



2018 PENNSYLVANIA DIRECT SUPPORT PROFESSIONAL & FRONTLINE SUPERVISOR **COMPENSATION STUDY**

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A COLLABORATIVE PROJECT OF:

Moving Agencies Toward Excellence (MAX)

PAR (Pennsylvania Advocacy and Resources for Intellectual Disability)

Rehabilitation and Community Providers Association (RCPA)

The Alliance of Community Service Provider (The Alliance CSP)

The Arc of Pennsylvania

The Provider Alliance (TPA)

United Cerebral Palsy of Pennsylvania (UCP of PA)

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Executive Summary of 2018 PA Direct Support Professional and Frontline Supervisor Compensation Study

- Providers of Intellectual Disability and Autism services and supports in Pennsylvania were surveyed to assess issues pertaining to the Direct Support Professional and Frontline Supervisor workforce. Issues included pay rate, turnover, open positions, and benefits. Responses were received from 169 providers employing over 32,000 Direct Support Professionals and 3,331 Frontline Supervisors.
- Mean (average) Direct Support Professional hourly wage was \$12.83 per hour. Average starting hourly wage was \$11.62 per hour.
- Direct Support Professional turnover rate was 38.2% per year. The turnover rate for full time Direct Support Professionals was 35.6%, and the turnover rate for Part Time Direct Support Professionals was 47.1%.
- The rate of open positions for Direct Support Professionals was 20.4% with greater numbers of open positions among part time employees.
- Direct Support Professional benefit packages average 22.2% of total compensation packages.
- Mean (average) First Line Supervisor annual salary was \$37,977.
- First Line Supervisor turnover was 19.7% per year, and 9.2% of First Line Supervisor positions were vacant.
- 90.3% of Direct Support Professionals received a pay raise during the FY17-18 fiscal year. 57.5% received a bonus during that same time period.
- Wages have increased, but turnover and the number of open positions have also increased.

2018 Pennsylvania Direct Support Professional and Frontline Supervisor Compensation Study

Direct Support Professionals (DSPs) are individuals who are employed to provide a wide range of supportive and habilitative services to individuals with intellectual and developmental disabilities on a day to day basis (Hewitt & Larson, 2007). These services typically include teaching new skills, attending to health and behavioral needs, assisting in personal care and hygiene, providing relationship support, employment, transportation, recreation, helping individuals integrate successfully into their communities, housekeeping and other home management related supports and services. These supports and services are provided so that people with disabilities can live and work safely and inclusively in their communities, leading self-directed lives to the extent possible. Similar position titles for this workforce also include Client Care Workers, Residential Counselors, Employment Consultants, Home Health Aides, and Personal Care Aides. These employees are the core of the business of supporting and providing services to individuals who have Intellectual Disability or Autism (ID/A).

Overview of Direct Support Professional Workforce Challenges

Organizations that provide home and community based supports and services to individuals with Intellectual Disability or Autism (“providers”) are faced with significant challenges to recruit and retain workers to fill these Direct Support Professional positions. Vacant positions make it challenging to ensure the provision of quality supports and services. Providers experience high levels of employee turnover,

excessive numbers of open positions, and overtime. Some providers have terminated the provision of certain services because they are unable to fill Direct Support Professional positions. In addition, concerns have been raised regarding the readiness and qualifications of individuals being hired into Direct Support Professional positions (Test, Flowers, Hewitt, Solow, & Taylor, 2003). One might suggest that the high turnover and open position rates serve to reduce selectivity in the hiring process for Direct Support Professionals.

The University of Minnesota Institute for Community Integration (2008) has established that low pay is a key determinant of the current recruitment and retention challenges faced by Intellectual Disability and Autism providers, families, and individuals themselves. A stronger economy than in the past 10 years, low unemployment rates, and wage competition from companies like Amazon that provide a \$15/hour starting wage further complicates the hiring process by reducing the competitiveness of Direct Support Professional wages, which are funded by the government. In addition, various municipalities are imposing minimum wage expectations without providing funding to meet these expectations. Note that Philadelphia just passed a law requiring a \$15/hour minimum wage on city contracts beginning in 2021 (the "Fair Workweek" bill). Services for individuals with Intellectual Disability and Autism are funded primarily through the rates set by the Commonwealth of Pennsylvania. The state funds appropriated each year for these services are matched approximately dollar for dollar by Federal Financial Participation (FFP), so although providers are privately owned, they are funded almost completely by the government, and thus unable to raise wages to compete with other

privately-owned businesses without additional government funding. Providers do not set the rates for services provided; government does.

The President's Committee on People with Intellectual Disabilities (2018) has labeled the current situation a workforce crisis. Hewitt (2018), however, has argued that the difficulties in recruiting and retaining Direct Support Professionals point to a serious system design flaw that has been clearly evident for over 25 years. She argues that a crisis is more of an emergent problem, rather than an ongoing matter. It seems evident that the roots of the ongoing workforce challenges lie in the systematic underfunding of social services (Oss, 2017; Spreat, 2017). Highlighting the extent to which Direct Support Professional pay is too low, both ANCOR (2007) and Torres, Spreat, & Clark (2017) have noted that most Direct Support Professionals would qualify for significant forms of public assistance based on their low wages.

