

## **S.C. Department of Disabilities and Special Needs Fiscal Year 2008-2009 Budget Reduction Plan**

Due to revenue shortfalls as a result of the current economic conditions in the state, the General Assembly passed House Bill 5300 so as to enact targeted reductions in State Appropriations to state agencies this fiscal year. This was necessary to balance the appropriated dollars to current estimates of state revenue collections for the year.

The mid-year base reduction to DDSN is \$21.5 million, which is an 11.2 percent state fund reduction. This does not include the corresponding Medicaid funds associated with these state dollars. In addition, these annual reductions must be made over the next seven months since five months of the year are already expensed.

While the Legislature has targeted certain programs for this reduction this fiscal year, they have also provided flexibility in agencies' ability to move funding so as to minimize negative effects of the reductions.

DDSN's reduction plan follows the policy set by its Commission that the individuals who are at the greatest risk with the most complex needs are the top priority of the agency for continued service funding. Those individuals with lesser needs, who may also have additional supports available, have the lowest priority in terms of funding for services. These considerations were necessary due to the magnitude of the dollars no longer available to the agency and the short time period allowed to reduce costs.

The attached reduction plan has been separated into four categories.

### **Agency Reductions**

The first category is the actual reductions to be absorbed within the department itself (Items 1 and 2). These reductions amounted to 3.7% of operating and contractual expenses and 2.2% of personnel expenses excluding direct care positions.

### **Unfunded Grants and Services**

The second category of reductions is the list of grants and services no longer funded (Items 3-14). Most of this funding is available now due to previous actions to freeze some service expansion. These actions were taken once the department became aware of the likely economic realities. Some of these funding items are related to onetime dollars that will be utilized to cover the expenses that have already occurred during the first five months of this year. Having these funds available proved to be critical in allowing the department to phase in reductions this year with the ongoing savings being available a full year next fiscal year. No one currently receiving a service loses that service as a result of these reductions.

Support groups and targeted special grants are reduced 5% versus the 11.2% average reduction. Planned expansion of services to new consumers was unfunded to reduce the impact on consumers currently receiving services. Three million dollars of nonrecurring funding for stipends and respite available this year was substituted for the recurring base reduced to maintain these services at last year's levels. The traumatic brain and spinal cord injury post-acute rehabilitation was reduced by the dollars already taken in the 3% reduction plan which still leaves a recurring base funding of \$1.2 million. This second category of unfunded items makes up the largest reduction area with the least effect on current consumers.

### **Board/Provider Reductions**

The third category is the list of reductions to be implemented by the local DSN Boards and other service providers (Items 15-24b). This includes shifting individuals with less complex needs from active service coordination to a level that requires less frequent contact. This also will require the caseloads of service coordinators to change from 34 consumers to 38. While this affects workloads, it does not significantly change the service for the consumers. Summer services will continue, but at half the amount, and will be targeted to families with the greatest need for these supports. Child day services will continue through December. Early intervention services for children up to age 6 will be reduced. The BabyNet Program is

changing eligibility requirements that will reduce the number of children served by all of the BabyNet agencies.

DDSN will not fund any vacant day or supported employment slot. This policy will be retroactive to the beginning of the current fiscal year. Like other services, it is preferable to unfund vacancies as opposed to removing services from consumers currently receiving them. DDSN will also work with the state's Medicaid agency to explore capping certain waiver services which can produce savings for next fiscal year. The balance of this reduction area will be a 1% reduction in rates for residential and day supports provided by the boards and other providers. All providers will be given flexibility concerning how to accomplish this reduction; however, there can be no reduction in the number of consumers served as a result.

### **Policy/Service Initiatives**

The fourth category involves new initiatives that will require efforts by both the department and providers (Items 25-28c). While these will require additional work on everyone's part, the end results yield savings which allow other services to remain funded. These new efforts will maximize Medicaid and stretch state funding to allow all consumers currently receiving day and supported employment services to continue to receive these services.

New efforts in residential services involve transitioning a modest number of consumers from supervised apartments to a supported living model and some community training home (CTH) consumers from the group home model to enhanced CTH I's which are similar to foster care. This will allow 125 consumers to live more independently in less restrictive environments.

The largest effort will be in the day programs which will result in the most significant funding change. When this effort is combined with the funding gained from the vacant day slots, it is sufficient to allow 2,960 consumers to continue to attend their day support as opposed to staying at home. This effort involves shifting state funded center based service consumers who are Medicaid eligible into the current rehabilitation program and converting state funded supported employment services into the new community supports waiver later in the fiscal year. It is this new waiver option that will allow the department to convert these state funded supports to maximize Medicaid which in turn requires fewer state dollars to support the same number of consumers.

