



# UNITED HOME CARE WORKERS MINNESOTA

On Saturday January 11th, after months of negotiations, the home care workers and clients serving on the union bargaining team with SEIU Healthcare Minnesota & Iowa announced they had reached a Tentative Agreement for a new two-year contract with officials from the State. This agreement would cover approximately 35,000 caregivers providing support to people with disabilities and seniors in consumer-directed programs. The full agreement has been mailed to members of the union to review and vote on. Assuming it is ratified by union members, it will then be up to state lawmakers to decide whether to fund the agreement. Governor Walz has included that funding request in his budget proposals, labeled Investments in Community First Services and Supports (AD-54).

## Highlights of the Tentative Agreement

### TIERED WAGE SCALE INCREASES

The union's current contract established a tiered wage scale, rewarding experienced caregivers in the PCA Choice and CFSS Budget Model programs with higher pay floors based on that experience, for the first time. This new structure went into effect on January 1, 2025.

January 1, 2026

Increase to all experience tiers above the base wage

Cumulative hours worked in PCA Choice or Traditional, CFSS Agency or Budget Model since 7/1/2017	Wage Floor (in PCA Choice and CFSS Budget Model)
0 - 1,000     ( <i>~6 months full-time</i> )	\$20.00
1,001 – 2,000	\$20.90 (up from \$20.50)
2,001 – 6,000	\$21.40 (up from \$21.00)
6,001 – 10,000	\$22.10 (up from \$21.70)
10,001+     ( <i>~5 years full-time</i> )	\$22.90 (up from \$22.50)

January 1, 2027

Additional wage increase for CFSS Budget Model and PCA Choice workers who complete a workforce orientation session (covering consumer direction, fraud prevention, emergency preparedness, how to sign up for additional training, and other topics)

Cumulative hours worked in PCA Choice or Traditional, CFSS Agency or Budget Model since 7/1/2017	Wage Floor (PCA Choice and CFSS Budget Model)	Wage Floor with Orientation Completion (PCA Choice and CFSS Budget Model)
0 - 1,000 <i>(~6 months full-time)</i>	\$20.00	\$20.40 (up from \$20.00)
1,001 – 2,000	\$20.90	\$21.30 (up from \$20.90)
2,001 – 6,000	\$21.40	\$21.80 (up from \$21.40)
6,001 – 10,000	\$22.10	\$22.50 (up from \$22.10)
10,001+ <i>(~5 years full-time)</i>	\$22.90	\$23.30 (up from \$22.90)

## **RETIREMENT**

- Agreement to build a Defined-Contribution retirement program for caregivers, to be jointly governed by the State and the Union, which would operate like a 401(k)/403(b) with employer-contributions
- One-time funds of \$350,000 to establish this new retirement program and its policies over the two years of the contract, with funding for retirement benefits needing to be won in future negotiations

## **HEALTHCARE**

- \$1,200 stipends that can be used to cover out-of-pocket healthcare costs
  - Available to anyone who has worked at least 6 months in the Bargaining Unit (in the PCA Choice, CDCS, CSG, or CFSS Budget Model programs), up to a maximum of 25,000 stipends
- State will create new info sessions to help caregivers navigate MNsure, MinnesotaCare, and Medical

## **ASSISTANCE ENROLLMENT**

- Agreement to begin our next round of negotiations in 2026 with a collaborative process to identify healthcare options for caregivers

## **ENHANCED RATE/BUDGET INCREASE**

- The Enhanced Rate currently available to anyone caring for the highest-need clients (defined as those assessed for 10+ hours per day) in any covered program (CDCS, CFSS Budget Model, PCA Choice or CSG) will increase from 7.5% to 12.5%
- Agreement to work together to identify and collect data that would be needed to consider extending the Enhanced Rate/Budget in the future to those with complex behavioral and other needs

## **ONLINE MATCHING SERVICE**

- Agreement to create a new online matching service to help clients find caregivers (and vice versa), through an RFP process that will be conducted by DHS
- One-time funding of \$1.5 million to establish this new program

## **TRAINING**

- Increased funding (an additional \$250,000) for workforce training programs, to be able to offer new training options and to expand language access to trainings
- \$750 stipends made available to workers who choose to complete a set of voluntary trainings

## **HOLIDAYS**

- Christmas will be added to the list of Holidays for which caregivers receive time-and-a-half pay for any hours they work

**Change Item Title: Investments in Community First Services and Supports (AD-54)**

<b>Fiscal Impact (\$000s)</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>
General Fund				
Expenditures	48,351	21,869	24,914	30,294
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	48,351	21,869	24,914	30,294
<b>FTEs</b>	<b>7</b>	<b>7</b>	<b>4</b>	<b>4</b>

**Request:**

The Governor recommends investments in the Community First Services and Supports (CFSS) and Consumer Directed Community Supports (CDCS) programs to fund the bargaining agreement between the State of Minnesota and the Service Employees International Union of Minnesota (SEIU).