The genesis of the workforce problem is of little meaning to the provider that struggles to ensure that adequate supports are provided to individuals who have Intellectual Disability or Autism. Ultimately, the issue is whether providers can fill necessary positions with qualified personnel. As noted by a United States Department of Labor report (2006), demand for Direct Support Professionals is increasing within the field of Intellectual Disability and Autism services, and simultaneously, the demand for Direct Support Professionals is beginning to increase in the field of aging as the Baby Boomer generation begins to need additional forms of support. Hundreds of individuals are transitioning from living in state-run institutions to living in community based programs run by private providers. Thousands are living at home without services and hundreds of high school graduates are entering the Intellectual Disability/Autism service

system every year. The perception within the field is that the workforce situation is bad and getting worse.

In an effort to quantify the magnitude of the workforce crisis, PAR (Pennsylvania Advocacy and Resources for Autism and Intellectual Disability), an association of providers, commissioned a study of the compensation of Pennsylvania Direct Support Professionals. This study (Spreat, McHale, & Walker, 2015) reported a mean hourly wage of \$11.26 for Direct Support Professionals working in the private Intellectual Disability and Autism sector. Annual turnover was reported to be 26.2% per year, while the overall rate of open positions was determined to be 10.6%. These findings were derived from a sample of 65 providers that belonged to PAR and employed a combined Direct Support Professional workforce in excess of 17,000 individuals.

The potential utility of these compensation and stability data warranted establishing a means with which to collect such information on a regular basis. PAR was joined in this effort by six other Pennsylvania associations (MAX, RCPA, The Alliance CSP, The Arc of Pennsylvania, TPA, and UCP of PA) to support a second Commonwealth-wide survey in 2016. The inclusion of the six associations broadened the utility of the findings by significantly increasing the size of the study population. This second compensation study was based on data reported by 121 Pennsylvania providers. These 121 providers employed just over 34,000 Direct Support Professionals. This second study (Torres, Spreat, & Clark, 2017) reported a modest increase in hourly wage to \$11.89 per hour (an extreme score makes the median value of \$11.50 more credible than the mean (average) figure). Turnover was maintained at 26.0%, while the percent of open positions was reported to be 11.9%. The Part Time

rate of open positions (16.0%) was greater than the Full Time rate of open positions (10.2%). It should be noted that in both surveys, public comments were made that the reported turnover rates seemed too low, however, obtaining the same answer on two consecutive surveys would seem to attest to the reliability of the information.

The findings from this Seven Association survey were reported in legislative testimony to the Pennsylvania House Human Services Committee in 2017 (Spreat & Torres, 2017), with the argument being put forth that an increase in base Direct Support Professional pay could actually save the Commonwealth money by reducing overtime costs, recruitment costs, and reliance by Direct Support Professionals on public assistance. The findings of the study were coordinated into a concerted effort to help persuade legislators and executive staff of the need to take steps that would increase wages for Direct Support Professionals.

Temporally congruent with the Seven Association study, the National Core Indicator project released its findings of a 20-state survey of Direct Support Professional compensation practices (NCI, 2018). Pennsylvania was one of the participant states, with 115 Pennsylvania providers providing data regarding the employment of their 15,261 Direct Support Professional employees. The smaller National Core Indicator survey reported a mean residential Direct Support Professional hourly pay rate of \$11.86. While the percentage of open positions was markedly similar to the Seven Association study at 11.2% for full time Direct Support Professionals and 15.9% for part time Direct Support Professionals, the National Core Indicator group reported an appreciably higher turnover rate of 38.3% as opposed to the 26% turnover rate reported in the Seven Association Pennsylvania study.

The findings of these three studies are appropriately interpreted to reflect a Direct Support Professional systemic workforce crisis. Because of low wages, employers are unable to fill vacant positions with qualified staff. The resultant excessive reliance on required overtime further increases the challenges of the Direct Support Professional job and the challenges faced by individuals and their families who need stability to help ensure health and safety which only comes with experience and adequate training.

An advocacy campaign was established to educate legislators and the general public regarding the Direct Support Professional workforce crisis. This campaign included legislative testimony, the production of a 10-minute video on the role of Direct Support Professionals titled “Fix The DSP Crisis” which went on to win an Emmy Award, and over 50 legislators participating in “Direct Support Professional for a Day” programs. Following the initial year of this campaign, providers received the first rate increase in 10 years in the FY 17/18 Pennsylvania Budget, with the specific intent of increasing Direct Support Professional compensation.

The Commonwealth’s appropriation of additional funding for rate increases in FY 17/18 made it essential to conduct a third compensation study to ascertain whether Direct Support Professionals actually benefitted from the increased funding in the FY 17/18 budget and whether there was impact on the Direct Support Professional workforce crisis. The purpose of this study is to collect 2018 data regarding Direct Support Professional and First Line Supervisor compensation, benefits, turnover, and open positions. This third study was designed to parallel the earlier studies, creating a framework for ongoing longitudinal analyses of Direct Support Professional compensation. Specific questions to be addressed were:

1. What is the typical starting hourly wage for Direct Support Professionals?
2. What is the typical hourly wage for Full Time and Part Time Direct Support Professionals?
3. What is the turnover rate for Direct Support Professionals?
4. What is the rate of open positions for Direct Support Professionals?
5. What are the typical benefits provided as part of employment for Direct Support Professionals?
6. What is the occupational tenure of Direct Support Professionals?

