

Agency Report
Department of Human Services
Direct Care Wages

Analyst: Laurie Byerly

Request: Acknowledge receipt of a report on direct care wages.

Recommendation: Acknowledge receipt of the report.

Analysis: The budget report for SB 5529, the primary 2013-15 budget bill for the Department of Human Services (DHS), included a budget note directing DHS to report on wages and turnover rates in programs relying on direct care workers. As anticipated by the budget note, the agency completed the report through a contract with RTI International, a research institute specializing in survey and data analysis services. The study generally excluded workers for whom wages are determined through collective bargaining.

RTI collected and analyzed survey responses from more than 2,000 providers over five information domains, which are outlined below :

- 1) Profile of long-term care providers, service users, and direct care workforce
 - Approximately 3,800 providers employing 36,700 workers and serving about 46,000 clients.
 - Typical provider is a small organization and not part of a chain.
- 2) Wages, inflation, and Medicaid rates
 - Wage setting driven by minimum wage, competition, experience, and education.
 - While the 2014 median wage across all providers surveyed was \$12.38 per hour, wages are higher in nursing facilities than in most other care environments.
 - Wages may, but do not always, increase in alignment with Medicaid rate increases.
- 3) Fringe benefits
 - Full-time workers are more likely than part-time workers to receive benefits; about 36% of direct care workers are employed part-time.
 - Paid personal time off is the most commonly offered benefit, followed by employee-only health insurance
- 4) Staff turnover
 - In 2014, estimated average annual turnover rate for direct care workers was 64%.
 - Turnover rates are highest in care for people with intellectual and developmental disabilities.
 - High turnover rates are frequently associated with low wages, but there are other rivers.
- 5) Options for translating funding increases into wage increases
 - Explore provider contract language requiring certain wage levels.
 - Enact legislation requiring providers to allocate a set amount to wages.

DHS is prepared to work with the Legislature to further review data points or look into policy considerations regarding direct care worker wages.

The Legislative Fiscal Office recommends acknowledging receipt of the report on direct care wages.