



## **SALARY RESERVE FOR DIRECT CARE WORKERS AND RESIDENTIAL RATE REFORM**

Individuals with intellectual and developmental disabilities primarily receive services through providers across the Commonwealth who have contracts with the Department of Mental Retardation. Since 1987, these organizations have NOT received any cost of living increases as provided to hospitals, residential schools and other settings. The legislature established a salary reserve line as a partial solution. Salary reserve allocations have lagged far behind raises for state employee salaries and state health benefit premium payments.

The FY'2008 budget can be the first step to address these inequities. The House 1 budget unfortunately only provides a \$12 million reserve for those earning under \$25,000 annually through EOHHHS agencies. In order to be consistent with the Olmstead decision, investments in rate adjustments are needed. Almost all DMR state funding will be matched by 50% federal reimbursement through Medicaid Waivers.

In addition to restoring cuts in the Governor's FY2008 budget, we request the following for DMR contracted services:

1. Allocate a 5% increase for staff earning \$40,000 or less (approximately \$21.5 million of a \$44 Million human services total). DMR typically captures 50% of the salary reserve due to its lower-paid workforce (staff earn 25% less than their state counterparts). According to the DMR contracts tracking database, the average salary for Direct Care I, Direct Care II, Direct Care III and Direct Care Supervisor positions is \$23,198. Our minimum goal is to increase the starting salary for Direct Care I (entry level) workers to \$25,000 over a multi-year period.
2. Expand DMR Line Item 5920-2006 for Residential Rate Initiative by \$12.5 Million to address residential contracts that are based on costs established in the 1980s. DMR has developed a new rate system to replace the current method which will provide:
  - a. An objective, transparent and more equitable rate system.
  - b. Decreased administrative burden for stretched DMR and provider staff.
  - c. Better funding and services for DMR consumers living at sites with reimbursement that currently falls below the new rates, resulting in reduced staff turnover, improved continuity and increased quality of care.

These state dollars too will be reimbursed at a rate of 50% through federal financial participation (FFP).