These new initiatives will require everyone's cooperation and effort. Without this commitment more consumers will lose their current services. A specific example of this is that while there are currently 474 consumers funded 100% with state dollars in center based day programs, there will be a maximum of 119 service slots funded that way as of January 1, 2009. Anyone not converted to the rehabilitation supports who is eligible for that program will be unfunded as of January. The supported employment consumers who will be eligible for the community supports waiver will have until March 31, 2009 to transition to this new waiver before these consumers' services would be unfunded. The residential conversions will occur during next fiscal year due to the time effort involved. These actions will also be required or residential vacancies will be unfunded.

Each provider will be required to do their share in this effort. Any targets not met will result in additional services not funded and additional consumers without services. It is the combination of these new initiatives that has allowed the department to minimize the impact on consumers and other board/provider services.

### **Conclusion**

All of these reductions and revenue enhancements are necessary because the state funds that have been previously provided are no longer available. It is recognized that some consumers and families will lose their current services and some employees, both at DDSN and in provider organizations, will lose their current jobs. Every effort has been made to minimize the effects on our consumers and their families. But the new initiatives must be carried out to ensure that this in fact is the end result.

This plan follows the guiding principle of the Commission that the highest priority of the agency is to the consumers with the greatest need and every effort has been made to continue as many services as possible to as many consumers as possible.

# **South Carolina Department of Disabilities & Special Needs**

## **Fiscal Year 2008-2009 Budget Reduction Plan**

# S.C. Department of Disabilities and Special Needs

## Fiscal Year 2008-2009 Budget Reduction Plan

### Agency Reductions

Item #	Description	Slots / Positions	Rate/Units	Annualized		Current Fiscal Year		Time Frame
				Total Funds	State Funds	Total Funds	State Funds	
<b>Agency Reductions:</b>								
1	DDSN Operating Budget Reduction		3.7%	\$ 659,326	\$ 263,730	\$ 347,876	\$ 139,150	6 months
2	Personal Services Reductions	50	2.2%	\$ 2,044,518	\$ 613,355	\$ 851,883	\$ 255,565	5 months
<b>Subtotal</b>				<b>\$ 2,703,844</b>	<b>\$ 877,085</b>	<b>\$ 1,199,759</b>	<b>\$ 394,715</b>	

# S.C. Department of Disabilities and Special Needs

## Fiscal Year 2008-2009 Budget Reduction Plan

### Unfunded Cuts

Item #	Description	Slots / Positions	Rate/Units	Annualized		Current Fiscal Year		Time Frame
				Total Funds	State Funds	Total Funds	State Funds	
	<b>Unfunded:</b>							
3	Special Grants - Targeted Reductions		5%	\$ 48,915	\$ 20,544	\$ 48,915	\$ 20,544	
4	Special Grants - Greenwood Genetic Center		5%	\$ 400,700	\$ 160,280	\$ 200,350	\$ 80,140	6 months
5	Residential Bed Expansion	60	Various rates	\$ 3,000,000	\$ 900,000	\$ 3,000,000	\$ 900,000	
6	Pervasive Developmental Disorder (PDD) Expansion	190		\$ 8,425,000	\$ 3,000,000	\$ 8,425,000	\$ 3,000,000	
7	Respite (State Funded) - all divisions			\$ 1,613,585	\$ 1,613,585	\$ 1,613,585	\$ 1,613,585	
8	Family Support Stipends (State Funded) - all divisions			\$ 1,386,415	\$ 1,386,415	\$ 1,386,415	\$ 1,386,415	
9	MR/RD Waiver Slot Expansion/Attrition	150	\$12,070/slot	\$ 1,809,620	\$ 543,120	\$ 1,809,620	\$ 543,120	
10	HASCI Waiver Slots Expansion/Attrition	37	\$26K /slot	\$ 960,443	\$ 287,043	\$ 960,443	\$ 287,043	
11	Funding for Outlier and Band Adjustments			\$ 500,000	\$ 150,000	\$ 500,000	\$ 150,000	
12	TBI/SCI Post Acute Rehabilitation			\$ 492,260	\$ 492,260	\$ 492,260	\$ 492,260	
13	Capital Funding/Carryforward			\$ -	\$ -	\$ 5,000,000	\$ 5,000,000	
14	Community Supports Waiver - Onetime			\$ -	\$ -	\$ 1,364,250	\$ 1,364,250	
	<b>Subtotal</b>			<b>\$ 18,636,938</b>	<b>\$ 8,553,247</b>	<b>\$ 24,800,838</b>	<b>\$ 14,837,357</b>	

