

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Department on Disability Services



Fiscal Year 2017 Budget Oversight Hearing

Testimony of
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Director

Before the

Committee on Human Services

Council of the District of Columbia

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John A. Wilson Building
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Good morning Chairperson Nadeau, members and staff of the Committee. I am Andrew Reese, the director of the Department on Disability Services (DDS) and with me are Jared Morris, the deputy director for the Developmental Disabilities Administration (DDA) and Antonio Baxter, the agency fiscal officer. I am pleased to provide testimony on Mayor Bowser's Fiscal Year 2018 budget entitled, "DC Values in Action, a Roadmap to Inclusive Prosperity." Earlier, Mayor Bowser presented the District's 22nd consecutive balanced budget. It reflects the ideas and priorities of District residents and our commitment to deliver for residents each and every day. Mayor Bowser's FY 2018 budget makes strategic investments in education, affordable housing, transportation, infrastructure, public safety, job training, and employment services that keep residents on the pathway to the middle class. These investments reflect the key priorities identified by District residents during Budget Engagement Forums held during the budget formulation process.

I am pleased to report that the Mayor's budget for DDS demonstrates her leadership and commitment to our shared DC Values and ensures that all District residents have an opportunity to benefit as we work to attain inclusive prosperity.

My remarks today will describe the DDS budget development for FY 2018 that utilized effective cost savings, judicious reductions, and revenue enhancements to make key investments to support youth and adults with disabilities served by the Rehabilitation Services Administration (RSA) and the Developmental Disabilities Administration (DDA). I will include in my testimony significant policy and systems change initiatives that align with our budget priorities.

DDS Budget

The Mayor's proposed FY 2018 total budget for DDS is \$168,922,175, which represents a 1.4 percent increase over the approved FY 2017 budget. In part, this increase reflects

anticipated Medicaid revenue of \$1.8 million as a result of an increase in the budget for the Medicaid administrative claiming and related Indirect Cost Recovery (IDCR) earnings. DDS receives revenue through Medicaid administrative claiming based on a federally approved Random Moment Time Study methodology. In FY 2018, the DDS Medicaid budget was increased due to historical trend in the increase in earnings as a result of activities and Medicaid claiming done by eligible staff.

The DDS budget is comprised of \$117,377,548 in local funds, \$32,921,399 in federal grant funds, \$10,810,294 in federal Medicaid Payments, \$7,763,257 in special purpose revenue, and \$49,677 in intra-district funds.

DDS's Current Services Funding Level (CSFL) estimate, i.e., the local funds only portion of the budget is approximately \$117 million or a 1.4 percent decrease from the FY 2017 approved funding levels. DDS was able to reduce CSFL by maximizing federal resources through the Medicaid administrative claiming mechanism. Essentially, DDS's budget is historically developed by analyses and projections based on trends, previous year expenditures, growth rates and an evaluation of services or positions that are eligible for Medicaid administrative claiming, indirect cost recovery (IDCR) and other federal money. In FY 2018, the proposed federal budget increased by approximately \$1.3 million as a result of shifting Medicaid-eligible personal services costs (i.e., some salaries and other personnel related costs to federal IDCR). In addition, about \$400,000 was generated as a result of increased federal grant activity including a new, \$217,000 Partnership in Employment Grant from the Department of Health and Human Services and \$183,000 in carryover from previous year grants.

Other savings in the agency's budget include an \$808,414 decrease in office space rent attributable to a right sizing of the budget for rent based on FY 2017 expenditures and assessments by the Department of General Services (DGS).

As you know, DDS exited the *Evans* class action lawsuit in January 2017. There were some savings identified as a direct result of exiting the *Evans* case including the elimination of one attorney advisor position and a nominal reduction in court oversight. Please note, court oversight funding was reduced over several fiscal years as the agency made progress with exiting the case. Since DDS has exited the *Evans* case, there is no budgeted amount for court oversight in the proposed FY 2018 budget. I want to assure you that although court oversight has ended, the agency's commitment to providing the same quality of services to the *Evans* class members and other people supported by DDS remains absolute. In fact, the Developmental Disabilities Administration's (DDA) performance and quality management assurance system is so robust and exemplary that Mayor Bowser proposed an enhancement of \$200,000 in local funds to expand the DDA divisions' quality management strategy across the entire agency. This will ensure continued tracking and assessment of the agency's performance and will allow for efficient and effective service delivery for everyone supported by DDS.

DDS maintains a total number of 434 FTEs, a reduction of one FTE from FY 2017, the net difference of an elimination of two positions and a gain of one position from the Partnership in Employment grant.

