

***OACB* is proud to present:**

FY 2010-11

Budget Symposium



Process Overview & Potential Impact of Lawsuits

Presented by:

Tom Pappas

OACB Legislative Council



Overview

- x **2008/2009 Biennial Budget**
- x **128th General Assembly**
- x **Amended Substitute House Bill 1**
- x **The Aftermath of the Budget**

2008/2009 *Biennial Budget*

- × Slowest growing budget in 40 years
- × Implementation of 2005 Tax Reform (HB66)
- × No New Revenue
- × Unanimous Support Republicans & Democrats



128th General Assembly

- × New Leadership
- × Divided/Shared Government
- × Further Implementation of 2005 Tax Reform (HB66)
- × Worst Economy Since Great Depression
- × 2010 Election (*Governor's Office, Apportionment Board, Ohio House*)



ASHB 1; \$50.2 Billion

- × Approximately \$5B Federal Stimulus Dollars
- × No New Taxes
- × Continued implementation of 2005 Tax Reform (HB66)
- × Across the board line item reductions (except education)
- × Expanded Gaming/VLTs
- × Only 6 Republican Votes, “A Political Document”



Aftermath of the Budget, What does the future hold?

- × Status of Ohio's Economy, 11.2% Unemployment
- × November 2008 Gaming Initiative
- × VLT Legal Challenge, \$933 Million
- × Tobacco Settlement Dollars, \$258 Million
- × Grocer Association Legal Challenge of CAT Tax,
\$200 Million



Governor Strickland's Budget

Presented by:

John Martin

Director, *Ohio Department of DD*



Budget Background

How we got to a budget

- x National and International near collapse of our economy
- x Our economy was losing 700,000 jobs a month
- x Growth rate of economy – 6.3% – worst in 28 years
- x Foreclosures at record levels
- x Residential investment fell 40% in 18 months

Budget Background

How we got to a budget

- x Banks were in crisis and freezing lending
- x \$10 trillion in wealth was lost in the stock market
- x It felt like the economy was spinning out of control
- x State Governments have a combined deficit of \$142.6 billion
- x To get control by deficit spending, the federal government provided bailouts & stimulus spending

Ohio's Situation

1. Revenue plummets downward

Sales Tax

Personal Income Taxes

Corporate/Business Taxes

Auto

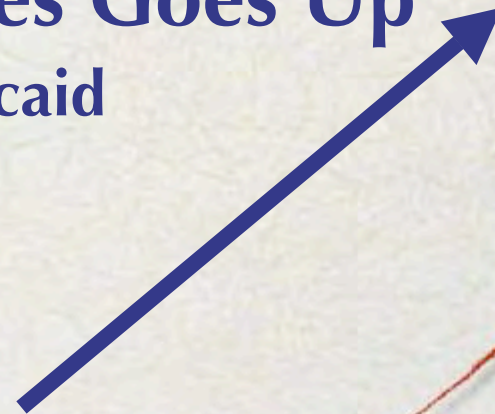
General

Tobacco



2. Demand for State Services Goes Up

- × More people qualifying for Medicaid
- × Unemployment Compensation
- × Prison population
- × Food banks



Example

- × Ohio spent \$77 million more on Medicaid in July of 2009 than in July of 2008.
- × Ohio collected \$153 million less in taxes in July of 2009 compared to July of 2008.
- 3. States, which can not run a deficit, have two options:
 - × Cut spending
 - × Raise revenue

Ohio's Situation

4. Governor Strickland's budget does both:

- × Spending cuts by approximately \$4.4 billion since the start of the crisis
- × Revenue increased by approximately \$.7 billion through slots at race tracks
- × Maximizes use of Federal stimulus

5. Although difficult – Ohio has a budget, other states are still battling.

Ohio's Situation

6. The Administrations budget frame work & rationale

× Resize State Government

- × Reduction in 3000 state employees
- × Reduction in state employee pay by 3.8%
- × Reduction in many programs funded by the state
- × Create a more efficient business environment
 - × Medicaid saved \$800 million in FY 09 through cost containment strategies
 - × Implementation of shared service program

