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TESTIMONY

BILL: SB 396 (BDRS-1226) Supplemental appropriation to Health Division of Department of Human Resources for shortfall in money for Fiscal Year 2002-2003 to meet the maintenance of effort requirement for the Substance Abuse Prevention and Treatment Block Grant (SAPT).

DEPARTMENT OF HUMAN RESOURCES

**CONTACT: PHIL WEYRICK, ADMINISTRATIVE SERVICES OFFICER,
STATE HEALTH DIVISION**

PHONE: 684-4226

Good morning, for the record my name is Phil Weyrick, the Administrative Services Officer for the State Health Division.

The Health Division supports the passage of SB 396, as it will allow Nevada's Single State Agency (SSA) for substance abuse, the Bureau of Alcohol and Drug Abuse, to meet its maintenance of effort (MOE) for state expenditures, as required by the SAPT Block Grant. The Bureau's current SFY03 State general fund appropriation in Budget Account 3170 is \$38,915 short of the required MOE. The MOE is calculated as the average of the last two years' actual expenditures, or the MOE requirement for those years, whichever is greater (Attachment A).

The State's current federal SAPT Block Grant is over \$12.8 million dollars. The State general fund appropriation of \$3.07 million makes up approximately 14% of the Bureau's \$21 million budget. Failure to meet the required MOE would cause the following results:

1. The federal Block Grant funding could be reduced dollar for dollar by the amount of the shortfall.
2. The Health Division has currently requested a waiver to exclude the MAXIMUS funding in the MOE calculation, as a non-recurring funding initiative for a specific purpose. Indications from the federal advisors are that the waiver cannot be granted if the State does not meet its MOE. If this waiver were not granted, it would have a significant effect on future years' MOE calculations.

3. The federal Block Grant award would be delayed substantially because additional federal reviews are conducted when the MOE is not met. Not being able to draw federal funds affects the cash flow in the budget, and a cash advance may be required until federal funds become available.

Attachments B and C show the dramatic increase in Block grant funding compared to the maintenance of effort over the last several years, and indicate the decreasing percentage of State appropriation in this budget. The Health Division encourages the Committee to support the required MOE to avoid sending the message that the State does not need these additional federal grant dollars.

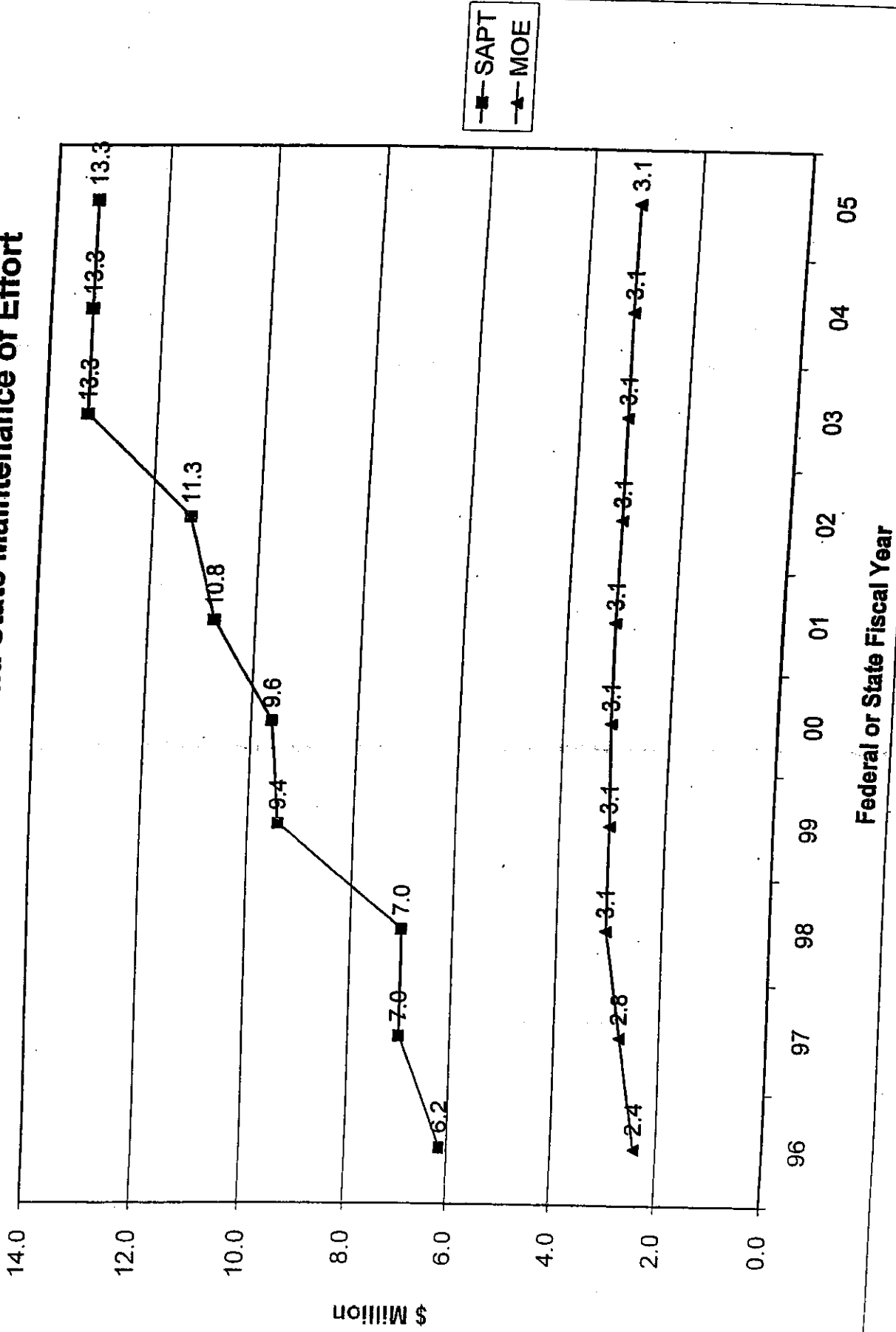
I would be happy to answer any questions at this time.

