FISCAL YEAR 2023-2024

ANALYSIS OF THE NEW JERSEY BUDGET

DEPARTMENT OF HUMAN SERVICES

Prepared by the

NEW JERSEY LEGISLATURE

OFFICE OF LEGISLATIVE SERVICES

April 2023

NEW JERSEY STATE LEGISLATURE

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DEPARTMENT OF HUMAN SERVICES

Budget Pages .... C-5; C-12; C-20; D-179 to D-236; G-4; H-11

Fiscal Summary ($000)

	Expended FY 2022	Adjusted Appropriation FY 2023	Recommended FY 2024	Percentage Change 2023-24
State Budgeted	$7,040,291	$8,307,958	$8,993,828	8.3%
Federal Funds	14,668,906	14,659,078	15,272,624	4.2%
All Other Funds	2,197,819	2,542,072	2,806,153	10.4%
Grand Total	$23,907,016	$25,509,108	$27,072,605	6.1%

Personnel Summary - Positions By Funding Source

	Actual FY 2022	Revised FY 2023	Funded FY 2024	Percentage Change 2023-24
State	3,330	3,296	3,400	3.2%
Federal	2,772	2,539	2,568	1.1%
All Other	50	47	59	25.5%
Total Positions	6,152	5,882	6,027	2.5%

FY 2022 (as of December) and revised FY 2023 (as of January) personnel data reflect actual payroll counts. FY 2024 data reflect the number of positions funded.

Link to Website: https://www.njleg.state.nj.us/budget-finance/governors-budget

Highlights

- The Governor's FY 2024 Budget provides $27.07 billion to the Department of Human Services, an increase of $1.56 billion (6.1 percent) over FY 2023. State funding is expected to grow by $685.9 million (8.3 percent), federal funding by $613.4 million (4.2 percent), and funding from All Other Funds by $264.1 million (10.4 percent).

- The largest recommended changes in Department of Human Services appropriations in FY 2024 are not related to proposed State policy changes or trends in program participation or costs. Instead, the main drivers reflect the unwinding of federal policies enacted in response to the COVID-19 pandemic that result in significant cost shifts between State, federal, and all other funds in FY 2024.

- Pursuant to the federal Families First Coronavirus Response Act of 2020, the State has received over $3.57 billion in enhanced federal cost reimbursements under Medicaid and the Children's Health Insurance Program, from FY 2020 through FY 2023. Starting in April 2023, under the federal Consolidated Appropriations Act of 2023, the enhanced cost reimbursements (6.2 percent for Medicaid and 4.34 percent for the Children's Health Insurance Program) will phase out until they expire at the end of calendar year 2023. Accordingly, the Governor's FY 2024 Budget recommends increasing State funds appropriations for NJ FamilyCare by $116.0 million to replace federal funds anticipated not to recur due to the gradual expiration of the increased federal matching percentage. The total increase grows to $781.2 million after factoring in the additional $665.2 million in FY 2023 State appropriations the Executive intends to return to the General Fund at the end of the current fiscal year due to the receipt of enhanced federal cost reimbursements no anticipated in the FY 2023 Appropriations Act.

- The Department of Human Services includes five major divisions with annual budgets over $200 million, each of which is summarized below. The department also includes four divisions whose recommended budgets for FY 2024 are relatively small: the Division of Disability Services, the Commission for the Blind and Visually Impaired, the Division of the Deaf and Hard of Hearing, and the Division of Management and Budget.

Division of Medical Assistance and Health Services

The Division of Medical Assistance and Health Services is primarily responsible for NJ FamilyCare. The program provides health care coverage to low-income New Jersey residents and children living in low- and moderate-income households with support from the federal Medicaid program and the Children's Health Insurance Program.

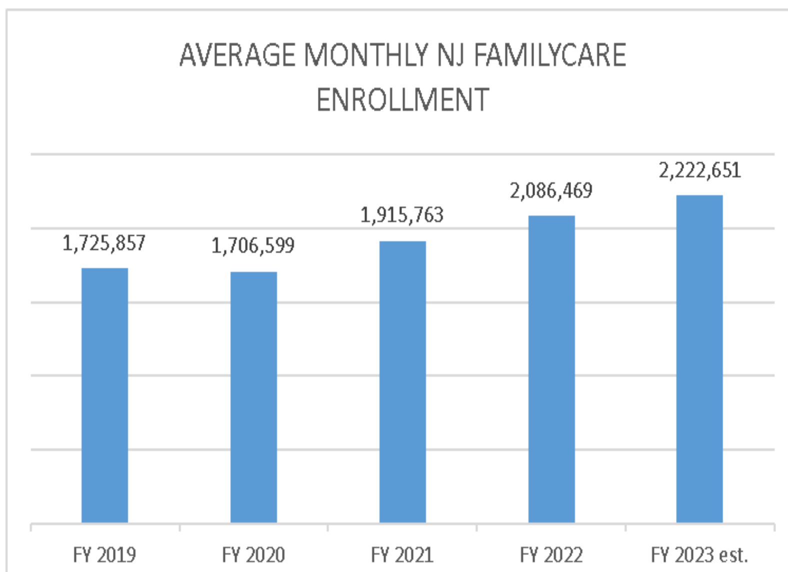
- The Governor's FY 2024 Budget recommends a net increase of $1.07 billion (5.5 percent) in gross funding for the division, to a total of $20.52 billion. State appropriations are to increase by $377.8 million (6.9 percent) to $5.85 billion; federal funds to increase by $436.9 million (3.8 percent) to $12.03 billion; and other funds, in the form of Medicaid drug manufacturer rebates, certain health care provider assessments, and other dedicated fund payments for Medicaid/NJ FamilyCare, to increase by $260.0 million (10.9 percent) to $2.64 billion.

Highlights (Cont'd)

- Comparisons of FY 2023 adjusted appropriations to recommended FY 2024 NJ FamilyCare/Medicaid appropriations are of limited informative value. That is because the FY 2023 adjusted appropriations do not reflect the actual amount of enhanced federal Medicaid matching funds received in that fiscal year, as the FY 2023 Appropriations Act anticipated only one quarter of enhanced federal cost reimbursements. In actuality, the enhanced matching percentages were available in full for three quarters in FY 2023 and at reduced rates in the last quarter. As a result, the Executive anticipates returning $536.7 million in unneeded FY 2023 NJ FamilyCare/Medicaid appropriations to the State General Fund at the end of the current fiscal year. Additional amounts are anticipated to be returned to the General Fund in other Department of Human Services, Department of Children and Families, and Department of Health divisions whose operations are supported by the federal Medicaid program. The table above shows expenditure projections for the program, rather than appropriations.

Medicaid and CHIP Coverage Expenditures (in $ Million)				
FY	**Total**	**Federal Funds**	**State General Fund**	**Other Funds**
2019	$12,610	$7,999	$4,336	$575
2020	$13,057	$8,182	$4,251	$625
2021	$14,365	$9,473	$4,076	$816
2022	$15,870	$10,541	$4,509	$820
2023 est.	$16,757	$11,148	$4,454	$1,155
2024 est.	$18,701	$11,793	$5,777	$1,132

- The net State funds increase of $377.8 million for the division in FY 2024 is composed of $754.9 million in growth and $377.1 million in reductions. Of the proposed increase, 51.9 percent or $391.7 million is due to anticipated NJ FamilyCare enrollment changes over the pre-pandemic baseline. Enrollment has increased each month, for a total of 570,000 additional beneficiaries, since the onset of the pandemic in March 2020 due to the suspension of eligibility terminations, which is a condition of the receipt of the enhanced federal Medicaid matching percentage during the federal public health emergency. As of February 2023, NJ Family Care enrollment is at 2.3 million. With the resumption of eligibility determinations on April 1, 2023, enrollment will continuously fall through the end of FY 2024. Not all newly ineligible NJ FamilyCare enrollees would lose their coverage on April 1, 2023. The department anticipates that NJ FamilyCare will initiate 186,000 renewals each month of a federally required 12-month period. As a result, enrollment will remain elevated due to federal COVID-19 policies for most of FY 2024.



Highlights (Cont'd)

- The Governor anticipates two sources to offset division State funds appropriations in FY 2024. First, the Executive recommends the additional use of $248.0 million in Health Care Subsidy Fund balances to pay for NJ FamilyCare expenditures, relative to the original FY 2023 appropriation. Second, the Governor recommends shifting a net $69.4 million in expenditures for home and community-based services from State to federal funds. The federal American Rescue Plan Act of 2021 temporarily enhanced, from April 1, 2021 to March 31, 2022, the federal matching rate for Medicaid home and community-based services by 10 percentage points. The State is required to use the additional federal funds to improve, expand, or strengthen Medicaid home and community-based services.

- The Governor's FY 2024 Budget anticipates a $272.8 million increase in dedicated, off-budget revenues that support the NJ FamilyCare program due to five additional counties participating in the County Option Hospital Fee program in FY 2024. Established pursuant to P.L.2022, c.61, the program allows twelve counties that meet certain criteria to enact a local hospital fee program in their jurisdiction for the purposes of (1) increasing Medicaid payments to hospitals by securing additional federal funding through the NJ FamilyCare Program; and (2) providing participating counties with new fiscal resources.

- The Executive recommends a $104.9 million increase in State appropriations attributable to the shift from federal to State appropriations following the gradual elimination of the enhanced federal Medicaid matching percentage rates through the end of calendar year.

- The Governor recommends a net increase of $76.6 million to support Medicare costs charged to the Medicaid program for dually eligible beneficiaries, excluding increased State appropriations due to the shift of program expenditures from federal to State funds.

- The Executive proposes a $36.0 million State appropriation increase to implement expanded eligibility criteria for the NJ Workability Program, as required under P.L.2021, c.344.

- The Governor's FY 2024 Budget recommends a $27.2 million State appropriation increase to implement the new policy components included in the State's recently renewed NJ FamilyCare Demonstration, which guides the operation of New Jersey's Medicaid program and Children's Health Insurance Program.

- The Executive recommends a $15.0 million increase in State funds to implement P.L.2020, c.89, which requires that the minimum wage for long-term care facility direct care staff members be $3 higher than the prevailing minimum wage - or $17.13 per hour as of January 1, 2023 and at least $18.00 per hour as of January 1, 2024.

- The Governor proposes a $14.1 million increase to support the Cover All Kids Initiative. The aim of this initiative is to provide health insurance to the State's uncovered children. Phase I of the initiative sought to enroll children in NJ FamilyCare who were uninsured but met eligibility requirements. In January 2023, Phase II expanded NJ FamilyCare coverage to children who were previously ineligible solely due to immigration status.

Highlights (Cont'd)

Division of Mental Health and Addiction Services

The Division of Mental Health and Addiction Services oversees New Jersey's adult system of community-based behavioral health, mental health, and substance use disorder services.

- The Governor's FY 2024 Budget recommends a net increase of $37.5 million (4.6 percent) in gross funding for the division, to a total of $857.1 million. Virtually the entirety of this increase is in State appropriations, which are proposed to grow by $37.3 million to $655.4 million.

- The Governor proposes increasing the division's State funds appropriations by $20.7 million to provide a wage increase of approximately $1 per hour for employees of mental health and substance use disorder providers.

- The Governor recommends increasing the appropriation for State-billable patients who are cared for in county psychiatric hospitals by $13.0 million to $135.7 million in FY 2024. The increase in rates is formula-driven, as more current expenditure data are used in determining reimbursement rates to county psychiatric hospitals.

Division of Aging Services

The Division of Aging Services budget funds numerous programs for senior citizens and certain residents with disabilities. These include the State-funded pharmaceutical assistance programs and several other programs intended to allow seniors to stay in their homes and avoid institutional placement, such as home-delivered meals, transportation, and housekeeping services. The division also provides State Aid to counties for the operations of the County Offices on Aging and the State share of the federal Older Americans Act.

- The Governor's FY 2024 Budget recommends $288.7 million in gross appropriations for the division, an increase of $19.2 million (7.1 percent) from the FY 2023 adjusted appropriation, which is comprised of $15.8 million in State funds and $3.3 million from other dedicated revenues. Anticipated federal funds are to remain at FY 2023 levels.

- The Governor recommends a $8.9 million increase for the Community Based Senior Programs account, of which $7.1 million is attributed to an increase in the number of weekly home health aide hours and in the case management reimbursement rate provided under the Jersey Assistance for Community Caregiving and the Statewide Respite Care programs. The remainder, or $1.8 million, is due a shift from enhanced federal Medicaid funding received under the American Rescue Plan Act for home and community-based services to State funding.

- The Executive proposes a $7.6 million increase across the Pharmaceutical Assistance to the Aged and Disabled (PAAD) Program, of which $6.3 million is due to the continuing trend of enrollment growth. The remainder, or 1.3 million, is due to the shift of approximately 1,520 enrollees from the Senior Gold Prescription Discount Program to

Highlights (Cont'd)

PAAD following the proposed implementation of a $10,000 increase to the income thresholds under each program on January 1, 2024.

- Executive estimates FY 2024 manufacturer drug rebates will increase by $3.3 million, from $47.3 million in FY 2023 to $50.6 million in FY 2024. These revenues are used to offset the cost of the Pharmaceutical Assistance for the Aged and Disabled program and the Senior Gold Prescription Discount Program.

Division of Developmental Disabilities

The Division of Developmental Disabilities funds a broad range of community-based residential care services, individual and family support services, and day programs for individuals with developmental disabilities. The division also operates the State's five residential developmental centers for individuals with developmental disabilities.

- Gross funding for the five State developmental centers is recommended to increase by $9.3 million (3.0 percent), to $314.6 million, composed of $2.6 million in State funds (3.0 percent) and $6.7 million (3.0 percent) in federal funds. The State increase reflects a shift from federal to State funds as a result of the phased out expiration over calendar year 2023 of the enhanced Medicaid matching funds that have been available during the federal COVID-19 public health emergency.

- The Governor proposes gross funding for the division's Community Programs of $2.87 billion in FY 2024, $312.7 million (12.2 percent) more than in FY 2023, including: $1.43 billion in State appropriations (an increase of $178.4 million or 14.2 percent); $1.43 billion in federal funds (growth of $134.3 million or 10.4 percent); and $4.7 million from All Other Funds (consistent with FY 2023 levels).

- The Division of Developmental Disabilities administers two Medicaid waiver programs, the Community Care Program and the Supports Program. The Governor's FY 2024 Budget recommends appropriating an additional $61.2 million in State funds due to anticipated growth in FY 2024 cost and utilization projections across these programs.

- The Executive recommends appropriating an additional $41.7 million in State funds for the Community Care Program and Supports Program due to higher service provider employee compensation expenditures for direct service professionals and their supervisors because of the State minimum wage rising to $14.13 per hour on January 1, 2023 and at least $15.00 per hour on January 1, 2024.

- The Governor proposes appropriation growth due to rate increases within the division in FY 2024: 1) $36.0 million to fund a three-percent rate increase for fee-for-service providers across the division; and 2) $5.0 million to fund a 10 percent increase for rental rates under the Supportive Housing Connection Program.

- The Executive recommends an increase of $29.8 million to shift expenditures previously charged to certain enhanced Medicaid matching funds received by the division as COVID-19 assistance to State funds: $21.4 million received under the American Rescue

Highlights (Cont'd)

Plan Act for home and community-based services; and $8.4 million received under the Families First Coronavirus Response Act of 2020 for all Medicaid services.

- The Governor proposes an additional $5.0 million appropriation to redevelop emergency bed contracts with residential group homes, which would include a zero rejection policy in which no new client is declined services due to capacity limitations.

Division of Family Development

The Division of Family Development provides various support services and types of assistance to financially insecure families and adults without dependents. In cooperation with county welfare agencies, the division provides nutrition assistance, temporary cash assistance, rental and emergency housing assistance, child care subsidies, and other support services to its client population. These programs include the federal Supplemental Nutrition Assistance Program (SNAP), the Temporary Assistance for Needy Families (TANF) block grant, and the Child Care and Development Block Grant.

- Funding for the division is recommended to increase by $113.5 million (5.9 percent), to $2.04 billion (gross). Of this increase, $80.1 million represents State funds appropriation growth and $33.4 million represents federal funds appropriation growth. Other dedicated revenues are to remain at FY 2023 levels.

- The Governor's FY 2024 Budget includes an additional $113.2 million in State funds appropriations for Work First New Jersey Child Care composed of the following changes: $100.0 million due to growth in enrollment and the cost of services related to child care; $12.8 million to compensate providers for higher expenditures due to the January 1, 2023 and January 1, 2024 increases in the State minimum wage; and $400,000 for training costs associated with preschool expansion.

- The Governor's Budget recommends new budget language authorizing the Executive to effect supplemental appropriations of unspecified, unlimited amounts for the Work First New Jersey Child Care program in the course of the fiscal year and without additional legislative approval. Child care subsidy payments for eligible families have increased sharply in recent fiscal years in significant part due to higher provider rates.