× Prioritize education for economic growth

× Avoid tax increases which could hamstring recovery



Our Budget

- × Like the Governor's budget/ours reflects resizing
 - × Approximately 60 fewer employees
 - × Reduction to programs funded by the *Department*
 - × Reorganization to reflect fewer staff and align business practices to generate efficiencies
- × Like the Governor's budget it reflects federal stimulus
- × Like the Governor's budget we have tried to protect priorities
 - × I.T when looking internally at staff
 - × Health and Safety in external funding

Our Budget

We did better than some, worse than others

State Agency	2008 -2009 Biennium	2010 -2011 Biennium	% Change
Aging	\$ 336,831,865	\$ 268,138,752	-20.39%
Mental Health	\$1,089,081,610	\$ 900,314,166	-17.33%
DODD	\$ 698,428,745	\$ 634,624,734	-9.14%)
Rehab & Corrections	\$3,132,468,565	\$3,167,249,237	1.11%



Our Budget

- × Martin waivers fully funded
- × Franchise fee to be paid by developmental centers
- × New waiver for children with intensive behavioral issues funding amount is uncertain
- × County Board funding levels 11% higher than FY09 levels after cuts, but still 19% lower than FY09 level before cuts

Our Budget

- × Central administration funding lower by 45% compared to FY09 before cuts
- × Enhanced FMAP (\$151 million over 2010 & 2011)
- × Waiver and DC line items reduced based on EFMAP

Effect of Enhanced FMAP

× FMAP @ 62%

× Total - \$1000

× State Share - \$380

× FMAP - \$620

× FMAP @ 72%

× Total- \$1000

× State Share - \$280

× FMAP- \$720



GRF Funding for Waivers

Title	2009 Before Cuts	2009 After Cuts	2010	2011
Res & Support Svcs	\$ 343,895	\$ 53,338	\$ 325,746	\$ 325,746
State Match	\$109,551,380	\$109,551,380	\$ 76,940,156	\$ 96,995,649
Martin	\$ 29,036,451	\$ 22,675,901	\$ 26,799,300	\$ 31,234,500
TOTAL	\$138,931,726	\$132,280,619	\$104,065,202	\$128,555,895



GRF Funding for DCs

Title	2009 Before Cuts	2009 After Cuts	2010	2011
Franchise Fee	N/A	N/A	\$ 5,953,391	\$ 7,146,609
DCs	\$102,796,851	\$ 95,247,156	\$ 72,091,333	\$ 79,364,778
Bond Payments	\$ 20,504,500	\$ 20,504,500	\$ 21,333,500	\$ 21,951,800
TOTAL	\$123,301,351	\$115,751,656	\$ 99,378,224	\$108,463,187



Federal Funding for Waivers and DCs

	FY 2009	FY 2010	FY 2011
Waivers	\$540,618,829	\$759,888,929	\$745,540,748
DCs	\$137,555,307	\$167,503,941	\$162,857,712



GRF Funding for Central Office

Title	2009 Before Cuts	2009 After Cuts	2010	2011
Central Office	\$9,638,610	\$5,485,500	\$4,662,675	\$4,662,675
APSI	\$2,792,322	\$2,558,619	\$2,174,826	\$2,174,826
Total	\$12,430,932	\$8,044,119	\$6,837,501	\$6,837,501



GRF Funding for County Boards

Title	2009 Before Cuts	2009 After Cuts	2010	2011
Family Support	\$ 6,938,898	\$ 6,314,397	\$ 6,591,953	\$ 6,591,953
County Board Subsidies	\$ 87,270,048	\$57,964,005	\$66,986,448	\$62,259,252
Tax Equity	\$ 14,000,000	\$14,000,000	\$14,000,000	\$14,000,000
Res Support Svcs	\$ 6,409,986	\$ 5,554,709	\$ 5,528,809	\$ 4,528,809
TOTAL	\$114,618,932	\$83,833,111	\$93,107,210	\$87,380,014



Impact Of Our Budget

- × Preserves funding for current waiver recipients
- × Receive additional federal funding in the future when include franchise fee on the DC cost reports
- × Revisit how to serve children using one-time funding
- × Impact will differ by county
- × Not filling some staff vacancies
- × Census reduction at developmental centers



Census Reduction at Developmental Centers

Total Census reductions of 194:

- × Columbus-32
- × Mount Vernon-32
- × Tiffin-32
- × Gallipolis-48
- × Northwest-18
- × Warrensville-32

We are not reducing census at DC's with capacity around 100.



