



“Fight for 15”- Brief on the Impact of SB 543 / HB 664 on DDA Provider Organizations and People with Intellectual and Developmental Disabilities

Direct Support Professionals (DSPs) are caregivers who represent the backbone of the community-based service delivery system for people with Intellectual and Developmental Disabilities. They are skilled workers with an array of responsibilities which may include administering medications, supporting people with complex behavioral support plans, and helping people with disabilities to find and keep a job. DSPs play critically important roles in the lives of 24,000 Marylanders who have developmental disabilities such as Down Syndrome, Autism, and Cerebral Palsy. The support that DSPs provide enables family members to work and remain economically self-sufficient.

DDA Community Services (“Provider”) organizations throughout the state employ DSPs and manage the day to day support systems. These organizations hold contracts with the Maryland Department of Health: Developmental Disabilities Administration for this very important work. Significant portions of DDA provider organization funding comes from the state in the form of Medicaid funds with Federal matching funds.

Over the years, the funding for DDA Community Services has eroded. This lack of funding has contributed to the de-stabilization of the DDA Provider community and the growing caregiver crisis. Evidence of the building crisis is observed in the turnover rates of Direct Support Professionals in this industry *, decreases in employer-provided benefits such as health insurance, and the inability of many DDA provider organizations to accept admissions of new people with Intellectual and Developmental Disabilities in need of services.

*Background: In 2006, funding from the state Developmental Disabilities Administration (DDA) provided an hourly wage factor** in the DDA funding rate that was almost 70% above the state minimum hourly wage at the time. Over the years, the funding was subject to freezes and cuts. The Maryland General Assembly recognized the building crisis and reacted with legislation. In 2014, the Minimum Wage Act was passed which created a statutory mandate of a 3.5% rate increase for DD services annually from FY 2016-2019. The mandate was designed to restore stability to a system in trouble.*

In the Governor’s FY19 Budget proposal, the 3.5% increase that was expected through the 2014 mandate was reduced to a 1% increase through the BRFA (Budget Reconciliation and Financing Act)- *see page 6 of the MDH Fiscal 2019 Budget Overview for an analysis.*

While we are urging our representatives to restore the 3.5% funding increase for the DDA Community Services Budget in the final year of the current mandate, there is once again an effort to increase the minimum wage in the state to a rate of \$15 per hour. SB543/HB664 is the ONLY minimum wage bill in the 2018 Legislative Session that addresses the need for funding for DD services.

SB543/HB664 includes a provision for increases to DD Community Services Funding at 7% in Fiscal Year 2020, followed by 5.5% increases in Fiscal Years 2021 to 2024. These increases coincide with stepped raises to the

state minimum wage beginning with July 2020 and ending with the last increase to a rate of \$15 per hour on July 1, 2023. According to the bill, state minimum wage increases after fiscal year 2024 are in accordance with the CPI, as are funding increases for DD Community Services. The DD Community Services funding increases in SB 543/ HB 664 keep the DSP wage factor at a certain percentage above minimum wage.

As before (Minimum Wage Act of 2014), and due to the nature of DDA provider contracts with the state, **increases in funding for DD community supports must be linked to any legislation to increase the state minimum wage.**


Please see the attached "Fight for 15" Impact Chart developed by The Arc's coalition partner, Maryland Association of Community Services.

For more information, please contact Ande Kolp, Executive Director, The Arc Maryland akolp@thearcmd.org

**According to a recent study (National Core Indicators- NCI Staff Stability Report), the US average staff turnover in 2016, for all industries, was 4.9%. At the same time, the turnover rate for Direct Support Professionals in Maryland was 33.9%*

***The "wage factor" is the amount provided to pay all direct support wages. It is an hourly figure and it is not the starting wage. There is no differential provided in the wage factor to pay DSPs to account for tenure, education, or required certifications and training.*

**Maryland Department of Health
Fiscal 2019 Contingent Actions and Fiscal 2018 and 2019 Departmentwide
Adjustments**

<u>Program</u>	<u>Item</u>	<u>General Funds</u>	<u>Total Funds</u>
Fiscal 2019 Contingent Reductions			
Public Health Administration	Level funding the Core Public Health Services formula at the fiscal 2018 level.	-\$890,794	-\$890,794
Prevention and Health Promotion Administration	Authorizing funding from Cord Blood fund for Maternal and Child Health.	-250,001	0
Prevention and Health Promotion Administration	Authorizing funding from Advance Directives fund for Maternal and Child Health.	-497,000	0
Behavioral Health Administration	Replacing general funds with special funds from the Maryland Community Health Resources Commission.	-2,000,000	0
Behavioral Health Administration	Reducing the mandated provider rate increase from 3.5% to 2.0%.	-7,942,754	-16,313,759
 Developmental Disabilities Administration	Reducing the mandated provider rate increase from 3.5% to 1.0%.	-14,638,439	-27,933,872
Medical Care Programs Administration	Replacing general funds with special funds by reducing the Medicaid Deficit Assessment to \$25 million instead of \$35 million.	-10,000,000	0
Medical Care Programs Administration	Utilizing special funds from the Trauma Physicians Services Fund balance in lieu of general funds.	-8,000,000	0
Health Regulatory Commissions	Reducing the required appropriation for the Maryland Community Health Resources Commission.	0	-3,000,000
Fiscal 2018 Contingent Reductions Total		-\$44,218,988	-\$48,138,425
Departmentwide Adjustments			
MDH	Reduction to the amount of the health insurance contribution for fiscal 2018.	-\$6,428,546	-\$8,148,960
MDH	Fiscal 2019 general salary increase.	6,461,623	7,433,827

MDH: Maryland Department of Health

Source: Maryland Department of Health; Department of Legislative Services



**DDA Reimbursement for ALL Direct Support Wages
Percent Above the State Minimum Wage
Fight for 15 Impact (2018)**

DDA reimbursement rate is the amount provided to pay all direct support wages;
it is *not* the starting wage.

DDA Reimbursement Rate for Direct Support Wages Percent Above the Minimum Wage		
FY 06	69%	
FY 07	48%	
FY 08	48%	
FY 09	39%	
FY 10	26%	
FY 11	26%	
FY 12	30%	
FY 13	32%	
FY 14	35%	
FY 15	25%	
FY 16	26%	
FY 17	25%	
FY 18	24%	
FY 19	14% (w/ 1% increase) 20% (w/ 3.5% increase)	
<i>NOTE: State minimum wage increases were phased in during the years highlighted in yellow.</i>		
Fight for 15 Proposed Impact		
	with 1% in FY 19	with 3.5% In FY 19
FY 20	17%	24%
FY 21	18%	24%
FY 22	19%	25%
FY 23	20%	27%
FY 24	22%	28%

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