

THE DOL'S OVERTIME EXEMPTION RULE

Tough choices for providers

In 2016, the Department of Labor finalized a rule that significantly raises the salary threshold under which certain currently exempt employees must be paid overtime. Though a modernization of the threshold was overdue, the substantial increase does not come with additional funding, putting Medicaid-funded providers of services to people with disabilities, and the workforce that supports them, in a serious financial crisis.

By raising the threshold for exempt, salaried workers, the rule seeks two outcomes:



**More MONEY
for workers**

OR



**More off-duty TIME
for workers**

Option 1: Pay additional overtime
Ex: \$35,000/yr + 45 hrs/week =
↑\$6,563/yr

Option 2: Inc. salary to new threshold
Ex: \$35,000/yr → \$47,476/yr =
↑\$12,476/yr

Challenge: Private providers of IDD services do not have the ability to generate additional funds. They rely on state legislatures to set rates which are matched by the federal government. Any salary increases for one set of workers will take away from others, including Direct Support Professionals, who are already among the lowest-paid, though most needed, workers in the country. Services, hours, and turnover rates will be impacted, resulting in quality of care issues.

Option 3: Forbid/restrict overtime
Ex: 45 → 40 hrs/wk = ↓ 260 hrs/yr
50 → 40 hrs/wk = ↓ 520 hrs/yr

Challenge: Due to inadequate funding that keeps compensation low, providers currently experience extremely high vacancy and turnover rates. Hiring additional workers to replace these lost hours is an ongoing challenge and impacts quality of services.

Option 4: Adjust base wage to reflect expected OT to remain cost-neutral

Challenge: This scenario neither raises pay nor provides additional off-duty time for the worker. Additionally, disability services are not on a "9 to 5" schedule. Life-threatening emergencies create unpredictability in schedules.

For providers that receive nearly 100% of their funding from Medicaid, there are no good options!

Without additional **MONEY**, providers have no choice but to reduce **TIME** worked by employees, leaving gaps in **SERVICES** provided, causing **QUALITY** to suffer. Providers need funding to support their workers!

Providers already struggle to hire enough qualified workers to ensure continuity of care and quality services for people with intellectual and developmental disabilities. **As regulatory requirements increase, the strain caused by inadequate funding also increases**, leaving individuals who most need services at risk of institutionalization, lack of services, or worse.

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