Census Reduction at DC's

- × Housing dollars will be available approximately \$20,000 per individual.
- × Dollars are contained in the waiver line to support the waiver.
- × The waiver dollar amount will include day services.
- × The funded slot will remain with county permanently for lengths of stay that exceed 2 years.
- × MFP dollars are available for these individuals.
 - × \$2,000 Community Transition fund
 - × \$5,000 for SSA's for Transition Coordination



2012 & Beyond

- × Anticipate federal stimulus dollars will be gone
- × Will take many years to recover from the recession & for revenues to get back to previous levels

BIENNIAL BUDGET & MORE

HERE'S WHAT HAPPENED IN THE '30's

- × An “official recession is two quarters of negative growth. A depression five quarters of negative growth.
- × The U.S. economy was officially in a recession from 1929-1933. Followed by four years of stagnant to limited growth. Then 13 months of recession again in 1937 and 1938.
- × In terms of GDP (or GNP) it took 10 years to return to pre-1929 output.



Moving Forward

- × Together much has been accomplished over the past two years.
 - × Relationships among Stakeholders have improved, creating a foundation from which to work from.
 - × IO Waivers were increased by 3,187 over the biennium (26.5% increase)
 - × 1,500 Martin Waivers
 - × 1,687 Funded by the Boards (In 06 – 07, 676 increase)
 - × DC census was decreased by 179 (11.2% increase)
 - × Completed the waiver transition
 - × Stabilized state/local funding relationship
 - × Mapped out our Future

What Are We Doing to Prepare?

- × Encouraging all of us to start planning now for 2012
- × Futures Committee recommended a financial sustainability plan
 - × Short Term Solution
 - × Formula adjustment to help counties in loss situation in FY 10
 - × Maximize Federal revenue
 - × Relief for counties faced with levy failure



What are we doing to Prepare?

- × Long Term – Re-evaluate our infrastructure funding
 - × Ottawa – 5th in local revenue per capita (\$139.11) and 35th state revenue per capita (20.05). Does receive tax equity funding.
 - × Noble County – 87th in local revenue per capita (\$27.72 per 10,000) and 88th state revenue per capita (\$8.00). Does not receive tax equity funding.
 - × Perhaps use the budget as an opportunity – as GRF comes back, use it to fill in the holes.
- × Budget bill requires our department to submit a waiver sustainability plan to *JFS* by December 31, 2009

We have been assessing our current work internally and evaluating the input from the field to reprioritize our work given the resources available.



“Anytime there is a reduction in funding for services to individuals with developmental disabilities that is concerning. However, given the dire economic climate we are faced with, we are relatively pleased with the outcome of the budget process.”

-Dan Ohler

OACB



Future Collaborations

Presented by:

Michael Rench

Executive Director

Ohio Rehabilitation Services Commission



Non-Appropriation Language

Presented by:

Dan Ohler

Executive Director

&

Dustin McKee

Policy Analyst



State Budget Outcomes...

- × Will require Boards to examine every facet of their business;
- × Seek new sources of revenue; and,
- × Enhance and increase administrative efficiencies.

Provision for Levy Failure

- × *County Board of DD Levy Failure*
 - × *Department must create a methodology to pay Medicaid match if a County Board of DD can not*
 - × *Also requires a rule to permit a County Board of DD to not maintain their Waiver Floor*
- × **Individual Service Plan Summary Page Requirement**



HCBS Waivers

- × **Fiscal Sustainability of HCBS Waiver Services**
 - × References method of setting payment rates; wages & benefits; training & direct supervision
 - × Consistent with the Futures Committee Report
- × **Funding for the conversion of beds in ICF/MR to HCBS Waiver**
 - × Funds to transfer from *ODJFS* to *Department*

Personnel Changes

- × New language impacting requirements for a Business Manager & a Medicaid Services Manager
 - × New language is more consistent with Superintendent requirements for *County Boards of DD*
 - × Both are still required; need to identify in position description or contract

Medicaid Services Manager Statutory Requirements

- × Must be an employee of the Board, or;
- × Contract with another *County Board of DD* to utilize their Medicaid Service Manager
 - × COG employee does qualify
- × Superintendent is prohibited from designating themselves as the Medicaid Services Manager

