New York State Comptroller
THOMAS P. DiNAPOLI

Office for People With Developmental Disabilities

Incentives for Non-Profit Service Providers' Recruiting and Retention Efforts

July 2026 | Report 2023-S-44

Prepared by the Division of State Government Accountability

Audit Highlights

Objective

To determine whether the Office for People With Developmental Disabilities (OPWDD) provided adequate oversight of non-profit service providers' use of funding to recruit and retain direct support professionals. The audit covered various workforce stabilization initiatives with different funding sources, such as federal and State, administered by OPWDD during the period from April 2021 through March 2025, as well as OPWDD activities related to those initiatives through December 2025.

About the Program

In New York, there are approximately 127,000 people—34% of whom are children—with developmental disabilities, including intellectual disabilities, cerebral palsy, Down syndrome, autism spectrum disorders, Prader-Willi syndrome, and other neurological impairments. OPWDD is responsible for coordinating services for individuals with developmental disabilities, providing long-term care such as habilitation and clinical services, as well as residential support services, for over 40,000 people, primarily in community settings. Additional support services include family care, employment support, and vocational training. OPWDD provides services directly through its 13 Developmental Disabilities Services Offices, and through a network of over 500 non-profit service providers (hereafter referred to as Providers).

An integral part of OPWDD's service delivery system is its over 110,000 direct support professionals, who are the backbone of the service delivery system, in the field every day helping people with developmental disabilities live independent and productive lives. However, a shortage of direct support professionals, nurses, and clinical staff that was worsened by the COVID-19 pandemic has affected its ability to provide the necessary and quality services to support people with intellectual and developmental disabilities and their families. Significant staff shortages have caused many Providers to close programs or reduce operations. According to the National Core Indicators Staff Stability data for 2020, New York's turnover rate for direct support professionals averaged 36%, and vacancy rates ranged from 17% for full-time positions to 21% for part-time positions within OPWDD's system. To address these concerns, OPWDD issued several bonuses and supplemental one-time payments and enacted State budget cost-of-living adjustments (COLAs) to help Providers retain and recruit direct support professionals. Federal funding through the American Rescue Plan Act (ARPA) allowed OPWDD to make investments in the direct support professional workforce. OPWDD's ARPA spending plan offered four main incentive payments for direct support professionals, including: COVID Service Incentive (for those employed at least 90 days between March 17, 2020 and September 1, 2021 and on the date of payment distribution), Vaccination Incentive (for being fully vaccinated against COVID-19 and employed on the date of payment distribution), Longevity Incentive (for those employed during State fiscal year 2020–21 and through September 2021 and on the date of payment distribution), and Retention Incentive (for those employed at some point during State fiscal year 2021–22 and on the date of payment distribution). Additionally, outside of ARPA funding, to further stabilize its Provider workforce, OPWDD offered a one-time Direct Service Retention Bonus (Retention Bonus) and in recent years, the annual State budget included a provision for OPWDD, among other agencies, to establish a fiscal year COLA to address the effects of inflation on rates of payment, contracts, and any form of reimbursement for their programs and services. Starting in fiscal year 2024–25, the budget language specified the use of COLA for a targeted salary increase of 1.7% for certain eligible employees, including direct care staff. According to OPWDD, as of September 2025, it had paid out $1.5 billion in ARPA workforce stabilization initiatives to 395 Providers and $148.4 million in Retention Bonus payments to 312 Providers.

Key Findings

Certain weaknesses in how OPWDD oversaw various incentive payments resulted in inconsistent distribution of these payments to direct support professionals, which could work counter to the bonus and incentive programs' intention to retain and recruit this critical workforce sector. While OPWDD has established some processes to monitor select incentive programs (generally those funded with ARPA monies), in some cases, ineligible direct support professionals received payments they were not entitled to, and some eligible individuals did not receive payments. For example:

- We identified five employees who were eligible for Retention Incentive payments but did not receive them. Based on the Providers' data, these employees collectively could have received $8,363 in total payments.
- One Provider made a $1,667 Retention Incentive payment to an employee who was not eligible.

Although the value of payments with issues was relatively small, identifying and addressing eligibility issues is crucial to ensuring a critically understaffed workforce is receiving fair treatment in accordance with requirements and that OPWDD's efforts are achieving the goal of incentivizing these employees. If employees are eligible for certain incentives and do not receive them, Providers risk those employees feeling slighted and possibly disincentivized, working counter to the programs' intention. For example:

- Providers did not follow OPWDD's requirements for establishing distribution plans that would provide transparency to their employees on how the Provider intended to distribute certain funds. OPWDD has also not developed a process to monitor that COLA funds are used to support these employees.
- OPWDD has also not assessed the overall effectiveness of the incentive payments on stabilizing the workforce that serves individuals with intellectual and developmental disabilities and supports OPWDD programs.

