

RFA – Ray - DSPD Direct Care Staff Salary Increase Phase III

DHS - DSPD Direct Care Staff Salary Increase Phase III - This request would fund the third year of an agency-proposed three-year plan to raise the salaries of contracted direct care staff, with the goal of reducing turnover. DHS received about \$5 million GF in both FY 2016 and FY 2017, and reports that starting salaries have increased from \$8.16/hour to \$10.27/hour as a result; following FY 2016 only, turnover decreased from 86% to 57%. The requested \$5 million is expected to raise starting salaries to \$11.12/hour. The Governor did not recommend this item. The chairs propose reducing the ongoing request from \$5 million to \$2 million.

How To Measure Success?

1) Staff turnover rates and 2) staff salary rates, as reported by providers and collected by the National Core Indicators Staff Salary Stability Survey.

UACS Legislative Message 2017 Utah State Legislative Session

Utah Association of Community Services (UACS) member agencies have seen a huge decrease in turnover rates since the Utah State Legislature funded the first year of a three-year plan to increase direct care staff compensation. UACS member agencies began 2015 with an annual turnover rate of 86%. That rate has now dropped to 57% - a 29-point decrease in the first year of increased funding.

Moving forward into the final year of the three-year plan, it is important to continue the success seen over the past two appropriations cycles. Year 3, which is the final year of the three-year plan, requires a \$5,000,000 state funding increase to Home & Community-Based Waivers. This will complete the original \$15,000,000 request. We anticipate seeing a similar decrease in the turnover rates one we have the data for Year 2 and hopefully Year 3.

Legislative Fiscal Analyst's past presentations have described the many performance measures in place within DSPD to gauge the success of services relating to Oversight & Accountability, Health & Safety, Employment, Quality of Services, and Self Determination. Providers will also continue to work closely with DSPD to monitor report the impact of the appropriation.

The Social Services Appropriations Committee's three-year plan to increase compensation to direct care staff has worked exactly like we had all hoped, dramatically decreasing the turnover rate. This data demonstrates that the three-year plan is effective, and should be continued for the third year for FY2018. While a 29-point decrease in the turnover rate is significant, 57% is still extremely high. Less turnover of direct care staff provides more stability to the lives of Utahns with intellectual and developmental disabilities.

Other 2017 Legislative Funding requests supported by UACS:

- \$350,000 ongoing for the MTP (transportation) rate
- Funding for the DSPD's mandatory additional needs / DCFS age out
- Funding for the waiting list

UACS is an organization consisting of over forty private provider agencies that serve over 5,000 people with developmental and other types of disabilities in over 400 different locations throughout Utah. Association members are licensed and qualified provider agencies that contract with the Department of Human Services, primarily the Utah Division of Services for People with Disabilities, the Utah State Office of Rehabilitation and Workforce Services. Member agencies employ approximately 6,500 staff who assist individuals living in their homes and communities by providing quality services including residential, day training, supported employment, family support, and respite care.

Please contact Charlie Luke, Executive Director, Utah Association of Community Services, with any questions: charlieluke@uacs.org or (801) 554-5442

**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.

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

Provider	Starting Wage			Average Wage			
	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