The survey was the collaborative project of seven provider and/or advocacy associations in Pennsylvania. All were involved in the design of the survey, and each association distributed the survey to its membership. The seven associations were:

MAX – Moving Agencies Toward Excellence

PAR – Pennsylvania Advocacy and Resources for Autism and Intellectual Disability

RCPA – Rehabilitation and Community Providers Association

The Alliance CSP – The Alliance of Community Service Providers

The Arc of PA - The Arc of Pennsylvania

TPA – The Provider Alliance

UCP of PA – United Cerebral Palsy of Pennsylvania

It should be noted that a number of providers belonged to several of the above listed organizations, but in no case did a provider contribute more than one set of data.

Methods

Sample

The sample consisted of 169 voluntary respondents to email requests from one or more of the seven associations. These 169 respondents each employed individuals in positions that would be classified as Direct Support Professionals. The 169 respondents self identified their primary business as:

- 114 – Residential Services
- 26 – Day Program
- 21 – In-Home Supports Program
- 6 – Other Program

At the time of the survey, these 169 providers employed 25,087 full time Direct Support Professionals and 7,282 part time Direct Support Professionals. A total of 32,369 Direct Support Professionals were represented. It should be noted that 36 of the organizations surveyed either declined to report the number of Direct Support Professionals in their employ or simply did not employ Direct Support Professionals. Eighteen (18) of the providers were unionized (10.8%).

It is noted that while participation in this third survey increased from 121 providers to 169 providers, the number of represented Direct Support Professionals was largely unchanged. It appears that an increased number of smaller providers, often providing in-home services, elected to participate in the survey.

Instrument - The questionnaire was developed in consultation with representatives from the seven provider/advocacy associations and the Human Resources Committee of PAR. While key questions regarding compensation and

turnover/open positions appear in all three surveys, however, this most recent survey more extensively addressed benefit packages. A copy of the questionnaire may be obtained from PAR (par@par.net).

Data Collection – Invitations to participate in the survey were sent from each association to its membership. The invitation included a link to Survey Monkey, where the respondent could directly complete the survey. The invitations strongly suggested that the survey be completed by the head of Human Resources, with help as needed for specific questions. Invitations were distributed, and respondents were asked to complete the survey by 11/1/18. A grace period was extended until 3:00PM on 11/14/18.

Missing Data – It is noted that some providers did not fully complete the survey. In each case involving missing data, all values reported in the text are based only on responders. Because of the missing data, seemingly straightforward analyses of summary data are not possible. One must first ensure that any two variables used in an equation each contribute data to the analysis.

Results

Hourly Wages for Direct Support Professionals

Starting Hourly Wage - Respondents were given a brief description of an applicant for a Direct Support Professional position and asked what the offered hourly wage would be for that individual. Across the 154 responding providers, a mean hourly starting wage of \$11.62 was determined to be in effect as of 6/30/18. The median value was \$11.50 per hour. Starting hourly wage ranged from \$8.35 per hour to \$16.00 per

hour, with a standard deviation of 1.25. Note that starting wage was not weighted by the size of the provider.

Typical Hourly Wage for Direct Support Professionals - Some published literature has suggested that full time and part time Direct Support Professionals are paid slightly different hourly wages. For that reason, the study calculates the typical hourly wage for full time Direct Support Professionals, part time Direct Support Professionals, and the combined group of all Direct Support Professionals. Overall typical hourly wage was derived from the hourly rates for full time and part time staff.

Because providers varied widely with regard to the number of Direct Support Professional employees, it was necessary to weight each reported mean hourly wage by the number of employees from whom that mean value was derived. These weighted values were summed and then divided by the total number of employees.

Hourly wage data were reported for 25,087 Full Time Direct Support Professionals. Their weighted hourly wage was determined to be \$12.83 per hour. Hourly wage data were reported for 7,282 Part Time Direct Support Professionals. Their weighted hourly wage was determined to be \$12.84. Overall, the mean hourly wage was determined to be \$12.83 per hour across the Commonwealth. The lowest mean hourly wage was reported to be \$8.35 per hour, and the highest mean hourly wage was reported to be \$22.00. Note that these values (\$8.35 and \$22.00) are mean values.

It must be recognized that turnover and open positions have an impact on the hourly cost of Direct Support Professional services. Because most open positions must be filled through the use of overtime, one must recognize that overtime hours paid to

staff will have a cost of about \$19.25. Estimates reported for recruitment and training costs vary widely, with costs of up to \$4000 per position being reported. It would be an error to conclude that \$12.83 plus the costs of benefits is the cost of a DSP hour. Costs of overtime and recruitment/training must be considered as well.

Respondents to the survey reported that in addition to the hourly wage paid to Direct Support Professionals, an additional 22.2% equivalent of the hourly wage was paid in benefit packages paid to employees. Note that this is not the same as the hourly cost of filling a Direct Support Professional position, which is increased by the costs of overtime caused by Paid Time Off, open positions, Family Medical Leave absences, and the need to use staffing agencies. Harriger (personal communication) has estimated this cost to be in excess of \$20 per hour.

