**New York State Joint Legislative Budget Hearing on Health**

**Tuesday, February 10, 2026**

Thank you for the opportunity to provide comments on the Fiscal Year 2027 Executive Budget for New York State. PHI is a New York-based, national organization committed to strengthening the direct care workforce by producing robust research and analysis, leading federal and state advocacy initiatives, and designing and implementing groundbreaking workforce interventions and models. For more than 35 years, we have brought a 360-degree perspective on the long-term care sector to our evidence-informed strategies. As the nation's leading authority on the direct care workforce, PHI promotes quality direct care jobs as the foundation for quality care.

In New York State, more than 708,000 direct care workers—including personal care aides, home health aides, and nursing assistants—provide care to older adults and people with disabilities in private homes, residential care communities, nursing homes, and other care settings.[1] These workers assist individuals with daily personal care, help them maintain their optimal health and wellbeing, and support their social engagement. Because they provide more direct, sustained care to clients/residents than any other provider, they also offer vital information and insight to inform care planning and delivery.[2] According to PHI's research, over 180,000 new direct care jobs will be added to New York's economy between 2022 and 2032, more than any other occupation. Further, due to growing demand coupled with worker attrition, New York can expect to have over one million total direct care job openings during this same period.[3]

Immediate action is needed to support and retain New York's existing direct care workforce and build a stronger pipeline of new workers entering the field. In her budget overview, Governor Kathy Hochul noted a $44B budget surplus, signaling the state's strong financial position. Yet the Executive Budget stops short of advancing a comprehensive strategy to address New York's direct care workforce crisis. PHI engaged in good faith in the state's $3 million effort to develop the Master Plan for Aging and supported its recommendations to strengthen the workforce. Yet those recommendations, along with many others in the Master Plan, are notably absent from the Executive Budget.

---

[1] PHI. "Workforce Data Center." Last modified September 2025. https://phinational.org/policy-research/workforce-data-center/.
[2] PHI. 2025. *Direct Care Workers in the United States: Key Facts.* New York, NY: https://www.phinational.org/resource/direct-care-workers-in-the-united-states-key-facts-2025/
[3] PHI. "Workforce Data Center." Last modified September 2025. https://phinational.org/policy-research/workforce-data-center/.
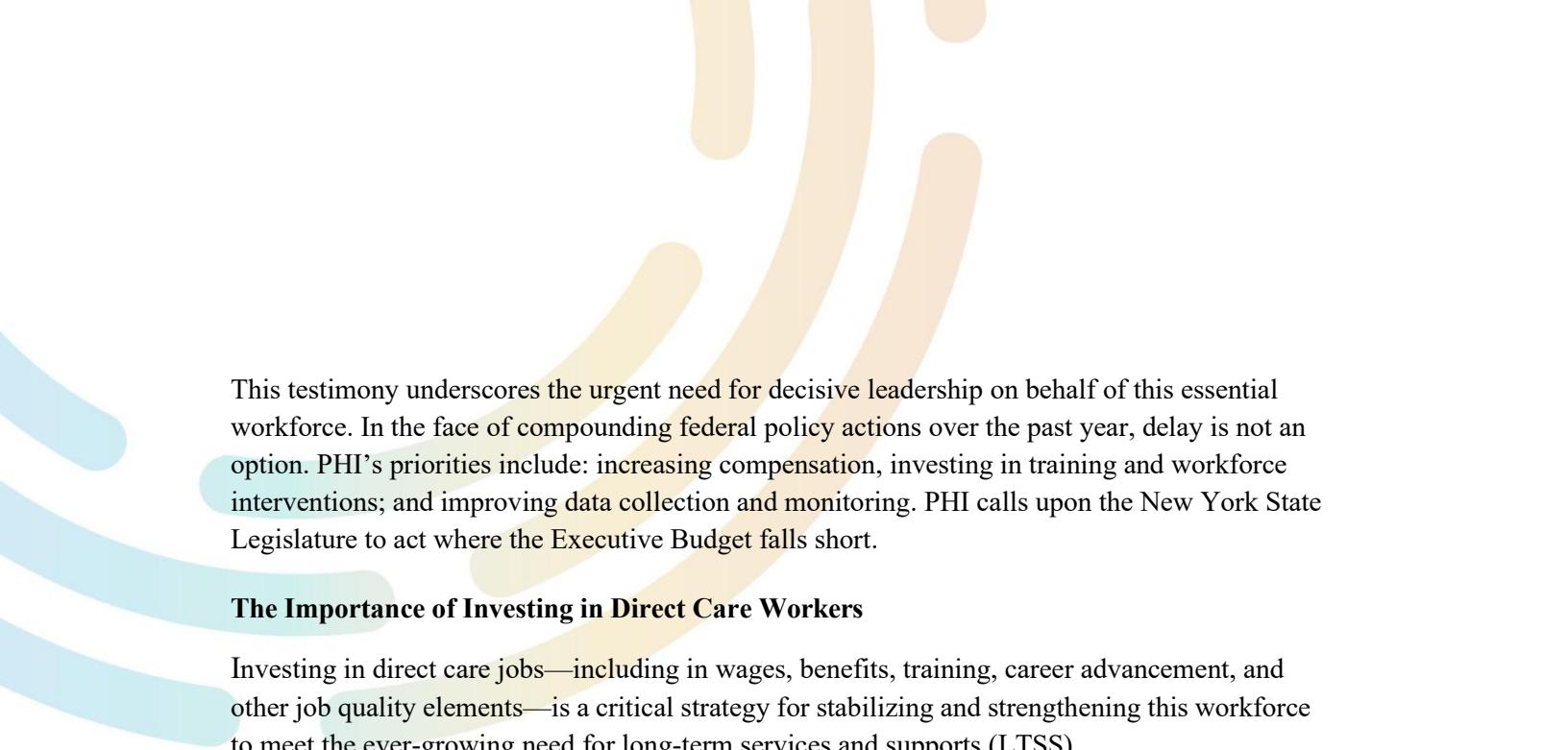
This testimony underscores the urgent need for decisive leadership on behalf of this essential workforce. In the face of compounding federal policy actions over the past year, delay is not an option. PHI's priorities include: increasing compensation, investing in training and workforce interventions; and improving data collection and monitoring. PHI calls upon the New York State Legislature to act where the Executive Budget falls short.