- Despite efforts to stabilize the direct support professional workforce, shortages remain an issue. Of 507 Providers we surveyed to identify challenges with recruiting and retaining direct support professionals, 240 responded as follows: 83% (198 Providers) were implementing strategies to combat staffing challenges; 70% (169 Providers) were dealing with direct support professional staffing shortages; and 39% (93 Providers) needed to turn away individuals seeking services due to staffing shortages.

Key Recommendations

- Develop and implement policies and procedures for current and future incentive payments, including COLA, which include but are not limited to:
    - Performing reviews of payments, as frequently as OPWDD determines to be practical, to determine whether they are appropriately paid out in accordance with OPWDD's requirements.
    - Reviewing Providers' distribution plans for accuracy and adherence to requirements.
- Determine and provide communication to providers on how excess funding will be handled.
- Assess and document the overall impact and effectiveness of incentive efforts to recruit and retain direct support professionals.

Office of the New York State Comptroller
Division of State Government Accountability

July 16, 2026

Willow Baer
Commissioner
Office for People With Developmental Disabilities
44 Holland Avenue
Albany, NY 12229

Dear Commissioner Baer:

The Office of the State Comptroller is committed to helping State agencies, public authorities, and local government agencies manage their resources efficiently and effectively. By so doing, it provides accountability for the tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of State agencies, public authorities, and local government agencies, as well as their compliance with relevant statutes and their observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations. Audits can also identify strategies for reducing costs and strengthening controls that are intended to safeguard assets.

Following is a report of our audit entitled *Incentives for Non-Profit Service Providers' Recruiting and Retention Efforts*. This audit was performed pursuant to the State Comptroller's authority under Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law.

This audit's results and recommendations are resources for you to use in effectively managing your operations and in meeting the expectations of taxpayers. If you have any questions about this report, please feel free to contact us.

Respectfully submitted,

Division of State Government Accountability

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Glossary of Terms

Term	Description	Identifier
OPWDD	Office for People With Developmental Disabilities	*Auditee*
ARPA	American Rescue Plan Act	*Federal Law*
COLA	Cost-of-living adjustment	*Key Term*
Providers	Non-profit service providers	*Key Term*
Retention Bonus	Direct Service Retention Bonus	*Key Term*

Background

In New York, there are approximately 127,000 people—34% of whom are children—with developmental disabilities, including intellectual disabilities, cerebral palsy, Down syndrome, autism spectrum disorders, Prader-Willi syndrome, and other neurological impairments. The Office for People With Developmental Disabilities (OPWDD) is responsible for coordinating services for individuals with developmental disabilities including long-term care such as habilitation and clinical services, as well as residential support services, for over 40,000 people, primarily in community settings. Additional support services include family care, employment support, and vocational training. OPWDD provides services directly through its 13 Developmental Disabilities Services Offices, and through a network of over 500 non-profit service providers (hereafter referred to as Providers), which OPWDD is responsible for overseeing.

An integral part of OPWDD's service delivery system is its over 110,000 direct support professionals, who are the backbone of the service delivery system, in the field every day helping people with developmental disabilities live independent and productive lives. However, according to OPWDD's 2023–27 Strategic Plan, a shortage of direct support professionals, nurses, and clinical staff that was worsened by the COVID-19 pandemic has affected its ability to provide the necessary and quality services to support people with intellectual and developmental disabilities and their families. The strategic plan expresses that the need for direct care workers who provide home and community-based services has reached crisis levels, and significant staff shortages have caused many Providers to close programs or reduce operations. According to the National Core Indicators Staff Stability data for 2020, New York's turnover rate for direct support professionals averaged 36%, and vacancy rates ranged from 17% for full-time positions to 21% for part-time positions within OPWDD's system. To address these concerns, OPWDD issued several bonuses and supplemental, one-time payments, and incorporated annual State budget cost-of-living adjustments (COLAs) to help Providers retain and recruit direct support professionals.

Federal funding through the American Rescue Plan Act (ARPA) allowed OPWDD to make investments in the direct support professional workforce. ARPA, a temporary funding stream, was signed into law in March 2021 to address the COVID-19 pandemic. Funds provided direct relief to individuals, businesses, and governments, and were designed to address the immediate impacts of the pandemic and aid in economic recovery. Recipients of ARPA funds were encouraged to strengthen the direct support professional workforce. OPWDD's ARPA spending plan offered four main incentive payments for direct support professionals, including:

- COVID Service Incentive – For those employed at least 90 days between March 17, 2020 and September 1, 2021 and on the date of payment distribution.
- Vaccination Incentive – For being fully vaccinated against COVID-19 and employed on the date of payment distribution.

