

JOINT LEGISLATIVE OVERSIGHT COMMITTEE
ON HEALTH AND HUMAN SERVICES

NC Department of Health and Human Services

Financial Update

Kody H. Kinsley
Secretary

October 11, 2022

Mitigating DHHS Budget Pressures

- **With respect to the overall DHHS budget, long standing budget shortfalls were partially mitigated with appropriations in SL 2021 -180 and SL 2022-74 including:**
 - **Funding to mitigate chronic receipt shortfalls in the state operated healthcare facilities.**
 - **Funding to address a long standing receipt shortfall in the information technology budget.**
 - **Funding was added for SFY 22-23 to fund positions in the Office of Chief Medical Examiner to support increased caseloads.**
 - **1% of appropriated salaries to support targeted labor market salary adjustments Departmentwide.**
- **As was the case for SFY 21-22, we anticipate being able to manage any remaining shortfalls Departmentwide by managing resources within the existing DHHS budget.**

Funding to Supporting DHHS FEMA Projects

- **DHHS continues to actively pursue FEMA reimbursements for eligible COVID related costs in order to maximize and extend support for services across North Carolina.**
- **In SL 2022-74, \$125M in funds were made available to DHHS from the State Emergency Response and Disaster Relief Fund (SERDRF) to support cashflow and to cover costs pending FEMA reimbursement. These funds will be returned to the SERDRF pending final reimbursements from FEMA.**
- **Key services supported by FEMA include:**
 - **Statewide Community COVID Testing.**
 - **Statewide Community Vaccination Sites and other related supports.**
 - **COVID Communications Initiatives.**

DHHS COVID Funding

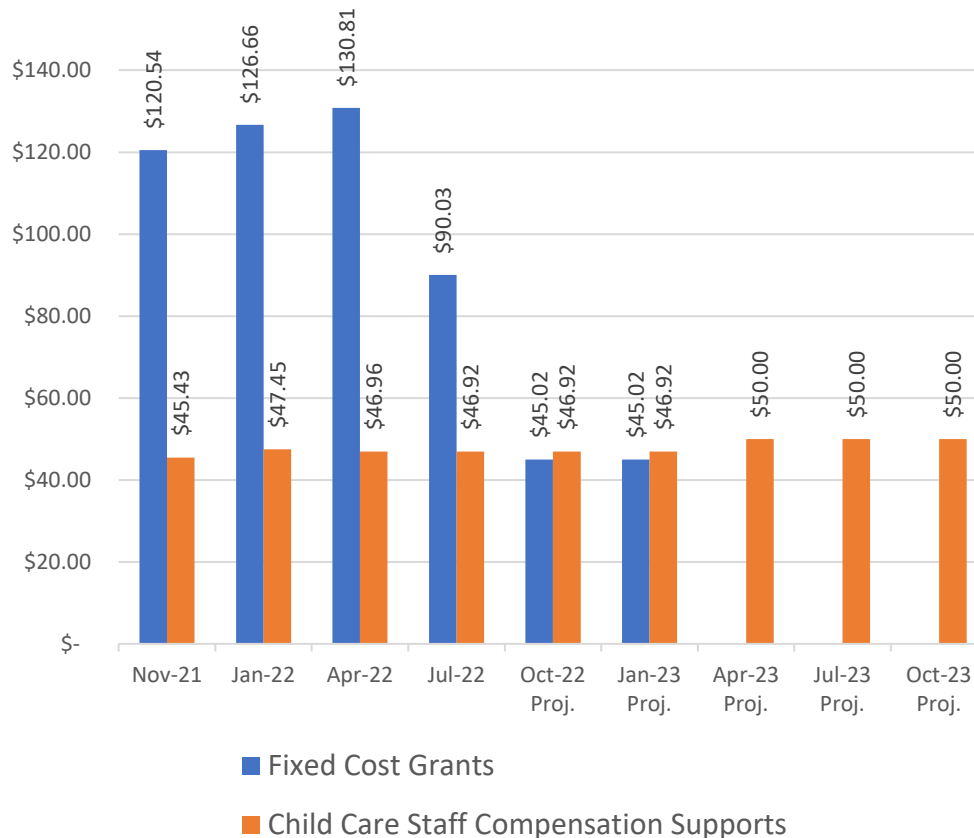
- **DHHS continues to administer funding for programs and supports with use of the 100+ federal funding streams and allocations that North Carolina has been awarded to address needs specific to the COVID response and recovery.**
- **End dates for these awards range from those that have already closed out to those that will extend through 2025.**
- **Key areas that have been or continue to be addressed include:**
 - **COVID contact tracing, testing including dedicated funds for school age children; and related supports.**
 - **Support for statewide immunization enhancement.**
 - **Enhanced public health emergency preparedness, lab capacity and the public health workforce.**
 - **Prevention and control of infectious diseases.**
 - **Support for behavioral health and substance use services.**

