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## General Appropriations Act 2012-2013 Biennium

“The Budget”

And

## Texans with Developmental Disabilities

## Appropriations for FY 2012-2013

This document includes a summary and comparison of funding levels for selected programs used by people with developmental disabilities. Funding for the current two-year budget fiscal years (FY) 2010-11 is compared to House Bill 1 (HB 1), the final budget passed by the 82<sup>nd</sup> Texas Legislature in 2011. The budget, or the General Appropriations Act (GAA) as it's officially known, provides \$175 billion in federal and state funds combined for the upcoming biennium, FY 2012-13. Those amounts include a reduction of \$9 billion in state (general revenue) funds compared to FY 2010-11. The Legislature also left an estimated \$5 billion in Medicaid entitlement programs unfunded until the beginning of the next legislative session in 2013. Expected caseloads are shown where applicable - some programs do not list caseloads and are reported as either an average daily\*, monthly†, or yearly‡ caseload.

### Texas Education Agency (TEA)

**Public Education Funding:** Public education programs will receive nearly \$4 billion less for FY 2012-13. These reductions are spread over two years with a 6 percent, across-the-board cut in FY 2012 and a \$2 billion reduction in FY 2013. In addition, a new school funding formula reduces funding for some schools more than others. Since more than 80% of education costs are personnel-related, districts across the state are expected to reduce the number of educators and result in larger class sizes. Many special programs will not be funded, and pre-kindergarten could be cut from full-day

classes to only half-day. The amount of funding available for public education is also dependent upon the amount of local revenue raised from property taxes.

**Early Childhood School Readiness Program:** This program provides an educational component for 45,000 students in public prekindergarten, Head Start, university early childhood programs, or private non-profit early childhood programs where there is an integrated program with a public school. Funding was reduced by more than 50%. Schools will compete for grants to implement early childhood readiness.

**Prekindergarten Early Start Grant Programs:** The Texas Education Code allows the Commissioner of Education to make grants to expand or implement Kindergarten and Prekindergarten programs. In FY 2010 - 11, 63,758 students attended public prekindergarten. HB 1 does not appropriate certain funds, but provides direction to the Texas Education

TEA	Funding	
Program	FY 10-11	FY 12-13
Public Education	\$22b	\$25b
Early Childhood School Readiness Program	\$15m	\$7m
Prekindergarten Early Start Grant Programs	\$25m	Not Known
Special Education FTEs	128,471	110,463
Percentage of Students with Disabilities who graduate HS	94.6%	77%

Agency (TEA) to use funds in the Foundation School Program Operations to certify each year of the biennium the maximum pre-kindergarten expenditures allowable under federal law as maintenance of effort for Temporary Assistance for Needy Families (TANF) and the state match for the Child Care Development Fund.

**Additional Considerations:** Each school district will determine how to respond to reductions in state revenue for the FY 2012-2013 biennium. Although special education services are not addressed specifically, any reductions to public education funding will likely impact students with disabilities in public schools.

**Department of Aging and Disability Services (DADS)**

**Medicaid Waivers** - When appropriations for the 13 community waivers are combined, appropriations for FY 12-13 are significantly reduced. However, the Legislature expects the number of people served in these programs to remain at August 2011 levels. DADS is expected to find ways to contain costs through utilization review, caps, and service limitations. Services considered non-essential are reduced to the 90<sup>th</sup> percentile in CBA, CLASS, HCS and MDCP waivers. CLASS specialized therapies are reduced to the 75<sup>th</sup> percentile. Provider rates were cut from 3% to 26.4% depending on the program. Currently over 130,000 individuals are on interest lists which are expected to continue to grow.

**Intellectual Disabilities (ID) Community Services** – These “safety net” services were cut significantly. Local authorities use these funds for a wide range of services to support individuals to live in the community while waiting for or ineligible for waiver services. When the Legislature cut funding in 2003 there was a 50% increase in admissions of children into State Supported Living Centers (SSLCs). The Legislature’s intent this session was for DADS to refinance many individuals into the Texas Home Living waiver program.

