



THE PRINCE GEORGE'S COUNTY GOVERNMENT

Office of Audits and Investigations

May 11, 2017

MEMORANDUM

TO: Karen R. Toles, Chair
Health, Education, and Human Services (HEHS) Committee

THRU: David H. Van Dyke, County Auditor *DHV*

FROM: Turkessa M. Green, Deputy County Auditor *TMG*

RE: Health Department
Fiscal Year 2018 Budget Review

Budget Overview

The FY 2018 Proposed Budget for the Health Department is \$69,924,900, a decrease of \$5,462,100, or 7.2%, under the FY 2017 Approved Budget. The General Fund portion of the budget increases by \$4,978,400, or 24.2%, primarily due to a transfer of 17 positions previously supported by the Ambulatory Funding Grant to the General Fund, as well as increases in compensation for cost-of-living adjustments and merit increases, office automation, and operating contracts.

The Grant funded portion of the Department's budget decreases by \$10,440,500, or 19.1%, largely due to an anticipated reduction in various grants when compared to the FY 2017 approved level. Of the Department's total FY 2018 Proposed Budget, General Funds of \$25,572,200 represent 36.6%, and Grants in the amount of \$44,352,700 represent 63.4%.

The FY 2017 estimated total General Fund expenditures are \$21,785,000, which is approximately \$1,191,200, or 5.8%, over the FY 2017 approved level. The Department is reporting that a supplemental budget appropriation will be necessary for FY 2017, due to the transfer of positions from the Ambulatory Funding Grant to the General Fund, as well as funds to support anticipated FY 2017 cost-of-living adjustments.

Fund	FY 2016 Actual	FY 2017 Approved	FY 2017 Estimated	% Change - Est vs App	FY 2018 Proposed	\$ Change	% Change
General Fund	\$ 16,804,138	\$ 20,593,800	\$ 21,785,000	5.8%	\$ 25,572,200	\$ 4,978,400	24.2%
Grants	48,478,622	54,793,200	52,134,600	-4.9%	44,352,700	(10,440,500)	-19.1%
Total	\$ 65,282,760	\$ 75,387,000	\$ 73,919,600	-1.9%	\$ 69,924,900	\$ (5,462,100)	-7.2%

Authorized Staffing - All Classifications

	FY 2017 Approved	FY 2018 Proposed	Change Amount	% Change
General Fund	198	221	23	11.6%
Grants	350	277	-73	-20.9%
Total	548	498	-50	-9.1%

Budget Comparison - General Fund

The FY 2018 Proposed General Fund Budget for the Health Department is approximately \$25.6 million, an increase of \$4,978,400, or 24.2%, over the FY 2017 Approved Budget.

Approved Fiscal Year 2017 to Proposed Fiscal Year 2018

Category	FY 2016 Actual	FY 2017 Approved	FY 2017 Estimated	FY 2018 Proposed	Change Amount	Percentage Change
Compensation	\$ 11,484,398	\$ 13,162,900	\$ 13,810,100	\$ 15,730,800	\$ 2,567,900	19.5%
Fringe Benefits	3,979,953	4,699,100	4,931,400	5,490,000	790,900	16.8%
Operating Expenses	4,725,128	4,998,800	5,310,500	6,623,600	1,624,800	32.5%
Sub-Total	\$ 20,189,479	\$ 22,860,800	\$ 24,052,000	\$ 27,844,400	\$ 4,983,600	21.8%
Recoveries	(3,385,341)	(2,267,000)	(2,267,000)	(2,272,200)	(5,200)	0.2%
Total	\$ 16,804,138	\$ 20,593,800	\$ 21,785,000	\$ 25,572,200	\$ 4,978,400	24.2%

Authorized Staffing Count - General Fund

	FY 2017 Approved	FY 2018 Proposed	Change Amount	Percentage Change
Full-Time	198	215	17	8.6%
Part-Time	0	1	1	NA
Limited Term	0	5	5	NA
Total	198	221	23	11.6%

Staffing Changes and Compensation

- The FY 2018 Proposed Budget includes authorization for 215 full-time General Fund positions. This represents an increase of seventeen (17) full-time positions. The General Fund part-time staffing complement increases by one (1) position and the limited term complement increases by five (5) positions in FY 2018, compared to the FY 2017 approved level.
- FY 2018 General Fund compensation is \$15,730,800, an increase of \$2,567,900, or 19.5%, above the FY 2017 Approved Budget. This increase is a result of anticipated cost-of-living adjustments and merit increases, as well as funding for the 17 positions that were previously supported by the Ambulatory Funding Grant program.

