

**M00A01**  
**Administration**  
**Department of Health and Mental Hygiene**

***Operating Budget Data***

(\$ in Thousands)

	<u>FY 13</u> <u>Actual</u>	<u>FY 14</u> <u>Working</u>	<u>FY 15</u> <u>Allowance</u>	<u>FY 14-15</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$23,853	\$27,752	\$26,652	-\$1,100	-4.0%
Contingent & Back of Bill Reductions	0	-2,771	-313	2,458	
<b>Adjusted General Fund</b>	<b>\$23,853</b>	<b>\$24,981</b>	<b>\$26,339</b>	<b>\$1,358</b>	<b>5.4%</b>
Special Fund	119	364	575	211	58.0%
<b>Adjusted Special Fund</b>	<b>\$119</b>	<b>\$364</b>	<b>\$575</b>	<b>\$211</b>	<b>58.0%</b>
Federal Fund	14,325	16,376	16,132	-243	-1.5%
Contingent & Back of Bill Reductions	0	0	-13	-13	
<b>Adjusted Federal Fund</b>	<b>\$14,325</b>	<b>\$16,376</b>	<b>\$16,119</b>	<b>-\$256</b>	<b>-1.6%</b>
Reimbursable Fund	7,259	7,985	8,407	422	5.3%
<b>Adjusted Reimbursable Fund</b>	<b>\$7,259</b>	<b>\$7,985</b>	<b>\$8,407</b>	<b>\$422</b>	<b>5.3%</b>
<b>Adjusted Grand Total</b>	<b>\$45,556</b>	<b>\$49,706</b>	<b>\$51,440</b>	<b>\$1,734</b>	<b>3.5%</b>

- Fiscal 2014 cost containment reduces the Department of Health and Mental Hygiene (DHMH) Administration budget by \$2.771 million. Reductions are as follows: the Statewide Personnel Information Technology system (\$2,232,841), employee/retiree health insurance (\$352,530), and retirement reinvestment (\$185,677).
- Fiscal 2015 cost containment totals \$326,209: \$187,606 in retirement reinvestment and \$138,603 in employee/retiree health insurance.
- After adjusting for cost containment in both years, growth in the budget is \$1.734 million, 3.5%. Growth is primarily driven by nonpersonnel assigned costs followed by personnel expenditures.

Note: Numbers may not sum to total due to rounding.

For further information contact: Simon G. Powell

Phone: (410) 946-5530

## ***Personnel Data***

	<b><u>FY 13 Actual</u></b>	<b><u>FY 14 Working</u></b>	<b><u>FY 15 Allowance</u></b>	<b><u>FY 14-15 Change</u></b>
Regular Positions	371.00	371.00	371.00	0.00
Contractual FTEs	<u>6.89</u>	<u>12.37</u>	<u>9.54</u>	<u>-2.83</u>
<b>Total Personnel</b>	<b>377.89</b>	<b>383.37</b>	<b>380.54</b>	<b>-2.83</b>

### ***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions	24.75	6.67%
Positions and Percentage Vacant as of 12/31/13	34.40	9.27%

- There are no changes in the regular personnel complement for DHMH Administration. Although budgeted turnover is high, the agency has sufficient vacancies to meet turnover.

## ***Analysis in Brief***

### **Major Trends**

**Facility Infrastructure:** The condition of facility infrastructure systems remains stable, with 89% in good/excellent condition. The percentage of residential and program buildings meeting appropriate standards, codes, and client needs improved in fiscal 2013 but remains at only 39%. Marked improvement in this area requires major capital investment. The 2015 *Capital Improvement Program* (CIP) offers no funding in fiscal 2015 and has deferred funding for some projects to later in the CIP.

**Workforce:** The department's capacity to attract and retain workers in 20 key employment categories declined in fiscal 2013. The vacancy rate among skilled direct care workers in these categories hit 18% in fiscal 2013.

### **Recommended Actions**

	<b><u>Funds</u></b>	<b><u>Positions</u></b>
1. Delete 1 long-term vacant administrative position.	\$ 47,728	1.0
2. Reduce funding for accrued leave payouts.	35,000	
<b>Total Reductions</b>	<b>\$ 82,728</b>	<b>1.0</b>

**M00A01**  
**Administration**  
**Department of Health and Mental Hygiene**

## ***Operating Budget Analysis***

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### **Program Description**

The Department of Health and Mental Hygiene (DHMH) Administration budget analysis includes the following offices within the department:

- Office of the Secretary (Executive Direction and Operations); and
- Deputy Secretary for Behavioral Health and Disabilities.