**Texas Home Living Waiver** – This waiver program supports people who live in their own homes or with their families. Funding was increased from \$21 to \$99 million to include many individuals previously receiving assistance from ID “safety net” community services. However, many individuals receiving safety net services are eligible not for this waiver.

**In-Home Family Support (IHFS)** – The IHFS program is level funded. IHFS provides support to families who would otherwise turn to institutional services.

**ID In-Home and Family Support** – Funding for IHFS services for individuals with intellectual disabilities was eliminated.

**Promoting Independence Services** – Funding for these services that allow children and adults to stay in the community or transition from institutions to community was reduced by one-third.

**Intermediate Care Facility (ICF)/ID Services** – The reduction in funding for this program is greater than the reduction in the number of people served. DADS will be required to reduce provider reimbursement rates, likely causing some providers to no longer participate in the program.

**State Supported Living Centers (SSLC)** – Funding increased to maintain all 13 Texas state-operated institutions, but there is a goal to reduce census of those facilities by approximately 740 individuals, to 3,595 by the end of FY 2013.

DADS Program	Funding	
	FY 10-11	FY 12-13
HCS Medicaid Waiver	\$1.55b	\$1.6b
	18,722†	20,539†
ID Community Services	\$204m	\$150m
	12,725†	9,955†
Texas Home Living Waiver	\$21.9m	\$99.2m
	994†	5,738†
In-Home Family Support	\$9.97m	\$9.97m
	5,491†	5,375†
ID In-Home and Family Services	\$11.4m	0
	3,060†	0
Promoting Independence Services	\$236m	\$156.9m
	6,301†	6,863†
ICF/ID Services	\$653m	\$594.1m
	6,063†	5,766†
State Supported Living Centers (SSLC)	\$1.13b	\$1.3b
	4,338†	3,713†

**Additional considerations:** The budget passed by the 82<sup>nd</sup> Texas legislature is short an expected \$4.8 billion that will be needed to fund Medicaid programs.

**Department of Assistive and Rehabilitative Services (DARS)**

**Early Childhood Intervention Services (ECI)** – ECI provides services to children with developmental delays that assist eligible children to gain skills or improve development. Funding was reduced by \$30 million from FY 2010-11. DARS is therefore changing from a “months-based” to the “percentage-based” calculation of a developmental delay and restructuring Family Cost Share. Children will continue to receive an average of two hours of direct service per month, which is below the level recommended by experts.

DARS Program	Funding	
	FY 10-11	FY 12-13
Early Childhood Intervention Services	\$373.9m	\$342.1m
	32,245†	26,052†
Autism Program	\$6.6m	\$6.6m
	180‡	180‡
Vocational Rehabilitation	\$456.3m	\$421.9m
	88,024‡	85,187‡
Independent Living Centers	\$5.4m	\$5.4m
	6,632‡	6,632‡
Independent Living Services	\$14.2m	\$13.4m
	1,785‡	1,890‡
Comprehensive Rehabilitation	\$34.4m	\$34.2m
	583‡	426‡

**Autism Program** – The DARS Autism Program provides intensive, evidence-based treatment to children age 3-8 with a diagnosis of Autism Spectrum Disorder. Autism Program funding was not cut, but this program serves only 180 children. The Texas Education Agency reports over 15,000 students with autism in public schools.

**Vocational Rehabilitation** - The Vocational Rehabilitation (VR) Program helps people with disabilities prepare for, find or keep employment. HB 1 reduces funding for VR which will result in fewer people gaining successful employment. With fewer funds for the program there will be no funds for anticipated for caseload growth during the biennium. State funds provided are insufficient to “match”

all of the federal dollars available to Texas.

**Independent Living Centers (ILCs)** – The proposed budget for Independent Living Centers allows the current network of ILCs to maintain current levels of services, but does not expand the number of the centers. Funding was maintained at FY 2010-11 levels.

**Independent Living Services** – Although HB 1 does not fully fund the Independent Living Services program, DARS is expected to serve slightly more individuals in the two-year biennium by reducing the annual service budget for individuals in the program, resulting in fewer services provided.

