

CLI Incorporated

Testimony on SFY 24/25 Operating Budget

Senate Medicaid Committee

Chairman Romanchuk, Vice Chair Wilson, Ranking Member Ingram, and esteemed committee members,

Thank you for the opportunity to testify before you today.

My name is John Schwartz and I am CEO of CLI Incorporated, located in Huron County, Ohio. CLI provides employment, day, and transportation services through the home and community-based waiver program administered by the Ohio Department of Developmental Disabilities (DODD). All of us at CLI are proud to provide essential services to more than 70 Ohioans with intellectual disabilities.

I support the budget initiatives outlined by Governor DeWine and Director Hauck for DODD and I appreciate the additional investments adopted by the House of Representatives in House Bill 33. The changing labor landscape and shortage of workers threatens our ability to provide the critical supports on which people with DD and their families rely. Necessary funding has not been sufficiently allocated to support private provider agencies like CLI 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 dictate that Ohio is wholly dependent on private providers like us. Simple business fundamentals mean that if we don't have employees to provide services and/or we spend more money than we make— we go out of business. It's just math. CLI has to pay our employees more than \$4/hour than the current waiver reimbursement rates fund in order to keep those employees. This is unsustainable and CLI has been operating at a deficit for the past 2+ years. 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.

House Bill 33 as passed by the House is a great foundation to reinforce and rebuild the services provided by CLI.. We encourage this committee to support the House's version of H.B. 33 as it pertains to DODD



appropriations. Further, we encourage the Senate 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,

John Schwartz, CEO

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