- As of April 5, 2017, the Department reported 41 General Fund vacancies, of which 12 are Environmental Sanitarian positions. The Department anticipates 33 full-time and four (4) limited term vacant positions in FY 2018. The FY 2018 Proposed Budget includes funding for 24 of the full-time and one (1) of the limited term vacant positions. The remaining positions, five (5) full-time and four (4) limited term, will not be funded in FY 2018.
- In FY 2017, the Department budgeted \$14,100 for overtime expenditures. As of March 31, 2017, the Department projects \$140,100 in overtime expenditures in FY 2017 for Environmental Sanitarians performing inspections and nurses on-call to respond to emergency incidents. Proposed overtime expenditures for FY 2018 is \$98,000.

Fringe Benefits

- Fringe benefit expenditures are proposed to increase by \$790,900, or 16.8%, to align with anticipated costs.
- A five year trend analysis of fringe benefit expenditures is included below.

General Fund Fringe Benefits Historical Trend					
	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Estimated	FY 2018 Proposed
Fringe Benefit Expenditures	\$ 3,861,935	\$ 4,115,198	\$ 3,979,953	\$ 4,931,400	\$ 5,490,000
As a % of Compensation	34.1%	33.6%	34.7%	35.7%	34.9%
Annual % Change		6.6%	-3.3%	23.9%	11.3%

Operating Expenses

- In FY 2018, operating expenses are proposed at \$6,623,600 and are comprised of the following major items:
 - Office Automation \$1,773,600
 - General and Administrative Contracts \$1,518,300
 - Operational Contracts \$1,280,400
 - Office and Building Rental/Lease \$ 514,500
 - Utilities \$ 399,400
- Overall, operating expenses are increasing by approximately \$1.6 million, or 32.5%, over the approved FY 2017 Budget. The accompanying table compares the FY 2018 Proposed Budget operating expenditures with the FY 2017 Approved Budget operating expenditures. In eleven (11) of the categories, the FY 2018 Proposed Budget reduces planned spending from the FY 2017 Approved Budget. In one (1) of the categories, the FY 2018 Proposed Budget level remains unchanged compared to FY 2017 budget. FY 2018 expenditures increase in thirteen (13) categories.

Operating Objects	FY 2017 Budget	FY 2018 Proposed	FY 2017 - FY 2018	
			\$ Change	% Change
Office Automation	\$ 966,500	\$ 1,773,600	\$ 807,100	83.5%
Operating Contracts	636,100	1,280,400	644,300	101.3%
General and Administrative Contracts	1,279,500	1,518,300	238,800	18.7%
Vehicle Equipment Repair/Maintenance	150,000	217,600	67,600	45.1%
Telephone	258,100	312,500	54,400	21.1%
Printing	23,000	33,500	10,500	45.7%
Office/Building Rental/Lease	504,400	514,500	10,100	2.0%
Training	38,400	45,500	7,100	18.5%
Advertising	18,000	25,000	7,000	38.9%
Membership Fees	13,200	18,300	5,100	38.6%
Equipment Lease	59,100	61,400	2,300	3.9%
Office and Operating Equipment Non-Capital	59,100	60,000	900	1.5%
Other Operating Equipment	4,900	5,000	100	2.0%
Mileage Reimbursement	27,200	27,200	-	0.0%
Utilities	399,500	399,400	(100)	0.0%
Insurance Premiums	400	-	(400)	-100.0%
Periodicals	2,100	1,200	(900)	-42.9%
Postage	29,200	27,900	(1,300)	-4.5%
Interagency Charges	1,700	-	(1,700)	-100.0%
Travel Non-Training	3,300	1,000	(2,300)	-69.7%
Gas and Oil	48,600	30,300	(18,300)	-37.7%
Grant Cash Match	18,400	-	(18,400)	-100.0%
Miscellaneous	45,300	700	(44,600)	-98.5%
General Office Supplies	318,300	264,500	(53,800)	-16.9%
Building Repair/Maintenance	94,500	5,800	(88,700)	-93.9%
TOTAL	\$ 4,998,800	\$ 6,623,600	\$ 1,624,800	32.5%