By June 30, 2018, the end of the 2017/18 Fiscal Year, 90.3% of the Direct Support Professionals referenced in this study received a pay raise. Approximately 58% received a bonus. Several respondents to the survey wrote that they had delayed raises until 7/1/18, the start of the 2018/19 Fiscal Year.

A shift differential occurs when an employee is paid a different rate for working a more or less favored shift. A shift differential may increase the hourly rate if work time is disfavored (such as a holiday), or it may be a decreased hourly rate. Overall, across the 41 providers that report using a shift differential, the typical rate adjustment is +\$1.00 per hour. Several negative shift differentials were reported, and this was typically when an employee was permitted to sleep during the shift.

Turnover for Direct Support Professionals

There are several formulae with which to estimate turnover. To ensure comparability with data from the Pennsylvania Office of Developmental Programs, the following formula was adopted:

$$\text{Turnover} = \frac{\text{Number of employees separating in FY17-18}}{\text{Number of persons employed as of 6/30/18}}$$

Note that this formula was also used in the Seven Association Direct Support Professional compensation study of 2016.

For purposes of the turnover calculation, respondents employed 24,812 Full Time Direct Support Professionals as of 6/30/18. During the fiscal year that concluded on 6/30/18, some 8,828 Full Time Direct Support Professionals had separated from the reporting organizations. This determined a turnover rate for Full Time Direct Support Professionals of 35.6%. There were 7,168 Part Time Direct Support Professionals working for the respondents as of 6/30/18, and some 3,374 Part Time Direct Support Professionals had separated from the providers during the prior year. This is a turnover rate for Part Time Direct Support Professionals of 47.1%. Aggregating these data, an overall Direct Support Professional turnover rate of 38.2% was determined.

Despite the discouraging turnover rates, it is noteworthy that providers reported that the mean employment tenure of all employees was 5.02 years with a standard deviation of 2.79. This relatively positive finding is balanced by the fact that 47.6% of the employees who separated from the provider had worked 6 months or less. This finding is not a new phenomenon.

Open Position Rates for Direct Support Professionals

The formula for estimating the rate of open positions is below:

$$\text{Open Position Rate} = \frac{\text{Current Number of Open Positions}}{\text{Current Open Positions} + \text{Current Employees}}$$

Once again using 6/30/18 as a reference point for calculations, it was determined that there were 6 of that date. There were 32,369 individuals employed as Direct Support Professionals, but missing values on the open position variable reduced the working number to 31,654. This yields an overall Direct Support Professional open position rate of 20.4%. The comparable rate for part time positions was 31.8%, while the comparable rate for only full time positions was 17.3%. Note that missing values precluded a simple division of the number of open positions by the number of workers plus open positions.

Note that about ¼ of respondents were unable to provide open position data. In many cases, this was because they don't rely on a "slot book" or similar device to identify filled and unfilled positions. One respondent simply said that they were hiring all that they could, but didn't have a sense of the number of open positions. Fortunately, our sample size is relatively large, and it is likely that our estimates are relatively representative.

Employee Benefits

Many providers treat full time and part time employees differently with respect to employment benefits. For that reason, it is necessary to report benefit packages separately.

Medical Benefits for Full Time Direct Support Professionals

Approximately 97.2% of reporting providers indicated that they offer a medical plan for their employees, with the typical provider paying about 83.4% of the cost of the plan. They further reported that about 68.1% of their employees participate in the medical plan.

Forty (about 28%) providers offer a bonus to employees who elect to waive medical coverage. The median bonus was \$800 per year. Note that this tactic would increase compensation for those employees who might be covered under a spouse's medical plan with another company.

Retirement Benefits for Full Time Direct Support Professionals

A pension plan is reportedly offered by 22 of the reporting providers (15.4%). An appreciably greater number of providers offered a defined contribution plan (123 or 85.4%). About 82% of these providers contribute to the defined contribution plan, with the typical employer contribution being about 4% of the employee's annual income.

Despite the ready availability of these defined contribution plans, only about 50.2% of Full Time Direct Support Professionals elect to participate in the plans. The comparable figure for Part Time Direct Support Professionals is 25.5% participation. It is conceivable that the low pay range typically associated with the Direct Support Professional position discourages employees from investing needed funds.

Paid Time Off for Full Time Direct Support Professionals

Inspection of data submitted regarding Paid Time Off (vacation plus sick leave plus holidays) suggested that some respondents misunderstood the directions for this series of questions. For full time staff, the survey requested the number of hours of Paid Time Off, not the number of days. A small number of the responses included such small numbers (like 7) to suggest that the respondent was reporting days rather than hours. There were also a couple of extreme scores in the opposite direction that suggested 83% of the time was Paid Time Off. For this reason, it was necessary to exclude both high and low extreme scores from the analysis. Only stable measures of tendency (median) will be reported.

17 days - 136 hours of PTO after 1 year of service

22 days - 174 hours of PTO after 3 years of service

25 days - 200 hours of PTO after 5 years of service

27 days - 219 hours of PTO after 10 years of service

Other Benefits for Full Time Direct Support Professionals

The table below illustrates the other benefits offered to full time Direct Support Professionals and the percentage of providers that offer each benefit. Because it can be argued that a benefit is only a benefit if the employer contributes to that benefit, a column was added to convey the percent of providers that are paying for at least part of that benefit. For example, 95% of providers offer a family medical plan, but only 73% contribute to that plan. For purposes of clarity, note that this chart refers to the

percentage of providers that offer the listed benefit, not the number of Direct Support Professionals who actually receive the benefit. The latter column is perhaps a better index of benefits provided to the employee.