Child Care Payments for Eligible Families

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023 est.	FY 2024 est.
Number of Average Monthly Children	58,716	60,409	61,123	48,794	45,589	54,777	56,717
Total Expenditures (All Funding Sources, in $ Million)	$292.9	$317.9	$376.6	$469.3	$517.9	$709.6	$773.8
Annual Expenditure per Child	$4,988	$5,263	$6,161	$9,617	$11,361	$12,955	$13,643

- The Executive recommends funding a supplement monthly benefit under the Supplemental Nutrition Assistance Program (SNAP) such that the State provides each SNAP household with the difference between $95 and the federal benefit if the federal monthly benefit is less than $95. P.L.2023. c.13 authorized the supplemental benefit,

Highlights (Cont'd)

which was first paid in March 2023. According to the Office of Management and Budget, some $31.6 million will be needed in FY 2024 to pay for the minimum benefit. Of that total, a recommended FY 2024 appropriation would cover $24.1 million and the remaining $7.5 million would be carried forward into FY 2024 from the $18.0 million appropriation for the supplemental benefit in the current fiscal year.

- The Governor recommends a $20.9 million decline across the General Assistance accounts, which would adjust the appropriations to align with projected expenditure needs in FY 2024.

- The Executive does not propose renewing a $20.0 million FY 2023 appropriation for the Thriving By Three Act Grant Program designed to expand infant and toddler child care seats in the State; however, the FY 2024 Governor's Budget recommends carryforward authority for the program account so that any unexpended FY 2023 balances be available for the same purposes in FY 2024.

Background Papers:

Fiscal and Personnel Summary

AGENCY FUNDING BY SOURCE OF FUNDS ($000)

	Expended FY 2022	Adj. Approp. FY 2023	Recom. FY 2024	Percentage Change 2022-24	Percentage Change 2023-24
General Fund					
Direct State Services	$288,091	$314,341	$316,601	9.9%	0.7%
Grants-In-Aid	5,856,550	7,039,282	7,661,945	30.8%	8.8%
State Aid	190,217	246,855	233,232	22.6%	(5.5%)
Capital Construction	1,239	0	0	(100%)	----
Debt Service	0	0	0	----	----
Sub-Total	**$6,336,097**	**$7,600,478**	**$8,211,778**	**29.6%**	**8.0%**
Property Tax Relief Fund					
Direct State Services	$0	$0	$0	----	----
Grants-In-Aid	2,336	4,000	4,000	71.2%	0.0%
State Aid	243,650	241,200	254,200	4.3%	5.4%
Sub-Total	**$245,986**	**$245,200**	**$258,200**	**5.0%**	**5.3%**
Casino Revenue Fund	$458,208	$462,280	$523,850	14.3%	13.3%
Casino Control Fund	$0	$0	$0	----	----
State Total	**$7,040,291**	**$8,307,958**	**$8,993,828**	**27.7%**	**8.3%**
Federal Funds	$14,668,906	$14,659,078	$15,272,624	4.1%	4.2%
Other Funds	$2,197,819	$2,542,072	$2,806,153	27.7%	10.4%
Grand Total	**$23,907,016**	**$25,509,108**	**$27,072,605**	**13.2%**	**6.1%**

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 2022	Revised FY 2023	Funded FY 2024	Percentage Change 2022-24	Percentage Change 2023-24
State	3,330	3,296	3,400	2.1%	3.2%
Federal	2,772	2,539	2,568	(7.4%)	1.1%
All Other	50	47	59	18.0%	25.5%
Total Positions	**6,152**	**5,882**	**6,027**	**(2.0%)**	**2.5%**

FY 2022 (as of December) and revised FY 2023 (as of January) personnel data reflect actual payroll counts. FY 2024 data reflect the number of positions funded.

AFFIRMATIVE ACTION DATA

Total Minority Percentage	56.7%	59.0%	N/A	----	----

Significant Changes/New Programs ($000)

DIVISION OF MENTAL HEALTH AND ADDICTION SERVICES

General Fund, Direct State Services Special Purpose: Partnership for a Drug Free New Jersey					Budget Page: D-187	
FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.		Change FY 2023 – FY 2024	
$0	$0	$0	$1,000		$1,000	----

The Governor recommends shifting the funding source for the recurring $1.0 million grant for the Partnership for a Drug Free New Jersey from the off-budget, dedicated Drug Enforcement and Demand Reduction Fund to the General Fund. The Drug Enforcement and Demand Reduction Fund receives its revenue from fines levied on convicted drug users and sellers. With the legalization of recreational marijuana, revenue deposited into the fund has declined sharply in recent years. As a result, fund resources have become insufficient to support the long-standing appropriations from the fund. In FY 2024, the Executive therefore recommends bringing Drug Enforcement and Demand Reduction Fund revenue collections on-budget; while newly shifting, or continuing prior shifts of, the associated appropriations to the General Fund.

General Fund, Grants-in-Aid Community Care					Budget Page: D-187	
FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.		Change FY 2023 – FY 2024	
$266,074	$279,816	$358,511	$377,957		$19,446	5.4%

This account funds contracts with community mental health agencies to provide an array of mental health services, with a focus on assisting individuals discharged or diverted from the State's psychiatric hospitals. In FY 2024, the department estimates that the account will serve 270,538 clients, an increase of 150 clients from revised FY 2023 levels.

The recommended growth in the General Fund appropriation for Community Care has two components. First, a $16.8 million increase is attributable to wage rate growth of approximately $1 per hour for mental health and substance use disorder providers. According to the Office of Management and Budget, the exact increase would vary by service.

Second, a $2.7 million increase is recommended to support additional Olmstead placements. The State has engaged in long-term efforts to reduce the number of institutionalized individuals with mental health challenges pursuant to the U.S. Supreme Court's decision in Olmstead v. L.C., 527 U.S. 581 (1999), which requires that individuals with mental illness receive services in the least restrictive appropriate environment.

The $358.5 million FY 2023 appropriation, however, exceeds current expenditure projections. The Office of Management and Budget intends to lapse $10.0 million in surplus appropriations

Significant Changes/New Programs ($000) (Cont'd)

from this account into the General Fund at the end of FY 2023. Accordingly, the proposed FY 2024 funding reflects a $29.4 million increase from projected FY 2023 spending needs.

According to the Office of Management and Budget, the extra $10.0 million in FY 2024 funding growth attributed to the non-inclusion of the anticipated lapse in the adjusted FY 2023 appropriation will be used to increase rates for rental assistance in order to reflect Fair Market Rent. Nationally, Fair Market Rents, as estimated by the United States Department of Housing and Urban Development, grew by an average of approximately 10 percent in federal FY 2023.

General Fund, Grants-in-Aid Mental Health Provider Safety Net					Budget Page: D-187	
FY 2021 Expended	**FY 2022 Expended**	**FY 2023 Adj. Approp.**	**FY 2024 Recomm.**		**Change FY 2023 – FY 2024**	
$406	**$398**	**$500**	**$0**		**($500)**	**(100.0%)**

In FY 2024, the Executive proposes folding the $500,000 appropriation, and corresponding budget language, for the Mental Health Safety Net account into other grants-in-aid appropriations for mental health and substance use treatment services. According to the Office of Management and Budget, the proposed approximate $1 per hour increase in wage rates in FY 2024 would include a Mental Health Safety Net component. Overall, the Executive recommends a $20.7 million increase in FY 2024 appropriations across the Division of Mental Health and Addiction Services to support this wage initiative.

Following the division's transition to the Mental Health Fee-for-Service Program in January 2017, the Mental Health Safety Net account provided payments to fee-for-service providers of mental health and substance use treatment programs that had once been paid via deficit-funded contracts.

General Fund, Grants-in-Aid Preferred Behavioral Health Group – Prevention First Operating Costs					Budget Page: D-187	
FY 2021 Expended	**FY 2022 Expended**	**FY 2023 Adj. Approp.**	**FY 2024 Recomm.**		**Change FY 2023 – FY 2024**	
$0	**$0**	**$0**	**$50**		**$50**	**----**

The Governor proposes a new $50,000 appropriation to support operating costs of Prevention First programs administered by Preferred Behavioral Health, located in Monmouth and Ocean counties. The behavioral health programs target youth and their families and cover a wide array of topics, such substance use, violence, healthy relationships, school and social failure, harassment, and intimidation and bullying.

Significant Changes/New Programs ($000) (Cont'd)

General Fund, Grant-in-Aid Community-Based Substance Use Disorder Treatment and Prevention – State Share				Budget Page: D-188	
FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.	Change FY 2023 – FY 2024	
$16,601	$9,757	$32,276	$35,729	$3,453	10.7%

The Community-Based Substance Use Disorder Treatment and Prevention – State Share appropriation, in combination with the federal Substance Abuse Block Grant, supports a wide variety of programs to prevent and treat substance use disorders that are not covered by the NJ FamilyCare (Medicaid) program. This account in particular funds the State's maintenance of effort requirement to match the federal grant.

All but $100,000 of the proposed growth is due to an increase in wage rates of approximately $1 per hour for mental health and substance use disorder providers. According to the Office of Management and Budget, the exact increase would vary by service.

The residual $100,000 of the proposed appropriation increase, along with corresponding budget language, would raise from $150,000 in FY 2023 to $250,000 in FY 2024 the appropriation for New Beginnings Behavioral Health. According to the Office of Management and Budget, this increase would support Camp Cedar Knolls, a 45-acre camp in Millville that New Beginnings operates as a 150-bed long-term drug and alcohol treatment center. New Beginnings Behavioral Health is a non-profit health care organization primarily located in Camden that provides support services to homeless individuals, recovery initiatives for individuals with substance use disorders, and re-entry programs for individuals exiting the prison system.

General Fund, Grants-in-Aid Mutual Agreement Parolee Rehabilitation Project for Substance Use Disorders				Budget Page: D-188	
FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.	Change FY 2023 – FY 2024	
$893	$566	$974	$1,239	$265	27.2%

The recommended growth is due to an increase in wage rates of approximately $1 per hour for mental health and substance use disorder providers. According to the Office of Management and Budget, the exact increase would vary by service.

Significant Changes/New Programs ($000) (Cont'd)

General Fund, Grants-in-Aid Tigger House Foundation – Mental Health Programs				Budget Page: D-188	
FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.	Change FY 2023 – FY 2024	
$0	$0	$0	$50	$50	----

The Executive proposes a new $50,000 appropriation in FY 2024 for mental health programs provided by the Tigger Stavola Foundation for Drug Prevention and Education. Located in Monmouth County, the non-profit organization fights addiction and spreads awareness through drug prevention and education. Foundation programs include a student alliance initiative, which addresses the opiate crisis through programs at Monmouth County high schools.

General Fund, Grants-in-Aid Mental Health Association of New Jersey				Budget Page: D-188	
FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.	Change FY 2023 – FY 2024	
$0	$0	$0	$150	$150	----

The FY 2024 Governor's Budget recommends a new $150,000 appropriation for the Mental Health Association in New Jersey. The Statewide non-profit organization supports mental illness and substance use disorder recovery for children and adults through advocacy, education, training, and services. Among other things, the association is a mental health first aid training resource, introducing participants to risk factors and warning signs of behavioral health disorders and to support options. The Association also administers several help lines.

Property Tax Relief Fund, State Aid Support of Patients in County Psychiatric Hospitals (PTRF)				Budget Page: D-188	
FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.	Change FY 2023 – FY 2024	
$107,269	$128,764	$122,711	$135,711	$13,000	10.6%

The Governor recommends raising the FY 2024 appropriation for State-billable patients who are cared for in county psychiatric hospitals by $13.0 million because of increased billable per diem rates. The Division of Mental Health and Addiction Services pays 85 percent of the costs for maintenance of county patients and 100 percent of the costs for maintenance of State patients in county psychiatric hospitals. The Executive expects an unchanged average daily population of 413 State-billable patients in FY 2024. Currently, four counties (Bergen, Essex, Hudson, and Union) operate county psychiatric hospitals, which primarily serve individuals who are involuntarily committed to inpatient psychiatric treatment.

Significant Changes/New Programs ($000) (Cont'd)

DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES

General Fund, Direct State Services Services Other Than Personal				Budget Page: D-195	
FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.	Change FY 2023 – FY 2024	
$18,174	$17,303	$8,589	$12,589	$4,000	46.6%

This proposed increase reflects temporary fees for project management consultants relating to the implementation of the State's recently renewed NJ FamilyCare Demonstration and the State's home and community-based spending plan for enhanced federal matching funding received under the federal American Rescue Plan Act of 2021. According to the Office of Management and Budget, the consultants would provide the necessary staff training and maintenance operations to execute these initiatives.

On March 30, 2023, the United States Centers for Medicare and Medicaid Services (CMS) approved the renewal of the NJ FamilyCare Comprehensive Demonstration for the operation of the State's Medicaid program and Children's Health Insurance Program. The new demonstration is effective until June 30, 2028 and includes several new components, such as: 12-month continuous eligibility for adults whose Medicaid eligibility is based on their Modified Adjusted Gross Income and increased coverage of certain services that address health-related social needs.

The department received an increased 10 percent federal match for Medicaid home and community-based services from April 1, 2021 until March 31, 2022. This federal funding must be expended in accordance with a State spending plan, approved by the CMS. Initiatives approved under the State's initial spending plan include: a personal care assistance rate increase; a personal preference program rate increase; an assisted living rate incentive; enhanced reimbursement for applied behavioral analysis services; intensive mobile services for youth with intellectual and developments disabilities; and a support coordinator rate increase.

General Fund, Direct State Services Special Purpose: Community Doula Directory				Budget Page: D-195	
FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.	Change FY 2023 – FY 2024	
$0	$0	$0	$450	$450	----

The Governor recommends shifting the $450,000 appropriation for a maternal infant health doula registry from the Department of Health in FY 2023 to the Department of Human Services in FY 2024. The Department of Health replied to an FY 2024 OLS Discussion Point that the responsibility for the doula directory had already been transferred because the Department of Human Services had in place a process of enrolling doulas as NJ FamilyCare providers.

Significant Changes/New Programs ($000) (Cont'd)

General Fund, Grants-in-Aid Medical Coverage					Budget Page: D-196	
FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.		Change FY 2023 – FY 2024	
A) Medical Coverage – Aged, Blind and Disabled						
$1,315,725	$1,316,018	$1,494,439	$1,538,214		$43,775	2.9%
B) Medical Coverage – Community-Based Long Term Care Recipients						
$939,909	$1,015,662	$1,247,232	$1,376,517		$129,285	10.4%
C) Medical Coverage – Nursing Home Residents						
$375,123	$411,416	$492,120	$569,895		$77,775	15.8%
D) Medical Coverage – Title XIX Parents and Children						
$256,992	$438,815	$684,754	$676,501		($8,253)	(1.2%)
E) Medical Coverage – ACA Expansion Population						
$479,069	$549,068	$552,967	$551,294		($1,673)	(0.3%)
TOTAL MEDICAL COVERAGE						
$3,366,818	$3,730,979	$4,471,512	$4,712,421		$240,909	5.4%
Less Expected FY 2023 Lapse						
		($784,589)				
TOTAL MEDICAL COVERAGE LESS EXPECTED FY 2023 LAPSE						
$3,366,818	$3,730,979	$3,686,923	$4,712,421		$1,025,498	27.8%

The Governor recommends the State funds appropriations for various Medicaid eligibility group budget lines to increase by $240.9 million to a FY 2024 total appropriation of $4.71 billion.

As indicated above, the Office of Management and Budget intends to lapse $784.6 million in surplus Medicaid appropriations into the General Fund at the end of FY 2023. Accordingly, the proposed FY 2024 State funding level reflects a $1.03 billion, or 27.8 percent, increase over anticipated FY 2023 spending needs.

The excess FY 2023 State spending authority is no longer needed as a result of the federal Families First Coronavirus Response Act. The federal law enhanced federal matching rates under the Medicaid and the Children's Health Insurance Plan (CHIP) program and temporarily suspended eligibility redeterminations during the federal COVID-19 public health emergency beginning in January 2020. The predominant part of the $784.6 million lapse reflects that the FY 2023 Appropriations Act anticipated that the federal policy would be in effect for the first quarter of the fiscal year only, when it will be in effect for the entire fiscal year, even if it begins its gradual phase-out in the last quarter of FY 2023.