The **Office of the Secretary** establishes policies regarding health services and supervises the administration of the health laws of the State and its subdivisions. The Office of the Secretary also includes the general support functions for the whole department, providing administrative, financial, information technology (IT), and general services (such as central warehouse management, inventory control, fleet management, space management, and management of engineering/construction projects).

The **Deputy Secretary for Behavioral Health and Disabilities** oversees and coordinates the work of two administrations:

- the recently created Behavioral Health Administration (the merger of the Alcohol and Drug Abuse and Mental Hygiene Administrations); and
- Developmental Disabilities Administration.

### **Performance Analysis: Managing for Results**

The DHMH Administration Managing for Results (MFR) measures are administrative in nature. Selected measures are included in **Exhibit 1**. Reported MFR measures in this agency typically vary little from year to year. Nonetheless, particularly noteworthy is the department's efforts at reducing the extent of repeat audit comments, down to 11% in fiscal 2013.

**Exhibit 1**  
**Selected Program Measurement Data**  
**DHMH – Administration**  
**Fiscal 2009-2013**

	<u>Actual 2009</u>	<u>Actual 2010</u>	<u>Actual 2011</u>	<u>Actual 2012</u>	<u>Actual 2013</u>
Repeat OLA audit comments (%)	14	28	12	18	11
Condition of facility infrastructure systems (% in good/excellent condition)	87	87	88	89	89
Residential and program buildings meeting licensing standards, current building codes, and patient/client needs (%)	28	26	34	34	39
Retention rate within 20 key classifications (%)	87	89	87	88	86
State retention rate grades 5-26 (%)	90	91	89	91	91

DHMH: Department of Health and Mental Hygiene  
OLA: Office of Legislative Audits

Source: Department of Health and Mental Hygiene

## 1. Facility Infrastructure

In terms of facilities, as shown in the exhibit, there is an improvement in the condition of facility infrastructure systems or the number of residential and program buildings meeting licensing requirements, current building standards, and patient/client needs. As noted in prior analyses, new standards for patient safety goals for psychiatric hospitals established in 2008 by the Joint Commission resulted in a significant downgrading of the percentage of buildings in compliance with requirements, standards, and needs. Capital and operating funding was provided in fiscal 2010 to make the necessary improvements. These improvements are reflected in an increase in this particular measure.

However, as also noted in prior analyses, the department's **goal** for the percentage of residential and program buildings meeting licensing requirements, current building standards, and patient/client needs is still remarkably low – 53% by the end of fiscal 2015 – and will remain so until significant capital projects are completed. These projects include replacing Spring Grove Hospital Center, the renovation of the north wing at Clifton T. Perkins Hospital Center, and the construction of the new Secure Evaluation and Therapeutic Treatment (SETT) Center, as well as significant improvements to buildings at the Holly Center, Potomac Center, and Western Maryland Hospital Center. The fiscal 2015 *Capital Improvement Program* (CIP) shows construction funding for the

SETT deferred from fiscal 2015 to 2016 (as well as changing the project to the renovation of a building at Springfield Hospital Center rather than the construction of a new facility at Jessup), funding for the Clifton T. Perkins north wing renovation deferred from fiscal 2016 to 2017, and no funding for other projects.

## **2. Workforce**

One measure of the department's ability to attract and retain a skilled workforce is the employment rate within 20 key classifications (see **Exhibit 2**). These 20 classifications are taken from over 750 classification levels used by DHMH and are considered by the department to be a representative sample of those classifications key to fulfilling the mission of the department. The employment rate is calculated by dividing the number of filled positions versus total positions on a monthly basis and then averaged for the year. This particular measure had essentially been flat since fiscal 2010 at 88% but fell to 86% in fiscal 2013.

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### **Exhibit 2 DHMH MFR Retention Goal: 20 Key Classification Levels**

Sanitarian IV/Environmental Sanitarian II	Direct Care Assistant II
Coordinator Special Programs Health Services/Developmental Disabilities	Community Health Nurse II
Medical Care Program Specialist II	Health Facility Surveyor Nurse I
Agency Procurement Specialist II	Registered Nurse
Office Secretary III	Computer Network Specialist II
Public Health Lab Scientist General and Lead	Fiscal Accounts Clerk II
Social Worker II, Health Services	Accountant II
Program Administrator II, Health Services	Physician Clinical Specialist
Alcohol and Drug Counselors	Physician Program Manager
Epidemiologist III	Health Policy Analyst, Advanced