Benefit	Percent Offering	Percent of Providers paying All or part of this benefit
Family Medical Plan	95%	73%
Dental	97%	67%
Family Dental	96%	49%
Life Insurance	94%	83%
Vision	94%	62%
Long Term Disability	76%	54%
Short Term Disability	82%	41%
Employee Assistance Program	59%	59%
Flex Health Spending Account	42%	4%
Health Reimbursement account	27%	21%
Health Savings Account	23%	11%
Tuition Reimbursement	47%	44%
College Loan Repayment	8%	5%

One might question whether providers were offsetting the costs of giving raises by constraining benefit costs. It is noted that total spending on Direct Support Professional wages correlated .88 with total spending on Direct Support Professional benefits. This means, in general, providers that pay higher hourly wages also spend more in benefits for Direct Support Professionals. There is no appreciable evidence of shortchanging benefits in order to boost wages. It is conceivable that there are individual cases of this, but there is no evidence of this practice having become a pattern.

Benefits for Part Time Direct Support Professionals

Fewer benefits tend to be available for part time Direct Support Professionals. The percentage of providers offering identified benefits is listed in the table below:

Benefit	Percent of Providers Offering
Paid Time Off	59.3%
Defined Contribution Plan	56.3%
Employee Assistance Plan	40.7%
Dental Insurance	20.7%
Vision Insurance	20.7%
Pension Plan	17.1%
Tuition Reimbursement	12.9%
Flexible Spending Account	11.4%
Tuition Assistance	6.4%
Health Reimbursement Account	4.3%
Health Savings Account	2.9%
College Loan Repayment	0.0%

Comparison with Prior Surveys

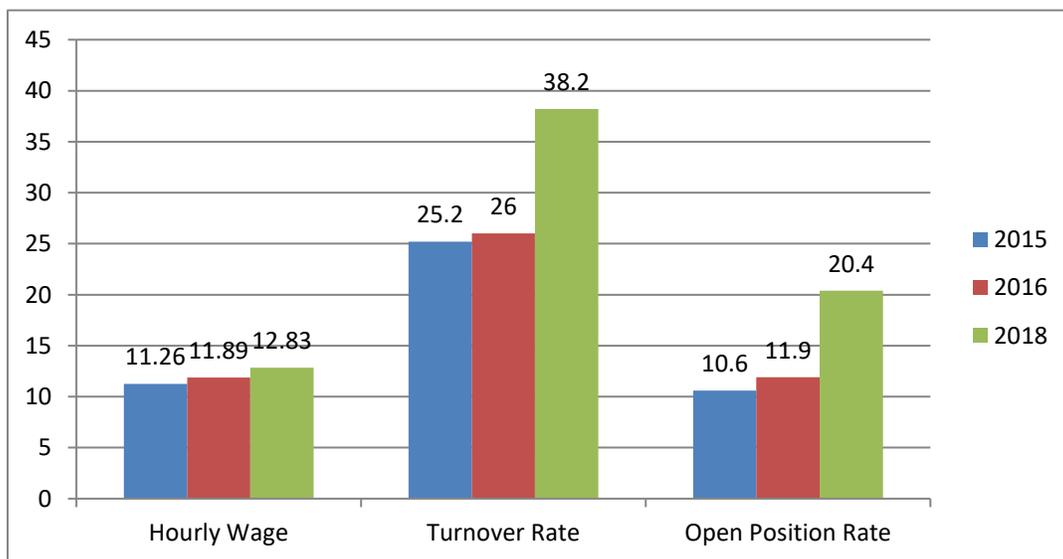
Although the series of three Direct Support Professional wage studies done collaboratively by the seven associations do not constitute a longitudinal analysis, it is instructive to consider each survey as a snapshot in time and to assess whether those snapshots suggest changes. Particular attention should be directed to starting Direct Support Professional wages, average Direct Support Professional Wages, Turnover, and Open Positions. The table below permits comparison of survey results over time.

	2015	December 2016	November 2018
# Direct Support Professionals Covered	17322	34037	32369
# Providers	65	121	169
Direct Support Professional starting wage	\$10.15 / hour	Not collected	\$11.62 / hour
Mean Direct Support Professional wage	\$11.26 / hour	\$11.89 / hour	\$12.83/ hour
Direct Support Professional Turnover	25.2%	26.0%	38.2%
Direct Support Professional Open Positions	10.6%	11.9%	20.4%
Percent Benefits	27.0% *	27.1% *	22.2% **

“*” estimate provided by respondents

“**” calculated from wages and benefit costs

Perhaps the chart below more clearly illustrates industry trends in wages, turnover, and rate of open positions for Direct Support Professionals in Pennsylvania.