The proposed $240.9 million net increase in State appropriations, excluding the anticipated lapse, is the aggregate effect of numerous countervailing changes. In total, the Governor recommends expenditure increases of $611.4 million across these line items, attributed to the following growth factors larger than $3.0 million:

Significant Changes/New Programs ($000) (Cont'd)

1) a $356.9 million increase due to anticipated NJ FamilyCare enrollment changes over the pre-pandemic baseline. Enrollment has increased each month, for a total of 570,000 additional beneficiaries, since the onset of the pandemic in March 2020 due to the suspension of eligibility terminations, which is a condition of the receipt of the enhanced federal Medicaid matching percentage during the federal public health emergency. As of February 2023, NJ FamilyCare enrollment is at 2.3 million. With the resumption of eligibility determinations on April 1, 2023, enrollment will continuously fall through the end of FY 2024. Not all newly ineligible NJ FamilyCare enrollees would lose their coverage on April 1, 2023. The department anticipates that NJ FamilyCare will initiate 186,000 renewals each month of a federally required 12-month period. As a result, enrollment will remain elevated due to federal COVID-19 policies for most of FY 2024;
2) a $82.2 million increase, attributed to a shift from federal to State funds following the gradual expiration, over the remainder of calendar year 2023, of the 6.2 percent enhancement of the federal matching percentages for State Medicaid expenditures, available during the federal public health emergency declared in response to the COVID-19 pandemic pursuant to the federal Families First Coronavirus Response Act;
3) a $36.0 million increase to implement P.L.2021, c.344, which expands eligibility for the NJ Workability program, commencing April 1, 2023. The NJ WorkAbility program offers people with disabilities who are working, and whose income would otherwise make them ineligible for Medicaid, the opportunity to pay a premium for the receipt of full Medicaid coverage. Components of the law include: the provision of twelve months of coverage after a job loss; the expansion of eligibility from those aged 16 through 64 to those 65 and older; the phase out of a spouse's income in eligibility consideration; and the elimination of the program's current asset limits, which are $20,000 for an individual and $30,000 for a couple;
4) a $27.2 million increase attributed to the implementation of the State's recently renewed NJ FamilyCare Demonstration. New components of the demonstration include: 12-month continuous eligibility for adults whose Medicaid eligibility is based on their Modified Adjusted Gross Income and the provision or increased coverage of certain services that address health-related social needs;
5) a $15.0 million increase attributed to higher long-term care facility expenditures for direct care employee compensation because of the State minimum wage for such employees rising to $17.13 per hour on January 1, 2023 and at least $18.00 per hour as of January 1, 2024;
6) a $14.1 million increase associated with the Cover All Kids Initiative, which includes the funding of the recently implemented coverage expansion in NJ FamilyCare on January 1, 2023 for children who are currently ineligible solely due to immigration status;
7) a $10.0 million increase to continue for the entirety of FY 2024 reimbursement enhancements, first provided on January 1, 2023, to general acute care hospitals rates based on the hospital's pediatric volume;
8) a $6.3 million increase due to growth in wage rates of approximately $1 per hour for mental health and substance use disorder providers; and
9) a $4.0 million increase to raise the hourly rate for Early and Periodic Screening, Diagnosis and Treatment/Private Duty Nursing services from $61 to $62 for services rendered by a registered nurse, and from $49 to $50 for services rendered by a licensed practical nurse.

The recommended increases are offset by two decreases totaling $317.4 million. First, the additional use of $248.0 million in Health Care Subsidy Fund balances to pay for NJ FamilyCare expenditures, relative to the original FY 2023 appropriation. Second, the Governor recommends

Significant Changes/New Programs ($000) (Cont'd)

a net $69.4 million shift from State to federal funds for home and community-based services. Pursuant to the federal American Rescue Plan Act of 2021, the State received a 10 percentage-point enhancement to the federal matching percentage for State Medicaid expenditures for home and community-based services from April 1, 2021 to March 31, 2022. The State is required to use the additional federal funds, by March 31, 2025, to improve, expand, or strengthen Medicaid home and community-based services. As of April 14, 2023, the State has $396.3 million unexpended in this federal account.

In total, the Executive forecasts NJ FamilyCare expenditures for all eligibility groups from all funding sources for both services and other associated costs - such as Medicare premiums, provider settlements and adjustments, and eligibility and enrollment services - to total $18.70 billion in FY 2024. This amount is $1.94 billion, or 11.6 percent, higher than anticipated $16.76 billion in expenditures for the current fiscal year.

In general, the Office of Management and Budget exercises discretion in allocating these resources to the various NJ FamilyCare budget lines. Accordingly, the projected changes in FY 2024 State NJ FamilyCare appropriations are not necessarily an accurate reflection of policy changes related to the delivery of services or program utilization experiences. In addition, recurring budget language grants the Executive substantial discretion with regard to Medicaid Medical Coverage expenditures in the mid-year execution phase of the budget. State funds appropriations to individual Grants-in-Aid budget lines in the General Medical Services program classification may be transferred to other Grants-in-Aid budget lines in the same program classification. Similar language provides transfer authority with regard to federal Medicaid funds. Another language provision grants unrestricted supplemental appropriation authority for the State-funded accounts.

General Fund, Grants-in-Aid Medicare Parts A and B					Budget Page: D-196	
FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.		Change FY 2023 – FY 2024	
$203,241	$240,888	$283,753	$291,277		$7,524	2.7%

The NJ FamilyCare program pays Medicare Part A and B premiums for Medicaid enrollees who are also enrolled in the federal Medicare program. For these individuals, Medicare is the primary payer, so dual enrollment helps to reduce State costs by shifting a portion of these costs to the federal government.

The gross FY 2024 recommended appropriation for Medicare Parts A and B premiums equals $597.6 million, consisting of $291.3 million in State funds and $306.4 million in federal funds. The total is $7.6 million less than the FY 2023 adjusted appropriations, with the federal funds decreasing by $15.2 million and the State funds increasing by $7.5 million, when compared to FY 2023 levels.

The proposed increase in the State appropriation is composed of three countervailing components. First, an increase of $5.0 million is attributed to retroactive payments under the

Significant Changes/New Programs ($000) (Cont'd)

Qualified Medicare Beneficiary program, a Medicare Savings Program that pays eligible beneficiaries Medicare Part A and B cost-sharing expenses. According to the Office of Management and Budget, approximately 7,000 individuals who were eligible for the Qualified Medicaid Beneficiary program from 2020 to 2021 were retained in the Specified Low Income Medicaid Beneficiary program, another Medicare Saving Program with less generous benefits, due to system issue limitations. This funding will reimburse those individuals for incurred out-of-pocket medical expenses.

Second, a $4.4 million increase is due to the need to replace the nonrecurrence of federal funds following the phase out of the 6.2 percentage-point enhancement in the federal Medicaid cost reimbursement rate available during the federal COVID-19 public health emergency.

These increases are offset by an anticipated $1.9 million decrease due to changes in Medicare rates. In calendar year 2023, the standard monthly premium for Medicare Part B decreased by $5.20 to $164.90, and the annual deductible for all Medicare Part B beneficiaries decreased by $7 to $226. In addition, enrollment is projected to decline following the resumption of Medicaid eligibility renewals.

General Fund, Grants-in-Aid Medicare Part D				Budget Page: D-196	
FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.	Change FY 2023 – FY 2024	
$459,154	$508,800	$578,509	$663,044	$84,535	14.6%

The Medicare Part D appropriation represents "clawback" payments, which the State is required to make to the federal government. The clawback payments are calculated by the federal government according to a formula, and are intended to reflect roughly 75 percent of the State Medicaid savings that result from the Part D program's coverage of prescription drug costs for those individuals enrolled in both Medicare and Medicaid.

Of the recommended $84.5 million increase, some $73.6 million is attributable to an increase in Medicare rates and enrollment. The remaining increase, or $11.0 million, is due to the phase out of the 6.2 percentage-point enhancement in the federal Medicaid cost reimbursement rate. The federal matching rate affects the formulaic calculation of the State clawback multiplier. When the State's federal medical assistance percentage decreases, as is the case following the expiration of the enhanced federal matching rates, the State's clawback percentage increases in tandem.

Significant Changes/New Programs ($000) (Cont'd)

General Fund, Grants-in-Aid Eligibility and Enrollment Services				Budget Page: D-196	
FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.	Change FY 2023 – FY 2024	
$16,316	$15,826	$22,087	$26,042	$3,955	17.9%

This account funds payments to the Division of Medical Assistance and Health Service's Health Benefits Coordinator, Conduent, and to county welfare agencies responsible for making NJ FamilyCare eligibility determinations and annual redeterminations.

The gross FY 2024 recommended appropriation for Eligibility and Enrollment Services equals $97.4 million, consisting of $30.0 million in State funds and $67.3 million in federal funds. The total is $13.0 million more than the FY 2023 adjusted appropriations.

The increase in the FY 2024 State appropriation is due to systems changes and staff augmentation to support the implementation of two existing department policies: the processing of NJ FamilyCare coverage for undocumented children enrolled under the Cover All Kid Initiative, first implemented on January 1, 2023; and rule changes due to the extension of post-partum coverage from 60 to 365 days as well as the provision of a one-year look back process to extend coverage for women impacted by this rule change.

General Fund, Grants-in-Aid Provider Settlements and Adjustments				Budget Page: D-196	
FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.	Change FY 2023 – FY 2024	
$72,552	$12,661	$31,996	$68,125	$36,129	112.9%

This budget line reflects appropriations to a variety of unspecified, residual NJ FamilyCare programs that are not allocated to client category-specific Medicaid lines. In the past, the unspecified, residual NJ FamilyCare programs have included some retroactive payments to providers, federally mandated additional Medicaid payments to Federally Qualified Health Centers, and some Medicaid coverage costs.

The $36.1 million in additional State funds appropriations is largely attributed to an increase of $34.7 million due to changes in NJ FamilyCare enrollment. Enrollment has increased each month, for a total of 570,000 additional beneficiaries, since the onset of the pandemic in March 2020 due to the suspension of eligibility terminations, which is a condition of the receipt of the enhanced federal Medicaid matching percentage during the federal public health emergency. As of February 2023, NJ FamilyCare enrollment is at 2.3 million. With the resumption of eligibility determinations on April 1, 2023, enrollment will continuously fall through the end of FY 2024. Not all newly ineligible NJ FamilyCare enrollees would lose their coverage on April 1, 2023. The department anticipates that NJ FamilyCare will initiate 186,000 renewals each

Significant Changes/New Programs ($000) (Cont'd)

month of a federally required 12-month period. As a result, enrollment will remain elevated due to federal COVID-19 policies for most of FY 2024.

Additionally, $1.4 million of the increase reflects the replacement of the temporarily enhanced federal Medicaid cost reimbursement percentages that will phase out over calendar year 2023.

All Other Funds General Medical Services					Budget Page: D-196	
FY 2021 Expended	**FY 2022 Expended**	**FY 2023 Adj. Approp.**	**FY 2024 Recomm.**		**Change FY 2023 – FY 2024**	
$1,752,382	**$2,039,413**	**$2,369,664**	**$2,629,519**		**$259,855**	**11.0%**

This budget line represents an aggregation of several dedicated, off-budget revenues that support the NJ FamilyCare program. The Governor's anticipated increase for All Other Funds reflects three countervailing components.

First, revenue generated under the County Option Hospital Fee Program is anticipated to increase by $272.8 million from $285.0 million in FY 2023 to $557.8 million in FY 2024 due to five additional counties participating in the program in FY 2024. Established pursuant to P.L.2022, c.61, the program allows twelve counties that meet certain criteria to enact a local hospital fee program in their jurisdiction for the purposes of (1) increasing Medicaid payments to hospitals by securing additional federal funding through the NJ FamilyCare Program; and (2) providing participating counties with new fiscal resources. In FY 2024, the participating counties are: Atlantic, Bergen, Burlington, Camden, Cumberland, Essex, Hudson, Mercer, Middlesex, Monmouth, Ocean, and Passaic.

Second, revenue generated from the Nursing Home Provider Assessment Fee is anticipated to grow by $10.0 million to $140.0 million in FY 2024. The fee is imposed through a per diem rate of $14.67 per non-Medicare patient bed, a population that has experienced growth in recent years. According to Evaluation Data, in FY 2024, the average monthly enrollment of Medicaid nursing home residents is anticipated to increase by 1,800 residents when compared to FY 2023 levels. The revenue generated from this fee is used to help improve the quality of care at nursing homes by increasing the nursing home Medicaid reimbursement rate.

Third, expenditures charged to the dedicated, off budget Health Care Subsidy Fund are estimated to decline by a net $23.0 million in FY 2024 because of lower projected Health Care Subsidy Fund resources in FY 2024. Administered under P.L.1997, c.263, the Health Care Subsidy Fund receives its revenues from several State taxes, among them the cigarette tax, the HMO Premiums Assessment, and the 0.53 percent Hospital Assessment. These revenue streams are anticipated to contribute $1.14 billion to the Medicaid program and CHIP in FY 2024.

Significant Changes/New Programs ($000) (Cont'd)

Federal Funds General Medical Services					Budget Page: D-196
FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.	Change FY 2023 – FY 2024	
$9,598,262	$11,331,028	$11,370,221	$11,805,650	$435,429	3.8%

Despite declining enrollment projections following the resumption of NJ FamilyCare eligibility renewals on April 1, 2023 and the phase-out of the enhanced federal COVID-19 cost reimbursement percentages, the FY 2024 Governor's Budget anticipates a net increase of $435.4 million in federal funds appropriations associated with Medicaid/NJ Family Care.

The net growth is largely attributed to an anticipated $272.8 million increase in dedicated, off-budget State revenues to support the NJ FamilyCare program through the County Option Hospital Fee program in FY 2024, which earns additional federal matching funds well in excess of $272.8 million. This program allows participating counties to enact a local hospital fee program in their jurisdiction in order to increase Medicaid payments to hospitals by securing additional federal funding through the NJ FamilyCare Program. In FY 2024, the program will grow from seven to 12 participating counties.

Significant Changes/New Programs ($000) (Cont'd)

DIVISION OF AGING SERVICES

General Fund, Direct State Services Office of the Public Guardian				Budget Page: D-207	
FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.	Change FY 2023 – FY 2024	
$436	$1,139	$1,199	$1,759	$560	46.7%

The Executive recommends a $560,000 appropriation increase from the General Fund for salaries and wages in the Office of the Public Guardian. Overall, the number of funded positions would remain at 77 in FY 2024, but the funding source for seven positions would shift from the office's federal and dedicated, off-budget resources to the General Fund.

The office provides guardianship services for adults age 60 and older who have been deemed by the courts to be in need of a guardian or conservator. Client services are individualized and dependent on the client's personal needs. Services include legal assistance, social service plans, investigations into family and social history, and financial management. The office charges the costs of its services against the income or estate of individuals receiving the services.

General Fund, Grants-in-Aid Pharmaceutical Assistance to the Aged - Claims				Budget Page: D-208	
FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.	Change FY 2023 – FY 2024	
$1,067	$817	$1,161 S $366	$1,101	($426)	(27.9%)

The Governor recommends decreasing the appropriation for the Pharmaceutical Assistance to the Aged program by $426,000, of which $366,000 is attributed to the discontinuation of a FY 2023 supplemental appropriation that was largely due to lower than anticipated manufacturer rebates. The remainder, or $60,000, is attributed to the continuation of a declining expenditure trend for the program due to year-over-year reductions in the average monthly number of prescriptions per enrollee.

The Pharmaceutical Assistance to the Aged program provides prescription drug benefits to persons over 65 years of age with an income of less than $9,000 if single or $12,000 if married. Prescription drug benefits for eligible seniors above these limits and individuals with disabilities are funded through the Pharmaceutical Assistance to the Aged and Disabled (PAAD) program.

Significant Changes/New Programs ($000) (Cont'd)

General Fund, Grants-in-Aid Pharmaceutical Assistance to the Aged and Disabled - Claims					Budget Page: D-208	
FY 2021 Expended	**FY 2022 Expended**	**FY 2023 Adj. Approp.**	**FY 2024 Recomm.**		**Change FY 2023 – FY 2024**	
$30,053	**$37,436**	**$45,143 S $9,070**	**$61,828**		**$7,615**	**14.0%**

The Pharmaceutical Assistance to the Aged and Disabled (PAAD) program provides prescription drug benefits to individuals who are over 65 years of age or disabled, subject to income limitations.

The Governor recommends increasing the appropriation for the program by $7.6 million. The FY 2023 adjusted appropriation includes a $9.1 million supplemental appropriation to cover expenditures resulting from higher than anticipated enrollment among the aged beneficiary group (16.5 percent higher) and lower than anticipated manufacturer rebates ($2.9 million).

The recommended FY 2024 net increase is composed of three components. First, $9.7 million growth due to forecasted organic year-over-year enrollment growth and higher prescription costs. Of the projected growth in FY 2024 enrollment of 6,407 beneficiaries, the Office of Management and Budget attributes about 4,880 to this trend. Moreover, in FY 2024, the average cost per prescription is estimated to rise by more than 10 percent compared to FY 2023.

Second, the Governor recommends increasing the PAAD income limits effective January 1, 2024 from $42,142 for single persons and $49,209 for married couples to $52,142 for single persons and $59,209 for married couples. The Executive estimates that the $10,000 higher income thresholds will raise enrollment by about 1,520 beneficiaries and program costs by $1.3 million.

