

Washington State Residential Programs

Direct Care Staffing Statistics and Analysis

Washington State Aging and Disability Services Administration

The issue of compensation for staff who provide the day to day direct services for developmentally disabled individuals has long been a concern in Washington State. The staff wage and turnover survey is a tool that helps to present the problem in quantifiable terms. Before looking at the survey information however, it would be helpful to have an understanding of the contractual payment system that is employed to compensate service providers.

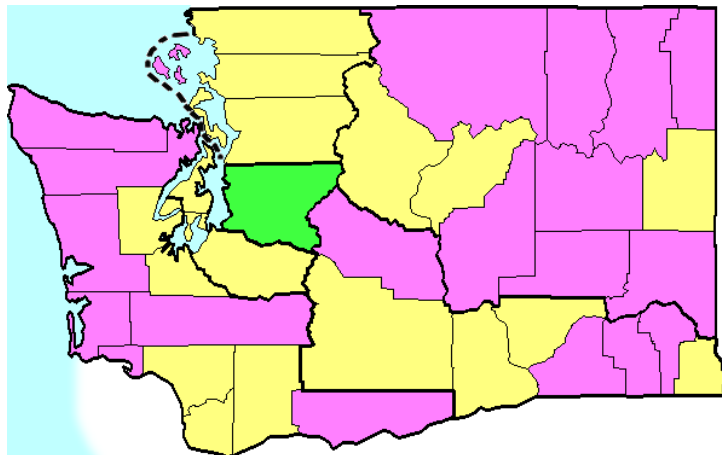
Available Dollars for Staff Compensation - Benchmark Compensation Rates

Contract & Rate Structure:

For the Supported Living and Group Home programs, Washington uses what we refer to as “benchmark” compensation levels for direct service employees. The benchmark rate is an *average* hourly amount incorporated into the client’s daily payment rate that is earmarked for direct service, or *ISS*

(Instruction and Support Services) staff. We use three benchmark rates in our contracts, one for King County (includes Seattle), one for MSA counties, and one for Non-MSA counties. The current rates are:

King County	\$16.11
MSA Counties	\$15.49
Non-MSA Counties	\$15.18



These hourly rates may appear to be fairly generous, however we should clarify what and for whom the benchmark rate dollars fund.

What the Benchmark Pays for:

Payroll Taxes: Including SSI, Medical Aid, Labor & Industries,

Unemployment Insurance and Business and Occupation Tax. These taxes take about \$3.25 off the top of the amount available for wages & Benefits.

Employee Benefits: including the costs of health insurance, retirement contribution, sick leave, vacation, paid holidays and/or other benefits.

Wages and Salaries: the amount left over after taxes and benefits for wages need to pay for all the hours worked including overtime pay. Agencies do not get extra funds from the department for paying overtime wages, so they have to manage this cost within the benchmark rate.

Who is Paid with the Benchmark Rate:

The benchmark compensation rate provides funds for:

ISS (Instruction and Support Services) Staff which includes:

- Staff who work directly with clients,
- First line supervisors, lead workers or managers (titles may include Program Manager, House Manager, Area Manager, etc.),
- Other staff that provide client services on behalf of clients such as Financial Specialists, Staff Trainers, Program Specialists or other titles.

When we consider how much the benchmark rate must cover, it becomes apparent that the \$15.18, \$15.49 or \$16.11 per hour has to be stretched to – or perhaps beyond – the limit of its adequacy.

It should also be noted that the department does not mandate compensation levels for any classification of the provider's employees. Providers have various staffing configurations, benefit packages and wage scales. The common denominator is that they all receive the same (for their geographical area) benchmark rate per contracted ISS hour which they can distribute in the manner that is most beneficial and efficient for their business model.

Below is a sample of typical rates for a provider and how the benchmark rate is incorporated into the daily payment rate.

The Washington DDD Wage and Turnover Staffing Survey

History of the Staffing Survey

The first survey was conducted for fiscal year 1997 (July, 06 – June, 07). Since then, a survey has been conducted each year, usually in October to gather information from the previous fiscal year (July 1 – June 30). In 2001, we added and modified questions for the Core Indicator project. We typically get a 75% to 80% response rate which provides a valid and representative sample of the population. The high response rate is largely due to support from the Community Residential Services providers Association which in turn uses the data as a means to educate legislatures about the need for higher wages for their staff.

