

**Vermont Care Partners  
Workforce Investment Update  
March 23, 2018**

**Act 82 and Act 85 enabled all designated and specialized services agencies (DA/SSAs) to implement a \$14 minimum wage and increase wages for crisis staff with the \$8.37 million/2% funding increase in FY'18. The results are already evident.**

- **2000 staff got raises, sometimes as high a \$5,000 - they now earn a minimum of \$28,000/year**
- **Morale is improving for the staff affected – our staff felt heard and supported**
- **FY17 staff turnover rate decreased from 26.3% to 23.8% with the promise of new funding and because a few agencies implemented the increase in FY18**
- **FY18 staff turnover and vacancy rates are decreasing for positions which received the minimum wage increase including crisis staff**

**Vermont Care Partners is requesting the second stage of the workforce investment initiative - \$5.74 million in general funds to conceptually achieve a \$15 minimum wage for DA/SSA staff and with flexibility for agencies to target compensation increases to the most critical positions to meet community needs, address local labor market dynamics, and cover health benefit costs.**

In FY18 Designated and Specialized Service Agencies experienced challenges in pay equity for staff wages because there were insufficient funds to address the compression of salary levels of staff at or just above the \$14/hr minimum wage. This led to some staff having the same or similar pay regardless of seniority, supervisory relationships, credentials, etc. which impacted morale.

After implementing the Stage 1 increase, we have found that market factors led to difficulty with recruiting staff at higher pay levels. **Analysis conducted in FY18 after the investment funds were distributed by Vermont Care Partners identified significant pay gaps between our staff and state employees with similar credentials and responsibilities:**

- o **Bachelors level staff earn salaries \$21,344 below state employees for equivalent work and length of employment**
- o **Masters level clinicians earn salaries \$12,830 below state employees for equivalent work and length of employment**
- o **Licensed clinicians earn salaries \$18,768 below state employees for equivalent work and length of employment**

Agencies report that our salaries for nursing staff are also below market rates, although we didn't specifically collect data on these positions. In total, our FY18 analysis found that raising the DA/SSA direct care workers' salaries up to the level of state employee salaries would require an investment of over \$61 million.

In addition to this statewide data, it should be noted that each community has unique needs and labor markets. Furthermore, the cost of health benefit packages of agencies rise at various rates, often due to utilization patterns for those agencies that are self-insured. A 2017 analysis of health benefits between DA/SSA and state employees showed that the value of DA/SSA health benefits is \$12 million below that

of state employees. Given these variables, flexibility in implementing compensation increases could maximize the value of the investment to the Vermonters served by the designated agency system.

**We know from Stage 1 of the Workforce Investment that offering more competitive compensation is effective to improve our vacancy and turnover rates and will improve access to and quality of care. It is important to continue to make these investments within the context of regional labor markets and the needs of our communities.**

Generally, agencies have improved recruitment and retention for the positions impacted by the 14\$/hr minimum wage, but continue to struggle with BA, RN and MA level professionals who provide service coordination, school-based services, outpatient services, eldercare, nursing, residential program management and clinical supervision. These vacancies often stay open for months and impact a range of services including: school contracts and outpatient services. Of particular concern is the impact of staff vacancies on our work to integrate and coordinate mental health and acute health care services. Additionally, one agency lost its Reach-Up contract because it was unable to fill a clinical position after many months. School contracts are also being impacted due to staff vacancies that can't be filled. **Currently, there are 355 regular staff positions vacant;** approximately a 7% vacancy rate is. This figure does not include per diem and temporary positions.

When staff positions are vacant it can mean that a person who has autism goes without assistance with facilitated communication until new staff can come in and train up over a period of months. In schools therapy and support services are interrupted and have to be restarted, while some students simply don't have the supports they need to participate in the classroom. Accumulated expertise literally walks out of agencies when staff leaves for higher payer jobs in state government, health care or other parts of the human service sector. Our work is based on not only on expertise, but also therapeutic relationships that take time and care to develop. **Stability in staffing is essential for quality care to the vulnerable Vermonters we serve.**

**Staff recruitment and retention will continue to be impacted by a combination of the State's low unemployment and an increasingly competitive labor market.** State employees will receive compensation increases in FY19, as will school, hospital and possibly home health and Area Agency on Aging employees and the cost of health benefits will continue to rise. DA/SSA administration rates are only 8.9% and cannot be reduced, especially given the growing demand for data, IT and EMR infrastructure development. **Therefore, level funding DA/SSAs will lead to service reductions so that agencies can cover inflationary costs and the dynamics of the labor market.**

**The appropriation of Stage 2 of the Workforce Investment could enable DA/SSAs to maintain critical mental health services, strengthen collaborations with our health care partners and reduce the utilization of more expensive acute care services in hospital inpatient and emergency departments.**