



State Operations

	Mental Hygiene Program/PIA Funds	MH/PIA Fringe Benefits and Indirect Costs	Other Funds	Total Operating	Capital Funds
2008/09 Available	\$1,389,058,000	\$507,771,000	\$10,502,000	\$1,907,331,000	\$247,873,000
2009/10 Executive Recommendation	\$1,443,736,000	\$541,380,000	\$13,011,000	\$1,998,127,000	\$308,751,000
CHANGE	+\$54,678,000	+\$33,609,000	+\$2,509,000	+\$90,796,000	+\$60,878,000

Note: These highlights reflect Financial Plan cash spending projections for OMH State Operations funding in the 2009/10 Executive Budget.

Overview

The 2009/10 Executive Budget for the Office of Mental Health's (OMH) State Operations Budget aligns significantly reduced growth in spending with the transformation of large and complex care systems for children, adults, and forensic (court-involved) individuals. In this budget, OMH State Operations will continue to increase the accessibility and acuity (urgency) of inpatient care, while reducing unneeded capacity, increasing the product and focus of State Operated community services and reducing costs. These goals are complex, interdependent, and linked to changes in community mental health services funded primarily via Aid to Localities resources. Increasing access to inpatient care is essential because long waits for needed treatment still occur, and OMH Psychiatric Centers function as the "ultimate safety net" for New York's mental health system. Increasing the focus and productivity of OMH operated community services is essential to complement what community providers are able to do. And finally, in the most challenging state budget environment in decades, reducing costs is essential.

Savings*

2008/09 Savings Implemented	\$54.3 million
2009/10 Proposed Savings	\$45.4 million
Total Savings	\$99.7 million

* Dollar amounts include fringe

Implementation of 2008/09 Spending Controls

- ◆ **Financial Management Plan:** The 2009/10 Executive Budget annualizes the cash saving measures initiated in SFY 2008/09 as part of the OMH Financial Management Plan. These measures will result in continued cash savings of \$9.6 million in SFY 2009/10. Components include program and administrative efficiencies, filled position management and overtime cost containment. Also included is a 50 percent reduction in 2008/09 Initiatives against

2008/09 Executive Budget values per an agreement with the Legislature.

- ◆ **Across-the-Board Spending Reductions:** The 2009/10 Executive Budget annualizes the impact of spending controls put into effect for all agencies during SFY 2008/09 in response to the State's difficult economic and fiscal climate. The 2008/09 value of these actions (without fringe benefits) totaled \$37.1 million in savings that will annualize to \$32.2 million in SFY 2009/10 (reflecting a \$4.9 million annualized cash increase in 2009/10). Adjustments taken as 2008/09 mid-year actions include a reduction of 166 FTEs related to managed staff attrition, a reduction of ten FTEs at the Nathan Kline Institute, and operating savings reflecting strengthened review and control of program spending.

Sex Offender Management and Treatment Act (SOMTA) (-\$14.3 million)

Budgeted growth in the SOMTA program (see 'Annualizations' below) is offset by cost savings of \$14.3 million gener-



ated by reducing staffing levels for this program. At its inception, OMH applied an enriched staffing model until the State gained sufficient experience about the appropriate program needs of the population. Consequently, OMH has determined that the staffing model can be adjusted from its current staffing level to standards used in civil confinement programs in other states. In addition, the Executive Recommendation reduces program costs by allowing respondents to remain in DOCS custody during the pendency of court proceedings, and advances Article VII legislation to encourage the use of videoconferencing of certain judicial proceedings reduce transportation and staffing costs. It is projected that these savings actions will avoid the need to fill 217 FTEs.

Ward Closures and Efficiencies (-\$4.4 million)

The 2009/10 Executive Budget recommends the closure of 450 adult inpatient beds (11 percent of capacity), shifting a portion of the staffing resources associated with 150 beds to less costly and more appropriate community programs, and converting 300 adult inpatient beds to a less staffing-intensive outpatient residential level of care, called the "Transitional Placement Program" (TPP) which will provide support to transition individuals to community care. These actions will provide 2009/10 savings of \$4.4 million and a reduction of 153 FTEs. Although it is hoped that workforce reductions can be achieved through attrition, Article VII legislation has been advanced to notwithstanding sections of Mental Hygiene Law to effectuate these initiatives promptly to achieve financial plan savings. Furthermore, 477 FTEs associated with these 450 beds will be retained and will either be redirected into the TPP or into community-based, State-operated services.

Programs for Inmates with Mental Illness (-\$8.6 million)

The 2009/10 Executive Budget advances Article VII legislation delaying the implementation of certain components of Chapter 1 of the Laws of 2008 - related to mentally ill inmates placed in SHU - by three years. This will allow the State to assess the effectiveness of programs that partially annualize in 2009/10. These newly added programs include enhanced counseling, special treatment beds, a new Residential Mental Health Unit, and all other services and actions taken as a result of an April 2007 settlement of a Federal court action. These actions result in a net reduction of 55 FTEs.

Other Savings Actions (-\$6.3 million)

The 2009/10 Executive Budget includes several recommendations to enhance agency operating efficiency. In total, these actions will save \$6.3 million and include a reduction of 30 FTEs. Components of these cost saving recommendations include: a reduced planned annualization of targeted salary enhancements to better recruit and retain clinical care staff; the attrition of central and facility based administrative FTE; increased use of community pharmacies to serve outpatients;

continued support for the Centers of Excellence in Culturally Competent Mental Health at a reduced level; leased space savings; and increased revenue to be generated by the Cook Chill Production Center.

