase in inter-departmental charges, which are not included in the requested budget.

EXPENSE BUDGET BY CONTROL CENTER						
Control Center	Adopted FY 04 Budget	Departmental Request FY 05	Executive FY 05	Variance Exec. vs. FY 04	Variance Exec. vs. Request	
10 Administration	10,516,799	7,471,987	17,010,289	6,493,490	9,538,302	
20 Public Financial Assistance	32,591,344	34,237,331	34,195,261	1,603,917	(42,070)	
30 Services	15,553,643	17,180,048	17,180,048	1,626,405	0	
51 Juvenile Detention Center	3,681,741	3,753,988	3,853,278	171,537	99,290	
52 Real Estate Expense	10,000	3,000	3,000	(7,000)	0	
53 Educ. Handicapped Children	10,500,000	11,000,000	11,000,000	500,000	0	
55 Food Stamp Program	5,000	1,600	1,600	(3,400)	0	
60 Family Assistance	28,250,000	31,528,600	30,028,600	1,778,600	(1,500,000)	
61 Safety Net Assistance	15,500,000	18,204,000	17,454,000	1,954,000	(750,000)	
62 Children in Institutions	19,078,213	20,000,000	20,000,000	921,787	0	
63 Children in Foster Homes	1,294,000	1,780,000	1,780,000	486,000	0	
65 Juvenile Delinquents	8,200,000	8,560,800	8,560,800	360,800	0	
66 Training Schools	2,432,000	2,550,000	2,550,000	118,000	0	
68 Children in Institutions - 4E	2,200,000	2,200,000	2,200,000	0	0	
69 Children in Foster Homes - 4E	2,640,000	1,983,600	1,983,600	(656,400)	0	
70 Subsidized Adoptions	4,377,500	4,675,000	4,675,000	297,500	0	
72 Burials	325,000	300,000	300,000	(25,000)	0	
73 Medicaid MMIS	318,304,312	348,316,589	322,721,873	4,417,561	(25,594,716)	
75 HEAP	1,591,350	1,900,000	1,900,000	308,650	0	
76 Title XX	44,426,814	46,381,814	45,881,814	1,455,000	(500,000)	
Total	521,477,716	562,028,357	543,279,163	21,801,447	(18,749,194)	

The proposed budget has added seven full-time positions and four part-time positions. Compared to current staffing as of this September, however, the department will actually be losing four full-time positions, and gaining six part-timers. Social Services had been authorized to exceed its budgeted headcount in anticipation of losing caseworkers to the Probation Department. The department has added eight Community Services Representatives. As part of the No Wrong Door intake procedure, these employees will screen and direct clients who show up for services at the Reckson building. In addition to the General Fund positions, the department has 65 grant-funded employees. The “Final Report on the Finances and Operations of Certain Departments, Independent Agencies, and Independent Corporations in the Economic Development Vertical” prepared by Deputy County Executive Arthur A. Gianelli recommended that only employees whose salaries and fringe benefits are fully and exclusively supported by state or federal grants should be included in the County’s Grant Fund.

Department of Social Services Staffing Analysis						
	FY 04 <u>Adopted</u>	Sept-04 <u>Actual</u>	FY 05 <u>Request</u>	FY 05 <u>Executive</u>	Exec. vs <u>04 Adopt</u>	Exec. vs <u>Actual</u>
CC Full-time Staffing						
10 Administration	79	75	90	82	3	7
20 Public Financial Assistance	474	470	467	466	(8)	(4)
30 Services	246	270	262	262	16	(8)
51 Juvenile Detention Center	46	41	42	42	(4)	1
Total Full-time	<u>845</u>	<u>856</u>	<u>861</u>	<u>852</u>	<u>7</u>	<u>(4)</u>
CC Part-time and Seasonal						
10 Administration	7	25	28	26	19	1
20 Public Financial Assistance	97	71	81	81	(16)	10
30 Services	55	58	55	55	0	(3)
51 Juvenile Detention Center	32	35	33	33	1	(2)
Total Part-time and Seasonal	<u>191</u>	<u>189</u>	<u>197</u>	<u>195</u>	<u>4</u>	<u>6</u>

In providing social services to the citizens of Nassau, the County receives aid from the federal Government (projected at \$93.1 million for FY 04) and the State (projected at \$115.7 million). The chart below illustrates the relationship of federal/state aid to each control center. Please note that most of the expenditures for the Medicaid control center reflect payments to the State for the County portion only, therefore reimbursement is not necessary. If Medicaid is excluded, 64% of the department is federal/state funded. Similarly, expenditures in the Food Stamp (Food Assistance Program - aid to legal immigrants not paid for by the federal government) and Training Schools control centers reflect the county share, therefore no reimbursement is required. The revenue that is shown in the Medicaid

control center mostly reflects overburden aid related to the mentally ill and revenue satisfaction of estates.

FY 05 FEDERAL AND STATE AID BY CONTROL CENTER					
Control Center	Expenses	Federal	State	Federal/ State Funded	% Federal/ State Funded
Administration	17,010,289	4,359,942	1,992,471	6,352,413	37%
Public Financial Assistance	34,195,261	21,347,193	6,927,262	28,274,455	83%
Services	17,180,048	7,374,568	5,363,322	12,737,890	74%
Juvenile Detention Center	3,853,278	0	2,789,681	2,789,681	72%
Real Estate Expense	3,000	0	0	0	0%
Educ. Handicapped Children	11,000,000	0	4,400,000	4,400,000	40%
Food Stamp Program	1,600	0	0	0	0%
Family Assistance	30,028,600	12,161,583	3,507,150	15,668,733	52%
Safety Net Assistance	17,454,000	0	7,864,500	7,864,500	45%
Children in Institutions	20,000,000	9,600,000	5,000,000	14,600,000	73%
Children in Foster Homes	1,780,000	890,000	493,950	1,383,950	78%
Juvenile Delinquents	8,560,800	3,518,289	2,140,200	5,658,489	66%
Training Schools	2,550,000	0	0	0	0%
Children in Institutions - 4E	2,200,000	0	1,100,000	1,100,000	50%
Children in Foster Homes - 4E	1,983,600	986,841	495,900	1,482,741	75%
Subsidized Adoptions	4,675,000	1,963,500	2,103,750	4,067,250	87%
Burials	300,000	0	6,000	6,000	2%
HEAP	1,900,000	1,900,000	0	1,900,000	100%
Title XX	45,881,814	28,446,725	4,541,800	32,988,525	72%
Sub-Total	220,557,290	92,548,641	48,725,986	141,274,627	64%
Medicaid MMIS	322,721,873	2,500,000	61,000,000	63,500,000	20%
Total	543,279,163	95,048,641	109,725,986	204,774,627	38%

There appears to be an inconsistency in the Administration control center. When, as a result of inter-departmental charges being added, Administration’s expenses were increased from \$7.5 million in the departmental request to \$17.0 million in the Executive Budget, the state and federal aid were reduced from \$6.9 million to \$6.3 million. While it is true that the department is over the state cap on reimbursement of administrative expenses relating to the Medicaid, Food Stamps and Public Assistance programs, it is not clear why additional federal aid would not be received. Compare the 79.1% federal/state funding in the FY04 Administration control center to the 37% funding in FY 05.