Third, the Executive anticipates $3.4 million growth in manufacturer rebates to $50.5 million in FY 2024 that would partially offset the projected cost increase due to higher enrollment and prescription costs.

General Fund, Grants-in-Aid Senior Gold Prescription Discount Program					Budget Page: D-208	
FY 2021 Expended	**FY 2022 Expended**	**FY 2023 Adj. Approp.**	**FY 2024 Recomm.**		**Change FY 2023 – FY 2024**	
$3,129	**$1,415**	**$4,317**	**$3,508**		**($809)**	**(18.7%)**

The Senior Gold Prescription Discount program provides prescription drug benefits to individuals who are over 65 years of age or disabled and whose incomes are up to $10,000 higher than the Pharmaceutical Assistance to the Aged and Disabled (PAAD) program income limitations.

Significant Changes/New Programs ($000) (Cont'd)

The Office of Management and Budget intends to lapse $1.2 million in FY 2023 surplus State appropriations into the General Fund at the end of the fiscal year, for total FY 2023 spending of $3.2 million, including administrative costs. Surplus funds are a function of a significant drop in the number of program participants after higher income limits under the Senior Gold program and the PAAD program as of January 1, 2022, in effect, shifted the prior Senior Gold enrollment into the PAAD program. The FY 2023 appropriation did not fully consider this effect.

The projected $346,000 increase in FY 2024, after accounting for the anticipated FY 2023 lapse, is largely attributed to growth in the number of prescriptions each enrollee will need per month. The Governor's recommended $10,000 increase in income limits for the Senior Gold and the PAAD programs effective January 1, 2024 is anticipated to result in some additional Senior Gold enrollees, while all current Senior Gold enrollees will shift to PAAD.

General Fund, Grants-in-Aid Caregiver Volunteers of Central New Jersey, Freehold					Budget Page: D-208	
FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.		Change FY 2023 – FY 2024	
$25	$25	$25	$0		($25)	(100.0%)

The Executive recommends eliminating a $25,000 appropriation for the Caregiver Volunteers of Central Jersey, an interfaith nonprofit agency providing free supportive services to the frail elderly and the home-bound living in northern Ocean and southern Monmouth counties.

General Fund, Grants-in-Aid Community Based Senior Programs					Budget Page: D-208	
FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.		Change FY 2023 – FY 2024	
$28,219	$27,319	$32,645	$41,545		$8,900	27.3%

This recommended General Fund appropriation, combined with an unchanged FY 2024 proposed appropriation of $15.8 million from the Casino Revenue Fund, would provide $57.4 million for community-based senior programs in FY 2024. The appropriation is recommended to increase by $8.9 million due to two components.

First, $7.1 million is attributed to expansions of the Jersey Assistance for Community Caregiving (JACC) and the Statewide Respite Care programs. Specifically, the Executive proposes increasing the maximum number of weekly home health hours available to enrolled individuals from 8.5 to 10 hours under the Jersey Assistance for Community Caregiving program and from 5 to 8 hours under the Respite Care program. Additionally, the appropriation increase would fund a new monthly case management rate of $153 for both programs. The Jersey Assistance for Community Caregiving program provides home and community-based services to individuals age 60 and

Significant Changes/New Programs ($000) (Cont'd)

older who meet clinical eligibility for nursing home level of care and who desire to remain within the community. The Statewide Respite Care Program gives short-term breaks to caregivers who support functionally impaired persons.

Additionally, the Executive anticipates shifting $1.8 million in Jersey Assistance for Community Caregiving program expenditures from enhanced federal Medicaid funding received under the American Rescue Plan Act for home and community-based services to State funding in FY 2024.

All Other Funds Pharmaceutical Assistance to the Aged and Disabled				Budget Page: D-208	
FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.	Change FY 2023 – FY 2024	
$51,828	$51,080	$47,250	$50,595	$3,345	7.1%

This projected FY 2024 increase is attributed to the anticipated growth of $3.4 million in manufacturer drug rebates under the Pharmaceutical Assistance to the Aged and Disabled program, from $47.1 million in FY 2023 to $50.5 million in FY 2024. The budget line also captures the anticipated $55,000 decline in Senior Gold program manufacturer drug rebates from $150,000 in FY 2023 to $95,000 in FY 2024.

Significant Changes/New Programs ($000) (Cont'd)

DIVISION OF DISABILITY SERVICES

General Fund, Grants-in-Aid Community Supports to Allow Discharge from Nursing Homes				Budget Page: D-214	
FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.	Change FY 2023 – FY 2024	
$0	$77	$77	$0	($77)	(100.0%)

General Fund, Grants-in-Aid Transportation/Vocational Services for the Disabled				Budget Page: D-214	
FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.	Change FY 2023 – FY 2024	
$1,617	$1,617	$1,617	$2,098	$481	29.7%

The proposed $481,000 increase in the Transportation/Vocational Services for the Disabled account, composed of a shift of $77,000 from the Community Supports to Allow Discharge from Nursing Homes account and an increase of $404,000, is attributed to the intended expansion of the Inclusive Healthy Communities Grant Program. This grant program, established in 2020, provides funding opportunities to local government and nonprofit organizations to undertake initiatives that support the health and well-being of individuals with disabilities in their communities. The Bloustein School of Planning and Public Policy at Rutgers University partners with the Division of Disability Services to manage the grant program and provide technical assistance to grant recipients. The additional funding would allow more grantees to participate in the program.

Currently, the division is accepting requests for proposals for the third funding cycle of the Inclusive Healthy Communities Grant Program, which will span from July 1, 2023 through June 30, 2025. The division anticipates providing $1.4 million in grants in FY 2024 and FY 2025, for a total of $2.8 million, with each grantee receiving a maximum grant of $250,000.

Significant Changes/New Programs ($000) (Cont'd)

DIVISION OF DEVELOPMENTAL DISABILITIES – DEVELOPMENTAL CENTERS

General Fund, Direct State Services Salaries and Wages					Budget Page: D-216	
FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.		Change FY 2023 – FY 2024	
$34,176	$24,063	$44,712	$47,320		$2,608	5.8%

The recommended increase in the Salaries and Wages appropriation across the State's five developmental centers is attributable to a shift from federal to State funds following the gradual expiration of the enhanced 6.2 percent Medicaid matching rate pursuant to the federal Families First Coronavirus Response Act. On April 1, 2023, under the federal Consolidated Appropriations Act of 2023, the enhanced cost reimbursements began phasing out incrementally by quarter until they expire at the end of the calendar year.

The $44.7 million FY 2023 appropriation, however, overstates current expenditure projections because expenditures that were anticipated to be funded using the General Fund appropriation will instead be shifted to nonrecurring federal funds. The additional federal funds are composed of unexpended balances of prior year federal funds appropriations and of additional funding from the enhanced Medicaid matching rates in excess of the levels anticipated when the FY 2023 Appropriations Act was enacted. In all, the Office of Management and Budget intends to lapse $29.1 million in surplus developmental center appropriations into the General Fund at the end of FY 2023. Accordingly, the proposed FY 2024 funding level of $47.3 million reflects a $31.7 million, or 202.2 percent, increase over anticipated FY 2023 spending.

The division administers five residential developmental centers for individuals with developmental disabilities. According to budget data, the long-term initiative to place individuals in the community, rather than in developmental centers, would continue. In FY 2024, 994 individuals are expected to reside in the five developmental centers, a decline of 68 individuals from the FY 2023 revised data. The annual cost per person is to remain stable compared to FY 2023. Additionally, the Executive anticipates funding 1,842 positions with State funds in FY 2024, a decrease of 94 (4.9 percent) from FY 2023 levels.

Significant Changes/New Programs ($000) (Cont'd)

Federal Funds Residential Care and Habilitation Services				Budget Page: D-216	
FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.	Change FY 2023 – FY 2024	
$167,039	$176,304	$180,738	$186,199	$5,461	3.0%

Federal Funds Administration and Support Services				Budget Page: D-216	
FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.	Change FY 2023 – FY 2024	
$35,912	$34,137	$39,476	$40,669	$1,193	3.0%

The Governor recommends a combined increase of $6.7 million in federal funding for the State's developmental centers, reflecting the anticipated receipt of increased federal Medicaid matching funds for FY 2024 State expenditures, irrespective of the phase out of the enhanced federal cost reimbursement rates in FY 2024. According to the Office of Management and Budget, this increase is due to a higher State-established rate, paid to the State's developmental centers, of which the federal government reimburses that State for 50 percent. Several factors affect these rates, including staff wages, facility size, geographic areas, resident acuity levels, quality of care, and efficiency.

Significant Changes/New Programs ($000) (Cont'd)

DIVISION OF DEVELOPMENTAL DISABILITIES – COMMUNITY PROGRAMS

General Fund and Casino Revenue Fund, Grants-in-Aid
Community Care Program (CCP)

FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.		Change FY 2023 – FY 2024	
A) CCP – Individual Supports (General Fund)					Budget Page: D-219	
$427,615	$384,420	$315,359	$371,973		$56,614	18.0%
B) CCP – Individual Supports (Casino Revenue Fund)					Budget Page: D-219	
$338,540	$435,695	$436,632	$498,002		$61,370	14.1%
C) CCP – Individual and Family Support Services (General Fund)					Budget Page: D-219	
$24,933	$30,933	$36,133	$42,126		$5,993	16.6%
D) CCP – Employment and Day Services (General Fund)					Budget Page: D-220	
$122,499	$84,497	$174,766	$182,756		$7,990	4.6%
TOTAL COMMUNITY CARE PROGRAM (CCP)						
$913,587	$935,545	$962,890	$1,094,857		$131,967	13.7%

General Fund, Grants-in-Aid
Supports Program

FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.		Change FY 2023 – FY 2024	
A) Supports Program – Individual and Family Support Services					Budget Page: D-219	
$36,182	$40,182	$43,982	$68,777		$24,795	56.4%
B) Supports Program – Employment and Day Services					Budget Page: D-219	
$85,558	$91,958	$98,508	$110,626		$12,118	12.3%
TOTAL SUPPORTS PROGRAM						
$121,740	$132,140	$142,490	$179,403		$36,913	25.9%

TOTAL COMMUNITY CARE AND SUPPORTS PROGRAM

FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.		Change FY 2023 – FY 2024	
$1,035,327	$1,067,685	$1,105,380	$1,274,260		$168,880	15.3%
Less Expected FY 2023 Lapse						
		($107,000)				
TOTAL COMMUNITY CARE PROGRAM AND SUPPORTS PROGRAM LESS EXPECTED FY 2023 LAPSE						
$1,035,327	$1,067,685	$998,380	$1,274,260		$275,880	27.6%

Significant Changes/New Programs ($000) (Cont'd)

The Division of Developmental Disabilities administers two Medicaid waiver programs, the Community Care Program (CCP) and the Supports Program. Through enrollment in one of these programs, individuals can receive home and community-based services based on their assessed needs and individualized budget. The CCP delivers services primarily to clients who live in State-licensed residential facilities, while the Supports Program delivers services primarily to clients who live in unlicensed settings, such as with family members or in their own homes. While these programs share basic eligibility rules, the CCP has additional eligibility criteria, such as the individual must require a level of care needed at an Intermediate Care Facility for Individuals with Intellectual Disabilities.

The annual appropriations acts grant the Division of Developmental Disabilities substantial discretion to allocate CCP and Supports Program appropriations to individual budget lines, as needed, without additional legislative approval. Accordingly, certain recommended changes in FY 2024 appropriations are budgeted in one budget line, even though they are intended to pay for projected expenditures in several budget lines.

As indicated on the previous page, the combined State funds appropriation for the CCP and Supports Program in FY 2024 is recommended to increase by $168.9 million. However, the Office of Management and Budget intends to lapse $107.0 million in surplus appropriations into the General Fund at the end of FY 2023 due to additional federal funds. Accordingly, the proposed FY 2024 State funding level reflects a $275.9 million, or 27.6 percent, increase over FY 2023.

The excess FY 2023 funding is not needed because the State has received enhanced federal Medicaid matching rates during the federal COVID-19 public health emergency pursuant to the federal Families First Coronavirus Response Act for a longer period than was anticipated in the FY 2023 Appropriations Act. The increased federal funds then replaced State funds to pay for program expenditures.

The proposed $168.9 million increase in State appropriations is the aggregate effect of numerous changes, with the following factors each contributing at least $5.0 million to the net impact:

1) a $61.2 million increase due to growth in program costs and utilization driven by the division's longstanding priority to place and support clients within the community. Notably, the department estimates that CCP enrollment will increase by 200 individuals to 12,347 clients in FY 2024, with the average annual cost per individual increasing by $10,790. Moreover, the Supports Program is projected to grow by 145 individuals to 12,581 clients in FY 2024, with the average annual cost per individual increasing by $7,620. This increase is budgeted as follows: $40.4 million for CCP Individual Supports and $20.8 million for Supports Program – Individual and Family Support Services;

2) a $41.7 million increase attributed to compensation expenditures to support the State minimum wage rising to $14.13 per hour on January 1, 2023 and at least $15 per hour on January 1, 2024. Of this amount, $31.3 million is expected to support direct support professional wages, and $10.4 million is expected to support their supervisors. This increase in budgeted as follows: $17.7 million for the CCP - Individual Supports; $8.0 million for CCP – Employment and Day Services; $6.0 million for CCP – Individual and Family Support Services; $6.0 million for Supports Program – Employment and Day Services; and $4.0 for Supports Program - Individual and Family Support Services;

Significant Changes/New Programs ($000) (Cont'd)

3) a $36.0 million increase to provide a three-percent raise in provider rates due to inflation. This increase is budgeted as follows: $30.0 million in CCP – Individual Supports and $6.0 million in Supports Program – Employment and Day Services;

4) a $21.4 million increase, centrally budgeted in the CCP – Individual Supports budget lines, due to a shift from enhanced federal Medicaid funding received under the American Rescue Plan Act for home and community-based services to State funding. According to the Office of Management and Budget, in doing do, the department will be able to redirect this federal funding towards loan redemption programs for community-based care workers, recruitment and retention bonuses for various worker populations; and housing options for nursing facility residents who wish to transition to community settings; and

5) an $8.4 million increase, centrally budgeted in the CCP – Individual Supports budget lines, attributed to a shift from federal to State funds following the gradual expiration of the enhanced federal match for State Medicaid expenditures, available during the federal public health emergency declared in response to the COVID-19 pandemic, pursuant to the federal Families First Coronavirus Response Act.

As a general description of the service categories provided via the Support Program and Community Care Program lines: Individual Supports are services that assist clients with self-care and habilitation-related tasks; Individual and Family Support Services are delivered to individuals who require support to engage in the community; and Employment and Day Services are provided to enrollees to promote independent living skills and employment.

General Fund, Grants-in-Aid Client Housing				Budget Page: D-219	
FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.	Change FY 2023 – FY 2024	
$33,526	$33,990	$33,990	$38,990	$5,000	14.7%

This proposed growth is primarily attributable to a 10 percent increase in rates paid to group home providers to reflect Fair Market Rent increases under the Supportive Housing Connection program. Estimated annually by the United States Department of Housing and Urban Development, Fair Market Rents represent the gross rents of the 40 percentile of rental housing units in an area. Nationally, average Fair Market Rents growth approximated 10 percent for federal FY 2023.

This State-funded Supportive Housing Connection is a voucher-based rental assistance program administered by the department and the New Jersey Housing and Mortgage Finance Agency for individuals with developmental disabilities who live in community-based residential programs. Clients contribute 30 percent of their gross income toward their rent, directly paid to the residential facility-operating landlord. The remainder of eligible rental costs, up to Fair Market

Significant Changes/New Programs ($000) (Cont'd)

Rent, is paid by the Supportive Housing Connection directly to the landlord. The Executive expects issuing 8,435 vouchers in FY 2024, or 167 vouchers more than in FY 2023.

General Fund, Grants-in-Aid Contracted Services					Budget Page: D-219	
FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.		Change FY 2023 – FY 2024	
$48,000	$48,000	$90,000	$95,016		$5,016	5.6%

This appropriation represents third-party services provided to Division of Developmental Disabilities clients mostly in out-of-State settings and largely outside of the Medicaid system. The Executive recommends increasing the FY 2024 appropriation for Contracted Services by $5.0 million in order to restructure the group home rates provided for emergency capacity beds to better align reimbursement with the level of care required to support those beds. According to the Office of Management and Budget, this funding will support the State's eight existing homes with emergency capacity beds and will enhance staffing, provide training, and implement a zero rejection policy in which no new client is declined services due to capacity.

General Fund, Grants-in-Aid Smart Home Pilot Program					Budget Page: D-220	
FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.		Change FY 2023 – FY 2024	
$0	$0	$500	$0		($500)	(100.0%)

The Governor recommends eliminating a $500,000 appropriation that the Legislature added to the FY 2023 Appropriations Act for the Smart Home Pilot Program. This program supports group homes services provided to individuals with intellectual and developmental disabilities. As of April 14, 2023, all of the FY 2023 appropriation has been encumbered or expended.

