The Impact of the State Fiscal Crisis on State Mental Health Systems Winter 2011-2012 Update

Preliminary Results based on 41 States reporting

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States with Budget Shortfalls in 2011

46 States Faced Budget Shortfalls during FY 2011

Source: Center on Budget and Policy Priorities
States Facing Budget Shortfalls in 2012
42 States have Projected Shortfalls for the Current Fiscal Year

Source: CBPP survey.
Source: Center on Budget and Policy Priorities, 6/17/2011 Update
How Bad Will it Get?

Largest State Budget Shortfall in Each Fiscal Year, in Billions

*Figure from the Center on Budget and Policy Priorities: McNichol, E., Oliff, P., and Johnson, N. (Updated June 27, 2012). “States Continue to Feel Recession’s Impact.”
http://www.cbpp.org/cms/index.cfm?fa=view&id=711

Source: CBPP survey, revised June 2012.
States have collectedly dealt with over $432 Billion in budget shortfalls from State FY 2009 to 2011

42 States and DC have projected shortfalls of $103 Billion in FY’12

State Revenues are growing, but are still below were they were in FY 2008

Federal Recovery Act (Stimulus) funds are ending
“Despite gains in the last six quarters, overall tax collections are still comparatively weak by recent historical standards, 5.5 percent lower in the first quarter of 2011 than in the same quarter of 2008.

In the second quarter of 2011, fully 38 states reported lower tax revenue collections than in the same quarter of 2008. The decline is deeper if we adjust the numbers for inflation—9.5 percent lower than three years ago in real terms.”

Source: Rockefeller Institute of Government, *STATE REVENUE REPORT* October 2011, No. 85
Most Federal Recovery Act (ARRA) Stimulus Funds for States have Expired

Figure 2: Few Recovery Act Funds (Including August Extension) Available After 2011

- FY2009: $31 billion
- FY2010: $68 billion
- FY2011: $59 billion
- FY2012: $6 billion

Revised September 2010.
“Revenues aren’t growing fast enough to counteract the drop-off in the stimulus funds...It’s very difficult because of the wind-down in the recovery act dollars.”

Brian Sigritz, NASBO, 2011
Percent of State Mental Health Agencies with Budget Cuts (as of Winter 2011-2012)

- FY 2009: 73%
- FY 2010: 79%
- Last FY (2011): 76%
- Current FY (2012): 73%
- Next FY (2013): 37%
- Two Years Out (2014): 2%

Preliminary Results based on 41 SMHAs Reporting Winter 2011-2012
# Level of SMHA Budget Reductions

**FY2009 to FY2012 Total $4.35 Billion in Cuts**

<table>
<thead>
<tr>
<th>Year</th>
<th>Average</th>
<th>Median</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2009</td>
<td>$36,849,116</td>
<td>$13,226,000</td>
<td>$0</td>
<td>$554,003,000</td>
<td>$1,216,020,843</td>
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<tr>
<td>(39 states had MH Cuts out of 44 responding)</td>
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<tr>
<td>FY 2010</td>
<td>$29,123,575</td>
<td>$12,300,000</td>
<td>$0</td>
<td>$213,591,000</td>
<td>$1,019,325,136</td>
</tr>
<tr>
<td>(38 states had MH Cuts out of 45 Responding)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 2011</td>
<td>$35,294,953</td>
<td>$11,633,953</td>
<td>0</td>
<td>$132,000,000</td>
<td>$1,270,618,291</td>
</tr>
<tr>
<td>(36 states had MH Cuts out of 47 responding)</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>FY 2012</td>
<td>$28,074,541</td>
<td>$9,040,000</td>
<td>$0</td>
<td>$242,500,000</td>
<td>$842,236,221</td>
</tr>
<tr>
<td>(31 states had MH Cuts out of 41 Responding)</td>
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</tbody>
</table>

*Preliminary Results based on 41 SMHAs Reporting Winter 2011-2012*
Increased Demand for Mental Health Services During the Recession

*Percentage of States Experiencing Increased Demand for Services*

- Community MH Services: 49%
- Crisis Services: 27%
- Emergency Room use of ED: 22%
- Other Psych Inpatient: 12%
- Psych Emergency Screening: 12%
- State Hospital -- LTC: 12%
- State Hospital--Acute Care: 10%

*Preliminary Results based on 41 SMHAs Reporting*
## Closing State Psychiatric Hospitals & Hospital Beds (2009-2012)