The total cost of this proposal is \$70.2 million in the 2026/2027 biennium and \$55.2 million in the 2028/2029 biennium.

**Rationale/Background:**

Community First Services and Supports (CFSS) is a Minnesota health care program designed to offer flexible options that cater to the unique needs of individuals, promoting greater independence in their homes and communities. CFSS began replacing the Personal Care Assistance (PCA) and Consumer Support Grant (CSG) programs on October 1, 2024, and encompasses all eligibility categories previously covered by PCA.

The implementation of CFSS is a response to the growing demand for long-term services and supports in Minnesota, driven by shifting demographics and an aging population. The program seeks to address workforce shortages in the direct care sector by offering more competitive compensation and flexible service options, thereby attracting and retaining qualified staff.

Consumer Directed Community Supports (CDCS) is a service option under the home and community-based services waiver programs and Alternative Care program that allows people receiving services to choose or design services and supports that fit their assessed needs.

Under Minn. Stat. § 179A.54, self-directed PCA/CFSS and CDCS workers are classified as executive branch state employees for the purpose of collective bargaining. The current contract between the state of Minnesota and SEIU Healthcare Minnesota (SEIU), representing self-directed PCA/CFSS and CDCS workers, expires June 30, 2025. Investments in the PCA/CFSS and CDCS programs through these bargaining agreements have been essential to combating the workforce shortage in the direct care industry. Investing in and stabilizing this workforce helps ensure that individuals receive the quality care they need to live independently in their communities.

**Proposal:**

This proposal includes the following components:

***Wage Tiers and Benefit Increases***

- Effective January 1, 2026, increase CFSS rates and budgets to provide an increase to the wage tiers of \$0.40 per hour and funding for one additional paid holiday
- Effective January 1, 2027, increase CFSS rates and budgets to provide an increase of \$0.40 per hour for workers who have taken orientation training
- Effective January 1, 2026, increase to the enhanced rate from 7.5% to 12.5%

***Other Investments***

- \$1200 retention stipends to reimburse workers covered by the collective bargaining agreement for healthcare costs
- \$750 stipends for workers covered by the collective bargaining agreement for attending training
- Funding for orientation and training costs
- Funding for a matching system that would connect workers to people needing services looking for workers
- Funding to study healthcare coverage for direct care workers
- Funding to collect and study worker information related to the CDCS program
- Creation of a trust for the purposes of retirement

**Impact on Children and Families:**

The PCA and CFSS programs in Minnesota serves individuals across all age groups, including pregnant women, children, and families. As of January 2022, the age distribution of PCA recipients was as follows: 2% were under the age of 5, 18% were between 5 and 17 years old, and 4% were between 18 and 22 years old.

This proposal aims to enhance the quality, availability, and retention of PCA/CFSS workers, which is anticipated to have a positive impact on children and young adults receiving PCA/CFSS services. By improving support structures, the proposal seeks to stabilize families who often face higher rates of poverty when caring for a child with a disability. Enhanced PCA services can provide essential assistance, enabling family members to engage in employment opportunities and maintain economic stability. This aligns with findings that PCA services are crucial in supporting daily routines and promoting independence for individuals with disabilities, thereby alleviating some of the caregiving burdens on families.

Furthermore, the proposal's focus on improving wages and benefits for PCA/CFSS workers is expected to attract and retain a more qualified and dedicated workforce. This improvement in workforce stability directly benefits recipients by ensuring consistent and reliable care, which is particularly important for the developmental needs of children and the well-being of young adults.

**Equity and Inclusion:**

The Personal Care Assistance (PCA) and Community First Services and Supports (CFSS) programs are among the most diverse long-term services and supports (LTSS) in Minnesota, with participant demographics becoming increasingly diverse over time. As of January 2023, 63% of home care (PCA) participants were people of color or Native American, compared to 26% who identified as non-Hispanic white. This contrasts sharply with the broader Minnesota population, where approximately 78% identify as non-Hispanic white (Minnesota State Demographic Center, 2023).

The home care workforce, with PCA/CFSS workers representing the largest proportion, also reflects significant diversity. Women, people of color, and immigrants are disproportionately represented in this sector. A 2022 evaluation found that 85% of home care workers nationally are women, with many being single mothers (PHI,

2022). While people of color comprise approximately 40% of the overall U.S. workforce, they represent nearly 63% of the home care workforce (PHI, 2022). Similarly, immigrants, who constitute about 16% of the general workforce, make up 31% of the home care labor force.