DHHS COVID Funding (continued)

- **Key areas that have been or continue to be addressed include:**
 - **Support for childcare providers and families with young children including child care stabilization grants, child care teacher supplements and increased funding for child care services for low-income working families.**
 - **Support for healthcare providers including enhanced Medicaid rates paid to skilled nursing facilities and personal care services providers.**
 - **Services for older adults including home delivered and congregate meals.**
 - **Energy assistance for low-income families.**
 - **Other supports for families at risk impacted by the pandemic.**
- **DHHS is reviewing all services currently supported with COVID funding to examine and identify where ongoing needs may remain as these funds are set to spend out.**

Pandemic Support for Early Care and Learning

**Financial Supports for ECE
November 2021 to Projected through
October 2023
(All \$ in Millions)**



To assure the ongoing stability of early childhood education (ECE) impacted during the pandemic, stabilization grants were awarded to 4,274 licensed child care programs.

Additionally, funds to support supplemental pay for ECE teachers and other staff have been paid to over 47,000 employees in these facilities.

These supports to ECE operations helped to minimize impacts to programs, families, and for the employers who indirectly rely on the early care and learning network to support the local work force. Throughout this period, there was only a 3% decline in number of programs (Oct-21 to Aug-22).

These supports will be sunsetting over the coming months (stabilization grants in Jan-23 and teacher supplemental pay in Oct-23).

SFY 22-23 DHHS Directed\Competitive Grants

Total Count and Amount of State Directed Grants

Budget	#	Amount		
		SFY 2021-22	SFY 2022-23	Total
2021 Appropriations Act (S.L. 2021-180, S.L. 2022-6*)	65	\$20,753,762	\$8,378,075	\$29,131,837
2022 Appropriations Act (S.L. 2022-74)	37		\$17,481,272	\$17,481,272
Total	102	\$20,753,762	\$25,859,347	\$46,613,109

- **Pending receipt of contract documents from the recipients, we are on pace to have all initial disbursements made by the 100-day deadline in law (October 19, 2022), with one exception where we are working to address an issue requiring a technical correction.**
- **Further, of the 65 directed grants from 2021-22:**
 - **13 received second year funding**
 - **All of these have till the end of the current year to expend; and only 12 have expended all funds**
- **Additionally, DHHS has awarded 21 Competitive Grant contracts to nonprofits and 6 directed grants under SL 2021-180, Sect. 9B.9.(e).**

Update on Waitlists for Services

Innovations Waiver

- **15,689** – Number of consumers on the Registry of Unmet Need

Community Alternatives Program for Disabled Adults (CAP/DA)

- **488** individuals are now waiting for CAP/DA services

Childcare Subsidy

- **6,000** individuals on NC Child Care Subsidy Statewide waitlist

State Facilities

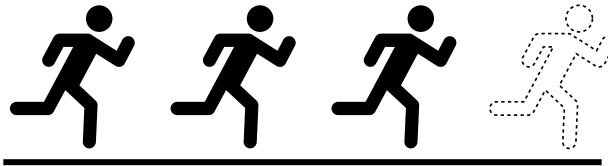
- **472** individuals on waitlists to enter state facilities as of September 27, 2022
- **248** individuals on waitlists to enter *State Psychiatric Hospitals* as of September 27, 2022

