

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Self Directed Worker Union Contract

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	\$16,676	\$19,444	\$18,572	\$19,842
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	\$16,676	\$19,444	\$18,572	\$19,842
FTEs	0	0	0	0

Recommendation:

The Governor recommends an allocation of funds to meet obligations under the contract between the State of Minnesota and the Service Employees International Union (SEIU) negotiated for FY 2020-2021. The total investment for this proposal for FY 2020-21 is \$36.12 million and in FY 2022-23 is \$38.4 million.

Rationale/Background:

The 2013 Legislature authorized collective bargaining for individual providers of direct support services. (Laws of Minnesota 2013, chapter 128, article 2). In August 2014, workers in self-directed programs in the state voted to form a union. The union includes workers in the Personal Care Assistance (PCA) Choice program, and the other self-directed programs, Consumer Directed Community Supports, and the Consumer Support Grant. This union’s exclusive representative is the Service Employees International Union (SEIU).

The state completed negotiations for a new contract in January 2019 with SEIU. This request funds contractual obligations for FY 2020-2021 based on the terms of the negotiated contract. While SEIU does not represent all Personal Care Assistance workers, Federal Medicaid requirements do not allow differential payment rates based on union membership.

M.S. §179A.54 states that individual providers of direct support services, as covered under section 256B.0711, subdivision 4, shall be considered executive branch state employees for the sole purpose of collective bargaining. The current contract between the State of Minnesota and these workers’ exclusive representative, SEIU, will expire June 30, 2019. This request is to fund contractual obligations for FY 2020-21.

Proposal:

This proposal includes increased rates for wages and benefits for individual providers, as well as additional funding for training. There are 29,000 workers covered by the collective bargaining agreement.

The proposal:

- Increases the minimum wage floor in state fiscal year 2019 to \$13.25/hour
- Increases paid time off (PTO) accrual rate to 1 hour for every 40 hours worked
- Establishes holiday pay at time and a half for hours worked for 3 additional permanent holidays, for a total of 5 holidays.

Costs for increasing wage floors, holiday pay, and PTO requirements are incorporated into the Medical Assistance payment rate for the Personal Care Assistance program, and the budgets for Consumer Directed Community Supports, Alternative Care and the Consumer Support Grant. This represents a 2.37% rate increase on July 1, 2019 to pay for the wage and PTO costs negotiated in the agreement and to pay time and a half for hours worked on the additional 3 holidays permanently added in FY 20-21 contract. The FY 18-19 contract included these holidays on a one time basis.

Effective July 1, 2019, for service recipients who are eligible for 12 or more hours of PCA services per day (as described in Minnesota Statutes 256B.0652) and whose workers have additional training, this proposal gives a 7.5 % increase to the rate for the Personal Care Assistance services, and the budgets for Consumer Directed Community Supports, Alternative Care and the Consumer Support Grant. Prior to this contract, the enhanced rate was negotiated at 5%. Because the 5% enhanced rate has already been implemented, no significant IT or administrative resources are necessary to increase the rate from 5% to 7.5%

An additional \$375,000 in FY 2020 and \$375,000 in FY 2021 is allocated for stipends to pay for training. Each stipend is \$500; the stipends are available for individual providers who have completed designated, voluntary trainings made available through or recommended by the State-SEIU committee. This training is capped at 1,500 individual providers in fiscal year 2020.

This proposal allocates \$125,000 in FY 2020 and \$125,000 in FY 2021 to the State-SEIU committee to pay for expenses associated with developing additional new worker orientation.

This proposal allocates \$125,000 for administrative costs in FY 2020, including Disability Services Division grant administration costs and costs for HCA to adjust contracts mid-year. In FY 2021, \$75,000 is allocated for grant administration to the Disability Services Division. This funding is one time only.

In addition, the proposal adjusts the 2017 legislative tracking for PCA negotiations to match the final negotiations that occurred after the end of the 2017 legislative session. At the end of the 2017 legislative session, the legislature reduced the total value of the original negotiations that had occurred in early 2017. To allow for new negotiations with the union, the end of session rider language for the negotiations permitted transfer authority between the different budget activities. However, the language did not include all transfers. The tracking has been corrected to match the final contract agreement for 2017. This is a budget neutral change.

