



OPWDD PROVIDER ASSOCIATION MINIMUM WAGE ANALYSIS

Impact Analysis Briefing Paper

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Provider organizations across New York State recognize the critical role low wage workers, primarily direct support professionals, play in their ability to fulfill their collective mission of supporting people with disabilities. To that end, the provider associations recently conducted a statewide survey of disability providers to frame some of the issues individual providers had been seeing to put the challenges of attracting and retaining a qualified workforce in a broader context. The online survey provided insights to some of factors related to direct support professional retention as well as highlights some of the challenges providers will face as competition for qualified workers increases. This report will be used to initiate policy discussions as the providers work together to ensure that people with disabilities in New York State have a sufficient supply of qualified professionals. Below is information provided by 136 provider agencies (a snapshot in time) that is representative of the not-for-profit provider OPWDD sector in New York State and provides data that outlines major concerns and also our most current challenge – the raising of the minimum wage of the fast food sector.

BACKGROUND

New York's service system for people with developmental disabilities has been undergoing great change since the Willowbrook Consent Decree in the 1970s. Since that time, people with developmental disabilities entered the community as community residence and apartment living opportunities were developed by not-for-profit agencies. From the 1980s, when more individuals for the first time lived in community residences than in developmental centers, to today, this trend continues as there is more and more demand for individualized and integrated community opportunities. At the same time, the direct support professional (DSP) workforce that supports people with developmental disabilities has changed. In self-contained environments many services are offered within the site. But as people with disabilities truly become integrated in their communities and neighborhoods, staff need to take on additional skills and their jobs have become much more complex to ensure those integration goals are met. As we move toward more full participation in the community we must support the additional skills needed by the DSP. While always a fundamental component of disability services, it has never been more clear that the quality of services to people with developmental disabilities is directly related to the skill-level and quality of the DSP workforce. And it is that workforce we must retain to ensure the complex and multiple needs of those we support are met.

The US Department of Labor estimates that the DSW workforce is one of the fastest growing labor sectors in the country. It is a rapidly expanding area that includes many job titles, not just the DSPs in the DD sector. The significant growth in the workforce will amplify current recruitment and retention issues that are already a critical concern. Those conditions include: low wages, challenging work, lack of sufficient, well trained supervisors, high expectations of accountability and aversion to risk, a lack of career ladders and professional opportunities, and a shrinking labor pool to recruit this workforce from. These are issues that providers have struggled with for some time. At the same time, the increases in the minimum wage for food service workers, without comparably increasing provider rates, further exacerbates the recruitment and retention issues.

Overview of Analysis:

CP of NYS, IAC, NYSARC, NYSACRA, THE ALLIANCE, NYSRA, and DDAWNY worked together to develop an OPWDD nonprofit provider industry impact estimate of increasing the minimum wage to \$15 per hour. Overall, we estimate that an increase to the minimum wage will have as much as a \$1.7 billion impact annually on OPWDD service providers when fully implemented.

The methodology considers the:

- direct impact of workers making below \$15 per hour;
- impact of providers addressing wage compression; and
- impact of increased benefits and other indirect costs.

Services Impacted:

- Residential services supporting **47,000** individuals with I/DD
- Day services supporting **57,000** individuals with I/DD
- Respite services supporting **39,000** individuals with I/DD

Workers Impacted:

- The workforce impacted are direct support professionals, maintenance, transportation, and other low wage support staff (reported in OPWDD cost reports in title series 100 and 200).
- Hours of service impacted:
 - Minimum wage – **16,773,570**
 - Compression – **136,534,254**
 - Total – **153,307,824**

OPWDD Results:

The Provider Association estimates the total hospital annual impact to be as much as \$1.7 billion when fully implemented:

- Direct impact: **\$.49 billion (29% of total)**
- Compression impact: **\$1.2 billion (71% of total)**
- The OPWDD Provider Associations estimate it would cost OPWDD nonprofit service providers about **\$270 million** to fully fund the first year of implementation. The \$270 million includes \$17 million related to minimum wage and \$253 million related to compression. The following table details the Provider Association’s OPWDD service system cost estimates:

State Fiscal Year Impact	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	% of full impact
Minimum Wage	\$ 17,247,590	\$ 84,607,610	\$ 202,664,957	\$ 333,611,648	\$ 401,934,286	\$ 455,269,920	\$ 485,068,864	29%
Compression	\$ 253,316,379	\$ 711,983,461	\$ 934,543,625	\$ 1,091,843,536	\$ 1,146,387,669	\$ 1,182,944,688	\$ 1,202,176,424	71%
Total Impact	\$ 270,563,969	\$ 796,591,071	\$ 1,137,208,582	\$ 1,425,455,184	\$ 1,548,321,955	\$ 1,638,214,608	\$ 1,687,245,288	
Year to Year Difference	\$ -	\$ 526,027,102	\$ 340,617,511	\$ 288,246,602	\$ 122,866,771	\$ 89,892,653	\$ 49,030,679	

Results of the Direct, Compression, and Benefits Impacts:

- Direct Minimum Wage Impact: The direct impact of a new minimum wage floor is split 45% in NYC, LI, and Westchester counties combined and 55% in the rest of the State.
- Compression Impact: The consideration for compression is a significant driver of our impact results. Wage increases in one wage band within an organization necessitate increases in other, higher bands to maintain some level of current wage differentials. The compression impact is split almost 50%/50% between NYC, LI, and Westchester counties combined and the rest of the State. The compression impact formula is predicated on retaining the existing percentage difference between the current average wages and the new fast-food minimum wage (adjusted by the Governor’s Executive Budget Proposal). This results in average wages ranging from approximately \$22/hr. to \$23/hr. across the State.

There are a number of ways that the compression impact can be calculated. For example:

The Hospital Association of NYS’ (HANYs) analysis uses a compression factor of 166% in order to adjust wages up to \$25 per hour (the federal FLSA minimum before some workers must be considered non-exempt salaried employees). However, in the end, the breakout of their hospital impact is very similar to the OPWDD impact in that compression represents 74% of their total impact and in the OPWDD impact it represents 71% of the total impact.

- Benefits impact: The increase of benefit costs must also be considered with a new minimum wage floor – as wages rise, so do mandatory benefit costs that are sensitive to compensation. In addition, for unionized nonprofit service providers almost all of the benefits are impacted by wage increases. As a result, this analysis adjusts the estimated total (direct and compression) impact by 20%.

SUMMARY OF MINIMUM WAGE SURVEY DATA

Responses were received from 136 providers from across all regions* of New York State with a primary focus on direct support professionals (DSPs). Collectively, the respondents provide OPWDD funded services to 71,857 individuals. While this number of providers represents approximately 38% of all OPWDD certified providers, the number of individuals represents 65% of all those served by OPWDD funded voluntary providers. In total, the respondents report having a total of 70,123 staff members in various DSP positions which comprise the vast majority of low wage positions. For the purposes of this survey, respondents reported data regarding employees in positions that would be included in CFR job code 100 and 200 series positions. A second survey was also conducted specifically to identify the hourly wages of all low wage earners with 106 of the 136 responding to the follow-up survey.

1. The table below compares the CURRENT average starting wage (hourly rates) to the new fast-food minimum wage guidelines by year (adjusted by the Governor’s Executive Budget Proposal):

Region	Current Average Starting Wage	2015 fast-food minimum wage	2016 fast-food minimum wage	2017 fast-food minimum wage	2018 fast-food minimum wage	2019 fast-food minimum wage	2020 fast-food minimum wage	2021 fast-food minimum wage
1	10.75	10.50	12.00	13.50	15.00	15.00	15.00	15.00
2	10.78	9.75	10.75	11.75	12.75	13.75	14.50	15.00
3	10.37	9.75	10.75	11.75	12.75	13.75	14.50	15.00
4	9.62	9.75	10.75	11.75	12.75	13.75	14.50	15.00

While our salary survey utilized DOH rate-setting regions, the new fast-food minimum wage requirements only differentiate NYC from the rest of the state.