Purpose:

- Gather data to provide actual wage, turnover and vacancy data over time and by areas of the state
- Analyze data to determine if, and to what extent compensation rates correlate with turnover and vacancy problems
- Use survey results to educate legislators about the problem, and to justify requests for additional funds for staff compensation

Table 1 (from the October, 2006 survey) summarizes some of the information we gather about programs, staff numbers, turnover, and vacancy rates. *Note that we summarize all information by region (regions 1 through 6), by program type (Supported Living, Group Home, and SOLA) and by county Metropolitan Statistical Area type. Most of the information presented below is by county type with SOLA as a separate grouping.*

** King County is a MSA designated county, however because average wages and other costs are significantly higher there than in other MSA counties, King County providers receive higher benchmark and administrative rates.*

*** The SOLA (State Operated Living Alternative) is a Supported Living program operated and staffed by state employees in four of the six regions (1, 2, 4 and 5). As can be seen in the staff compensation comparison charts, SOLA employees receive significantly higher compensation than their counterparts in private agencies. The primary significance of the SOLA data is the correlation*

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between higher compensation and dramatically lower turnover and vacancy rates.

Table 1	Non-MSA	MSA	King*	SOLA**	Total
No. of Program Surveys Received	12	79	31	4	126
Number of Clients Represented	251	2,061	824	110	3,246
No. of Staff Positions Reported	425	3,980	2,082	198	6,685
No. of Vacant Positions Reported	18	272	134	5	429
No. of Staff Reported Left Between 07/01/05 - 12/31/05	102	1,022	421	11	1,556
No. of Staff Reported Left Between 01/01/06 - 06/30/06	110	1,027	393	9	1,539
Vacancy Rate as of 06/30/05	4.2%	6.8%	6.4%	2.5%	6.4%
Average Annual Turnover Rate (07/01/05 - 06/30/06)	49.9%	51.5%	39.1%	10.1%	46.3%

Tables 2 and 3 summarize wage, turnover and vacancy data by non-SOLA and SOLA programs.

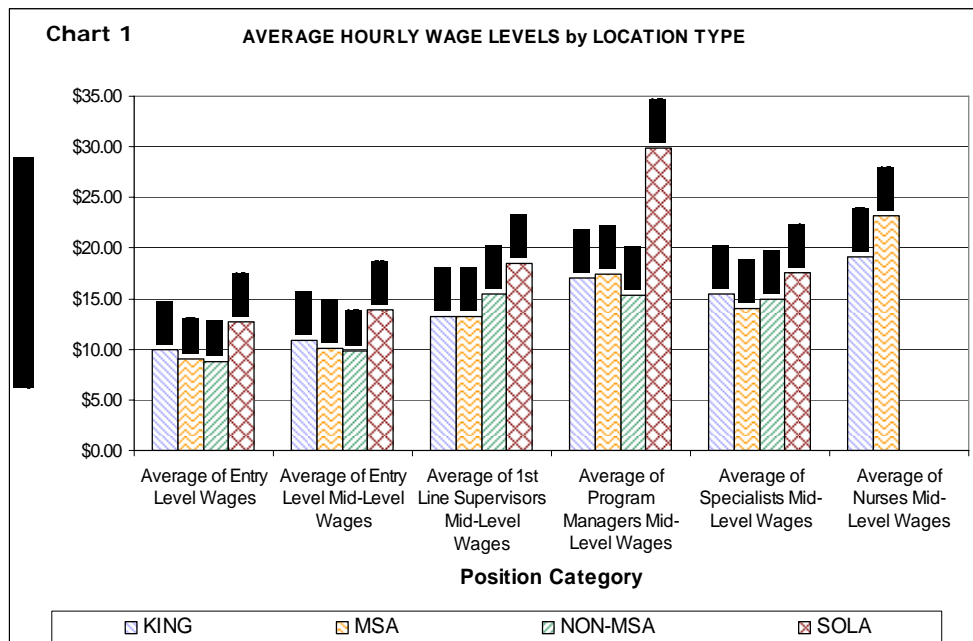
Table 2 RESIDENTIAL STAFFING SURVEY - OCTOBER, 2006 WAGE, VACANCY & TURNOVER DATA						
Note: The following data does not include data from the SOLA programs			Hourly Wages Reported		Vacancy Rate	Turnover Rate
Number of Staff Positions	Total Staff	Percent of Group	Entry Level	Mid-Level		
Entry Level	5,514	85.0%	\$9.30	\$10.26	7.0%	50.8%
1st Line Supervisors	470	7.2%		\$13.29	4.3%	29.4%
Program Managers	329	5.1%		\$17.14	3.3%	21.9%
Specialists	112	1.7%		\$14.48	0.9%	33.9%
Nurses *	62	1.0%		\$21.99	8.1%	38.7%
Total No. Positions	6,487	100.0%	Average Vacancy & Turnover		6.5%	47.4%
Number of Vacant Positions			Breakdown of Employees that Left by Position Type			
Entry Level	387	91.3%	Entry Level		2,803	91.2%
1st Line Supervisors	20	4.7%	1st Line Supervisors		138	4.5%
Program Managers	11	2.6%	Program Managers		72	2.3%
Specialists	1	0.2%	Specialists		38	1.2%
Nurses	5	1.2%	Nurses		24	0.8%
Total Vacant Positions	424	100.0%	Total Employees Left		3,075	100.0%

