

December 1, 2005

TO: Planning & Budget Committee

FROM: Ted Stevens

SUBJECT: Issues/Assumptions for Next Year's Budget

Prior to S&DS staff developing specific budget proposals for consideration by the Committee in January 2006, it would be helpful for budget assumptions and issues to be discussed and directions provided to staff. While there may be more issues than the ones listed here, these are the ones with which the Committee usually wrestles.

1. Cost of Living Issues:
  - a. Will cost of living adjustments be given to programs funded in next year's Area Plan Budget? For Oregon Project Independence-funded programs, providing COLAs should not be a problem. However, since Older Americans Act revenues will be about 1% smaller than at present, where will the funds come from to cover cost of living adjustments for OAA-funded programs?
  - b. If cost of living adjustments will be granted, how much should be provided? Based on available data, it appears that inflation is running at about 3.1% per year. (Note: After not granting COLAs for a couple of years, the Planning & Budget Committee budgeted 2.65% COLAs for FY 2005-06 providers.)
2. Issues Due to the Changing Environment:
  - a. Last year, Patti Little updated the Focus Group component of S&DS' 2002 assessment of the needs of seniors and people with disabilities. The 2004 findings were shared with the Committee at its October meeting. As reported to the Committee at that meeting, priorities changed somewhat between 2002 and 2004 in response to the reductions in State support for health and human services.

Specifically, focus group attendees recommended more support for the Senior Connections Program because of its ability to address a variety of needs – prescription drug assistance, assisted transportation, energy assistance, access to Meals on Wheels, Information and Referral, and case management for those who need this level of support – of lower income seniors who are not eligible for Medicaid or Oregon Project Independence services. Last year, in response to this issue and the one described in “b” below, the Planning & Budget Committee allocated more funds to the Senior Connections Program. The question for this year is, does the Committee wish to continue enhanced support to the Senior Connections Program in FY 2006-07?

- b. Effective July 1, 2005, the Oregon Department of Human Services implemented new policies and procedures directed at controlling the leveraging of local funds as match for federal Medicaid dollars. As reported to the Committee a year ago when these changes were being anticipated, the new rules have severely reduced S&DS’ ability to augment Older Americans Act funds with locally matched Medicaid funds. Locally matched Medicaid revenues are no longer available to help underwrite the cost of Meals on Wheels and, as anticipated last year, the level of support for the Senior Connections Program is reduced significantly (down from \$64,757 to \$16,128). Given this situation, as noted above, last year’s Committee allocated additional OAA funds to the Senior Connections Programs but, due to a shortage of OAA III-C funds, did not increase the OAA appropriations to S&DS’ Meals on Wheels providers. Should these allocation patterns be continued in 2006-07?

By the end of the December 13<sup>th</sup> meeting, it would be very helpful for the Committee to provide responses to these questions to staff. Once they are available, staff will be in a much better position to develop one or more drafts of the 2006-07 Area Plan Budget for the Committee’s consideration at its January 10, 2006 meeting.