DHMH: Department of Health and Mental Hygiene

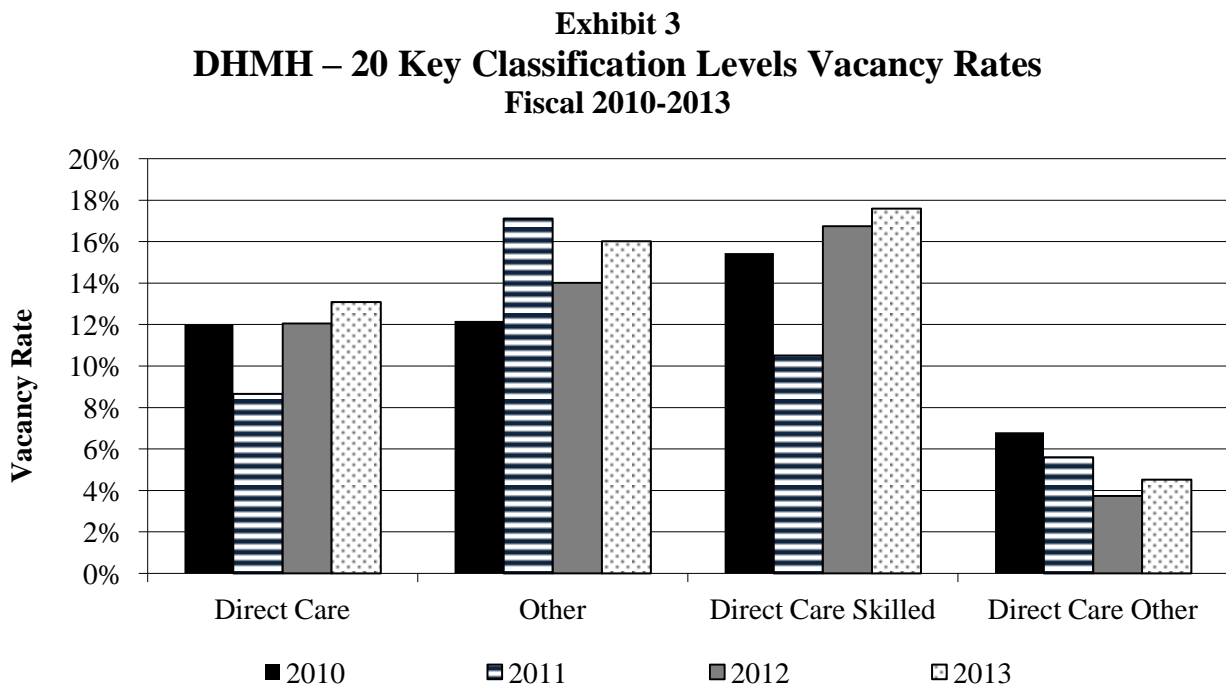
MFR: Managing for Results

Source: Department of Health and Mental Hygiene

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**Exhibit 3** presents more detailed information from the same data and shows:

- Since fiscal 2011, the vacancy rate among the direct care categories has grown, from 9 to 12% between fiscal 2011 and 2012, and up again to 13% in fiscal 2013.
- Vacancies in nondirect care categories are higher, at 16% with the gap between the two categories increasing from 2 to 3% between fiscal 2012 and 2013.
- In both categories, the rise in the vacancy rate comes despite a drop in the total number of positions included in each category.
- There continues to be a striking difference in terms of vacancy rates within the direct care category between skilled direct care workers (for example, nurses and physicians) and other direct care workers (in this instance, direct care assistants). The vacancy rate among skilled direct care workers was almost 18% in fiscal 2013, compared to less than 5% for other direct care workers. The disparity grew sharply between fiscal 2011 and 2012. There does not appear to be any explanation for this difference other than the simple difficulty that the State has in hiring skilled direct care positions.



DHMH: Department of Health and Mental Hygiene

Source: Department of Health and Mental Hygiene; Department of Legislative Services

### *M00A01 – DHMH – Administration*

It should be noted that the fiscal 2015 budget includes, within the Department of Budget and Management's (DBM) budget, funding for various Annual Salary Review (ASR) increases for positions in DHMH effective January 1, 2015. Of these ASRs:

- Two impact skilled direct care workers:
  - a \$3,000 hiring and \$3,000 retention bonus for registered nurses at the department's 24/7 facilities (for a total estimated increase of \$1,083,114); and
  - a one-grade increase for psychologists.
- One impacts other direct care workers and geriatric assistants (a one-grade increase for a total estimated increase of \$762,914).

For both the departmental workforce, generally, and skilled direct care workers, in particular, there should be concern that the higher vacancy rates noted in Exhibit 3 come at a time when the economy is gradually improving, and competition to attract and retain these kinds of workers may intensify. It will be interesting to observe if the salary increases approved for fiscal 2014 and recommended for fiscal 2015 (including the ASRs) have any bearing on vacancy rates within these categories of workers in DHMH.