**The Importance of Investing in Direct Care Workers**

Investing in direct care jobs—including in wages, benefits, training, career advancement, and other job quality elements—is a critical strategy for stabilizing and strengthening this workforce to meet the ever-growing need for long-term services and supports (LTSS).

In her budget overview, Governor Kathy Hochul recognizes the continued pressure on the Medicaid program, driven primarily by increased enrollment from New York's aging population. Coupled with impacts from Federal H.R. 1, the budget challenge is significant. As the State manages the ongoing demographic shift and the subsequent demand for LTSS, stabilizing the direct care workforce through key investments is a necessary and strategic component of the State's overall Medicaid cost-control strategy.

A living wage for direct care workers would lift existing workers out of poverty and financial precarity—while also helping address the structural, intergenerational inequities that impact the majority women and people of color comprising this workforce.[4] Due to inadequate compensation, more than half (54 percent) of New York's direct care workers currently access some form of public assistance to survive.[5] Beyond improving economic stability for workers and their families, a wage increase would also reduce reliance on public assistance—generating broader savings for New York State. As an example, a report from the City University of New York (CUNY) projected that raising direct care wages to a living wage would result in public assistance savings of $496 million and $645 million, per two wage scenarios.[6]

Higher wages and better employment benefits as well as expanded training and career advancement opportunities would make direct care jobs more attractive to new job seekers, which is a critical step toward building the pipeline into these jobs and filling workforce gaps. A more stable and sufficient direct care workforce would also help overcome service gaps and ensure continuity and quality of care for consumers.

[4] Dill, Janette, and Mignon Duffy. 2022. "Structural Racism and Black Women's Employment in the US Health Care Sector." *Health Affairs,* 41(22): 265-272; Iezzoni, Lisa I., Naomi Gallopyn, and Kezia Scales. 2019. "Historical Mismatch Between Home-Based Care Policies and Laws Governing Home Care Workers." *Health Affairs*, 38(6): 973-980.

