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Amid a Financial Crisis, the OPWDD Advances a Reckless \$238 Million Budget Cut for Providers Supporting People with Developmental Disabilities

Before the Cut was Announced 41 Percent of Provider Organizations Had Less Than 30 Days of Cash on Hand Due to Significant COVID-19 Related Expenses and Chronic Underfunding from the State

The OPWDD Continues to Demonstrate a Troubling Lack of Empathy and Leadership for the People they are Charged with Protecting

Albany, NY – Amid a financial crisis, the Office for People with Developmental Disabilities (OPWDD) is advancing a reckless \$238 million budget cut (annualized), which will significantly impact the non-profit providers of residential services who have been on the front lines of caring for individuals with intellectual and developmental disabilities and will further disrupt non-profit providers ability to continue providing constitutionally mandated services and adapt to a post pandemic reality.

“The sector understands that we must be ready to adapt to a post-pandemic reality,” said Mike Alvaro, Treasurer of New York Disability Advocates (NYDA). “However, we urge the OPWDD to work with providers to identify solutions that will lead to a more efficient system rather than by exacting a pound of flesh from the critical non-profit providers when the State has already seen their budgeted expenses significantly decrease due to the pandemic. Advancing these cuts undermines, rather than supports a thoughtful transition to a more efficient system for people with developmental disabilities and their families across New York.”

Like many sectors throughout the state, non-profit provider organizations have been [devastated by the COVID-19 outbreak](#). Studies have demonstrated that people living with developmental disabilities were [more likely to contract the virus and face dire consequences as a result](#) of the virus. Despite these realities, OPWDD did little or nothing to provide additional resources to non-profit provider organizations during this pandemic.

“Non-profit provider organizations faced the pandemic after ten years of chronic underfunding from the state. Despite the lack of leadership from OPWDD, providers have stepped up to pay out millions of dollars to provide Direct Service Professionals with hazard pay and purchase PPE, while continuing to provide essential services to those that needed them,” said Seth Stein, the Executive Director for the Alliance for Long Island Agencies. “We have not been reimbursed

for any of those additional expenses, despite Federal funding provided to the state for this very purpose and are now faced with a draconian cut. Yet, state operated programs have annually received at least three percent increases, are slated for a five percent increase this year and are not subject to any of these cuts. The system needs equity.”

According to a recent survey conducted by the New York Disability Advocates (NYDA) in April, showed growing fiscal stress on the service delivery sector, which was already struggling.

- 41% of provider organizations have only 30 days or less of cash on hand—a 25% increase from the December 2019 NYDA Survey.
- Program revenue has decreased an average of 4.5% across the state, despite a significant increase in expenses, due to COVID-19.
- Over a recent two-week payroll period, providers had over \$14.3 million in additional staffing expenses related to COVID-19.
- In the six weeks from March 1 to April 15, providers had incurred over \$9.3 million in PPE expenses.
- Based on the OPWDD 2018 Certified Financial Report (CFR), data shows that that the average operating margin for the agencies surveyed was around 1.1%, a mere 4 days of operational funding.

“The fragility of the system, after more than a decade of underfunding, has been laid bare by this crisis,” said Tom McAlvanah, President of NYDA. “New York State non-profits provide the most cost-effective quality supports and services for 100,000+ New Yorkers—these supports include everything from every day activities like eating, toileting and getting out of bed to intensive care and rehabilitative supports and services—which are crucial for individuals with I/DD to live a life that most of us take for granted.”

The survey was conducted to understand the early impacts of COVID-19 on an already financial stressed system. The results demonstrate the damaging impact the public health crisis is having on critical services. In order for these provider agencies to remain fiscally viable, New York State must immediately provide additional support, funding, and authorize reimbursement for COVID-19 related expenses which have been incurred as a result of the pandemic.

New York State has a mandate to provide vital supports to residents with I/DD and depends upon the voluntary sector and the essential workers it employs to deliver more than 85 percent of these services.

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About New York Disability Advocates

New York Disability Advocates (NYDA) is a statewide coalition of seven non-profit provider associations encompassing more than 300 non-profits agencies providing vital services and support to more than 140,000 New Yorkers with intellectual and developmental disabilities. Unlike other sectors of the Medicaid program, provider organizations receive more than 90 percent of their funding from Medicaid, making their programs and the New Yorkers they serve extremely vulnerable to and disproportionately impacted by any reductions in state-provided resources..