

People & Families

NEW JERSEY COUNCIL ON DEVELOPMENTAL DISABILITIES

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LINDSEY BRISCHKER AND CHI CHI
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Ongoing Reports from Out in the Field

by Jonathan Jaffe



The national economic downturn—combined with New Jersey’s mounting budget deficit and shrinking revenues—has service providers for people with development disabilities eager to find more creative ways to belt-tighten.

The challenge, they say, is to economize without adversely affecting the people they serve. Unlike other private sector businesses, care and service providers interviewed for this article have not resorted to measures such as unpaid employee furloughs or shortened hours at day-programs. Instead, the focus is on lowering overhead costs.

“There’s no doubt about it; providers are having difficulty across New Jersey,” said Lowell Arye, executive director of the Alliance for Betterment of Citizens with Disabilities. “The last thing any of them want is to negatively affect people with disabilities who have a greater need in this kind of economy. But, it’s getting more difficult for them to provide services to their consumers.”

Tom Baffuto, executive director for the Arc of New Jersey, said the agency has always looked for ways to cut expenses, but the current economy has intensified the effort.

“From a business perspective, we are struggling,” he said. “Taking steps like unpaid furloughs for our employees are not an option for us. Many local Arc chapters run group homes that must provide care and supervision 24 hours a day, seven-days a week.”

Baffuto said Arc employees have not received salary raises in a few years, overtime is carefully monitored and employees now pay 30 percent of their health insurance premiums. “There’s a proposal for state employees to start paying 1.5 percent of their health care. Well, Arc employees would jump at that right now,” he said.

Similarly, group home operators such as Community Options, Inc., “are being more frugal in this economy,” said Robert Stack, president

and CEO. "We are unable to give pay raises. We renegotiated health insurance contracts and still had to increase our per person cost for employee benefits," he said.

The 500 New Jersey employees working for Community Options also now pay 30 percent of their health insurance, he noted.

Stack said Community Options, which operates 70 group homes throughout New Jersey, maintains low administrative costs—just under 11 percent. "Some providers may run in excess of 18-22 percent, but we believe the bulk of our money should go into care and services. So, we're very cautious," he said.

Kenneth W. Ritchey, an assistant commissioner for the state Department of Human Services (DHS), who oversees the state Division of Developmental Disabilities (DDD), said the state has not made any across-the-board reductions, to date, for service providers.

There have been cost of living increases of about 1 percent annually. But eight or nine years ago, in a strong economy, these cost of living increases were as much as 4 percent.

"Cost of living increases are sporadic," said Tom Papa, a DDD budget director. "Some years there is no increase at all. Providers don't automatically get one each year."

Ritchey said the DDD spends about \$950 million annually for three key areas of service: residential services, day services and family support. He said the Governor and the state Legislature already have requested three cuts to the DHS. But, to date, he said, department officials have been able to maintain the funding levels in the three key areas.

"As we looked at where to reduce the budget, we tried our best to protect residential services, the day services and family support," said Ritchey, noting DDD officials are bracing for what many consider will be a dismal fiscal 2011 state budget. "We are trying to hang in there."

Creative Ways to Economize."

Frank Caragher, executive director of the Arc of Union County in Springfield, said his organization anticipated the economic downturn about three years ago. There were layoffs and a consolidation of departments to brace for the impending storm.

Since that point, the Union Arc has been operating with flat funding. Its budget was \$19.5 million in 2008. This year, the organization is operating on \$250,000 less.

The services provided to up to 1,000 Union County individuals and families have not been affected. But the Arc has asked the people it provides services for to pick up some of the costs, such as contributing for transportation and paying an increase in program fees.

Caragher said the Union Arc's employees have not received wage increases in several years, and have seen a decrease in the level of health insurance provided. In addition, the number of vacation days that employees can take has been reduced.

"Our state aid has gone down \$150,000 over the past three years," Caragher said. "The lack of new money has been the real challenge. We work very hard at fund-raising."

Caragher said the Arc does not have the current resources to focus on growth.

"We are looking to maintain the services we have at a high level, concentrating on the people we now serve," he said. "There will have to be some change in the system to allow for serving all the new people coming in, such as those graduating from high school. The infrastructure of our system is maxed out; it is very difficult for us to take on more without an increase in support."

"Some of the larger agencies—Community Options among them—have the ability to do things like help people in their group homes apply for food stamps and take other steps," said Arye.

"Smaller providers—the ones that are only

doing \$3 million to \$5 million in business a year—are just hanging on. This economy could bring about more mergers and acquisitions among these providers,” he added.

Ritchey noted that any state cuts to service providers could be “the tipping point” that prompts them to go out of business. If a provider, for example, lost the funding to support a fourth resident in a group home, that provider could be forced to shut its doors and send the remaining three to a state institution.

Ritchey also added that flat state funding is often considered a cut for service providers, who are facing annual increases in health insurance, utilities and other operational costs. “Some are talking about how serious this is and are spending down their final reserves,” he said.

Ritchey said he has not seen a dramatic number of service providers go bankrupt, noting he only recalls one provider shutting its doors in 2009, requiring the DDD to transition its clients to other providers.