[5] PHI. "Workforce Data Center." Last modified September 2025. https://phinational.org/policy-research/workforce-data-center/

[6] Jabola-Carolus, Isaac, Stephanie Luce, and Ruth Milkman, 2021. "The Case for Public Investment in Higher Pay for NY State Home Care Workers: Estimated Costs and Savings" CUNY Academic Workers. https://slu.cuny.edu/wp-content/uploads/2021/03/The-Case-for-Public-Investment-in-Higher-Pay-for-New-York-State-H.pdf
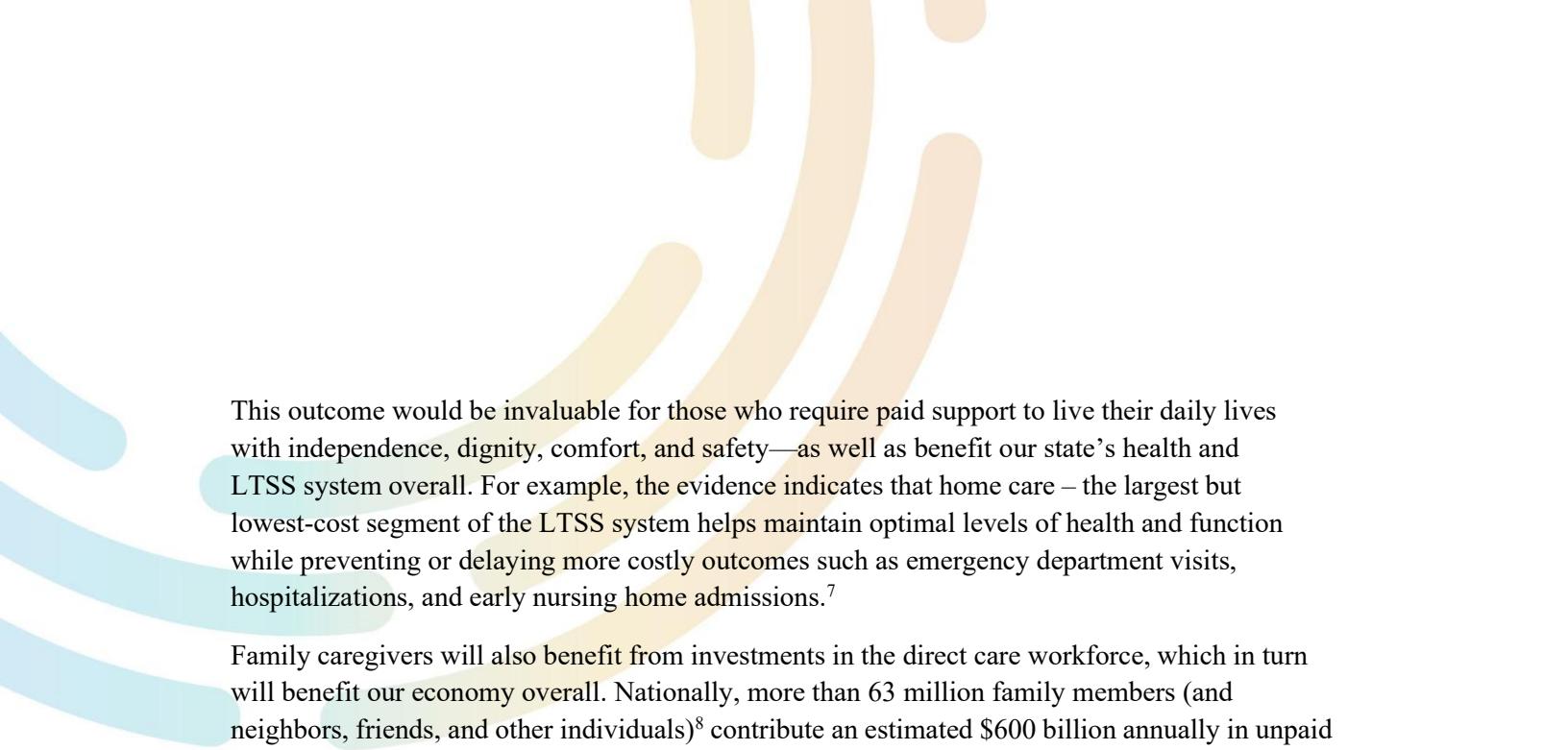
This outcome would be invaluable for those who require paid support to live their daily lives with independence, dignity, comfort, and safety—as well as benefit our state's health and LTSS system overall. For example, the evidence indicates that home care – the largest but lowest-cost segment of the LTSS system helps maintain optimal levels of health and function while preventing or delaying more costly outcomes such as emergency department visits, hospitalizations, and early nursing home admissions.[7]