Program Actions

New York State / New York City Mental Health Criminal Justice Task Force

A total of \$3.1 million is recommended in the 2009/10 Executive Budget to support the Task Force (which includes five State FTEs), which is focused on opportunities to improve services for individuals with serious mental illness who are at risk of poor treatment outcomes, violence and/or involvement with the justice system. This funding level reflects a technical cash adjustment of -\$0.75 million to the 2008/09 mid-year update. OMH is self-financing its support for this Task Force by redirecting a portion of the OMH capital appropriations to the State Operations appropriations.

Statutory Mandates

The 2009/10 Executive Budget Recommendation includes resources for OMH to carry out requirements of recently passed legislation, including the following:

- ◆ **Enhancing the Safety of Children in Residential Facilities:** The 2009/10 Executive Budget includes \$395,000 - by adding \$233,000 to a 2008/09 mid-year adjustment - to improve the quality of oversight and training efforts to effectively implement Chapter 323 of the Laws of 2008 related to reporting of abuse and neglect of children in residential care. Nine FTEs will be supported with this funding.
- ◆ **Enhancing Reporting to the National Instant Criminal Background Check System:** The 2009/10 Executive Budget includes \$272,000 (building on \$136,000 added as a 2008/09 mid-year update) for three FTEs to allow OMH to carry out requirements of Chapter 491 of the Laws of 2008 which mandates that relevant mental health records be reported to the National Instant Criminal Background Check System authorized under the Federal Brady Act.
- ◆ **Eliminating Mandatory Overtime for Nurses in Hospitals:** The 2009/10 Executive Budget includes 90 FTEs to allow OMH to hire additional nurses in response to Chapter 493 of the Laws of 2008 which generally bans the use of mandatory overtime for nurses in hospitals. No funding has been added; it is assumed the salary cost of these additional nurses will be offset by overtime savings.

Annualizations and other Adjustments (+\$86.3 million)

The 2009/10 Executive Budget includes \$83.8 million in new Patient Income Account and Mental Hygiene Program Ac-

count funding for: the implementation of year two of a multi-year initiative to provide targeted enhancements to recruit and retain direct care staff (\$5.1 million); for the anticipation of continued growth in the SOMTA population (\$22.3 million) requiring a net increase of 187 FTEs from the prior year; for negotiated salary adjustments (\$15.9 million); for salary increases for State employees who have not yet attained the job rate (\$7.9 million); for the annualization of forensic initiatives (\$5 million); to accommodate increased energy, pharmacy and medical expenses (\$20.6 million); and restoration of prior year, one time savings actions (\$7.0 million).

Additionally, the 2009/10 Executive Budget includes growth of \$2.5 million in other funds - \$1.7 million increase for the Cook Chill Production Center and \$0.8 million for OMH's Internal Services Fund (i.e., Utica Manufacturing). This growth reflects restoration of actions which lowered 2008/09 estimates.

Workforce

The Executive Recommendation provides All Funds support for up to 17,127 FTEs at the end of Fiscal Year 2009/10, reflecting a net reduction of 40 filled FTEs from March 31, 2009 levels. This reflects a 2008/09 mid-year decrease of 96 FTEs which are offset by year to year growth of 56 FTEs. Additionally, adjustments include the elimination of 877 unfilled All Funds FTEs. Recognizing this elimination of unfilled positions, approximately \$38 million in appropriation authority has been moved from PS Regular to Overtime to reflect historical spending patterns.

Census/Bed Levels

The 2009/10 Executive Budget includes ongoing support for 3,580 Adult inpatient beds, 715 Forensic inpatient beds and 538 Children & Youth (C&Y) inpatient beds.

Capital (+\$60.9 million)

Capital disbursements for State Facilities totaling \$308.8 million include new funds to support facility activities of building preservation, design, and construction, health and safety, accreditation, energy conservation and environmental protection.

Indirect Costs and Fringe Benefits (+\$33.6 million)

The 2009/10 Executive Recommendation adds \$45.9 million in the OMH budget to support indirect cost charges which had been previously budgeted centrally. This amount is offset by a decrease of \$12.3 million to recognize a decrease in fringe benefit rates from the prior year.

Article VII Legislation

- ◆ **Elimination of Duplicative Reports:** Eliminates reporting mandates on OMH that are duplicative and can be found in other documents provided by the agency.
- ◆ **Clarify Authority of OMH Facility Directors as Representative Payees:** Amends Mental Hygiene Law to clarify the authority of facility directors of State-operated facilities to continue to act as representative payees to pay for the cost of care and treatment for persons who have assets, consistent with all applicable federal laws and regulations.
- ◆ **Video-teleconferencing of Certain Judicial Hearings:** Encourages the use of video-teleconferencing for certain judicial proceedings and hearings to reduce transportation and staffing costs of the SOMTA program.
- ◆ **Authorizes Ward Closure and Transitional Placement Programs:** Authorizes OMH to close OMH operated inpatient wards and to develop Transitional Placement Programs to provide supervised housing and outpatient support services.
- ◆ **Delay Expansion of Mental Health Programs Authorized by the SHU Exclusion Bill:** Authorizes a three year delay in the implementation of the SHU Legislation to assess the impacts of recently added mental health services added in prisons.