



## Services for Oregon's Most Vulnerable Citizens are in Crisis!

Nearly 3,000 people with Developmental Disabilities (DD) living in Oregon communities must have twenty-four hour support. These supports were formerly provided in state institutions (e.g. Fairview), which have closed.

### Crisis Indicators in Community DD Provider System

#### Workforce

- Employee turnover is above 60% and rising.
- Unfilled jobs – Many positions go unfilled due to a lack of qualified applicants.
- Employee benefits are significantly reduced.
- Demoralized employees – stagnant salaries, turnover, and reduced benefits contribute to employee dissatisfaction.

#### Organizational

- 20% of Oregon's DD Organizations have closed since 1991.
- Growing annual operating losses have depleted organizations' reserves.
- Organizations have a weakened infrastructure, as maintenance is deferred and capital purchases are curtailed.

#### The Future

- State must significantly increase support of community providers or many will collapse. If the community system fails, in part or completely, the state will be forced to find alternatives that are either substantially more expensive, or poorer quality, or both.



## 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-hours 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 above the average monthly rate currently paid by the state of \$6,056/mo*** (*Attachment E and Attachment F*).

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.



## Adjusted Rate Recommendation from MHDDSD Study

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>
<b>Total Wage &amp; Benefit Increase for Biennium</b>	<b>\$128,710,400</b>

### **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.*

<b>Total All Other Expense Increase for Biennium</b>	<b>\$9,480,000</b>
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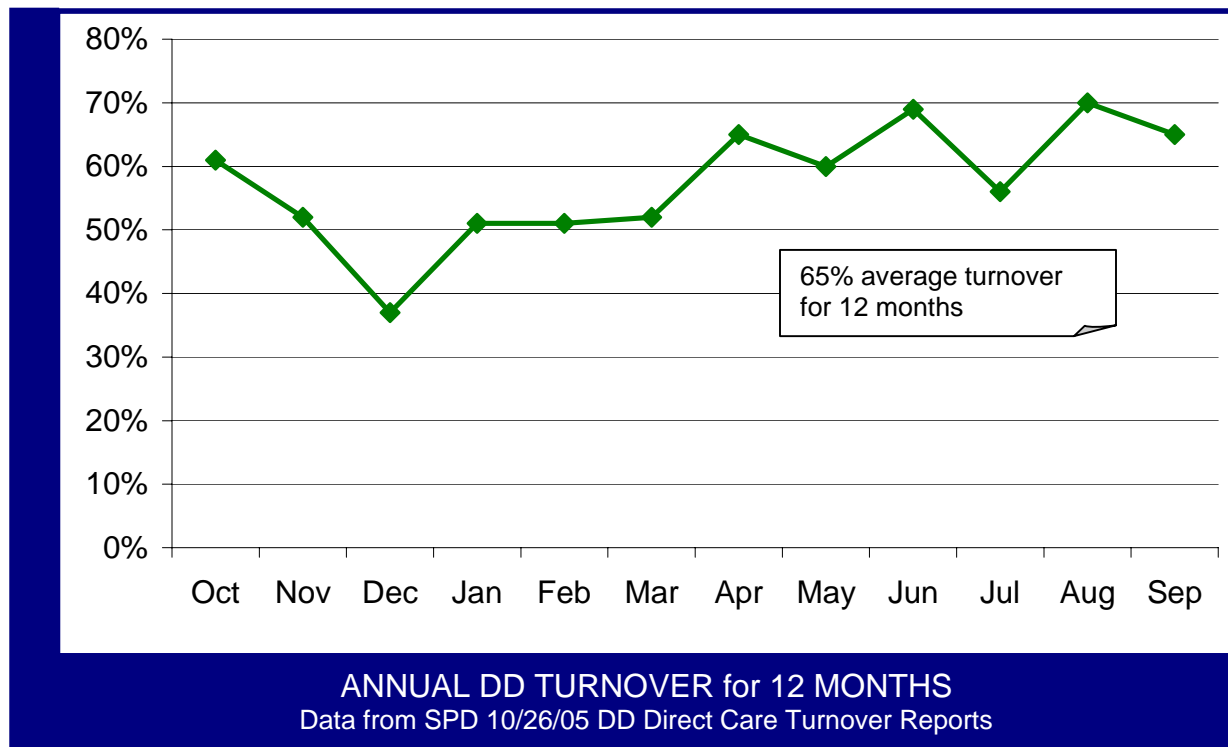
## **TOTAL FUNDING REQUEST**

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.**



## Turnover of DD Direct Care Employees

Over 6,000 DD Direct Care Employees show a 22% increase in turnover over the past six months, averaging 65% for the 2005 year!



### Negative Impact of High Turnover

**Relationships:** Direct care employees provide complete physical support to many individuals. Frequent turnover is devastating to an individual's sense of safety and security in these relationships.