Family caregivers will also benefit from investments in the direct care workforce, which in turn will benefit our economy overall. Nationally, more than 63 million family members (and neighbors, friends, and other individuals)[8] contribute an estimated $600 billion annually in unpaid care.[9] Among these unpaid caregivers, the majority report having experienced at least one change in their own employment situation due to caregiving responsibilities, such as reducing hours, taking time off, foregoing a promotion, or giving up paid work entirely. Approximately half report negative financial outcomes such as increased debt, loss of savings, late or unpaid bills, and more, even when they are able to access paid family leave benefits. With more paid care available for respite and ongoing assistance, unpaid caregivers could continue to support their loved ones without reducing their own productivity in the labor market.

Finally, investment in the direct care workforce—one of the largest but lowest-paid occupations in New York State—could stimulate consumer spending and job growth overall. The CUNY analysis cited above estimated that paying direct care workers a living wage would add $5.4 to $7 billion to the New York economy per year as these workers spend their additional income on clothing, food, health care, transportation, and other necessities, generating up to 30,000 new jobs in other sectors of local economies.

---

[7] Wilson, Michael G. 2018. *Rapid Synthesis: Identifying the Effects of Home Care on Improving Health Outcomes, Client Satisfaction, and Health System Sustainability.* Hamilton, ON: McMaster Health Forum. https://www.mcmasterforum.org/docs/default-source/product-documents/rapid-responses/identifying-the-effects-of-home-care-on-improving-health-outcomes-client-satisfaction-and-health-system-sustainability.pdf?sfvrsn=2.

[8] [v] National Alliance for Caregiving and AARP. 2025. *Caregiving in the US 2025.* https://www.caregiving.org/wp-content/uploads/2021/01/full-report-caregiving-inthe-united-states-01-21.pdf.

[9] Reinhard, Susan, Ari Houser, et al. 2023. *Valuing the Invaluable 2023 Update: Strengthening Supports for Family Caregivers.* Washington, DC: AARP Public Policy Institute. https://www.aarp.org/pri/topics/ltss/family-caregiving/valuing-the-invaluable-2015-update

**Recommendation: Fund a Living Wage for All Direct Care Workers**

To recruit and retain a direct care workforce capable of delivering high-quality care and support to all New Yorkers, the Legislature must take action to ensure that direct care workers receive compensation that includes a living wage, essential benefits, and meaningful economic security. Although direct care wages have increased in the last 10 years,[10] the median hourly wage for direct care workers in New York is $18.81 which is not competitive with wages for occupations with similar or lower entry-level requirements[11]. Thirty-seven percent of the workforce lives in or near poverty.[12] Low wages also contribute to costly turnover, as direct care workers leave the long-term care field for higher-paying or more stable opportunities. Any wage strategy must also include access to full-time and reliable hours, adequate reimbursement rates to providers, and state support for recruitment, training, retention, and advancement strategies that work.

The U.S. Department of Health and Human Services final rule on Ensuring Access to Medicaid Services – otherwise known as the Access Rule – still stands and requires states to undertake certain actions relative to direct care worker compensation, reporting and rate setting[13]. PHI urges the state to be proactive in meeting their upcoming obligations relative to the Access Rule and to go beyond the scope of the federal law to consider implications across all LTSS and segments of the workforce. The Access Rule includes key accountability measures around LTSS expenditures through state reporting requirements and rate setting transparency. In addition, each state will now be required to create a home care rate-setting advisory group to advise and consult on provider payment rates and direct compensation for direct care workers.  The home care wage increases included in the budget are insufficient and do not articulate to a broader wage strategy. PHI urges the state to use the Access Rule as an opportunity to address direct care compensation as an integral component of the rate-setting strategy.