- Longevity Incentive – For those employed during State fiscal year 2020–21 and through September 2021 and on the date of payment distribution.
- Retention Incentive – For those employed at some point during State fiscal year 2021–22 and on the date of payment distribution.

Providers distributed fixed amounts to eligible direct support professionals ranging from $250 to $1,000 for COVID Service payments and $125 to $500 for Vaccination Incentive payments, depending on employment status (i.e., full-time or part-time); how long or for how many hours were worked between March 2020 and September 2021; and whether individuals were fully vaccinated against COVID-19 as of January 2022.

Longevity Incentive payments included a one-time salary increase based on an OPWDD-established distribution percentage calculation, resulting in equal percentage increases to direct support professionals relative to their base salary. Providers distributing Retention Incentive payments were allowed to use the calculation methodology used for Longevity Incentive payments or to develop a distribution plan to address their own unique recruitment and retention challenges; however, Providers were required to clearly communicate the methodology used to all employees prior to payment. OPWDD officials held webinars and provided information through Provider Association networks regarding the requirements for receiving funding, and OPWDD developed and mandated that Providers sign attestation forms containing eligibility and payment requirements for the ARPA workforce stabilization initiatives that committed them to adhere to all requirements prior to receiving funding.

Additionally, outside of ARPA funding, to further stabilize its Provider workforce, OPWDD offered a one-time Direct Service Retention Bonus (Retention Bonus) in fiscal year 2023–24 based on the aggregated costs for eligible OPWDD programs reported on its Consolidated Fiscal Reports (standardized reporting method consisting of schedules that capture financial information for budgets, quarterly and/or mid-year claims, an annual cost report, and a final claim). These bonuses addressed certain position titles, including direct care. In recent years, the State budget also included a provision for OPWDD to establish a fiscal year COLA to address the effects of inflation on rates of payment, contracts, and any form of reimbursement for their programs and services.

For the Retention Bonus, Providers were required to develop a distribution plan detailing the methodology they would use to distribute payments and to clearly communicate that methodology to all employees prior to payment. Payments were in the form of a salary increase to eligible staff, including direct support professionals, on the payroll at the time such payments were made, and Providers were to make payments no later than March 31, 2025.

To participate in any of the ARPA workforce stabilization initiatives or the Retention Bonus, prior to receiving payments, Providers had to submit to OPWDD a signed attestation that they would adhere to specific requirements. While payment requirements varied by initiative, Providers were generally required to:

- Maintain appropriate records to document the distribution of payments including employee payroll records and proof of vaccination, if applicable.

- Make payments to only eligible non-administrative staff, including direct support professionals, for purposes specifically identified by OPWDD.
- Distribute payments within specified time frames.

According to OPWDD, as of September 2025, it had paid out $1.5 billion in ARPA workforce stabilization initiatives to 395 Providers and $148.4 million in Retention Bonus payments to 312 Providers.

The COLA percentage varies from year to year and included 1% in State fiscal year 2021–22, followed by 5.4%, 4%, and 2.84% in subsequent years. COLA percentages are applied to the operating costs of all eligible OPWDD programs. With the exception of fiscal year 2021–22, after receipt of COLA funds, Providers were required to submit a certification to OPWDD attesting to how, prior to supporting any salary increases for executives, the funds were, or would be, used to first promote the recruitment and retention of non-executive direct care staff, direct support professionals, and clinical staff, or used to respond to other critical non-personal service costs. For each fiscal year between 2022–23 and 2024–25, OPWDD created certification documents and instructions for Providers to complete and submit certifications to OPWDD. The certifications allowed Providers to account for how they would use funding, such as for salary increases (must provide percentage increase and titles such as direct care); fringe benefits (must provide titles); and non-personal services, equipment, or property (must simply affirm that funds were used).

Notably, the State budget did not mandate that Providers use COLA funding for salary increases for State fiscal years 2020–21 through 2022–23; it wasn't until fiscal year 2024–25 that the budget language specified the use of COLA for a targeted salary increase of 1.7% for certain eligible individuals, including direct care staff.

Audit Findings and Recommendations

Certain weaknesses in how OPWDD oversaw various incentive payments resulted in inconsistent distribution of incentive payments to direct support professionals, which could work counter to the programs' intention to retain and recruit this critical workforce sector. While OPWDD has established some processes to monitor select incentive programs (generally those funded with ARPA monies), in some cases, some eligible direct support professionals did not receive payments and some ineligible individuals received payments for which they were not entitled. In other instances, Providers did not follow OPWDD's requirements for establishing distribution plans that would provide transparency to their employees on how the Provider intended to distribute funds. Additionally, OPWDD did not state what the unspent funds will be used for and has not developed a process to monitor how COLA is used to support these employees. Lastly, OPWDD has not assessed the overall effectiveness of the incentive payments on stabilizing the workforce that serves individuals with intellectual and developmental disabilities and supports OPWDD programs.