**Service Quality:** Studies agree that high turnover inevitably results in poorer quality of services and a greater likelihood of health and safety problems with these vulnerable individuals.

**Replacement Costs:** These are conservatively estimated at \$4,000 for each employee. Community providers now must hire over 3,000 people per year, at a total annual cost to them exceeding \$12 million.

**Overtime and Vacancy Costs:** Skyrocketing overtime costs and front-line supervisor burn-out are significant factors increased by direct care turnover.



## Direct Care Employee Cost vs. DHS and State Rates

There are over 6,000 DD direct care employees in Oregon. On average, community organizations pay about two dollars more per hour than they receive from DHS, at a total cost of over 20 million dollars each year.

Community organizations cannot continue to supplement state rates to this degree. Without additional support, they will fail.

	Community pays to its employees	DHS pays to Community <small>(based on info from SPD)</small>	State-Operated (state employees)
<b>Wages to Employee</b>	<b>\$ 9.60</b>	<b>\$ 9.01</b>	<b>\$12.27</b>
<b>Total Paid Time Off</b> (for all reasons)	\$ 1.08 (29 days)	\$ 1.08 (12% "posting")	\$ 1.66 (35 days)
<b>TOTAL WAGES:</b>	<b>\$10.68</b>	<b>\$ 10.09</b>	<b>\$13.93</b>
<b>Social Security/Medicare (7.65%):</b>	\$ 0.82	\$ 0.76	\$ 0.94
<b>Unemployment Insurance (2.5%):</b>	\$ 0.27	\$ 0.25	not calculated per position
<b>Workers Compensation (3%)</b>	\$ 0.32	\$ 0.28	\$.02 (\$2.95/mo)
<b>Medical Insurance:</b>	\$ 2.46 <small>These costs have risen dramatically and our benefits have dropped considerably.</small>	\$ 1.23 <small>(remainder of 28% OPE, which is insufficient for a health plan)</small>	\$ 4.45 <small>(assume this is for "flexible benefits")</small>
<b>PERS/Retirement benefits:</b>	no contribution	no contribution	\$ 1.91
<b>TOTAL TAXES &amp; BENEFITS</b>	<b>\$ 3.87</b>	<b>\$ 2.52</b>	<b>\$ 7.32</b>
<b>TOTAL COMPENSATION:</b>	<b>Community's Cost \$14.55</b>	<b>DHS Rate Paid \$12.61</b>	<b>State-Op Service \$21.25</b>

**ASSUMPTION:** This data is based on a typical full-time direct care staff person employed at nonprofit community organization (information aggregated from over 2,000 community positions).



## Conditions Common to People with MRDD

These medical and mental health issues require skilled direct care supports in addition to the daily assistance required due to conditions resulting from MRDD.

### Medical Conditions:

- Individuals who are deaf and or legally blind
- Allergies with complications of anaphylactic shock (bee stings and administering epi pen)
- Alzheimer's/Dementia
- Aneurisms and strokes
- Asthma, requiring a nebulizer and inhaler
- Autism/HAADD
- Cancer
- Celiacs - a food allergy to wheat gluten, staff need to be constantly vigilant in purchasing and preparing foods
- Cerebral palsey
- Chronic hypothermia
- Chronic obstructive pulmonary disorder (COPD)
- Congestive heart failure
- Constipation issues, which have required hospitalizations and require ongoing close monitoring
- Diabetes, requires monitoring of blood sugar and general health as it relates to kidney function, vision, and foot care
- Gagging disorder
- Gastro-intestinal tube (g-Tube) used to feed individuals who can no longer swallow food safely
- Glass eye care
- Hypertension
- Intermittent catheter (staff are trained to insert a catheter for urination)
- Oxygen
- Pacemaker
- Pica - a disorder where an individual needs to be watched closely along with constant monitoring of the environment to prevent eating inedible objects

- Prader Willi syndrome, requires home modifications and staff supervision, a person with this diagnosis does not know when they are full and will continue to eat to the point of becoming ill
- Risk of aspiration, requires special food preparation and monitoring while eating
- Sexually transmitted diseases
- Skin care – eczema, psoriasis, heat, and sun sensitivity and Cellulites
- Sleep apnea
- Seizure disorders (status epilepticus - life threatening seizure disorder with an order to administer medication either oral or suppository)
- Terminal Illness with hospice care in home