DHHS Workforce Challenges

DHHS Vacancy Rate

March 2020

12.7%



July 2022

23.2%

Vacancy Rates in State Facilities:

- **Healthcare Tech** **30%**
 - 1,358 vacancies
- **Psychologist** **42%**
 - 46 vacancies
- **Clinical Social Worker** **44%**
 - 68 vacancies
- **Registered Nurse** **44%**
 - 411 vacancies

***Amount spent on Contract staff
in State facilities***

\$65 million

DHHS Workforce Challenges

DHHS Annual Turnover Rate

March 2020

22.6%



July 2022

34%

Turnover in State Facilities:

- **Wright School**

28%



- **Average**

45%



- **Black Mountain NMTC**

72%

Turnover in DHSR:

- **Nurses**

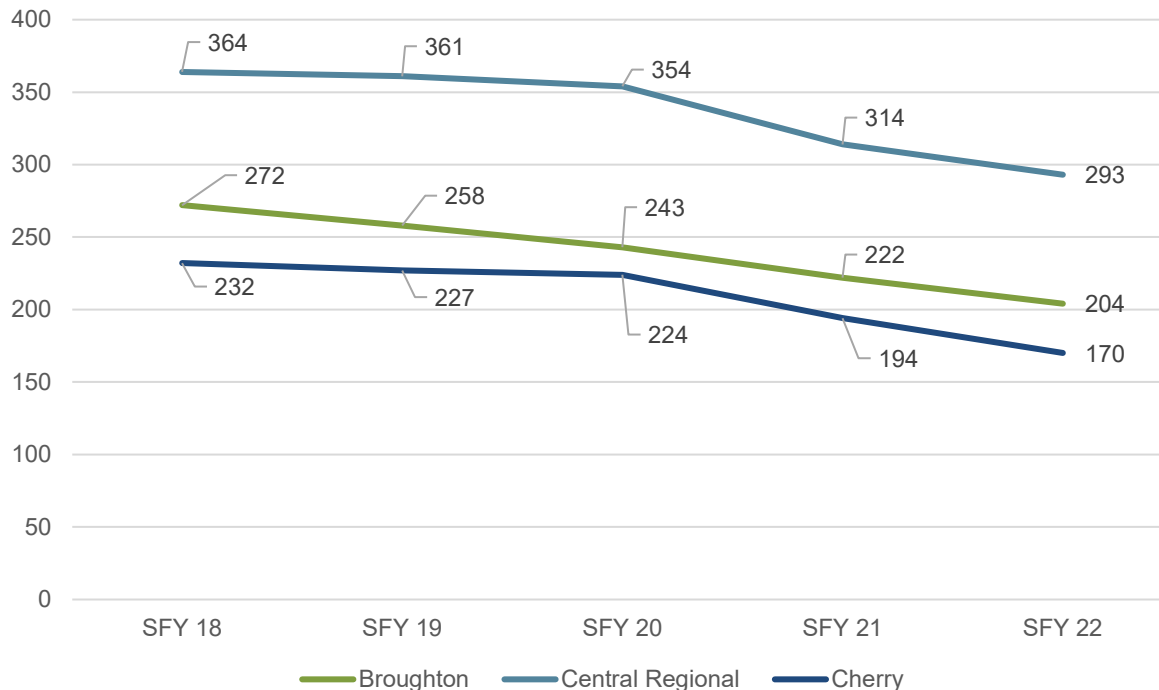
55%+

Impacts

As Vacancy rates and Turnover rates have increased...

- Waitlists have **increased**
- Time on waitlist has **increased**
- Need for services has **increased**
- Number of people served has **decreased**

State Psych Hospitals Average Monthly Census
Last 5 Fiscal Years



Number of People Served in State Facilities

8,423 in SFY 19

6,066 in SFY 22

2,341 fewer people served

↓ 28% decrease