---

[10] PHI. "Workforce Data Center." Last modified September 2025. https://phinational.org/policy-research/workforce-data-center/

[11] PHI. "Competitive Disadvantage: Direct Care Wages are lagging Behind." Last modified October 2024. https://www.phinational.org/resource/competitive-disadvantage-direct-care-wages-are-lagging-behind-2024-update/

[12] PHI. "Workforce Data Center." Last modified September 2025. https://phinational.org/policy-research/workforce-data-center/; Analysis by PHI (2023) of U.S. Bureau of Labor Statistics (BLS), Division of Occupational Employment and Wage Statistics (OEWS). May 2022 State Occupational Employment and Wage Estimates. https://www.bls.gov/oes/home.htm by O*NET categories: O*NET 27.0 Database. https://www.onetcenter.org/database.html#all-files

[13] 42 CFR Parts 431, 438, 441, 447.(2024) https://public-inspection.federalregister.gov/2024-08363.pdf

**Recommendation: Invest in Universal Core Competencies, Quality Training, and Advancement**

All workers deserve quality job training, and direct care workers are no exception. Quality direct care job training standards and programs should ensure that all workers acquire the skills, knowledge, and confidence to succeed in their complex roles. Current training standards do not reflect the skills required to adequately support today's long-term care clients, are siloed across regulatory agencies, and require that direct care workers comply with requirements driven by payment source rather than by the competencies needed to perform the job. This fractured system impacts the ability of direct care workers to move across settings and serve diverse client populations—and limits the state's ability to cultivate a robust and stable direct care workforce overall.

PHI urges the legislature to invest in a quality state-wide training program for all direct care workers. Such a program, grounded in universal core competencies across settings and populations, would facilitate worker portability, specialization and advanced role preparation. By issuing workers documentation of certification and/or program completion and offering connections to employment opportunities, the program would help to address current workforce shortages plaguing long term care. Training should be competency-based and adult learner-centered, cover a range of relational and technical skills related to quality care, and account for cultural, linguistic, and learning differences.

PHI is already working to implement and evaluate demonstration projects in New York City and Wisconsin that include these elements. With support from funders across aging and workforce development, and in collaboration with payers and employers, PHI is poised to surface data on the impact and return on investment possible with this comprehensive approach. Through a public education and advocacy campaign, we seek deeper traction for our model on a federal level—and to advance elements of it in targeted states—moving from demonstration to scale. We look forward to sharing our impact with legislators and working together to build this work out in New York.

