

February 3, 2025

**Written Testimony Submitted by Maureen E. O'Brien, President and CEO of New York State Industries for the Disabled (NYSID) for the 2.5.25 Joint Legislative Public Hearing on 2025 Executive Budget Proposal: Topic Mental Hygiene**

NYSID, through the Preferred Source Program, created over 6,000 jobs in New York State in 2024 where individuals with disabilities participated in competitive integrated employment. Rockefeller Institute of Government estimates that for every hour an individual with a disability is working on a NYSID contract there is a \$108 local economic impact.

The NYS Finance Law allows NYSID to operate the Preferred Source Program. The Preferred Source Modernization Act unanimously passed the legislature in 2022 and was signed into law by Governor Hochul on October 4, 2022. This Act represented the first significant updates to the Preferred Source Program since its inception in 1975. Three changes were made to the New York State Finance Law Section 162, to comply with Employment First principles and ensure that all individuals working were engaged in Competitive Integrated Employment.

- The term “workshop” was replaced with “entity” to describe the place of employment.
- The term “severely disabled” was replaced with “disabled.”
- The program previously required maintaining a 75% ratio between direct labor of people with disabilities and total labor hours on all contracts. The Act reduced this ratio to 50%.

On September 30, 2024, Governor Hochul issued Executive Order 40, committing New York to become an Employment First State and to increase Competitive Integrated Employment for New Yorkers with Disabilities. These changes make the Preferred Source Program compliant with EO40. These changes sunset on October 4, 2025.

The language to make the Preferred Source Law Permanent was included in the Governor’s proposed budget. NYSID and it’s 138 Member Agencies and Corporate Partners that both provide vocational and rehabilitative employment training and opportunities ask that you maintain the language in the Governor’s budget on page 208, Part Z.

*PART Z*

*Section 1. Section 4 of chapter 565 of the laws of 2022 amending the state finance law relating to preferred source status for entities that provide employment to certain persons, is amended to read as follows: This act shall take effect immediately; provided that [section one of this act shall expire and be deemed repealed three years after such effective date; and provided further that] this act shall not apply to any contracts or requests for proposals issued by government entities before such date. This act shall take effect immediately.*

The following organizations are in support of making the Preferred Source Law Permanent: NY Alliance for Inclusion & Innovation, The Business Council, Inter Agency Council (IAC), New York Alliance for Developmental Disabilities (NYADD), CP State, The Arc New York, NYS Preferred Source Program for

New Yorkers who are Blind (NYSPSP), Westchester Institute for Human Development, along with many NYSID Member Agencies and Corporate Partners.