Fund-raising Declines

In addition to their contracts with the DDD and the Division of Vocational Rehabilitation Services, service providers rely on fund-raising to offset expenses that are not covered under their contracts. Today’s economic times have also taken a toll on charitable donations.

“Five or six years ago, providers used fund-raising to supplement things their (state) contracts did not pay for,” said Arye. “If they wanted to offer a therapeutic music program or hire a social worker and the state would not pick up that cost, they would use fund-raising dollars to do it.

“State contracts have not increased and are unlikely to now. So, providers are using fund-raising dollars to cover the rising cost of basic services,” said Arye. “Of course, the other side is that in hard times, fund-raising dollars go down. Money available from the United Way and from foundations is decreasing.”

For example, Community Options receives \$5 per day per person under its state contract to pro-

vide food for its consumers. “That was the price we negotiated with the state 17 or 18 years ago. It hasn’t increased a dime even though the price of food has steadily risen,” said Stack. “Frankly, we must supplement that with money from other sources like fund-raising and buying in bulk,”

Stack acknowledged that Community Options’ fund-raising may be down from previous years. “But thankfully, in bad economic times, people still try to be generous when it comes to helping provide food, shelter and basic necessities to people with disabilities,” he said.

More State Funding?

“We are sending auditors out and telling the providers to open their books,” Ritchey said. “We are looking at how they choose to spend money. Some are more disadvantaged than others.”

Those providers who may have opened their doors 20 years ago may be receiving less state support than what has been commonly given in recent years. In these cases, Ritchey said, the state would consider funding increases.

Also, for agencies taking on additional responsibilities, such as taking on new clients through the Olmstead decision, additional funding can become available on a case-by-case basis, he said.

Fewer Jobs

One area causing concern for New Jersey service providers is job placement for people with developmental disabilities. Unlike reports from other states, service providers in the state have not seen a drastic increase in the number of their clients being laid off.

But, they said, it is increasingly difficult to place new clients in supported employment positions. The economy has reduced the number of available jobs for people with disabilities, prompting advocacy groups and agency operators to wonder whether it will ultimately impact supported employment initiatives for years to come.

“A huge concern is the future of employment for people with disabilities,” Arye said. “There’s a growing movement in New Jersey to double the

number of employed people with disabilities by 2015 from 30 to 60 percent.”

“This type of economy is having and could continue to have a profound affect on that goal. It’s very sad,” said Arye.

“I’m concerned that some jobs for people with disabilities will disappear just even when the economy improves,” said Mark Stephenson, assistant director at Employment Horizons, a non-profit agency that provides job training and placement for people with disabilities in Morris County. “Once employers manage to get by with fewer employees doing more tasks, jobs they might carve out for people with disabilities could disappear.”

“The Arc of New Jersey’s Project HIRE—one of the first programs in the state aimed at providing supported employment services—has seen a decline in the number of people with disabilities being placed in jobs,” said Michael Prendergast, the Arc’s assistant executive director.

“This economy has made it more challenging for us to find suitable employment for people with disabilities,” said Prendergast.

According to Project HIRE’s most recent annual report, it helped 160 people with disabilities find competitive employment in 2008-09. That was down from 213 people in 2007-08. Four years ago, in a healthier economy, Project HIRE placed 300 people in supported employment positions.

“We have seen a significant drop in the past few months,” said Prendergast. “On average, we place 15 people per month in full-time, supported employment. In December, we placed three people. In January, six people. We’re running about the same for February,” he noted.

Other nonprofits throughout New Jersey that specialize in training and employment for people with disabilities say they are seeing similar trends.

“Placing people with disabilities in jobs is getting more difficult as more qualified, and often over-qualified, people are out there looking for work,” said Glori Bine-Callagy, president of the New Jersey Association for Persons in Supported Employment (APSE).

Callagy, who works for Bridges to Employment, a division of Alternatives, Inc. in Raritan, said “we are seeing employers becoming less flexible and less willing to carve out portions of positions for people with disabilities.

“This economy has made it more challenging for us to find suitable employment for people with disabilities.”

“Employers who were once willing to have people with disabilities come in for job sampling—try out a job to assess their skill levels—are not willing to take that risk, regardless of a job seeker’s potential,” said Callagy. “In general, competition is greater than ever for jobs. This is frustrating and disappointing for job seekers with disabilities, as well as those of us trying to support and assist them.”

The same trend has been noticed at Employment Horizons. “Our number of job placements has decreased by about 10 jobs per year for the last three,” said Lisa Montalbano, career development coordinator for Employment Horizons.

Employers are asking employees to do more and are seeking workers with varied job skills.

“Some employers are saving money by asking file clerks, for example, to answer phones, do computer entry and handle customer service,” Montalbano said. “The people whose needs we serve may not be able to multitask or to perform all those duties.”

One trend that Montalbano, and others, such as Prendergast at Arc of New Jersey, have noticed is that job retention for people with disabilities has increased slightly. “People who find jobs are keeping those jobs longer. We’ve noticed the retention time in those jobs is gradually increasing. In this economy, that’s something positive.” **P&F**