

Cabanillas, Jessica

From: Lundgren, Nick
Sent: Friday, July 15, 2016 10:54 PM
To: Kelley, Kerry; Cabanillas, Jessica
Cc: Santoro, Michael C; DiLella, Steve; Klein, Evonne
Subject: FY17-FY 19
Attachments: Revised Plan for Continued Operations FY 17 FY 18 FY 19 steve edits.xlsx

Kerry and Jes,

In response to the Secretary's request for a plan for operating within the available resources for FY 17 in his memo dated June 8, 2016, please find DOH's plan with respect to our General Fund and Banking Fund funded programs. As we discussed, we would like to find a way to continue to expand the number of MFP RAPs in FY 18 and FY 19, consistent with the State's overall plan to reduce costs by avoiding unnecessary high institutional costs associated with nursing facilities. Some expansion can be funded by redirecting the turnover in the regular RAP category into the MFP program (it being understood that MFP RAP turnover would also make some funding available for MFP RAPs for new individuals). As you'll see, however, expanding the MFP program to add approximately 270 net new MFP RAPs in each of FY 18 and FY 19 cannot be financed solely by shifting and repurposing existing funds. We are proposing additional funding of \$1.5M in FY 18 and \$3M in FY 19 (reflecting an annualization of the FY 18 amount plus funding for an additional 150 MFP RAPs). We would like to continue the conversation to identify possible sources for this funding. In addition, Mike Santoro circulated summary information, including the applicable legal authority, regarding the strategy mentioned in this plan to fund the Congregate Facility Operating Costs program at a level close to FY 16 rather than at the significantly reduced amount otherwise available in FY 17. Please let me know if you have any questions. We'll also follow up to schedule a time to continue the MFP RAP funding challenge.

Best,
Nick

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SID	Program	Alloted Funding FY 16-17	Notes	Anticipated Need FY 17-18	Notes	Anticipated Need FY 18-19	Notes
10010	Personal Services	1,982,983		2,012,728	Cost of Living at 1.5%	2,042,919	Cost of Living at 1.5%
10020	Other Expenses	178,252		178,252	Anticipate Flat Spending	178,252	Anticipate Flat Spending
12032	Elderly Rental Registry and Counselors	1,035,431	Some reduction in participation; minimal reductions in grant awards across the program	1,035,431	Anticipate Flat Spending	1,035,431	Anticipate Flat Spending
16029	Subsidized Assisted Living Demonstration	2,159,241	Unanticipated savings in prior year ensures adequate operation for current year	2,219,700	Anticipate 2.8% escalator due to cover historic increase in cost associated with medicaid eligible clients	2,281,851	Anticipate 2.8% escalator due to cover historic increase in cost associated with medicaid eligible clients
16068	Congregate Facilities Operation Costs	7,285,738	To maintain level funding, DOH proposes an approximate \$900k draw from HRRLF and initiation of sunset of ALSA contribution.	8,250,000	Approximate \$900k draw from HRRLF; continuation of sunset of ALSA contribution; consistent with historical uncontrollable cost increases, 1.5% inflation/contractual increase.	8,350,000	Approximate \$900k draw from HRRLF; completion of sunset of ALSA contribution; consistent with historical uncontrollable cost increases, 1.5% inflation/contractual increase.
16076	Housing Assistance and Counseling Program	48,221	Funding one month for 30 day notification to recipients	0	Elimination	0	Elimination
16084	Elderly Congregate Rent Subsidy	1,982,065	Reduction through Turnover	1,882,962	5% Reduction through Turnover	1,788,814	5% Reduction through Turnover
16149	Housing/Homeless Services	66,995,503	* All shelter, transitional and rapid rehousing programs cut by 5.75%. * Reallocate all regular RAP turnover to MFP, which will create 120 net new units for MFP, based on historical turnover rate. * Combined with regular MFP turnover of 14 per month, we project to serve 288 new MFP tenants this year. (Further cuts to programs listed above will only create additional homelessness and high cost institutional stays which will offset any gains made through MFP savings.)	69,078,610	* Annualize the 5.75% cut, but no additional cuts proposed to shelter, AIDS or rapid rehousing programs. * Funding for transitional programs will be shifted to new effective programming for homeless individuals, such as rapid rehousing services, 211 for Coordinated Access and diversion funding (which would otherwise have been paid with CIA funds). * DOH proposes an increase of \$2,083,107 to the fund which reflects a 1% increase in the MARS (to prevent RAP holders from being unable to locate apartments in the market) and \$1.5 million in new funds for 150 new MFP RAP's (combined with estimated historic turnover, this would create approximately 270 net new MFP units (in addition, approximately 168 new clients to be serviced based on historic turnover of existing MFP clients.)	71,182,549	* No additional cuts proposed to shelter, AIDS or rapid rehousing programs. * DOH proposes an increase of \$2,103,939 to address need for an additional 1% increase in the MARS and \$1.5 million in net new funds for 150 new MFP RAPs.
17008	Tax Abatement	0	Program Eliminated	0	Program Eliminated	0	Program Eliminated
17038	Housing/Homeless Services (Municipal)	586,965	Flat Funding Anticipated	586,965	Flat Funding Anticipated (Funds specific emergency shelters)	586,965	Flat Funding Anticipated (Funds specific emergency shelters)
		82,254,399		85,244,647		87,446,781	
	Dept of Banking funds						
12432	Fair Housing	670,000	Flat Funding Anticipated	670,000	Flat Funding Anticipated	670,000	Flat Funding Anticipated

