

## **New York State Legislative Joint Budget Hearing: Mental Hygiene**

### **Testimony of Friends of Recovery-New York (FOR-NY)**

Dear Chairs of the Committee and Honorable Elected Officials,

Friends of Recovery-New York is an independent 501(c)(3) organization representing thousands of individuals and families living in recovery from addiction, those who have lost loved ones to substance use, and others affected by these disorders. The stigma and shame surrounding addiction have historically prevented millions from seeking help. FOR-NY is committed to dismantling these barriers, advocating against discrimination, and supporting policies that expand access to essential recovery services, including treatment, healthcare, housing, education, and employment.

We are also dedicated to strengthening New York's statewide recovery infrastructure through local Recovery Community Organizations (RCOs) and a robust peer-based workforce. These peers, drawing on their lived experience and deep community connections, provide vital support to individuals seeking recovery. Our network of RCOs is committed to evidence-based, life-saving practices, ensuring that people in recovery have the resources and guidance they need to succeed.

**As New York considers the FY 2026–2027 Budget, it is critical to recognize that investments in recovery services and workforce support are not only a moral imperative but also a strategic approach to strengthening communities, reducing costs, and supporting a productive, healthy workforce.**

### **The Impact of Substance Use on New York State**

Substance use continues to exact a heavy toll on individuals, families, and communities across New York State. The systems that support people with substance use disorders are under unprecedented strain due to recent federal policy changes and ongoing funding uncertainty.

Medicaid — the single largest payer of behavioral health and substance use disorder treatment — is undergoing historic transformation under federal policy, including work requirements and more frequent eligibility reauthorizations that will take effect beginning no later than December 31, 2026. These requirements add administrative complexity for enrollees and providers alike and create new barriers to continuous coverage for low-income adults.

National analyses indicate that millions of adults could lose Medicaid coverage if work requirements are implemented broadly, with estimated coverage losses of 4.6–5.2 million under

federal work requirements similar to those in recent proposals ([Urban Institute, <sup>1</sup>2025](#)). New York has an estimated 2.8 million individuals that identify as someone who struggles with substance use. Continuous Medicaid coverage is critical for individuals with SUD; approximately one-fifth of all adults with substance use disorders rely on Medicaid for treatment support, and interruptions in coverage are strongly associated with reduced access to care ([CMS, 2026](#))<sup>2</sup>.

Individuals with SUD often face substantial barriers to consistent employment due to the severity and complexity of their conditions. Administrative hurdles, confusing reporting systems, and unclear exemption processes have led to coverage loss in prior Medicaid work requirement demonstrations even when individuals sought care and attempted to comply ([KFF, 2025](#))<sup>3</sup>. These federal changes threaten to reverse progress on overdose reduction, increase uncompensated care costs for hospitals and community health centers, and leave vulnerable New Yorkers without life-saving services.

Given this evolving federal landscape, New York cannot rely solely on federal funding for substance use services. Permanent, sustainable state funding is necessary to ensure that individuals with SUD maintain continuous access to treatment and recovery supports, irrespective of federal policy shifts.

Friends of Recovery-New York strongly supports a \$2.5 million investment to implement the **Recovery-Ready Workplace (RRW) Act, A521 (Steck) / S3740 (Fernandez)**. This legislation establishes voluntary recovery-ready workplaces that prevent substance misuse, support employees in recovery, and promote inclusive, stigma-free workplace cultures. While the RRW Act passed both the Assembly and Senate unanimously, it was ultimately vetoed by Governor Hochul due to concerns regarding fiscal cost. This funding request would enable statewide implementation, including the establishment of a mini-grant program to support Recovery-Ready Advisors who guide employers through certification and best practices.

