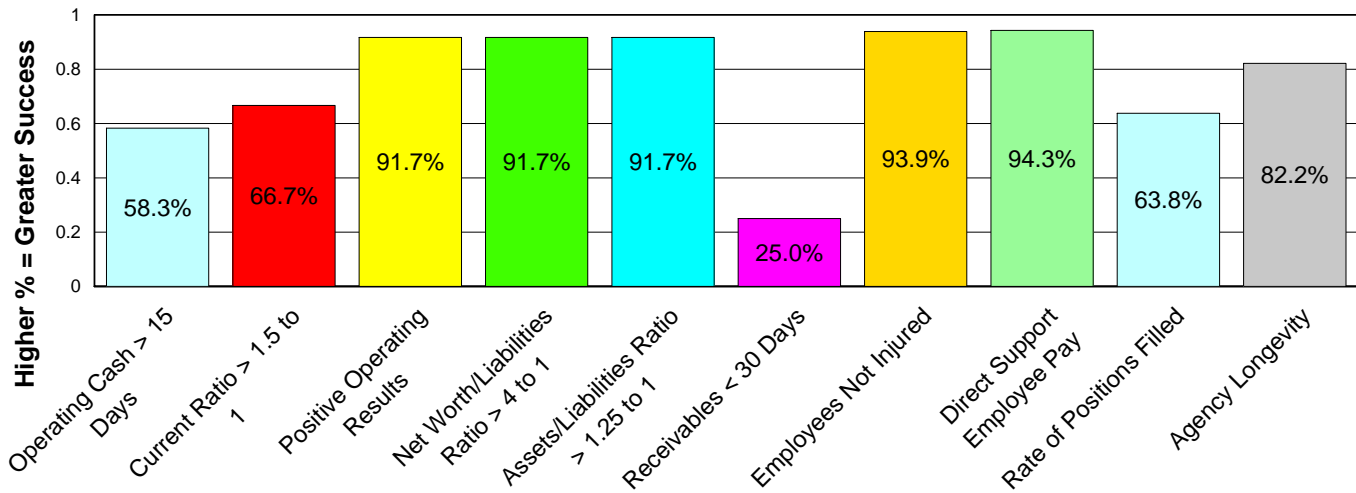


Domain #7 AGENCY STRENGTH

Summary Performance of All Indicators in Domain 7



Domain Seven, **Agency Strength**, measures the financial strength of the twelve area agencies, and the history of operations and employee stability of the provider agency system. Information for this domain came from the June 30, 2003 Audit Reports of the area agencies and the Provider Survey.

Financial strength of the area agencies is measured by three criteria:

1. *Liquidity*, which is the term used for an organization's cash at any given time available to meet its immediate bills, is measured by Operating Days Cash, Current Ratio, and Receivable Days;
2. *Net Surplus*, which is the difference (positive or negative) between the Revenues of an organization and its Expenses, measured by positive operating results; and
3. *Balance Sheet Strength*, which is the difference between what is owned (Assets) and what is owed (Liabilities) measured by the ratios of Liabilities divided by Net Worth and Assets divided by Liabilities.

Regarding *Liquidity*, the three measurement indicators (Operating Days Cash, Current Ratio, and Receivable Days) show less weakness in the system as a whole compared to previous years. Seven of twelve area agencies meet the minimum standard for Operating Days Cash (same as 2002), eight (up from six) meet the standard for the Current Ratio. However, nine (down from eleven) of twelve fall below the standard for Receivable Days. Operating Days Cash has increased for the system as a whole, and it is above target for the current ratio (from below last year), however, it continues below target for Receivable Days. The latter means that any delay or interruption in cash flow could have serious detrimental effects on most agencies' ability to meet current financial obligations.

Regarding *Net Surplus*, only one of the twelve area agencies fell below the minimum standard, with one other exactly at the minimum. Collectively, the earnings ratio for the system is significantly above what it was a year ago. This reflects aggressive action taken by area agencies in light of prior year performance, and threatened budget reductions for the coming year.

Regarding *Balance Sheet Strength*, the two measurement indicators show that all but one of the twelve agencies exceed the standard that is considered satisfactory. The system, as a whole, has maintained its strong Balance Sheet Strength for the last four reporting periods.