In the FY 04 budget, \$58.2 million for Medicaid IGT reimbursement was included with departmental revenues. In FY 05 this revenue has been given its own line and an allocation of \$41.0 million. What remains in departmental revenues is made up of recoveries and liens. The current year's state aid is projected to come in \$22.2 million over the budget. Most of this amount will be collected in the Medicaid control center, where the budget had been lowered in anticipation of a threatened cut in state funding that never materialized. The revenue is related to overburden aid for the mentally ill. Also included in FY 04 is reimbursement for the HHS scanning project.

REVENUE BUDGET						
Revenue Class	Adopted FY 04 Budget	OMB FY 04 Projection	FY 05 Dept. Request	FY 05 Exec. Budget	Variance Exec. vs Adopted 04	Variance Exec. Vs FY 04 Proj.
BH Departmental Revenues	67,380,030	67,380,030	51,852,606	10,878,900	(56,501,130)	(56,501,130)
BX Medicaid IGT Reimbursements	0	0	0	40,973,706	40,973,706	40,973,706
FA Federal Aid - Reimb Exp	92,900,617	93,110,102	96,251,702	95,048,641	2,148,024	1,938,539
SA State Aid - Reimb Exp	93,573,587	115,729,323	114,864,302	109,725,986	16,152,399	(6,003,337)
Grand Total	253,854,234	276,219,455	262,968,610	256,627,233	2,772,999	(19,592,222)

Out-Year Initiatives

ID#	NAME	FY 2005	FY 2006	FY 2007	FY 2008
HSSS01	Medicaid Utilization	\$5,000,000	\$10,000,000	\$10,000,000	\$10,000,000
HSHS01	HHS Administrative Consolidation	\$0	\$0	\$5,000,000	\$10,000,000
HSHS02	Program Reductions	\$0	\$1,000,000	\$1,000,000	\$1,000,000

The initiative for **Medicaid utilization**, discussed earlier, is expected to increase from \$5 million to \$10 million, starting in FY 06. At that time all phases of the initiative will be implemented.

The **HHS administrative consolidation** initiative will reorganize and consolidate the administrative functions of the Health and Human Services vertical, such as IT, human resources, accounting, and finance, with the goal of increasing revenue and reducing costs. This past August a consultant was awarded a contract for \$25,000 to provide an initial assessment and recommended plan of action. It is anticipated that another \$1 million will be needed for assistance in the implementation of the plan. The projected savings, \$5 million in FY 07 and \$10 million in FY 08, are based on the experience of another county in New York. It may be difficult to achieve net savings of this magnitude in a vertical with significant state and federal reimbursement. This is not specifically a Department of Social Services initiative, but will affect all HHS agencies.

The **program reductions** initiative, beginning in 2006, will be made up of cuts in contractual costs for non-mandated programs in Health and Human Services departments. This initiative is still in the exploration phase and the exact distribution of the cuts has not yet been determined. It is not known at this time what the impact will be on the programs' providers and clients.

DEPARTMENT OF HEALTH

The Department of Health was established in 1938 pursuant to Article IX of the County Government Law, and operates under the New York State Public Health Law and Title 10 of the Official Compilation of Codes, Rules and Regulations of the State of New York. The five member Board of Health oversees all activities and staff.

EXPENSE BUDGET BY OBJECT CLASS

Obj	Name	Adopted FY 04 Budget	OMB FY 04 Projection	FY 05 Dept. Request	FY 05 Exec. Budget	Variance Exec. vs Adopted 04	Variance Exec. vs FY 04 Proj.
AA	Salaries	15,556,992	15,299,233	16,361,388	16,328,485	771,493	1,029,252
BB	Equipment	29,780	19,780	30,000	30,000	220	10,220
CC	Materials & Supplies	623,500	533,500	630,000	630,000	6,500	96,500
DD	General Expenses	1,195,400	1,696,400	1,304,000	1,177,200	(18,200)	(519,200)
DE	Contractual Services	5,728,000	5,728,000	5,738,000	5,738,000	10,000	10,000
HH	Interfund Charges	0	0	25,000	25,000	25,000	25,000
PP	Early Int./Special Edu.	45,400,000	44,000,000	45,000,000	45,000,000	(400,000)	1,000,000
	Total OTPS	52,976,680	51,977,680	52,727,000	52,600,200	(376,480)	622,520
HF	Inter-Dept. Charges	2,010,922	3,497,790	0	3,627,728	1,616,806	129,938
	Grand Total	70,544,594	70,774,703	69,088,388	72,556,413	2,011,819	1,781,710

The FY 05 Executive budget for the Health Department is \$2.0 million or 2.9% more than the FY 04 adopted amount and \$3.5 million or 5.0% more than the departmental request. OMB has separated out Early Intervention contractual costs from contractual services for the FY 05 budget. For comparative purposes we have separated out the FY 04 budget and projected actual and the FY 05 budget request. Early Intervention, which makes up most of the department's OTPS budget, is budgeted at \$45.0 million in FY 05, a \$400,000 or 0.9% decrease from the FY 04 budget but a \$1.0 million or 2.3% increase from the FY 04 projected actual. This is due to a lower than anticipated increase in the number of children served. In 2004 the projected number of children served (6,700) is currently at 1.9% over the 2003 actual (6,576) rather than the 4.7% originally budgeted. The caseload in 2005 (6,800) is expected to be 1.5% over the projected 2004 caseload and there is no increase anticipated in the rates per child.

The majority of the expense in contractual services is a \$5 million payment made to the Nassau Health Care Corporation, as per the acquisition agreement. These payments are in consideration of the Corporation providing certain contractual services, the cost for which the County can receive state reimbursement of up to 36%, pursuant to Article 6 of the New York State Public Health Law. Services covered include tuberculosis clinical evaluation, family planning, and sexually transmitted disease testing and treatment. This agreement with the Corporation expires in October of 2006 and is up for

renegotiation. The original transfer agreement called for binding arbitration at the expiration if no agreement could be reached, but this has been removed with the approval of the new Stabilization Agreement.

Salaries are increasing from the FY 04 adopted budget by \$771,493 or 5.0%. The increase is due to step increases, a 3.5% COLA increase, \$164,837 added back for part-time positions deleted from the FY 04 budget and \$126,300 transferred from general expenses into salaries for beeper pay, supper money and mileage payments. This is partially offset by the reduction of five full-time positions. The 2005 budget is increasing by \$1.0 million or 6.7% from the 2004 projected actual. The FY 05 budget reflects an increase of two full-time positions from the September 2004 actual, the transfer of the supper, mileage, and beeper pay, a 3.5% COLA increase to be received in January 2005 and step increases.

The FY 05 budget for general expenses is decreasing from the FY 04 budget by \$18,200 or 1.5% and by \$519,200 from the FY 04 projected. The decrease from the 2004 projected is due to \$576,000 being charged in 2004 for the health and human services scanning project. This accounts for the entire cost of this project in the Health Department and is not included in the FY 05 budget. Although this project will not begin in 2004, the contract should be approved this year. Materials and supplies is expected to increase slightly over the FY 04 budget and by \$96,500 over the FY 04 projected actual. Equipment is expected to remain close to the 2004 budget and to increase over the projected actual by \$10,220.