Incentive Payments to Direct Support Professionals

Longevity and Retention Incentive Payments

Generally, Providers successfully submitted required attestations prior to receiving Longevity and Retention Incentive payments; however, some direct support professionals who were ineligible received payments they shouldn't have and others who were eligible were not paid. Specifically, for the period from May 2023 through April 2024, OPWDD completed four audits, with another five audits in progress, according to OPWDD officials, to examine eligibility and compliance with payment and distribution requirements for two of the four ARPA initiatives (Longevity and Retention Incentive payments). We examined the four audits OPWDD conducted and noted two of the four identified management deficiencies, such as under- or overpaying eligible direct support professionals, payments to ineligible individuals, and failure to provide distribution plan documentation. However, in March 2024, OPWDD officials stated that they had revised their review procedures and began initiating desk reviews to limit the focus on identifying unspent ARPA funding by comparing payment dates, payment types, and total payments obtained from Providers to the Provider-reported costs on OPWDD's Consolidated Fiscal Report rate sheets and payroll distribution summaries. OPWDD stated the reason for the change was that the audit process was very time-consuming; however, the new desk review process focused on identifying unspent funding, not eligibility, and was therefore not designed to pick up on errors in distributing funds. As of January 2025, OPWDD had initiated 42 desk reviews in various stages of completion.

We conducted reviews of all ARPA initiatives in a manner similar to OPWDD's initial audit process and identified issues like those OPWDD found previously. We selected three Providers and reviewed their records for 121 of 1,866 employees to determine compliance with OPWDD requirements for Longevity and Retention Incentive payments. We identified five of

66 employees at two Providers who were eligible for Retention Incentive payments but did not receive them. Based on the Providers' data, these employees collectively could have received $8,363 in total payments. We also found that one Provider made a Retention Incentive payment to an employee who was not eligible. For example:

- One Provider did not make Retention Incentive payments to four eligible employees. According to the Provider's data, the average Retention Incentive payout for its employees was $7,263. The Provider agreed these individuals should have received payments.
- Another Provider did not make a Retention Incentive payment to an eligible employee. The Provider estimated this employee should have received about $1,100.
- One of the Providers made a $1,667 Retention Incentive payment to an employee, which they were not eligible for.

Although the value of payments with issues we found was relatively small, identifying and addressing eligibility issues is crucial to ensuring a critically understaffed workforce is receiving fair treatment in accordance with requirements and achieving the goal of incentivizing these employees. If employees are eligible for certain incentives and do not receive them, Providers risk those employees feeling slighted and possibly disincentivized, working counter to the programs' intention. Therefore, performing more detailed reviews of these types of incentives, even on a sample or risk-based basis, may be warranted to promote confidence in these programs for direct support professionals.

Retention Bonus, Vaccination Incentive, and the COVID Service Incentive

While OPWDD has established some review of ARPA payments, it has not done the same for the Retention Bonus. In response to our observations, OPWDD officials stated that review activities were focused on previously paid out ARPA initiatives, which involved more funding than the Retention Bonus, but that they will conduct reviews of the Retention Bonus payments.

For the same three Providers, we selected and reviewed a total of 188 of 1,854 employees to determine whether the Providers distributed Retention Bonus, Vaccination Incentive, and the COVID Service Incentive funds to their employees according to OPWDD requirements, and we found issues with these payments similar to those we found with the other incentives. Also, some Providers seemingly issued payments to employees without required supporting documentation or were unable to produce the supporting documentation at the time of our review. Specifically:

- One Provider used its own funding and combined that with Vaccination Incentive funds to make payments to all its employees, whether they worked on OPWDD services or not. This made it difficult to determine who received and was eligible for OPWDD's Vaccination Incentive, and we were able to identify one employee who received $500 that the Provider did not provide supporting documentation for.
- Another Provider initially provided supporting documentation for its Vaccination Incentive payments that included employees receiving both Vaccination and COVID Service

Incentive payments but that didn’t distinguish between the two payment types. We identified seven employees who seemed to have received Vaccination Incentive payments totaling $6,697 that could not be supported. The Provider confirmed that two of these employees incorrectly received a total of $500 in Vaccination Incentive payments. For the remaining five employees, the Provider ultimately stated the payments were not for Vaccination Incentives, but rather COVID Service and Retention Incentive payments for which they were eligible. However, the Provider did not provide any documentation to support this. Additionally, this Provider made a $500 COVID Service Incentive payment to an employee who should not have received it.