<table>
<thead>
<tr>
<th></th>
<th>SMHA Has Closed</th>
<th>SMHA is Considering Closing</th>
<th>Total Closed or Considered for Closure</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Psychiatric Hospitals</td>
<td>8 States 9 State Hospitals</td>
<td>4 States 6 State Hospitals</td>
<td>12 States 15 State Hospitals</td>
</tr>
<tr>
<td>State Hospital Beds</td>
<td>29 States 3,222 Beds</td>
<td>10 States 1,249 Beds</td>
<td>4,471 Beds*</td>
</tr>
</tbody>
</table>

*4,471 beds represents over 9% of State Psychiatric Hospital Bed Capacity*

*Preliminary Results based on 41 SMHAs Reporting Winter 2011-2012*
SMHA Responses to Cuts in Overall SMHA Budget  Winter 2011-2012 (Percentage of States with Cuts)

- Reduce administrative expenses: 82%
- Hiring freezes: 64%
- Cut staff: 52%
- Reduce Funds to Community Providers: 39%
- Reduce number served in Community: 27%
- Restructure SMHA: 24%
- Reduce Community MH services: 24%
- Move people into Managed Care: 18%
- Restrict populations served in Comm: 18%
- Employee furloughs: 18%
- Contracts with Family/Consumer Advocacy Orgs: 18%
- Privatize State operated Services: 15%
- Early retirement: 12%
- Reduce salaries: 12%
- Other Cuts: 12%
- Other Community: 15%
- Close State Hospital Units/Wards: 9%
- Close state hospitals: 9%
- Move people into Managed Care: 9%
- Restrict populations served in Comm: 12%
- Employee furloughs: 12%
- Contracts with Family/Consumer Advocacy Orgs: 18%
- Privatize State operated Services: 18%
- Early retirement: 18%
- Reduce salaries: 18%
- Other Cuts: 18%
- Other Community: 21%
- Close State Hospital Units/Wards: 24%
- Reduce Community MH services: 24%
- Restructure SMHA: 24%
- Reduce number served in Community: 27%
- Reduce Funds to Community Providers: 39%
- Cut staff: 52%
- Hiring freezes: 64%
- Reduce administrative expenses: 82%

Preliminary Results based on 41 SMHAs Reporting
# Number of SMHAs Observing Negative Indicators Among Consumers As A Result of Cuts

<table>
<thead>
<tr>
<th>Negative Indicator</th>
<th>Yes</th>
<th>No</th>
<th>Not Known</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased Unemployment among MH Consumers</td>
<td>11</td>
<td>9</td>
<td>18</td>
</tr>
<tr>
<td>Increased Wait/Waiting Lists for Mental Health Services</td>
<td>9</td>
<td>13</td>
<td>14</td>
</tr>
<tr>
<td>Increased Suicide Rates</td>
<td>7</td>
<td>13</td>
<td>17</td>
</tr>
<tr>
<td>Increased Homelessness among MH Consumers</td>
<td>6</td>
<td>13</td>
<td>19</td>
</tr>
<tr>
<td>Increase in use of Psychiatric Emergency Services or Emergency Rooms</td>
<td>6</td>
<td>11</td>
<td>20</td>
</tr>
<tr>
<td>Criminal Justice Contacts (arrests/days in jail/etc.) by mental health consumers have increased</td>
<td>6</td>
<td>12</td>
<td>18</td>
</tr>
<tr>
<td>Increased use of Psychiatric Inpatient Beds</td>
<td>2</td>
<td>16</td>
<td>17</td>
</tr>
</tbody>
</table>

*Preliminary Results based on 41 SMHAs Reporting*
Most of SMHA Budget Cuts are from General Revenue Funds

FY 2011
- 73% of Reductions from State General Funds
- 21% from Medicaid

- 100% of the Median State’s reduction was from State General Funds

Preliminary Results based on 45 SMHAs Reporting
41% of SMHAs reported budget cuts have resulted in reductions or elimination of mental health services to individuals with no Medicaid or Insurance Coverage.

“We have had to restrict community services to priority populations (individuals leaving State facilities, people on probation and parole) leaving limited resources for the uninsured.” Midwestern SMHA

“Other than crisis services and hospitalization services, outpatient services for non-Medicaid low-income consumers have been drastically cut. Few, if any CMHAs have outpatient services for non-funded consumers.” Western SMHA
States that Responded to Budget Survey: Winter 2011-2012
Direct Questions or Comments to:

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