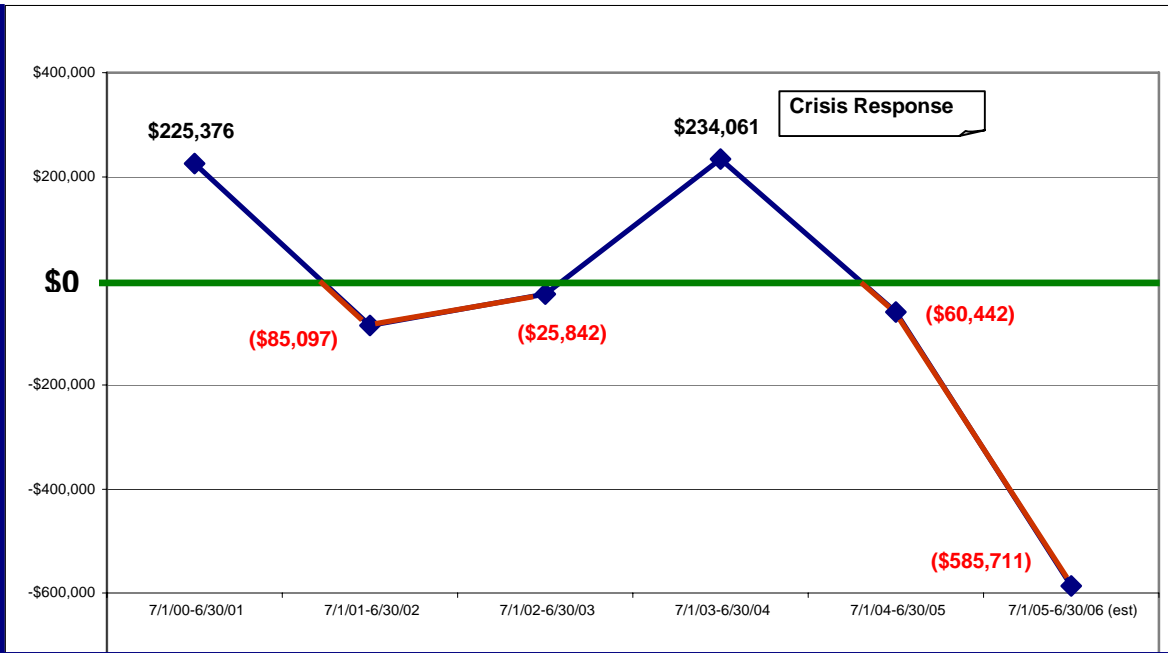
### Mental Health:

- Bipolar disorder
- Anxiety disorder
- PTSD (post traumatic stress disorder)
- Personality disorders
- Psychotic disorders (i.e. Schizophrenia and Schizoaffective Disorder)
- Depression with suicide threat or (SIB) self-injurious behavior
- Obsessive compulsive disorder (OCD)
- Adjustment disorder
- Impulse control disorder (intermittent explosive control and aggressive behavior)
- Sleep disorders
- Sexual disorders (pedophilia)
- Drug & alcohol issues
- Parole/Probation
- PSRB (psychiatric security review board)
- Spent varying lengths of time at the State Hospital under commitment orders

Not all individuals require 24-hour supervision and many spend time in the community without staff. Sometimes this results in individuals bringing home or being followed by people that are unsafe, impaired, or prey upon less capable people. We also deal with people in these situations being sexually permissive, contracting sexually transmitted diseases, becoming pregnant, shoplifting, and other interactions resulting in police involvement.



## Community Providers Finances in Downward Trend



### NET INCOME - LOSSES

Data from organizations receiving about 60% of Comprehensive DD funds and averaging \$6 million in revenue.

**Crisis Response:** After two years of net losses, organizations responded by making numerous unsustainable cuts in compensation, property management, equipment maintenance and acquisition, administration, development, personnel management; many also eliminated positions related to safety, service quality, community access, and staff training.