First Line Supervisors

First Line Supervisors generally direct the activities of Direct Support Professionals. They constitute the first line of management, yet they also provide significant levels of direct service to individuals who have an Intellectual Disability or Autism. This survey gathered information regarding 3,331 First Line Supervisors. These individuals typically work a 40-hour week, with about 14 of those hours being devoted to the provision of direct service/support. Note that the weekly provision of direct support ranges from 0 hours to 48 hours (some First Line Supervisors provided no direct support). In a sense, slightly over $\frac{1}{4}$ of the better paid First Line Supervisor hours are devoted to work as a Direct Support Professional.

The typical starting salary for a First Line Supervisor in the Pennsylvania Intellectual Disability/Autism industry is about \$36,014 per year. This value varied from a low of \$24,375 to a high of \$55,000.

The (weighted by organization size) mean annual salary for the 3,331 First Line Supervisors was \$37,977 (standard deviation = 6726). The median was \$37,050, and the annual salary ranged from \$17,714 to \$58,000. It was noted that 87.1% of the Pennsylvania First Line Supervisors received a raise sometime during FY2017-2018.

The percentage of open positions for First Line Supervisors was determined to be 9.2%. The turnover rate was 19.7%. Both of these values were smaller than the values for Direct Support Professionals. It is noted that many Supervisors are promoted from Direct Support Professional ranks, making it easier to maintain a lower percentage of open positions.

Discussion

The data suggest that advocacy efforts to increase hourly wages for Direct Support Professionals have been followed by actual increases in the hourly wages for Direct Support Professionals. Comparing 2015 data with current data, an increase of 15.8% in Direct Support Professional wages is evident. Over 90% of providers gave raises to Direct Support Professionals at some point during FY17-18. Just under 58% gave bonuses. While the direction of wage change is desirable, it is clear that continued wage increases are necessary. This conclusion is supported by the increases in both turnover and open position rates. In a sense, employees are slightly “better off,” but the condition of the industry has worsened.

Historically, employment in the Intellectual Disability/Autism field has been viewed as counter-cyclic. That is, it is easier to hire people to the Direct Support Professional position when the economy is not doing well because there are fewer higher-paying jobs elsewhere. While the improved economy and the associated decline in U-6 unemployment from 11.0% in February 2015 to 7.4% in late 2018 are good news for the nation, hiring challenges have increased in the Intellectual Disability and Autism field. These challenges are further magnified by companies like Amazon increasing their starting wages to \$15 per hour, and by various municipalities adopting minimum wage guidelines that exceed Commonwealth law. There are a growing number of other and better paying opportunities for individuals who might become Direct Support Professionals. The point to take is that while advocacy efforts have been followed by increases in Direct Support Professional wages, hiring challenges continue to highlight the fact that the wages are too low. We have failed to reach an equilibrium between

supply (Direct Support Professionals) and demand (the need to hire Direct Support Professionals). Because providers generally have no control on the prices for their services since the rates are wholly determined by the state, they are unable to raise these prices so that they could afford raise wages to attract a sufficient number of qualified employees. A recent report (Spreat, 2018) reveals that 1/3 of Pennsylvania providers continue to have expenses in excess of revenue. The externally imposed controls (state government imposed) on prices charged by providers continue to maintain a staffing shortage. Until government-set rates increase sufficiently or until providers gain some control over their pricing, the Intellectual Disability/Autism services industry and employees will continue to struggle. The systematic underfunding of Intellectual Disability/Autism services continues to jeopardize the welfare of people who have individual disability and the people who provide supports and services to those individuals.

For the past several years, the rallying cry has been that Direct Support Professionals should be paid a “living wage.” A living wage is defined as the minimum income necessary for a worker to meet their basic needs. These needs include food, housing, clothing, and other essentials. A living wage enables a worker to afford a modest, decent standard of living. The Massachusetts Institute of Technology (MIT, 2018) provides a calculator that defines a “living wage” within given metropolitan areas.

According to the MIT living wage calculator, a single employee living in the Philadelphia area needs to make \$12.17 per hour to ensure a living wage. Our data suggest that the mean hourly wage for a Direct Support professional exceeds this figure, however, many Direct Support Professionals remain below the living wage. The difficulty

comes when a child is added to the mix. When that single employee has 1 child, the living wage required to meet basic needs increases to \$24.90 per hour. While we do not have data regarding the family compositions of Pennsylvania Direct Support Professionals, it is clear that a high percentage of our Direct Support Professionals support families. To that end, the mean hourly rate of \$12.83 cannot be considered to be a “living wage.”

It must be recognized that high turnover and excessive numbers of open positions combine to create a demand for Direct Support Professionals to work substantial overtime. Of the providers that reported overtime costs, it was determined that the average annual cost of overtime to a provider was \$352,000. Projecting across the 169 providers in the sample, annual overtime expenditures could approach \$60,000,000. Across the 32,369 Direct Support Professionals represented in this survey, there would be the possibility for each to earn an average additional \$1,838 in overtime. The addition of overtime earnings would still be insufficient to qualify as a living wage, and in many cases, the increased pay would be offset by costs of child care coverage for their own children. In the report of an earlier Pennsylvania wage study (Torres, Spreat, & Clark, 2017), it was suggested that many, if not most, Direct Support Professionals could qualify for various forms of public assistance. Unfortunately, the excess overtime worked by many individuals would disqualify them for the public assistance. There remains a question as to why an individual, working full time in a job valued by society, should have to consider accepting public welfare. While the safety net of public assistance is important, of greater importance is the dignity, self respect, and pride that comes from working such a valuable job, and the ability to support one’s self and family. Rather than receiving public assistance, one might argue that Direct Support Professionals should be paid a living wage.