## **Fiscal 2014 Actions**

### **Proposed Deficiency**

There is one deficiency appropriation that impacts the DHMH Administration budget, namely the addition of \$400,000 in general funds in connection with the installation of a new storage area network (SAN). A SAN is a collection of computers and storage devices connected over a high-speed network that is dedicated to the task of storing and protecting data. DHMH's current SAN is considered vulnerable to failure and in need of urgent replacement. In addition to the fiscal 2014 deficiency appropriation, there is funding in the budget for the SAN in fiscal 2015. The total cost of the SAN replacement is anticipated at over \$1.6 million for equipment costs financed through lease-purchase payments spread out between fiscal 2015 and 2020 plus annual maintenance costs of \$200,000.

### **Cost Containment**

There are three across-the-board withdrawn appropriations that offset the increase in deficiency appropriations noted above: reductions to employee/retiree health insurance (\$352,530); reduced funding for a new Statewide Personnel IT system (\$2,232,841); and reductions to retirement reinvestment (\$185,677). These actions are fully explained in the analyses of DBM – Personnel, the Department of Information Technology (DoIT), and the State Retirement Agency (SRA), respectively.

## Proposed Budget: Budget Growth Is Driven by Nonpersonnel Assigned Costs

As shown in **Exhibit 4**, after adjusting for fiscal 2014 cost containment and fiscal 2015 back of the bill and contingent reductions, the DHMH Administration budget increases by \$1.734 million, or 3.5%. Growth is dominated by increases in nonpersonnel assigned costs, for example, costs related to the Statewide Personnel System, DBM telecommunications charges, and administrative hearings. As shown in **Exhibit 5**, these costs increase by over \$1.2 million, or 13%. Outside of these assigned costs and the personnel budget (which grows by \$719,000, 2.3%), there is virtually no overall change in other areas of the DHMH Administration budget.

### Exhibit 4 Proposed Budget DHMH – Administration (\$ in Thousands)

<b>How Much It Grows:</b>	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Federal Fund</u></b>	<b><u>Reimb. Fund</u></b>	<b><u>Total</u></b>
2014 Working Appropriation	\$24,981	\$364	\$16,376	\$7,985	\$49,706
2015 Allowance	<u>26,339</u>	<u>575</u>	<u>16,119</u>	<u>8,407</u>	<u>51,440</u>
Amount Change	\$1,358	\$211	-\$256	\$422	\$1,734
Percent Change	5.4%	58.0%	-1.6%	5.3%	3.5%

#### Where It Goes:

<b>Personnel Expenses</b>	<b>\$719</b>
Annualization of fiscal 2014 general salary and increment increase .....	\$885
Retirement contributions .....	322
Fiscal 2015 increment and other compensation .....	252
Miscellaneous adjustments.....	47
Accrued leave payout.....	35
Social Security contributions .....	16
Other fringe benefit adjustments .....	14
Workers' compensation premium assessment .....	-174
Employee and retiree health insurance.....	-336
Turnover adjustments.....	-341
<b>Nonpersonnel Assigned Costs</b>	<b>\$1,227</b>
Statewide Personnel System .....	821
DBM-assigned telecommunications and capital lease costs .....	176



