



The Arc New York FY27 Budget Testimony

Joint Legislative Hearing of Senate Finance and Assembly
Ways and Means Committees on FY27 State Budget

February 4, 2025



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Introduction

Senate Finance Chair Krueger, Assembly Ways and Means Chair Pretlow, Senate Disabilities Committee Chair Fahy, Assembly People with Disabilities Chair Santabarbara, and members of the Senate and Assembly, thank you for the opportunity to provide feedback on the proposed Executive Budget and its impact on our field and the people we support.

The Arc New York is a family-led organization, with a more than 75-year history working toward our mission to “provide people with intellectual, developmental, and other disabilities the ordinary and extraordinary opportunities of life.” Our organization is the largest provider of supports and services for New Yorkers with intellectual and developmental disabilities (IDD) in the state. With 35 operating Chapters across New York state, The Arc New York supports more than 60,000 individuals and families in every county of the state, and employs more than 30,000 people statewide.

The parents who created our organization were among the earliest advocates for quality services and opportunities for people with IDD. In the 75 years since our founding, we have witnessed – and at many times driven – massive transformation and progress in our field. Over those seven decades, New York has developed a robust system of comprehensive individualized services and programs that aid independence, support families, and emphasize inclusion in communities.

Overview

We have long advocated for recognition of our essential frontline staff, sustainable investment, and common-sense policy. For over a decade, that call had consistently gone largely unheard. For context, from FY2012 to FY2022 non-profit providers received a paltry 1.2% rate increase while inflation during that time totaled 21%. This lack of investment drove severe staffing shortages, inequity for direct care staff, and reduced access to critical services and support for New Yorkers with disabilities.

Governor Hochul has put forth new investments every year under her tenure, which demonstrates a renewed recognition of the needs of New Yorkers with IDD. While these investments are a start, significant needs remain to right our system after years of neglect.

Simply put, New York allowed the essential supports for its most vulnerable citizens to slip into crisis. Yes, positive and incremental progress has been made over the past few years, but our system is not yet stabilized, much less competitive. Dire need remains to address our remaining challenges in a meaningful way.

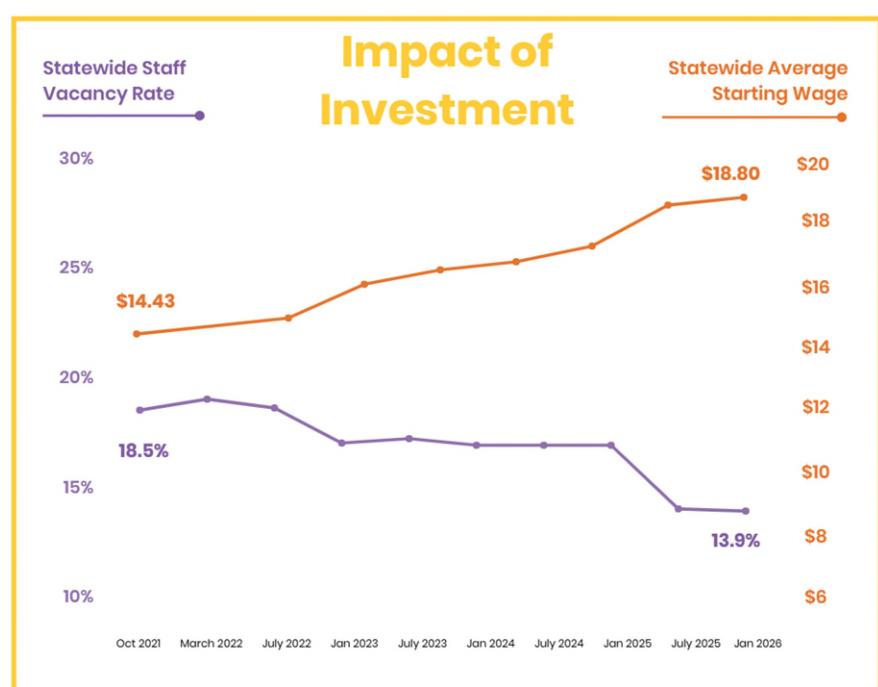
Since 2020, basic costs have increased more than 25% due to inflation alone. Despite recent investments, provider rates still lag behind inflation. Providers remain unable to cover rising costs, appropriately adjust wages, and deliver the full array of supports people with IDD are entitled to. If our inflationary and external costs outside our control are not covered, providers must absorb them and make difficult decisions that directly impact the lives of people with disabilities. Effectively, it amounts to a cut to the system.

