

Oppose Prevailing Wage for Non-Profit Projects

A.1261 (Bronson)/S.1947 (Ramos)

LeadingAge New York opposes legislation, which was included in the one-house budget, that would impose public works “prevailing wage” requirements on most types of private sector projects receiving any level of financial support from state or local entities, including bond issuances, grants, tax abatements and other government assistance. Prevailing wage requirements could increase labor costs by 25 percent or more, thereby increasing overall construction project costs by 15-20 percent for many types of projects that would be affected by this expanded wage mandate.

Several of our not-for-profit member organizations have been awarded state grants or utilized state or local government financing programs and/or real property tax abatements to expand or upgrade the services they provide to elderly New Yorkers, including nursing homes, assisted living, housing and senior communities. Even when “the state or public entities” provide relatively small amounts of financial support – such as being able to offer a lower interest rate or lower fees on a borrowing – this legislation would deem the project a public work and make it subject to prevailing wages. With no additional funding provided for in this legislation, the cost of this 15-20 percent “construction tax” would ultimately need to be passed on to seniors and their families.

Private sector projects funded under state grant programs such as the Statewide Health Care Facility Transformation Program, which are aimed at expanding services and enhancing quality for all New Yorkers regardless of payment source, would have more limited reach, as the costs of individual projects will significantly increase. This will adversely affect access to health services for New Yorkers of all ages.

Economic development and state finances will also be negatively impacted. Continuing Care Retirement Communities (CCRCs) – campus-based residential programs for seniors – are a great case in point. Collectively, New York’s 12 CCRCs generate \$500 million in economic activity to the state each year and directly/indirectly support over 2,000 jobs. Residents invest their resources in the CCRC for their residential and health-related needs, which obviates the need to rely on the state/local-funded Medicaid program to cover such costs. Based on New York’s senior population, we should have 6-7 times the number of CCRCs we have now. High development costs are to blame, and seniors are leaving New York to access CCRC services in other states.

Independent Senior Housing Retirement Communities will also be negatively impacted. Senior housing offers privacy and independent living in buildings that are safe, well-maintained, and that foster a sense of community amongst their residents. Many are architecturally designed to address some of the physical limitations that an aging adult may face. Many are equipped with 24-hour emergency call systems and have staff on site to assist in a variety of activities which may include meals, transportation, housekeeping, social activities, counseling, recreational programs, daily visits or telephone reassurances. It is important that we protect these models from costly mandates that will raise living costs for seniors and diminish access to these independent living options.

In addition to our overall concerns, we note that this legislation would take effect immediately. As such, it is unclear whether this legislation would affect projects that have already been awarded grants (and were predicated on cost estimates not reflecting prevailing wages) or are already in the process of financing. If so, this could seriously and unfairly disrupt and possibly prevent such projects from moving forward. Not-for-profit aging services providers must be exempt from prevailing wage.

For these reasons, LeadingAge New York opposes A.1261 (Bronson)/S.1947 (Ramos) and insists that it not be included in the SFY 2019-2020 Budget.

LeadingAge New York represents over 400 not-for-profit and public long-term care providers, including nursing homes, home care agencies, senior housing, retirement communities, assisted living, adult care facilities, adult day health care and managed long term care.