Inter-departmental charges identify and allocate the costs incurred by other departments on behalf of the Health Department. A corresponding revenue gets booked to the department providing the service as an inter-departmental revenue (BJ). Inter-departmental charges are budgeted at \$3.6 million in 2005 primarily for transportation costs of children in the early intervention program provided by the Department of Mental Health (\$1.2 million), IT (\$791,379) and building occupancy (\$684,186) charges. The FY 05 budget is increasing by \$1.6 million over the previous year primarily due to the Mental Health charges, which were left out of the FY 04 budget. Also increasing is purchasing charges (\$112,855) and building occupancy charges (\$92,771) for lease and utility increases. The inter-fund expenses are increasing by \$25,000 in the FY 05 budget for expenses incurred at Nassau Community College for training services. This is an on-going service received by the Health Department but was omitted from the 2004 budget.

**EXPENSE BUDGET
BY CONTROL CENTER**

Control Center		Adopted FY 04 Budget	Departmental Request FY 05	Executive FY 05	Change From FY 04 To Executive	Change From Request To Executive
10	Administration	3,939,253	2,491,306	4,643,535	704,282	2,152,229
20	Environmental Health	6,481,738	6,796,982	6,738,880	257,142	(58,102)
30	Laboratory Research	2,731,417	2,624,663	2,752,392	20,975	127,729
40	Public Health	8,080,997	8,114,129	8,160,298	79,301	46,169
51	Child Early Interven.	49,311,189	49,061,308	50,261,308	950,119	1,200,000
Total		70,544,594	69,088,388	72,556,413	2,011,819	3,468,025

The increase from the 2004 departmental request is from the \$3.6 million in inter-departmental charges, which the Department did not request. The increase in Administration (17.9%) is for inter-departmental charges (\$536,910) and salary increases (\$147,072). Environmental Health is increasing from the FY 04 budget (4.0%) due to salary increases (\$465,442), but this increase is partially offset by workers compensation expenses which were moved to the Administration cost center. Both Laboratory Research and Public Health are increasing by less than one percent from the 2004 budget. Laboratory Research and Public Health were reduced two full-time positions each from the FY 04 budget to reflect the actual headcount. Children's Early Intervention Services are increasing by \$950,119 or 1.9%. The inter-departmental charges from Mental Health are added here for \$1.2 million, but this is partially offset by the decrease in early intervention contractual services which is decreasing by \$400,000.

**Health Department
Staffing Analysis**

	<u>FY 04 Adopted</u>	<u>Sept-04 Actual</u>	<u>FY 05 Request</u>	<u>FY 05 Executive</u>	<u>Exec. vs 04 Adopt</u>	<u>Exec. vs Actual</u>
CC Full-time Staffing						
10 Administration	36	35	38	36	0	1
20 Environmental Health	90	91	93	91	1	0
30 Public Health Laboratories	29	27	27	27	(2)	0
40 Public Health	31	28	30	29	(2)	1
51 Child Early Interven.	60	58	58	58	(2)	0
Total Full-time	<u>246</u>	<u>239</u>	<u>246</u>	<u>241</u>	<u>(5)</u>	<u>2</u>
CC Part-time and Seasonal						
10 Administration	0	9	9	9	9	0
20 Environmental Health	14	18	18	18	4	0
30 Public Health Laboratories	0	3	3	3	3	0
40 Public Health	0	2	2	2	2	0
Total Part-time and Seasonal	<u>14</u>	<u>32</u>	<u>32</u>	<u>32</u>	<u>18</u>	<u>0</u>

The FY 04 budget eliminates five budgeted full-time positions to more closely reflect the actual headcount. The budgeted FY 05 staffing adds back part-time positions that were deleted in the FY 04 budget and more accurately budgets for seasonal employees in Environmental Health. The total budget for part-time and seasonal employees is \$224,837 for 32 positions, which reflects the September actual. This is \$163,237 over the FY 04 budget of \$61,600 for 18 positions.

The department has the responsibility for the implementation and monitoring of the following Multi-Year Financial Plan initiative which has been incorporated into the FY 05 budget and baseline:

Fee Initiative (BFBU01) - \$213,996

This is part of the County-wide initiative to increase fees by \$3.8 million. This department will be increasing fees a total of \$213,996. About \$120,000 of these will come from food service establishments. Another \$48,000 will be derived from fees charged to Article XI facilities (toxic and hazardous material storage etc.). The rest of the fee increases will come from various sources including public health lab fees, lifeguard certification, recreational facilities and x-ray equipment inspections. These fees require approval by the Board of Health, which the Department anticipates receiving in November. No Legislative approval is required.

REVENUE BUDGET							
Revenue Class		Adopted FY 04 Budget	OMB FY 04 Projection	FY 05 Dept. Request	FY 05 Exec. Budget	Variance Exec. vs Adopted 04	Variance Exec. Vs FY 04 Proj.
BC	Permits & Licenses	3,320,850	3,320,850	3,396,800	3,603,296	282,446	282,446
BD	Fines & Forfeits	200,000	200,000	225,000	225,000	25,000	25,000
BF	Rents & Recoveries	250,000	200,000	175,000	175,000	(75,000)	(25,000)
BH	Department Revenues	7,091,400	6,841,400	6,829,400	6,836,900	(254,500)	(4,500)
SA	State Aid	26,890,000	26,857,585	27,700,000	27,671,288	781,288	813,703
Total		37,752,250	37,419,835	38,326,200	38,511,484	759,234	1,091,649

The FY 05 revenue budget is increasing from the FY 04 budget by \$759,234 or 2.0% and from the 2004 projected by \$1.1 million or 2.9%. This increase is due primarily to state aid increasing by approximately \$800,000 or 2.9% over the FY 04 budget and actual. This includes increased revenue received in reimbursement for the services provided by the Nassau Health Care Corporation as previously discussed. Revenues for this were recently reduced due to the inability of the Corporation to provide sufficient proof of proper spending of the \$5.0 million paid to it by the County. The Corporation has now begun providing the necessary documentation and full reimbursement is anticipated in 2005. In addition, the increased inter-departmental charge should generate increased reimbursement by about 36% of the increased charges. This is partially offset by the decreased reimbursement expected for Early Intervention due to the decreased enrollment.

Departmental revenues are decreasing from the FY 04 budget by \$254,500 or 3.6% and remaining close to the FY 04 projected actual. Payments for Early Intervention from third party payers has been going down due to the increasing use of self insurance for health care by companies seeking to cut costs. The self insurance is not regulated by New York State and they are therefore not required to pay for early intervention, accounting for a \$700,000 decrease from the FY 04 budget. This is partially offset by an increase in Medicaid fees for Early Intervention, due to earlier identification of children eligible for Medicaid. The Health Department is working with Social Services to match children to Social Services' database in order to identify eligibility.

Permits and licenses is increasing by \$282,446 or 8.5% from the FY 04 budget and projected actual as a result of the fee increasing initiative as previously discussed. Rents and recoveries, which is for tobacco education are decreasing from the FY 04 budget by \$75,000 and from the FY 04 projected actual by \$25,000. The department has not decreased the level of tobacco education but rather has been drawing down additional grant funds.