Significant Changes/New Programs ($000) (Cont'd)

Federal Funds Purchased Residential Care					Budget Page: D-220	
FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.		Change FY 2023 – FY 2024	
$883,279	$933,409	$892,650	$975,727		$83,077	9.3%

Federal Funds Social Supervision and Consultation					Budget Page: D-220	
FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.		Change FY 2023 – FY 2024	
$96,637	$162,644	185,932	$222,808		$36,876	19.8%

Federal Funds Adult Activities					Budget Page: D-220	
FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.		Change FY 2023 – FY 2024	
$149,126	$149,464	$150,679	$164,226		$13,547	9.0%

Of the cumulative $133.5 million increase in federal appropriations to these three program classifications in the Division of Developmental Disabilities, the Supports Program accounts for $50.4 million and the Community Care Program for $83.1 million. The increase in anticipated federal Medicaid matching funds is largely attributable to: 1) anticipated growth in program costs and utilization; 2) recommended FY 2024 State appropriations for wage increases for direct service professionals and their supervisors; and 3) the Executives recommendation to increase provider rates by three percent in FY 2024.

Significant Changes/New Programs ($000) (Cont'd)

COMMISSION FOR THE BLIND AND VISUALLY IMPAIRED

General Fund, Direct State Services Special Purpose: Tuition Reimbursements for Teachers of the Visually Impaired				Budget Page: D-222	
FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.	Change FY 2023 – FY 2024	
$0	$0	$0	$213	$213	----

The Governor recommends a new appropriation of $213,000 to fund reimbursements to teachers for tuition costs associated with the issuance of a valid State Teacher of the Blind or Visually Impaired Certificate. Currently, many of the commission's educational services for children are provided by teachers of the blind and visually impaired. However, news reports suggest a nationwide shortage of the specialized teachers. The Executive estimates that the total number of clients receiving educational services through the commission will grow by 50 individuals to 2,450 in FY 2024.

General Fund, Grants-in-Aid Educational Services for Children				Budget Page: D-223	
FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.	Change FY 2023 – FY 2024	
$1,347	$1,639	$1,646	$2,021	$375	22.8%

The Executive proposes this $375,000 FY 2024 appropriation increase to fund braille book translations for students who are blind or visually impaired.

Significant Changes/New Programs ($000) (Cont'd)

DIVISION OF FAMILY DEVELOPMENT

General Fund, Direct State Services Salaries and Wages				Budget Page: D-226	
FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.	Change FY 2023 – FY 2024	
$13,149	$14,175	$15,450	$15,850	$400	2.6%

General Fund, Direct State Services Services Other Than Personal				Budget Page: D-226	
FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.	Change FY 2023 – FY 2024	
$4,822	$4,804	$4,824	$4,924	$100	2.1%

The Office of Management and Budget attributes this aggregate proposed increase of $500,000 to expenditure growth for the SNAP Navigator Program, which provides assistance, free of charge, to applicants and beneficiaries of the Supplemental Nutrition Assistance Program regarding the application process, eligibility requirements, and the necessary procedures to maintain eligibility. Implemented pursuant to P.L.2022, c.28, the SNAP Navigator program was composed of 11 organizations by December 2022.

General Fund, Grants-in-Aid Work First New Jersey Support Services				Budget Page: D-227	
FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.	Change FY 2023 – FY 2024	
$25,851	$26,460	$26,460	$76,460	$50,000	189.0%

General Fund, Grants-in-Aid Work First New Jersey Child Care				Budget Page: D-227	
FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.	Change FY 2023 – FY 2024	
$120,129	$177,438	$173,730	$236,930	$63,200	36.4%

The recommended aggregate growth of $113.9 million in the General Fund appropriation for Work First New Jersey Support Services and Work First New Jersey Care is attributable to various proposed increases related to department-funded child care subsidies to low-income families.

Significant Changes/New Programs ($000) (Cont'd)

First, $100.0 million, composed of a $50.0 million increase in each of the two accounts, is due to growth in enrollment and the cost of services related to child care. In FY 2024, the average annual cost per enrolled child is estimated at $13,643, an increase of $688 from the FY 2023 level. Moreover, the average monthly enrollment in FY 2024 is anticipated to be 56,717, which is 1,940 more than the FY 2023 level. According to the Office of Management and Budget, $50.0 million of the increase in General Fund support for child care subsidies is shown in the Work First New Jersey Support Services account because this line includes State appropriations needed to satisfy the State's maintenance of effort requirement under federal law.

Second, $12.8 million of the increase is due to higher child care provider employee compensation expenditures because of the State minimum wage rising to $14.13 per hour on January 1, 2023 and at least $15.00 per hour on January 1, 2024.

Finally, $400,000 of the increase is attributable to increased training and technical costs under the Grow NJ Kids program due to public school districts enrolling in the program as a requirement of the Department of Education's universal pre-K initiative. Grow NJ Kids is the State' s quality rating improvement system for child care and early childhood education programs administered by the Department of Human Services in collaboration with the Departments of Children and Families, Education, and Health.

The FY 2024 Governor's Budget projects $773.8 million in total FY 2024 Work First New Jersey Child Care payments, of which State appropriations would pay for $289.6 million. Of note, some $86.2 million in special federal COVID-19 assistance received in prior fiscal years is recommended to be used in FY 2024 to reduce State appropriations. The total program appropriation of $773.8 million is $64.1 million more than the revised projection for FY 2023 and $177.6 million more than originally projected for FY 2023.

General Fund, Grants-in-Aid Monmouth Day Care Center					Budget Page: D-227	
FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.		Change FY 2023 – FY 2024	
$0	$0	$0	$25		$25	----

The Executive proposes a new $25,000 appropriation for Monmouth Day Care Center, a non-profit child care center located in Red Bank.

Significant Changes/New Programs ($000) (Cont'd)

General Fund, Grants-in-Aid Thriving By Three Act (P.L.2022, c.25)				Budget Page: D-227	
FY 2021 Expended	**FY 2022 Expended**	**FY 2023 Adj. Approp.**	**FY 2024 Recomm.**	**Change FY 2023 – FY 2024**	
$0	**$0**	**$20,000**	**$0**	**($20,000)**	**(100.0%)**

The Governor does not recommend continuing a $20.0 million FY 2023 appropriation to implement the Thriving By Three Grant Program in FY 2024; however, the Executive proposes new budget language providing carryforward authority for unexpended balances in this account at the end of FY 2023. As of April 14, 2023, of the $20 million FY 2023 appropriation, some $9.7 million has been expended, $3.2 million committed, and $7.1 million is uncommitted.

Pursuant to P.L.2022, c.25, the Thriving By Three Grant is designed to support the creation of infant and toddler slots and provide technical assistance to providers for the expansion of child care spaces. Currently, the division is implementing year 1 of the grant program, under which approved providers will receive an initial minimum grant award of $3,000 per new infant or toddler child care slot created, of which $1,000 must be directed for a teacher-related bonus or incentive. Providers must commit to creating a minimum of four slots and, if not already enrolled in or rated by Grow NJKids, the State's quality rating improvement system for child care facilities, providers must enroll within six months of receiving the grant award. The division outlines Year 2 and Year 3 Grant rewards parameters on its website, pending the availability of funding, under which approved providers will receive a minimum grant award of $1,200 per infant or toddler slot of which $400 must be directed for teacher-related expenses.

General Fund, State Aid Supplemental Nutrition Assistance Program – Minimum Benefit				Budget Page: D-227	
FY 2021 Expended	**FY 2022 Expended**	**FY 2023 Adj. Approp.**	**FY 2024 Recomm.**	**Change FY 2023 – FY 2024**	
$0	**$0**	**$18,000**	**$24,125**	**$6,125**	**34.0%**

The federal COVID-19 Supplemental Nutrition Assistance Program (SNAP) emergency allotment guaranteed a minimum $95 federal benefit per household per month. The temporary federal emergency allotment expired at the end of February 2023 per the federal Consolidated Appropriations Act of 2023. P.L.2023, c.13 continues the minimum $95 monthly benefit with the State newly paying the difference between $95 and the federal benefit if the federal benefit is less than $95.

According to the Office of Management and Budget, some $31.6 million will be needed in FY 2024 to pay for the minimum monthly $95 benefit. Of that total, the recommended FY 2024 appropriation would cover $24.1 million and the remaining $7.5 million would be carried forward into FY 2024 from the $18.0 million appropriation in the current fiscal year.

Significant Changes/New Programs ($000) (Cont'd)

The $18.0 million appropriation in FY 2023 was originally intended to pay for a $50 minimum monthly benefit in anticipation of the expiration of the federal $95 minimum monthly benefit; however, this minimum was never implemented as the federal emergency allotments that the State supplement was to replace continued into the fiscal year. Instead, as of March of 2023, the appropriation now pays for the $95 minimum monthly benefit.

General Fund, State Aid General Assistance Emergency Assistance Program				Budget Page: D-227	
FY 2021 Expended	**FY 2022 Expended**	**FY 2023 Adj. Approp.**	**FY 2024 Recomm.**	**Change FY 2023 – FY 2024**	
$31,311	**$35,452**	**$42,685**	**$35,959**	**($6,726)**	**(15.8%)**

General Fund, State Aid Payments for Cost of General Assistance				Budget Page: D-227	
FY 2021 Expended	**FY 2022 Expended**	**FY 2023 Adj. Approp.**	**FY 2024 Recomm.**	**Change FY 2023 – FY 2024**	
$30,422	**$34,917**	**$45,564**	**$31,342**	**($14,222)**	**(31.2%)**

The General Assistance portion of the Work First New Jersey program supports extremely low-income individuals without dependent children and is completely State-funded. The non-emergency cash assistance segment of the program provides cash assistance, whereas the Emergency Assistance segment provides emergency cash, rental, and other assistance to individuals who are at imminent risk of homelessness. There is a general 12-month time limit for the receipt of benefits, with certain exceptions.

Across both segments of General Assistance, the Governor recommends an aggregate $20.9 million decrease in the FY 2024 appropriations compared to FY 2023 to align the appropriations with actual FY 2023 expenditure trends. Notably, the $88.2 million FY 2023 appropriation for these two accounts overstates current expenditure projections due to lower than anticipated enrollment. Accordingly, the Office of Management and Budget intends to lapse $24.2 million in surplus appropriations into the General Fund at the end of FY 2023. Factoring in this anticipated lapse, the proposed aggregate FY 2024 funding level of $67.3 million reflects a $3.2 million, or 5.0 percent, increase over anticipated FY 2023 spending for the program.

According to the FY 2024 Governor's Budget, the projected spending increase in the program is caused by growth in the average monthly grant amounts as well as in enrollment. Notable, the Department of Human Services Budget Newsletter indicates that the current 28-day waiting period for recipients to be eligible for General Assistance benefits will be eliminated in FY 2024.

Significant Changes/New Programs ($000) (Cont'd)

General Fund, State Aid Payments for Supplemental Security Income				Budget Page: D-227	
FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.	Change FY 2023 – FY 2024	
$70,038	$62,736	$77,521	$76,572	($949)	(1.2%)

This account provides a State-funded supplement to the maintenance payments provided under the federal Supplemental Security Income Program. Certain emergency assistance, including legal fees and burial costs, is also delivered. To be eligible for the federal program, an individual must have limited income and resources, and be 65 years or age and older. Individuals of any age, including children, who are blind or who have disabilities, may also qualify for the payments.

The Governor recommends decreasing the FY 2024 appropriation by $949,000, compared to FY 2023 levels. The $77.5 million FY 2023 appropriation, however, overstates current expenditure projections. Largely due to lower than anticipated costs for burial benefits, the Office of Management and Budget intends to lapse $5.0 million in surplus appropriations into the General Fund at the end of FY 2023. Accordingly, the proposed FY 2024 funding level of $76.6 million reflects a $4.0 million increase over anticipated FY 2023 spending for the program.

According to Evaluation Data, net program expenditures are anticipated to increase by $4.0 million in FY 2024 due to an increase of 819 recipients of supplemental payments, as well as higher monthly grant amounts.

General Fund, State Aid State Supplemental Security Income Administrative Fee				Budget Page: D-228	
FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.	Change FY 2023 – FY 2024	
$25,891	$26,305	$27,003 S $1,310	$30,462	$2,149	7.6%

This account pays fees to the federal Social Security Administration for costs associated with administering the State's Supplemental Security Income program. States have the option of contracting with the Social Security Administration to include state supplemental payments with the federal Supplemental Security Income payments.

The Executive recommends a $2.1 million increase in this account over an adjusted FY 2023 appropriation that already includes a $1.3 million supplemental appropriation due to growth in the fee charged to the State by the Social Security Administration for each Supplementary Security Income payment made on behalf of the State. Under federal law, this fee increases annually in accordance with increases in the Consumer Price Index. The fee in federal FY 2023 is $14.35, or $1.19 higher than in the previous federal fiscal year.

Significant Changes/New Programs ($000) (Cont'd)

Federal Funds Income Maintenance Management				Budget Page: D-228	
FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.	Change FY 2023 – FY 2024	
$1,088,836	$1,338,157	$1,181,741 S $42,000	$1,257,156	$33,415	2.7%

The $33.4 million increase in federal appropriations for the Division of Family Development is the result of multiple countervailing components. The net growth includes the following increases: $22.1 million for Work First New Jersey Client Benefits, $7.3 million for Work First New Jersey Emergency Assistance benefits, and $7.3 million for Temporary Assistance for Needy Families Child Care Expenses. These increases are offset by a $3.2 million reduction for Work First New Jersey Training Related Expenses.

The supplemental appropriation of $42.0 million in federal funds that the State anticipates receiving in FY 2023 for deposit in the Work First New Jersey Child Care Developmental Fund Discretionary account is expected to continue in FY 2024.

Significant Changes/New Programs ($000) (Cont'd)

DIVISION OF THE DEAF AND HARD OF HEARING

General Fund, Direct State Services Salaries and Wages				Budget Page: D-232	
FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.	Change FY 2023 – FY 2024	
$347	$518	$648	$918	$270	41.7%

The Executive recommends the increase to support three new funded positions within the Division of the Deaf and Hard of Hearing. In FY 2023, the office has eight funded positions, which are all filled. The total would grow to 11 funded positions in FY 2024. There has been noticeable growth in the demand for division services in recent years. The table below compares service totals in FY 2019 with projected service totals in FY 2023, as displayed in the FY 2022 and FY 2024 Governor's Budget publications.

Services for the Deaf	FY 2019 Actual	FY 2023 Revised Estimate	Increase Percentage	Increase Number
Equipment distribution program -- devices distributed	302	318	5.3%	16
Communication access coordination (number of requests for sign language interpreters/captioners)	435	575	32.2%	140
Case management services (client issues resolved)	125	623	398.4%	498
Information and referral (number of client inquiries)	882	1164	32.0%	282

Casino Revenue Fund, Grants-in-Aid Hearing Aid Assistance to the Aged and Disabled Program (CRF)				Budget Page: D-232	
FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.	Change FY 2023 – FY 2024	
$7	$120	$120	$320	$200	166.7%

In FY 2022, the annual reimbursement for a hearing aid for income-eligible seniors and individuals with disabilities under the Hearing Aid Assistance to the Aged and Disabled program was increased from $100 to $500 with a limit of two hearing aids per applicant per year. The recommended $200,000 appropriation increase in FY 2024 responds to the resultant growth in the demand for assistance, as well as a proposed FY 2024 increase of $10,000 in the income threshold for the program. As of April 14, 2023, program expenditures total $136,000 in FY 2023, already $16,000 more than budgeted with a supplemental appropriation of $105,000 already having been made to the account.

Significant Changes/New Programs ($000) (Cont'd)

DIVISION OF MANAGEMENT AND BUDGET

General Fund, Direct State Services Salaries and Wages				Budget Page: D-233	
FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.	Change FY 2023 – FY 2024	
$29,209	$29,995	$31,672	$33,044	$1,372	4.3%

This $1.3 million increase has two components: a $772,000 increase in salaries and wages across the division and a $600,000 increase in salaries and wages within the Office of Program Integrity and Accountability. In all, the number of State-funded positions is to increase by 10 from 310 positions in FY 2023 to 320 position in FY 2024.

The Office of Program Integrity and Accountability works to strengthen and integrate best practices in the operations of the Department of Human Services. The office has direct responsibility for a variety of duties, including: incident reporting and management of department programs; investigations, involving individuals and department agency programs, which are licensed, regulated, or funded by the department; and licensing of Division of Developmental Disabilities community residences.

General Fund, Direct State Services Special Purpose: Office of State Diversity, Equity, and Inclusion				Budget Page: D-234	
FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.	Change FY 2023 – FY 2024	
$0	$706	$750	$850	$100	13.3%

The FY 2024 Governor's Budget recommends appropriating an additional $100,000 for the Office for State Diversity, Equity, and Inclusion in the Department of Human Services. The office was established in FY 2022 after the Nurture NJ Maternal and Infant Health Plan recommended its establishment to build a racial equity infrastructure.