All New Yorkers are acutely aware of inflationary pressures, and nonprofit providers of supports and services for people with IDD are not immune to these external factors. Costs have increased dramatically across the board, including insurance, repairs and maintenance, household and medical supplies, utilities for group homes and program facilities, and, of course, food. People need a place to live and people need to eat. Providing these necessities without appropriate and consistent funding to meet rising costs draws resources from other facets of

comprehensive care. We need to proactively invest in the future of IDD supports and services and not merely tread water.

Despite the disparity between rising costs and overall funds, the state has made investments in recent years, and providers have leveraged these investments to improve workforce stability. Notably, a recent survey conducted by New York Disability Advocates (NYDA) highlights that over a 12-month period from January 2025 to January 2026, overall Direct Support Professional (DSP) vacancy rates dropped 18%, while average starting wages rose by 9%. Progress is indeed being made toward addressing this crisis and stabilizing the system of care, but without sustained investment, that progress will be lost.

New York has a legal and ethical obligation to provide essential services, quality care and integration for its citizens with IDD. Our shared responsibility to the people we support is nonnegotiable. We have made strides, but we remain woefully behind what is needed to ensure that we can fully meet the needs of New Yorkers with disabilities.



Budget Recommendations to Support the IDD System

Investment in IDD services through a 2.7% Targeted Inflationary Increase

We appreciate the Governor's proposed 1.7% Targeted Inflationary Increase (TII) as a step in the right direction. However, we urge the Legislature to increase this to 2.7% to reflect the true cost of inflation over the past year and actual costs for our full system of care. This request is specifically derived from the July 2025 CPI-U referenced in statute.

Continued investment is the only way to end the cycle of underfunding and neglect. With a healthy fiscal outlook, an unexpected \$3.5 billion revenue surplus, and General Fund expenditures of \$157 billion, appropriating funds to further stabilize the IDD system is possible. The total state share cost of the full 2.7% is approximately \$280 million – a mere 0.2% of the General Fund Expenditures. We must build upon past investments to avoid losing the progress we have started to make.

Medicaid rates are all-inclusive. The 2.7% increase would fund all facets of the comprehensive system of supports for people with IDD, including:

- Wages & mandated fringe benefits
- Food & transportation
- Maintenance & utilities for programs & homes
- Medical supplies and nursing care
- Insurance (commercial, property, liability)
- Professional development & technology
- Compliance, legal, accounting & audit
- Licensing, accreditation, security & more

Proposals to Support our Valued Workforce

In her State of the State and Executive Budget address, Governor Hochul emphasized New York's commitment to affordability and opportunity. We have made strides to address wage disparity and fairness, but current wages for direct care staff still do not reflect the skill and responsibility of their roles and half of DSPs reported experiencing food and housing insecurity in a recent survey by Miami University of Ohio.

DSPs are trained professionals, responsible for the care and support of individuals with intellectual and developmental disabilities. They attend to the comprehensive social, emotional, physical and psychological needs of people they support. In a 2025 report, the NYS Comptroller noted that, compared to other New York employers,

average annual nonprofit wages were nearly 24% lower than in the private sector and nearly 14% lower than the public sector.¹

The varied roles of DSPs involve many types of routine and emergency supports, including: first aid & CPR, medication administration, meal preparation & feeding, personal hygiene, transportation, communication, behavioral de-escalation, money management, work & life skill development, and more.

The DSP workforce is diverse, comprised of 74.2% women and 62.6% individuals identifying as Black, African American, Asian, or Latino. This diversity enriches the field and underscores the importance of fostering an inclusive and culturally responsive environment for individuals with IDD. But inadequate wages for this essential workforce only reinforce inequity for long-marginalized communities.

