



**OMRDD Commissioner Diana Jones Ritter
Budget Overview, DOB Budget Hearing**

Eliot Spitzer, Governor
Diana Jones Ritter, Commissioner
October 25, 2007

OMRDD's
2008-09 Budget Overview
DOB Budget Hearing
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Good morning Budget Director Francis, First Deputy Director Anglin, Deputy Director Fine, Deputy Director Greenberg, Budget Chief Attwell and other Division of the Budget staff, Deputy Secretary Whalen, Assistant Secretary Baker, Director Proud, Program Assistant Seereiter and fiscal and policy staff from the State Legislature.

I'm very pleased to have this opportunity to discuss OMRDD's budget request and strategic direction with you today.

During the eight months I've served as Commissioner, I've observed the many changes within the agency since I last worked here, about 14 years ago. I'm happy to report that much of that change has been for the better. Topping the list is the significant increase in the number of individuals receiving care through our agency.

What hasn't happened - and was a great surprise to me - is the continued downsizing of the developmental centers, which was a major initiative when I left. More than 1,600 people still live in institutional settings, the majority of whom live in specialized units; however, there are over 500 people still living in regular developmental centers. This has to change. I have already set plans in motion to work toward assessing each individual's readiness for community opportunities and to find homes for these developmental center residents in the communities of their choice.

I am also concerned that our culture, for service delivery, has relied too heavily on bricks and mortar development, rather than taking more advantage of service and support options that would preserve family units or enable individuals with disabilities to live in a home or apartment of their own. During the next three years, I will begin the process of rebalancing our service portfolio to place greater emphasis on options that promote independence and choice. An added benefit is that many of the non-traditional services are generally less costly, allowing us to better leverage our resources and serve more people.

OMRDD'S budget is anything but business as usual. With so many changes in our internal and external operating environments, we are transforming our service system into one that is more responsive to the needs of individuals with developmental disabilities and their families.

Our goal is for people with developmental disabilities to, as one self-advocate remarked recently, “have a life.” To have a home; enjoy meaningful relationships with friends and family; experience personal growth; be engaged in productive activities or employment; and to be in good health.

The challenges ahead include: shrinking state fiscal resources; hostile changes in federal Medicaid rules; increasing demands from families and individuals with developmental disabilities for residential, at-home and person-centered supports; and new, emerging, needs from special populations, especially from people with challenging behaviors, like autism and autism spectrum disorders, and multiple disabilities.

Tough fiscal times require tough choices and clear priorities. We intend to shed things that don’t add value, form more effective partnerships with stakeholders and to lead more creatively.

Our proposed budget for 2008-09 confronts these challenges head-on, uniting the mission and strategic direction of the agency with the broader goals set forth by Governor Spitzer and the Legislature.

Our budget submission and strategic direction:

- Puts people first (both people with developmental disabilities and the workforce), by providing opportunities for individualized supports and services and maintaining a commitment to the workforce -- all in an environment of fiscal prudence and accountability.
- Promotes significant agency collaboration to help build “One New York.” I have remarked in several venues that there is more collaboration going on across State government agencies than I’ve seen in my entire 23 years of State service.
- Reforms our rate-setting system and advances Medicaid rationalization and restructuring through internal and external collaborative efforts. Both will produce efficiencies.
- Enhances the capacity of our internal workforce and organization, and our partnerships with various stakeholders.
- Makes state property available for potential sale, or reuse. These properties could eventually be used for economic development

and/or for affordable housing for New Yorkers, including individuals with developmental disabilities.

Beginning in the 2007-08 budget and going forward in future budget years, we will restructure our programmatic and financial infrastructure to reposition New York State to deliver a rebalanced portfolio of supports and services. We will deliver a portfolio of supports and services that respond even better to consumers' expressed and projected needs, and that are based on sound business and fiscal principles.

Key elements already in play this year include:

- Transitioning individuals with developmental disabilities who are aging out of the educational system, into OMRDD.
- Allocating resources to begin transitioning individuals with developmental disabilities from institutional settings to community living.
- Expanding NYS-CARES to provide new residential and day services and expanding family supports, including a significant expansion of respite services statewide.

- Expanding employment and internship opportunities.

- Using cost-of-living and health care adjustments to support operating increases, including those related to improving salaries and benefits for the direct care workforce.