BADA MOE CALCULATIONS (SFY 01 FINAL EXPENDITURES)

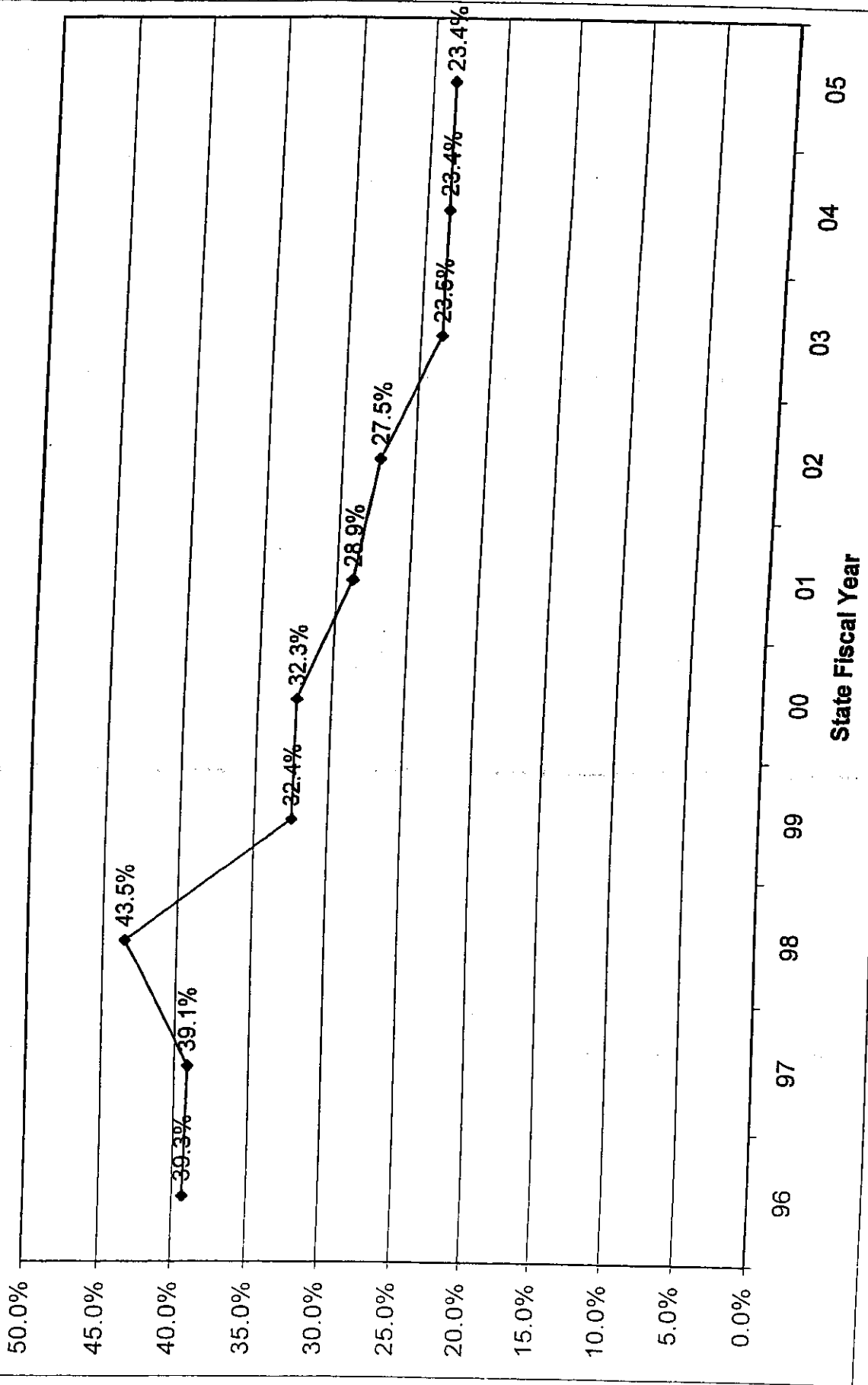
STATE EXPENDITURE		MOE CALCULATION	
SFY 90	\$ 1,703,136		
SFY 91	\$ 1,816,553		
SFY 92	\$ 2,290,116		
SFY 93	\$ 2,411,297		
SFY 94	\$ 2,409,618		
SFY 95	\$ 2,428,146		
SFY 96	\$ 3,073,299		
SFY 97	\$ 3,049,706	actual adjusted	1,759,845
SFY 98	\$ 3,070,747	actual adjusted	2,053,335
SFY 99	\$ 3,146,384	actual adjusted	2,350,707
SFY 00	\$ 3,083,289		2,410,458
SFY 01	\$ 3,120,763		2,418,882
SFY 02	\$ 3,075,984	budget	2,750,723
SFY 03	\$ 3,072,480	budget	3,061,503
			3,060,227
			3,108,566
			3,114,837
			3,102,026
			3,111,395
SFY 03		SFY 02 MOE	
PROJECTED MOE	\$ 3,111,395		3,102,026
SFY 03 BUDGET	\$ 3,072,480	SFY 02 BUDGET	3,075,984
\$ BELOW MOE	\$ 38,915	\$ BELOW MOE	26,042
% BELOW MOE	1.251%	% BELOW MOE	0.840%

D-3065

Federal SAPT Block Grant and State Maintenance of Effort



State Maintenance of Effort as a Percent of Federal SAPT Block Grant



D-5065