

**DHHS Response to Question from the Fiscal Research Division
January 3, 2012-- Meeting of the Interim House Appropriations Subcommittee on HHS**

Presenter: Jim Slate, Director, DHHS Office of Budget and Analysis

Narrative

FRD Question: \$7.6 M Positions and Operations Reductions:
Provide the detail plan for the positions and operations reduction of \$7.6M.

DHHS Response:

The attached plan is presented by Division in four categories:

- Position Eliminations
- Operating Reductions
- University Contract Reductions
- Health Choice Reductions.

These reductions are summarized by category at the end of the worksheet.

FRD Question: Present the impact of this reduction.

DHHS Response:

Impacts of these reductions taken can be summarized by two broad activities within these four categories:

- efforts to streamline and or consolidate administrative functions to achieve efficiencies (75% of all reductions) and
- actions that will have direct implications on service delivery (25% of all reductions).

Position Eliminations

\$1.4M (45%) of the \$3M in position eliminations were achieved through efforts to consolidate and reorganize responsibilities, streamline management and redirecting the utilization of grant funding. The remaining \$1.6M (55%) in position eliminations will limit availability and access to certain services and effect our ability to provide mandatory training.

Operating Reductions

These reductions totaling \$1.8M have been achieved through operating efficiencies, however these reductions will limit our ability to respond to end of life equipment replacement needs and other unforeseen budgetary challenges.

University Contract Reductions

University savings of \$1.1M were achieved through targeting available resources more efficiently and redirecting grant revenues.

Health Choice Reductions

The \$1.6M reduction was achieved through moving the administration of the program from the state health plan to the Department.