Many of our DSPs would be considered Asset Limited, Income Constrained, Employed (ALICE), with income above the Federal Poverty Level (FPL), but inadequate to afford basic expenses in the county where they live. Households below the ALICE Threshold are forced to make impossible choices – like deciding whether to pay for utilities or a car repair, whether to buy food or fill a prescription. DSPs are skilled professionals who have dedicated themselves to meeting the needs of people with disabilities – but many of them aren't able to meet their own.

As mentioned above, data from a 2024 study from Miami University at Ohio and summarized by New York Disability Advocates (NYDA) show that of the DSPs surveyed:²

- 49% experience food insecurity, and 48% experience housing insecurity.
- 33% experience both food and housing insecurity, and 64% experience one or the other.
- 36% reported struggling to meet their household's financial needs.

¹ https://www.osc.ny.gov/files/reports/pdf/critical-role-of-nonprofits-in-new-york.pdf?utm_medium=email&utm_source=govDelivery

² <https://nydisabilityadvocates.com/lived-experiences-of-direct-support-professionals>

Given these sobering points, we propose a series of initiatives to support the direct support CareForce by creating opportunities for affordable housing, childcare and healthcare for essential frontline staff.

CareForce Housing and Affordability Package

This package of bills would support affordable housing for the direct support CareForce by:

- Establishing an Employer-Assisted Housing (EAH) Matching Grant Program
- Enacting the CareForce First-Time Homebuyers Program
- Creating a targeted housing preference within affordable housing developments

The bills below have already been introduced for your reference:

- [S.8672](#) establishes an Employer-Assisted Housing (EAH) Matching Grant Program for the nonprofit human services workforce. This proposal would provide a 50 percent State match—up to \$3,000 per worker per year—on employer contributions for housing assistance. Eligible uses would include security deposits, rent stabilization, emergency rental arrears, and first-time homebuyer costs such as down payments and closing fees.
- [S.8675](#) enacts the CareForce First-Time Homebuyers Program, offering below-market mortgage financing and forgivable down payment assistance to eligible care workers. Low wages, limited savings, and high borrowing costs often make homeownership unattainable for DSPs and other frontline staff.
- [S.8676](#) creates a targeted housing preference within affordable housing developments for members of New York's care workforce. This preference would help ensure that DSPs and other frontline workers can live in the communities they serve, strengthening workforce stability and reducing one of the most persistent financial pressures facing the CareForce.

Include Child and Dependent Care Credit

The Arc New York supports the Governor's proposal in Part A of the Revenue Article VII bill to enhance the New York Child and Dependent Care Credit. As noted above, there are myriad quality of life barriers faced by our frontline

workforce. They not only support people with IDD, but many also have children and dependents under the age of 13 at home. This tax credit also applies to dependents who are physically or mentally incapable of caring for themselves. The reformed refundable credit would provide a greater benefit to families and reduce complexity in claiming the credit.

Child and dependent care are often one of the most substantial expenses for families, and these costs are especially burdensome for those who struggle with basics such as housing and food. Providing relief for this care has the potential to increase retention, stability, and reliability, which are also vitally important for people with IDD and their quality of life. Eligibility for the credit would be limited to full-year New York residents.

Restart Healthcare Enhancement Program

Provider agencies and staff have been significantly impacted by the sharp rise in insurance premiums that are unfortunately familiar for all New Yorkers. On average, agencies have experienced a nearly 17% percent increase in health insurance costs over the past two years, and are projecting that will be compounded by an additional 12% surge in 2026. On average, nonprofit agencies already devote more than 10% of their operating budgets to insurance expenses. Many providers are faced with the choice between absorbing these increases, reducing benefits, or passing increases on to staff, negating the progress toward improved compensation.

New Yorkers are feeling the result of federal changes to the Essential Plan and Affordable Care Act. Individuals and families must consider eligibility and affordability in new ways. This new reality has the potential to transfer additional insurance costs to nonprofit providers, many of which are struggling to cover existing employees, while maintaining operations on a stretched budget.

The program would provide an allocation of \$2,500 per eligible employee to participating providers. Funds could be used to establish or enhance health insurance coverage, or to reduce out-of-pocket costs for frontline staff, ensuring care workers can access affordable coverage without further straining nonprofit agency budgets.