* not paid with the benchmark rate

Table 3 RESIDENTIAL STAFFING SURVEY - OCTOBER, 2006 WAGE, VACANCY & TURNOVER DATA						
Note: The following data is for the SOLA programs only			Hourly Wages Reported			
Number of Staff Positions	Total Staff	Percent of Group	Entry Level	Mid-Level	Vacancy Rate	Turnover Rate
Entry Level	174	87.9%	\$12.66	\$13.88	2.9%	11.5%
1st Line Supervisors	14	7.1%		\$18.44	0.0%	0.0%
Program Managers	4	2.0%		\$29.95	0.0%	0.0%
Specialists	5	2.5%		\$17.54	0.0%	0.0%
Nurses	1	0.5%			0.0%	0.0%
Total No. Positions	198	100.0%	Average Vacancy & Turnover		2.5%	10.1%
Number of Vacant Positions			Breakdown of Employees that Left by Position Type			
Entry Level	5	100.0%	Entry Level		20	100.0%
1st Line Supervisors	-	0.0%	1st Line Supervisors		-	0.0%
Program Managers	-	0.0%	Program Managers		-	0.0%
Specialists	-	0.0%	Specialists		-	0.0%
Nurses	-	0.0%	Nurses		-	0.0%
Total Vacant Positions	5	100.0%	Total Employees Left		20	100.0%

Chart 1 shows the wage data from the previous tables.

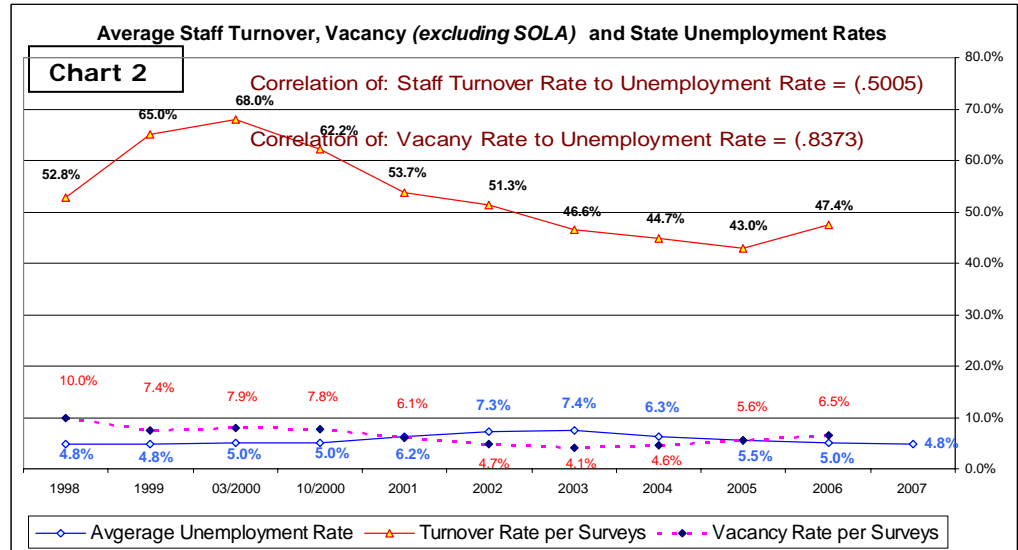
Note that King County has generally higher wage rates than other MSA or Non-



MSA counties. The exception in the Program Manager Mid Level category is likely explained by differing position descriptions and levels of responsibilities as defined by providers. Also, note that entry level employees make up about 85% of the direct staff (ISS) workforce.