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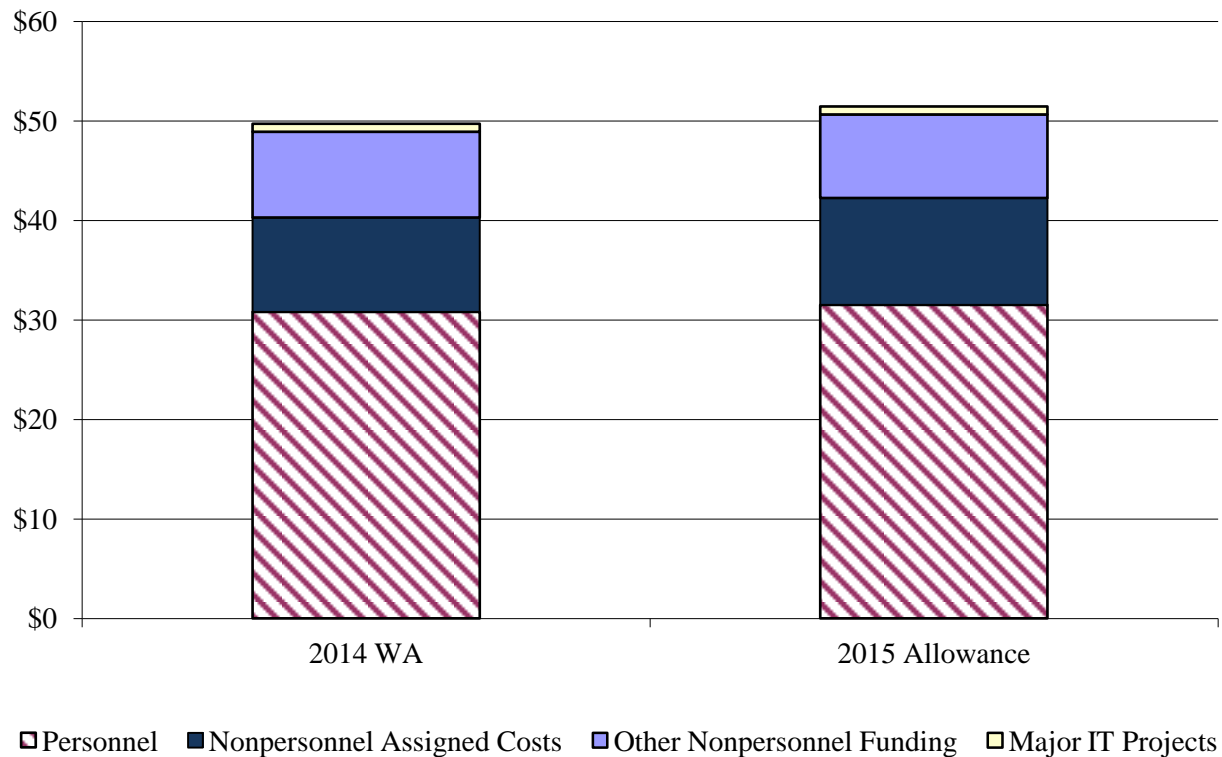
**Where It Goes:**

Administrative hearings .....	113
Insurance .....	78
Department of Information Technology services fee.....	66
Annapolis Data Center charges .....	-27
<b>Information Technology and Communications</b>	<b>-\$105</b>
Major Information Technology Development Project: Maryland Board of Physicians Licensure System (see <b>Appendix 2</b> for additional details) .....	211
Departmentwide information technology infrastructure and network support: various expenditures including software, equipment repair, and network communications charges including expenditures related to the replacement of the department's storage area network .....	75
Transfer of funding for the Electronic Laboratory Reporting program to the Prevention and Health Promotion Administration.....	-189
Major Information Technology Development Project: DDA Financial Restructuring (see <b>Appendix 3</b> for additional details). A broader discussion of DDA financial restructuring is found in the DDA analysis .....	-202
<b>Miscellaneous</b>	<b>-\$73</b>
Contractual payroll.....	-73
<b>Other</b>	<b>-\$34</b>
<b>Total</b>	<b>\$1,734</b>

DBM: Department of Budget and Management  
DDA: Developmental Disabilities Administration

Note: The fiscal 2014 working appropriation reflects negative deficiencies and contingent reductions. The fiscal 2015 allowance reflects back of the bill and contingent reductions. Numbers may not sum to total due to rounding.

**Exhibit 5**  
**DHMH Administration Budget Categories of Change**  
**Fiscal 2014 and 2015**  
**(\$ in Millions)**



DHMH: Department of Health and Mental Hygiene  
 IT: information technology  
 WA: working appropriation

Note: Fiscal 2014 and 2015 data are adjusted to reflect fiscal 2014 withdrawn appropriations and fiscal 2015 back of the bill and contingent reductions.

Source: Department of Legislative Services; State Budget

Growth in the personnel budget is driven by change in regular salaries. The annualization of the fiscal 2014 cost-of-living adjustment (COLA) (3% effective January 1, 2014) and the fiscal 2014 increment (effective April 1, 2014) adds \$885,000. The assumption of an increment in fiscal 2015 (effective either July 1, 2014, or January 1, 2015, depending on hiring date) adds \$252,000 to the budget. Even after taking into account additional cost containment in fiscal 2015 that reduces expenditures relating to the reinvestment of retirement savings, retirement contributions still increase by \$322,000. Health insurance costs fall by \$336,000, again after taking into account fiscal 2015 cost containment related to savings in the State Health Plan.