# S.C. Department of Disabilities and Special Needs Fiscal Year 2008-2009 Budget Reductions Board/Provider Reductions

Item #	Description	Slots / Positions	Rate/Units	Annualized		Current Fiscal Year		Time Frame
				Total Funds	State Funds	Total Funds	State Funds	
<b>Board/Provider Reductions:</b>								
15	HASCI Community Opportunity Programs		5%	\$ 29,407	\$ 29,407	\$ 14,704	\$ 14,704	6 months
16	Service Coordination - Level I to Level II	750	\$1,673	\$ 1,254,750	\$ 526,995	\$ 522,813	\$ 219,581	5 months
17	Service Coordination - Caseload Ratios from 34 to 38	41	\$50,798 per pos.	\$ 2,082,718	\$ 874,742	\$ 1,041,359	\$ 437,371	6 months
18	Summer Services - Reduced 50%	1,545		\$ 354,871	\$ 354,871	\$ 177,436	\$ 177,436	
19	Child Day Care Services	108		\$ 1,190,531	\$ 357,160	\$ 595,266	\$ 178,580	6 months
20	Early Intervention - targeted caseload reductions (3-6)	125	18,000 units	\$ 426,175	\$ 232,265	\$ 213,088	\$ 116,133	6 months
21	Early Intervention - BabyNet Criteria Change (0-3)	420	60,480 units	\$ 1,388,994	\$ 757,002	\$ 347,249	\$ 189,251	3 months
22	Vacant Day/Supported Employment Slots	330	\$9,227	\$ 3,044,910	\$ 3,044,910	\$ 3,044,910	\$ 3,044,910	
23	Medicaid Waivers - Cap on ancillary services/units			\$ 2,000,000	\$ 600,000	\$ -	\$ -	
24a	Residential and Day - 1% Rate Reduction - DSN Boards		1%	\$ 2,812,534	\$ 843,760	\$ 1,406,267	\$ 421,880	6 months
24b	Residential and Day - 1% Rate Reduction - OPL and Alt. Placements		1%	\$ 206,686	\$ 62,006	\$ 103,343	\$ 31,003	6 months
<b>Subtotal</b>				<b>\$ 14,791,576</b>	<b>\$ 7,683,118</b>	<b>\$ 7,466,435</b>	<b>\$ 4,830,849</b>	

# S.C. Department of Disabilities and Special Needs

## Fiscal Year 2008-2009 Budget Reduction Plan

### Policy/Service Initiatives

Item #	Description	Slots / Positions	Rate/Units	Annualized		Current Fiscal Year		Time Frame
				Total Funds	State Funds	Total Funds	State Funds	
<b>Policy/Service Initiatives:</b>								
25	Community Supports Waiver - SLP I Conversion	25	\$8K/person	\$ 200,000	\$ 84,000	\$ -	\$ -	
26	Convert CTH II's to Enhanced CTH I's	100	\$20K/person	\$ 2,000,000	\$ 600,000	\$ -	\$ -	
27a	State Funded Day Center Based Slots	474	\$9,227	\$ 4,373,598	\$ 4,373,598	\$ 2,186,799	\$ 2,186,799	6 months
27b	State Funded Day Center Based Slots - Convert to Rehab. Support	355	\$10,000	\$ (1,065,000)	\$ (1,065,000)	\$ (532,500)	\$ (532,500)	6 months
27c	State Funded Day Center Based Slots - Remain State Funded	119	\$9,227	\$ (1,098,013)	\$ (1,098,013)	\$ (549,007)	\$ (549,007)	6 months
28a	State Funded Supported Employment Slots	502	\$9,227	\$ 4,631,954	\$ 4,631,954	\$ 1,157,989	\$ 1,157,989	3 months
28b	State Funded Supported Employment Slots - Convert to Comm. Supp. Waiver	251	\$10,000	\$ (753,000)	\$ (753,000)	\$ (188,250)	\$ (188,250)	3 months
28c	State Funded Supported Employment Slots - Remain State Funded	251	\$9,227	\$ (2,315,977)	\$ (2,315,977)	\$ (578,994)	\$ (578,994)	3 months
	<b>Subtotal</b>			<b>\$ 5,973,562</b>	<b>\$ 4,457,562</b>	<b>\$ 1,496,037</b>	<b>\$ 1,496,037</b>	
	<b>Total</b>			<b>\$ 42,105,920</b>	<b>\$ 21,571,012</b>	<b>\$ 34,963,069</b>	<b>\$ 21,558,968</b>	