

Preliminary Analysis of
Items of Interest to the Disability Community in the
Governor's Budget Request for 2007-08
February 7, 2007
By the Policy Information Exchange

On Tuesday, February 6, 2007 Governor Rendell introduced his budget request for the state fiscal year 2007-08 (July 1, 2007 through June 30, 2008). The General Assembly will now begin its consideration of the Governor's request and will work to pass a budget bill or bills before the June 30 deadline. This analysis is a first draft, based on information in the Governor's public statements and a briefing called "Pennsylvania Cares" presented by members of the Governor's cabinet. As additional briefings by the administration and appropriations hearings are held, and as more information comes to light, PIE will update this analysis.

Budget Overview

First of all, it's important to note that this budget is not a finished product. Given the scope of the Governor's proposal which has been described as "ambitious," "aggressive" and even "stunning," there will be lively debate and likely changes to what is proposed. Spending increases and program expansions will come under special scrutiny. So it's very important that, even while pointing out needed changes in the Governor's budget, advocates let legislators know about the Governor's proposals which deserve support.

The \$27.3 billion proposed state budget contains many significant expansions of home and community based services for people with disabilities which are outlined below. Several advocates attending the PA Cares briefing expressed gratitude to the Administration for these recommendations.

Meanwhile the media has focused largely on the number of proposed tax increases in the Governor's budget. The front page headline in the February 7 edition of the Harrisburg Patriot News is "The Taxman?" above a picture of the Governor. The tax proposals include:

- raising the sales tax from six to seven per cent to bring more property tax relief and to balance the budget;
- creating a new tax on oil company profits to pay for mass transit, including a statewide expansion of the Persons with Disabilities Shared Ride Program;
- requiring employers who don't offer health insurance to pay a 3% payroll tax, raising cigarette taxes and beginning to tax cigars and smokeless tobacco to pay for the Rx for PA to provide health coverage to uninsured Pennsylvanians;
- increased trash fees; and
- an electricity consumption tax.

Another controversial proposal is the leasing of the PA Turnpike to help pay for construction and repair on our roads and bridges. Republican leaders expressed strong concern about the tax package and even Rendell's fellow Democrats were not quick to

embrace it. Yet, according to the Governor, in order to move forward with his plan and make up for lost federal funds in Medicaid and other areas, these funds are needed.

The Governor's plan for covering the uninsured is called the **Rx for Pennsylvania**. It calls for a variety of measures aimed at cutting costs and improving quality. It also would make affordable health insurance available to all Pennsylvanians replacing AdultBasic. The first year cost of \$302 million would be paid for with tobacco settlement funds, Medicaid, a payroll tax on businesses not providing coverage, Blue Cross-Blue Shield funds and other sources. For more information, go to <http://www.ohcr.state.pa.us/prescription-for-pennsylvania/index.html>.

The budget includes increases for early **education**, including early intervention, and a 3.5% increase in basic education and a 3% increase in special education.

Department of Public Welfare

- The budget proposal includes a 3 percent **cost of living increase** (cola) for most community services including community mental health and mental retardation, attendant care and CSPPPD, aging waiver, etc. Hospitals and nursing homes receive a 2% cola.
- **Community Mental Retardation** services would receive an increase of almost 10% to continue to: serve 46,000 people; annualize 2006-07 initiatives; provide for the 3% cola; provide for quality improvements and program management; and expand services to an additional 3,428 people. The \$26.9 million to expand the program will serve 100% of those on the waiting list for non-residential services and about 68% of those on the emergency waiting list for residential services. Breaking this down further, this includes: \$4.9 million for group home residences for 204 people; \$8.6 million for non-group home residential services for 759 people; \$6.4 million for non-residential supports for 1,592 people; \$3.2 million for day activities for 800 special education graduates; \$2 million for 73 people aging out of EPSDT; and \$1.8 million for waiver enhancements.
- An additional 100 adults with **Autism** will receive services with an appropriation of \$1.6 million. The budget also includes \$737,500 to develop quality systems for adults with autism and an additional \$1,955,000 in state funds for the autism intervention and services line item. According to Secretary Richman, the Autism Waiver request will be ready for submission in March.
- The Office of Mental Retardation is being renamed the **Office of Developmental Programs**. Kevin Casey will continue as Deputy. The scope of the ODP will be expanded to include people with autism and possibly other developmental disabilities that currently have no home in state government. (At the PA Cares budget briefing, Secretary Richman also mentioned people with "acquired brain injury and cerebral palsy without mental retardation".)
- In addition to the 3% cola for community services, the Office of Mental Health and Substance Abuse Services budget includes \$19.4 million to provide home and community based **mental health** services for 200 people currently in state hospitals and respite care for 2,000 families of children with mental illness. Also,

the last 15 counties will be moved into Behavioral Health HealthChoices, bringing the program to all 67 counties by July 1.

