Testimony to House Appropriations Committee
On Fiscal Year 2017 Budget Adjustment
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Vermont Care Partners represents 16 designated and specialized services agencies (DA/SSAs) that meet mental health, developmental disability and substance use disorder needs of Vermonters. We appreciate the willingness of the House Appropriations Committee to consider our request for $446,801 in total funds to cover expenses related to the Department of Labor overtime rule.

We fully understand that the State has limited fiscal resources and may not be able to fund this request. However, given the fiscal challenges of designated and specialized service agencies we feel it is important to make this request to see if there is any way to cover these new expenses and reduce the added burden that the proposed rule created.

Had the rule gone into effect the expense to designated agencies would have been $4.97 million. Because it would have required that most of our staff who earn less than $47,476 to receive over time pay. That salary level cut off to receive overtime in the past was approximately $23,000. Fortunately, a Texas Court ruling blocked the anticipated December 1, 2016 implementation of the rule on November 22, 2016.

We have been communicating with both our congressional delegation and state government about the potential impact of the rule for over a year. Last summer Commissioner Hutt requested that we use a specific format used in other states to calculate the costs of the proposed rule. That format required us to divide potential expenses into 4 categories: overtime, increased staffing, salary increases and salary reductions.

Our approach to the rule was a very conservative and responsible one without any assumption that state government could or would cover the new expenses associated with the rule. Primarily, we planned to reduce overtime work, particularly by restricting working after hours, on-call services and the practice of completing paperwork during evenings and weekends.

There are several reasons why DA/SSAs are raising this concern more than other health and human service providers:

- **DA/SSAs have over 3,000 staff earning below the new overtime limit of $47,476**
- **There are 400 vacant positions in the system of care – which requires other staff to work overtime to fill in**
- **Thousands of DA/SSA clients receive 24/7 care and need ongoing supervision**
- **Over 5,000 Vermonters receive crisis services on a 24/7 basis**
- **Our staff are deeply committed to their work and as such don't work within strict hour limits**

Since the overtime rule did not go into effect we have been asked why we had any expenditures at all. The answer is that most agencies developed new staffing patterns with pay raises to staff whose salaries were close enough to the $47,476 level that it was most cost effective to raise their salaries instead of paying overtime. Additionally, agencies had a payroll schedule with December 1 falling within the payroll for November 20 to December 3. November 22 was too late to roll back the pay raises. Additionally, rolling back announced pay raises for employees could have had a devastating

effect on moral and contributed to increased worker turnover on top of the already high rate of 26.3%.

The DA/SSAs worked very collaboratively in developing strategies to minimize the impact of the DOL rule. Each agency took a unique approach and was fully aware of the strategies of other agencies. Three agencies had not given pay raises on November 22nd and have no unanticipated expenditures related to the rule. All agencies have agreed that if the funds are appropriated, they should be distributed based on individual agency expenditures rather than spreading the resource equally or equitable across the board.

Thank you for considering this testimony. I am glad to respond to questions.