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## OPINION

# Hike the Minimum Wage? Show Me How

*An increase to \$10.10 will lead to cutbacks in my nonprofit's services to people with disabilities.*

By ROBERT STACK

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The debate over increasing the minimum wage might seem inconsequential to many Americans. After all, no one would dispute that those employees currently earning the minimum wage constitute less than 2.9% of the total U.S. workforce. One side of the argument talks about fair pay; the other focuses on the potential damage to employment and the economy.

As the head of a national nonprofit organization celebrating 25 years of supporting thousands of people who have severe developmental disabilities, I thoroughly endorse raising the minimum wage to the proposed \$10.10 per hour for our thousands of employees who provide this care—with an important caveat. Show me where to find the money.



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The majority of my 2,045 direct caregivers make around \$8 per hour. Add to this amount fringe benefits such as health-care insurance, overtime and other insurance, and you've got \$9.80 per hour. Our national budget is close to \$100 million. The majority of our revenue is derived from Medicaid billable hours for the people with severe disabilities that we help. Over the past quarter of a century, our organization has essentially broken even—which is the point of a nonprofit. There are many times when we run into a deficit; this is why we fundraise. If we ever have excess income, it is used to develop additional facilities to meet some of the

needs of the national waiting list for housing for people with disabilities. There are more than 500,000 people on the list.

If President Obama's advocacy for increasing the minimum wage succeeds, without a calibrated increase in Medicaid rates, we would be forced to shut down in most of the states where we pay \$8 an hour. Why? Because the increase would add \$3.1 million to our costs. Monday-morning managers who suggest that I cut executive staff are off base. Even if my executive staff works for free, that would still not cover the cost. We'd have to pull out of states like Texas, Kentucky, Tennessee, New Mexico and South Carolina, and we'd never open in Mississippi, where we know that our organization's services are much needed. Other states in which we operate, such as New York, New Jersey and Pennsylvania, will see services

compromised, as there are caregivers we now employ who will gravitate toward other industries, like food and hotels, where the pay will be higher.

This is not some political argument. This is the reality of our situation and that of many other nonprofits. We are highly regulated to provide documented care. We aim to do a great job, but that will be difficult to accomplish if we have to compensate the majority of our workforce with a 25% increase.

We serve people, not burgers. If the minimum wage is increased, we cannot pass the added cost onto our customers. Paradoxically, our customers are for the most part indigent. The federal and state government picks up their tab. Government sets the rates, not the nonprofit, and if we can barely make it now, I don't know how anyone expects us to do this without a rate adjustment. Yet Medicaid spending is already an enormous part of the federal budget, and an increase to address this problem seems unlikely. What should I tell the families and the people with disabilities in our care?

*Mr. Stack is president and CEO of Community Options.*

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