### **Goals of Recovery-Ready Workplaces:**

- Support employment for people in recovery
- Reduce stigma and promote recovery-supportive workplace cultures
- Prevent workplace-related substance misuse and injury

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<sup>1</sup> [Urban Institute. Expanding Federal Work Requirements and Medicaid Coverage Losses. Apr. 2025](#)

<sup>2</sup> [Centers for Medicare & Medicaid Services \(CMS\). Medicaid Work Requirement Provisions and Implementation Timeline. June 2026](#)

<sup>3</sup> [Kaiser Family Foundation \(KFF\). Implications of Medicaid Work and Reporting Requirements on Behavioral Health Coverage. Jan. 2025](#)

- Improve employee retention, productivity, and pathways back to work
- Expand access to treatment and recovery supports through employment

### **Economic and Workforce Impact:**

With the addition of work requirements for SNAP and Medicaid, states and employers must ensure workplaces are safe, supportive, and able to retain employees impacted by substance use disorder (SUD). Recovery-Ready Workplace policies are a cost-saving, evidence-based workforce strategy, proven to reduce costs, stabilize the workforce, and help employers access labor pools amid ongoing workforce shortages.

### **Substance Use in the Workforce:**

- Approximately 70% of U.S. adults with an alcohol or illicit drug use disorder are employed — roughly 13.6 million workers, representing nearly 9% of the workforce.
- Of these workers, 1.9 million (1%) receive SUD treatment annually, while 13.3 million (9%) report being in recovery or having recovered
- Among individuals with an SUD, 53% have a mild disorder, 23% moderate, and 24% severe ([US Dept of Labor](#))<sup>4</sup>.

### **Employer and State Costs of Untreated SUD:**

- \$92.6 billion in annual productivity losses nationally
- Untreated SUD costs employers approximately \$8,800 per employee per year in healthcare, turnover, and missed work
- Workers with SUD take nearly 50% more unscheduled leave and have a 44% higher turnover rate than peers
- Recruiting and replacing a worker costs roughly 21% of annual salary ([US Dept of Labor](#)).

### **Benefits of Recovery-Ready Workplaces:**

- Employees in recovery take 10% fewer unscheduled days and have 12% lower turnover
- Employers experience lower absenteeism, reduced turnover costs, increased productivity, and fewer workplace accidents
- Estimated savings of \$3,000 per worker annually in productivity and absenteeism improvements; more than \$8,500 per employee annually when treatment and recovery supports are provided ([US Dept of Labor](#)).

### **State Examples Demonstrating Success:**

- New Hampshire: First state to implement a statewide Recovery Friendly Workplace network. Businesses hiring Recovery-Ready Advisors experience reduced absenteeism, improved retention, and cost savings.
- Minnesota: Executive Order 24-11 coordinates education, training, and recovery-friendly

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<sup>4</sup> [U.S. Dept. of Labor — Recovery-Ready Workplace Resource Hub](#)

workplace practices across state agencies. Investments exceeding \$200 million support education, prevention, treatment, and recovery initiatives.

- Colorado: Recovery Friendly Workplace Initiative provides a statewide toolkit and resources to reduce workplace accidents, improve retention, and connect employers to recovery services. ([NSC RRW Outcomes](#))<sup>5</sup>

Recovery-Ready Workplace policies provide measurable benefits by reducing absenteeism, turnover, retraining costs, healthcare utilization, and workplace accidents; expanding access to reliable, skilled workers in recovery; and decreasing public costs through reduced criminal justice involvement and lower social service utilization.

Investing \$2.5 million to implement the Recovery-Ready Workplace Act positions New York to join over 30 states already seeing measurable returns. Recovery-ready workplaces support employees, reduce employer costs, strengthen the workforce, and save public dollars, especially for those most vulnerable under new work requirements. This initiative is evidence-based, fiscally responsible, and essential for New York’s modern workforce. ([SAMHSA RRW](#))<sup>6</sup>

### **Supporting a 2.7% COLA for Peer-Based Workers**

Behavioral health and substance use recovery services rely on a workforce that is underpaid and increasingly unstable. Peer-based workers — including Certified Recovery Peer Advocates, Family Support Navigators, Youth Peer Advocates, and other non-clinical staff — are essential to delivering evidence-based, relationship-focused support to individuals in recovery. Yet their compensation does not reflect the critical nature of their work.