Lastly, we identified issues with Providers’ distribution plans for the Retention Bonus. Distribution plans are important primarily because, when developed and communicated to employees, they outline how payments will be made. They serve as a mechanism to promote fairness and transparency when allocating funds. However, for the three Providers we reviewed, only one had a distribution plan for the Retention Bonus that conformed to OPWDD’s requirements and made payments by December 2024. Another Provider simply communicated its intention to make Retention Bonus payments via an all-staff email and distributed funds in September 2024. The last Provider did not provide a distribution plan upon request in August 2024 and did not provide support that it had paid out any of the Retention Bonus funds at the time, but in September 2025, it provided us with four memos it issued to its employees that outlined it had distributed or planned to distribute funds in four payments between July 2024 and February 2025.

Treating employees fairly and being transparent about how incentives will be paid works to incentivize employees, and contrary actions risk negatively affecting employee morale, again counter to the program’s intentions. Therefore, OPWDD should develop procedures to provide assurance that incentive programs have distribution plans that meet OPWDD’s requirements. As with the ARPA incentives, it is crucial to ensure the workforce is receiving fair treatment in accordance with requirements and achieving the goal of incentivizing these employees.

Reallocation of Excess Funding and Recoupment of Unspent Funds

Reallocation

OPWDD’s use of pre-pandemic Provider staffing levels when calculating funding amounts—used to avoid the potential influence of the pandemic on Providers’ staffing patterns—resulted in instances of Providers receiving ARPA COVID Service and Vaccination Incentive funding in excess of the amount needed for the number of eligible employees at the time funding was distributed. OPWDD’s guidance was not clear on how to reallocate excess funding. As such, Providers developed their own methodologies, leading to instances where eligible employees were left out when excess funds were distributed. For example, one Provider included both its full-time and part-time employees in its initial payout of COVID Service Incentive funds. However, this Provider excluded its part-time employees when redistributing about $142,000 in excess funds. In contrast, the other two Providers redistributed excess funding to all their eligible employees, albeit via differing methodologies, including one that made payments based on the highest number of hours worked in a 90-day period and the other paying out the remaining funds proportionate to original payments.

Again, inconsistent disbursement of payments could undermine the value of these payments as incentives to keep direct support professionals employed if they perceive they have been unfairly excluded or have received less than other eligible employees at the same Provider. Therefore, OPWDD should clarify how Providers should allocate excess funding.

Recoupment

For Providers that did not distribute ARPA funding per requirements or were otherwise ineligible for funding, OPWDD could recoup up to the full funded amount. OPWDD distributed the last of the ARPA funding in December 2024. In March 2025, OPWDD started a process of recouping unspent ARPA funds from Providers. To identify Providers with unspent ARPA funds and begin the recoupment process, OPWDD submitted a survey to Providers requesting they identify whether they were unable to spend all ARPA funding. Forty Providers reported that they did not spend all their ARPA funding. According to OPWDD documentation, as of December 2025, 37 of the 40 Providers returned about $6.9 million in ARPA funds. OPWDD officials stated these funds will be returned to Medicaid.

Similarly, OPWDD could recoup funds for the Retention Bonus that were not paid out by the end of March 2025. However, as of October 2025, OPWDD had yet to develop and implement a process to identify any unspent and/or erroneously spent Retention Bonus payments for recoupment.

OPWDD officials indicated that they would continue the process of recouping any unspent ARPA funds and would develop a process to review Retention Bonus payments. OPWDD anticipates it will seek recoupment of any unspent funds and return them to the funding source. However, OPWDD should determine if directing unspent funds to eligible staff is allowable and appropriate or if they need to be returned to the funding source and communicate the resolution to providers so that they may share the information with their direct support professionals.

Monitoring of Cost-of-Living Adjustments

About 440 Providers submitted their required COLA certification for each State fiscal year between 2021–22 and 2024–25. While OPWDD reviews the information submitted to determine if any follow-up is needed, our review of certifications identified minor errors that could have warranted follow-up to ensure accuracy and proper accounting for how funds were used, especially regarding Providers' use of COLA funding for identified categories such as salary increases for direct care staff. However, OPWDD stated it has not conducted reviews of Providers' use of COLA funds and that any findings would be informational and not cost effective or efficient because Providers were not required to distribute COLA funds for salary increases until the State fiscal year 2024–25 funding. OPWDD also said it would be difficult to review individual staff salary increases, as variations are more common than standard percentage increases, and may factor in specific roles, job performance, and experience. Further, OPWDD said COLA was being given out on a State fiscal year basis, and Providers do not typically operate within or follow the State fiscal year cycle.

While we recognize that COLA was not distributed specifically for salary increases until the 2024–25 State fiscal year, it was distributed to support Providers' operations and address the effects of inflation on rates of payment and contracts; therefore, OPWDD should conduct oversight to provide some assurance that it was used to that end. Also, although it may be challenging, OPWDD should develop an approach to perform some level of monitoring of COLA to provide assurance it is directed to salary increases and supports workforce stabilization goals.

