



HUMAN SERVICES CONTRACT PROVIDER COLAs

SOCIAL SERVICES AND EXECUTIVE OFFICES AND CRIMINAL JUSTICE SUBCOMMITTEES
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ISSUE BRIEF

SUMMARY

Up until 2014 statutory language existed in the *Budgetary Procedures Act* requiring both the Governor and the Legislature to “consider an amount sufficient to grant” certain named providers “the same percentage increase for wages and benefits that is included in the budget for persons employed by the state.” This language was removed during the 2014 General Session by passage of H.B. 357, *Budgetary Amendments*, which repealed “provisions requiring the Legislature to consider in the appropriations process wage increase for certain entities.” Although the requirement to consider has now been removed, contract provider payments make up 55 percent of the Department of Human Services budget. A one percent increase for contract providers, if funded, would cost in state funds \$1,288,000 (Social Services providers) and \$130,300 (Juvenile Justice Services providers) (see Table 1).

LEGISLATIVE ACTION

No Legislative action is required. This brief is for information only.

METHODOLOGY FOR CALCULATING COLAs

A report prepared by the Office of the Legislative Fiscal Analyst in July of 2001, *Review of Calculation Method for Local Provider COLA*, proposed a methodology to the Executive Appropriations Committee (EAC) for the calculation of COLAs for local providers. Because statutory language prior to its elimination in the 2014 Legislative General Session stated that the Governor and the Legislature shall consider “the same percentage increase for wages and benefits that is included in the budget for persons employed by the state,” it was determined that any calculation for increases for contract providers should be based on personnel costs only. A percentage used for calculating the COLAs was determined by taking identified personnel related costs compared to a provider group’s total costs. The calculated percentages were adopted by EAC in 2001 as follows: Local Mental Health Authorities at 75%, Local Substance Abuse Authorities at 75%, Local Area Agencies on Aging at 65%, Division of Services for People with Disabilities at 80%, and the divisions of Child and Family Services and Juvenile Justice Services at 69%.

SIGNIFICANCE OF DEALING WITH RATE ISSUES FOR THE DIVISIONS OF CHILD AND FAMILY SERVICES (DCFS) AND JUVENILE JUSTICE SERVICES (DJJS) IN TANDEM

All divisions in the Department of Human Services (DHS) except the Division of Juvenile Justice Services are overseen by the Social Services Appropriations Subcommittee. The Division of Juvenile Justice Services reports to and is overseen by the Executive Offices and Criminal Justice Appropriations Subcommittee. Legislative appropriations subcommittees review issues and funding requests separate from each other with each subcommittee setting its own priorities. Both DCFS and DJJS contract with similar community providers, sometimes house clients in common housing arrangements, and also use similar rate schedules. Because of this, it is very difficult for DHS to accommodate varying rates between these two divisions.

1 PERCENT COLA COST FOR FY 2017

The following table shows the cost of a one percent General/Education fund contract provider increase for Department of Human Services, including those involved with the Division of Juvenile Justice Services. As mentioned previously, the Division of Juvenile Justice Services is overseen in a different Legislative appropriations subcommittee than the remainder of the divisions for the Department of Human Services.

1% Local Provider Increase for FY 2017

Agency - Program	FY17 Gen/Education Fund Base	(A) Applicable %	% in (A) of GF/EF Base	1% Increase in New Adj. GF/EF Base	1.0 Percent of GF/EF Base
Human Services					
Local Mental Health	28,535,000	X	75% =	21,401,300	213,900 x
Local Mental Health - Autism	1,846,953	X	75% =	1,385,200	13,900 x
Local Substance Abuse	13,432,158	X	75% =	10,074,100	100,700 x
Local Aging	7,633,200	X	65% =	4,961,600	49,600
Total Human Services - Local	51,447,311			37,822,200	378,100
Disabilities Providers	64,618,800	X	80% =	51,695,000	517,000 x
*Child and Family Services Providers	44,149,800	X	69% =	39,291,800	392,900
Total Human Services	160,215,911			128,809,000	1,288,000
Juvenile Justice Services Providers	18,884,057	X	69% =	13,029,999	130,300

Table 1