

### **Utah State Legislature 2018 General Session, H.B. 7 Item 41**

*"The Legislature intends that for all funding provided beginning in FY 2016 for Direct Care Staff Salary Increases, 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, 2018 regarding the implementation and status of increasing salaries for direct care workers.**"*

#### **Fiscal Years 2015, 2016, 2017**

The Division of Services for People with Disabilities (DSPD) received three direct support worker (DSW) wage increase appropriations during the 2015 & 2016 Utah State Legislature General Session. The first appropriation from the 2015 General Session was a one-time appropriation of \$1,250,000 GF for immediate implementation effective April 1, 2015. The second appropriation from the 2015 General Session was \$5,395,200 GF ongoing with implementation effective July 1, 2015. The first appropriation from the 2016 General Session was \$5,000,000 GF ongoing with implementation effective on July 1, 2016. Each of these appropriations were applied only to services with a direct care component, the implementations resulted in a 10.5 percent (FY15/FY16) and 8 percent (FY17) 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 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 a 3 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 fiscal year appropriations (Table 2). For FY18, reports have been received from most (106/111; 95%) contracted providers offering services that are delivered by DSW staff up through March of 2018. As of August 20, 2018, those reports represent over 99 percent of the additional funds received by providers up through the end of March 2018. There are five new small providers that have not yet provided the required reports. DSPD is working to get their information.

For the providers that have reported revenues and wage information for DSW staff, \$2,667,393 (total dollars) more has been spent for wage and benefit increases than was received in additional revenue based on the appropriation provided during the 2017 General Session for the period up through March 31, 2018. Among the 106 reporting providers, 87 (82%) 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 FY18 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.

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As a result of the 2017 legislative appropriation, providers have reported an increase in DSW wages. The ten largest DSPD providers represent 72% of the additional funds received as the result of the appropriation. Among these ten providers, starting wage has reportedly increased from \$8.03 to \$10.70 (Table 1). Average DSW wage is also reported to have increased from \$10.17 to \$13.41 as a result of the appropriation.

**Fiscal Year 2019**

During the 2018 Utah State Legislature General Session, DSPD received an additional appropriation resulting in \$1,500,000 ongoing general fund for direct support workers. This appropriation was implemented effective July 1, 2018 with a result of a 2.1 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 2019 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	\$10.50	\$2.50	\$9.99	\$13.34	\$3.35
2	\$8.00	\$10.50	\$2.50	\$9.14	\$12.52	\$3.38
3	\$8.00	\$11.00	\$3.00	\$10.98	\$14.23	\$3.25
4	\$8.00	\$10.50	\$2.50	\$11.68	\$15.17	\$3.49
5	\$8.25	\$10.50	\$2.25	\$9.91	\$12.76	\$2.85
6	\$8.00	\$12.55	\$4.55	\$8.79	\$12.69	\$3.90
7	\$8.00	\$10.65	\$2.65	\$11.03	\$13.83	\$2.80
8	\$8.00	\$10.75	\$2.75	\$9.97	\$13.44	\$3.47
9	\$8.00	\$10.50	\$2.50	\$9.41	\$12.18	\$2.77
10	\$8.00	\$9.50	\$1.50	\$10.77	\$13.94	\$3.17
	Average Baseline:		\$8.03	Average Baseline:		\$10.17
	Average Result:		\$10.70	Average Result:		\$13.41
	Average Difference:		\$2.67	Average Difference:		\$3.24

Note: Baseline data is from the period January 1, 2014 - December 31, 2014  
Result data is from the period January 1, 2018 - March 31, 2018 (except where noted)

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

Period	FY 2015				FY 2016				FY 2017				FY 2018				FY 2019			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Turnover Rate* (Based on calendar year)	80% (2014)		76% <b>(-4%)</b> (2015)		69% <b>(-7%)</b> (2016)		Data Unavailable				Data Unavailable									
General Fund Appropriation	\$1,250,000 <i>(one-time)</i>				\$5,395,200 <i>(ongoing)</i>				\$5,000,000 <i>(ongoing)</i>				\$2,000,000 <i>(ongoing)</i>				\$1,500,000 <i>(ongoing)</i>			
Rate Increase Implemented	10.5% (Effective 4/1/2015)								8% (Effective 7/1/2016)				3% (Effective 7/1/2017)				2.1% (Effective 7/1/2018)			
Percent of appropriated funds reported by providers	100%								100%				99%							
Net difference between appropriation and direct care staff increases (among reporting providers only)	<b>\$1,194,700</b> Total Dollars								<b>\$2,450,685</b> Total Dollars				<b>\$2,667,393</b> Total Dollars							
Amount recovered from providers unable to utilize the full rate increase for wages.	<b>\$12,500</b> General Fund								<b>\$8,225</b> General Fund											
*National Core Indicators Staff Stability Survey																				