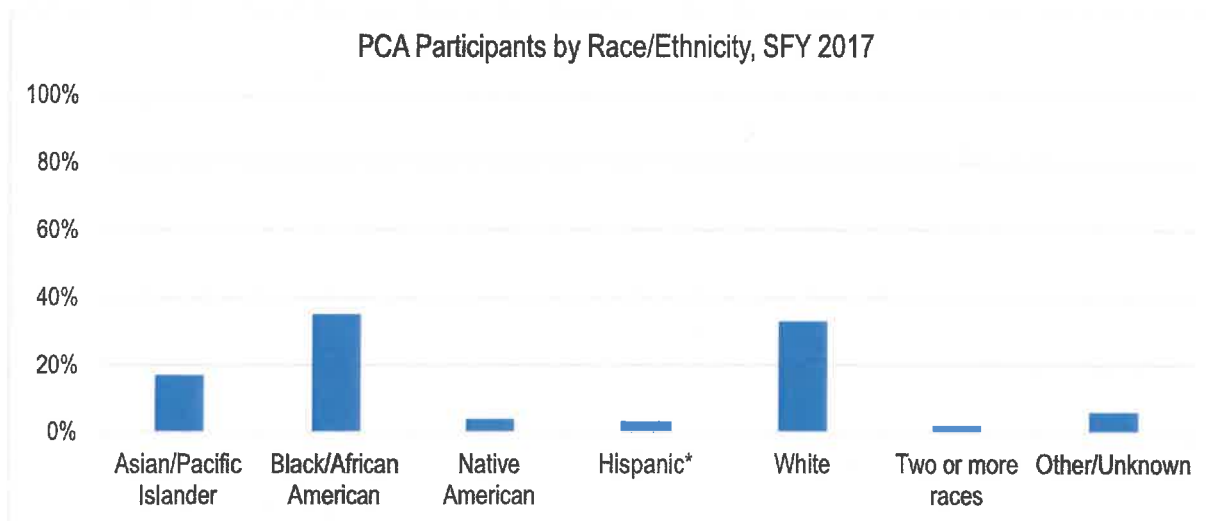
This table shows the breakout of costs for the different components in the union contract:

Self-Directed Union contract- 2020-2021						
	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
13.25/hour minimum wage	14,673,661	14,634,856	29,308,517	15,249,724	15,393,036	30,642,760
Paid time off- 1 hour for every 40 worked	744,856	742,886	1,487,742	774,098	781,372	1,555,470
Holiday pay at time and a half worked for 3 additional holidays	2,160,082	2,154,370	4,314,452	2,244,883	2,265,980	4,510,863
Complex needs- 7.5% for 12+ hours	492,467	745,415	1,237,882	763,016	781,493	1,544,509

Self-Directed Union contract- 2020-2021						
	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
Training- grants for stipends	375,000	375,000	750,000	0	0	0
Training-orientation	125,000	125,000	250,000	0	0	0
Administrative costs to administer grants and actuarial costs	125,000	75,000	200,000	0	0	0
Interactive effects, FFP, payment delay	(1,480,791)	52,865	(1,427,926)	79,770	80,787	160,557
Total	17,215,275	18,905,392	36,120,666	19,111,491	19,302,669	38,414,159

Equity and Inclusion:

The PCA program is one of the most diverse long-term service and support programs in Minnesota and has been growing more diverse over time. In January 2017, 61% of program participants were people of color or Native American. Approximately 33% of PCA recipients were non-Hispanic white, compared to an estimated 80% of Minnesotans statewide. The graph below illustrates PCA participants by race and ethnicity.



* Hispanic includes people of all races

The PCA program is vital to ensuring that people are able to live and receive services in the communities of their choice and avoid institutionalization to meet long-term care needs. Because the people that use PCA services are diverse, changes made to wages and benefits for PCA providers via the contract negotiations will positively impact an extremely diverse community. Increased wages and benefits allow people to retain the individual provider of their choice and attract more providers into the pool of direct support workers.

IT Related Proposals:

No additional IT costs are needed for the enhanced rate increase from 5% to 7.5% for those PCA recipients receiving 12 or more hours of services. The systems funding was received in the 2017 legislative session.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			16,676	19,444	36,120	18,572	19,842	38,414
HCAF								
Federal TANF								
Other Fund								
Total All Funds			16,676	19,444	36,120	18,572	19,842	38,414
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	33 LW	MA for PCA, Consumer Support grants, CDCS	16,630	18,354	34,984	19,111	19,303	38,414
GF	55	Disability grants- grants for stipends	375	375	750	0	0	0
GF	55	Disability grants- grants for training orientation	125	125	250	0	0	0
GF	15	Community Supports Administration	75	75	150	0	0	0
GF	13	Health Care administration-actuarial costs	50	0	50	0	0	0
GF	REV1	FFP for admin costs	(40)	(24)	(64)	0	0	0
GF	15	CCA admin- Reverse 2017 SEIU tracking and include the correct amounts based on tracking	(293)	(293)	(586)	(293)	(293)	(586)
GF	33 LW	MA LW- Reverse 2017 SEIU tracking and include the correct amounts based on tracking	(11,710)	(11,710)	(23,420)	(11,710)	(11,710)	(23,420)
GF	15	CCA admin- updated tracking for 2017 based on SEIU agreement	241	164	405	241	164	405
GF	11	Provider enrollment systems- updated tracking for 2017 tracking	52	46	98	52	46	98
GF	33 LW	MA LW- updated tracking for 2017 session based on SEIU agreement	10,973	12,123	23,096	10,973	12,123	23,096
GF	55	Disability Grants- updated tracking for 2017 session based on SEIU agreement	87	87	174	87	87	174
GF	34	Alternative Care- updated tracking for 2017 session based on SEIU agreement	111	122	233	111	122	233
Requested FTE's								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
			0	0	0	0	0	0

Statutory Change(s):

This proposal requires session law and/or riders.