DEPARTMENT OF DRUG AND ALCOHOL ADDICTION

Since the closing of the Plainview Rehabilitation Center and Topic House, County residents seek inpatient residential care outside of Nassau County, primarily in Suffolk or Queens County. A case management unit called TIPS (Treatment, Intake, Placement) was established to help ensure that Nassau County residents receive necessary treatment and rapid access to inpatient care. TIPS serves as the Central Intake Unit for all programs, agencies and individuals seeking assistance for inpatient residential care. The staff is responsible for identifying all available residential and related inpatient programs throughout the metropolitan area.

In order to track clients in need of inpatient services, the staff follows referrals and insures that clients do get admitted following the referral. In addition, TIPS receives data on all Nassau County inpatient and outpatient referrals through participation in the New York State Office of Alcoholism and Substance Abuse Services (OASIS) Client Tracking Data System.

Due to the shortage of inpatient beds in Nassau County, NUMC, in cooperation with the Department of Drug and Alcohol is currently preparing a CON (Certificate of Need) application to open 30 inpatient chemical dependency beds for Nassau County.

EXPENSE BUDGET BY CONTROL CENTER					
Control Center	Adopted FY 04 Budget	Departmental Request FY 05	Executive FY 05	Variance Exec. vs Adopted 04	Variance Exec. vs. Request
10 Administration	3,211,955	1,754,873	2,464,608	(747,347)	709,735
40 Chemical Dependency	13,184,871	10,808,504	11,192,972	(1,991,899)	384,468
Total	16,396,826	12,563,377	13,657,580	(2,739,246)	1,094,203

The FY 05 budgets for both Administration and Chemical Dependency are decreasing from FY 04. Administration is decreasing by 23% from \$3.2 million in FY 04 to \$2.5 million and Chemical Dependency is decreasing by \$2 million in FY 05 to \$11.2 million. The decrease in Administration is mostly attributed to building occupancy charges. The decrease in Chemical Dependency results from the elimination of interdepartmental charges. The amount previously budgeted in inter-departmental charges was used to cover salaries for grant employees who were less than 100% reimbursable. These charges are now accounted for in the salary line, with the corresponding reimbursement, budgeted as state aid. In prior years roughly \$4 to \$5 million had been budgeted in interfund charges to cover salaries for grant employees who were less than 100% reimbursable.

EXPENSE BUDGET BY OBJECT CLASS							
Obj	Name	Adopted FY 04 Budget	OMB FY 04 Projection	FY 05 Dept. Request	FY 05 Exec. Budget	Variance Exec. vs Adopted 04	Variance Exec. vs FY 04 Proj.
AA	Salaries	2,513,250	5,420,903	6,356,139	6,096,999	3,583,749	676,096
BB	Equipment	1,500	1,300	1,519	1,519	19	219
CC	Materials & Supplies	12,194	6,000	12,346	10,000	(2,194)	4,000
DD	General Expenses	59,844	667,684	60,592	51,308	(8,536)	(616,376)
DE	Contractual Services	6,510,591	6,510,591	6,132,781	6,132,781	(377,810)	(377,810)
HH	Interfund Charges	4,160,998	250,037	0	0	(4,160,998)	(250,037)
	Total OTPS	10,745,127	7,435,612	6,207,238	6,195,608	(4,549,519)	(1,240,004)
HF	Inter-Dept. Charges	3,138,449	3,283,021	0	1,364,973	(1,773,476)	(1,918,048)
	Grand Total	16,396,826	16,139,536	12,563,377	13,657,580	(2,739,246)	(2,481,956)

Salaries are increasing by \$3.6 million from \$2.5 million in FY 04 to \$6.1 million in FY 05. The increase in salaries comes from the decision by Administration to transfer grant employees who are less than 100% reimbursable into the General Fund. Employees who are less than 100% reimbursable have been transferred to correctly reflect their proper placement in the General Fund.

In April 2004, approximately \$3.8 million had been transferred into the salary line to cover the additional employees from the Grant Fund. The modified 2004 budget is \$6.3 million which when compared to the FY 05 budget results in a decrease of \$200,000. The increase in salaries to cover these positions has been offset by a decrease in inter-departmental charges.

The FY 05 budget for other than personal salaries is decreasing by \$4.5 million which is mostly due to interfund charges as explained above. Contractual services are decreasing 6% due to a cut in program agencies. The reductions reflect review of the funding structure of each of the General Fund subcontract agencies. Several of these agencies provide programming that is 100% reimbursable by the NYS Office of Alcoholism and Substance Abuse Services; therefore these programs were shifted to the Grant Fund in 2005.

DRUG AND ALCOHOL ADDICTION

The following chart reflects a list of funding by program agency:

Agency Name	2005 Budget	2004 Budget	Notes
Angelo J. Melillo	539,209	568,389	
Community Counseling of W. Nassau	246,382	256,185	
Family and Children's Association	714,400	1,126,599	2004 figure is combined.
Family and Children's Association - SS	520,000	0	
Hispanic Counseling	248,557	317,444	
LIJ Medical Center	88,240	89,832	
Long Beach Medical Center	473,108	413,273	
Mental Health Association	300,000	395,000	
Mercy Hospital Center	323,409	231,877	
North Shore Child and Family Guidance	294,975	311,220	
Peninsula Counseling	403,726	339,260	
REACT	666,028	592,133	
SNG	252,830	451,190	
South Shore Child Guidance	322,430	349,094	
Residential Services (reestablishment)	500,000	500,000	
Project Challenge	12,500	12,500	
Tempo Group	70,833	70,833	
Freeport UFSD	11,875	11,875	
North Shore CSD	11,875	11,875	
Plainedge UFSD	11,875	11,875	
St. Edwards School	16,992	16,992	
Wantagh UFSD	11,875	11,875	
Glen Cove CSD	26,125	26,125	
Lynbrook UFSD	15,794	15,794	
Manhasset UFSD	0	20,307	School closed the program in 2004.
Bellmore-Merrick CSD	16,577	16,577	
Levittown UFSD	14,079	14,079	
Valley Stream UFSD	19,088	19,088	
Van Lease	0	9,000	Budgeted in DD in 2005.
NUMC Rent	0	300,300	Budgeted in Real Estate in 2005.
Total Contractual Service Budget	6,132,782	6,510,591	

Inter departmental charges have been significantly reduced by 57% from \$3.1 million to \$1.4 million due to a reduction in building occupancy charges. This reduction is due primarily due to the vacating of the Plainview Rehabilitation Center and the Topic House.

