



South Carolina Human Services Providers Association

Position Statement on Reserves of Providers within DDSN Service Delivery System

Background

Over the past several decades, some providers have, fortunately, been able to accumulate reserves that have put these agencies in a fairly healthy financial position in these difficult times. These reserves were amassed from bequests, donations, fundraisers, program surpluses, dividends, and various other income sources. Unfortunately, not all agencies within the S.C. Department of Disabilities and Special Needs' service delivery system have been able to build such reserves.

It appears that there are members of the Commission and employees of the S.C. Department of Disabilities and Special Needs (DDSN) who do not recognize the critical importance of providers having these cash reserves. Providers are being told by DDSN that the reserves of the state's disability and special needs boards now collectively exceed \$60,000,000. While this sum is considerable, it represents many decades of savings and is spread across many totally separate entities.

Purpose

It is the purpose of this position statement to set forth reasons why it is paramount that providers do their best to accumulate and maintain such reserves for the benefit of their agencies and the individuals with disabilities and special needs who are depending on the continued existence of the system of supports provided by these agencies.

Position Statement

The South Carolina Human Services Providers Association (SCHSP), which represents 52 providers of services and supports to people with lifelong disabilities in South Carolina, maintains that:

- 1) DDSN and the Commission need to encourage provider entities to expend the bulk of their revenue on services and supports to individuals with disabilities and special needs – but not all of it.
- 2) DDSN and the Commission should, additionally, encourage providers to develop and maintain a minimum of three months' operating cash to help them keep services intact when weathering significant downturns in the economy, inflation, and reductions in income.
- 3) Providers' surpluses will soon be greatly reduced upon the state's service delivery system moving further toward the retrospective fee for service system that is being planned for implementation in the coming months. As the system moves from providers receiving prospective payments to receiving retrospective payments for services delivered, there will be a period of almost two months in which payments for services will not be received, thus making the existence of sizable cash reserves critical.
- 4) DDSN has terminated its longstanding capital grants system whereby provider agencies received funding for the purchase of homes, day programs, renovation of facilities, and other large capital projects. This significantly increased the desirability of agencies maintaining even higher levels of cash reserves in order to meet tomorrow's needs of individuals with disabilities and special needs.

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