



Funding Recommendation for DD Comprehensive Services

12/1/05

Recommendation: *An increase of approximately \$60 million in State General Funds to increase rates for current DD Comprehensive Services is needed for the 2007-09 biennium.*

Further, cost of living increases must be included in every biennial budget. Without such adjustments, community nonprofits will continue to be in crisis.

Rationale: Rising employee turnover and staff vacancies (*Attachment A*) clearly indicate that community nonprofits providing 24-hour care to individuals with developmental disabilities are in a serious, and worsening, crisis. Without a substantial increase in rates, many organizations may be forced to turn the care of these individuals back to the state, at a cost far greater than the increase recommended here (*Attachment B*).

A comprehensive rate assessment study was done in 1989-91 under the leadership of the Oregon Mental Health and Developmental Disabilities Division. That study recommended sustainable comprehensive funding rates that included adequate salaries, benefits, and administrative overhead sufficient to deliver 24-hour supports (*Attachment C1 and Attachment C2*).

Due to the passage of Measure 5 in 1991, which severely curtailed public revenue, the recommendation was never acted upon. The only increases to community rates have been sporadic cost-of-living increases and a direct-care employee compensation adjustment resulting from the closure of Fairview. These have done little to keep pace with true community costs (*Attachment D*).

In today's dollars, the study's recommendation amounts to an increase of approximately \$60 million in General Fund.

This amount and the Federal Match it brings is essential to overcome years of DD system underfunding and to stabilize comprehensive services for people with developmental disabilities.

Without such an increase, some of Oregon's most vulnerable citizens are in jeopardy. We can no longer guarantee the safety and quality of community services for these individuals at present rates for services.



Funding Recommendation Continued

The MHDDSD Rate Study of 1991 recommended a Direct-Care Wage of \$7.50, an OPE of 32%, and non-payroll costs of 16.75% (Attachment C1). Adjusted for inflationary factors since 1991, below is a comparison of that rate with the current state rates.

Wages & Benefits

Current DHS funded Wage and OPE	\$11.53 (\$9.01 x 1.28 ope)
<i>Adjusted Study Wage and OPE</i>	<i>\$15.95 (\$11.65 x 1.37 ope)</i>
<i>Difference between DHS rate and Recommended Rate</i>	<i>\$ 4.42/hr</i>
<i>Approximate FTE in DD Comprehensive Services</i>	<i>7,000</i>
Total Wage & Benefit Increase for Biennium	\$128,710,400

All Other Expenses

The Consumer Price Index has increased 46% since 1991. The Study recommends 16.75% above the compensation rate for all non-payroll costs (note: This is more than administration costs – it includes all costs above compensation). In 1991, this amounted to \$1000 per month per person served. Adjusted for changing cost factors since 1991, this amount is \$1,460 per month per person served.

DHS has funded Cost of Living Increases since 1991 of 30.2% (compounded). Currently DHS funds approximately \$1,302/mo versus the recommended amount of \$1,460. The difference of \$158 per month per person served is \$9,480,000 over the biennium for 2500 individuals in DD Comprehensive Care.

Total All Other Expense Increase for Biennium	\$9,480,000
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TOTAL FUNDING REQUEST

The above documentation creates a combined need of approximately \$138 million for the 2007-2009 biennium. **The General Fund portion of this increase is approximately \$60 million.**