**Department of Drug and Alcohol Addiction
Staffing Analysis**

	<u>FY 04 Adopted</u>	<u>Sept-04 Actual</u>	<u>FY 05 Request</u>	<u>FY 05 Executive</u>	<u>Exec. vs 04 Adopt</u>	<u>Exec. vs Actual</u>
CC Full-time Staffing						
10 Administration	7	25	27	23	16	(2)
40 Chemical Dependency Svcs.	25	67	66	66	41	(1)
Total Full-time	<u>32</u>	<u>92</u>	<u>93</u>	<u>89</u>	<u>57</u>	<u>(3)</u>
CC Part-time and Seasonal						
40 Chemical Dependency Svcs.	2	2	5	5	3	3

The FY 05 budget is three positions less than the September actual of 92 positions. This decrease results from three Accounting positions that have been transferred to the Department of Mental Health. Compared to budget, headcount for the department is increasing by 57 full-time positions from 32 positions in FY 04 to 89 positions in FY 05. This is due to the transfer of grant employees into the General Fund. Currently there are 33 grant employees compared to 97 employees at the end of 2003. Also the title for Deputy Commissioner of Drug and Alcohol has been replaced with the title Commissioner of Drug and Alcohol. At some point there should be discussion whether to include all County positions, including Grant Fund positions, in the budget.

Part-time positions have been increased from two in FY 04 to five in FY 05.

REVENUE BUDGET

Revenue Class	Adopted FY 04 Budget	OMB FY 04 Projection	FY 05 Dept. Request	FY 05 Exec. Budget	Variance Exec. vs Adopted 04	Variance Exec. Vs FY 04 Proj.
BF Rents & Recoveries	20,000	876	10,000	10,000	(10,000)	9,124
BH Department Revenues	51,000	300,000	1,000	1,000	(50,000)	(299,000)
BJ Interdepartmental Revenues	0	659,411	582,061	547,096	547,096	(112,315)
SA State Aid - Reimb. Exp.	3,311,133	3,038,603	3,444,037	3,403,407	92,274	364,804
Total	3,382,133	3,998,890	4,037,098	3,961,503	579,370	(37,387)

The Executive FY 05 revenue budget has been increased by \$580,000 or 17% from the FY 04 amount which is mostly due to interdepartmental revenue. Interdepartmental revenue did not exist in the FY 04 budget. However since the adoption of the FY 04 budget, \$582,200 has been added to the modified FY 04 budget for interdepartmental revenue. When compared to the modified FY 04 budget there is no increase in the revenue. Interdepartmental revenue includes chargebacks for Drug and Alcohol employees working at the Department of Social Services. It also includes chargebacks for the department's Employee Assistance Program (EAP).

Department revenue has practically been eliminated from the FY 05 budget. The loss is attributed to a cutback in patient and Medicaid receipts which are no longer generated due to the closing of inpatient facilities at the Topic House and Plainview Rehabilitation Center.

State Aid is increasing by \$92,274 or 3% to \$3.4 million in FY 05. The department receives reimbursement from New York State's Office of Alcoholism and Substance Abuse Services for support of chemical dependency prevention and treatment services. Each year the Governor and the New York State Assembly and Senate develop a budget which determines how New York State Aid tax dollars will be spent. The Department of Drug and Alcohol Addiction, as the State's local designated agency (LDA) for Nassau County, receives State Aid for the purpose of providing chemical dependency services to its residents and their families.

The department receives the following reimbursement: Administrative positions receive 16% reimbursement; Case management receives 50%; DWI receives 95%, TIPS receive 50% and WAGES receives 65%.

Rents and recoveries have been reduced by half to \$10,000 in FY 05 for displaced lost and abandoned property by the Police Department. For example, the Police Department may receive funds from the auctioning of a DWI car, a portion of which is transferred to the Department of Drug and Alcohol.

DEPARTMENT OF MENTAL HEALTH

The Department of Mental Health works in partnership with the communities to plan, promote and provide the quality of clinical, supportive and rehabilitative services that support recovery for individuals who have a mental illness and those who are mentally retarded or developmentally disabled. The department establishes and strives to maintain systems of accountability among community based service providers and local hospitals to insure the performance objectives are met, resources are properly allocated, services coordinated and access is available to all residents.

EXPENSE BUDGET BY CONTROL CENTER					
Control Center	Adopted FY 04 Budget	Departmental Request FY 05	Executive FY 05	Variance Exec. vs Adopted 04	Variance Exec. vs Request
10 Administration	3,623,962	3,258,493	3,948,547	324,585	690,054
20 Contractual Services	3,800,027	4,625,027	4,625,027	825,000	0
30 Direct Services	1,159,256	333,556	257,737	(901,519)	(75,819)
54 Educ. Handicap Child.	79,345,200	96,663,450	94,959,400	15,614,200	(1,704,050)
Total	87,928,445	104,880,526	103,790,711	15,862,266	(1,089,815)

The proposed 2005 expense budget for the Department of Mental Health is approximately \$15.9 million or 18% greater than the budget adopted in 2004. This dramatic rise is directly due to the increase in Education for Handicapped Children of \$15.6 million which is offset somewhat by a reduction of \$900,000 in Direct Services due to the elimination of a Clinical Psychologist II position and the transfer of funding for miscellaneous contractual services into the Contractual Services control center. The 19.7% increase in Education for Handicapped Children over the adopted 2004 budget reflects the growth in the amount of children in the program, increased transportation costs resulting from a new transportation contract and a hike in evaluations. The rise in the preschool special education will have a corresponding revenue growth for state aid reimbursement.

**EXPENSE BUDGET
BY OBJECT CLASS**

Obj	Name	Adopted FY 04 Budget	OMB FY 04 Projection	FY 05 Dept. Request	FY 05 Exec. Budget	Variance Exec. vs Adopted 04	Variance Exec. vs FY 04 Proj.
AA	Salaries	1,260,481	1,157,212	1,230,757	1,291,278	30,797	134,066
CC	Materials & Supplies	5,500	2,750	5,569	5,569	69	2,819
DD	General Expenses	621,850	1,207,650	804,623	804,623	182,773	(403,027)
DE	Contractual Services	6,351,127	6,201,127	6,176,127	6,176,127	(175,000)	(25,000)
OO	Other Expenses	79,345,200	88,666,615	96,663,450	0	(79,345,200)	(88,666,615)
PP	Direct Assistance	0	0	0	94,959,400	94,959,400	94,959,400
	Total OTPS	86,323,677	96,078,142	103,649,769	101,945,719	15,622,042	5,867,577
HF	Inter-Depart Charges	344,287	377,206	0	553,714	209,427	176,508
	Grand Total	87,928,445	97,612,560	104,880,526	103,790,711	15,862,266	6,178,151

Salaries are increasing by \$134,066, or 11.6%, over 2004 OMB projections due to an increase of two positions over current staff. OTPS expenses are increasing \$5.9 million, or 6.1%, over 2004 projections primarily due to the greater than usual growth in Direct Assistance, a new object code which encompasses expenses previously placed in the Other Expenses object code. The bulk of the increase in OTPS can be attributed to the \$6.2 million, or 7.1% raise, over 2004 projections in Early Intervention/Special Education. More children with greater needs are entering the preschool program. Therefore, Itinerant Services are increasing because more children with greater needs than in the past require after school services and transportation costs are rising as a result of new and higher rates for transportation contracts. These mandated costs have a proportionate revenue growth in State aid reimbursement.

