\$15/Hour Minimum Wage -- Projected Impact OPWDD, OMH, OASAS, SED NFPs

The Enacted Budget provides a phase-in to a \$15 minimum wage increase over 3 years in New York City, 6 years in Long Island and Westchester County and a 5 year phase-in to \$12.50 in the Rest of State with an index to \$15 thereafter. The proposed wage schedule would authorize minimum wage increases in the schedule below:

	12/31/15	12/31/16	12/31/17	12/31/18	12/31/19	12/31/20	12/31/21
NYC	\$9.00	\$11.00	\$13.00	\$15.00	\$15.00	\$15.00	\$15.00
L.I./West.	\$9.00	\$10.00	\$11.00	\$12.00	\$13.00	\$14.00	\$15.00
ROS	\$9.00	\$9.70	\$10.40	\$11.10	\$11.80	\$12.50	TBD*

*Indexed to \$15.00

Based on the Consolidated Fiscal Report (CFR), we expect the FY 2017 wage increases would have a direct impact on roughly 20,000 employees working for NFPs that provide services on behalf of OPWDD, OMH, OASAS and SED's Special Education program. The following summarizes the data analysis:

- ✓ State agency-specific data was collected from the Consolidated Fiscal Reports (CFR) submitted by NFPs for OPWDD, OMH, OASAS and SED's Special Education Program.
- The CFR data includes "total hours worked" and "total wages paid" for each title group. Fiscal estimates are based on these hours worked and wages paid. We calculated an FTE for informational purposes assuming full-time employment of 40 hours per week.
- Since we do not know the actual wages of each NFP employee, the hours worked and average wages by title by agency were allocated to various discrete wage points to calculate the impact of the minimum wage increase. We used a Lognormal Distribution, which is a modified version of the traditional Bell Curve, to complete this distribution. The use of the Lognormal Distribution projects that a greater proportion of employees are making less than the average wage. This was based on a wage survey of DD providers, as well as DOL data which showed that the mean (i.e. average) wage of workers in these titles is higher than the median (i.e. middle point) wage.
- ✓ The CFR data includes overtime within total wages paid, which if left unadjusted, would over-state the current average hourly earnings because a portion of the "total wages paid" is earned from overtime which is greater than the employee's normal hourly salary. To address this, we adjusted the reported average current wage by the level of overtime hours projected to be worked by individuals (used State OT hours of total worked hours as a proxy).
- ✓ Our cost estimate also incorporate salary-sensitive fringe benefits costs valued at an additional 13 percent of total wages paid. (See attached Spreadsheet)

MHU Minimum Wage 3-31-16

	Current Schedule	NYC	LI/Westchester	ROS	Executive	NYC		ROS
	Current \$	00 6	\$	U		ı		
_			→	30.50	7/1/2016 \$	10.50	ψ.	σ
	12/31/2016	11.00	10.00	\$ 970	40/04/04		+	<i>•</i>
_	40/34/0047	00.00	7		מומליו מיו	12.00	Ð	₽
	* / 107/10/31	20.02	00.1.	10.40	12/31/2017 \$	12 50	e	•
	12/31/2018	15.00	12.00	Q7 77		2	9	-
		9 1	2) · · ·	12/31/2018	15.00	÷	
	\$ 6102/16/21	15.00	13.00	11.80	12/31/2010	7,00	6	•
	12/31/2020 \$	15.00	4,00	6		20.52	9	2
_			-	12.30	12/31/2020 \$	15.00	6	14
	12/31/2021	15.00	15,00	Index to \$15	11/1003	78.00	ŀ €	
					1707/1	13.00	7	2

				CFK Agency Impact		#		Care
Gross Costs		OPWDD		OMH	0	OASAS	SED	Tofal
FY 2017	•	7,500,000	69	900,000	69	900.006	\$ 1100,000	\$ 10.200.000
FY 2018	69	43,600,000	69	5,000,000	69	5.200,000	\$ 6400,000	8 60 000 000
FY 2019	49	117,200,000	65	14,400,000	د	3,000,000	\$ 17.600,000	13,000,000 \$ 17,600,000 \$ 162,100,000
								20010011001
State Share								
FY 2017	€9	4,100,000	60	600,000	69	800.000	\$ 1,100,000	\$ 6 500 000
FY 2018	69	23,700,000	69	3.500,000	- 65	4 600 000	8 8 200 000	4 37,000,000
FY 2019	(/)	63,600,000	€5	10.100.000	÷	11 700 000	47 200 000	6 400,000,000 a
			-			2010011	000,002,11	# 102,400,000
FTEs Impacted								
FY 2017		14,500		1,700		1,400	2,200	19.800
FY 2018		25,800		3,400		2,200	4,000	35,400
FY 2019		34,000		5,000		2,800	5,600	47.400
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Preliminary 2017 Rate Adjustment for Initial Full Year Increase;
OPWDD 0.47% (\$30M gross, full annual on base of \$6.4B gross) : effectuated 12/31/16
OMH 0.20% (\$3.6M gross, full annual on base of \$1.8B gross) : effectuated 12/31/16
OASAS/SED TBD

Minimum Wage Proposal - DOH

Background:

- The State Fiscal Year (SFY) 2016-17 Enacted Budget provides a phase-in to a \$15 minimum wage increase over 3 years in New York City (by December 31, 2018), 6 years in Long Island and Westchester County (by December 31, 2021) and a 5 year phase-in to \$12.50 in the Rest of State (by December 31, 2020) with an index to \$15 thereafter.
- Additionally, beginning in 2019, the Director of the Division of the Budget (DOB) will conduct
 an annual analysis of the economy in each region and the effect of the minimum wage
 increases Statewide to determine whether a temporary suspension of the scheduled
 increases is necessary. This analysis will be submitted to the Department of Labor (DOL).
- The proposed wage schedule would authorize minimum wage increases in the schedule below:

	12/31/15	12/31/16	12/31/17	12/31/18	12/31/19	12/31/20	12/31/21
NYC	\$9.00	\$11.00	\$13.00	\$15.00	\$15.00	\$15.00	\$15.00
LI / West.	\$9.00	\$10.00	\$11.00	\$12.00	\$13.00	\$14.00	\$15.00
Rest of State	\$9.00	\$9.70	\$10.40	\$11.10	\$11.80	\$12.50	\$12.81

- The final Global Cap Budget included State appropriations of \$58 million in SFY 2016-17 increasing to \$160 million in SFY 2017-18.
- Initial Global Cap cash estimates are \$13 million in SFY 2016-17 and \$88 million in SFY 2017-18.
- Article VII language allows for an increased Global Cap to support the costs of the wage increases.
- Authority is increased within specific category of service appropriations (i.e. Home Care/MLTC, Inpatient, Clinic, Nursing Home).
- Additional Article VII provisions (A.9695/S.7159) adjust wage parity law to account for higher wages, maintaining benefits for affected wage earners.

Next Steps:

DOH, DOB, DOL, and the various associations will work together over the next several
months to develop the rate impact of the wage schedule and to ensure funds are released in
a timely manner to the plans/providers.