May 22, 2023

Secretary Kate Walsh
Executive Office of Health and Human Services
100 Hancock Street, 6th Floor
Quincy, MA 02171

Dear Secretary Walsh:

Thank you for the opportunity to provide testimony on:

- 101 CMR 346.00, *Rates for Certain Substance-Related and Addictive Disorders Programs*
- 101 CMR 427.00, *Rates for Certain Youth and Young Adult Support Services*
- 101 CMR 432.00, *Rates for Certain Lead Agency Services*
- 101 CMR 430.00, *Rates for Program of Assertive Community Treatment Services*
- 101 CMR 413.00, *Rates for Youth Intermediate-Term Stabilization Services*

On behalf of the Providers' Council's 210 members across Massachusetts, thank you for your support of our sector's workforce that consists of more than 160,000 jobs and provides critical care to hundreds of thousands of Massachusetts residents.

We appreciate you receiving our testimony today, and thank you for joining us for a recent panel discussion earlier this month to release our *Essential or Not? The Critical Need for Human Services Workers* report. While our members may submit testimony regarding programmatic concerns with these rates, the Providers' Council will provide brief comments today on how these rates impact workforce development efforts.

As you know, from our report and from other sources, our sector is experiencing unusually high turnover and considerable challenges in recruiting and retaining talent. As a result of vacancies, some programs are unable to run at full capacity and residents needing care remain on wait lists. Our report illustrated a vacancy rate for full-time direct care staff of 18 percent and a part-time vacancy rate of 27 percent. Of the vacant positions reported by surveyed providers, nearly 60 percent pay less than $20 an hour and almost three-quarters are for direct service professionals or other frontline workers.

Our testimony today will address the Bureau of Labor Statistics percentile used, the cost adjustment factor being applied, and benchmarks used for the administrative allocation and tax/fringe costs. While it contains many "numbers," these figures represent real people in Massachusetts. We must also look at these numbers through an equity lens. Our report found that the human services sector is nearly 80 percent women and has a higher proportion of people of color in our workforce than in other sectors. Our testimony supports not only adequate care for those receiving the Commonwealth's mandated services but for fair economic and social policies thorough a BIPOC and gender lens as well.

I. Using BLS 75th percentile data

In early 2020, a task force – directed by the EOHHS Secretariat with active participation of the Council and other trade leaders – agreed that EOHHS would begin to use salary benchmark information from the Bureau of Labor Statistics (BLS) to set salaries for direct care workers and other positions. We appreciate EOHHS continuing to use the BLS and utilizing the most recently available data.

EOHHS is currently using the Bureau of Labor Statistics state-specific Occupational Employment and Wage Estimates data for Massachusetts that was released in March 2022 with figures from May 2021. All the rates heard today contain these benchmarks at the 53rd percentile, with a median wage for Direct Care I workers benchmarked at $19/hour and a median wage for Direct Care III workers benchmarked at $24.24/hour.

As inflation has increased and workforce competition has stiffened, the workforce crisis in the human services sector continues to worsen, impacting the critical care we can provide to state residents on your behalf. To better address our sector's historically low wages, and to attract and retain an adequate workforce, we have continually advocated for EOHHS to use the BLS's 75th percentile when creating its model budgets for human services rates. Accordingly, we urge EOHHS instead to use these benchmarks in these rates, meaning a *median* wage for Direct Care I workers would be benchmarked to $21.06/hour and a *median* wage for Direct Care III workers would be benchmarked to $30.29/hour.

We urge EOHHS to create model budgets using no less than the 75th percentile of the Bureau of Labor Statistics data to ensure community-based human services organizations are able to recruit and retain workers in an increasingly competitive environment. Inadequate rates depress workforce salaries and increase staff turnover and vacancies, which mean residents that need the safety net are on waiting lists or denied services. None of us either support or are comfortable with that outcome.

The *Essential or Not?* report notes this workforce, based on service need, is expected to grow from 150,000 in 2020 to 180,000 by 2030 – an increase of 22 percent. Unless we ensure these salaries pay a livable wage, we find it unlikely that the sector will be able to recruit and retain workers in today's competitive economic environment. According to the widely respected M.I.T. Living Wage calculator, an adult with no children would need at *minimum* $21.35 an hour to support himself or herself; an adult with one child would need *at minimum* $45.57 an hour.

 # 1 Recommendation: We respectfully request EOHHS to advance toward livable wages by using no less than the 75th percentile, at a minimum, to set fair and comparable salary levels using an adequate blend of Bureau of Labor Statistics job classifications.

II. Increase cost adjustment factor

In public hearings being held today, EOHHS is proposing a cost adjustment factor of 2.78 percent. It is unclear how this CAF was derived, and publicly available economic data indicates it is inadequate.

The Bureau of Labor Statistics last month noted the Consumer Price Index *increased 4.9 percent* over the previous 12-month period, and the Social Security Administration its cost-of-living adjustment for 2023 at *8.7 percent*. We believe EOHHS should use a CAF that is more reflective of these market-derived rates.

We encourage you to use a different analysis when calculating your CAF that considers increased costs that providers are facing on items like insurance, gas, facility costs and more. Your models must be thoroughly examined and replaced to ensure they are more reflective of actual market conditions.

The insufficient salary methodology problem is compounded as these rates are expected to remain in effect for the next two years; it is imperative that the proposed CAF be increased. Even with an unimaginable future projection of zero inflation, the CAF remains inadequate today and worse tomorrow.

 # 2 Recommendation: We ask EOHHS to discard its inadequate CAF and consider using, at a minimum, the latest 12-month BLS CPI or the 2023 Social Security Administration COLA.

III. Tax/Fringe and Administrative Expenses

We appreciate EOHHS increasing its tax and fringe rate to 25.39 percent this year, though we still feel this rate is inadequate. We renew our request that we first made last year for a total tax and fringe rate of 27.97 percent. This is the average tax and fringe rate that providers already reported paying in FY '21 of 25.61 percent, plus the 2 percent for workforce initiatives and 0.36 percent for the PFML contribution. While EOHHS noted in its Notice of Public Hearing that it includes an additional 2 percent to promote workforce initiatives, we're unclear how that can be the case unless EOHHS is paying providers a tax and fringe rate far below what they reported paying in FY '21.

Additionally, we have routinely supported our members' request for an administrative allocation of between 15 and 18 percent, as 12 percent is inadequate. EOHHS has continued to use 12 percent in these rates.

 # 3 Recommendation: We ask EOHHS to meet with the Council and providers to determine a more appropriate level for tax and fringe that we estimate to be *27.97 percent* and an appropriate administrative allocation, which we believe is *between 15 and 18 percent*.

Closing

Again, we thank the Executive Office of Health and Human Services for its review of these rates, and we appreciate the significant progress made to increase salaries for the community-based workforce. We appreciate EOHHS commitment to improving our staff recruitment and retention. It is our hope that adequately funding these programs with our recommendations gives our providers the best opportunity to meet your mandates and serve the Commonwealth's residents with quality and available services from a stable and essential workforce.

We would be pleased to meet with you and/or be part of a workgroup to immediately address these important issues with you.

Sincerely,

Michael Weekes
President/CEO