The general expenses line is increasing by \$182,773 and the contractual services line is declining by \$175,000 when compared to the 2004 adopted budget. However, both lines are being reduced when comparing the proposed budget to projections for 2004. The projection in the general expense line is high due to the Health and Human Services scanning project that is currently ongoing. The reduction in the contractual services line is due to the on-site psychologist who provides immediate evaluations for clients thereby diverting costly hospitalizations. There are a larger number of clients, as a result of the recent PINS legislation expanding the age for PINS clients, that are being remanded to State facilities. This is more expensive, since the remands to State facilities require more lengthy stays, than the remands of those clients being sent to NUMC, which is less expensive. While it has been advantageous having a clinical psychologist on site at Family Court for immediate evaluations, thereby diverting hospitalizations, the number of PINS clients has grown.

**Department of Mental Health
Staffing Analysis**

	<u>FY 04 Adopted</u>	<u>Sept-04 Actual</u>	<u>FY 05 Request</u>	<u>FY 05 Executive</u>	<u>Exec. vs 04 Adopt</u>	<u>Exec. vs Actuals</u>
CC Full-time Staffing						
10 Administration	18	18	17	19	1	1
30 Direct Services	2	0	2	1	(1)	1
Total Full-time	<u>20</u>	<u>18</u>	<u>19</u>	<u>20</u>	<u>0</u>	2

The above chart illustrates that full-time headcount is increasing by two when compared to September actuals. Administration is gaining one Accounting Assistant II and one Clerk Typist I will be added in Direct Services when compared to September actuals. A total of three employees from the Drug & Alcohol Department were transferred into Mental Health, all holding accounting titles. One is the aforementioned Accounting Assistant II and the other two transfers filled two vacant positions in Mental Health.

REVENUE BUDGET

Revenue Class	Adopted FY 04 Budget	OMB FY 04 Projection	FY 05 Dept. Request	FY 05 Exec. Budget	Variance Exec. vs Adopted 04	Variance Exec. Vs FY 04 Proj.
BF Rents and Recoveries	100,000	100,000	50,000	50,000	(50,000)	(50,000)
BH Department Revenues	1,076,000	1,076,000	1,827,840	1,827,840	751,840	751,840
BJ Interdepart Revenues	0	1,374,000	0	1,373,915	1,373,915	(85)
SA State Aid - Reimb. Exp.	48,684,810	53,254,687	56,149,595	55,220,646	6,535,836	1,965,959
Total	49,860,810	55,804,687	58,027,435	58,472,401	8,611,591	2,667,714

The 2005 revenue budget is growing by \$2.7 million, or 4.8%, over the 2004 projection of \$55.8 million. Approximately \$2 million is due to the increase in State aid reimbursement for the growing State mandated preschool education program. Interdepartmental revenues are increasing by \$1.4 million over the budget line in the Adopted 2004 budget but is remaining essentially flat when compared to the 2004 projections. It was inadvertently omitted from the 2004 Adopted Budget. In the 2005 proposed budget, this revenue can be found in two different control centers. The first, in Contractual Services for \$173,000, is from Social Services for the services Mental Health provides for PINS prevention. The second and largest amount, approximately \$1.2 million, can be found in Education for Handicapped Children and is received from the Health Department for transportation costs for the Early Intervention children who use the same buses that are provided for the Preschool Education children.

SENIOR CITIZEN AFFAIRS

The Department of Senior Citizen Affairs is the designated Area Agency on Aging in Nassau County, and is the principal agency designated to carry out the provisions of the Older Americans Act of 1965 as amended. The Department receives funding from Federal and State agencies for program planning, administration and operations. The agency is comprised of the following units: 1) Administration, 2) Planning Office, 3) Community Services, 4) Support Services, 5) Special Resources, 6) Office Management, 7) Fiscal Services, 8) Information and Assistance, and 9) Communications.

During the FY 04 budget year the department will be moving from 1550 Franklin Avenue to 60 Charles Lindburg Boulevard. Due to the move the department's general expenses account required a \$300,000 board transfer during the current year. This money will be used for a file imaging project. This accounts for the entire cost of this project for the Senior Citizens Department and is not included in the FY 05 budget. Although this project will not begin in 2004, the contract should be approved this year. Also, the department's building occupancy charges will increase from \$333,438 to \$650,910 in FY 05 as a result of the move.

EXPENSE BUDGET BY OBJECT CLASS							
Obj	Name	Adopted FY 04 Budget	OMB FY 04 Projection	FY 05 Dept. Request	FY 05 Exec. Budget	Variance Exec. vs Adopted 04	Variance Exec. vs FY 04 Proj.
AA	Salaries	2,150,572	2,159,928	2,252,677	2,264,392	113,820	104,464
BB	Equipment	6,140	6,045	6,140	6,140	0	95
CC	Materials & Supplies	25,240	13,218	25,240	25,240	0	12,022
DD	General Expenses	24,510	326,917	18,035	6,320	(18,190)	(320,597)
DE	Contractual Services	10,677,917	10,677,917	10,525,154	10,525,154	(152,763)	(152,763)
	Total OTPS	10,733,807	11,024,097	10,574,569	10,562,854	(170,953)	(461,243)
HF	Inter-Depart Charges	680,581	746,790	0	995,277	314,696	248,487
	Grand Total	13,564,960	13,930,815	12,827,246	13,822,523	257,563	(108,292)

The department has the responsibility for the implementation and monitoring of the following Multi-Year Financial Plan initiative which has been incorporated into the FY 05 budget and baseline.

HHS Cost Containment (HSHS01) - \$396,600

This is part of the County-wide initiative to reduce expenses. This initiative will be achieved by cutting contractual services costs. The exact portion of the \$396,600 cut which will be in the department's contracts is not known. The Administration increased all HHS departments by 2.5% for their contractual service line, but then reduced it to 1.25% and then further asked the departments to see if

there were places they could reduce further. The reductions were mainly in Drug and Alcohol, Senior Citizen Affairs and Youth Board.

The department’s aggregate expense budget will increase by \$257,563 in FY 05. The salaries account will increase by \$113,820, to cover the cost of CSEA contractual raises, mileage payments and clothing allowances. Mileage payments and clothing allowances were budgeted in OTPS in the FY 04 budget. Inter-departmental charges were budgeted with a 46% increase. These increases will be offset by reductions in general expenses and contractual services. The increase in contractual expenses is directly related to additional reimbursable funds the department will receive in FY 05. The total OTPS expense budget will decrease by \$170,953 from FY 04.

The department has the responsibility for the implementation and monitoring of the following Multi-Year Financial Plan initiative which has been incorporated into the FY 05 budget and baseline.

EXPENSE BUDGET BY CONTROL CENTER						
Control Center	Adopted FY 04 Budget	Departmental Request FY 05	Executive FY 05	Variance Exec. vs Adopted 04	Variance Exec. vs Request	
10 Senior Citizens Affairs	2,916,319	2,309,359	3,304,636	388,317	995,277	
20 Com. Svcs for Elderly	1,544,015	1,371,643	1,371,643	(172,372)	0	
30 Nutrition Program	3,383,864	3,381,608	3,381,608	(2,256)	0	
35 Sr. Citizens Comm. Ctr.	93,421	93,421	93,421	0	0	
40 Area Agency Title III - B	1,742,991	1,772,181	1,772,181	29,190	0	
50 Foster Grandparents	58,748	25,868	25,868	(32,880)	0	
60 Extend. In-Home Svcs.	2,651,963	2,662,795	2,662,795	10,832	0	
65 SNAP (Nutrition Program)	673,324	690,119	690,119	16,795	0	
66 Title IIID/Health Promotion	100,000	97,000	97,000	(3,000)	0	
67 Title IIIE/(Care Givers)	400,315	423,252	423,252	22,937	0	
Total	13,564,960	12,827,246	13,822,523	257,563	995,277	

The FY 05 total expense budget for the Department of Senior Citizen Affairs is 1.9% more than the FY 04 budget. Senior Citizens Affairs (CC 10) is increased by 13% to cover employee’s contractual increases and additional funds needed to cover interdepartmental expenses. The variance of \$995,277 when comparing the Executive’s proposed budget to the departmental request is present because the department did not submit a projection for interdepartmental expenses for the FY 05 budget.