**Comprehensive Rehabilitation Services (CRS)** – Individuals with a traumatic brain injury or spinal cord injury can receive post-acute rehabilitative services in the CRS program. HB 1 slightly reduces funding to the CRS program. However, separate legislation calls for CRS to receive 9.8% of the surcharges on felony and misdemeanors charges (up from 5.3218%). This is likely to provide an estimated \$19.47 million for each year of the biennium.

**Additional considerations:** DARS’s evaluation of the ECI program determined that the amount of direct service hours currently received by ECI children is not sufficient for desired outcomes. Children who do not receive adequate early intervention often require more costly services, provided through special education, Medicaid, etc.

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**Department of Family and Protective Services (DFPS)**

**Child Protective Services programs (CPS)** – HB 1 fully funds foster care, adoption subsidy and permanency care assistance caseloads using 2010–11 rates. HB 1 also maintains FY 2010–11 funding levels for the relative and other designated caregiver program (Kinship Care). If caseloads grow more than what is appropriated, CPS staff will not be able to devote the necessary time and effort to ensure that all children on their caseloads are safe from abuse and neglect.

**Prevention programs** – Prevention programs are designed to provide assistance to families so that children are not removed and placed in conservatorship. Without adequate funding for prevention programs, more children will be removed from their families and placed in foster care. Although, HB 1 cut “Other At-Risk Prevention Programs,” an amendment was added to restore \$4.6m in general revenue to the program. Prevention programs include Family Strengthening Services, Youth Resiliency Services, Community-Based Child Abuse Prevention and Statewide Youth Services Network.

DFPS Program	Funding	
	FY 10-11	FY 12-13
Child Protective Services	\$2.3b	\$2.3b
Prevention Programs	\$88m	\$62.0m
Adult Protective Services	\$134.4m	\$135.1m
Child Care Regulations	\$68.7m	\$73.6m

**Adult Protective Services programs (APS)** – HB 1 provides an increase in funding due to increased federal funds. The overall funding increase will allow DFPS to improve the timeliness of due process cases and restore emergency client services. APS mental health and MR (ID) investigators have the ability to provide emergency services to persons receiving Home and Community-based Service Waiver (HCS) services to protect a client from serious harm or death. Services may include paying an electric bill or fixing a window so the client can remain in their own home.

**Child Care Regulations** – HB 1 includes an increase for child care regulations to assist in timely due process hearings.

**Additional considerations:** DFPS is charged with protecting *all* children and adults from abuse, neglect and exploitation, including individuals with disabilities. Therefore, the budget does not reduce the number of children or adults served through DFPS. With less funding to serve the same or more people, DFPS will be forced to increase caseloads of its employees, which may negatively impact the quality of services provided.

**Department of State Health Services (DSHS)**

**Adult Community Mental Health (CMH)** – Through the mental health block grant, DSHS contracts with 37 local community mental health centers (LMHA’s) to provide mental health services and new generation medications statewide. Funding is restored to FY 2010-11 levels, but appears to be 4% less because Texas received one-time federal stimulus funds in FY 2010-11 and an increased Federal share of funding. With restored funding Texas ranks 51<sup>st</sup> in mental health services with 10,000 individuals on waiting lists at the end of 2010.

DSHS Program	Funding	
	FY 10-11	FY 12-13
Adult Community Mental Health	\$578.9m 73,484†	\$553.1m 73,484†
Mental Health Crisis Services	\$164.8m 10,000†	\$164.9m 10,000†
Children’s Community Mental Health	\$132.9m 12,206†	\$153.5m 16,714†
NorthSTAR Behavioral Health	\$201.5m 27,169†	\$225.2m 27,169†
Mental Health Hospitals	\$839.1m 2,562*	\$890.8m 2,662*
Children with Special Health Care Needs	\$83.4m 1,251‡	\$71.3m 900‡

**Mental Health Crisis Services** – This program provides mental health crisis hotlines, emergency psychiatric stabilization, peer support services and mobile crisis outreach teams that help prevent suicides and hospitalization. The lack of MH crisis services forces local police departments to jail or transport people in crises to local emergency rooms. Funding is restored with outpatient competency restoration.

