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New York State Senate Public Hearing

“To examine the overall impact increasing the statewide minimum wage to \$15/hour would have on workers, employers, and the state as a whole.”

Thursday, January 7, 2016
Legislative Office Building
Albany, NY

As organizations that have long advocated for increased funding to pay wages to individuals who provide direct supports to people with disabilities, we are pleased to see increased wages for low wage workers brought to the forefront in NYS. We respect the differences of opinion that exist with regard to an increased minimum wage here in NYS. However, it is hard to argue that individuals who provide direct supports to other human beings – especially individuals with challenging needs – are currently paid wages commensurate with their responsibilities (i.e. assistance with eating, toileting, and bathing; communication; administration of medications; managing challenging behaviors; support in jobs and in the community). While most direct support workers find their work meaningful and fulfilling, this work is not respected in our society, as evidenced by the wages this work brings. Those wages are directly linked to funding levels appropriated by NYS for such services on an annual basis. Therefore, without requisite funding increases to pay direct support workers’ wages competitive to fast food wages, and potentially comply with an increased statewide minimum wage increase, the organizations licensed/contracted to provide these supports on behalf of NYS will be unable to pay any increased wage or compete for qualified workers. Much more seriously, vulnerable individuals and their families that rely upon these services for supports in day-to-day living will be negatively impacted as many organizations struggle to survive, unable to compete and hire staff to provide these necessary supports.

What makes disability services different?

1. NYS law assigns responsibility for the provision of supports to individuals with developmental and other disabilities to NYS and local governments. To fulfill that responsibility, NYS funds not-for-profit, community-based organizations to provide the vast majority of these services on its behalf.
2. For such not-for-profit, community-based organizations, the vast majority of their operating revenue is from public sources. For developmental disability service providers, specifically, 90%+ of their revenue comes from Medicaid. Unlike other organizations that have more diverse revenues, these organizations face serious financial challenges if adequate Medicaid increases aren't provided simultaneously with an increased minimum wage, or if funding increases to improve competition with other sectors are not provided.
3. Challenges associated with recruiting and retaining high quality direct support workers are already at unsustainable levels. Many providers of services to individuals with developmental disabilities are currently running staff vacancy rates of 15-20%. This is caused by their inability to compete with the state which pays considerably more (state run services cost approximately 1.5 times more than services from community-based organizations) and by an improved economy where other, higher paid positions are more readily available. The staff vacancy problem places already stressed direct support employees under additional stress as they work overtime – often above and beyond the second and third jobs they must maintain to make ends meet.
4. The vast majority of revenue that organizations providing services to individuals with developmental disabilities receive (80%+) go directly to compensate the 100,000 direct support workers providing supports throughout the system. Those supports require humans, and cannot be automated.
5. People with disabilities are individuals - some with significant needs and others that need a lesser amount of support and guidance. Individuals with developmental disabilities, specifically, have one major thing in common - they will always have a developmental disability and, in all likelihood, will always need supports.

Extensive work has been done to estimate the costs associated with a \$15 an hour minimum wage for the developmental disabilities sector, with other sectors continuing to refine their estimates. That estimate is a total cost of nearly \$1.7B (combined state and federal share of Medicaid) for the developmental disabilities sector, alone. There are two key components to this estimate:

1. The current field of community-based non-profit organizations providing supports to individuals with disabilities start direct support workers at an average wage of \$9.62 to \$10.78 an hour, depending on location in the state. At this current wage rate, those organizations currently experience unsustainable staff vacancy rates noted earlier. By taking these direct support workers and others making slightly more than minimum wage currently to a higher minimum wage, thereby eliminating any difference of pay, this will only worsen the recruitment/retention problem disability service providers face currently.
2. In addressing wages for those at the lowest wage levels, we must also consider the impact on wages for those in jobs slightly higher than the lowest wage levels. It is simply unrealistic to think that a viable management structure can be maintained when direct support workers and those to whom they report all make the same wage.

Several developmental disability service provider associations recently released a report – “Supporting People with Developmental Disabilities: The Impact of Low Wages and the Minimum Wage Debate on the Direct Professionals Workforce” – that outlines these issues in greater detail. A copy of that report – authored by the Alliance of Long Island Agencies, Cerebral Palsy Associations of NYS, Developmental Disabilities Alliance of Western New York, DSPANYS, Interagency Council of Developmental Disabilities Agencies, New York Association of Community and Residential Agencies, NYSARC, and New York State Rehabilitation Association – is attached to our testimony.

It is clear that the current inequitable wage structure recently created will produce even greater competitive challenges to disability service providers to recruit and retain qualified workers, and unravel the workforce people with disabilities count on to lead safe and fulfilling lives. Unlike the fast food and other industries that can adjust the prices and control the quality/quantity/duration of their product/service, the supports provided to individuals with disabilities are completely regulated by the state and the state controls all the funding for delivering such supports. Likewise, it is clear that a minimum wage increase without adequate funding increases from NYS will quickly bankrupt disability service provider organizations, some of which are the largest employers in their region, with a total workforce of more than 100,000. Absent the state stepping in to hire massive numbers of new state employees to provide these supports at a cost nearly 1.5 times that of the current system, either scenario threatens to quickly dismantle the system of supports upon which New Yorkers with disabilities rely.