## ***Recommended Actions***

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	<b><u>Amount Reduction</u></b>		<b><u>Position Reduction</u></b>
1. Delete 1 long-term vacant administrative position (015600). The position has been vacant for over two years.	\$ 47,728	GF	1.0
2. Reduce funding for accrued leave payouts. The reduction level funds the amount in the Administration budget for this purpose.	35,000	GF	
<b>Total General Fund Reductions</b>	<b>\$ 82,728</b>		<b>1.0</b>

## ***Current and Prior Year Budgets***

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### **Current and Prior Year Budgets DHMH – Administration (\$ in Thousands)**

	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Federal Fund</u></b>	<b><u>Reimb. Fund</u></b>	<b><u>Total</u></b>
<b>Fiscal 2013</b>					
Legislative Appropriation	\$28,403	\$2	\$14,972	\$7,323	50,700
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	-1,900	119	579	3	-1,198
Reversions and Cancellations	-2,650	-2	-1,227	-67	-3,946
<b>Actual Expenditures</b>	<b>\$23,853</b>	<b>\$119</b>	<b>\$14,325</b>	<b>\$7,259</b>	<b>\$45,556</b>
<b>Fiscal 2014</b>					
Legislative Appropriation	\$27,085	\$5	\$16,525	\$7,985	\$51,599
Budget Amendments	667	359	-149	0	877
<b>Working Appropriation</b>	<b>\$27,752</b>	<b>\$364</b>	<b>\$16,376</b>	<b>\$7,985</b>	<b>\$52,477</b>

Note: The fiscal 2014 working appropriation does not include deficiencies or contingent reductions. Numbers may not sum to total due to rounding.

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## **Fiscal 2013**

The fiscal 2013 legislative appropriation for DHMH Administration was reduced by just over \$5.1 million. This decrease was derived as follows:

- Budget amendments reduced the appropriation by almost \$1.2 million. Specifically:
  - General funds declined by \$1.9 million. This decrease is derived from a variety of amendments with the most significant being \$759,000 due to internal reorganization and a higher than anticipated federal fund indirect cost rate that allowed the transfer of general funds to other parts of the department and \$160,000 transferring Geographic Information Systems and web design functions to DoIT. Other reductions resulted from a variety of closeout amendments, including the departmental general fund fiscal year closeout amendment that transferred \$671,000 from DHMH Administration to other parts of the agency with general fund needs, \$152,000 realigning communications and health insurance costs, \$79,000 realigning costs associated with usage at the Annapolis Data Center, and \$79,000 realigning DoIT and SRA administrative fees.
  - Special funds increased by \$119,000, representing the funding of the fiscal 2013 COLA.
  - Federal funds increased by \$579,000. This increase primarily reflected the addition of over \$714,000 to reflect an increase in the federal indirect cost rate and \$20,000 for the fiscal 2013 COLA, an increase partially offset by the reduction of \$155,000 related to lower than anticipated federal funding of DoIT and SRA administrative fees.
  - Reimbursable funds increased by \$3,000.
- Reversions and cancellations reduced the legislative appropriation by just over \$3.9 million. The \$2.65 million reversion of general funds was related exclusively to funding of the new Statewide Personnel System. In fiscal 2013, State agencies were assessed a fee for development of this new system. However the State spent only approximately 48% of this major IT project's appropriated budget, with the remainder reverting to the general fund. Federal fund cancellations of just over \$1.2 million comprised the largest remaining cancellation amount.

## **Fiscal 2014**

To date, the fiscal 2014 legislative appropriation for DHMH Administration has been increased by \$877,000. Specifically, \$571,000 (\$528,000 in general funds and \$43,000 in federal funds) has been added to fund the fiscal 2014 COLA, increments, and ASR increases approved during the 2013 session but not included in the DHMH Administration allowance. An additional

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\$236,000 (all general funds) was added to the budget based on a position transfer into the Office of the Secretary plus \$125,000 in funding related to the implementation of Chapter 403 of 2013, intended to allow the investigational use of medical marijuana for medical purposes that had originally been budgeted in the Laboratories Administration. Finally, \$359,000 in special funds was added for the State Board of Physicians Licensing major IT project. Offsetting this increase is \$288,000 (\$97,000 in general funds and \$191,000 in federal funds) related to realignment of DoIT and SRA administrative fees.