**Children’s Community Mental Health** - A child with an untreated mental health disorder may endure unnecessary time in a hospital, delay in accessing medical treatment, misdiagnoses,

difficulty in school, or removal from his/her family. This program received a \$20.6m increase over FY 2010-11 funding.

**NorthSTAR Behavioral Health** – NorthSTAR managed care provides both mental health and chemical dependency services for Medicaid and indigent eligible children and adults in Dallas, Ellis, Collin, Hunt, Navarro, Rockwall and Kaufman counties. DSHS notes that the number of individuals served is not comparable to adult and children’s CMH because of the different service models. NorthSTAR received an increase of \$23.7 million for expansion.

**Mental Health Hospitals** – The eight state-operated psychiatric hospitals, pediatric facility and Rio Grande Center will receive a 1% increase in funding to maintain current services and increase psychiatric salaries. Five community-based psychiatric hospitals operated in connection with LMHAs maintained FY 2010-11 funding. Montgomery County hospital received \$30 million to add 100 beds to the state hospital forensic capacity. And Harris County received \$9.9 million for a 20-bed competency restoration unit. A budget rider will privatize a state MH hospital if a 10% savings can be realized.

**Children with Special Health Care Needs (CSHCN)** – This program serves children with special health care needs and people of any age with cystic fibrosis. Funding was reduced by \$12.1m to \$71.3m. It is possible some children will lose services they are currently receiving. As of April 30, 2011, there were 982 children on the waiting list.

**Additional Considerations:** DSHS, in coordination with TEA, will develop a Comprehensive Suicide Prevention Program for public school students in middle and high school.

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## **Department of Housing and Community Affairs (TDHCA)**

TDHCA is our state public housing authority, with 98% of its funding coming from the U.S. Department of Housing and Urban Development (HUD) to address the needs for low-income and unique housing needs. Funding goes to communities, low-income housing developers and individuals for new construction, renovation or rehabilitation of single and multi-family affordable housing. The TDHCA FY 2012-13 overall budget returns to \$379 million, the FY 2008-09 level prior to federal stimulus funds. TDHCA provides programs that address unique housing needs, including the needs of people with developmental disabilities.

**Housing Trust Fund** - The Housing Trust Fund (HTF) was established by the 72nd Legislature to address affordable housing needs that cannot be produced solely with existing federal resources. This program grew to \$22 million in FY 2010-11. The budget for FY 2012-13 is cut by 60% after \$1.2 million was transferred to the Veterans Commission for veteran's housing needs leaving \$10m for the HTF programs that currently include rural capacity building, homebuyer assistance, bootstrap loan, disaster recovery gap assistance, affordable housing match, HTF homeownership and the Amy Young Architectural Barrier Program, named after a TCDD staff member who advocated for its creation. The Amy Young program provides one-time grants for up to \$15,000 in home or rental unit modifications specifically needed for accessibility, and up to an additional \$5,000 in other rehabilitation costs correlated with the barrier removal project. Last year, the first for the program, \$1.9 million was awarded to nonprofit and local government entities to assist persons with disabilities with removal of barriers in their homes.

TDHCA Program	Funding	
	FY 10-11	FY 12-13
Housing Trust Fund	\$22m	\$11.3m
Homeless Housing and Services Program (HHSP)	\$20m	\$0

**Homeless Housing** - Studies show that people with disabilities are over-represented within the homeless population. They are more likely to have repeated episodes of homelessness and remain homeless for longer periods of time. The TDHCA Homeless Housing and Services Program request for a second year of \$20 million to be distributed among Texas' eight largest urban areas to help address homelessness was deleted although the budget authorizes the Governor's Enterprise Fund to transfer up to \$10 million from unused funds.

**Additional Considerations** - The Bootstrap Loan program is a self-help construction program, such as Habitat for Humanity, which is designed to provide very low-income families an opportunity to help themselves through the form of sweat equity. Texas state law requires \$3 million per year be available for this program, however HB 1 provides only \$3m for the biennium.