

## Fact Sheet

### Commonwealth Funding of Mental Retardation Programs

In February 1999, the Legislative Budget and Finance Committee issued a report on salary levels of client contact workers in private, community-based mental health and mental retardation programs. This report found that the average salary for a direct care worker was \$8.13 an hour (\$15,854 annually), with 22% earning less than \$7 an hour (\$13,650 annually). As a follow-up to that report, the LB&FC authorized a further study to examine the Commonwealth's budgeting and funding practices for mental retardation programs.

#### Findings:

- Over the past four years, funding for community-based MR programs has increased by 52%, from \$606 million in FY95-96 to \$819 million in FY98-99. Much of this is due to increases in federal Medical Assistance. Also, DPW often requires that new funds be used for new services and initiatives; they cannot be spent on "maintenance" programs for persons already receiving service.
- The needs-based budget process counties have used to develop their MR budget requests to DPW has not worked as intended by the MH/MR Act of 1966. Although counties have developed needs-based budgets and have held the required public hearings, DPW has historically granted all counties the same incremental increase (often 2 percent) for their maintenance programs. Counties also submit "expansion" budgets to provide services to new clients or new services to existing clients. The expansion budgets submitted by counties do appear to affect DPW funding decisions.
- For FY00-01, DPW did not ask counties to submit a maintenance budget. The sole focus of the FY00-01 budget process was to provide new services to persons currently on waiting lists and to relocate persons out of State Centers and private ICFs/MR into community-based settings. Counties that wanted to request funds to address problems in their maintenance programs had to submit addendums.
- The number of persons residing at State Centers has decreased at a much faster rate (32.8% since June 1995) than the amount spent at the Centers (5.5% decline since FY94-95). Consequently, the savings available to reinvest in community-based programs as a result of downsizing the Centers have been quite modest.
- In FY99-00, DPW made 78 separate categorical allocations to the counties. So many allocations, each of which must be accounted for separately, adds complexity and cost to the MR funding system.

#### Recommendations:

We recommend the Department of Public Welfare:

1. *Develop budget procedures that ascertain a full picture of county MR needs.* This would allow DPW and others to see all a county's MR needs, not just what is needed to provide services to the relatively small group of individuals receiving new services.
2. *Set a goal of lapsing no community MR service funds.* DPW lapsed \$9 million from the FY97-98 appropriation and anticipates lapsing about \$13 million from the FY98-99 appropriation.
3. *Purse efforts to streamline its administrative requirements at both the county and provider level.* This could free up resources for those already in a community-based program.
4. *Reduce the number of categorical allocations made to counties.* Eliminating all categorical allocations is not feasible, but reducing their number should ease the administrative burden they place on counties.
5. *Convene a task force to address long-term issues regarding quality and retention of MR workers.* DPW's Multi-Year Plan for MR services cannot be implemented without a committed and qualified workforce. Wage rates and other issues threaten the stability of this workforce and should be examined as part of the MR budget process.