Community Services for Elderly (CC 20) is decreased by 11%, which is mostly a cut to contractual services and program agencies. The Foster Grandparents (CC 50) program will be reduced by 56% for FY 05. This program places low-income, eligible senior citizens in day care centers, schools, hospitals, etc., to work 20 hours per week, one-on-one with children with special needs. The decrease in FY 05 funding for the Foster Grandparents program is directly related to a deduction of the program funding.

Extended In- Home Services (CC 60), SNAP-Supplemental nutrition assistance program (CC 65) and Title III Care Givers (CC67) increased expenditures are directly related to increased federal funding projected for FY 05.

Department of Senior Citizen Affairs Staffing Analysis						
	FY 04 <u>Adopted</u>	Sept-04 <u>Actual</u>	FY 05 <u>Request</u>	FY 05 <u>Executive</u>	Exec. vs <u>04 Adopt</u>	Exec. vs <u>Actual</u>
Full-time Staffing	35	35	35	35	0	0
Part-time Staffing	3	3	3	3	0	0

Although some positions were moved within the various responsibility centers, the number of budgeted positions both full-time and part-time will remain flat for the FY 05 budget.

REVENUE BUDGET							
Revenue Class		Adopted FY 04 Budget	OMB FY 04 Projection	FY 05 Dept. Request	FY 05 Exec. Budget	Variance Exec. vs Adopted 04	Variance Exec. vs FY 04 Proj.
BH	Department Revenues	15,000	15,000	15,000	15,000	0	0
BJ	Inter-departmental Revenues	0	0	0	72,277	72,277	72,277
FA	Federal Aid - Reimbursable	5,022,928	5,022,928	5,148,501	5,148,501	125,573	125,573
SA	State Aid - Reimbursable	3,926,605	3,926,605	4,024,770	4,024,770	98,165	98,165
Grand Total		8,964,533	8,964,533	9,188,271	9,260,548	296,015	296,015

The department receives the vast majority of its revenue from federal and state agencies for program planning, administration and operations. The revenue budget for the department is increasing by \$296,015. In prior years the department has submitted supplemental appropriations to recognize additional revenue. The department decided to declare this money up front in FY 04 resulting in the increased revenue projection from FY 05. Most of the funding is a state pass-thru of federal funds. The New York State Office for the Aging (SOFA) partially reimburses the department for community-based supportive services designed to maintain senior citizens in their homes and communities, and providing meals. In addition, the County is partially reimbursed for costs of operating the Foster Grandparent Program in Nassau County.

Departmental revenues will remain flat in FY 05, with a budget of \$15,000. These funds will be generated through an annual luncheon/conference the department holds every May. At a cost of \$30 per ticket, the department expects about the same 500 participants as the current year. Although the event does generate revenue the proceeds are used to cover the cost of holding the event.

NASSAU COUNTY YOUTH BOARD

The Youth Board plans, coordinates, funds and evaluates the youth services of Nassau County. It was established by Article 10A of County Government Law and was authorized through New York State Executive Law.

During the FY 04 budget year the department will be moving from 40 Main Street to 60 Charles Lindburg Boulevard. Due to the move the department's general expenses account received a \$131,000 board transfer during the current year. This money will be used for a file imaging project. This accounts for the entire cost of this project for the Youth Board and is not included in the FY 05 budget. Although this project will not begin in 2004, the contract should be approved this year. Also, the Youth Board's building occupancy charges will increase from \$305,633 to \$433,551 as a result of the move.

EXPENSE BUDGET BY OBJECT CLASS							
Obj	Name	Adopted FY 04 Budget	OMB FY 04 Projection	FY 05 Dept. Request	FY 05 Exec. Budget	Variance Exec. vs Adopted 04	Variance Exec. vs FY 04 Proj.
AA	Salaries	528,944	514,490	554,186	554,486	25,542	39,996
DD	General Expenses	2,000	129,740	2,025	1,725	(275)	(128,015)
DE	Contractual Services	7,110,230	7,170,230	6,866,394	6,866,394	(243,836)	(303,836)
	Total OTPS	7,112,230	7,299,970	6,868,419	6,868,119	(244,111)	(431,851)
HF	Inter-Depart Charges	487,285	519,774	0	593,777	106,492	74,003
	Grand Total	8,128,459	8,334,234	7,422,605	8,016,382	(112,077)	(317,852)

The salary expenses budgeted for FY 05 are funded \$25,542 or 4.8% above the current year's funding. The increase is directly related to salary increases for the seven employees of the department.

The general expense budget of \$1,725 appropriates \$300 for general office expenses. The remaining \$1,425 is budgeted to cover membership fees for the Executive Director of the Youth Board who is the president of the New York State Association of Youth Bureaus. Projected spending in FY 04 accounts for the previously mentioned imaging project.

The funding for miscellaneous contracts is used to fund special projects targeted to youth. The allocation for program agencies, which is related to community-based not-for-profit youth service agencies, will decrease \$243,836 or 3.4% from FY 04 levels. This reduction represents the loss of contract staff that left during the year. Funding for these positions has been removed from the proposed budget and the work will be redistributed among the remaining staff. Presented on the following page is a detailed list of the Youth Board's FY 05 proposed contracts and associated funding.

