

## Human Services

### FY 2020-21 Biennial Budget Change Item

#### Change Item Title: Self-Directed Workforce Union Contract

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	21,272	48,810	51,903	54,421
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	21,272	48,810	51,903	54,421
FTEs	0	0	0	0

#### Request:

The Governor recommends allocation of funds to meet the State of Minnesota's contractual obligations in the collective bargaining agreement with Service Employees International Union (SEIU) Healthcare Minnesota for FY 2022-2023. The overall cost to the general fund for the FY 22-23 biennium is \$70.82 million and \$106.4 million in FY 24-25.

#### 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 current contract between the state of Minnesota and these workers' exclusive representative, SEIU Healthcare Minnesota, will expire June 30, 2021. The state completed negotiations for a new contract in January 2021 with SEIU. This proposal funds contractual obligations for FY 2022-2023 based on the terms of the negotiated contract.

This proposal increases impacted service rates and budgets in the Medical Assistance (MA) program in order to fund wage and benefit changes in the contract. While SEIU does not represent all Personal Care Assistance (PCA) workers, federal requirements do not allow differential payment rates based on union membership. The rate increase proposed for PCA services and CDCS and CSG budgets would provide funding to enable provider agencies and participant-employers to pay a wage floor of \$14.40 once federal approval of the rate increase is achieved and a wage floor of \$15.25 beginning July 1, 2022. The rate increase would also enable provider agencies and participant-employers to fund an improved paid time off benefit of 1 hour of paid time off for every 30 hours an individual provider works. Funding these terms and conditions better positions providers and participant-employers in Minneapolis and Saint Paul to meet local ordinances for minimum wages and sick and safe leave.

This proposal also includes both grant and administrative funding in the FY22-23 biennium to implement the agreement. This funding allows DHS to continue its work with bargaining unit members to develop voluntary training opportunities for individual providers, offering stipends for the completion of training, and tracking the completion of training requirements related to the enhanced rate in PCA services and enhanced budgets in CDCS and CSG. Additionally, funding is being sought for a new study of the feasibility of a tiered wage structure for individual providers. In the context of an ongoing direct support workforce shortage crisis, exploring ways to professionalize this workforce and create career advancement opportunities is a key strategy to recruit and retain direct support workers.

**Proposal:**

Funding the terms and conditions negotiated between the State and SEIU Healthcare Minnesota, which represents direct support workers in Personal Care Assistance Choice, Community First Services and Supports (CFSS), Consumer Directed Community Supports (CDCS), and Consumer Support Grants (CSG) programs, requires that the State increase the rate that Medical Assistance pays for personal care assistance (PCA) services as well as budgets for participants in Consumer-Directed Community Supports and the Consumer Support Grant program.

This proposal:

- Increases the wage floor from \$13.25 to \$14.40 beginning October 1, 2021 or upon federal approval, whichever is later;
- Increases the wage floor from \$14.40 to \$15.25 beginning July 1, 2022;
- Increases the paid time off (PTO) accrual rate to one hour for every 30 hours worked;
- Increases the number of paid holidays from five to seven by adding two floating holidays;
- Provides \$1,000,000 in grants for training stipends for individual providers who have completed designated voluntary trainings;
- Provides \$25,000 in FY22 for a new study of the feasibility of a tiered wage structure for individual providers to help explore ways to professionalize the workforce and create career advancement opportunities; and
- Provides \$75,000 in FY22 and FY23 to administer the grants.

**Fiscal Impact:**

The primary fiscal impact of this proposal is due to the increase in rates for personal care assistance (PCA) services and increased budgets for participants in Consumer-Directed Community Supports (CDCS) and the Consumer Support Grant (CSG) program.

Below are the rate and budget increases as a result of the wage floor, PTO accrual, and holiday pay changes in the negotiated contract. As detailed in the table below, on each effective date, one increase will be implemented for the PCA and CSG programs and a separate increase will be implemented for the CDCS program. This will ensure that service rates and budgets reflect the cost required of agencies to implement wage floor and other benefit requirements in the agreement. The rate and budget increases in this proposal are subject to federal approval.

Effective Date	Program	Percentage Increase
Oct. 1, 2021, or upon federal approval, whichever is later	PCA/CSG	4.14%
	CDCS	1.58%
Additional rate increase on July 1, 2022	PCA/CSG	2.95%
	CDCS	0.81%
<i>Total rate increase from current rate to July 1, 2022 rate as a result of the Collective Bargaining Agreement</i>	<i>PCA/CSG</i>	<i>7.22%</i>
	<i>CDCS</i>	<i>2.40%</i>

In addition to MA program impacts, this proposal includes both grant and administrative funding as follows.

The grant costs for implementing the agreement include the following:

- \$1,000,000 in grants for training stipends in FY22 to be spent in FY22 and FY23. This funding will be available in both years of the biennium. Each stipend is available for individual providers who have completed designated, voluntary trainings. This funding is one time and not ongoing.