Ongoing Staffing Challenges

Despite its efforts to stabilize the direct support professional workforce, shortages remain an issue. We reviewed National Core Indicators 2024 data and identified that, despite improvements in turnover (-2%), separation (-4%), and increased average hourly wages (+$3.24), there remains about a 17% vacancy rate among full-time direct support professionals. Additionally, just under 35% of responding Providers indicated that they had to turn away or stop accepting new individuals seeking services due to direct support professional staffing shortages (this was not included in the National Core Indicators 2020 data). This data supports the results of a survey auditors developed and submitted to 507 Providers to identify challenges with recruiting and retaining direct support professionals. Of the 240 responses:

- 83% (198 Providers) were implementing strategies to combat staffing challenges.
- 70% (169 Providers) were dealing with direct support professional staffing shortages.
- 39% (93 Providers) needed to turn away individuals seeking services due to staffing shortages.

OPWDD reported in its 2025 Annual Report that it has made strides in prioritizing this group through efforts such as:

- Expanding recruitment and retention activities by working with the National Alliance for Direct Support Professionals and the State University of New York.
- Launching, in partnership with Providers, the #MoreThanWork recruitment campaign to highlight the role of direct support providers.
- Expanding access to the direct support provider micro credentialing and conducting additional training for staff.

Also, OPWDD, using ARPA funding, hired a consultant to evaluate its workforce initiatives; however, the focus of the evaluation was largely on micro credentialing and certification programs, not on incentive-based programs such as the Retention Bonus and COLA. OPWDD has not performed an assessment of the incentive-based programs we audited to determine the impact these efforts may have had on recruiting and retaining direct support professionals. The State should be able not only to account for funds spent on a program, but also to assess the value of the program and measure its accomplishments. Assessing the impact of programs that have ended (such as the temporary incentive-based programs like the Retention Bonus and ARPA Incentives) can provide management insight into how future funds should be used most effectively. Further, as the State continues to provide support for COLA through the 2025 State fiscal year, it has ongoing importance, especially as resources are limited, to determine the impact on attracting and keeping direct support professionals and, ultimately, providing services to individuals with intellectual and developmental disabilities who seek support from OPWDD programs.

Recommendations

1. Develop and implement policies and procedures for current and future incentive payments, including COLA, which include but are not limited to:
   - Performing reviews of payments, as frequently as OPWDD determines to be practical, to determine whether they are appropriately paid out in accordance with OPWDD’s requirements.
   - Reviewing Providers’ distribution plans for accuracy and adherence to requirements.
2. Determine and provide communication to providers on how excess funding will be handled.
3. Assess and document the overall impact and effectiveness of incentive efforts to recruit and retain direct support professionals.

Audit Objective, Scope, and Methodology

The objective of our audit was to determine whether OPWDD provided adequate oversight of Providers' use of funding to recruit and retain direct support professionals. The audit covered various workforce stabilization initiatives with different funding sources, such as federal and State, administered by OPWDD during the period from April 2021 through March 2025, as well as OPWDD activities related to those initiatives through December 2025.

To accomplish our objective and assess related internal controls, we reviewed applicable laws, policies, procedures, and documentation provided by OPWDD related to its oversight of Providers' use of ARPA, Retention Bonus, and COLA funding to recruit and retain direct support professionals. We interviewed OPWDD officials to gain an understanding of their relationship with, and guidance issued to, Providers and reviewed and assessed OPWDD's procedures and processes for reviewing COLA certifications, ARPA surveys, and attestations. We also met with officials from the Department of Health and OPWDD to gain an understanding of their role in calculating, administering, and recouping funding. Additionally, we conducted site visits to Providers to understand their administration of workforce stabilization funding. We also developed and submitted a voluntary informational survey to 507 Providers to better understand the funding's impact on recruiting and retaining their direct support professionals. We obtained and reviewed Provider attestations, surveys, and certifications data submitted to OPWDD.

We used a non-statistical sampling approach to provide conclusions on our audit objectives and to test internal controls and compliance. We selected judgmental and random samples. However, because we used a non-statistical sampling approach for our tests, we cannot project the results to the respective populations, even for the random samples. Our samples, which are discussed in detail in the body of our report, include:

- A judgmental sample of three of 261 Providers that received ARPA funding for the workforce stabilization initiatives based on geographic location, staffing levels, and funding.
- Combined random and judgmental samples of employees from each of the six incentive programs covered by this report to assess compliance with funding requirements, for a total of 447 employees selected.
    - For the Longevity Incentive, a total of 55 employees: 10 selected randomly from a population of 168, and 45 selected judgmentally based on job title and payment amount from a population of 754.
    - For the Retention Incentive, a total of 66 employees: 20 selected randomly from a population of 259, and 46 selected judgmentally based on job title, payment amount, and part-time/full-time status from a population of 685.
    - For the COVID Service Incentive, a total of 53 employees: 15 selected randomly from a population of 196, and 38 selected judgmentally based on job title,

payment amount, date of payment, and part-time/full-time status from a population of 462.