## Major Information Technology Projects

### Department of Health and Mental Hygiene – Administration Maryland Board of Physicians Integrated Software System

<b>Project Status<sup>1</sup></b>	Planning	<b>New/Ongoing Project:</b>	New					
<b>Project Description:</b>	Development of a new, more fully integrated medical licensure and investigation software system to replace the board’s existing systems.							
<b>Project Business Goals:</b>	Correction of deficiencies in the board’s existing software system and improvement of board’s efficiency.							
<b>Estimated Total Project Cost<sup>1</sup>:</b>	n/a	<b>Estimated Planning Project Cost<sup>1</sup>:</b>	\$929,000					
<b>Project Start Date:</b>	September 2013	<b>Projected Completion Date:</b>	Requirement analysis to be completed by February 2014. Project completion date to be determined.					
<b>Schedule Status:</b>	A draft request for proposals has been completed and is currently under review by the Department of Information Technology (DoIT).							
<b>Cost Status:</b>	Fiscal 2015 funding included in the Department of Health and Mental Hygiene Administration budget.							
<b>Scope Status:</b>	n/a							
<b>Project Management Oversight Status:</b>	DoIT project oversight is now in place.							
<b>Identifiable Risks:</b>	Moderate identifiable risks are the large scale of the project and the need to familiarize staff with a new system.							
<b>Additional Comments:</b>	Shortcomings of the board’s outdated software systems were noted in the 2011 Sunset Evaluation of the board as well as in a report prepared by an independent consultant, pointing to the need for the replacement of the board’s existing systems.							
<b>Fiscal Year Funding (\$ in Thousands)</b>	<b>Prior Years</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>Balance to Complete</b>	<b>Total</b>
Personnel Services	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Professional and Outside Services	347.0	570.0	0.0	0.0	0.0	0.0	0.0	917.0
Other Expenditures	12.0	0.0	0.0	0.0	0.0	0.0	0.0	12.0
<b>Total Funding</b>	<b>\$359.0</b>	<b>\$570.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$929.0</b>

<sup>1</sup> In calendar 2011, a two-step approval process was adopted. Initially, an agency submits a Project Planning Request. After the requirements analysis has been completed and a project has completed all of the planning required through Phase Four of the Systems Development Lifecycle (Requirements Analysis), including a baseline budget and schedule, the agency may submit a Project Implementation Request and begin designing and developing the project when the request is approved. For planning projects, costs are estimated through planning phases. Implementation projects are required to have total development costs.

## Major Information Technology Projects

### Department of Health and Mental Hygiene – Administration Financial Restructuring of the Developmental Disabilities Administration

<b>Project Status<sup>1</sup></b>	Planning	<b>New/Ongoing Project:</b>	New
<b>Project Description:</b>	Improvement of business and financial processes and development of a new financial platform for the Developmental Disabilities Administration (DDA). The initial request for proposals is to map existing business/financial processes and financial platform, make recommendations for improvement, and draft requirement specifications to solicit the modification/replacement of the existing financial platform.		
<b>Project Business Goals:</b>	Improvement of DDA business and financial processes.		
<b>Estimated Total Project Cost<sup>1</sup>:</b>	n/a	<b>Estimated Planning Project Cost<sup>1</sup>:</b>	\$2,342,751
<b>Project Start Date:</b>	January 2012	<b>Projected Completion Date:</b>	Recommendations to be delivered on January 17, 2014. Project completion date to be determined.
<b>Schedule Status:</b>	Contract awarded January 2013 to Alvarez and Marsal Public Sector Services, LLC.		
<b>Cost Status:</b>	Fiscal 2015 funding included in the Major Information Technology Development Project Fund and Department of Health and Mental Health (DHMH) Administration budgets.		
<b>Scope Status:</b>	n/a		
<b>Project Management Oversight Status:</b>	Department of Information Technology project oversight is now in place. An internal DHMH project manager has been designated.		
<b>Identifiable Risks:</b>	Highest identifiable risks are the need for interoperability with existing State fiscal systems (the Medicaid Management Information System, which is itself being replaced, and the Financial Management Information System, which is the State's accounting system); the potential change in organization culture that will be required within DDA and the DDA-provider community; and the need for ongoing system support.		
<b>Additional Comments:</b>	DDA is highly visible in its role as the major public financier of services to a particularly vulnerable population. Any change in the delivery of that funding must be delicately managed. At the same time, recent financial irregularities in the management of DDA's funding and an apparent difficulty in ensuring that the administration provides needed services while staying within its budget (a budget that has been growing significantly in recent years due to a commitment on the part of both the legislature and the Governor) points to the need to overhaul business and financial processes.		



<b>Fiscal Year Funding (\$ in Thousands)</b>	<b>Prior Years</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>Balance to Complete</b>	<b>Total</b>
Personnel Services	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Professional and Outside Services	1,717.8	625.0	0.0	0.0	0.0	0.0	0.0	2,342.8
Other Expenditures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Funding</b>	<b>\$1,717.8</b>	<b>\$625.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$2,342.8</b>

<sup>1</sup> In calendar 2011, a two-step approval process was adopted. Initially, an agency submits a Project Planning Request. After the requirements analysis has been completed and a project has completed all of the planning required through Phase Four of the Systems Development Lifecycle (Requirements Analysis), including a baseline budget and schedule, the agency may submit a Project Implementation Request and begin designing and developing the project when the request is approved. For planning projects, costs are estimated through planning phases. Implementation projects are required to have total development costs.

