

CLI Incorporated

Testimony on SFY 24/25 Operating Budget

House Finance Committee

Chairman Edwards, Vice Chair LaRe, Ranking Member Sweeny, and esteemed committee members,

My name is John Schwartz and I am the Chief Executive Officer for CLI Incorporated, a nonprofit business headquartered in Norwalk Ohio. CLI's primary mission is to increase the earnings, status, and quality of life of people with Developmental Disabilities (DD). CLI has two secondary missions: to increase community resources available to all local citizens and to increase the earnings and status of the direct care staff to support people with DD. CLI primarily provides employment and non-vocational day services as well as a non-medical transportation. Per Ohio Administrative Code, CLI provides as many of these services in meaningful, community-integrated settings as funding allows. The majority of our services are paid for through the home and community-based waiver program administered by the Ohio Department of Developmental Disabilities (DODD).

I am supportive of the budget initiatives outlined by Governor DeWine and Director Hauck for DODD. The changing labor landscape and accompanying shortage of workers, including direct support professionals (DSP) threatens our ability to provide the critical supports on which people with DD and their families rely. Unfortunately, funding has not been properly allocated to support private provider agencies like CLI and the direct care employees who provide the direct services to people with disabilities. This was true 10 years ago and it's even more desperately true today. The current waiver service reimbursement rates only support direct care wages of approximately \$13/hour with very low overhead costs. These low wages mean that it's always been hard to recruit enough qualified staff even during times when other fields were not struggling with recruitment. At this time qualified applicants can go almost anywhere and find an easier job that pays \$20/hour with better benefits, particularly public employment positions with county and state agencies.

Ohio's laws do not permit county agencies to provide direct services to adults with DD. This means that Ohio is wholly dependent on private providers. All DD service providers— or non profit for profit— are businesses. If you don't have employees to provide services and/or you spend more money than you make— you go out of business. It's just math. CLI has had to increase direct care wage rates above what the waiver reimbursement rates fund in order to retain employees. This is unsustainable and CLI has been operating at a deficit for the past 2+ years. I believe our experience is shared by other day service providers. We are currently trying to liquidate real estate assets to stay ahead of cash flow while Ohio sorts



this out, but eventually we will run out of cash and go out of business unless the reimbursement rates dramatically improve.

CLI is just one provider. If we go out of business, individuals and their families are free to pick another provider– if there is another provider to choose from and/or those other providers employ enough staff to expand their caseload. Furthermore, the services are only as good as the staff that are facilitating them. What outcomes do we expect if the experienced employees in the DD field are only overworked only to earn 65% of the starting competitive wage anywhere else? If the families of people with DD don't have the support they need, then that family's only choice will be to seek an institutional placement for their son, daughter, brother, or sister (which will cost Ohio more money per capita) or have someone in the family stay home to provide the services necessary. The solution to finding more employees is not to encourage more people not to participate in the workforce

The Governor's proposed budget initiatives, guided by the leadership of Director Hauck, is a great foundation to reinforce and rebuild the services provided by CLI. We encourage this subcommittee to approve the Governor's budget proposal for DODD and to invest additional dollars into these vital services to raise direct support professional wages to at least an average of \$20.64. This investment will help us recruit and retain the workforce needed to continue to provide our quality services.

With your leadership, together we can ensure these services are available to the Ohioans that so greatly need them! Thank you again, for the opportunity and privilege to bring my concerns before you and if I can ever be of any help in this process, please let me know.

Sincerely,

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