EXHIBIT 4
DATE Jan. 14, 2005
HB

Testimony to the Appropriations Sub-Committee

Madame Chairman and members of the Committee my name is David Eaton and I live in Livingston. I appear before you today representing the Montana Association of Independent Disabilities Services or MAIDS of which I am President and Counterpoint, Inc. of which I am Executive Director. MAIDS is the statewide association of service providers and Counterpoint is a non-profit provider organization in Livingston. I want to thank each of you in advance for your attention, your consideration of the following issues and the assistance I am requesting.

I want to focus on two issues this morning. First, the necessity of provider rate increases and, second, the importance of wage parity for direct care staff.

In the last three years provider agencies have received no increases in funding from the Legislature while the costs of providing services has increased steadily. In a recent survey of provider agencies overall costs have increased an average of 41%. Worker's compensation insurance costs have increased an average of 67%; utilities are up 25%; fuel costs are up 30%; liability and auto insurance increased 54% and food costs have increased due to food subsidy decreases an average of 31%. All of these cost factors have increased while funding has remained level. To address increased costs provider agencies have done such things as freezing wages, reduced employee benefits, delayed making needed repairs to buildings and equipment, laid off employees, and more.

In response to this situation Counterpoint trimmed approximately $20,000 from our FY2004 budget of just under $1,000,000. This year, FY2005, we faced a $40,000 budget deficit due to a projected 115% increase in our worker's compensation premium, ~~an 18% increase in our unemployment insurance costs~~ and a 13% increase in our utility costs. To meet this financial challenge we have reluctantly eliminated one of our administrative staff positions and reduced the hours of two of the remaining four administrative staff positions. In addition we are working on reforming the leave package that our employees receive to save more money. With these substantial annual increases in the cost of doing business, far above the rate of inflation, we cannot continue to function without regular rate increases. I urge this sub-committee to recommend the appropriation of at least a 3% provider rate increase for each year of the biennium.

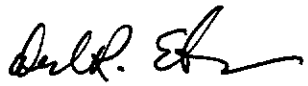
The second issue I want to focus on is wage parity for direct care staff. A major concern for provider agencies is not being able to pay adequate wages to staff who work directly with people with disabilities. The average entry level wage for direct service workers is $6.73 per hour compared to the entry-level wage for similar workers at Montana's State Institution of $8.81 per hour. This comparison was made in FY2002 . Since that time the state's direct service workers have received wage and benefit increases appropriated by the Legislature while private employees in many cases have received none. The negative affect of low wages and poor benefits for direct-service workers is high turnover in these positions and extreme difficulty in recruiting new workers. This turnover causes significant disruption in the lives of people with disabilities and is very costly to provider agencies running as high as $5,000 each time a worker is replaced. Staff turnover costs have increased anywhere from 31 to 435% for some agencies during the last three years.

At Counterpoint our direct care staff have not received an increase in compensation since July of 2002. This has been damaging to staff morale, led to increased staff turnover and threatened the quality of services we provide to our consumers. I am concerned that we will, as we have in the past, lose quality staff because they simply cannot afford to stay in our field. I am concerned that this will ultimately effect our ability to successfully meet our mission. I am concerned for the overall welfare of our consumers as I look down the financial road.

In conclusion, In order to address these financial challenges I believe the 2005 Legislature needs to do two things. 1. Appropriate at least a 3% rate increase each year of the biennium for provider agencies and, 2. Appropriate funding to achieve wage and benefit parity between private and public direct-service workers.

Thanks again for your attention, your consideration of these issues and the assistance I am requesting.

Respectfully submitted by:



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MAIDS President