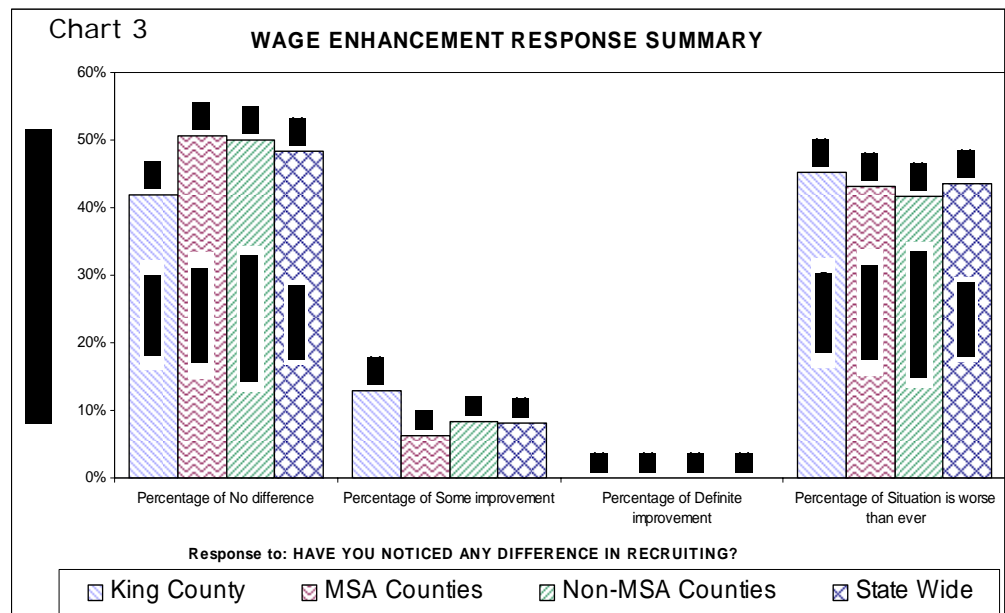
Chart 2 shows the staff turnover and vacancy rates for all categories of staff over the time period of these surveys. The turnover rate had been going down since 2000, however in the most current survey, both the turnover and vacancy rate increased.

We can't fully explain the pattern although there is a significant correlation (.5005) between the state unemployment rate and the turnover rate; and a stronger correlation (.8373) between the unemployment rate and the vacancy rate. The turnover and vacancy problem for individual providers however, seems to be more closely related to the availability of alternative employment opportunities, e.g., a Walmart store opening in their labor pool area.

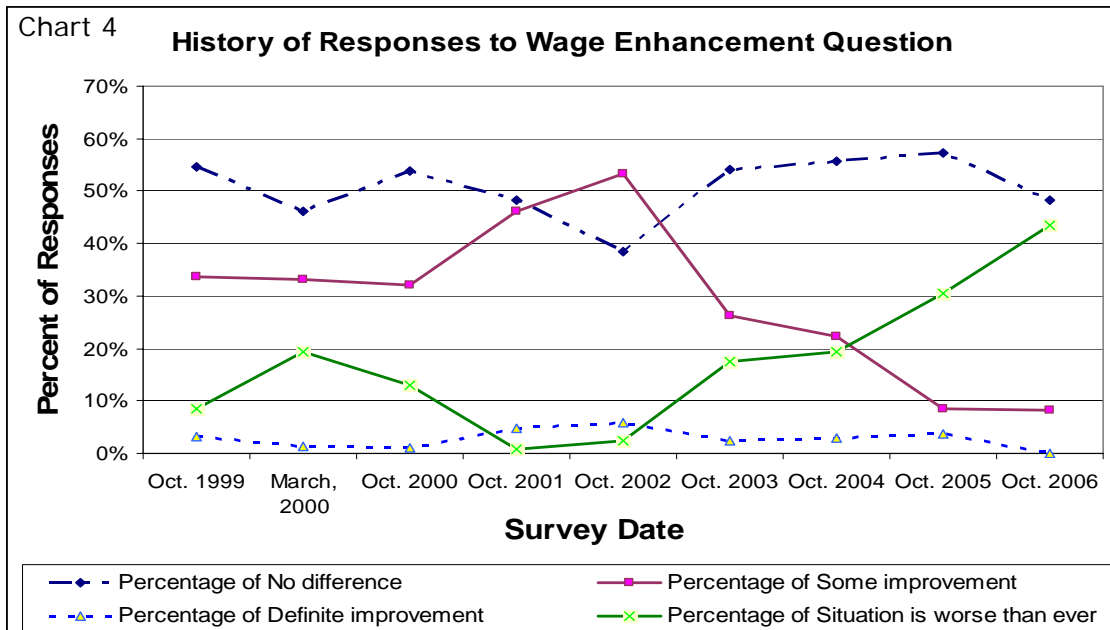


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Question 5 of the survey asks about changes in recruiting new staff. We wanted to get an idea if, and to what extent, increases in the benchmark