- The most significant dollar increase between the FY 2018 Proposed Budget and the FY 2017 Approved Budget is Office Automation (\$807,100 increase) to support IT initiatives and agency technology needs, including electronic medical records and a public health information network. Additionally, Operating Contracts are increasing by \$644,300 to support costs related to the expiration of the Health Enterprise Zone (HEZ) grant program.
- The most significant dollar decrease is in Building Repair/Maintenance (\$88,700 decrease) due to the realignment of facility maintenance costs to the Operating Contracts line item. The decrease in General Office Supplies of \$53,800 is to align with historical spending.

Recoveries

- Recoveries for the Department are proposed at \$2,272,200 in FY 2018, an increase of \$5,200, or 0.2%, above the FY 2017 approved level. The recoveries consist primarily of charges to grant programs for grant administration. Recoveries are comprised of the following:
 - Various Grants \$1,938,000
 - Dept. of the Environment – Stormwater & Solid Waste Management 187,200
 - Indirect from Grants 87,000
 - Drug Enforcement Education 60,000

- The SR51 Fund is used to finance drug enforcement and education activities in the County. Federal regulations require that SR51 funds be used to increase or supplement the County's resources. Funding is derived from the forfeiture and sale of property seized as a result of the enforcement of drug laws. County legislation (CB-38-2013) allows for County SR51 funds to be used by the Police Department (65%), the Office of the State's Attorney (15%), Department of Corrections (15%), and the Health Department (5%). Funding in the amount of \$60,000 (as indicated above) is proposed for FY 2018 from this fund.

Highlights

- The Department reports that there will be a significant shift in grant dollars from the Department of Health and Mental Hygiene (DHMH) to a fee for service model that will impact Behavioral Health Services. The shift was successfully implemented and the Department is monitoring staff productivity and service delivery to ensure compliance with regulatory standards, as well as revenue projections to determine the feasibility of continuing these services over time.
- The Department reported that one of its top priorities for FY 2018 is to ensure access to healthcare resources, particularly to those unserved and underserved in the County. One of the key ways to help increase access is to ensure trained and knowledgeable community outreach staff are embedded in programs that connect individually with clients, as well as through targeted public outreach events. The Department plans to increase its community outreach projects and campaigns from an estimated 294 in FY 2017, to 300 in FY 2018, in order to reach more County residents.
- During FY 2017, the Department supported MGM at National Harbor by conducting preopening inspections for 33 licensed food service facilities, a pool, two spas, and a water reuse pilot program.
- The Department reported that it continues to face challenges meeting the Code of Maryland Regulations (COMAR) requirements for inspections due to a lack of staff. The Department stated that the addition of five (5) sanitarian staff in FY 2017 will help improve compliance. In FY 2017, the Department estimated that they will inspect a total 4,020 of the State's required 6,467 inspections. The additional staff included in the proposed FY 2018 budget will allow the Department the opportunity to better meet inspection requirements, and focus on prevention and education for food retailers that do meet safety standards.

Facilities

- The Health Department reported the following activity in FY 2017 regarding its facilities. (Note: A footprint of the Health Department's Facilities by Councilmanic District has been provided in the First Round FY 2018 Proposed Budget Responses – Attachment H.)
 - The leased space at Laurel Lakes Avenue, Suite 225, for the OASIS program was terminated as of 4/30/2017.
 - The leased space at 4325 Forbes Blvd, Suite A, for the WIC program was terminated as of 3/31/2017.

- The leased space at 501 Hampton Park Blvd for the CAP program was terminated as of 12/31/2016.
- The leased space for the WIC program located at 13900 Laurel Lakes Avenue, Suite 200, was extended for five (5) years until 1/31/2022.
- The lease space for the Adams House program, located at 5001 Silver Hill Road, in Suitland, MD was extended until 2/28/2022.

Budget Comparison – Grant Funds

The FY 2018 Proposed Grant Budget for the Health Department is approximately \$44.5 million, a decrease of \$10,551,900, or 19.2%, below the FY 2017 Approved Budget.