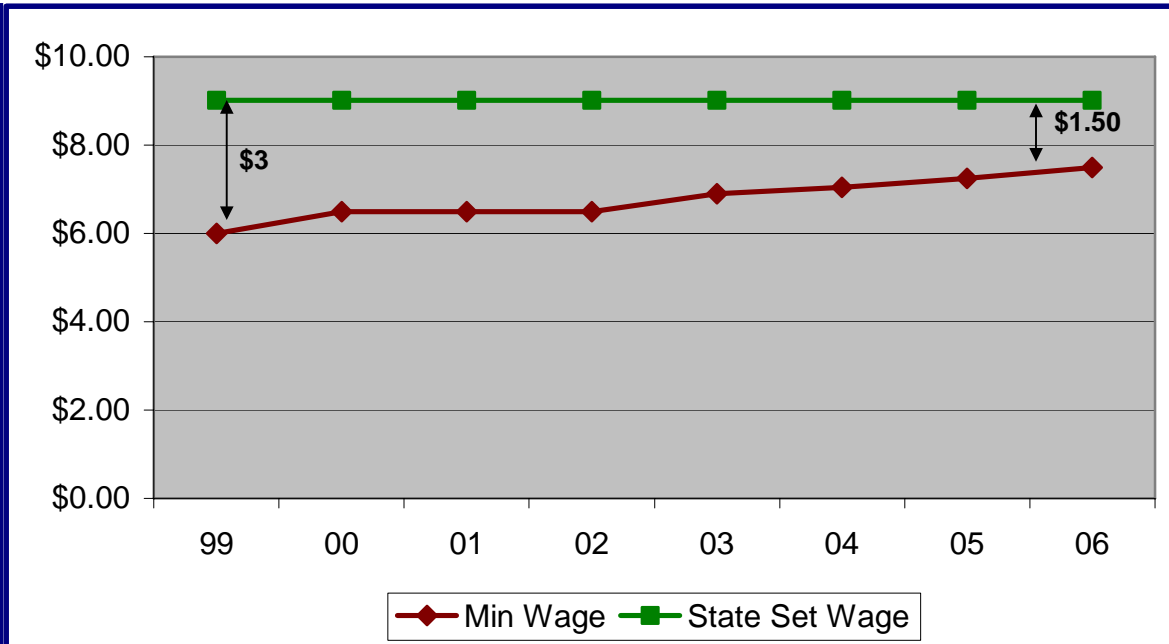
**Operational losses:** Net losses have increased due to no cost of living allowance, the changing needs of individuals served, and cost increases outside of organizational control (energy, insurance, etc.). These exceed amounts that can be reasonably expected to be offset through fundraising and grants.

**Key Community Providers:** Organizations are re-evaluating their willingness and ability to develop and maintain DD Services. Without funding improvement, many will be forced to refuse services to some individuals.



# Minimum Wage Gap

State minimum wage began an open ended climb in 1999, narrowing the gap between State funded wages for community providers and minimum wage.



Minimum Wage as % of State Set Wage For Direct Care Employees in DD 24 Hour Services

## The Direct Care work force pool is diminishing.

Demands of Direct Care workers in community programs require high levels of technical skill, maturity, and judgment.

Potential employees choosing jobs based on wages lean towards less stressful jobs.

With the Fairview closure plan in 1998-99, the State intended to fund direct care workers as paraprofessionals, and established a wage that was 50% higher than minimum wage. No COLAs and open-ended increases in minimum wage have seriously eroded this intention.

## Losing our competitive edge with Minimum Wage, 1999-2006

OREGON MIN WAGE	STATE HRLY RATE	Min Wage As % of State
\$ 6.00	\$ 9.01	67%
\$ 6.50	\$ 9.01	72%
\$ 6.50	\$ 9.01	72%
\$ 6.50	\$ 9.01	72%
\$ 6.90	\$ 9.01	77%
\$ 7.05	\$ 9.01	78%
\$ 7.25	\$ 9.01	80%
\$ 7.50	\$ 9.01	83%

We used to pay \$3/hr more than Minimum Wage. Now we only pay \$1.50 above minimum wage.



## Oregon DD COLA's and Industry Losses

Erratic and insufficient COLA's have crippled the comprehensive system, exacerbating the impact of numerous financial setbacks.

<u>Year</u>	<u>COLA</u>	
<b>89/90</b>	<b>4.0</b>	<b><u>Other Industry Impact</u></b>
<b>90/91</b>	<b>4.4</b>	1995 – Health insurance costs and other nonpayroll costs begin dramatic climb.
<b>91/92</b>	<b>4.4</b>	
<b>92/93</b>	<b>4.1</b>	1999 – Oregon minimum wage begins annual increase narrowing gap with DHS allowed wage.
<b>93/94</b>	<b>3.2</b>	
<b>94/95</b>	<b>3.1</b>	2002 – State transfers existing vocational funding for 1,000 people to implement Brokerage system. This resulted in a loss of \$10,000,000 a biennium to DD Comprehensive service providers.
<b>95/96</b>	<b>0.0</b>	
<b>96/97</b>	<b>0.0</b>	2003 – Loss of workers compensation rebate to comprehensive system means a loss of over \$7 million a year.
<b>97/98</b>	<b>3.0</b>	
<b>98/99</b>	<b>2.8</b>	
<b>99/00</b>	<b>2.0</b>	2004 – Energy costs dramatically increase.
<b>00/01</b>	<b>2.0</b>	2005 – State employees with comparable jobs receive 9% compensation boost.
<b>01/02</b>	<b>2.2</b>	2005 – Express payment system affects cash flow.
<b>02/03</b>	<b>0.0</b>	2005 – Oregon's recovering economy increases competition for labor.
<b>03/04</b>	<b>0.0</b>	
<b>04/05</b>	<b>0.0</b>	2005 – Nonpayroll costs for US workers increased by 82.5% since 1991.