



## Summary of State Fiscal Year 2021 Budget Impact

The final FY 2021 budget for the nine months of October 1, 2020 – June 30, 2021 reflects the difficult economic realities New Jersey is experiencing as a result of the COVID-19 global health emergency.

The State faces a \$5.6 billion revenue shortfall in FY 2021, after already closing a multi-billion-dollar revenue gap in the closing months of FY 2020. New Jersey's unemployment rate stood at 16.8% in June 2020, well above the peak of 9.8% during the Great Recession of a decade ago. More than 1.4 million New Jersey residents have filed for unemployment since the start of the pandemic. The economic crisis we face now is rivaled only by two other times in our State's nearly 250-year history: the American Civil War, and the Great Depression.

In preparing the budget, State Departments were asked to review operations, and provide suggested cuts to roughly 15% of their total budgets. Not every recommended cut was reflected in the final budget. Ultimately, approximately \$1.2 billion in cuts to department budgets across the whole of State Government were included in the budget proposed by Governor Murphy to the Legislature, including cuts to the budget of the Department of Children and Families (DCF).

Where we could, DCF tried to find savings through program efficiencies, right sizing our expenditures for services based on trending utilization reports from even before the pandemic struck New Jersey. These are services that may have seen greater utilization in our Department's past, but have been underutilized as we put a greater emphasis on in-home or in-community supports and where recent developments in Medicaid and other State programs offer the same or similar service outside of the Department. We also deferred capital expenditures where possible to be able to navigate through our current economic challenges. In other areas, though, we had to make significant cuts to programs that, under better circumstances, would not have been considered. None of the budget decisions were made lightly. They were made with full consideration for the effects they may have on the children, youth and families of New Jersey.

In the final budget, DCF was able to preserve the State's child protection investigation, foster care, public adoption and guardianship systems; operating costs for its 17 schools; the statewide network of evidence-based home visiting programs; the statewide network of 57 community-based Family Success Centers; the network of School Based Youth Service programs, state-wide hotlines, shelters, and advocacy services for survivors of domestic violence and sexual assault; a suite of housing, shelter, and supportive services for transition-aged youth; and to achieve a much needed investment in the Children's System of Care. And, in recognition of the extraordinary impact that the COVID-19 Emergency is having on children, youth and their families, Governor Murphy's budget includes a much needed \$45 million investment in the Children's System of Care to stabilize this system through rebalancing the outdated rates that are currently used to fund the provider network.

The Department of Children and Families has already changed significantly during the COVID 19 Emergency - as we should, given how deeply the lives of the New Jerseyans we serve have changed. And as Governor Murphy noted recently: the old status quo didn't work for too many New Jerseyans. It would be impossible, and irresponsible, to return this Department and our statewide network of contracted services to exactly the form they took prior to the COVID-19 pandemic.

The following tables display detail regarding the DCF budget.

**Summary of Major Increases/Reductions to DCF State Funds, FY21 - Detail**

Change (in 1,000s)	Account	Description
Major Increase(s): \$45,000		
\$45,000	Children’s System of Care	Rebalance rates to stabilize Children’s System of Care; subject to approval by federal Centers for Medicare and Medicaid Services
Major Reduction(s): \$(42,333)		
(\$10,000)	Salary Savings	Adjusted salary need
(\$3,000)	Overtime Savings	Implement overtime management program
(\$5,941)	Extension of Enhanced Federal Match due to COVID Emergency	State expenditures offset by CARES Act enhanced federal FMAP match on expenditures for eligible DCF services
(\$6,581)	DCPP Family Support Services	Eliminates DCF cost reimbursement funding for certain social services, treatment and other programs that are also available through CSOC, other Medicaid programs, or other State funded programs. Eliminates step-down component of Family Preservation Services; services remain available to families through the Children’s System of Care and other programs. Eliminates certain mentoring programs. Right-sizes and rebalances RDTC budgets and FLEX funds to reflect actual census of children in child protection/foster care. Eliminates DCF funding for Post-Adoption Counseling Services with planned inclusion of this service in the CSOC network. Eliminates cost reimbursement contracting for under-utilized services.
(\$5,258)	DCPP Purchase of Social Services	Eliminates certain visitation and adoption related services that can be provided directly by the Department.
(\$1,008)	Foster Care and Permanency Initiative	Eliminates certain visitation and adoption related services that can be provided directly by the Department.
(\$4,300)	Child Health Units	Right size staffing patterns to fit current, reduced foster care census
(\$3,955)	Keeping Families Together	Maintain current program census, and right size budget allocation to reflect actual costs.
(\$230)	Peer Recovery Support Services	Pause planned expansion of the program; eliminate funding for awareness campaign
(\$1,250)	Child Collaborative Mental Health Pilot	Restructures program to consolidate costs
(\$345)	Independent Living and Shelter Care	Eliminate cost-reimbursement funding mechanism for two NJ shelters due to consistent under-utilization
(\$124)	Out of Home Placements	Reduces budget for fee-for-service youth shelter capacity in recognition of reduced utilization
(\$341)	Child Welfare Training Partnership	Reduces future support for higher education programming for DCF staff.
<b>Total Net Adjustment</b>		
\$2,667		