NASSAU COUNTY YOUTH BOARD CONTRACTS

<u>AGENCY</u>	<u>2005</u> <u>CONTRACTS</u>	<u>AGENCY</u>	<u>2005</u> <u>CONTRACTS</u>
Advisory Council for the Youth of Mineola	189,500	Hispanic Counseling Center*	10,000
Big Brothers /Big Sisters of Long Island	46,000	I Support Roosevelt Committee	191,206
Circulo de la Hispanidad	154,810	La Fuerza Unida de Glen Cove	118,006
City of Glen Cove Youth Bureau	63,079	Littig House Community Center	135,568
City of Glen Cove Youth Bureau*	10,000	Littig House Community Center*	25,000
Comm. Wellness Council for the Bellmores/Merricks	15,000	Long Beach Martin Luther King Center	25,000
Concerned Citizens for Roslyn Youth	141,467	Long Beach REACH	189,630
COPAY, Inc	20,000	Long Island Advocacy	233,496
EAC-Mediation Alternative Project	39,969	LI Crisis Center - Runaway Homeless Youth	50,193
FCA/Nassau Haven	388,423	LI Crisis Center - Middle Earth Hotline	95,794
FCA/PACT (Parents and Children Together)	259,540	Manhasset/Great Neck E.O.C.	122,219
FCA/Walkabout for Young Men & Women	338,546	Nass. Cty. Coalition Against Domestic Violence	66,429
FCA/YAPP (Youth Adult/Participation Program)	119,523	North Shore Child & Family Guidance Assoc.	49,314
FCA/Youth and Community Development	716,872	Operation Get Ahead, Inc.	25,000
FCA/-Administration*	25,000	Project Challenge of Long Island, New York	134,000
Five Towns Community Center	303,821	Tempo Youth Services	25,000
Floral Park Youth Council	15,000	Time Out Club of Hempstead, Inc.	15,000
Freeport Pride, Inc.	246,590	Uniondale Community Council	162,000
Gateway Youth Outreach	258,218	Westbury Comm. Improvement Corp., Inc.	158,744
Gateway Youth Outreach*	50,000	YES Community Counseling Center	164,074
Glen Head/North Shore Youth Council	25,000	YES Community Counseling Center *	195,508
Hempstead Hispanic Civic Association	40,000	Yours, Ours, Mine Community Center	50,000
Hicksville Teen-Age Council	141,712	Youth & Family Counseling of OB/EN	213,649
Hicksville Teen-Age Council*	10,000	Youth & Family Counseling of OB/EN*	50,000
Hispanic Brotherhood of Rockville Centre	55,086	Youth & Family Counseling of OB/EN*	50,000
Hispanic Counseling Center	133,010	sub-total	<u>\$6,360,995</u>
GANG AWARE INITIATIVE			
Advisory Council for the Youth of Mineola-Helping Youth Reach Their Potential			75,000
Five Towns Community Center-Youth Violence andGang Prevention Project			75,000
Freeport Pride, Inc.-Youth Direction Initiative			100,000
Gateway Youth Outreach-GIPP Gang Intervention Prevention Project			50,000
Operation Get Ahead, Inc.-Youth Violence and Gang Prevention			100,000
Uniondale Community Council-A Strong Uniondale Community Network			100,000
Long Island Crisis Center-True Colors			30,398
		sub-total	<u>\$530,398</u>
		Total Contracts	<u>\$6,891,393</u>
		Budget Contracts	<u>\$6,866,394</u>
		To be determined	(\$24,999)

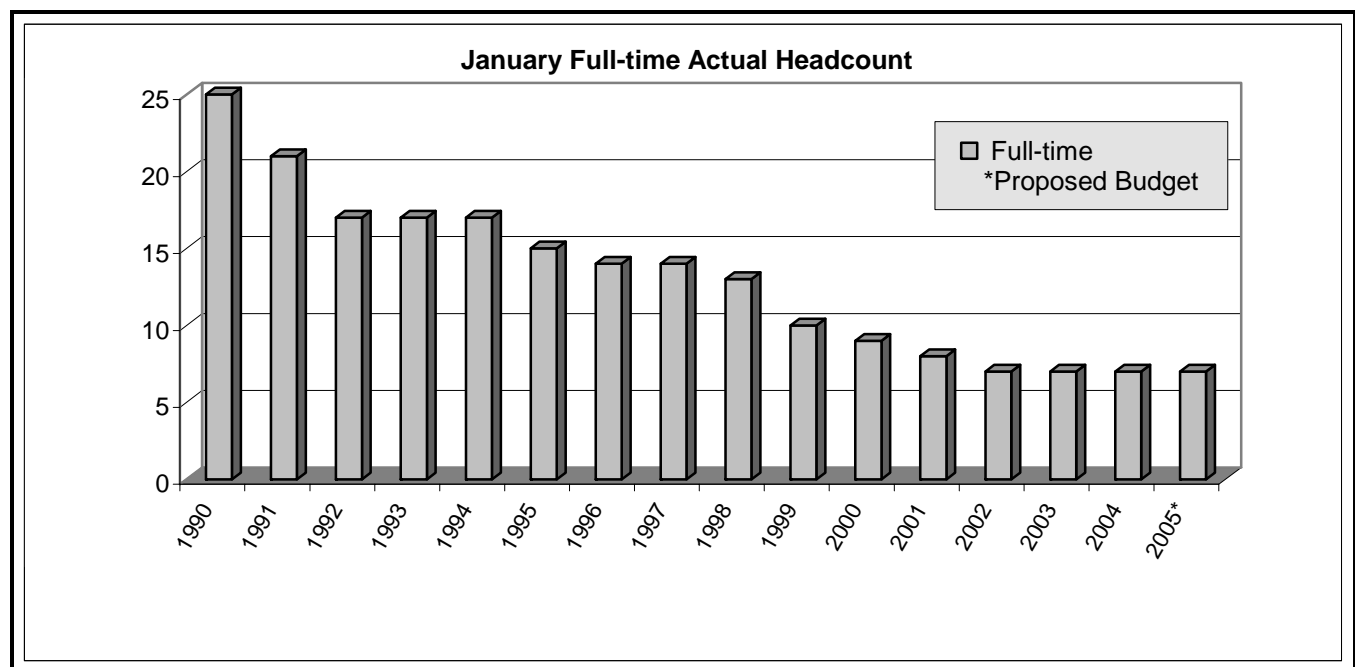
* denotes collaboration

It should be noted that the chart above only shows contracts which are funded through the general fund. In FY 04 the department also received \$708,477 which was distributed through grants. Although the

exact FY 05 grant amounts are not determined until later in the year, the department is anticipating funding at approximately the same level.

Nassau County Youth Board Staffing Analysis						
	<u>FY 04 Adopted</u>	<u>Sept-04 Actual</u>	<u>FY 05 Request</u>	<u>FY 05 Executive</u>	<u>Exec. vs 04 Adopt</u>	<u>Exec. vs Actual</u>
Full-time Staffing	7	7	7	7	0	0

The proposed budgeted staffing level of the Youth Board will remain flat at seven employees for the third consecutive year. Staffing levels have been significantly reduced from the FY 90 budgeted levels. The chart below shows the January full-time actual headcount for the Youth Board from FY 90 to the proposed fiscal year:



Historically as employees leave the department their positions are removed from the following year’s budget. Additional responsibilities are then redistributed among the remaining staff. This has been the trend for the past 14 operating budgets and will continue with the proposed budget. The chart above shows a consistent year-to-year decline in the budgeted staffing level. Through attrition the department has lost 18 employees from FY 90 to FY 05.

REVENUE BUDGET						
Revenue Class	Adopted FY 04 Budget	OMB FY 04 Projection	FY 05 Dept. Request	FY 05 Exec. Budget	Variance Exec. vs Adopted 04	Variance Exec. vs FY 04 Proj.
BJ Inter-departmental Revenues	0	50,000	0	0	0	(50,000)
SA State Aid - Reimbursable	1,759,430	1,599,310	1,599,310	1,599,310	(160,120)	0
Grand Total	1,759,430	1,649,310	1,599,310	1,599,310	(160,120)	(50,000)

The aggregate revenue budget for the department will be decreased by \$160,120 or 9% in FY 05. The total funding from the State is based on a per youth population allowance. The 2000 census showed 372,777 county residents age 0-20. Rates are based on 50% of eligible expenses up to a maximum set each year by New York State.