Significant Changes/New Programs ($000) (Cont'd)

General Fund, Direct State Services Special Purpose: Office of New Americans					Budget Page: D-234	
FY 2021 Expended	**FY 2022 Expended**	**FY 2023 Adj. Approp.**	**FY 2024 Recomm.**		**Change FY 2023 – FY 2024**	
$6,206	**$8,348**	**$385 S $8,200**	**$500**		**($8,085)**	**(94.2%)**

The $8.2 million FY 2023 supplemental appropriation reflects a language appropriation for legal services for individuals facing detention or deportation based on their immigration status. The language appropriation is recommended to continue in FY 2024. According to the Office of Management and Budget, the $115,000 increase from the base FY 2023 appropriation of $385,000 reflects the unanticipated loss of a private grant.

Established in FY 2021 in accordance with Executive Order No. 74 of 2019, the Office of New Americans supports immigrants and refugees in New Jersey through outreach, education, and legal services.

General Fund, Direct State Services Special Purpose: Primary Care Payment Model Study					Budget Page: D-234	
FY 2021 Expended	**FY 2022 Expended**	**FY 2023 Adj. Approp.**	**FY 2024 Recomm.**		**Change FY 2023 – FY 2024**	
$0	**$0**	**$250**	**$0**		**($250)**	**(100.0%)**

The Governor does not recommend continuing this one-time appropriation of $250,000 that the Legislature added to the FY 2023 Appropriations Act for a primary care payment model study, to be conducted by the New Jersey Health Care Quality Institute. All of the funds in the FY 2023 account have been expended; however, a report has not yet been issued.

General Fund, Direct State Services Special Purpose: Senior Farmers' Market Nutrition Program					Budget Page: D-234	
FY 2021 Expended	**FY 2022 Expended**	**FY 2023 Adj. Approp.**	**FY 2024 Recomm.**		**Change FY 2023 – FY 2024**	
$0	**$0**	**$813**	**$0**		**($813)**	**(100.0%)**

P.L.2022, c.31 originally appropriated $813,000 to the Department of Human Services to implement an electronic benefits transfer card payment system for the Senior Farmers' Market Nutrition Program. At its December 30, 2022 meeting, the Joint Budget Oversight Committee approved the transfer of the $813,000 appropriation to the Department of Health, where the

Significant Changes/New Programs ($000) (Cont'd)

Senior Farmers' Market Nutrition Program is generally administered. The Executive expects to obligate the funding for its intended purpose by the end of the year.

The Senior Farmers' Market Nutrition Program promotes nutritional health among senior citizens by providing them with locally grown fresh fruits, vegetables, and herbs. Participation in the Senior Farmers' Market Nutrition Program is limited to those senior citizens who are 60 years and older and whose gross income is not more than 185 percent of the federal poverty level.

Federal Funds
Administration and Support Services — **Budget Page: D-235**

FY 2021 Expended	FY 2022 Expended	FY 2023 Adj. Approp.	FY 2024 Recomm.		Change FY 2023 – FY 2024	
$28,924	$53,412	$32,249	$34,372		$2,123	6.6%

The recommended increase represents higher federal cost reimbursements, including under the Medicaid program, that are allocated to the Division of Management and Budget for general administrative responsibilities related to programs that are co-financed by the federal government.

Significant Language Changes

STATEWIDE – FEDERAL FUNDS

FY 2023 Coronavirus State Fiscal Recovery Fund Allocations	
Deletion	**2023 Handbook: p. D-18 to D-19** **2024 Budget: N/A**

~~Notwithstanding the provisions of any law or regulation to the contrary, moneys are appropriated from the federal "Coronavirus State Fiscal Recovery Fund" (SFRF) established pursuant to the federal "American Rescue Plan Act of 2021," Pub. L. 117-2, in the following amounts for the following purposes without the additional approval by the Joint Budget Oversight Committee:~~

~~**Program**~~*	~~**Agency**~~*	~~**Appropriation**~~*
~~Enrollment Based Payment Extension~~	~~DHS~~	~~48,000,000~~
~~Centralized Advertising Budget~~	~~DHS~~	~~5,000,000~~
~~County Area Agencies on Aging~~	~~DHS~~	~~4,000,000~~
~~Teen Mental Health First Aid Pilot~~	~~DHS~~	~~2,700,000~~
~~Potable Water Treatment Improvements – New Lisbon/Hunterdon~~	~~DHS~~	~~2,417,000~~
~~Higher Education Peer Counseling~~	~~DHS~~	~~2,400,000~~
~~Mental Health First Aid~~	~~DHS~~	~~1,500,000~~
~~Employer Supports CC&R Agency Support~~	~~DHS~~	~~1,000,000~~

* Only the appropriations to the Department of Human Services are reproduced.

Explanation

The FY 2023 Appropriations Act included language allocating funds from the State's flexible $6.24 billion federal Coronavirus State Fiscal Recovery Fund grant, which the State received under the American Rescue Plan Act of 2021. The language included eight appropriations to the Department of Human Services, totaling $67.0 million. All Coronavirus State Fiscal Recovery Fund grant funds must be obligated by December 31, 2024 and expended by December 31, 2026.

Enrollment Based Payment Extension ($48.0 million): This allocation extends a Child Care Subsidy Program policy, first implemented in response to the COVID-19 pandemic, in which the department pays childcare providers based on the number of enrolled children who receive state assistance in the program, rather than based on attendance. The Child Care Subsidy Program assists lower-income families who are working, participating in training programs, enrolled in school, or a combination of these activities to pay a portion of their childcare costs.

EXPLANATION: FY 2023 language not recommended for FY 2024 denoted by strikethrough.
Recommended FY 2024 language that did not appear in FY 2023 denoted by underlining.

Significant Language Changes (Cont'd)

Centralized Advertising Budget ($5.0 million): In response to an FY 2023 OLS Budget Discussion Point, the department indicated that this funding would be utilized to hire a marketing vendor to develop content and create a strategic advertising plan to promote department programs, across various divisions. Campaign materials would be designed in English and Spanish, and would rely on a combination of television, radio, print, and digital advertisements.

County Area Agencies on Aging ($4.0 million): The allocation will support the State's 21 County Area Agencies on Aging by funding front-line staff, as well as necessary technology upgrades. County Area Agencies for Aging develop and coordinate systems of community-based services for older adults.

Teen Mental Health First Aid Pilot Program ($2.7 million) and Mental Health First Aid ($1.5 million): The Teen Mental Health First Aid Initiative will fund a program to create awareness around teen mental health issues and offer expanded support services. Mental Health First Aid trains participants on how to identify and help individuals who are experiencing a mental health or addictions challenge or who are in crisis.

Potable Water Treatment Improvements – New Lisbon/Hunterdon ($2.4 million): This allocation will provide for the repair of critical water systems at two of the State's developmental centers, which serve individuals with intellectual and developmental disabilities.

Higher Education Peer Counseling ($2.4 million): The Higher Education Peer Counseling Program will fund mental health surveys and focus groups at colleges and universities across the State, as well as support the development of a Statewide student-led advisory group and multiple regional student-led learning communities focused on campus mental health.

Employer Supports CC&R Agency Support ($1.0 million): This allocation will expand staff at the State's Child Care Resource and Referral (CCR&R) agencies to increase service capacity. Under contracts with the Division of Family Development, the agencies administer the Child Care Subsidy Program, which assists lower-income families who are working, participating in training programs, enrolled in school, or a combination of these activities to pay a portion of their childcare costs.

EXPLANATION: FY 2023 language not recommended for FY 2024 denoted by strikethrough.
Recommended FY 2024 language that did not appear in FY 2023 denoted by underlining.

Significant Language Changes (Cont'd)

DIVISION OF MENTAL HEALTH AND ADDICTION SERVICES

Increases Transferability Amount Between Grants-in-Aid Accounts within Division	
Revision	2023 Handbook: p. B-98 2024 Budget: p. D-189

In order to permit flexibility in the handling of appropriations and assure timely payment to service providers, funds may be transferred within the Grants-In-Aid accounts within the Division of Mental Health and Addiction Services, in a cumulative amount not to exceed ~~$4,000,000~~ <u>$5,000,000</u>, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The Governor recommends increasing by $1.0 million the amount the Executive may transfer among the Grants-in-Aid accounts in the Division of Mental Health and Addiction Services without having to seek additional legislative approval from $4.0 million to $5.0 million. This language change would potentially reduce the amount of time required to process certain payments to vendors for services.

Folds Mental Health Provider Safety Net Funding into General Provider Rates	
Deletion	2023 Handbook: p. B-99 2024 Budget: N/A

~~Notwithstanding the provisions of any law or regulation to the contrary, the amount appropriated for Mental Health Provider Safety Net shall be paid to providers of mental health and substance use treatment programs that were previously sustained via deficit-funded contracts, are now operating under a fee-for-service reimbursement system, and that have demonstrated a good faith effort to bill Medicaid for all eligible services, subject to the approval of the Director of the Division of Budget and Accounting. Payments shall be pursuant to quarterly applications that itemize the gap between billable revenues in FY2022 and the cumulative quarterly value of the most recent deficit-funded contract.~~

Explanation

In FY 2024, the Executive proposes folding the $500,000 appropriation, and corresponding budget language, for the Mental Health Safety Net account into other grants-in-aid appropriations for mental health and substance use treatment services. According to the Office of Management and Budget, the proposed approximate $1 per hour increase in wage rates in FY 2024 would include a Mental Health Safety Net component. Overall, the Executive recommends a $20.7 million increase in FY

EXPLANATION: FY 2023 language not recommended for FY 2024 denoted by strikethrough.
Recommended FY 2024 language that did not appear in FY 2023 denoted by underlining.

Significant Language Changes (Cont'd)

2024 appropriations across the Division of Mental Health and Addiction Services to support this wage initiative.

Following the division's transition to the Mental Health Fee-for-Service Program in January 2017, the Mental Health Safety Net account provided payments to fee-for-service providers of mental health and substance use treatment programs that had once been paid via deficit-funded contracts.

Removes Authority to Transfer Additional Funds to New Jersey Recovery Court Account	
Deletion	**2023 Handbook: p. B-99** **2024 Budget: N/A**

~~In order to permit flexibility in the handling of appropriations and ensure the timely payment of New Jersey Recovery Court claims, under the Addictions Services program, within the Direct State Services accounts, an amount not to exceed $5,000,000 may be transferred from the Grants-In-Aid Behavioral Health Rate Increase appropriation to the New Jersey Recovery Court account, within the Division of Mental Health and Addiction Services, subject to the approval of the Director of the Division of Budget and Accounting.~~

Explanation

The Executive recommends removing contingency language that provides the Division of Mental Health and Addiction Services the authority to transfer up to $5.0 million from the discontinued Behavioral Health Rate Increase account to the New Jersey Recovery Court account to ensure the timely payment of claims. Over the last five fiscal years, however, the division has not used this authority.

The annual appropriations act funds the New Jersey Recovery Court Program in the Judiciary. The appropriation for treatment and aftercare is then transferred to the Division of Mental Health and Addiction Services each fiscal year. The FY 2024 Governor's Budget recommended appropriation for the treatment and aftercare account is $38.9 million, identical to FY 2023. However, the Office of Management and Budget intends to lapse $14.0 million in FY 2023 surplus State appropriations in the division account into the General Fund at the end of the fiscal year.

With this funding, the division provides clients with a continuum of care in the form of long-term and short-term housing, halfway house services, withdrawal management services, partial care, outpatient and intensive outpatient, clinical reviews, recovery enhancements and supports, and co-occurring and medication-assisted treatment services.

EXPLANATION: FY 2023 language not recommended for FY 2024 denoted by strikethrough.
Recommended FY 2024 language that did not appear in FY 2023 denoted by underlining.

Significant Language Changes (Cont'd)

Increases Appropriation for Child and Adolescent Psychiatry Fellowship Positions	
Revision	**2023 Handbook: p. B-99** **2024 Budget: p. B-189**

The amount appropriated for Mental Health Professional Capacity Expansion Initiatives is allocated as follows: $4,000,000 for the cost to add 10 new medical residency positions; ~~$800,000~~ <u>$920,000</u> to add four new child and adolescent psychiatry fellowship positions; $720,000 to support the new residency positions supported herein; and $100,000 for outreach to medical students to promote new residency positions in the State, with a focus on outreach to underrepresented in medicine students.

<u>Explanation</u>

The Legislature added Mental Health Professional Capacity Expansion Initiatives to the FY 2023 Appropriations Act and funded the program at $5.6 million. This language specified how the appropriation was to be expended in FY 2023.

In FY 2024, the Governor recommends increasing the appropriation by $120,000 to $5.7 million. This language would allocate the $120,000 increase to the funding of four new child and adolescent psychiatry fellowship positions in the State, raising the allocation from $800,000 in FY 2023 to $920,000 in FY 2024. The FY 2023 appropriation funded two fellowship positions at fully accredited child and adolescent psychiatry fellowship programs to cover the costs of two years of training for each new position, for a total of $400,000 for each position.

Increased Appropriation for New Beginnings	
Revision	**2023 Handbook: p. B-101** **2024 Budget: p. D-190**

Notwithstanding the provisions of any law or regulation to the contrary, of the amount hereinabove appropriated for Community Based Substance Use Disorder Treatment and Prevention - State Share, an amount not to exceed ~~$150,000~~ <u>$250,000</u>, subject to the approval of the Director of the Division of Budget and Accounting, shall be allocated to New Beginnings to provide support for addiction, housing and rehabilitation services in South Jersey.

<u>Explanation</u>

This language revision would increase the allocation from the recommended $35.7 million FY 2024 appropriation for the Community-Based Substance Use Disorder Treatment and Prevention – State Share account to New Beginnings Behavioral Health by $100,000 from $150,000 in FY 2023 to $250,000 in FY 2024. According to the Office of Management and Budget, this increase would support Camp Cedar

EXPLANATION: FY 2023 language not recommended for FY 2024 denoted by strikethrough.
Recommended FY 2024 language that did not appear in FY 2023 denoted by underlining.

Significant Language Changes (Cont'd)

Knolls, a 45-acre camp in Millville, which New Beginnings operates as a 150-bed long-term drug and alcohol treatment center.

New Beginnings Behavioral Health is a non-profit health care organization primarily located in Camden that provides support services to homeless individuals, recovery initiatives for individuals with substance use disorders, and re-entry programs for individuals exiting the prison system.

Bringing Dedicated Drug Enforcement and Demand Reduction Fund On-Budget	
Deletion	**2023 Handbook: p. B-98; B-100, B-101** **2024 Budget: N/A**

~~There is appropriated $1,000,000 from the "Drug Enforcement and Demand Reduction Fund" to the Department of Human Services for a grant to Partnership for a Drug Free New Jersey.~~

~~There is appropriated from the "Drug Enforcement and Demand Reduction Fund" $350,000 to carry out the provisions of P.L.1995, c.318 (C.26:2B-36 et seq.) to establish an "Alcohol and Drug Abuse Program for the Deaf, Hard of Hearing and Disabled" in the Department of Human Services, subject to the approval of the Director of the Division of Budget and Accounting~~.

~~Notwithstanding the provisions of any law or regulation to the contrary, there is appropriated an amount not to exceed $500,000, subject to the approval of the Director of Budget and Accounting, to the Department of Human Services from the "Drug Enforcement and Demand Reduction Fund" for the Sub-Acute Residential Detoxification Program.~~

~~Notwithstanding the provisions of any law or regulation to the contrary, there is appropriated an amount not to exceed $1,000,000, subject to the approval of the Director of the Division of Budget and Accounting, to the Department of Human Services from the "Drug Enforcement and Demand Reduction Fund" for drug use disorder services.~~

~~In addition to the amount hereinabove appropriated for Community Based Substance Use Disorder Treatment and Prevention - State Share, there is appropriated an amount not to exceed $1,500,000, subject to the approval of the Director of the Division of Budget and Accounting, from the "Drug Enforcement and Demand Reduction Fund" for the same purpose.~~

Explanation

The recommended deletions have no practical effect. The language appropriated up to $4.35 million from the off-budget, dedicated Drug Enforcement and Demand Reduction Fund to several purposes in the Division of Mental Health and Addiction Services. The Drug Enforcement and Demand Reduction Fund, however, has experienced a sharp reduction in collections from its dedicated revenue source -

EXPLANATION: FY 2023 language not recommended for FY 2024 denoted by strikethrough.
Recommended FY 2024 language that did not appear in FY 2023 denoted by underlining.

Significant Language Changes (Cont'd)

fines levied on convicted drug users and sellers - following the legalization of recreational marijuana. As a result, fund resources have become insufficient to support the long-standing appropriations from the fund. In FY 2024, the Executive therefore recommends bringing Drug Enforcement and Demand Reduction Fund revenue collections on-budget; while newly shifting, or continuing the previous shifts of, the associated appropriations to the General Fund.