A more economics-based argument regarding pay for Direct Support Professionals is that the proper price for Direct Support Professional services is that price that enables an employer to fill all vacant positions with appropriately qualified staff. Within the context of this argument, the excessive open position rates and the general concerns regarding the quality of hired staff serve as de facto evidence that the hourly wage for Direct Support Professionals is insufficient. Were providers operating a hardware store that was unable to hire a sufficient number of clerks, they would increase prices to the point that they could hire the clerks. But Intellectual Disability and Autism service providers cannot raise their prices. The prices are set by the Commonwealth, and as Pettinger (2017) notes, fixed prices will ultimately lead to shortages. The Intellectual Disability and Autism industry has these shortages because the marketplace is unable to achieve an equilibrium between supply of Direct Support Professionals and demand for their services. Because the Commonwealth sets the rates that it will pay for Intellectual Disability and Autism supports and services, the Commonwealth imposes de facto limits on the price for Direct Support Professionals.

In contrast with some of the reported literature, the benefits, in addition to available public assistance programs, offered to employees seem broad and reasonable. Employee participation, however, seems low. For example, a medical plan is offered to employees by about 97% of providers, but employee participation is only around 68%. A similar pattern is evident with the retirement options and a number of the less significant benefits. It is noteworthy that employee participation may be spuriously deflated by the frequent requirement that they contribute to that benefit. One might wonder if when one is making \$12.83 per hour that every made dollar is needed for day to day expenses, and the

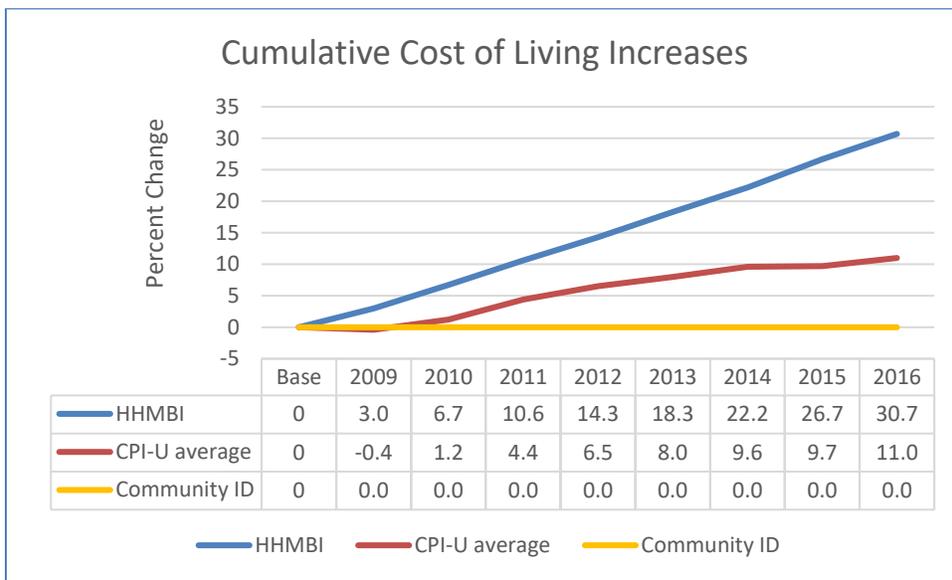
purchase of benefits tends to be deferred out of necessity. One might suggest that the low pay given to Direct Support Professionals limits their participation in benefit programs that would be to their benefit.

Impact of Advocacy Efforts

It is recognized that significant advocacy efforts were directed to the Direct Support Professional wage issue over the past several years, and common sense would seem to suggest that these efforts have been successful in increasing the wages for Direct Support Professionals. This report is reticent to attribute causality to those advocacy efforts simply because of scientific methodology limitations. Despite this methodological limitation, nothing in this report should be taken to suggest that any diminution of advocacy efforts should occur. Absent evidence to the contrary, and particularly in face of the increasing challenges brought about by an improving economy, advocacy efforts must continue if this situation is to be resolved.

Data such as these presented above must be interpreted within some sort of context. The Commonwealth has clearly invested in Intellectual Disability/Autism services, and just as clearly, the Intellectual Disability/Autism providers have been able to use much of this investment to increase pay levels of Direct Support Professionals. Over 90% of providers offered raises to Direct Support Professionals during the 2017-2018 fiscal year. Almost 58% offered bonuses. Long term funding patterns for the Intellectual Disability/Autism industry since the recession, however, suggest that the recent efforts by the Pennsylvania Office of Developmental Programs and the Pennsylvania legislature must be viewed as a beginning rather than a solution. It has been reported (J Martin, personal communication) that while spending on Intellectual

Disability/Autism services and supports has increased to accommodate additional persons served and increases in utilization, over the same time period, no cost of living adjustments (COLAs) were appropriated so that provider rates can keep up with inflation. Inflationary pressures continue to mount, as shown by the Home Health Market Basket Index (HHMBI) and the Consumer Price Index – Urban (CPI-U). These data are presented in a simplified graph below.