Several efficiencies advanced in the Governor's 2007-08 Executive Budget, and advanced by the Legislature, made reinvestments possible. Rationalizing Medicaid produced major savings. In 2007-08, we created efficiencies in how we pay for certain medical supplies, and adjusted agency administration reimbursement levels for costs related to new development.

Personal service savings also played a role, especially in terms of reducing overtime. Nonpersonal service savings will increase as a result of enhanced NPS controls and the conversion of information technology staff from contract positions to state staff. Revenue maximization efforts will also continue to support reinvestments.

The effect of these and other changes (such as the annualization of the 2007-08 budget actions) on the 2008-09 budget request is widespread. Overall, the year-to-year increase for OMRDD's budget, excluding special revenue funds, is a little

over 4 percent. Under our proposal, General Fund spending would total \$3.36 billion.

The year-to-year change is driven by the annualization of prior year actions, such as those mentioned above, and new cost-of-living adjustments reflecting operating increases -- including those related to improving salaries and benefits for the direct care workforce. Together these drive increased costs of \$136.4 million.

We plan to cover this budget growth by developing and implementing a number of actions, all of which result from careful strategic planning on the part of OMRDD's leadership.

Medicaid reform, Medicare and other revenue maximization actions will produce significant savings. Additionally, rate-setting restructuring will produce savings in several different program areas. Other plans include a statewide workforce review, currently underway, to identify personal service savings due to better staff deployment strategies, including in the area of overtime. Finally, nonpersonal service savings will increase as a result of the continued enhancement of NPS controls and additional conversions of information technology contract services (staff) to state staff.

The value of these offsetting actions will cover the base growth in our budget. We will, of course, continue to conduct a review of all agency spending.

Our proposed budget request, coupled with our strategic policy direction, advances our commitment to both quality supports and services for people with developmental disabilities and to the dedicated direct care workforce. Should partial reinvestment of our savings from efficiencies be available for 2008-09, we would seek commitments in a number of different areas.

These include downsizing and redefining institutional capacity, with a multi-year commitment to new state and not-for-profit community residential opportunities; transitioning more individuals from developmental centers to the community settings of their choice, with the supports necessary to live a fulfilling and happy life; and offering Individuals with developmental disabilities who are currently housed in nursing homes, opportunities to live in the community, where medically possible. Additionally, many individuals housed in specialized institutional units, such as special behavior units, could successfully transition to community life if we could make residential and other supportive opportunities available.

In rebalancing our institutional capacity and transitioning more individuals from Developmental Centers to community settings we must remain sensitive and committed to both the person with a developmental disability as well the loyal,

often long-tenured direct-care staff who care for them. This not only assures continuity of employment but also continuity of relationships that have developed and grown between them. This kind of stability must be maintained to the extent possible during a period of change. Lastly, for many people transitioning into the community, OMRDD has no choice but to serve as the provider given the medical or behavioral challenges they present.

We would also seek support for our efforts to rebalance our portfolio of services and resources, and to preserve family units and foster community integration. Providing additional support for families whose loved ones have challenging behaviors -- like autism spectrum disorders – or who need crisis intervention services, is key.

Expanding respite services to allow family members to “take a break” from the stress that comes from caring for loved ones with developmental disabilities, and enhancing at-home supports through residential habilitation will help keep people with their families, or in their own homes. Preserving family units avoids costly out-of-home placements.

Finally, we need to foster additional integrated employment opportunities. This will allow individuals to achieve personal growth and reach their full potential.

Restructuring and transforming a service system the size of OMRDD requires careful and thoughtful strategic planning, multi-year initiatives and collaboration with many stakeholders. To support these efforts I have created a new organizational structure within OMRDD that will: recognize the importance of the workforce and the need for diversity; rebalance our service portfolio; enhance quality management; re-establish outreach efforts to identify underserved or unserved communities; support new, emerging and multi-cultural providers; and enable decision making to occur at the local OMRDD District Office level that is inclusive and provides equal access to all stakeholders. We also will take action to support the Governor's community and economic development agenda by increasing our diligence to use Minority and Women-owned businesses.

We've begun to move in the right direction. With this new budget request, we are sustaining past investments and balancing strategic investments with savings to manage overall growth. We now ask for your support for our powerful new agenda to enhance the lives of NYS's individuals with developmental disabilities.