Approved Fiscal Year 2017 to Proposed Fiscal Year 2018

Category	FY 2016 Actual	FY 2017 Approved	FY 2017 Estimated	FY 2018 Proposed	Change Amount	Percentage Change
Compensation	\$ 16,472,321	\$ 19,398,600	\$ 17,890,400	\$ 16,314,500	\$ (3,084,100)	-15.9%
Fringe Benefits	4,296,256	5,426,400	5,063,400	4,888,400	(538,000)	-9.9%
Operating Expenses	27,873,701	30,184,600	29,285,800	23,254,800	(6,929,800)	-23.0%
Total	\$ 48,642,278	\$ 55,009,600	\$ 52,239,600	\$ 44,457,700	\$ (10,551,900)	-19.2%

Authorized Staffing Count - Grant Funds

	FY 2017 Approved	FY 2018 Proposed	Change Amount	Percentage Change
Full-Time	204	174	-30	-14.7%
Part-Time	5	5	0	0.0%
Limited Term	141	98	-43	-30.5%
Total	350	277	-73	-20.9%

Staffing Changes and Compensation

- Compensation in FY 2018 is anticipated to decrease by \$3,084,100, or 15.9%, under the FY 2017 approved level. This decrease is primarily due to a reduction of staff within various Divisions. Grant funds are provided for 174 full-time, five (5) part-time, and 98 limited-term grant funded positions for FY 2018.
- The overall decrease in staffing is due to a decrease of thirty (30) full-time positions and a decrease of forty-three (43) limited-term grant funded positions. The decrease in staffing is largely due to the reduction in the Addictions Treatment, Health Enterprise Zone, MCHP Eligibility Determination – PWC program, and the Medical Assistance Transportation grants.

- As of April 5, 2017, the Department reported ten (10) full-time, and twenty-five (25) LTGF vacancies for FY 2017. The FY 2018 Proposed Budget includes grant funding for all of the vacant positions. See attachment D of the 1st Round Questions for the status of the vacant positions.

Operating Expenses

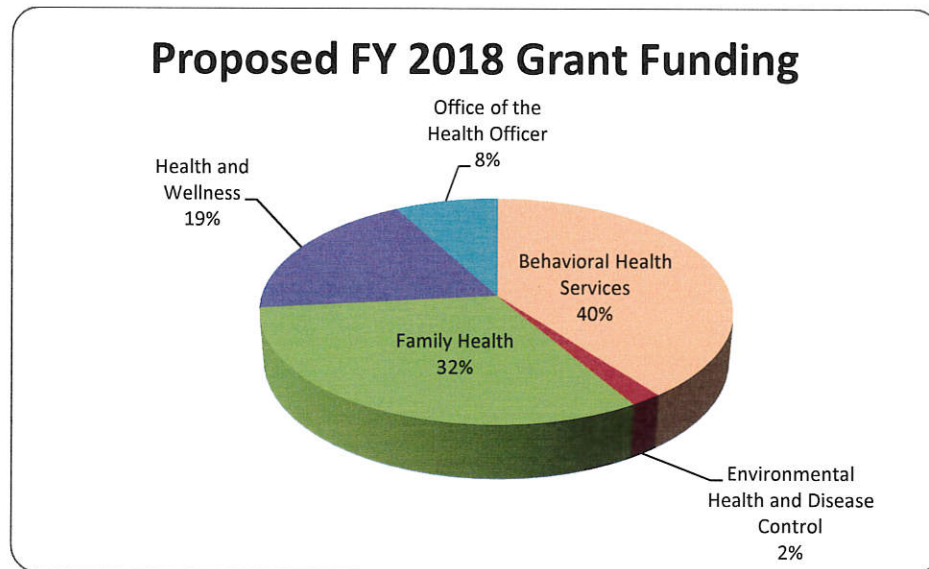
- Operating expenses are proposed at \$23,254,800, which is a decrease of \$6,929,800, or 23%, below the FY 2017 approved amount. Proposed operating expenses will be decreasing primarily due to the decrease of funding for various grants. See discussion of the changes in funding for the major grant program divisions later in this report.