Despite their essential role in providing care, home care workers face significant economic challenges. Nationally, the median annual income for home care workers is \$19,100, and approximately one in six live below the federal poverty line (U.S. Bureau of Labor Statistics, 2022). In Minnesota, much of the rate increase proposed under PCA/CFSS funding changes is expected to directly benefit these workers, helping to address income disparities within this diverse and economically vulnerable workforce.

### **Tribal Consultation:**

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☒ Yes

☐ No

While this provision does not directly impact Tribal operations, it has significant implications for American Indian communities, who are disproportionately represented among PCA and CFSS program participants and the PCA/CFSS workforce. According to research, American Indians experience higher rates of disability and chronic health conditions compared to the general population, leading to increased reliance on programs like PCA for essential support services (U.S. Commission on Civil Rights, 2018).

Similarly, the PCA workforce includes a disproportionate share of American Indian workers, reflecting broader labor force trends where Indigenous people are overrepresented in caregiving and low-wage health care roles (PHI, 2022). These roles are often critical for economic stability within Tribal and urban Native communities.

By increasing PCA/CFSS reimbursement rates, this provision has the potential to positively affect American Indian communities in several ways. Higher rates could result in improved wages and benefits for PCA workers, addressing the economic inequities often faced by caregivers. This, in turn, would promote greater financial security and access to resources for American Indian families. Furthermore, enhanced compensation may help attract and retain a skilled workforce, ensuring continuity and quality of care for PCA/CFSS participants, including those from American Indian backgrounds.

This approach aligns with broader principles of equity and respect for the unique cultural and socio-economic challenges faced by American Indian communities. By addressing wage disparities and improving workforce conditions, this provision indirectly supports Tribal sovereignty and the well-being of Indigenous individuals and families.

### **Impacts to Counties:**

This proposal will not impact counties financially.

### **IT Costs**

This proposal includes funding for various adjustments to the Minnesota Medicaid Management Information System (MMIS), the Minnesota Provider Screening and Enrollment (MPSE) system, and funds for related IT contracts to complete additional IT work.

The cumulative value of these investments are \$638,000 in FY26, \$1.02 million in FY27, and an ongoing investment for maintenance of \$31,000 per fiscal year, beginning in FY28.

## Results:

The results of this proposal will be:

1. A higher rate for the CFSS program with increases built into the rates to provide higher wages for workers with more experience will result in higher compensation for PCA/CFSS workers and will enable agencies and people with disabilities to attract and retain workers. The effectiveness of higher base wages and the implementation of rate tiers will be measured through dedicated evaluation and research.
2. Increased retention of workers through rate tiers and stipends.
3. An increase in the quality of person -centered plans in Minnesota for people with disabilities.

## Fiscal Detail:

The following table summarizes the investments in this proposal:

<b>Net Costs</b>	<b>SFY 2026</b>	<b>SFY 2027</b>	<b>SFY 2028</b>	<b>SFY 2029</b>
Tier Add-on (CFSS/PCA) 1/1/26	6,197	14,852	15,614	16,354
Tier Orientation Add-On (CFSS) 1/1/27	0	698	4,181	8,527
Enhanced Rate Change to 12.5%	805	2,021	2,160	2,331
1 Additional Holiday	730	1,792	1,901	2,023
Training Costs	2,620	270	170	170
Orientation Costs	5,632	1,082	722	722
Retirement	529	155	155	155
Healthcare Stipends and Study	30,954	-	-	-
IT Matching System	484	990	-	-
CDCS Tiers Admin and Systems	400	12	12	12
<b>Total Net Costs</b>	<b>48,351</b>	<b>21,869</b>	<b>24,914</b>	<b>30,294</b>
		<b>70,221</b>		<b>55,208</b>

Below is the fiscal detail for this proposal:

<b>Net Impact by Fund (dollars in thousands)</b>	<b>FY 26</b>	<b>FY 27</b>	<b>FY 26-27</b>	<b>FY 28</b>	<b>FY 29</b>	<b>FY 28-29</b>
General Fund	48,351	21,869	70,221	24,914	30,294	55,208
HCAF						
Federal TANF						
Other Fund						
<b>Total All Funds</b>	<b>48,351</b>	<b>21,870</b>	<b>70,221</b>	<b>24,914</b>	<b>30,294</b>	<b>55,208</b>