2. The table below compares the CURRENT average actual paid (hourly rates) to the new fast-food minimum wage guidelines by year (adjusted by the Governor’s Executive Budget Proposal):

Region	Current Average Paid	2015 fast-food minimum wage	2016 fast-food minimum wage	2017 fast-food minimum wage	2018 fast-food minimum wage	2019 fast-food minimum wage	2020 fast-food minimum wage	2021 fast-food minimum wage
1	13.34	10.50	12.00	13.50	15.00	15.00	15.00	15.00
2	13.42	9.75	10.75	11.75	12.75	13.75	14.50	15.00
3	12.44	9.75	10.75	11.75	12.75	13.75	14.50	15.00
4	11.73	9.75	10.75	11.75	12.75	13.75	14.50	15.00

3. Utilizing our survey data, the percentage and \$ difference between current average wage and the current minimum wage (prior to the new fast-food minimum requirement) is:
 - Region 1: 52% above; \$4.59
 - Region 2: 53% above; \$4.67
 - Region 3: 42% above; \$3.69
 - Region 4: 34% above; \$2.98

4. In order to retain the existing percentage difference between the current average wages and the new fast-food minimum wage (adjusted by the Governor’s Executive Budget Proposal), we would need the average actual wage to be:

Region	Current Average Paid	2015	2016	2017	2018	2019	2020	2021
1	13.34	15.96	18.24	20.52	22.80	22.80	22.80	22.80
2	13.42	14.92	16.45	17.98	19.51	21.04	22.19	22.95
3	12.44	13.85	15.27	16.69	18.11	19.53	20.59	21.30
4	11.73	13.07	14.41	15.75	17.09	18.43	19.43	20.10

5. Results of our survey indicate that 33 out of 78 (42%) of responding providers in Region 1 currently have some DSP positions with starting salaries below \$10.50, which will be the minimum wage in NYC for fast-food workers on December 31, 2015. In addition, results of our survey indicate that 28 out of 58 (48%) of responding providers in the rest of New York State currently have some DSP positions with starting salaries below \$9.75, which will be the minimum wage in the rest of New York State for fast-food workers on December 31, 2015. Therefore, across New York State, a total of 61 out of 136 (45%) of respondents will have starting wages below the minimum fast-food requirements in their region on December 31, 2015.
6. As the state’s economy has continued to improve in the past 2-3 years, respondents are finding turnover of DSPs to be a continuing problem. They report statewide that 19% of all DSPs left their position last year, and that of those DSPs who left their employment last year, 29% left within the first 6 months of employment. As a result, statewide respondents currently have 5,592 vacant DSP positions, which represent 8% of all DSP positions.
7. Due to DSP turnover and vacancies, overtime expenses continue to climb. Respondents report they paid 5,673,787 overtime hours to DSPs in the past year.

**The Regions used in this report are the ones utilized by DOH for setting OPWDD rates:*

Region 1: *Counties Served – Bronx, Kings, New York, Queens, Richmond, Nassau, Suffolk and Westchester.*

Region 2: *Counties Served – Dutchess, Orange, Putnam, Rockland, Sullivan and Ulster.*

Region 3: *Counties Served – Albany, Clinton, Columbia, Delaware, Essex, Franklin, Fulton, Greene, Hamilton, Montgomery, Otsego, Rensselaer, Saratoga, Schenectady, Schoharie, Warren and Washington.*

Region 4: *Counties Served – Broome, Cayuga, Chenango, Cortland, Herkimer, Jefferson, Allegany, Cattaraugus, Chautauqua, Erie, Genesee, Niagara, Orleans and Wyoming, Lewis, Madison, Oneida, Onondaga, Oswego, St. Lawrence, Tioga and Tompkins, Chemung, Livingston, Monroe, Ontario, Schuyler, Seneca, Steuben, Wayne and Yates.*

PROVIDER ASSOCIATION CONTACT INFORMATION



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InterAgency Council of Developmental Disabilities Agencies, Inc. (IAC)

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The NYS Association of Community and Residential Agencies (NYSACRA)

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