

Hi Leah,

We reviewed the DHS spreadsheet with the LTCI group to get a more thorough understanding of the data that was shared with the Board by DHS at the last meeting. Some overall thoughts and questions to point out:

- It appears that one of the reasons for the relatively low numbers is an assumption of rather robust assumption about forecasted wage growth that offset much of the cost of the new standards. I'm not seeing the percentage used every year, but the 4.78% used for '26 and '27 has a big impact on the cost of the standard. We understand that none of us can predict the future with total accuracy, and also that you don't have "ranges" on a fiscal note, but it would be interesting to see what a 3 or even 3.5% assumption would do because the difference would likely be millions.
- I believe Peter stated that the response to wage compression is not part of the estimates (and as a result the final cost figures), but it is a real cost and will happen and will have an impact on future rates. I acknowledge the difficulty in estimating that impact, but the fiscal note is artificially low without it.
- It seems that the way the '26 and '27 cost estimates is that there is an assumption that the standards were applied on top of a forecasted increase that takes place on January 1. This assumption doesn't match current provider practices, which in many cases do increases on anniversary dates or on another date such as July 1 or October 1. As a result, I think that your "forecasted change in salaries for staff impacted" is much as twice as large as it should be, because the standard will require an increase on January 1 when it otherwise may not have occurred until later in the year.

From the Wage Floor Calculation worksheet, further information on the calculations is needed.

- For the first two rows, it would be very helpful to have the average base wages from 2023 that are used and then the percentages and subtractions applied etc. Is it possible to be provided that information.
- For the third row, I'm assuming DHS must have modified the workforce incentive wage spreadsheet that was handed out in January. Is it possible to view that information.

	LPN	TMA	CNA	Cook	Dietary Aide	Hkpg	Laundry*	Act Aide	Total
Floor base rate of pay	\$ 27.00	\$ 23.50	\$ 22.50	\$ 19.00	\$ 19.00	\$ 19.00	\$ 19.00	\$ 19.00	\$ 21.99
<b>Average base rate of Pay 10/01/25 (2023 WFIG application data inflated to 2025)</b>	\$ 28.81	\$ 22.18	\$ 22.73	\$ 21.69	\$ 18.14	\$ 18.83	\$ 18.83	\$ 18.90	\$ 21.69
<b>Average change in pay to bring to floor (2023 WFIG application data inflated to 2025)</b>	\$ 2.10	\$ 1.86	\$ 2.01	\$ 1.09	\$ 1.96	\$ 1.67	\$ 1.67	\$ 2.37	\$ 2.00
Forecasted operating percentage for staff Impacted	4.78%	4.78%	4.78%	4.78%	4.78%	4.78%	4.78%	4.78%	4.78%
Forecasted change in salaries for staff Impacted	\$ 1.38	\$ 1.06	\$ 1.09	\$ 1.04	\$ 0.87	\$ 0.90	\$ 0.90	\$ 0.90	\$ 1.04
Increase in wages above forecast for staff Impacted	\$ 0.73	\$ 0.80	\$ 0.93	\$ 0.06	\$ 1.09	\$ 0.77	\$ 0.77	\$ 1.47	\$ 0.96
Percentage of increase in wages above forecast for staff impacted	2.52%	3.62%	4.09%	0.26%	6.03%	4.07%	4.07%	7.76%	4.44%
Total 2022 cost report hours	4,837,591	2,114,299	15,157,400	1,760,997	4,547,773	2,564,562	838,441	2,097,428	33,918,491
<b>Percentage of staff impacted by the floor (based on 2023 WFIG Sample data staff counts)</b>	10%	42%	52%	17%	98%	59%	59%	58%	51%
# of hours impacted by the floor	496,834	892,223	7,893,954	299,369	4,477,334	1,518,730	496,524	1,215,332	17,290,299
Supplemental wage factor (Average pay of 2023 WFIG compare to 2022 Cost Report inflated to 2025)	1.10	0.65	1.19	1.07	1.13	1.12	1.12	1.26	1.15
Taxes & benefits percentage (2022 cost report wage based taxes & benefits compared to all salaries)	11.33%	11.33%	11.33%	11.33%	11.33%	11.33%	11.33%	11.33%	11.33%
Total wage related costs for staff impacted	\$ 441,640	\$ 516,752	\$ 9,734,686	\$ 20,317	\$ 6,176,127	\$ 1,448,146	\$ 473,447	\$ 2,507,474	\$ 21,318,589

Thanks, Katie

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