Highlights

- Acquiring Public Health Accreditation was identified as a priority for the Department, as all local Health Departments will need to secure accreditation by 2018 in order to be eligible for certain funding. The Department completed an accreditation preparation self-assessment in the fall of 2014 and has established an inclusive accreditation team. However, the Department learned that the cost of the initial accreditation has increased to \$28,000 and an annual cost of \$11,250 to maintain accreditation has been added, therefore it is in the process of re-evaluating the cost/benefit analysis of obtaining accreditation. The Department reports they have completed most of the requirements to include the Community Health Assessment and are in the final stages of completion of their strategic plan.
- In 2013, the Health Department launched the Prince George's County Health Enterprise Zone (PGCHEZ), a group of primary care providers solicited to create Patient Centered Medical Homes (PCMH) to increase access to healthcare, reduce healthcare costs, improve health outcomes, expand the primary care workforce, and increase the community health workforce. The PGCHEZ presents attractive benefits and incentive packages to recruit and retain high quality providers. Providers and partners are linked via a public health information network integrating local and State information exchanges. The Department is reporting that grant funding for this initiative will be eliminated, therefore costs for the Health Enterprise Zone will be supported by the General Fund in FY 2018.
- The Department reported that since the start of the PGCHEZ through December 2016, there have been approximately 41,614 unduplicated patients seen and 58,457 patient visits at the four out of five of the provider sites in the Health Enterprise Zone. The Department reports that all five (5) Patient Centered Medical Homes (PCMH) are now open and seeing patients. PCMH include:

Date	Practice	Location
Dec-13	Global Vision Community Health Services	Kingdom Square Shopping Center in Capitol Heights, MD
Apr-14	Greater Baden Medical Services	Addison Road South in Capitol Heights, MD
Nov-14	Gerald Family Care	Coral Hills in Capitol Heights, MD
Summer 2016	Family Medical and Counseling Services	Martin Luther King Highway
Mar-17	Dimensions Specialty Care Services	Marlboro Pike in Capitol Heights, MD

- The Department's major grant program divisions for FY 2018 are shown in the graph below:



- Division of Behavioral Health Services (\$17.5 million proposed) – decrease of \$416,000 under the FY 2017 approved level. This Division represents 40% of the Department's proposed FY 2018 grants.
 - The Department anticipates a decrease of \$1,682,900 for the Addictions Treatment Block Grant in FY 2018. The Department reported that the Maryland Department of Health and Mental Hygiene (DHMH) is eliminating grant funding for Medicaid billable Substance Use Disorder services, which was previously funded through this grant. During FY 2017, the Department shifted many of its resources away from these billable services.
 - A \$2,149,100 decrease is anticipated for the Ambulatory Funding program due to the expiration of the grant.
 - The Department anticipates receiving \$1,158,600 for the Federal Fund Treatment Grant in FY 2018, which will be utilized to fund staff for the Assessment and Case Management Unit who assist residents in accessing Substance Use Disorder services. The Department also plans to use funds to assist homeless residents with Substance Use Disorders to obtain housing as a way of reducing relapse and associated use of emergency and first responder services.
 - In FY 2018, the Department anticipates grant funding in the amount of \$998,800 for the Wrap Around Prince Georges (System of Care) Implementation grant. This grant funds efforts to expand and enhance the services provided within the Mental Health Crisis delivery system.