DDA Proposed Budget

The FY 2018 proposed budget for the Developmental Disabilities Administration (DDA) is \$118,297,000. This represents an overall increase of \$2,865,000 over the approved FY 2017 budget. DDA operates the Home and Community-Based Services Waiver for People with

Intellectual and Developmental Disabilities (HCBS IDD waiver) that offers an array of 24 services and supports for people with intellectual disabilities in integrated, community-based settings. As a result, the most significant line item in the DDA budget is \$64,168,891, the local match requirement for the waiver. The amount allocated for the HCBS IDD waiver includes an increase of \$1,573,398 for anticipated new waiver slots and estimated increases based on the Consumer Price Index to account for planned increases to the DC Living Wage. Currently, the HCBS IDD waiver provides services to 1,725 people with intellectual and developmental disabilities and their families and accounts for 54 percent of the total DDA budget, the largest program in DDS.

It is important to note that that the HCBS IDD waiver is currently under renewal. A new waiver application will be submitted to the Centers for Medicare and Medicaid Services (CMS) before the current waiver expires in November of this year. The waiver application, developed collaboratively with the Department of Health Care Finance (DHCF), people with intellectual disabilities who use waiver service, their families, advocates, and service providers is currently available for public comment on the DDS and DHCF websites. It includes expansion and changes to current services and adds two new services. It has a goal of increasing opportunities for community integration, meaningful days, employment for people with disabilities, and support for people with IDD to be successful parents. The Mayor's proposed FY 2018 budget for DDS includes projected costs of the proposed waiver. The budget is developed so that DDS is able to judiciously utilize federal resources while maintaining the same substantive services in FY 2018 that were funded in FY 2017.

Another program priority for DDS is compliance with the new federal requirements for Medicaid home and community-based waiver settings. CMS issued a final rule in 2014 that

contains a new, outcome-oriented definition of home and community-based services settings aimed at ensuring that people receive waiver services in settings that are integrated and support full access to the greater community. CMS has given states until March 2019 to reach compliance with this rule and DDS, in conjunction with DHCF, will be submitting a final Transition Plan to CMS by the end of this month that details the District's plans to bring the service delivery system into compliance with the federal rule. As with the waiver renewal application, this was a collaborative process with DDS, DHCF, and many stakeholders. Continued federal funding under the DDA waiver is dependent upon becoming compliant with these new rules by the deadline.

DDA's total FTE count in FY 2018 is 185, an increase of two full time employees (FTEs). These two positions were realigned from other administrations to DDA to better align with agency functions.

RSA Proposed Budget

The proposed FY2018 budget for the Rehabilitation Services Administration (RSA) is \$22,824,000, an increase of \$107,000 from the approved FY2017 budget. The portion of the RSA budget comprised of federal grant funds remains unchanged at \$13.8 million. The \$107,000 increase in RSA's budget on account of projected increases in personal costs such as step increases and an increase in building security costs, offset by a reduction in the budgeted energy costs and shifting of telecommunications costs from local to IDCR.

The RSA budget includes 114 FTEs, unchanged from FY 2017. RSA continues to coordinate with the District of Columbia Public Schools (DCPS), the State Office of the Superintendent for Education (OSSE) and the District of Columbia Public Charter Schools (DCPCS) to ensure the provision of pre-Employment Transition services. In addition, RSA is

continuing efforts to coordinate with the Workforce Investment Council (WIC) and other workforce partners to implement the Workforce Innovation and Opportunities Act (WIOA) combined state plan and increase employment outcomes for people with most significant disabilities.

DDD Budget

DDS is the agency host for the Disability Determination Division (DDD) which is the DC office for the Social Security Administration's review and determination of disability claims. This operation is 100% federally funded and has no change from the approved FY 2017 budget. DDD maintains a staff of 64 FTEs.

Agency Management

DDA, RSA and DDD all share the support of the Agency Management program or AMP. The proposed FY 2018 budget for AMP is \$13,955,000, a decrease of \$651,000 from the approved FY 2017 budget. These reductions to the AMP budget are as a result of shifting some staff positions to other units in the department as well as the reduction of one FTE.

Conclusion

In conclusion, the resources allocated to the agency in the Mayor's proposed fiscal year 2018 budget are critical to achieving inclusive prosperity for District residents with disabilities. DDS's proposed FY 2018 budget was developed to maximize federal funds and reduce local contributions while maintaining high quality services that enable people with disabilities to lead meaningful and productive lives as vital members of their families, schools, workplaces and communities – as our mission states. I am prioritizing efforts to improve employment outcomes for people with disabilities in the next fiscal year and it is my commitment that the agency will

maintain the quality of services that makes DC one of the best places in the country for people with disabilities to receive services.

Thank you for the opportunity to testify today and I look forward to answering any questions the Committee may have.