Congregate Operating Subsidy Program
Proposed actions to address insufficient General Fund funding

Agency Proposal:

1. DOH's Housing Repayment and Revolving Loan Fund: In each of the three fiscal years herein noted, FY 17, FY 18 and FY 19, allot up to approximately \$900,000 from the Housing Repayment and Revolving Loan Fund (HRRLF) to cover costs necessary to the continued operation of the twenty-seven (27) Congregate Housing for the Elderly Program properties at the necessary funding levels.
2. Sunset the Assisted Living Services component: Initiate the sunset of the DOH Assisted Living Services component of the Congregate Housing for the Elderly program. Once fully sunset, will yield an annual savings of approximately \$871,000, reducing the amount needed from the HRRLF.

Actions Requested:

1. DOH's Housing Repayment and Revolving Loan Fund: Approval of OPM and the Office of the Governor to allot the targeted funds from the HRRLF for FY 17, FY 18 and FY 19 to fill the funding gap in the Congregate Housing for the Elderly Program until other programmatic changes can be implemented and necessary reductions can be achieved (or increased appropriations become feasible).
2. Sunset the Assisted Living Services component: Agency administrative actions only. Owners to be notified that no new enrollments for DOH Assisted Living Services component will be approved effective August 1, 2016 until further notice.

Legal Authority:

1. DOH's Housing Repayment and Revolving Loan Fund
 - (a) Pursuant to CGS Section 8-37qq (e) (1) of the general statutes, "There is established a fund to be known as the Housing Repayment and Revolving Loan Fund"..... Any balance remaining in said fund at the end of any fiscal year shall be carried forward in the fund for the next fiscal year."
 - (b) Pursuant to CGS Section 8-37qq (a) (2), "Administrative expense" means any administrative or other cost or expense incurred by the state in carrying out the provisions of any of the following bond-financed state housing programs, including the hiring of necessary employees and the entering of necessary contracts: ... congregare housing for the elderly pursuant to section 8-119h, ..."
 - (c) Pursuant to CGS Section 8-37qq (e) (2) (C), "Notwithstanding any provision of the general statutes or any public or special act, payment of any administrative expense may be made out of the Housing Repayment and Revolving Loan Fund subject to the approval of the Governor of an allotment for such purpose."
2. Sunset the Assisted Living Services component: Pursuant to general powers of the Commissioner in sections CGS Section 4-8 and 8-37x, the Commissioner can take any actions necessary to administer all or a portion of any program.