rates translated into ability to hire and retain staff. Other factors such as the alternative employment opportunities and available wages may be more significant factors, particularly since the benchmark increases are typically fairly small (1 to 3 percent). **Chart 3** shows the results from the latest survey and **Chart 4** shows the response over the past few years. The steep upward trend of "**Situation is worse than ever**" responses over the past four years may be more indicative of the staffing challenges than the turnover and vacancy rates.



Summary:

Although statistics and charts may be able to quantify the problem to some extent, they can't tell the story about the challenges service providers deal with on a daily basis to maintain a fully staffed high quality work force for their programs. Included by attachment are responses received from several providers to an informal inquiry about their staffing concerns and experiences.

The questions presented to them were:

1. How you try to attract and retain quality staff;
2. Your assessment of the trend in the quality of staff you are able to hire
3. To what extent are the wages you are able to offer limit your ability to hire and retain the staff you need;

- a. Do employees typically leave or refuse employment because of low wages?, or;
 - b. Do they leave or refuse employment because they decide they don't like the work?
4. Any thoughts or information you may have on how staffing issues impact your ability to deliver services (currently and concerns about the future).
 5. Anecdotal information – experiences with hiring, training, retaining etc.

Taken as a whole, we can easily conclude that the system is in a near crisis state. That's not to say that it is in danger of imminent collapse since social service professionals typically spend their careers working in a near crisis mode. There is however, a limit to the extent providers can adapt and find creative ways to deal with the workforce issues they are facing. In Washington, there are indications that several providers are fast approaching, or are at these limits.

As several of our providers indicated, they have found ways to value their employees by having staff recognition events or publications; reinforcing the idea that they are providing a valuable and vital service. Several also allow flexible work schedules and other personnel policies they can incorporate with limited funds. Naturally, it is always a good policy in any business to recognize and reward the value and good work by employees since employees (and people in general) generally need to receive assurance of their value. From the feedback we have gotten from providers it seems that, for the most part, employees enjoy their jobs and get personal satisfaction from their work. However, if providers are unable to offer a living wage, even the most progressive and innovative personnel policies will fail to recruit and retain quality employees over time.

Solution?:

If we look back to the average compensation and turnover rates (tables 2 and 3) for our contracted providers verses the **State Operated Living Alternative (SOLA)**, we can see the effects of higher compensation rates on staff retention. Comparing the turnover and vacancy rate data in the SOLA programs to the private sector is evidence that the compensation paid to SOLA employees appears sufficient to attract and retain staff. That being the case, the logical solution would be to increase the funding for private agencies to enable them to compensate their employees at the SOLA level.

Cost? – Always the Question

The average total compensation (including salaries, taxes and benefits) in the SOLA programs is approximately \$24.50 per hour. This compares to about \$15.50 per hour in the private agencies. Washington State currently contracts for approximately 14 million ISS hours annually through private agencies. If funding was provided to allow them to add an additional \$8.00 per hour to their compensation package to achieve parity with the SOLA program, the price tag would be approximately **\$124 million** per year.

There isn't a realistic expectation that anything near that amount of funding will be forthcoming anytime in the foreseeable future, however the alternative to not significantly increasing the funds available for direct staff compensation is most likely that providers will:

- Find it harder to attract quality employees to the field
- Continue to experience high rates of turnover and having to deal with the associated costs (training, background checks, advertising, other recruiting costs, etc.)
- Overwork and lose many of the experienced staff who are being burned out from working extra shifts due to unfilled vacancies and employees who fail to show up for work
- Experience further decline in the basic competency and work ethic of potential employees
- Find it to more difficult to provide Clients with a high quality of life if dedicated staff aren't available to provide the necessary supports
- Put clients' health and safety at risk
- Have more exposure to liability risks

For further information, please contact:

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