**Recommendation: Improve Direct Care Workforce Data Collection**

Insufficient data on the direct care workforce in New York continues to make it difficult to quantify workforce shortages and other challenges, monitor workforce trends over time, design policy and practice interventions, and evaluate their impact. To help address this significant gap, PHI urges the legislature to allocate additional funds to improve the collection, monitoring, and
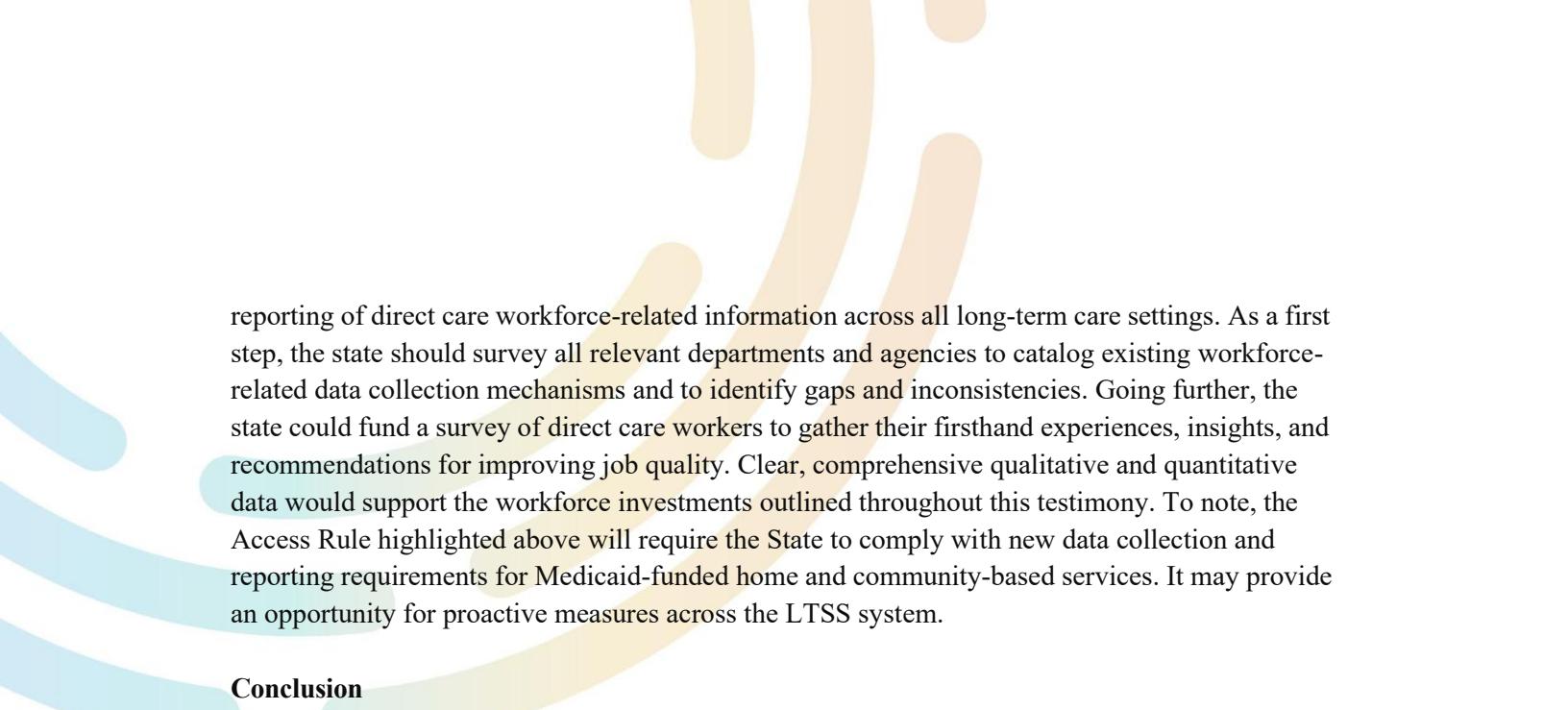
reporting of direct care workforce-related information across all long-term care settings. As a first step, the state should survey all relevant departments and agencies to catalog existing workforce-related data collection mechanisms and to identify gaps and inconsistencies. Going further, the state could fund a survey of direct care workers to gather their firsthand experiences, insights, and recommendations for improving job quality. Clear, comprehensive qualitative and quantitative data would support the workforce investments outlined throughout this testimony. To note, the Access Rule highlighted above will require the State to comply with new data collection and reporting requirements for Medicaid-funded home and community-based services. It may provide an opportunity for proactive measures across the LTSS system.

**Conclusion**

This testimony has focused on the importance of investing in a comprehensive strategy to cultivate the direct care workforce that New Yorkers need. Elements of this strategy must include a livable wage, building a competency-based training infrastructure that provides stackable skills and credentials, and improving data collection efforts on behalf of New York's direct care workforce. Additional investments will be necessary to strengthen the direct care workforce, improve LTSS access and quality, and build a more equitable state. Given the Governor's omission of this workforce in her budget, it is imperative that the legislature act through the budget process to make necessary investments in these essential workers.

Recent federal policy changes will have an outsized impact on New York's direct care workforce. Federal Medicaid cuts will strain the state's budget, cause many to lose coverage (including nearly a third of direct care workers who rely on Medicaid for health insurance) and exacerbate recruitment and retention challenges. Immigrants comprise a whopping 65 percent of New York's direct care workforce and the loss of work authorizations, deportations, reduction in immigration into the country and fear will reverberate through the long-term care sector. The erosion of basic employment rights through the repeal of the fair labor standards act will remove overtime and minimum wage protections from many home care workers. The time is now for bold action to mitigate these impacts and to fully recognize and value the contributions of this vital workforce.

PHI stands ready to work with Governor Hochul and the legislature on these efforts. Please contact Amy Robins, Senior Director of Policy at arobins@PHInational.org or (718) 928- 2041.