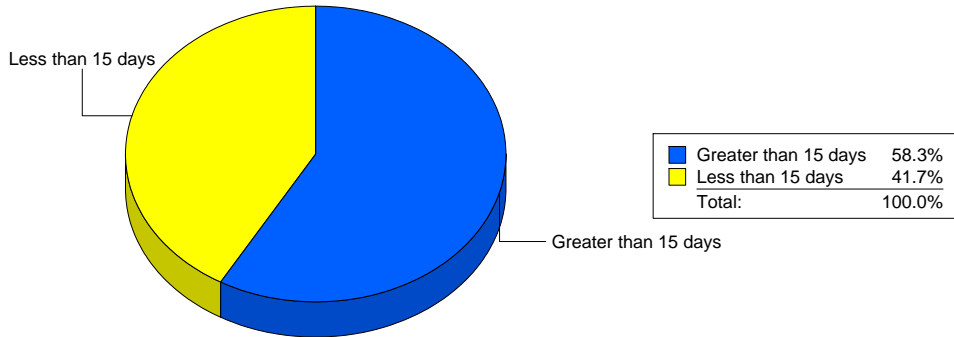
In FY03, only 6.1% of direct support employees sustained an injury that resulted in medical bills and/or loss of work time. That percentage is a significant improvement over the previous year.

In 2000, the passage of Senate Bill 36 provided a wage increase to direct support employees ensuring an average minimum wage of \$8.67 per hour. Since that time, salaries have continued to erode so that 5.7% of the workforce did not make \$8.00 an hour in FY03. 36.2% of direct support positions were vacant in FY03.

Provider agencies are vital to the developmental services system. A solid agency with experienced professional staff is essential. The percentage of provider agencies that have been in operation for more than ten years in FY03 is 82.2% with 54.4% being in operation over 20 years. Only 17.8% of the agencies have been in operation less than 10 years, which highlights the stability and longevity in agency operations.

Indicator #1: Proportion of Area Agencies that have cash on hand to meet greater than 15 days of operating expenses increases.

Agency cash on hand performance



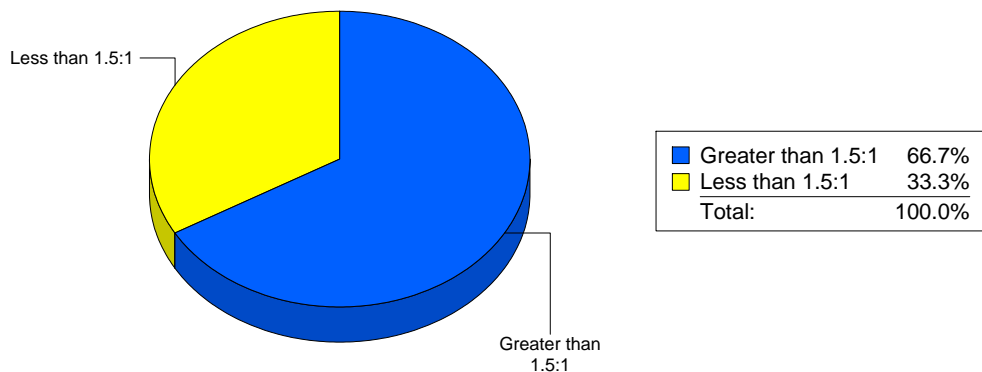
Total All Answers

12

Comments: Seven out of twelve agencies meet the minimum standard of 15 days cash on hand, the same as the previous year. However, collectively the system has significantly improved its number of days of cash on hand.

Indicator #2: The proportion of Area Agencies operating with a current ratio of greater than 1.5:1 increases.

Area Agency Current Ratio Greater than 1.5:1

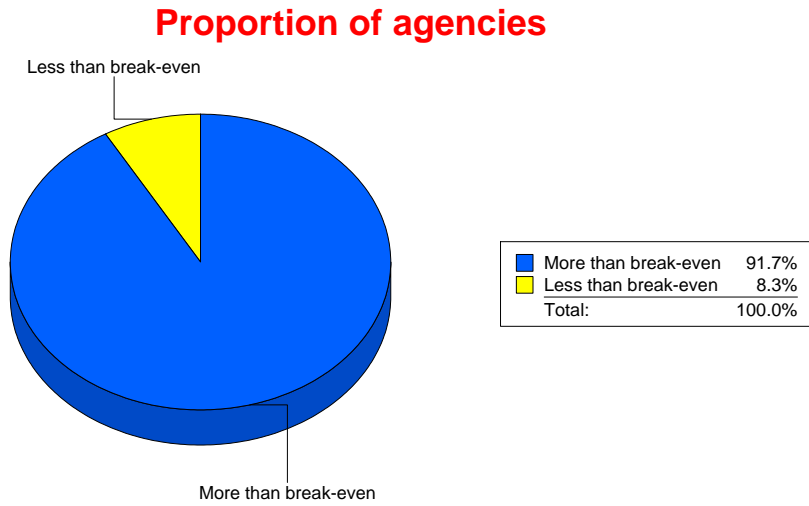


Total All Answers

12

Comments: It is satisfactory that eight of the twelve area agencies have a current ratio at or exceeding the target, an increase from six last year. The system as a whole has improved strongly, from below to above the standard, which is evidence of deliberate initiatives taken by the area agencies.