The administrative costs in this proposal include:

- \$25,000 in FY22 for a new study of the feasibility of a tiered wage structure for individual providers. This would help explore ways to professionalize the workforce and create career advancement opportunities to recruit and retain direct support workers.

- \$75,000 in both FY22 and FY23 for administering the grants. This work includes enrolling workers in trainings, tracking the trainings that workers complete, ensuring that workers are eligible for stipends, and sending workers their stipends.

### **Equity and Inclusion:**

PCA services are foundational services that meet the needs of a diverse population and support over 40,000 people to live in the community. Individual PCA workers go into people's homes to help them with day-to-day activities, such as bathing, eating, dressing and other activities of daily living. These services provide people with the support they need to remain in their homes.

The PCA program is one of the most diverse long-term service and support programs in Minnesota. In state fiscal year 2019, 54% of program participants were people of color or Native American, compared to a statewide population of 21%. Approximately 40% of PCA recipients were non-Hispanic white, compared to an estimated 79% of Minnesotans statewide.

People with disabilities and older adults who rely on direct support services to live, work, and participate in their communities are facing a severe shortage of workers to provide these essential services. The difficulty finding and retaining direct support workers puts people who rely on those services at risk of neglect and hospitalization. The workforce shortage jeopardizes their ability to remain in the most integrated settings possible in accordance with Minnesota's Olmstead Plan. Two primary strategies to mitigate the direct support workforce shortage are attracting additional workers to the profession and improving the retention rate of existing workers. Increased wages and benefits for workers is a tactic to advance both of those strategies. When comparing PCA rates to the average reimbursement rates for providing other home and community-based services, PCA rates are well below the average. PCA rates have not kept pace with other comparable home and community-based services. Services that provide similar levels of direct care activities as PCA services are paid, at minimum, 40% higher in the disability waivers. This proposal would be a step towards remediating that disparity.

The need for skilled caregiving for people with disabilities and older adults is an equity issue. The intersections of gender, race and immigration status are reflected in the defining characteristics of direct care workers.

While DHS does not have data to illustrate PCA worker demographics in Minnesota, the Census Bureau publishes national data on "personal care aides." According to Census data from 2017, females comprise 82.5% of personal care aides. The same data shows that people of color and Indigenous people are represented disproportionately in the profession. People who are Black comprised 23.3% of the personal care aide workforce, compared to 12% representation in the general population. American Indian/Other Native people comprised 1.2% of the personal care aide workforce, compared to 0.55% of the general population.

In engagement with stakeholders around PCA services, many participants have shared that PCA services offer a culturally appropriate service that allows for community members to support each other. These community connections are supported by the data with the high occurrence of minority populations both as the recipients of PCA and PCA workers.

### **IT Related Proposals:**

There are no IT resources needed for this proposal.

<i>Category</i>	<i>FY 2022</i>	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>	<i>FY 2026</i>	<i>FY 2027</i>
Payroll						
Professional/Technical Contracts						
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services						
Staff costs (MNIT or agency)						
<b>Total</b>						
MNIT FTEs						
Agency FTEs						

**Results:**

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Increased staff retention rates in self-directed programs, increasing continuity of care for people receiving services	New		
Quantity	Increased number of staff working in the PCA, CSG, and CDCS program	New		

**Fiscal Detail:**

<b>Net Impact by Fund (dollars in thousands)</b>			<b>FY 22</b>	<b>FY 23</b>	<b>FY 22-23</b>	<b>FY 24</b>	<b>FY 25</b>	<b>FY 24-25</b>
General Fund			21,272	48,810	70,082	51,903	54,421	106,324
HCAF								
Federal TANF								
Other Fund								
<b>Total All Funds</b>			21,272	48,810	70,082	51,903	54,421	106,324
<b>Fund</b>	<b>BACT#</b>	<b>Description</b>	<b>FY 22</b>	<b>FY 23</b>	<b>FY 22-23</b>	<b>FY 24</b>	<b>FY 25</b>	<b>FY 24-25</b>
GF	33 LW	Medical Assistance LW	15,165	36,582	51,747	38,927	40,816	79,743
GF	33 ED	Medical Assistance Elderly and Disabled	4,839	11,692	16,531	12,457	13,061	25,518
GF	34	Alternative Care	200	485	685	519	544	1,063
GF	55	Disability Grants	1,000	0	1,000			
GF	15	CSA admin	100	75	175			
GF	REV1	Admin FFP-32%	(32)	(24)	(56)			
<b>Requested FTE's</b>								
<b>Fund</b>	<b>BACT#</b>	<b>Description</b>	<b>FY 22</b>	<b>FY 23</b>	<b>FY 22-23</b>	<b>FY 24</b>	<b>FY 25</b>	<b>FY 24-25</b>

**Statutory Change(s): Session law; 256B.0659; 256B.85**