

March 20, 2023

Rep. Mohamud Noor
379 State Office Building
St. Paul, MN 55155

Dear Chair Noor and Members of the Human Services Finance Committee:

On behalf of ARRM and our more than 160 disability waiver provider organizations, thank you for the opportunity to provide written testimony to HF 2847, the Governor's budget proposal.

ARRM has been sounding the alarm on the growing worker shortage within disability waiver services for many years. We applaud the work you and your committee has done to shine a light on this crisis and bring forward meaningful solutions to stabilize and stand-up disability waiver services. Throughout this legislative session, ARRM and our members have shared the catastrophic impact the workforce shortage has had on people with disabilities, and on the care and support they receive. Currently, over 30%, or 10,000, Direct Support Professional job positions are vacant, with an average turnover rate of 50% within the first year of employment and an average wage of just over \$15 an hour. These statistics translate to real-world impacts. According to DHS data, 76 residential settings closed in the 4th quarter of 2022 alone. Services provided to people living independently are not being provided and waiting lists continue to grow for day and employment services.

With this in mind, we are disappointed that the Governor does not go further in his proposed investments to disability waiver services and ICF/DD services and have concerns with the proposed rate tiers for Family Foster Care Services.

At the same time, we want to thank the Governor for his proposal to move up the next scheduled Disability Waiver Rate System (DWRS) inflationary adjustment from November 2024 to January 2024, however we are disappointed that the proposal does not include changing the dataset used when calculating those adjustments, as ARRM has proposed in HF 999. Utilizing data that is not current when setting provider reimbursement rates results in providers not able to keep up with current economic conditions and pay competitive wages. We look forward to the opportunity to continue working with the Governor and his administration on how we can use more recent data when setting rates within the DWRS.

We also want to thank the Governor for his investment in the Competitive Workforce Factor for Unit-Based Services but want to share our concerns that the Competitive Workforce Factor increase is not being applied to all waiver services, including Residential Services. By only applying the Competitive Workforce Factor to one segment of waiver services, we create winners and losers and put additional strain on the services that are not receiving the adjustment. All waiver services are in crisis, we must support raising wages for all Direct Support Professionals, not just the staff that support individuals utilizing Unit-Based Services.



We were also encouraged to see proposed investment in ICF/DD services contained within the Governor's budget proposal. However, we are disappointed that the rate adjustments currently included in HF 2847 would only immediately impact 29 ICFs out of the more than 130 across the state; and as the bill is currently drafted, it would take nearly 30 years for ICF/DD homes to reach the statewide single rate that is being proposed and provided by a rate adjustment. ARRM has brought forward HF 568, which provides needed, meaningful investments to all ICF/DD homes, this year. These homes cannot wait up to 30 years for their rates to be adjusted, we must provide the resources now to ensure safety and sustainability going forward.

Finally, we want to share our concerns about the new proposed rate tiers for Family Foster Care services. This new rate structure was developed with little input from Family Foster Care providers and at a time when services to people with disability are in crisis, now is not the time to propose a new rate system that will result in rate cuts to certain individuals.

Thank you again to the Chair and members of the Human Service Finance Committee for the opportunity to provide comments on the Governor's budget proposal. We are looking forward to working collaboratively as we move through the remainder of the session on funding proposals that will make meaningful, sustainable investment in services that support people with disabilities.

Please reach out with any questions.

Sue Schettle, CEO

Sara Grafstrom, Director of State and Federal Policy