



New York State Association of Community & Residential Agencies

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**2004 Economic Value Study of
Community Residential
Supports & Services**

Executive Summary

***Good Neighbors and Good for the
Communities Where They Live***

Background

At the NYSACRA Annual Policy Forum in April 2003, not-for-profit agencies voiced strongly that the 1998 Economic Value Study should be updated. The study demonstrated the significant contribution group homes for people with developmental disabilities provide to the local community and their noteworthy positive impact on the economy and job creation. As voluntary not-for-profit providers, NYSACRA members know the extraordinary benefits of providing services and supports to people with developmental disabilities in the community through individual home, day, clinic, and respite services. This study does not examine those obvious benefits to people with developmental disabilities, but examines the positive economic value of operating residential programs to the surrounding community. NYSACRA commissioned the Evaluation Consortium at SUNY Albany to revise the study using 2000-2001 data and provided a comparison between the 1994-1995 results and the 2000-2001 results.

Purpose

NYSACRA is presenting this study, conducted by the Evaluation Consortium at the University at Albany, as a demonstration that community residential settings make a significant contribution to the local economy, including job development as well as providing needed housing and support to people with developmental disabilities. The study is a valuable resource to people that are concerned about the negative perception of persons with developmental disabilities living in group homes in their community. The idea that people with disabilities and the group homes where they live are a drain on resources is completely dispelled by this study. Community residential options for people with disabilities do not deplete municipal resources but make a *significant* contribution to the local economy and to the state as well.



This study examines expenditures of group homes for individuals with developmental disabilities in a community setting and the resulting impact on the local economy. Local expenditures were defined as those costs resulting from the establishment, operation and maintenance of a group home, of which a significant portion would stay in the community's economic base. "Local" was defined as within a 40-mile average radius of the program site, with a range of 2 miles in New York City and up to 75 miles for rural settings. The "definition" of local was obtained through a validation survey of NYSACRA members. Seven categories of local expenditures were established: employee costs, building and renovation costs, utilities, transportation, retail purchases, equipment supportive of residents, and other than personal service costs.

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Why is This Study Important?

As community integration continues, some of the old myths still linger regarding development of community living situations for people with developmental disabilities. This study will show municipalities and community leaders the positive economic impact due to the purchase of and operations of homes and apartment settings by not-for-profit agencies. We believe that community residential programs have a positive impact on the local economy.



Findings

- The study, utilizing the NYS Department of Economic Development's economic multiplier for health services of 2.01, found that residential program sites had over a \$2.5 billion impact statewide in New York.
- The money infused in the local economy for residential settings comes from state and federal Medicaid dollars that does not require a local share.
- The study showed community residences reported \$966 million expended on employee costs demonstrating that group homes are a major employer in the community. In fact, numerous new jobs have been created in communities across New York State.
- The study found that \$178 million was spent locally on retail items recognizing that not-for-profit agencies purchase major goods at local stores, shops and businesses.
- \$87.3 million is spent in New York on the maintenance and upkeep of group homes in the communities – this is a high priority for New York State and for not-for-profit providers.
- This study proves that community residential programs for the developmentally disabled not only provide a needed service but are also a major economic contributor in the local community, i.e., providing jobs and buying goods and services locally.



- The study demonstrates to municipal officials and community leaders that community residential homes for the developmentally disabled significantly drive the local economy through their local purchases and business activity.
- Residential group homes are an active partner in growing the local economy through new jobs, wages and benefits that are provided.

What are the Total Reported Expenditures?

A total of 3,197 residential programs/sites provided fiscal reports to the NYS Office of Mental Retardation and Developmental Disabilities (OMRDD) pertaining to community and residential services from fiscal years 2000-01 for New York City and 2000 for the rest of New York State.

- \$2.38 billion or 95% was considered local expenditures.
- Staff employed in community residences represent 78% or \$966 million showing that community residences provide job opportunities in the community.

How is the State Economic Multiplier Utilized?

Using the NYS Division of Economic Development's economic multiplier effect of 2.01 percent for health services, the reported economic impact of maintaining residential programs/sites was over \$2.5 billion statewide. Of that, \$2.38 billion (95%) remains within the local economy where the programs are located.

- The basis for the multiplier is quite simple: one person's income becomes that person's spending, which becomes someone else's income, becoming that person's spending, and so on. The same could be said of products being utilized by an industry. An example is: A direct support professional working in a group home on Maple Ave earns a paycheck. They shop at the local store and pharmacy and buy a car at the local automobile dealer, spending their disposable income. The store/pharmacy/auto dealer also takes home a paycheck based on the spending at their place of business. This is "reinvested" in the local economy too. Hence, the multiplier effect.
- Not-for-profit agencies providing community residential programs also purchase food, clothing, household supplies, pharmaceutical and health supplies from local retailers. This in turn supports other jobs and further stimulates the economy.
- Not-for-profit agencies providing community residential programs shop for services on a local level. For example, snow plowing, garbage removal, contracting, etc., are sought locally and supported economically through contracts with the local service providers.

What is the Impact by Expenditure Type in 2000-2001 fiscal year?

The distribution of the \$2.38 billion reported as impacting the local economy is as follows: *(Note: Figures are with the NYS DED multiplier effect applied)*

- **Personnel** Represents 78% or **\$1.86 billion** of total expenditures.
- **Retail Purchases** is 8% or **\$190 million**
- **Building And Renovation** is 7% or **\$167 million**
- **Transportation** is 3% or **\$71million**
- **Utility Services** is 2% or **\$48 million**
- **Equipment** is 1% or **\$24 million**
- **Other Than Personal Services** is 1% or **\$24 million**

What is the Burden Locally when Medicaid Funds are involved?

The State reimburses counties for their share of almost all of the OMRDD Medicaid services provided in New York. Over the past couple of years local governments have had increased concerns over the rising cost of their local share of Medicaid. In New York State, counties are responsible for providing public assistance to needy persons residing in their boundaries through several programs. For the Medicaid program, the federal government pays one-half of the cost, the state pays one-quarter of the cost and the remaining quarter is paid by the local governments (counties).

However, for individuals with developmental disabilities residing in certified community residential programs, not only is the cost of the residential program reimbursed to the county, but any Medicaid cost associated with the individual is also reimbursed to the county. So any medical, clinical, pharmaceutical, and program service that the individual receives and is funded by Medicaid is reimbursed to the county from New York State funds. This essentially eliminates the individual from any cost or burden to the county.

Summary Observations:

People with developmental disabilities have come a long way from a largely segregated existence to meaningful lives in the community. A vital network of community services exists through the voluntary not-for-profit sector that supports people with disabilities in homes and jobs of their choice. These services enrich the lives of people with developmental disabilities, their families and the communities in New York State.

NYSACRA presents the 2004 study, "Serving Persons with Mental Retardation and Developmental Disabilities: The Impact of Residential and Community Facilities on the Local Economy," to dispel the myths about community living situations for people with developmental disabilities. The study emphasizes local expenditures in seven particular categories to show the impact community residences have on the local economy. This study proves that community residential programs have a significant positive impact on the local economy, providing jobs throughout municipalities and counties and stimulating local commerce with a large infusion of state and federal dollars.

Users of the study can show actual numbers, by county, DDSO, or statewide, to illustrate the local impact of community programs. This study can be used as a tool with legislators, municipal officials and community leaders to convey that community residential programs employ significant numbers of local people and expend sizeable dollars in their communities, while serving local people with developmental disabilities who previously lived in those same local communities.

Visit the NYSACRA website for a PDF copy of this study:
www.nysacra.org/nysacra/econvalue04.pdf

For information about this study please contact:

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