Implications of State Budget Cuts on Disability Services

UCED Directors Annual Meeting
Washington D.C.
April 22, 2010

Nancy Thaler
Executive Director
NASDDDS

NASDDDS
National Association of State Directors of Developmental Disabilities Services
Success
Institutional/Community Rebalancing

State Institution Residents

Number of Residents

Year

Community/Institutional Funding 2007

<table>
<thead>
<tr>
<th></th>
<th>Community</th>
<th>Institution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elderly</td>
<td>$12,012,426</td>
<td>$32,558,663</td>
</tr>
<tr>
<td>DD</td>
<td>$68,109,356</td>
<td>$46,980,539</td>
</tr>
</tbody>
</table>

Source: Medstat Thompson
**State & Federal Funds Combine to Fuel Growth**


The graph shows the total public I/DD spending from fiscal year 1990 to 2006, with a notable increase to $43.8 billion in 2006.

$43.8 Billion in Supports & Services
About 1 Million People Receive Services
Prevalence is 4.5 Million

- 428,803 Family Support
- 115,919 Employment Services
- 532,830 Residential Services – most in small settings
- Most people live with their families… and the percentage is growing

The State of the States in Developmental Disabilities
(Braddock, Hemp, & Rizzolo, 2008)
Future Challenges
Waiting List

Source: UMN RTC/ICI

Low Estimate (State Reported State Agency Reports of People Needing Residential Services Within Next 12 Months): 88,300

High Estimate (Various Sources Within States, Estimate Extrapolated From 20 States): 462,000
Employment

John Butterworth, U Mass ICI

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Demographic Shift = America’s Care Gap

Source: U.S. Census Bureau, Population Division, Interim State Population Projections, 2005

Females aged 25-44
Individuals 65 and older

Larson, Edelstein, 2006
The Economy

WE BETTER CALL JOE THE PLUMBER...

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8.43 million jobs lost in this recession

9/2001
2.7 million jobs lost in 2001 recession

1990 It’s the Economy Stupid
Percent Job Losses in Post WWII Recessions

Current Employment Recession

10.4%

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Retail Sales Falling

Retail Sales Growth
(adjusted for inflation)

Sep-98 Sep-00 Sep-02 Sep-04 Sep-06 Sep-08

(Y/Y change in percent)
-6.0% -4.0% -2.0% 0.0% 2.0% 4.0% 6.0% 8.0%
Current State of the States

- Fiscal year 2010
  - 48 states have addressed or face budget shortfalls $190 billion

- Fiscal year 2011
  - 36 states have estimated gaps $90 billion or 15% of budgets

The Center on Policy and Budget Priorities
State General Fund Growth and Reductions 1993-2010

*32-year historical average rate of growth is 5.9 percent

** Fiscal 09 numbers are estimated

*** Fiscal 10 numbers are recommended

Source: NASBO June 2009 Fiscal Survey of States

General Fund Expenditure Growth (%)

Spending declines
4.8% in FY’09
4%+ in FY’10

The New Normal?
The worst recession since the 1930s has caused the steepest decline in state tax receipts on record.

<table>
<thead>
<tr>
<th>State</th>
<th>Decline in Revenue</th>
<th>Percentage Decline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>$1.6 billion</td>
<td>22.2%</td>
</tr>
<tr>
<td>Alaska</td>
<td>$1.3 billion</td>
<td>30.0%</td>
</tr>
<tr>
<td>Arizona</td>
<td>$5.2 billion</td>
<td>53.0%</td>
</tr>
<tr>
<td>Arkansas</td>
<td>$253 million</td>
<td>5.6%</td>
</tr>
<tr>
<td>California</td>
<td>$51.8 billion</td>
<td>56.2%</td>
</tr>
<tr>
<td>Colorado</td>
<td>$1.6 billion</td>
<td>21.0%</td>
</tr>
<tr>
<td>Connecticut</td>
<td>$4.7 billion</td>
<td>27.0%</td>
</tr>
<tr>
<td>Delaware</td>
<td>$557 million</td>
<td>17.6%</td>
</tr>
<tr>
<td>Florida</td>
<td>$6.0 billion</td>
<td>23.3%</td>
</tr>
<tr>
<td>Georgia</td>
<td>$4.3 billion</td>
<td>24.9%</td>
</tr>
<tr>
<td>Hawaii</td>
<td>$1.2 billion</td>
<td>23.7%</td>
</tr>
<tr>
<td>Idaho</td>
<td>$562 million</td>
<td>22.4%</td>
</tr>
<tr>
<td>Illinois</td>
<td>$14.3 billion</td>
<td>40.9%</td>
</tr>
</tbody>
</table>
Current Context

Total state budget shortfall in each fiscal year, in billions

- $40 (2002)
- $75 (2003)
- $80 (2004)
- $45 (2005)
- $110 (2009)
- $193 (2010)
- $120 (2011)

Estimated shortfall for 2012: $180

Center for Budget and Policy Priorities 12/18/09

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Impact of Budget Cuts

- State and local governments have eliminated 1,000,000 jobs.

- South Carolina has reduced DD funding by %25

- Tennessee eliminated Family Support for 144 individuals

- Texas - about 38,000 new applicants for food stamps have to wait for a decision more than a month because of a reduction in staff that processes the applications.

- Arizona is selling the statehouse, Nearly 10,000 parents were added to the ranks of the uninsured as the state ended parent coverage through its KidsCare program; state parks budgets cut 80%.

- Michigan cut higher education financial aid by over 60 percent
How Long Does it Take for Employment to Bounce Back?

Recovery

National Governors Association Center for Best Practices, February 23, 2010
http://www.nga.org/Files/pdf/1002STATEGOVTAFTERGREATRECESSION.PDF
American Recovery and Reinvestment Cliff

Total stimulus spending by year

billions of dollars

Source: Stateline.org

National Association of State Directors of Developmental Disabilities Services
The Impact

- Community college enrollments are up
- State parks and rest stops are closed
- Almost everyone has changed and downsized their buying habits
- The shelves at TJ Max are bare – so are most other stores as more people look for good deals
- Sam’s Club is downsizing bulk packaging deals – 5 in a packs instead of 10 in a pack
- Sales of board games are up – people are going out a lot less
Impact of Budget Cuts – DD Specific

- Cutting provider rates
- Consolidating group homes
- Eliminating living arrangements for one person with 24 hour staff
- Shutting down state only funded programs
- Increasing case management caseloads
The Big Reset *State Government After the Great Recession*

Most efforts start by exploring the traditional tools of budget cutting: targeted and across-the-board program cuts, reductions to local aid, layoffs, benefit cuts, furloughs, and salary reductions. In today’s environment, however, states quickly find that these options do not shift the cost curve sufficiently, and they must look at actions that change the way government does business. Additional steps that are being considered or undertaken today include:

- Selling state assets (such as surplus equipment and state office buildings);
- Consolidating data centers and IT functions;
- Coordinating purchases across agencies;
- Consolidating state real estate management into one entity and conducting a review of real estate holdings and leasing arrangement;
- Reorganizing and combining agencies.

National Governors Association Center for Best Practices, February 23, 2010
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