- Division of Environmental Health and Disease Control (\$839,300 proposed) – decrease of \$259,200 under the FY 2017 approved level. This Division represents 2% of the Department’s proposed FY 2018 grants.
 - The Department anticipates receiving \$455,000 for the Public Health Emergency Preparedness (PHEP) grant in FY 2018. This grant supports planning activities and the integrated efforts between County health civic organizations and health care facilities to train medical practitioners and citizen volunteers in emergency preparedness.
 - A decrease of \$190,000 is anticipated for the Bay Restoration (Septic) Fund grant, which provides funds for on-site sewage disposal upgrades. The Department is reporting that the decrease in funding is based on the anticipated volume of service requests.
- Division of Family Health (\$14.1 million proposed) – decrease of \$715,600 under the FY 2017 approved level. This Division represents 32% of the Department’s proposed FY 2018 grants.
 - In FY 2018, the Department anticipates a decrease of \$1.6 million in AIDS Case Management and a decrease of \$660,800 in HIV Prevention Services funding due to a shift in funding to the Ryan White Part B grant.
 - The School Based Wellness Center Program (a total of \$1,256,000 proposed) is a collaboration with the Prince George’s County Board of Education to provide extended operating hours and health services to children enrolled in the public school system, including immunization services.
- Division of Health and Wellness (\$8.3 million proposed) – decrease of \$1.7 million under the FY 2017 approved level. This Division represents 19% of the Department’s proposed FY 2018 grants.
 - The Department does not anticipate receiving funding from the Cancer Diagnosis and Treatment grant (a decrease of \$1,155,000) in FY 2018, resulting from a decision by the Maryland Department of Health and Mental Hygiene to redirect these funds to Doctors Community Hospital. As a result, the Department will no longer provide cancer diagnosis and treatment services.
 - In FY 2018, the Department anticipates receiving \$4.2 million for the General Medical Assistance Transportation program, which provides personal care and case management to elderly individuals with chronic diseases or developmentally disabled persons, as well as transportation to medical appointments for Medical Assistance recipients.
- Office of the Health Officer (\$3.5 million proposed) – decrease of \$7.4 under the FY 2017 approved level. This Division represents 8% of the Department’s proposed FY 2018 grants.
 - The Department anticipates a decrease of \$4.4 million from the Ryan White Part A grant, in which the Department is the administrative agent for five counties in Maryland. The process for funding several services under this grant is shifting to a fee-for-service model starting July 1, 2017.
 - The Department does not anticipate receiving the Health Enterprise Zone (HEZ) grant in FY 2018 (a decrease of \$1.1 million) due to the expiration of the grant.

Capital Improvement Program (CIP) Overview

- The FY 2018 Proposed Capital Budget for the Health Department is \$5,750,000. This represents a decrease of \$750,000, or 11.5%, under the FY 2017 Approved Capital Budget. This decrease between FY 2017 and FY 2018 is primarily attributed to a decrease in the project cost.
- The proposed FY 2018 - FY 2023 CIP total project budget of \$47.5 million includes the following three (3) projects. The table below shows a 15.9% increase in total project costs for the six year period.
 - The improvement and renovations of various health facilities, including parking lot lights and lot repaving, replacing carpets, painting, roof repairs, installing security cameras and bringing the buildings up to current code with ADA standards.
 - A Regional Health and Human Services Center that will serve as a centralized focal point for the delivery of services to older adults, persons with disabilities and family caregivers. Planning will continue for the creation of a headquarter building that will co-locate the administrative offices of the Health Department, the Department of Family Services and the Department of Social Services.
 - The approximate cost associated with the new facility are as follows:
 - Construction \$25 million
 - Phone/Data \$1 million
 - Land \$3 million
 - Project Incentive \$2 million (FY19 set up ground lease)
 - Furniture/Equipment \$4 million
 - Arts \$250,000
 - A Residential Treatment Facility will encompass a 40 bed residential treatment facility that will include detoxification, intermediate care and continuing care services for persons with substance abuse and mental health problems. The facility will serve both men and women.
- Below is a breakdown of the Health Department's proposed FY 2018 - FY 2023 CIP:

#	Project Name	Approved FY 2017 - 2022 CIP		Proposed FY 2018 - 2023 CIP					Change in Funding (FY17 App to FY18 Prop Total Funding CIP)	
		Approved FY17 Capital Budget	Approved FY17 CIP (Total Funding)	Est. Comp.	Expended thru FY17	Proposed FY18 Capital Budget	FY19 and beyond	Proposed FY18 CIP (Total Funding)	\$ Change	% Change
1	Health Facilities Renovations	\$ 500,000	\$ 5,040,000	Jun-23	\$ 2,709,000	\$ 500,000	\$ 2,500,000	\$ 5,709,000	\$ 669,000	13.3%
2	Regional Health and Human Services Center	6,000,000	35,394,000	Nov-18	6,000,000	5,250,000	30,000,000	41,250,000	5,856,000	16.5%
3	Residential Treatment Facility	-	500,000	Jun-23	-	-	500,000	500,000	-	0%
TOTAL		\$ 6,500,000	\$ 40,934,000		\$ 8,709,000	\$ 5,750,000	\$ 33,000,000	\$ 47,459,000	\$ 6,525,000	15.9%