Utah Department of Human Services
Division of Services for People with Disabilities
Direct Care Staff Increase Report
August 22, 2016

Utah State Legislature 2016 General Session, H.B. 2 Item 68

The Legislature intends that if funding is appropriated for the building block titled, "DHS - DSPD Direct Care Staff Salary Increase," the Division of Services for People with Disabilities (DSPD) shall: 1) Direct funds to increase the salaries of direct care workers; 2) Increase only those rates which include a direct care service component, including respite; 3) Monitor providers to ensure that all funds appropriated are applied to direct care worker wages and that none of the funding goes to administrative functions or provider profits; ***4) In conjunction with DSPD community providers, report to the Office of the Legislative Fiscal Analyst no later than September 1, 2016 regarding the implementation and status of increasing salaries for direct care workers.***

Fiscal Years 2015, 2016

The Division of Services for People with Disabilities (DSPD) received two direct support worker (DSW) wage increase appropriations during the 2015 Utah State Legislature General Session. The first was a one-time appropriation of $1,250,000 for immediate implementation effective April 1, 2015. The second appropriation was $5,395,200 ongoing with implementation effective July 1, 2015. Each of these appropriations were applied only to services with a direct care component, the implementations resulted in a 10.5 percent rate increase to those identified services. The entirety of the appropriations were to be used for direct support staff wage increases and for no other contracted provider purpose.

Providers were required to report on the distribution of the increases to ensure 100 percent of the increase was going to direct support staff. Reports have been received from most (71/93) contracted providers offering services that are delivered by DSW staff up through March of 2016. As of August 15, 2016 those reports represent over 95 percent of the additional funds received by providers up through the end of March. There are 22 providers that have not yet provided the required reports. These are typically small or new providers and DSPD is working to get their information.

For the providers that have reported revenues and wage information for DSW staff, $732,929.59 (total dollars) more has been spent for wage and benefit increases than was received in additional revenue based on the appropriation provided during the 2015 General Session for the period up through March 31, 2016. Among the 71 reporting providers, 55 (77.4%) are at or above the appropriation in wage/tax/benefit increases. Those out of compliance will either need to be in compliance by the final FY16 Q4 report or will be required to pay back the difference to DSPD.

Audits performed on a sample of provider financial records show that the information being provided is accurate and can be supported by payroll information maintained by the providers. Audits will continue to be performed to ensure the veracity of financial reporting.

Those providers that do not report will be required to pay back the additional revenue that was received as a result of the appropriations. Also, providers that do not use all of the funding received for increasing DSW wages will be required to pay back the difference to DSPD.

As a result of the legislative appropriation, providers have reported an increase in DSW wages. The ten largest DSPD providers represent 81% of the additional funds received as the result of the appropriation. Among these ten providers, starting wage is reportedly increased from $8.16 to $9.67. Average DSW wage is also reported to have increased from $10.35 to $11.82 as a result of the appropriation. The table below details the change in wages among the ten largest DSPD providers.

Utah Department of Human Services
Division of Services for People with Disabilities
Direct Care Staff Increase Report
August 22, 2016

Table 1. Reported average provider wage data from before and after legislative increase (among ten largest DSPD providers)

	Starting Wage			Average Wage		
Provider	Baseline	Result	Difference	Baseline	Result	Difference
1	$ 8.00	$ 9.00	$ 1.00	$ 9.99	$ 11.32	$ 1.33
2*	Data not available			$ 9.20	$ 10.82	$ 1.62
3	$ 8.00	$ 9.50	$ 1.50	$ 10.98	$ 12.28	$ 1.30
4	$ 8.00	$ 9.00	$ 1.00	$ 11.68	$ 13.10	$ 1.42
5	$ 8.50	$ 9.50	$ 1.00	$ 9.91	$ 11.86	$ 1.95
6**	$ 8.00	$ 9.25	$ 1.25	$ 8.79	$ 10.73	$ 1.94
7***	$ 8.00	$ 9.25	$ 1.25	$ 11.03	$ 12.65	$ 1.62
8	$ 8.25	$ 9.25	$ 1.00	$ 9.96	$ 10.65	$ 0.69
9	$ 8.71	$ 10.50	$ 1.79	$ 10.77	$ 12.64	$ 1.87
10	$ 8.00	$ 9.00	$ 1.00	$ 11.15	$ 12.18	$ 1.03
	Average Difference:		$ 1.20	Average Difference:		$ 1.48
	Average Baseline:		$ 8.16	Average Baseline:		$ 10.35
	Average Result:		$ 9.36	Average Result:		$ 11.82

Note: Baseline data is from the period January 1, 2014-December 31, 2014
Result data is from the period January 1, 2016-March 31, 2016 except where noted

* Provider did not report starting wage.
** Starting wage data is based on a DSPD financial review of this provider.
*** Result data is from the period October 1, 2015-December 31, 2015 for this provider.

Fiscal Year 2017

During the 2016 Utah State Legislature General Session, DSPD received an additional appropriation resulting in $5,000,000 ongoing General Fund for direct support workers. This appropriation was implemented effective July 1, 2016 with a result of an 8 percent increase to all services with a direct care component. Providers are again required to provide a report that demonstrates distribution of this appropriation to direct support workers. At the time of this writing, FY 2017 financial reporting is premature and has not yet been required of providers. The table below summarizes the history of the legislative appropriation and provider reporting for all periods.

Table 2. Summary of legislative appropriations and implementation of salary increases.

Period	FY 2015	FY 2016				FY2017			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
General Fund Appropriation	$1,250,000 (one-time)	$5,395,200 (ongoing)				$5,000,000 (ongoing)			
Rate Increase Implemented	10.5% eff. 4/1/2015					8.0% eff. 7/1/2016			
Percent of appropriated funds reported by providers	95%								
Net difference between appropriation and direct care staff increases (among reporting providers only)	+$732,930 Total Dollars (Providers have passed along more money to direct care staff than appropriated)								

Future reporting, data not yet available