<b>Fund</b>	<b>BACT#</b>	<b>Description</b>	<b>FY 26</b>	<b>FY 27</b>	<b>FY 26-27</b>	<b>FY 28</b>	<b>FY 29</b>	<b>FY 28-29</b>
GF	33	MA LW Rate Increase Fee-for-service	5,652	14,168	19,820	17,393	21,259	38,651
GF	33	MA ED Rate MC Increase	1,996	4,982	6,978	6,205	7,664	13,869
GF	34	Alternative Care	84	211	295	258	313	571
GF	55	Orientation Start-Up Grant	3,000		3,000			0
GF	55	Orientation On-going Funding	2,000	500	2,500	500	500	1,000
GF	14	Orientation ADSA FTEs (4,4,1,1)	655	705	1,359	175	175	349
GF	REV1	Admin FFP @ 32%	(210)	(226)	(435)	(56)	(56)	(112)
GF	11	HCA Provider File FTE (2,2,2,2)	70	80	150	80	80	160
GF	11	Orientation MPSE Systems	55	11	66	11	11	22
GF	11	Orientation MMIS Systems	62	12	75	12	12	25
GF	14	Training Ongoing	250	250	500	250	250	500
GF	REV1	Admin FFP @ 32%	(80)	(80)	(160)	(80)	(80)	(160)
GF	14	Training Stipend & Registration Grant admin	200	100	300			0
GF	55	Training Stipend - Grant	2,250		2,250			0
GF	55	Retirement Trust Start-up	350		350			0
GF	11	Trust Start-up GCO Admin	75		75			0
GF	REV1	Admin FFP @ 32%	(24)		(24)			0
GF	11	GCO Trust/SEIU FTE (1,1,1,1)	188	227	416	227	227	455

Fund	BACT#	Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
GF	REV1	Admin FFP @ 32%	(60)	(73)	(133)	(73)	(73)	(146)
GF	14	Health Care Solutions RFP	300		300			0
GF	REV1	Admin FFP @ 32%	(96)		(96)			0
GF	55	Health Care Stipends - Grant	30,000		30,000			0
GF	55	HC stipend grant admin	750		750			0
GF	11	IT Matching Systems	475	990	1,465			0
GF	11	MNIT RFI Support	9	0	9			0
GF	14	CDCS Data Preparation RFP	500		500			0
GF	REV1	Admin FFP @ 32%	(160)		(160)			0
GF	11	CDCS MNIT Systems	60	12	71	12	12	24

Fund	BACT#	FTEs Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
GF	14	ADSA FTE (4,4,1,1)	4	4		1	1	
GF	11	Central GCO FTE (1,1,1,1)	1	1		1	1	
GF	11	HCA Systems FTEs (2,2,2,2)	2	2		2	2	

### Statutory Change(s):

Minn. Stat. 256B.0659

Minn. Stat. 256B.85

Minn. Stat. 256B.851

Minn. Stat. 256B. 4911



April 1, 2025

Rep. Mohamud Noor, Co-Chair

Rep. Joe Schomacker, Co-Chair

House Human Services Finance and Policy Committee

Centennial Office Building

658 Cedar St.

Saint Paul, MN 55155

**RE: H.F. 2367, SEIU Collective Bargaining Agreement**

Chair Noor, Chair Schomacker, and members of the House Human Services Committee:

The Minnesota First Provider Alliance (the "Provider Alliance") is a trade association of personal care assistance (PCA)/Community First Services and Supports (CFSS) agencies and waiver service providers. The PCA/CFSS program is a critical service that assists over 47,000 Minnesotans in their home and community. We are writing in support of H.F. 2367, the ratification of the state's collective bargaining agreement with Service Employees International Union of Minnesota (SEIU).

The Provider Alliance is supportive of the provision in H.F. 2367 to increase the enhanced PCA/CFSS rate from 7.5% to 12.5%. The enhanced rate has been in place since 2018. The intent was to reward PCAs who provided care to Minnesotans with the highest care needs, because they often have a greater level of difficulty in recruiting and retaining staff. This has led to individuals having no choice but to relinquish their preferred option of living in the community or even going without the care they need. We have seen over the years that the creation of the enhanced rate has improved the lives of people accessing services. Increasing the enhanced rate will help ensure people with disabilities can pay higher wages to attract and retain staff and therefore maintain their choice of living in their communities.

While the enhanced rate is essential to those who are eligible and have access to it, there are still barriers to access. The legislature should also consider changes to the training that is required of workers to access the enhanced rate. H.F. 1348 (Curran) seeks to create a new pathway to access. The bill, as introduced, proposes that personal health care providers, the worker training and development professional, parents, spouses - or even the service recipient themselves - could provide the requisite training that is based on the care needs of the individual to qualify for the enhanced rate. This change would allow a training option that is tailored to those individuals' care needs and allow more PCAs and CFSS workers to qualify for a higher wage.

A combination of increasing the enhanced rate and increasing access to the enhanced rate can help stabilize the workforce for Minnesotans with high support needs. Thank you for the opportunity to provide comments on H.F. 2367. Please let us know if you have any questions.

Sincerely,

Dena Belisle, President

Minnesota First Provider Alliance