

Chairman Abney and Members of the House Finance Committee,

As the Director of the Alliance for Nonprofit Impact at United Way of Rhode Island, **I am writing in support of Governor’s proposed Medicaid rate increases for “Social and Human Service Programs” in Article 9, Section 5 of the FY25 Budget Bill (H7225), and to urge the General Assembly to ensure that state contracts with all social and human service programs include market rate wages for providers.**

The state depends on community-based organizations to provide essential services, like Early Intervention, and nonprofit staff are dedicated and professional in meeting the needs of their communities. But government contracts that do not provide for market rate wages create critical staffing shortages that lead to long waiting lists and delayed services that have long-lasting impacts on Rhode Islanders.

In the **2023 Rhode Island Nonprofit Survey** of 330 nonprofits, more than half (53.3%) of responding organizations that tried to hire in 2023 had vacancies over 3 months, and 14% had vacancies lasting more than 6 months. The most frequently cited reason for these vacancies was compensation levels (53.2%). One third of organizations also cited an overall lack of qualified workers in Rhode Island, which may also be related to compensation, since it is easy for skilled workers to commute to Connecticut and Massachusetts where wages and reimbursement rates are higher.

Inadequate wages create unsustainable turnover: at almost one in five organizations (18.0%), **over half of the staff** has been with the organization for less than two years. This staff turnover comes with a tremendous loss of institutional knowledge and expertise, and reflects the fact that many staff have decided to leave the sector entirely. Thirty nine percent of organizations in the survey have had staff decide to leave the sector entirely, and 52% have staff who are considering doing so.

One organization in the survey said, “We need to be able to offer higher pay rates for direct services staff due to the stress and demand on their time. It's hard to maintain staff through burnout and fatigue if they cannot support their families without taking on additional employment. We have had staff homeless, lose use of vehicles due to lack of funds, etc.”

In some nonprofit organizations, staff who work supporting Rhode Islanders who are eligible for assistance programs make salaries low enough that they qualify for the same programs.

Rhode Island’s nonprofit staff, and the communities who depend on them, deserve better. That is why I urge you include the requested Medicaid reimbursement rate increase for not only Early Intervention staff, but for all human services staff working under state contract.

Thank you,

Nancy Wolanski
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