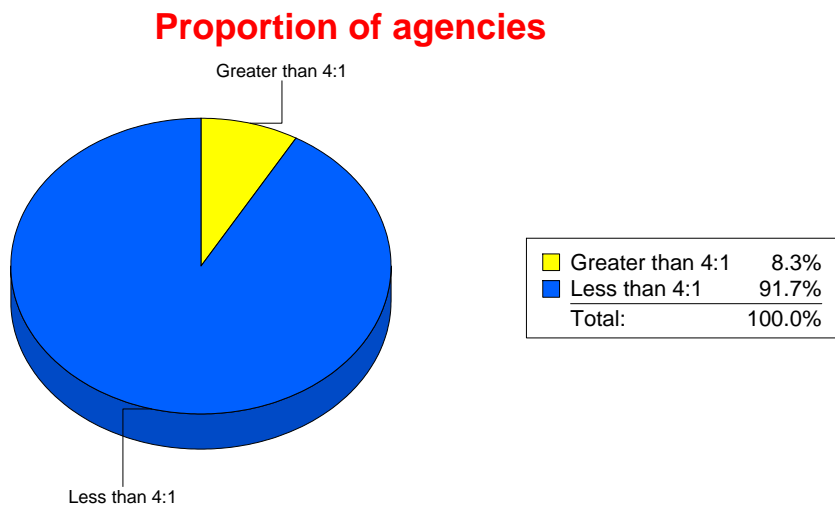
Indicator #3: Proportion of Area Agencies that maintain a break-even or positive operating result increases.



Total All Answers
12

Comments: It is an improvement that only one agency of twelve does not meet the minimal target of break even or better for net surplus.

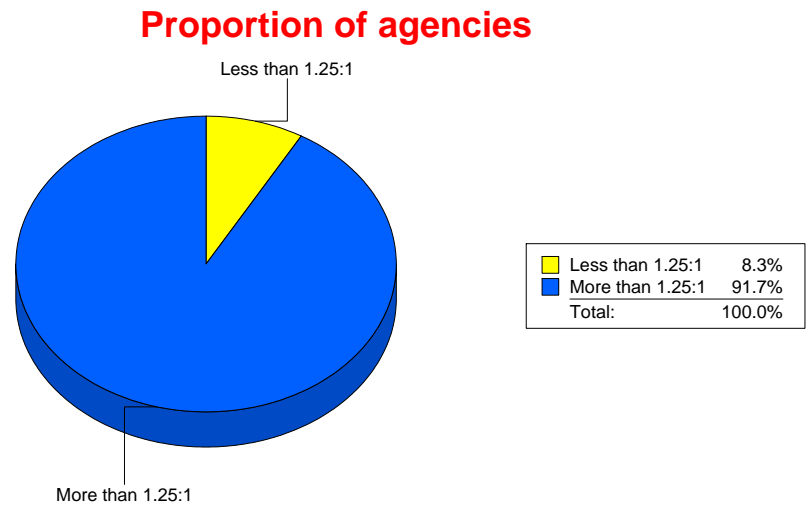
Indicator #4: The proportion of Area Agencies that maintain debt to worth ratio of less than 4:1 increases.



Total All Answers
12

Comments: It is a sign of system strength that eleven of twelve agencies significantly exceed this ratio of balance sheet strength. One agency continues to fail to meet this ratio, although they show marked improvement.

