

## FY 2013 Community Services Board (CSB) Budget Management Plan

### Background

- After three years of successful cost management, increasing non-local revenues and successfully implementing the CSB transformation based on Beeman Report principles, the CSB is facing a significant budget shortfall in both FY 2012 and FY 2013
- With Board of Supervisor support, the CSB is working with the Department of Management and Budget to address the FY 2013 shortfall and plan for a balanced budget in FY 2013
- The shortfall for FY 2012 is \$8 million consisting of approximately \$4 million in service costs and \$4 million in payroll costs that the CSB is unable to fund out of the existing allocation
  - Historically when costs have increased the CSB has been able to cover any shortfall with service revenues
- The service shortfall in FY 2012 primarily exists in three service areas:
  - Intellectually Disabled young adults, especially high school graduates have all been provided services but at a cost significantly greater than the budgeted amount (\$1.2 million deficit)
  - Seriously Mentally Ill and Substance Using adults who have been homeless are being served more effectively, including receiving housing, but the planned Medicaid revenue offset has not been realized at this time (\$1.6 million deficit)
  - Infants with developmental delays and their families have been seen in record numbers (38% growth in the last two years) without sufficient state funding to address this growth (\$1 million deficit)
- The CSB has taken specific actions to decrease expenditures and increase revenue in FY 2012, which include:
  - Hiring freeze
  - Severely limiting overtime
  - Establish waiting lists for services
  - Re-deploying staff to ensure adequate coverage in vital areas
  - Continue to maximize revenue collections from the state and federal government through grants, Medicaid and Medicare billing, private health insurance, delinquent debt collection and reviewing fee policies to ensure adequacy of revenues
- The anticipated FY 2013 shortfall will be \$9.4 million consisting of approximately \$3.3 in payroll costs that the CSB cannot fund out of the planned allocation and a shortfall of \$6.1 million in service costs assuming the CSB continues operations as usual. This service shortfall includes full coverage of the ID high school graduates needs (\$2.5 million), full coverage of the Infant service needs (\$1 million) and full coverage of the estimated revenue shortfall in fees for services (\$2.6 million)

### **General Principles for CSB Service Structure - FY 2013**

- Establish more conservative fee revenue projections and therefore limit service growth without a clear indication that the revenue is available and attainable on a recurring basis
- There will be no growth in services unless there is a historically proven, sustainable funding source for a service that is a priority for the Board of Supervisors
- The emphasis of the service system, transforming according to Beeman Commission principles is on a full range of emergency and urgent care services, a limited but accessible and effective treatment service system and greater emphasis on community-based services that support people living adaptively in the community

### **Specific Action Plan - Under Development**

- The CSB Board is working with advocates and community agencies to address how to establish a new service model based on no new funding increases for people with an Intellectual Disability who needs Day or Employment services such as the high school graduates and those who receive Medicaid funding but need additional services
- Based on a no new funding model, the Infant Toddler Connection which provides services for infants with developmental delays will establish a mechanism to provide the most needed services but limit other services based on funding available
- To address the revenue shortfall, the CSB will initially review all services based on current utilization and staffing, consolidating services at a single site when possible as well as decreasing funding for under-utilized or under-funded services. While this strategy will result in some decreased service capacity and some employee layoffs, it would limit the impact to areas that are not being fully utilized
- If the CSB cannot fully address the shortfall through the actions above, we would need to identify services previously offered to the Board of Supervisors to consider closure
- Contracts with vendors will be crafted to ensure that service levels will be managed without contract rate adjustments potentially reducing levels in FY2013
- Contracts with vendors to implement the DOJ agreement will be crafted to ensure that the state must maintain adequate funding for services
  - The CSB has also determined that the additional positions noted in the NIP to assist with DOJ implementation can be delayed for consideration until FY2014
- The CSB intends to present a final FY 2013 Budget Management Plan to the Board of Supervisors as part of the *FY 2012 Carryover Review* and will schedule updates to the Board at the July 24<sup>th</sup> Human Services Committee meeting