Supporting Special Education

Students and children with IDD must be educated with free and appropriate supports and services in the least restrictive environment, which address their individual needs. However, educational institutions that serve students with disabilities have historically been inequitably underfunded. Due to this systemic underfunding, teacher salaries at 4410 (pre-school) and 853 (school-aged) schools are not comparable with public school opportunities, resulting in significant challenges retaining these essential educators.

We are pleased the Executive Budget fully funds the State share of costs for preschool and summer school special education programs, providing \$1.27 billion to reimburse counties for the cost of preschool special education services – a \$173 million (15.8 percent) year-to-year increase – and \$437 million to reimburse school districts for the cost of summer school services – a \$24 million (5.8 percent) year-to-year increase.

Vital investments in 853 and 4410 schools have been made in recent budgets, and revised methodologies now allow a certain portion of these rate increases to be retained over time. We are cautiously optimistic that SED and DOB will continue to adjust rates and methodologies that support 853 and 4410 schools.

Article VII & Appropriation Recommendations

Below are select portions of the Executive Budget, which The Arc New York enthusiastically supports. We request these proposals be included in the Enacted Budget.

\$75M Investment in The Institute of Basic Research

The Executive Budget continues the five-year capital investment of \$75 million that began in FY 2026 to renovate the Institute for Basic Research in Developmental Disabilities (IBR) campus, including the development of a Genomics Core facility to allow for the customized identification of genetic imperfections underlying an individual's developmental disability and creation of space for a Willowbrook learning center. This investment will renovate existing buildings and consolidate space to a

more focused footprint, while also modernizing equipment needed to help advance IBR's research goals.

\$25M for Regional Disability Clinics

The Executive Budget continues the capital investment of \$25 million that began in FY 2026 to support the development of Regional Disability Clinics. These resources will support one-time costs for building modifications and/or equipment designed to increase accessibility and improve quality of healthcare for people with developmental disabilities who access services in clinics licensed by Article 28 of the Public Health Law and Article 16 of the Mental Hygiene Law.

\$120M Investment in New Service Opportunities

The Executive Budget invests new State resources (\$30 million in FY 2027, \$60 million annualized) to fund new service opportunities that enable individuals to receive the support they need. This includes individuals who are entering the OPWDD service system for the first time and individuals already receiving services, but whose needs have changed. These State funds leverage Federal resources for a gross increase of \$120 million annually. While we support this investment in concept, most providers are unable to utilize new opportunities funding, because they are not adequately staffed to expand programs.

\$53.5M for Minimum Wage Increases

The proposed budget includes \$53.5 Million for OPWDD and the Offices of Mental Health (OMH) and Office of Addiction Services and Supports (OASAS) to meet the new minimum wage requirements, preventing the minimum wage increase from becoming an unfunded mandate for providers.

Preschool and Summer School Special Education Programs

These services are delivered by private providers and special act school districts, as well as BOCES and school districts (primarily for summer programs). The Executive Budget fully funds the State share of costs for both programs, providing \$1.27 billion to reimburse counties for the cost of preschool special education services, a \$173 million

(15.8 percent) year-to-year increase, and \$437 million to reimburse school districts for the cost of summer school services, a \$24 million (5.8 percent) year-to-year increase.

Enhance Family Care Rates

The Executive Budget includes an investment to enhance Family Care rates by 5 percent, providing a more competitive rate for providers. This rate enhancement should help increase utilization in one of OPWDD's most integrated residential services.

Health & Mental Hygiene

Part O – Healthcare Stability Fund Investment

This bill would authorize the Commissioner of Health and Director of the Budget to make additional investments from the Healthcare Stability Fund, as well as provide that these additional investments could be made as increased rates of payment, lump sum payments, or state directed payments. Additionally, this bill would increase the amount of funding which may be provided to certain healthcare providers from the Healthcare Stability Fund.

Part P – Targeted Inflationary Increase

This bill would provide a 1.7% targeted inflationary increase (TII) for eligible mental hygiene and human services programs for the period of April 1, 2026 to March 31, 2027. While this proposed bill is a start, it is essential that the full 2.7% TII is included in the enacted budget to appropriately offset rising costs and ensure stable access to vital supports for New Yorkers with disabilities.