Medicaid Services Manager Not in Statute

- × Specific educational requirements
- × Limits on number of *County Boards of DD* contracting/sharing
 - × Current limit is 5 contiguous Counties
- × Ability to utilize independent contractors
 - × No longer acceptable



Business Manager Statutory Requirements

- × Must be an employee of the Board, or;
- × Contract with another *County Board of DD* to utilize their Business Manager
 - × COG employee does qualify
- × Superintendent is prohibited from designating themselves as the Business Manager



Business Manager Not in Statute

- × **Specific educational requirements**
 - × **Currently a Bachelor's Degree in a related field required**
- × **Limits on number of *County Boards of DD* served**
 - × **Current limit is one County**
 - × **New language permits “sharing” to increase administrative efficiencies**



Tangible Personal Property Tax

- × To date, there remains funding to replace TPPT revenues in this biennium
- × Longer term likely dependant on economic recovery of our State
- × In other words, don't count on it...

TPPT...Next Steps...

- × Support Senate Bill 111
- × Continue educating Legislators
- × Significant push with Administration
- × Real Stories



Nursing Home Conversion to ICF-MR

- × Allows Conversion of 1 Nursing Home
- × Allows them to convert to ICF/MR by waiving Development Plan Rule to avoid closure
- × *Department* not responsible for Match
- × Provision doesn't affect statewide ICF/MR bed cap



Residential Licenses

- × Exemption from development plan approval requirement for some license applicants if:
 - × Facility serves folks with “special care needs”
 - × *ODJFS & OBM* Directors approve
- × Written to save money for state when serving a small number of children on ventilators in hospitals
- × *Department* not responsible for Match



Consumer ID Disclosure

- × **New Exception**

- × ID disclosure okay if necessary for tax of/payment for services

- × **Previous Exceptions**

- × Written Request from authorized person
- × Needed for Approval of Direct Services Contract
- × Information needed to determine *CBDD* compliance with waiting list law



Help Me Grow

- × Funding set at original Executive Proposal Level
- × \$56M in TANF removed
- × GRF money increased by \$23.2M as offset to TANF loss
- × \$7.6M for Part C from Federal Stimulus
- × All told, *HMG* to total \$52M each year
 - × Total cut is 30%



Changes to Part C

- × Proposal to narrow Part C eligibility floated
 - × 2 St. Dev. below mean in 1 D.D. domains; or,
 - × 1.5 St. Dev below mean in 2 D.D. domains
- × Current Eligibility for Part C still in Effect
 - × 1.5 St. Dev. below mean in 1 D.D. domain
- × Eligibility criteria for Part C probably will not change for at least another 7-8 months

HMG At Risk Changes

- × **Narrowing of *HMG At Risk* eligibility Proposed**
 - × **200% of FPL**
 - × **First-time parent**
 - × **Child under 6 months**
 - × **2 associated risk factors (single parent, under 18)**

- × **However, current criteria remains in place**

HMG At Risk

- ✘ **Proposed changes slated for public comment soon**
- ✘ ***County Family & Children First* can apply to State FCFC for a waiver to disregard old eligibility criteria and follow the new, narrower criteria**

Center for Early Childhood Development

- × ASHB 1 directs State Superintendent and Governor to create *CECD*
- × *CECD* made up of staff from *ODE*, *ODJFS*, *ODH* and possibly others, is under *ODE*
- × *CECD* intended to ensure coherent & effective oversight for birth to 5 programs



Center for Early Childhood Development

- × Early Childhood Programs under *CECD*
 - × *Help Me Grow*
 - × Childcare
 - × Public Preschool
- × *Early Childhood Advisory Council* will advise state regarding creation and duties of *CECD*
- × *CECD* will engineer and oversee transfer of authority and responsibility for Early Childhood programs from other agencies to *ODE*



ICF/MR Franchise Fee

- × ASHB 1 Increased ICF/MR Franchise Fee
- × Fee set at \$14.75 per bed, per day through FY 2010
- × \$13.55 per bed, per day through FY 2011
- × Subsequent years based on \$13.55 and inflation
- × *Department* receives no additional revenue from fee increase until FY 2012



Educational Reforms

Presented by:

Greg Browning

President
The Success Group



Utilizing the Enhanced FMAP

Presented by:

Ann Rengert & Kate Haller

**Deputy Directors
*Ohio Department of DD***