National wage data show that Social and Human Service Assistants — the occupational category most aligned with peer support roles — earned a median annual wage of approximately \$45,120 in 2024, or about \$21.69 per hour ([BLS, 2024](#))<sup>7</sup>. In New York State, these wages fall far short of the cost of living. A single adult typically requires about \$3,143 per month (\$37,716 annually) to cover basic needs, and a family of four requires approximately \$6,922 per month (\$83,064 annually) ([OSC, 2025](#))<sup>8</sup>. A living wage analysis suggests a single adult needs roughly \$53.72 per hour (about \$111,738 annually) far above peer worker pay.

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<sup>5</sup> [National Safety Council \(NSC\). Supporting Employees Into Recovery](#)

<sup>6</sup> [SAMHSA — Recovery-Ready Workplace Resource Hub](#)

<sup>7</sup> [U.S. Bureau of Labor Statistics \(BLS\). Social and Human Service Assistants: Occupational Outlook Handbook. 2024](#)

<sup>8</sup> [Office of the State Comptroller \(OSC\). New Yorkers Need: Housing and Cost of Living. 2025](#)

The Executive Budget's proposed 1.7% cost-of-living adjustment (COLA) fails to keep pace with inflation and does not stabilize the workforce. Many peer workers are forced to hold multiple jobs to make ends meet, while others leave the field entirely, exacerbating burnout and vacancies.

We urge the Legislature to approve a 2.7% COLA for behavioral health and substance use recovery services. This increase is necessary to retain and fairly compensate peer workers, maintain high-quality service delivery, and stabilize a workforce central to the health and well-being of New Yorkers.

### **Supporting Permanent and Sustainable Funding for Community-Based Recovery Services**

Community-based recovery centers and peer-driven programs are the backbone of New York's addiction recovery infrastructure. These programs provide life-saving support, connect individuals to treatment and recovery services, and reduce overdose risk. Yet their ability to plan for the long term and maintain consistent service delivery is severely compromised by reliance on short-term federal grants and unpredictable funding streams.

We urge the Legislature to pass S4595 (Fernandez) / A9318 (Levenberg) and S7641 (Fernandez) / A9311 (Levenberg) to dedicate new alcohol excise tax and existing opioid excise tax revenue to the Drug Treatment & Public Education Fund, ensuring permanent, sustainable funding for recovery supports.

Recent federal actions illustrate the instability of grant funding: in January 2026, SAMHSA abruptly terminated nearly \$2 billion in mental health and substance use grant funding — only to reverse course shortly afterward after public outcry. This disruption created deep uncertainty for providers dependent on federal dollars and underscores the need for state-level, sustainable investments.

Permanent funding will allow:

- Expansion of recovery centers statewide
- Investment in supportive recovery housing
- Increased compensation for essential staff
- Support for community-based organizations lacking reimbursement streams

We urge the Legislature to enact these measures, dedicating excise tax revenue to the Drug Treatment & Public Education Fund to support sustained, equity-focused recovery infrastructure for all New Yorkers.

In closing, Friends of Recovery-New York urges the Legislature to take decisive action to strengthen New York's recovery infrastructure. By investing \$2.5 million and ensuring the full

passage of the Recovery-Ready Workplace Act, providing a 2.7% cost-of-living adjustment for peer workers, and securing permanent, sustainable funding for community-based recovery programs, New York can protect vulnerable individuals, reduce stigma, and build a stronger, healthier workforce and society. These evidence-based, fiscally responsible measures will save lives, improve workforce stability, and create lasting economic and social benefits for communities across the state. Now is the time to act boldly to support recovery and empower the individuals, families, and organizations at the heart of this work.