- For the Vaccination Incentive, a total of 90 employees: 66 selected randomly from a population of 451, and 24 selected judgmentally based on vaccination status and receipt of payment from a population of 56.
- For the Direct Service Retention Bonus, a total of 45 employees selected randomly from a population of 689.
- For the COLA increase, a total of 138 employees selected randomly from a population of 2,057.

We obtained spreadsheets from OPWDD of compiled data submitted by Providers for attestations, surveys, and certifications relevant to the various payment types. We assessed the reliability of this data by interviewing OPWDD officials knowledgeable about the information, and verifying reported data with publicly available information. We determined that the information was sufficiently reliable for the purposes of this report. Certain other data in our report was used to provide background information. Data that we used for this purpose was obtained from the best available sources, which were identified in the report. Generally accepted government auditing standards do not require us to complete data reliability assessment for data used for this purpose.

Statutory Requirements

Authority

The audit was performed pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law.

We conducted our performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

In addition to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York State. These include operating the State's accounting system; preparing the State's financial statements; and approving State contracts, refunds, and other payments. These duties could be considered management functions for the purpose of evaluating organizational independence under generally accepted government auditing standards. In our professional judgment, these duties do not affect our ability to conduct this independent performance audit of OPWDD's oversight and administration of the recruitment and retention of direct support professionals.

Reporting Requirements

We provided a draft copy of this report to OPWDD officials for their review and formal written comments. We considered their response in preparing this final report and have included it in its entirety at the end of the report. While OPWDD officials didn't explicitly address the recommendations in their response, they generally agreed with the overall findings and have indicated actions they have taken or plan to take.

Within 180 days after final release of this report, as required by Section 170 of the Executive Law, the Commissioner of the OPWDD shall report to the Governor, the State Comptroller, and the leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendations contained herein, and where recommendations were not implemented, the reasons why.

OPWDD Response

Office for People With Developmental Disabilities

KATHY HOCHUL
Governor

WILLOW BAER
Commissioner

June 12, 2026

Heather Pratt
Audit Director
Office of the State Comptroller
110 State Street
Albany, NY 12236

Dear Heather Pratt:

The Office for People With Developmental Disabilities (OPWDD) has reviewed the Office of the State Comptroller's draft report entitled *"Incentives for Non-Profit Service Providers' Recruiting and Retention Efforts",* Audit #2023-S-44.

Please find attached our response to this draft report. Thank you for the opportunity to comment. We would also like to thank you and your team for your professionalism through this audit.

Sincerely,

Robert K. Kong, MBA, CIA, CGAP
Acting Director, Office of Audit Services

Attachment

Cc: Willow Baer, OPWDD Commissioner
Anthony Dolan, CPA, OPWDD External Audit Liaison

Office for People With Developmental Disabilities
Comments on the
Office of the State Comptroller's
Draft Audit Report 2023-S-44 entitled,
"Incentives for Non-Profit Service Provider's Recruiting and Retention Efforts"

As a result of the COVID-19 pandemic, state governments and agencies, including the New York State Office for People with Developmental Disabilities (OPWDD), faced unprecedented challenges, including recruiting and retaining direct care professionals (DSP) to serve populations needing Medicaid-funded home and community-based services (HCBS). Fear of COVID-19, personal health concerns and turnover for employment in sectors with similar wages but more flexible schedules were just some of the factors that intensified challenges faced by states and provider agencies, including OPWDD, in recruiting and retaining DSPs.

One federal pandemic response was the American Rescue Plan Act of 2021 (ARPA), designed to provide direct relief to Americans and contain the spread of COVID-19. ARPA provided states an increased federal share of Medicaid HCBS costs as long as ARPA funds were invested in activities that enhance, expand, or strengthen HCBS, including provider recruitment and retention initiatives.

Another more routine funding method, while not considered an incentive program, has been included in annual State budgets as a Cost-of-Living Adjustment (COLA) to help service providers address inflation by providing funding to first increase wages for non-executive direct care, support, and clinical staff and then to cover other critical service needs.

In short, in the face of a global and unprecedented pandemic, OPWDD supplied these funds to promote recruitment and retention of DSPs in order to support the needs of our vulnerable population.

The following are the Office for People With Developmental Disabilities (OPWDD) comments in response to the Office of the State Comptroller (OSC) Draft Audit Report 2023-S-44 entitled, "Incentives for Non-Profit Service Provider's Recruiting and Retention Efforts."