**Object/Fund Difference Report  
DHMH – Administration**

<u>Object/Fund</u>	<u>FY 13 Actual</u>	<u>FY 14 Working Appropriation</u>	<u>FY 15 Allowance</u>	<u>FY 14 - FY 15 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	371.00	371.00	371.00	0.00	0%
02 Contractual	6.89	12.37	9.54	-2.83	-22.9%
<b>Total Positions</b>	<b>377.89</b>	<b>383.37</b>	<b>380.54</b>	<b>-2.83</b>	<b>-0.7%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 28,839,146	\$ 31,333,409	\$ 31,840,810	\$ 507,401	1.6%
02 Technical and Spec. Fees	380,493	594,210	520,719	-73,491	-12.4%
03 Communication	1,938,848	2,103,926	2,122,678	18,752	0.9%
04 Travel	134,528	154,439	158,166	3,727	2.4%
06 Fuel and Utilities	179,180	185,850	202,601	16,751	9.0%
07 Motor Vehicles	78,283	78,610	82,946	4,336	5.5%
08 Contractual Services	9,994,416	13,736,438	12,400,745	-1,335,693	-9.7%
09 Supplies and Materials	600,564	529,283	643,059	113,776	21.5%
10 Equipment – Replacement	136,340	138,294	193,176	54,882	39.7%
11 Equipment – Additional	282,472	365,991	280,946	-85,045	-23.2%
12 Grants, Subsidies, and Contributions	1,144,753	1,173,273	1,159,080	-14,193	-1.2%
13 Fixed Charges	1,847,076	2,082,914	2,161,263	78,349	3.8%
<b>Total Objects</b>	<b>\$ 45,556,099</b>	<b>\$ 52,476,637</b>	<b>\$ 51,766,189</b>	<b>-\$ 710,448</b>	<b>-1.4%</b>
<b>Funds</b>					
01 General Fund	\$ 23,853,128	\$ 27,752,096	\$ 26,651,778	-\$ 1,100,318	-4.0%
03 Special Fund	119,156	364,000	575,000	211,000	58.0%
05 Federal Fund	14,325,242	16,375,818	16,132,326	-243,492	-1.5%
09 Reimbursable Fund	7,258,573	7,984,723	8,407,085	422,362	5.3%
<b>Total Funds</b>	<b>\$ 45,556,099</b>	<b>\$ 52,476,637</b>	<b>\$ 51,766,189</b>	<b>-\$ 710,448</b>	<b>-1.4%</b>

Note: The fiscal 2014 appropriation does not include deficiencies or cost containment. The fiscal 2015 allowance does not include back of the bill or contingent reductions.

**Fiscal Summary  
DHMH – Administration**

<u>Program/Unit</u>	<u>FY 13 Actual</u>	<u>FY 14 Wrk Approp</u>	<u>FY 15 Allowance</u>	<u>Change</u>	<u>FY 14 - FY 15 % Change</u>
01 Executive Direction	\$ 13,106,676	\$ 14,185,701	\$ 14,485,241	\$ 299,540	2.1%
02 Financial Management Administration	30,525,137	35,240,055	34,128,692	-1,111,363	-3.2%
08 Major IT Projects	0	798,843	808,050	9,207	1.2%
01 Dep. Sec. for Behavioral Health and Disabilities	1,924,286	2,252,038	2,344,206	92,168	4.1%
<b>Total Expenditures</b>	<b>\$ 45,556,099</b>	<b>\$ 52,476,637</b>	<b>\$ 51,766,189</b>	<b>-\$ 710,448</b>	<b>-1.4%</b>
General Fund	\$ 23,853,128	\$ 27,752,096	\$ 26,651,778	-\$ 1,100,318	-4.0%
Special Fund	119,156	364,000	575,000	211,000	58.0%
Federal Fund	14,325,242	16,375,818	16,132,326	-243,492	-1.5%
<b>Total Appropriations</b>	<b>\$ 38,297,526</b>	<b>\$ 44,491,914</b>	<b>\$ 43,359,104</b>	<b>-\$ 1,132,810</b>	<b>-2.5%</b>
Reimbursable Fund	\$ 7,258,573	\$ 7,984,723	\$ 8,407,085	\$ 422,362	5.3%
<b>Total Funds</b>	<b>\$ 45,556,099</b>	<b>\$ 52,476,637</b>	<b>\$ 51,766,189</b>	<b>-\$ 710,448</b>	<b>-1.4%</b>

Note: The fiscal 2014 appropriation does not include deficiencies or cost containment. The fiscal 2015 allowance does not include back of the bill or contingent reductions.