



We Make Rhode Island Happen

MEMO TO: House Finance Committee Members

MEMO FROM: J. Michael Downey, President, RI Council 94, AFSCME, AFL-CIO
Jason Kane, President, Local 1293, RI Community Living & Supports
Alexis Santoro, Esq., Executive Director
Jim Cenerini, Legislative Affairs/Political Action Coordinator

DATE: July 30, 2020

RE: Oppose RI Community Living & Supports Privatization

RI Council 94, AFSCME, AFL-CIO respectfully requests that the House Finance Committee *reject the proposed privatization* of the Rhode Island Community Living and Supports (RICLAS) 25 group homes/apartments contained in the FY 2021 BHDDH Budget and Article 3, Section 10.

Local 1293 represents 200 Community Living Aides, Dieticians, Home Supervisors, and Coordinators of Community Residential Living Services.

Various proposals regarding the privatization of RICLAS have been considered in the last several years. Council 94 is grateful that with the support of the House Finance Committee, RICLAS continues to provide the highest level of service and care to over 120 residents with developmental disabilities.

Council 94 opposes the RICLAS privatization for the following reasons:

1. **COVID-19-RICLAS Resiliency**-During this nationwide pandemic, RICLAS was impacted by Covid-19. Over 25 RICLAS employees and approximately 23 RICLAS residents contracted COVID. Most RICLAS employees returned to work as soon as they recovered. Additionally, RICLAS staff supplied supplemental staffing to the Smithfield Commons Group Home to help provide care to private group home residents who contracted COVID. It is important to note that throughout the pandemic, RICLAS staff turnover has remained low.
2. **Negotiations Instead of Privatization**- In 2015, Gerard O'Neill, Esq., former Executive Director of Council 94, negotiated a reorganization agreement with BHDDH, which was estimated to save \$2 million dollars. BHDDH never implemented the provisions of the agreement. A copy of the agreement is attached to this memo. Council 94 remains ready and willing to negotiate cost savings measures instead of RICLAS closure.
3. **Compliance with Master Contract Article 32 and RIGL 42-148-Privatization of State Services** - Council 94 received a letter that the State was proposing RICLAS Privatization March 12, 2020. While Council 94 has requested to meet/negotiate with the state, the pandemic intervened.

Consequently, it appears that the Pre-Closure analysis required by RIGL 42-148-3, has not been conducted; Requests for Proposals (RFPs) have not been issued; and in-house bid has not been completed. Council 94 maintains that accomplishing all the activities outlined on page 231 of the House Fiscal Staff's FY2021 Budget Analysis and the transfer to private providers is highly unlikely, if not impossible.

4. **Projected Savings Questionable-** While the RICLAS privatization proposal projects approximately \$1.9 million general revenues and \$5.6 million all funds of savings, they may not materialize.
 - a. 63 Local 1293 members have statutory status, which if their jobs are eliminated, have the right to remain in state service in a comparable/lessor position without loss of salary.
 - b. The expenditure of \$1 million dollars for a privatization consultant would qualify as a transition cost and dramatically reduces the projected savings. (HFA FY 2021 Pg. 231)
 - c. Council 94's contract, which contains provisions that when layoffs occur, more senior employees can bump less senior employees for jobs they are qualified to perform, would incur considerable time and expense. BHDDH appears to not account for expenses pertaining to bumping and/or unemployment claims from displaced workers.
 - d. If there is another round of Federal economic stimulus, the state may recoup less funds if an enhanced Medicaid match is provided.
5. **Unwise to Eliminate Middle Class Jobs-** According to Rhode Island's Department of Labor & Training and the Bureau of Labor Statistics, Rhode Island's Unemployment rate is 12.4%. Thousands of Rhode Islanders have lost their jobs during the pandemic.

Governor Raimondo admirably launched a \$45 million "Back to Work RI" job re-entry training program. Council 94 maintains that eliminating 200 middle class jobs would be extremely ill advised.

Council 94 appreciates the pressure placed upon House Finance Committee members during these trying times. We urge the House Finance Committee to reject the privatization proposal; continue RICLAS's service delivery to residents; and preserve two hundred middle class jobs.

###