- The Governor's proposal includes funding for a three percent cola for **Attendant Care and the CSPPPD** program (OBRA, CommCare and Independence waivers). The budget anticipates serving an additional 405 people with the CSPPPD waivers and an additional 595 people in attendant care. Funds for CSPPPD and Attendant Care are reduced for the current year (2006-07) because of a change in the accounting method.
- The budget assumes a number of cost saving measures including consolidating **Medical Assistance pharmacy** under fee for service (saving \$45.2 million) and moving MA recipients out of **voluntary managed care** and back to fee for service in the Access Plus program (saving \$23.2 million). The Department also will be implementing "Pay for Performance" in a number of areas.
- **Medical Assistance Transportation** would receive almost a 15% increase to pay for increased utilization and an increased cost per trip.
- The **Early Intervention** program in the Department of Public Welfare will receive a 14% increase in state funds and an 11% increase overall, while the Education program will receive a 22% increase. The two programs are now part of the Office of Child Development and Early Learning which spans both Departments and is headed by Harriet Dichter.

Long Term Living

- The Administration has created an **Office of Long Term Living**, a new agency, to be headed by Mike Hall. Mr. Hall is coming from Maine and starts work on March 5th. The Office will be connected to both DPW and Aging and will oversee the Aging waiver, the DPW physical disability waivers (Bureau of Home and Community Based Services formerly Office of Social Programs), and Nursing Homes.
- In the PA Cares budget briefing, Mike Nardone, the former Director of the Long Term Living Council, indicated that the Administration is planning to "develop **additional residential options**." This includes \$3.7 million to expand domiciliary care and other residential options including "transitional housing for those coming out of nursing homes." He indicated that in order to accomplish that, an assisted living bill would have to be passed. The Administration will bring together all parties to come up with legislation that will expand options and offer consumer protections.
- The budget also includes funds to do a **public education** campaign about home and community based options, to open additional **Aging and Disability Resource Centers**, and to **convert nursing home beds**.
- There are \$30 million in savings anticipated by moving from **annual assessment** of nursing home residents to quarterly assessments.

Department of Aging

- The budget includes funds to serve an additional 2,200 people in the **Aging waiver**.

- PENNCARE lottery funds are included to continue current Attendant Care Services and to serve an additional 346 people.
- While the budget provides for expansion of **PACE**, it does not provide for expansion of coverage to people under age 65 or to those who are dually eligible.
- A number of programs, including administrative/staff costs and the **Family Caregiver Program**, which had been funded with dollars from the General Fund will instead be funded with lottery funds. There's a three percent increase in state Family Caregiver funds.
- Four million dollars in grants for **Senior Centers** are eliminated.

Department of Labor and Industry

- The following line items in the Labor and Industry budget are level funded: OVR State only; I CAN; **OVR State Match**; and **Supported Employment**.
- **Centers for Independent Living** are proposed for a reduced appropriation (\$1.8 million as compared to the \$2,250,000 current year's funding).
- **Assistive Technology** is also reduced from \$1,301,000 in the current year to \$801,000 proposed for next year.

Department of Transportation

- The **shared ride program for people with disabilities** is level funded at \$4.8 million. But part of the \$760 million package for mass transit (to be paid for with the oil company gross profits tax) is funding to expand the pwd program to all 65 eligible counties.

Department of Community and Economic Development

- The **home modification program** is level funded at \$3 million.

Department of Health

- The following programs are level funded: **AIDS**; Services for Children with Special Needs (Ventilator and Spina Bifida); **Newborn Hearing** Screening; Adult Cystic Fibrosis; and Renal Dialysis.
- The following programs would be reduced: **Sickle Cell**; **Epilepsy** Support; and **Tourette** Syndrome.
- **Drug and Alcohol** Programs would receive a small increase. Funds are included for a 3% cola.

To view a copy of the power point presented on "Pennsylvania Cares," go to http://www.governor.state.pa.us/governor/lib/governor/PA_Cares_ALL_2007_02_06.pdf

To view the Governor's budget book, or to read his public statements, go to <http://www.governor.state.pa.us/governor/cwp/view.asp?a=1101&q=451335>.