Specifically, the annual $1.0 million grant from the dedicated Drug Enforcement and Demand Reduction Fund for the Partnership for a Drug Free New Jersey would be shifted to a new stand-alone General Fund appropriation in FY 2024.

Moreover, three language provisions recommended for deletion appropriated up to a combined $3.0 million from the dedicated fund to three programs in the Division of Mental Health and Addiction Services: up to $1.5 million for the Community Based Substance Use Disorder Treatment and Prevention – State Share account; up to $1.0 million for drug use disorder services; and up to $500,000 for sub-acute residential detoxification programs. According to the Office of Management and Budget, the Community Based Substance Use Disorder Treatment and Prevention – State Share account already absorbed the appropriations in FY 2023 and received a $1.5 million increase in FY 2023 for this purpose.

Lastly, one of the language provisions appropriated $350,000 from the Drug Enforcement and Demand Reduction Fund to the Alcohol and Drug Abuse Program for Deaf, and Hard of Hearing and Disabled. The appropriation was last made in FY 2020 and the account has carried an unexpended balance of $351,000 ever since. The language provision is recommended to be deleted without replacement funding owing to its functional obsolescence in the last several fiscal years.

Significant Language Changes (Cont'd)

DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES

Increase in Medicaid Private Duty Nursing Rate	
Revision	**2023 Handbook: p. B-109** **2024 Budget: p. D-201**

Notwithstanding the provisions of subsection (a) of N.J.A.C.10:60-5.7 and subsection (b) of N.J.A.C.10:60-11.2 to the contrary, the amount hereinabove appropriated for the General Medical Services program classification is conditioned upon the following: the minimum hourly fee-for-service and managed care reimbursement rates for Early and Periodic Screening, Diagnosis and Treatment/Private Duty Nursing services shall be ~~$61~~ $62 per hour for registered nurses and ~~$49~~ $50 for licensed practical nurses.

Explanation

This revised language would increase the hourly rate for Early and Periodic Screening, Diagnosis and Treatment/Private Duty Nursing services *reimbursed through the Medicaid program from $61 to $62, when the services are provided by a registered nurse, and from $49 to $50, when the services are provided by a licensed practical nurse. The Governor recommends increasing the State appropriation for Medicaid-provided services by $4.0 million to accommodate these increased rates.*

Private Duty Nursing means nursing services for enrollees who require more individual and continuous care than is available from a visiting nurse or routinely provided by the nursing staff of the hospital. These services are provided by a registered nurse or a licensed practical nurse; under the direction of the enrollee's physician; to an enrollee in a community setting.

EXPLANATION: FY 2023 language not recommended for FY 2024 denoted by strikethrough.
Recommended FY 2024 language that did not appear in FY 2023 denoted by underlining.

Significant Language Changes (Cont'd)

DIVISION OF AGING SERVICES

Caps Cost of Prescription Drugs at Federal 340B Program Facilities for PAAD and Senior Gold Enrollees	
Revision	**2023 Handbook: p. B-116 and B-119** **2024 Budget: p. D-209 to D-210 and D-212**

Notwithstanding the provisions of any law or regulation to the contrary, no funds appropriated in the Pharmaceutical Assistance to the Aged and Disabled program classification and the Senior Gold Prescription Discount Program account shall be expended for fee-for-service prescription drug claims with no Medicare Part D coverage except under the following conditions: (1) the maximum allowable cost for legend and non-legend drugs shall be calculated based on Actual Acquisition Cost (AAC) defined as the lowest of (i) the National Average Drug Acquisition Cost (NADAC) Retail Price Survey, developed in accordance with subsection (f) of section 1927 of the Social Security Act; (ii) Wholesale Acquisition Cost <u>(WAC)</u> less a volume discount, in the absence of a NADAC price, that is consistent with the NJ FamilyCare Program; (iii) the federal upper limit; or (iv) the State upper limit (SUL); and (v) cost acquisition data submitted by providers of pharmaceutical services for brand-name multi-source drugs and multi-source drugs in the absence of any alternative pricing benchmarks; (2) pharmacy reimbursement for legend and non-legend drugs shall be calculated based on (i) the lower of the AAC plus a professional fee, that is consistent with the NJ FamilyCare Program; or a provider's usual and customary charge; or (ii) the lower of cost acquisition data submitted by providers of pharmaceutical services for brand-name multi-source and multi-source drugs, where an alternative pricing benchmark is not available, plus a professional fee that is consistent with the NJ FamilyCare Program; or a provider's usual and customary charge. <u>For legend drugs purchased through the 340B Drug Pricing Program, the maximum allowable cost shall be based on the 340B ceiling price. In the absence of a 340B ceiling price, the alternative benchmark used shall be the WAC minus a volume discount of 25 percent. The 340B ceiling price or the alternative benchmark shall only apply when its price is the lowest compared to the pricing formulas described by (i) through (v) above. Reimbursement for covered outpatient drugs shall be calculated based on: (i) the lower of the AAC plus a professional fee of $10.92; or a provider's usual and customary charge; or (ii) the lower of cost acquisition data submitted by providers of pharmaceutical services for brand-name multi-source and multi-source drugs, where an alternative pricing benchmark is not available, plus a professional fee of $10.92; or a provider's usual and customary charge.</u> To effectuate the calculation of SUL rates and/or the calculation of single-source and brand-name multi-source legend and non-legend drug costs where an alternative pricing benchmark is not available, the Department of Human Services shall mandate ongoing submission of current drug acquisition data by providers of pharmaceutical services. No funds hereinabove appropriated shall be paid to any entity that fails to submit required data.

Explanation

The recommended revision would newly cap the cost of prescription drugs purchased by enrollees in the State's Prescription Assistance for the Aged and Disabled (PAAD) program and Senior Gold Prescription Discount program at federal

EXPLANATION: FY 2023 language not recommended for FY 2024 denoted by strikethrough.
Recommended FY 2024 language that did not appear in FY 2023 denoted by underlining.

Significant Language Changes (Cont'd)

340B facilities. Under the language, the maximum cost of drugs purchased through the federal 340B program would be the 340B ceiling set by the federal government, or the Wholesale Acquisition Cost minus 25 percent if a drug does not have a 340B ceiling. The federal 340B Drug Pricing Program allows qualifying hospitals and clinics that treat low-income and uninsured patients to buy outpatient prescription drugs at a discount.

Increases Casino Simulcasting Fund Appropriation to Community Based Senior Programs Account	
Revision	**2023 Handbook: p. B-120 and E-4** **2024 Budget: p. D-212 and F-8**

Notwithstanding the provisions of any law or regulation to the contrary, of the amount hereinabove appropriated for the Community Based Senior Programs (CRF) account, ~~$172,000~~ $270,000 shall be charged to the Casino Simulcasting Fund.

47. There is appropriated ~~$172,000~~ $270,000 from the Casino Simulcasting Fund for transfer to the Casino Revenue Fund.

Explanation

The language revisions increase the FY 2024 appropriation from the Casino Simulcasting Fund to the Community Based Senior Programs account, supported by the Casino Revenue Fund, by $98,000. This change aligns the budget language with projected FY 2024 Casino Simulcasting Fund revenue. Pursuant to law, the revenues in the Casino Simulcasting Fund are to be appropriated exclusively for services to benefit eligible senior citizens. The Community Based Senior Programs account in Casino Revenue Fund, as well as the identically named account in the General Fund, support a variety of programs for the aged. The proposed FY 2024 appropriation for the two accounts combined is $57.4 million, some $8.9 million more than the FY 2023 appropriation.

EXPLANATION: FY 2023 language not recommended for FY 2024 denoted by strikethrough.
Recommended FY 2024 language that did not appear in FY 2023 denoted by underlining.

Significant Language Changes (Cont'd)

DIVISION OF DEVELOPMENT DISABILITES – COMMUNITY PROGRAMS

Estimates Cost Recoveries for Community-Based Residential Programs	
Revision	**2023 Handbook: p. B-121** **2024 Budget: p. D-220**

Cost recoveries from consumers with developmental disabilities collected during the current fiscal year, not to exceed ~~$5,621,000~~ $4,675,000, are appropriated for the continued operation of the Division of Developmental Disabilities community-based residential programs, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

This language change reflects differing estimates of client contributions toward the cost of services for community-based residential programs. The prior amount of $5.6 million was included in the FY 2023 Appropriations Act as the revenue estimate for FY 2023. The Governor's FY 2024 Budget anticipates FY 2024 receipts to total $4.7 million. Over recent years, client contributions to the cost of community-based residential programs declined as the Division of Developmental Disabilities has shifted from a system in which clients pay the division for services to a system in which clients pay their rent directly to the landlord.

EXPLANATION: FY 2023 language not recommended for FY 2024 denoted by strikethrough.
Recommended FY 2024 language that did not appear in FY 2023 denoted by underlining.

Significant Language Changes (Cont'd)

DIVISION OF FAMILY DEVELOPMENT

Provides Supplemental Appropriation Authority for Work First New Jersey Child Care Program

Addition | **2023 Handbook:** N/A | **2024 Budget:** p. D-229

In addition to the amounts hereinabove appropriated for Work First New Jersey Child Care, there are appropriated such amounts as may be necessary, as determined by the Commissioner of the Department of Human Services, to fund the Work First New Jersey Child Care Program, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The Governor recommends new contingency language that would authorize the Executive to effect supplemental appropriations of unspecified, unlimited amounts to the Division of Family Development for the Work First New Jersey Child Care program in the course of the fiscal year and without additional legislative approval.

Child care subsidy payments for eligible families have increased sharply in recent fiscal years in significant part due to higher provider rates. After rates were increased generally prior to the COVID-19 pandemic, the department responded to the challenges child care centers faced during the pandemic by providing a monthly supplemental payment of $300 per child and changing the basis for subsidy payments from attendance to enrollment. The department intends to continue the $300 monthly supplement and the change to an enrollment-based system in FY 2024.

Child Care Payments for Eligible Families

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023 est.	FY 2024 est.
Number of Average Monthly Children	58,716	60,409	61,123	48,794	45,589	54,777	56,717
Total Expenditures (All Funding Sources, in $ Million)	$292.9	$317.9	$376.6	$469.3	$517.9	$709.6	$773.8
Annual Expenditure per Child	$4,988	$5,263	$6,161	$9,617	$11,361	$12,955	$13,643

EXPLANATION: FY 2023 language not recommended for FY 2024 denoted by strikethrough.
Recommended FY 2024 language that did not appear in FY 2023 denoted by underlining.

Significant Language Changes (Cont'd)

Provides Carryforward Authority for Thriving By Three Act Account	
Addition	**2023 Handbook: N/A** **2024 Budget: p. D-229**

The unexpended balance at the end of the preceding fiscal year in the Thriving By Three Act (P.L.2022, c.25) account is appropriated for the same purpose, subject to the approval of the Director of the Division of Budget and Accounting.

Provides Carryforward Authority for Supplemental Nutrition Assistance Program Minimum Benefit Account	
Addition	**2023 Handbook: N/A** **2024 Budget: p. D-230**

The unexpended balance at the end of the preceding fiscal year in the Supplemental Nutrition Assistance Program - Minimum Benefit account is appropriated for the same purpose, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

These new language provisions would allow the department to carry forward into the next fiscal year any unexpended funds remaining at the end of current fiscal year in the Thriving By Three Act (P.L.2022, c.25) account and the Supplemental Nutrition Assistance Program – Minimum Benefit account.

The FY 2023 Appropriations Act provided $20.0 million for the implementation of the grant program under the Thriving By Three Act, P.L.2022, c.25. The program is designed to support the creation of infant and toddler slots in day care centers. As of April 14, 2023, of the $20.0 million FY 2023 appropriation, some $9.7 million has been expended, $3.2 million committed, and $7.1 million is uncommitted. *The Governor does not propose continuing this funding in FY 2024; however, the proposed language would carry the FY 2023 unexpended balance into FY 2024.*

The Supplemental Nutrition Assistance Program (SNAP) – Minimum Benefit account supports a State-financed supplemental benefit to the federal SNAP benefit, first implemented in March of 2023, to replace an expiring federal COVID-19 emergency allotment to SNAP households. Under the initiative, SNAP households receives a minimum $95 benefit per household per month, with the State paying the difference between $95 and the federal benefit if the federal benefit is less than $95. The FY 2023 Appropriation Act provided an $18.0 million appropriation for State-funded supplemental benefits. As of April 14, 2023, some $15.1 million of the FY 2023 appropriation is uncommitted and only $2.9 million has been expended. This proposed language would carry the FY 2023 unexpended balance into FY 2024. Additionally, the FY 2024 Governor's Budget recommends a $24.1 million appropriation for this account.

EXPLANATION: FY 2023 language not recommended for FY 2024 denoted by strikethrough.
Recommended FY 2024 language that did not appear in FY 2023 denoted by underlining.

Significant Language Changes (Cont'd)

Authorizes Replacement of Work First New Jersey and State Supplemental Nutrition Assistance Program Benefits Lost Due to Fraud	
Addition	2023 Handbook: N/A 2024 Budget: p. D-230

Notwithstanding the provisions of any law or regulation to the contrary, the Division of Family Development may replace Work First New Jersey and Supplemental Nutrition Assistance Program benefits that are determined by the Division to have been stolen through card skimming, card cloning, or similar fraudulent methods, subject to the same conditions that apply to the federal Supplemental Nutrition Assistance Program, set forth in P.L. 117-328, Section 501, and such amounts as may be necessary for the payment of any benefit replacement may be transferred from the various items of State and federal appropriations within the Income Maintenance Management program classification or are appropriated, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The Governor recommends adding language which would allow the Division of Family Development to replace benefits issued under the Work First New Jersey Program or the Supplemental Nutrition Assistance Program (SNAP) that have been stolen via fraud. As this initiative is to reflect the federal provisions outlined in the Consolidated Appropriations Act of 2023 regarding the use of federal funds to replace federal SNAP benefits lost via fraud. Replacement benefits could not exceed the amount stolen or the household's benefit amount for the two months immediately preceding the theft, whichever is less. Under the new language, replacement benefits are to be issued from State and federal appropriations within the Income Maintenance program classification.

Work First New Jersey, is the State's welfare reform program and is funded using State and federal resources. The program provides cash benefits and support services to families for up to five years to help them secure employment and become self-sufficient. SNAP is a nutrition assistance program that serves as a safety net for low-income households. Under SNAP, the federal government funds base benefits. Since March of 2023, the State has provided a minimum $95 monthly benefit to SNAP households, continuing an expired federal COVID-19 benefit.

EXPLANATION: FY 2023 language not recommended for FY 2024 denoted by strikethrough.
Recommended FY 2024 language that did not appear in FY 2023 denoted by underlining.

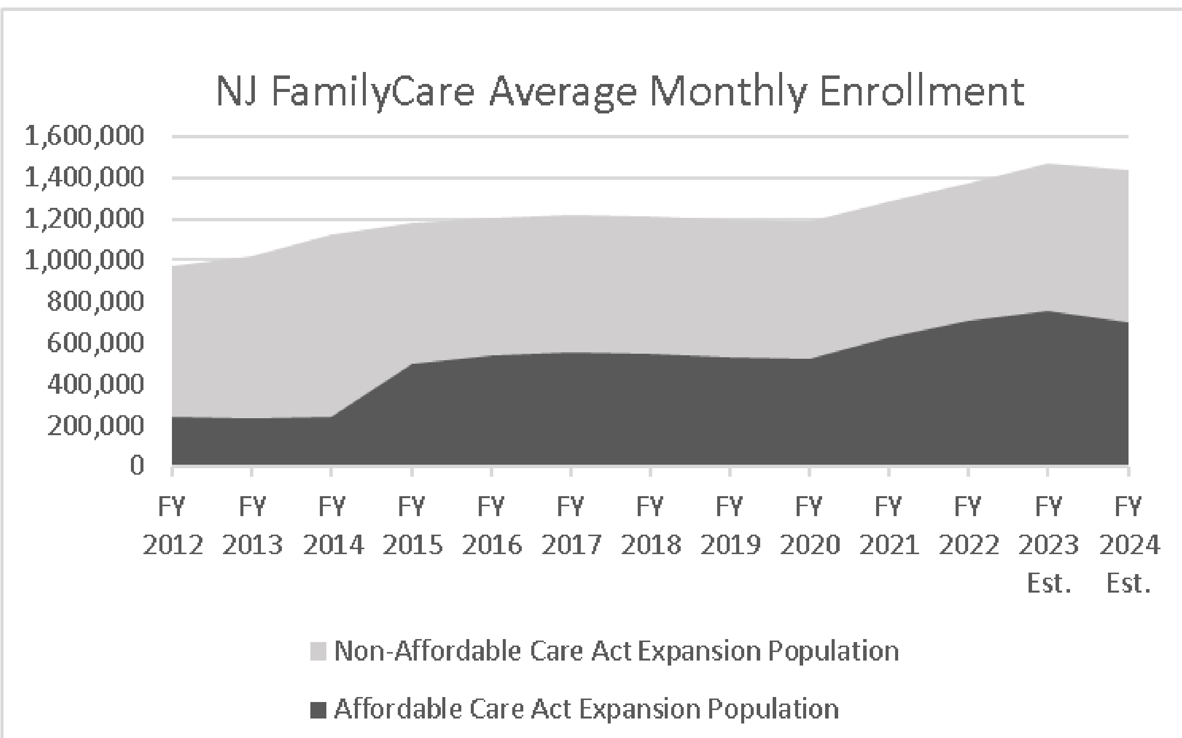
Background Paper: NJ FamilyCare Enrollment Trends

Budget Pages .... D-192 through D-204

The Division of Medical Assistance and Health Services in the Department of Human Services administers the NJ FamilyCare program, which is New Jersey's brand combining two federal health insurance programs for individuals living in low- and moderate-income households: Medicaid and the Children's Health Insurance Program (CHIP).