Part Q – Integrating Behavioral Health Services

This bill would provide the Office of Mental Health (OMH) and the Office of Addiction Services and Supports (OASAS) with the authority to issue a joint license to providers who deliver both mental health and addiction services. The bill would require OMH and OASAS to set forth regulations to govern licensing, corporate, programmatic reimbursement, physical plant, incident reporting and information sharing requirements. Additionally, this bill would authorize OMH and OASAS to set rates for these services.

Education, Labor and Family Assistance (ELFA)

Part C – New York Opportunity Promise Scholarship Expansion

This bill would expand the New York Opportunity Promise Scholarship at SUNY and CUNY community colleges to students who have a postsecondary degree and wish to study nursing. The FY 2026 Enacted Budget included legislation to create the New York Opportunity Promise Scholarship program at SUNY and CUNY community colleges, which provides 6 grants for tuition, fees, books, and supplies for students between the ages of 25 and 55 who have not already received a postsecondary degree and are pursuing an associate's degree in certain high-demand fields such as nursing, engineering, and advanced manufacturing.

Part L – Authorize the Pass-Through of any Federal Supplemental Security Income Cost of Living Adjustment

This bill would authorize Federal Supplemental Security Income (SSI) benefits to be increased in 2026 to account for the SSI Cost of Living Adjustment (COLA) and allow those benefits to be further increased in 2027 if Federal benefits are increased during the first half of that calendar year. It would also update the Personal Needs Allowance (PNA) for SSI recipients in congregate care and allow for those to be adjusted in 2027 based on any Federal SSI COLA in the first half of that calendar year.

Revenue Bill

Part A – Enhance and Reform the Child and Dependent Care Credit

This bill would enhance and reform the existing New York State Child and Dependent Care Credit to provide greater assistance for those who incur costs to care for their children or other disabled dependents.

Part V – Expanding the Rent Increase Exemption for Senior Citizens and Persons with Disabilities

This bill would extend the Senior Citizen Rent Increase Exemption (“SCRIE”), and the Disability Rent Increase Exemption (“DRIE”) programs for two years, until June 30, 2028, expand the income eligibility thresholds for both programs from \$50,000 to \$75,000 in

New York City, and allow for increased income eligibility thresholds by local option outside of NYC.

The SCRIE and DRIE programs use property tax credits to freeze rents or offset rent increases for tenants of rent stabilized apartments and Mitchell-Lama affordable housing. This bill would expand these critical rent freeze programs for seniors and people with disabilities.

Moving Forward

While we face many uncertainties in the coming years, we must be proactive in the steps we can take to provide reassurance and stability for New Yorkers with IDD, their families and loved ones, and our dedicated staff. The system is only fully supported when they are all supported.

As policy makers, you have a responsibility to your constituents to leverage the power of government to ensure our systems have the necessary resources to complete the mission for which they were created. Your responsibility is most critical when it comes to populations who will be at the highest risk if these systems fail.

Over many years The Arc New York has consistently collaborated with the administration and legislators to develop solutions to problems we face. We mobilized to support each other and our communities. We innovated and evolved. We sought opportunity in every challenge, and today, we have hope that New York can seize the moment and continue the foundational support accomplished over the past five years.

Our most vulnerable citizens require the state to honor the fundamental values of our constitution, and our ethical obligation to social justice for all New Yorkers. The supports and services we deliver are a cornerstone of that commitment. We will continue to collaborate with government to identify solutions, implement efficiencies, fight for equity for our workforce, and sustain quality care, integration, and opportunity for New Yorkers with IDD. To meet that goal, we must be unified in vision. We ask for your partnership and commitment in achieving this goal by including all our recommendations in the FY27 Enacted Budget.

These are common sense and rational requests backed by real data. We call you to seize this opportunity to continue rebuilding our system of care and fulfilling your commitment to New Yorkers with IDD. We must continue to move to a more stable care system for people with intellectual and developmental disabilities and further away from crisis. Thank you for the opportunity to address this important issue.