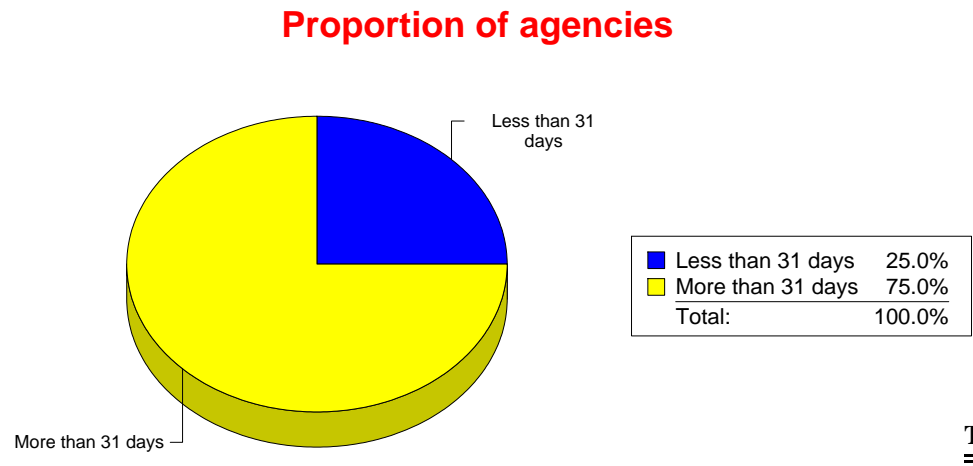
Indicator #5: Proportion of agencies that maintain greater than a 1.25:1 ratio of total assets to liabilities increases.



Total All Answers
12

Comments: It is impressive that eleven of twelve agencies significantly exceed this ratio of balance sheet strength. One agency continues to fail to meet this ratio, although they show marked improvement.

Indicator #6: The proportion of Area Agencies with accounts receivables averaging less than 30 days old increases.

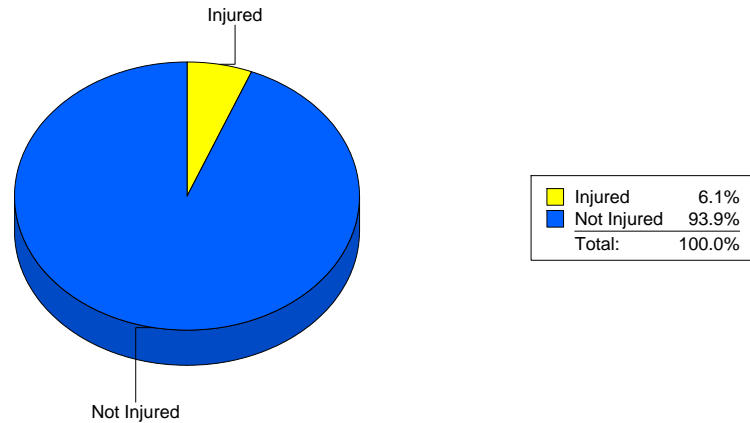


Total All Answers
12

Comments: It is an improvement that three of twelve agencies show receivable days below the minimum standard compared to only one the prior two years. It shows improvement in collection initiatives, however, the system as a whole has not improved its receivable days number from 2002.

Indicator #7: The success in minimizing the rate of injuries to direct support employees resulting in medical bills and/or loss of work time increases.

Success in minimizing rate of direct support employee injuries

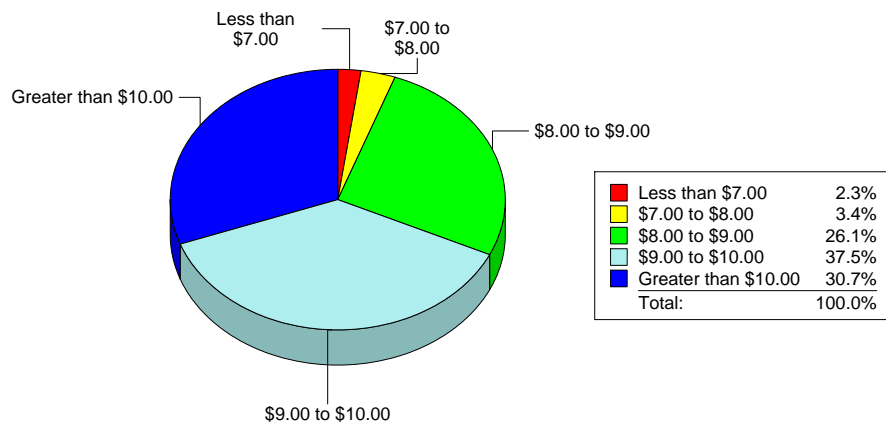


Total All Answers
272

Comments: This indicator has shown significant improvement since FY02 with nearly 94% of direct support professionals remaining injury free.

Indicator #8: The percentage of direct support employees earning over \$8.00 per hour increases.

