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To: Executive Directors
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From: W. Chris Clark, CPA, CGMA
Chief Financial Officer

Subject: FY 2020 Direct Support Professionals \$1 Increase
FY 2020 Compression Increase
FY 2020 Cost of Living Increase
FY 2020 Annualization of January 2019 Health Insurance Rate Increase
FY 2020 SCRS 1% Employer Rate Increase

The FY 2019 – 2020 budget has been finalized and includes funding for a 2% cost-of-living adjustment, the final \$1 increase to achieve the goal of establishing a new starting compensation level for direct support professionals of \$13 per hour, as well as, funding to assist with compression issues caused by the \$1 increase in the direct support professional hourly pay rate. Note that the \$600 bonus for those making less than \$70,000 per year is for state employees only.

This memo will attempt to cover each of these increases to provide guidance to Providers to facilitate planning and implementation.

- 1) The budget includes funding for a 2% cost-of-living adjustment. The parameters for application of this increase is as follows:
 - a) All non-temporary employees should receive the 2% cost-of-living adjustment – full-time and part-time employees. Temporary employees can be increased if providers choose to do so, but the increase is not funded for these employees.
 - b) The 2% cost-of-living adjustment will be applied to direct support professionals prior to the \$1 increase.
 - c) We are continuing to discuss with the General Assembly and the Department of Health and Human Services the issue related to the 2% increase for Case Managers and Early Interventionists. The blended system of cost based and market rate is the stumbling block we must overcome. We will advise all Providers as soon as we resolve this matter.

- 2) The FY 2019 – 2020 \$1 increase for direct support professionals will be handled like the prior three years as the direct support professional hourly rate has been successfully increased from \$10.11 in FY 2016 to \$13.00 in FY 2020. Each year the increase has been handled in the following manner and FY 2020 will be handled consistently with prior years:
 - a) The increase is not a percentage increase, but rather \$1.00 per hour increase that will raise the minimum direct support hourly rate to \$13.00 per hour. If your organization has direct support professionals who are making more than the \$12.00 per hour, they will also get the \$1.00 per hour increase. In other words, it is the intention of the Legislature that all direct support professionals receive a \$1 increase in their hourly pay rate.
 - b) Direct support professionals are defined as persons that are in a regular shift rotation and are directly involved in the care of consumers in residential or day program settings.
 - c) Supervisors, House Managers, and other similar positions would qualify if they meet the criteria above. Job classifications vary by service provider and the same job classification at different service providers may or may not involve the same level of hands on care. As a result, we are not taking a prescriptive approach. Each Provider will have the responsibility of determining which employees qualify based on their unique circumstances.
 - d) The minimum pay rate for direct support professionals will be \$13 per hour. Agencies are permitted to pay new hires a rate less than \$13 for staff training hours and for any on the job training hours where the direct support professional is not permitted to work alone. If a staff is able to/is cleared to work alone, but does not work alone due to staffing patterns in the home, then they should be paid \$13 per hour.
 - e) In no case should a new hire direct support professional make less than \$13 per hour for a period to exceed 90 calendar days.
- 3) The budget also includes funds to address compression issues. The parameters for usage of these funds is as follows:
 - a) In prior years, a requirement existed that staff be employed with your agency at least five years. That will not be a requirement this year. We recognize that compression issues do not only exist with personnel based merely on tenure, but also based on their role with the agency in comparison to others. While an agency may consider tenure in their plan to address compression concerns within their organization, it will not be a required component.
 - b) The intent of compression pay is to address lack of propriety with staff salaries impacted by the \$1 increase. Compression of pay rates will occur with the \$1 increase to direct support professionals. Staff positions eligible for the compression increase may be either a direct support professional, their managers, or other positions in direct support of consumers. Staff in areas of administration, case management, and early intervention do not qualify for the compression increase.
 - c) Use of compression funding for one-time bonuses/payouts is not permitted. The intent of the compression increase is to provide permanent compensation increases.
 - d) Submission of a plan on your Agency's usage of the compression funding is not required.

The January 1, 2019 health insurance increase will be annualized in the FY 20 rates. Additionally, the July 1, 2019 SCRS 1% increase in the employer rate will be provided in the revised bands.

Funding for these increases, as well as associated fringe benefits will be computed and distributed through the bands and adjustments to QPL rates. The rates for adult day program and supported

employment to be billed for state funded community supports will be increased to reflect these cost increases.

These pay increases must be paid on the first pay date that occurs on or after July 1, 2019. Please note that SCDDSN will not receive final allocations of its funding for these increases until late August or early September. As a result, we are not able to compute and allocate the new funding amounts until these amounts are known by us. Please be assured that as soon as we get the figures we need we will expedite computing the rates and will initiate amendments and payments as soon as possible. You are permitted to implement the pay increase retroactively once funding is received from us.

SCDDSN will be issuing Amendment number one as soon as possible in July to reconcile funding related to changes in consumers served between the May 2019 census information used to compute the original contracts and your census information as of July 1, 2019. The second Amendment will be issued to provide the funding associated with all of the increases mentioned above. It is possible that some Provider contracts will not need to be amended for changes in census information and the first Amendment for them will be related to the funding changes noted above.

If you have any questions, then please contact me to discuss those concerns.

Respectfully yours,

A handwritten signature in black ink that reads "W. Chris Clark, CPA, CGMA". The signature is written in a cursive style.

W. Chris Clark, CPA, CGMA
Chief Financial Officer

Cc: Mary Poole
Pat Maley
Rufus Britt
Nancy Hall
Susan Beck
Robb McBurney
Chuck Norman