Chapter 4: Designated Agency Human Resource Issues and Infrastructure Needs

Human Resources

One of the major issues facing the Designated Agencies and Specialized Service Agencies is their ability to recruit and retain qualified direct service providers. Nationally, there are serious challenges with respect to the recruitment and retention of direct services staff in community programs such as those operated by the Designated and Specialized Services Agencies in Vermont. The adequacy of wages relative to other employment opportunities is key. In addition, while often personally rewarding, the work is more challenging than in many other sectors paying similar wages. In a recent national study, BDO Seidman (2002) noted three general economic constraints in the recruitment and retention of developmental disabilities direct care staff:

1. rapidly increasing health insurance costs, workers' compensation and general liability premiums
2. growing demand in competing service industries
3. the advantage that private sector "supply and demand" employers have over publicly funded human service systems that, unlike the private sector, are restricted by fixed appropriations

Complicating the employment issues for the DAs is the fact that Vermont has the fourth lowest unemployment rate in the nation at 3.4 percent. The national average is 5.4 percent. This means that fewer people are in the potential employment pool for the DAs than could be expected in many other states.

In Vermont the average direct services worker providing support to the developmentally disabled earns an hourly wage in the $11 – $12 range, roughly equivalent to the hourly wages earned in the retail trade sector in Vermont, but barely enough for a person working full-time and supporting two children to pull themselves to 150 percent of the federal poverty line.

All of the agencies interviewed indicated they are experiencing high levels of turnover in personnel – particularly direct service providers. Average turnover rates across all agencies have exceeded 30 percent in recent years. Compensation is the major issue impeding strong recruitment and retention rates at all levels (direct service, supervisory and management). Recruitment and retention of Masters level clinicians is also a major challenge for the DAs due to salary levels. Management at one DA indicated that over 50 percent of applicants refuse an interview upon learning the salary range for the position for which they applied. Some DAs reported that a third or more of their employees work second jobs to supplement their income from the agency.

Over the past 13 years, the average inflationary increase provided to the Designated Agency system has been 1.43 percent. This level of increase has not been adequate to raise salaries and achieve parity with other employers hiring workers with the education, experience and skill sets needed by the DAs. Many of the individuals exiting employment in the DA sector are taking positions in the educational system where wages are higher and the work year is shorter. It is difficult for the DAs to compete with the school districts when it comes to wages and benefits.

The average hourly wage for entry level direct service providers are as follows:

Provider Type	Minimum Education Level	Hourly Wage
Case Manager	Bachelors Degree[14]	$14.05
Nurse	RN License	$21.53
Day Treatment Worker	High School Diploma	$11.11
Residential Worker	High School Diploma	$11.37
Contracted Day/Respite Worker	High School Diploma	$12.28

The following chart compares direct service providers wages to the Federal Poverty Level (FPL) by full-time workers in the provider categories listed above when their income is supporting a household comprised of three persons.

Provider Type	Full-Time Equivalent Earnings	% FPL
Case Manager	$29,224	186%
Nurse	$44,782	285%
Day Treatment Worker	$23,109	147%
Residential Worker	$23,650	151%
Contracted Day/Respite Worker	$25,542	163%

In addition to wages, human resources costs within the Designated Agencies have been significantly increased by rising health insurance costs and premiums for workers' compensation insurance. Health insurance premiums alone rose 21 percent in CY2003. One Designated Agency reported that its annual Workers' Compensation program cost had increased from $16,000 in 1999 to $114,000 in the current year.

Wage rates for management staff also have a impact on staff turnover, thereby impacting program performance and administrative efficiency within the agencies.

Clearly, the Designated and Specialized Services Agencies are facing increasing fiscal pressures with respect to human resource costs, including both wage and benefit costs. If the system is expected to bring down turnover rates, and reduce the associated costs of recruitment, orientation, and training, it must offer wages and benefits that are comparable with those available in the public and private sector for similar jobs. One option would be to provide an appropriation to bring these workers closer to parity with

[14] A small number of case managers do not have college degrees, while some have Masters Degrees.

state employee compensation levels (both step and cost of living increases). This option is outlined in Chapter 7.

Infrastructure Needs

The need for improvements in both physical plant and technology varies by agency. Some are better situated than others in terms of the age and condition of their facilities and the status of their management information systems and automated technology for electronic billing, recordkeeping and storage. Many of the agencies interviewed have borrowed funds to support infrastructure investment, with some renovating existing space using maintenance staff. While the age and condition of the facilities operated by the agencies is variable, their condition does not appear to have deteriorated to the point that it has impacted their ability to deliver services in a safe manner.

New regulatory requirements always impose some degree of fiscal burden, particularly initiatives which impose many new standards – most recently the Health Insurance Portability and Accountability Act (HIPAA). If the state does not separately appropriate funds for compliance with federal and state mandates, the agencies must carve these funds from their other administrative or service delivery costs to meet the new or expanded requirements. Arguably the "no unfunded mandate" mantra should be considered here, with special appropriations accompanying any new government-imposed administrative requirements.