Pattern of hourly pay ranges

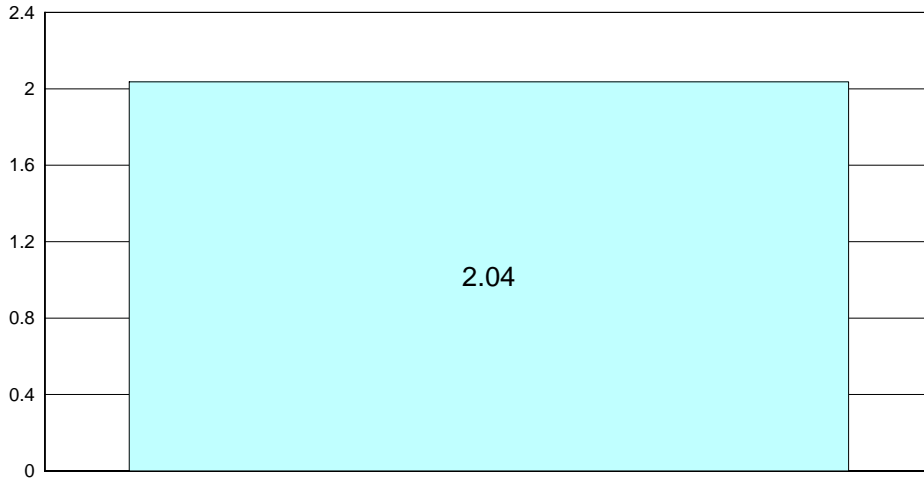


Total All Answers
88

Comments: Since the passage of Senate Bill 36 in 1999, direct support salaries have continued to erode. It is a major concern that nearly 6% of the workforce does not make \$8.00 an hour.

Indicator #9: The average length of employment for direct support employees increases.

Average years of employment

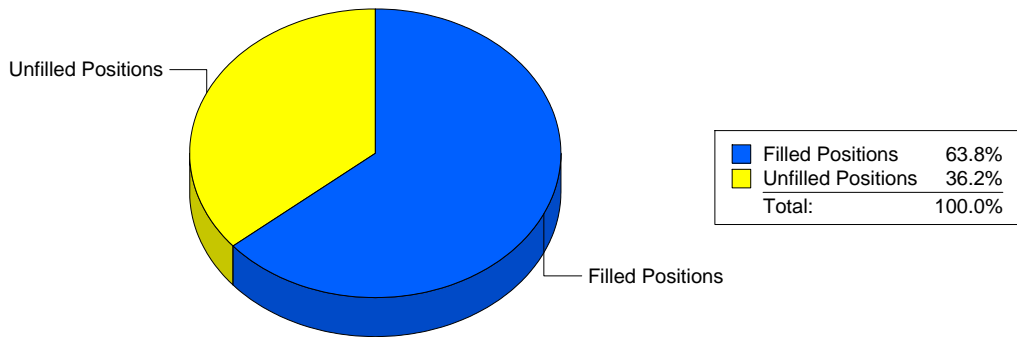


Total All Answers
363

Comments: Similar to the results in FY02, the longevity rate for direct support professionals continues to hover around two years.

Indicator #10 - The average percentage of filled direct support employee positions increases.

Average percentage of filled direct support positions

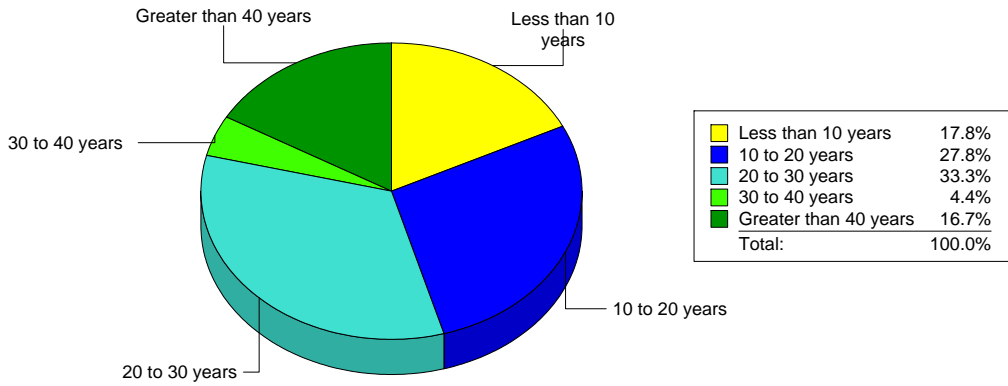


Total All Answers
85

Comments: This indicator showed a significant decrease since FY02, with a vacancy rate of over 36%.

Indicator #11: The percentage of provider agencies that are in operation greater than 10 years increases.

Pattern of time agencies in operation



Total All Answers

90

Comments: This indicator showed a slight decrease in 2003, which may be due to the emergence of a number of newer, smaller providers in the system. It is very encouraging that nearly 54% of the providers have been in business for over 20 years.