OSC Recommendation #1

Develop and implement policies and procedures for current and future incentive payments, including COLA, which include but are not limited to:

- *Performing reviews of payments, as frequently as OPWDD determines to be practical, to determine whether they are appropriately paid out in accordance with OPWDD requirements.*
- *Reviewing Provider's distribution plans for accuracy and adherence to requirements.*

OPWDD Response #1

As described in the report, OPWDD has completed nine comprehensive audits of providers to determine whether incentives were appropriately paid out, including reviews of adherence to distribution plan requirements, and has taken corrective action where appropriate. Additionally, 42 desk reviews were conducted.

OPWDD is continuing to perform full audits of providers and planning is underway for additional audits and reviews of incentive payments.

OSC Recommendation #2

Determine and provide communication to providers on how excess funding will be handled.

OPWDD Response #2

In the report, the situations described which resulted in excess funding were limited to COVID Service and Vaccination Incentives, and only in some circumstances. In such instances, after paying out the incentives per the pre-designated amounts (i.e., $1000, $500, $250, $125), some providers had leftover funding. Because the provider attestation did not specifically cover this scenario, providers reached out to OPWDD to ask how they should handle this extra funding. Based upon feedback received, OPWDD informed providers to develop a distribution plan for the excess funds that was consistent with the intent of the funding.

The ARPA funds were intended to provide additional funds to staff who were most impacted during the COVID pandemic. For the excess funds, providers were afforded the flexibility to develop and implement their own distribution plan within more general parameters while retaining consistency for all employees within their organization. It is OPWDD's position that the three part-time employees identified by OSC who did not receive funds from the excess distribution were not treated unequally. That particular provider treated all part-time employees the same, and it is not unusual for part-time employees to have different benefits than full-time employees.

OPWDD agrees the initial attestation did not contain a distribution formula pertaining to the specific scenario of excess funding for COVID Service and Vaccination Incentives. However, once it became apparent excess funding might occur under certain circumstances, OPWDD adequately communicated how the excess funding should be distributed. For the distributions at the three providers OSC examined, the payouts conformed with OPWDD directions.

OSC Recommendation #3

Assess and document the overall impact and effectiveness of incentive efforts to recruit and retain direct support professionals.

OPWDD Response #3

OPWDD has undertaken extensive efforts to address staffing shortages that have plagued the health care industry and in general the entire workforce nationally. This audit focused on three initiatives (ARPA, COLA and the Direct Service Retention Bonus) but the report also touched upon other strides made by OPWDD, such as micro credentialling, certification programs, and activities with the National Alliance for Direct Support Professionals and the State University of New York (SUNY) micro credentials. An independent evaluation was done by the University of Minnesota (UM) on the various ARPA funded workforce initiatives. While OPWDD also assessed the ARPA, COLA and the Direct Service Retention Bonus based upon feedback received throughout the COVID pandemic, this was not included in the UM evaluation as these were financial incentives and had different goals than the workforce initiatives. In fact, as the funding was rolled out, OPWDD changed its approach based on provider feedback as part of its efforts to better incentivize retention of direct support professionals.

The earliest incentive payments were structured based on specific formulas set by OPWDD. In response, providers asked OPWDD for greater flexibility in structuring the payments to better meet their unique needs. Such provider input was considered not only for the excess funding distribution described in #2 above but also was factored into the subsequent Direct Service Retention Bonus. For the retention bonus, OPWDD incorporated flexibilities in payout calculations and timing so that providers could maximize impact on their unique workforce needs. Flexibility was provided while still retaining requirements over key elements, particularly in limiting bonuses to non-administrative staff and requiring disclosure to all staff describing the methodology used to calculate bonuses.

In summary, OPWDD conducted assessments to evaluate its incentive efforts, both formally and informally, and based on those assessments modified the funding requirements to better address provider needs. Going forward, OPWDD will continue to evaluate any additional provider feedback it receives and will conduct further assessments, including new survey questions to providers.

Contact

Office of the New York State Comptroller
110 State Street
Albany, New York 12236

(518) 474-4044

www.osc.ny.gov

Prepared by the Division of State Government Accountability

Executive Team

Andrea C. Miller – Executive Deputy Comptroller
Tina Kim – Deputy Comptroller
Stephen C. Lynch – Assistant Comptroller

Audit Team

Heather Pratt, CFE – Audit Director
Scott Heid – Audit Manager
Holly Thornton, MBA, CISA, CFE – Audit Supervisor
Erin Maloney – Examiner-in-Charge
Marisa DeMania – Senior Examiner
Chris Murray – Staff Examiner
Andrea Majot – Supervising Editor