

## Request for Appropriation

Representative Ray

Funding Request Name: DSPD Direct Care Staff Salary Increase - Phase IV

Description: This request would fund the final installment of an agency-proposed plan to raise the salaries of contracted direct care staff, with the goal of reducing turnover. The Division of Services for People with Disabilities (DSPD) received about \$5 million General Fund in both FY 2016 and FY 2017 and \$2 million in FY 2018, and reports that starting salaries have increased from \$8.11/hour to \$10.53/hour as of March 2017; turnover decreased from 80% to 69% as of December 2016.

Agency: Human Services - Division of Services for People with Disabilities

Statewide Public Purpose: DSPD services are provided to individuals with disabilities throughout the State.

Funding Source: General Fund, ongoing

Amount: \$3,000,000

Project Contact Person: Angella Pinna, Director, Division of Services for People with Disabilities,  
apinna@utah.gov

Committee Recommendation: Social Services

Intent Language: None

Performance Measures:

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

Itemized Budget:

The requested funding would increase the reimbursement rates that DSPD pays for direct care services, for the exclusive purpose of increasing the wages of staff providing these services.

**Utah State Legislature 2016 General Session, S.B. 2 Item 92**

*The Legislature intends that if funding is appropriated for the building block titled "DHS - DSPD Direct Care Staff Salary Increase Phase III," 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, 2017 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.

**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. The entirety of the appropriation was 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 for each of the FY15/16 and FY17 appropriations (Table 2). For FY17, reports have been received from most (95/97) 98% contracted providers offering services that are delivered by DSW staff up through March of 2017. As of August 14, 2017 those reports represent over 99 percent of the additional funds received by providers up through the end of March. There are 2 providers that have not yet provided the required reports. These are typically small or new providers and DSPD is working to get their information. One of the two providers is currently having their contract terminated.

For the providers that have reported revenues and wage information for DSW staff, \$1,258,837 (total dollars) more has been spent for wage and benefit increases than was received in additional revenue based on the appropriation provided during the 2016 General Session for the period up through March 31, 2017. Among the 97 reporting providers, 65 (67%) 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 FY17 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.

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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 2016 legislative appropriation, providers have reported an increase in DSW wages. The ten largest DSPD providers represent 74% of the additional funds received as the result of the appropriation. Among these ten providers, starting wage is reportedly increased from \$8.11 to \$10.53 (Table 1). Average DSW wage is also reported to have increased from \$10.17 to \$13.20 as a result of the appropriation. The table below details the change in wages among the ten largest DSPD providers.

**Fiscal Year 2018**

During the 2017 Utah State Legislature General Session, DSPD received an additional appropriation resulting in \$2,000,000 ongoing General Fund for direct support workers. This appropriation was implemented effective July 1, 2017 with a result of an 3 percent increase to all services with a direct care component. Providers will again be required to provide a report that demonstrates distribution of this appropriation to direct support workers. At the time of this writing, FY 2018 financial reporting is premature and has not yet been required of providers.

**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	\$10.00	\$2.00	\$9.99	\$12.25	\$2.26
2	*	*		\$9.14	\$12.19	\$3.05
3	\$8.00	\$10.50	\$2.50	\$10.98	\$14.09	\$3.11
4	\$8.00	\$12.25	\$4.25	\$8.79	\$12.28	\$3.49
5	\$8.00	\$10.00	\$2.00	\$11.68	\$14.74	\$3.06
6	\$8.00	\$10.50	\$2.50	\$9.91	\$12.73	\$2.82
7	\$8.00	\$10.75	\$2.75	\$9.97	\$13.55	\$3.58
8	\$8.00	\$10.25	\$2.25	\$11.03	\$13.55	\$2.52
9	\$8.25	\$10.00	\$1.75	\$9.41	\$12.76	\$3.35
10	\$8.71	*		\$10.77	\$13.82	\$3.05
	Average Baseline:		\$8.11	Average Baseline:		\$10.17
	Average Result:		\$10.53	Average Result:		\$13.20
	Average Difference:		\$2.50	Average Difference:		\$3.03

**Note:** Baseline data is from the period January 1, 2014 - December 31, 2014  
 Result data is from the period January 1, 2017 - March 31, 2017 (except where noted)

\* Provider did not report starting wage

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

Period	FY 2015				FY 2016				FY 2017				FY 2018					
				Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Turnover Rate* (Based on calendar year)	80% (2014)		76% (-4%) (2015)				69% (-7%) (2016)**											
General Fund Appropriation	\$1,250,000 (one-time)				\$5,395,200 (ongoing)				\$5,000,000 (ongoing)				\$2,000,000 (ongoing)					
Rate Increase Implemented	10.5% (Effective 4/1/2015)								8% (Effective 7/1/2016)				3% (Effective 7/1/2017)					
Percent of appropriated funds reported by providers	100%								99%									
Net difference between appropriation and direct care staff increases (among reporting providers only)	\$1,194,700 Total Dollars								\$1,258,800 Total Dollars									
Amount recovered from providers unable to utilize the full rate increase for wages.	\$12,500 General Fund																	
*National Core Indicators Staff Stability Survey																		
**Preliminary figures, final report has not yet been published																		
Future reporting, data not yet available																		



Date: August 17, 2017

Attn.: Social Services Appropriations Committee Members; Legislative Fiscal Analyst; DSPD; and DHS

Utah Association of Community Services (UACS) member agencies have seen decreases in turnover rates during each year since the Utah State Legislature has funded a plan to increase direct care staff compensation. UACS member agencies began 2015 with an annual turnover rate of 86%. That rate dropped to **57% in FY2016** - a 29-point decrease following the first year of increased funding.

The latest data shows an additional nearly 9-point decrease following the second year of increased funding, for a turnover rate of **48.5% in FY2017**.

The same methodology was used to calculate the 86% baseline turnover percentage leading up to the first year of increases (4th quarter of FY2015 along with FY2016). The methodology formula was consistent across providers and was consistent between the baseline and FY2016 surveys:

$$\frac{\text{Total number of separations (departing employees) for FY2017}}{\text{Monthly average of Utah-based employees for FY2017}} = \text{FY2017 Turnover Rate}$$

The correlating numbers are:

$$\frac{3,261}{6,721} = 48.5\%$$

The Utah State Legislature only funded \$2,000,000 of the \$5,000,000 request for the third year of the three-year funding plan. Less turnover of direct care staff provides more stability to the lives of Utahns with intellectual and developmental disabilities. We hope that the Legislature will see the success of the two full funding years in FY2016 and FY2017 and fund \$3,000,000 in FY2019.

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