The federal government and the State jointly fund both Medicaid and CHIP. After the use of off-setting resources, FY 2024 program expenditures are projected at $18.70 billion, of which the federal government would fund $11.79 billion and the State the remaining $6.91 billion. These amounts and the numbers in this backgrounder only include NJ FamilyCare expenditures budgeted in the Division of Medical Assistance and Health Services. About $2 billion of NJ FamilyCare expenditures are budgeted outside of the Division of Medical Assistance and Health Services.

Changes in enrollment are a major contributor to NJ FamilyCare program cost growth. Although the department projects that the average monthly enrollment will decline by nearly 92,000 to a little over 2.1 million beneficiaries in FY 2024, NJ FamilyCare enrollment would still exceed the pre-Affordable Care Act expansion FY 2012 levels by over 920,000 beneficiaries, or 76.3 percent. For reference, in FY 2012, NJ FamilyCare costs totaled $5.49 billion from all sources.



Note: The expansion of Medicaid eligibility occurred on January 1, 2014. However, certain members of that eligibility group already had received health benefits under NJ FamilyCare prior to the expansion. For that reason, the graph shows an Affordable Care Act Expansion Population prior to FY 2014, even though a different designation was used at the time.

Background Paper: NJ FamilyCare Enrollment Trends (Cont'd)

Four significant factors have contributed to changes in NJ FamilyCare enrollment since FY 2012:

- Effective January 1, 2014, the State expanded Medicaid eligibility to all non-elderly, non-disabled, childless adults with household incomes up to 138 percent of the federal poverty level, pursuant to the federal Patient Protection and Affordable Care Act. Prior to the Affordable Care Act expansion, certain non-elderly, non-disabled, childless adults were already eligible for coverage under the Medicaid and NJ FamilyCare programs. From FY 2013 to FY 2015, the first full fiscal year providing services to the Affordable Care Act expansion population under NJ FamilyCare, total program enrollment grew by 35.6 percent, or over 440,000 beneficiaries. In FY 2024, the expansion population is projected to account for one-third of the total NJ FamilyCare population.

- Between FY 2017 and FY 2020, NJ FamilyCare enrollment experienced modest reductions across most eligibility groups attributed to economic growth.

- Motivated by federal law, the State's pause in disenrollment of beneficiaries who are newly deemed ineligible has been the primary driver of enrollment growth since the start of the COVID-19 pandemic near the end of FY 2020. Enrollment increased by just over 500,000, or 30.2 percent, from FY 2020 to a peak of 2.2 million in FY 2023. This surge is attributable to the federal Families First Coronavirus Response Act, which enhances the federal cost reimbursements under Medicaid and CHIP to help states respond to the COVID-19 pandemic. As a condition for the receipt of the enhanced federal matching percentages, the federal government requires the State to continue Medicaid and CHIP coverage for all individuals enrolled on or after March 18, 2020, until the last day of the month in which the federal health emergency period ends, regardless of any changes in individuals' circumstances that otherwise would result in termination of benefits.

- On April 1, 2023, pursuant to the federal Consolidated Appropriations Act of 2023, the State resumed reviewing all NJ FamilyCare enrollees' eligibility, commencing a process that will end coverage for those found ineligible, potentially hundreds of thousands of New Jerseyans. In FY 2024, the department estimates that the average monthly NJ FamilyCare enrollment will decline by nearly 92,000 beneficiaries due to the resumption of coverage terminations. By the end of FY 2024, however, a larger number of current beneficiaries will likely have lost coverage. This net decrease in enrollment is projected to occur exclusively in the non-elderly, non-disabled beneficiary categories.

The Governor's FY 2024 Budget proposes a $391.7 million increase in State appropriations for NJ FamilyCare due to enrollment changes over the pre-pandemic baseline, notwithstanding the department's estimate that average monthly enrollment will decline to a little over 2.1 million in FY 2024 with a steady decline expected throughout FY 2024. Significantly, not all newly ineligible NJ FamilyCare enrollees lost their coverage on April 1, 2023. The department anticipates initiating 186,000 new renewals each month over a federally mandated 12-month period. Further, all persons with ineligible determinations will have the right to an appeals process, during which time benefits would continue. The department indicates that there will be a continued need to process ongoing good-faith cases and fair hearings into FY 2025. Moreover, the Aged, Blind, and Disabled, Nursing Home Residents, and Home and Community Based Services eligibility groups are anticipated to grow by 9,023 beneficiaries in FY 2024. Enrollment growth is also expected in FY 2024 due to the Cover All Kids Initiative, a multi-year program with the aim of providing health insurance to the State's currently uncovered children.

Background Paper: Child Care Subsidy Program Enrollment and Expenditures

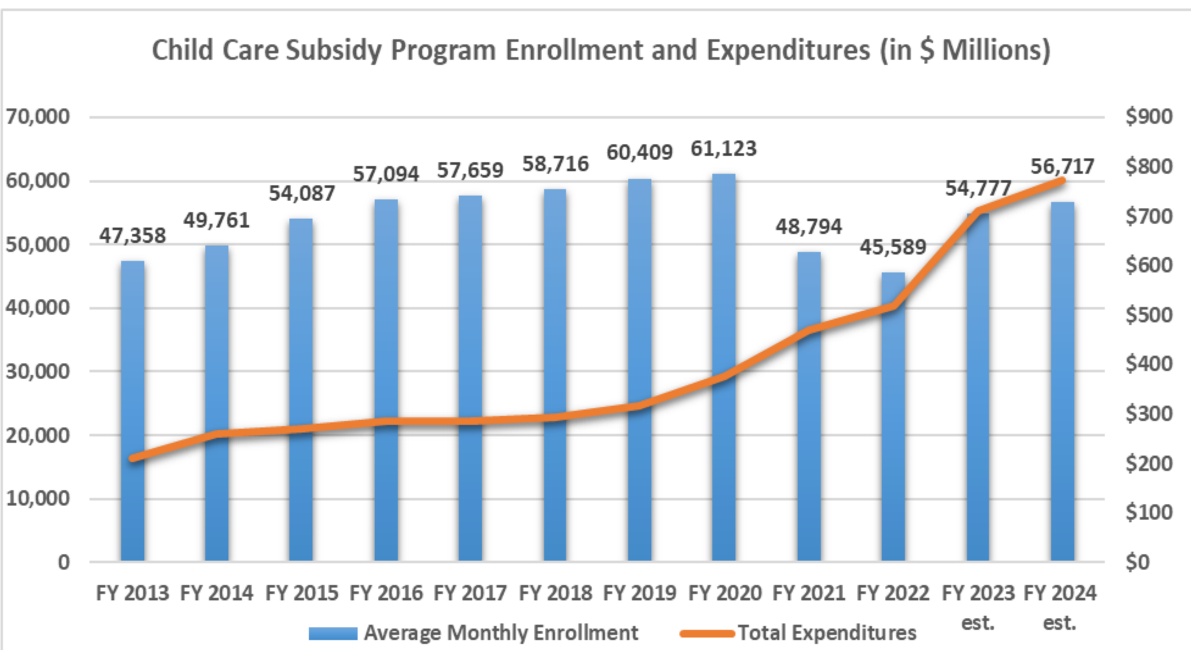
Budget Pages .... D-223 through D-231

The Division of Family Development in the Department of Human Services administers the Child Care Subsidy Program, which assists lower-income families by paying a portion of their child care expenses. This program is funded through the federal Child Care Development Fund, the federal Temporary Assistance for Needy Families program, and State appropriations.

Subsidies for child care include preschool instruction, after school programs for children up to the age of 13, and care for children and teens with special needs. To be eligible, an applicant must be a New Jersey resident; meet income requirements and not have assets that exceed $1 million; and be working full time, attending school full-time, participating in job training, or a combination of these activities. Depending on family size and income, participants may be required to contribute to the cost of care.

From FY 2013 to FY 2019, the Child Care Subsidy Program experienced moderate growth in enrollment and expenditures. In FY 2019, expenditures were $317.9 million, or 50.5 percent, over the FY 2013 levels, with an annualized growth rate of 7.0 percent. Similarly, enrollment in FY 2019 was 27.6 percent higher than in FY 2013, having grown at an annualized rate of 4.1 percent.

Since FY 2019, total expenditures for the program have increased by 143 percent, or an annualized 19.5 percent, to a projected $773.8 million in FY 2024. Enrollment, however, has not followed the same trend. From FY 2020 to FY 2021, the effects of the COVID-19 pandemic caused enrollment to decline by over 12,000 children and, despite significant increases in FY 2023, enrollment projections for FY 2024 are still under pre-pandemic levels. In sum, the average expenditure per child is projected to increase from $5,263 in FY 2019 to $13,643 in FY 2024, which reflects an increase of 159.2 percent or $8,380.



Background Paper: Child Care Subsidy Program Enrollment and Expenditures (Cont'd)

Despite these lower enrollment trends, a variety of factors have influenced the expenditure growth under the Child Care Subsidy Program since FY 2019, including the following:

- The Division of Family Development periodically increases base provider rates under the Child Care Subsidy program; however, the rate of those increases grew between FY 2020 and FY 2023. Between August 2014 and January 2020, providers' rates increased on average by 23.3 percent over the six-year period; yet from January 2020 to March 2023, the same rates increased by 31.4 percent over a smaller period. For example, the current monthly school age base rate is $857.13, and increase of $232.86, or 36.7 percent from the school age rate in January 2020. Conversely, between August 2014 and January 2020, that same rate only increased by $60.97, or 10.6 percent.

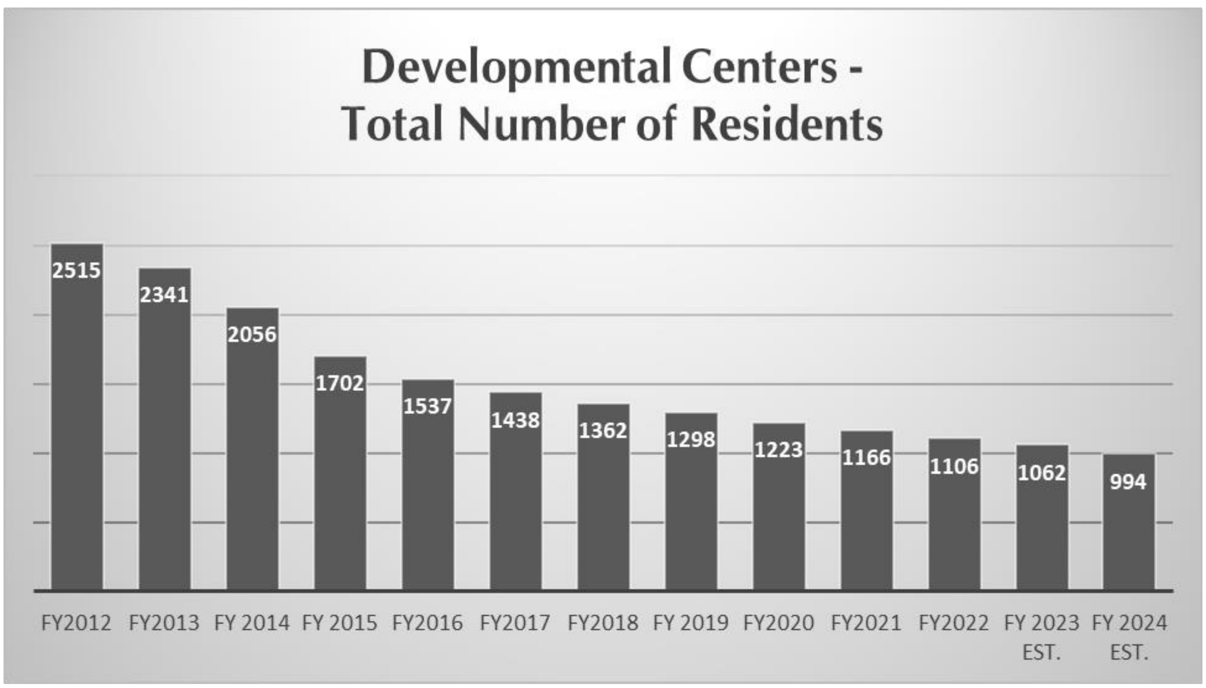
- An increasing minimum wage is one component of the upward pressure on provider rates over this period. P.L.2019, c.32 established several multiyear schedules for gradually raising the State minimum wage to $15 per hour from FY 2020 through FY 2025, causing child care provider salary and wage costs to grow. The FY 2024 Governor's Budget includes an additional $12.8 million in State funds due to higher child care provider employee compensation expenditures because of the State minimum wage rising to $14.13 per hour on January 1, 2023 and at least $15.00 per hour on January 1, 2024.

- Since March 2020, in response to the COVID-19 pandemic, the Division of Family Development has received various amounts of federal funding to support the Child Care Subsidy Program and the child care industry totaling approximately $1.14 billion. With a portion of this federal funding, the department has initiated several policies aimed at supporting families and providers participating in the Child Care subsidy program, such as: the provision of enrollment-based, rather than attendance-based, payments to child care providers; a $300 monthly supplemental payment to providers for full-time care slots and a $150 monthly supplemental payment to providers for part-time care slots; and a co-payment waiver for families. All three of these policies are anticipated to continue into FY 2024.

Background Paper: Developmental Center Population and Community Placement Trends

Budget Pages .... D-214 through D-216

The Division of Developmental Disabilities administers five residential developmental centers for individuals with developmental disabilities, which are certified by the federal government as Intermediate Care Facilities for Individuals with Intellectual and Developmental Disabilities and are supported by a combination of federal funds and State appropriations. The centers are: Green Brook Regional Center, located in Somerset County; Vineland Developmental Center, located in Cumberland County; Woodbine Developmental Center, located in Cape May County; New Lisbon Developmental Center, located in Burlington County; and Hunterdon Developmental Center, located in Hunterdon County. The centers provide a range of vocational, habilitative, health, psychological and social services for their residents.



Prompted by the United States Supreme Court decision in Olmstead v. L.C., 527 U.S. 581 (1999), which required that residents with disabilities live in the least restrictive appropriate environment, the Division of Developmental Disabilities prioritized the transition of residents in developmental centers into the community and limited the number of new admissions to the centers. Instead, the division provided services to clients in the community setting whenever feasible. Moreover, since November 2007, the division's policy has limited developmental center admissions to: 1) court-ordered placements; 2) temporary, emergency placements; 3) interstate compact transfers; and 4) placements in which there are no adequate resources presently available in the community, which placements are to be transferred once the necessary community supports are identified.

Accordingly, developmental centers have experienced a long-term trend of declining population. In FY 2024, the department estimates that the average daily population of all five developmental

Background Paper: Developmental Center Population and Community Placement Trends (Cont'd)

centers will be 994 residents. This is 1,521 residents fewer, or 60.5 percent, compared to the FY 2012 total of 2,515. The shrinking population also impelled the closure of two centers: the North Jersey Developmental Center, located in Passaic County, in FY 2014 and the Woodbridge Developmental Center, located in Middlesex County, in FY 2015.

Concomitant with this trend, staff levels at the centers have also declined at a similar rate, with the number of funded positions in FY 2024 being 3,200. That is 4,417 fewer staff than the FY 2012 count of 7,617 filled positions, or a reduction of 58.0 percent.

Conversely, the number of developmental center residents who have been transitioned to the community, first noted in the FY 2014 Governor's Budget and projected at 273 residents for that fiscal year, has declined following a February 2013 settlement in which the State agreed to discharge approximately 600 individuals residing in developmental centers to community placements between FY 2013 and FY 2017. This settlement was in response to two lawsuits filed by Disability Rights New Jersey that contended that the State had failed to comply with the Olmstead v. L.C. decision. In FY 2024, the department anticipates transitioning four residents from the State's developmental centers to community placements.

NEW JERSEY LEGISLATURE

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Individuals wishing information and committee schedules on the FY 2024 budget are encouraged to contact:

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