

MEMORANDUM OF SUPPORT

Make the Preferred Source Modernization Act Permanent in the 2025 New York State Budget.

On October 4, 2022 the Preferred Source Modernization Act that unanimously passed the legislature was signed into law by Governor Hochul. The Act codified the first significant updates to the Preferred Source Program since its inception in 1975. The Arc New York strongly supported this legislation and thanks Governor Hochul for recognizing its importance.

The Arc New York is a family-led organization that advocates and provides supports and services to people with intellectual, developmental, and other disabilities, emphasizing choice and community engagement. With 35 Chapters across New York state, our organization supports more than 60,000 individuals and families and employs more than 30,000 people statewide.

There were three changes made to the New York State Finance Law to comply with Employment First principles:

- The term “workshop” was removed replacing it with the term “entity” to describe the place of employment. Workshop transformation is complete in New York and the Preferred Sources work with private corporations and social enterprises.
- The term “severely disabled” was removed replacing it with the term “disabled.” Severely disabled is an outdated term to describe an individual with an intellectual or developmental disability and the Preferred Sources work with all disabilities.
- The program previously required maintaining a ratio of 75% between direct labor of people with disabilities and total labor hours on all contracts. The Act reduced this ratio to 50%. The 75% ratio was driven by workshop employment and is considered segregated employment.
- These changes will sunset on October 4, 2025.

Importantly, on September 30, 2024, Governor Kathy Hochul issued Executive Order 40 committing New York to be an Employment First State and to increase Competitive Integrated Employment for New Yorkers with Disabilities. If the Preferred Source Modernization Act is not made permanent the program will revert back to outdated language and principles that do not meet the Governor’s Employment First mandate.

In 2024 nearly 5,000 individuals with disabilities worked over 3.9 million hours earning over \$83 million in taxable wages. The program provides vocational and rehabilitative training opportunities, living wages and both full and part-time employment to individuals with disabilities.

As these important advancements will sunset on October 4, 2025, The Arc New York strongly advises to

make the Preferred Source Modernization Act permanent in the 2025 New York State budget.

For more information, contact Philip Aydinian, Director of Governmental Affairs, aydinianp@thearcny.org