

# OFFICE OF FISCAL ANALYSIS

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<http://www.cga.ct.gov/ofa>

sHB-5460

AN ACT CONCERNING MINIMUM EMPLOYEE WAGES FOR PROVIDERS OF STATE-CONTRACTED HUMAN SERVICES.

## **OFA Fiscal Note**

### **State Impact:**

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 19 \$</b>	<b>FY 20 \$</b>
Children & Families, Dept.; Department of Developmental Services; Mental Health & Addiction Serv., Dept.; Rehabilitation Services, Dept.; Social Services, Dept.	GF - Cost	See Below	See Below

Note: GF=General Fund

**Municipal Impact:** None

### **Explanation**

The bill will result in a cost to the Departments of Social Services, Children and Families, Developmental Services, Rehabilitation Services, and Mental Health and Addiction Services assuming the provisions of the bill are interpreted to require the aforementioned departments to increase contracts with private providers to accommodate a change in rate methodology to reflect a \$15 minimum hourly wage.

For the purposes of illustration, the following examples are provided:

*Department of Developmental Services (DDS)*

Assuming DDS increased provider reimbursement to accommodate an increase to \$15 per hour for Community Residential Services

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(funded out of DSS) and Employment Opportunities and Day Services there will be an increase in program costs of approximately \$31.4 million and \$13.9 million respectively.<sup>1</sup>

*Department of Social Services (DSS)*

Assuming DSS increased General Fund supported provider contracts to accommodate an increase to \$15 per hour, there will be an increase in costs of approximately \$14.7 million.

***The Out Years***

The annualized ongoing fiscal impact identified above will continue into the future subject to changes in rates and the corresponding impact to contracted services.

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<sup>1</sup> Based on FY 17 DDS Annual Provider Cost Reports.