The recent efforts on the part of Pennsylvania officials to revise and increase provider rates are a start on a long journey to climb out of a deep hole. In the meantime, inflation continues, as does the ability of the Intellectual Disability/Autism industry’s labor pool competition to raise their prices and wages.

There were no rate increases for 10 years, while inflation increased 18.2% over that time period. A retroactive rate decrease further complicated matters. The efforts on the part of Pennsylvania officials in the 2017/18 Fiscal Year are a start. To the extent the

graph above represents a hole to be filled, it is recognized that a single shovel full is not enough to complete the task.

Despite Commonwealth efforts, the fiscal health of the Intellectual Disability/Autism Services industry remains questionable. Spreat (2017) reported that over a three year period, about 1/3 of all providers had expenses that exceeded revenues according to their 990 IRS filings. A recent follow up (Spreat, 2018) revealed that this trend has continued for five consecutive years. Operating margins averaged at 1% per year. Sustainability remains a question. It is suggested that under such harsh conditions, providers are limited in their ability to independently take the risk of increasing wages in order to hopefully lower overtime and the number of open positions.

Cautions

Not every respondent to this survey completed every question. This creates a challenge when computing new variables. For example, when calculating turnover rate, one must ensure to include only those providers that contributed data to both the question regarding number of employees and the question regarding the number of employees who separated from the provider. This is not a particular technical challenge, but it does mean that the sample size will vary from question to question. More importantly, the reader's efforts to hand calculate or check these figures may be misled by the varying sample sizes.

A second concern has to do with sample size. Data in this study represent approximately 32,369 Direct Support Professionals. There is no good count on the

actual number of Direct Support Professionals working in Pennsylvania. The Office of Developmental Programs estimates that there are about 55,000 Direct Support Professionals in the Pennsylvania Intellectual Disability and Autism system based on extensive provider surveys they have done. The fact that our voluntary sample accounts for more than half of the largest estimate of the Pennsylvania Direct Support Professional population lends considerable confidence to the findings.

Some respondents included data from individuals they consider to be Direct Support Professionals but who might be considered by others to hold a higher-level position. Hence, there appear to be higher estimates of wages in In-Home Services and Other Services.

A final caution -- It appears that about one quarter (1/4) of the work time of First Line Supervisors included working as a Direct Support Professional. Were their wages included in the calculations, the apparent wage for Direct Support Professional work would be higher. This further inflates the hourly cost of filling a Direct Support Professional slot. In this report, the decision was made to not mix Direct Support Professionals and First Line Supervisors.

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Appendix A

Literature Review of Direct Support Professional Wages

Compensation for Direct Support Professionals has long been an issue of concern (Larson, Hewitt, & Knoblauch, 2005), with numerous wage surveys having been conducted over the past 30 years. Early research focused on a comparison between wages in community settings and state developmental centers. Because supports and services are now predominantly offered by private providers in the community (Braddock, Hemp, Rizzolo, Haffer, Tanis, & Wu, 2011), this review will focus on wages paid in such settings. Early community based research (Braddock & Mitchell, 1992) reported a mean hourly wage of \$5.97 for what are now called Direct Support Professionals. In July 1992, the mean national hourly wage was \$10.79 (Data 360) suggesting that Direct Support Professionals in 1992 made about 55% of the national average hourly wage.

Available literature suggests that Direct Support Professional salaries have increased over the ensuing 24 years. Durgin (1999) reported a mean Pennsylvania Direct Support Professional salary of \$8.13 in 1999. Hewitt, Larson, & Lakin (2000) reported a mean hourly wage of \$8.81, a figure that was generally supported by Polister, Lakin, & Prouty (2003) review study that reported a mean hourly wage of \$8.68. The \$8.68 figure was again noted in a study by Lakin & Prouty (2003). The 2009 ANCOR study (ANCOR, 2009) reported a mean Direct Support Professional hourly wage of \$10.14 per hour. Wages have increased over time, and to the extent that one can compare across time and studies, it appears that wages have increased at a rate

modestly greater than inflation (Bureau of Labor Statistics, 2013). It should be noted, that all of the above referenced studies reflected economic conditions prior to the impact of the 2008 recession. Post-recession descriptive information derives from a Minnesota survey conducted by Bogenschutz, Hewitt, Nord, & Hepperlen (2014), in which a mean hourly rate for Direct Support Professionals was calculated to \$11.26. Limiting the analysis to residential services, the calculated mean hourly rate was \$11.06. This \$11.06 figure is approximately 185% higher than Braddock and Marshall's (1992) mean wage of \$5.97. Over that same 1992 to 2014 period, the dollar inflated by roughly 169%, meaning that an equivalent 2014 value of \$5.97 would be \$10.07. Again, there is evidence that Direct Support Professional salaries, while below the national average wage, have increased over time at a rate that marginally exceeds inflation. A recent Pennsylvania survey conducted by PAR (Spreat, Brown-McHale, & Walker, in press) yielded a mean hourly DSP wage of \$11.26, a turnover rate of 26.2%, and a DSP open position rate of 10.6%.

Appendix B

Comparison of Intellectual Disability and Autism Businesses

Respondents to this survey were asked to identify their primary business based on the revenue generated by that business. Residential Services were identified as primary business type by 114 respondents. Day Services were identified by 26 respondents, while 24 respondents identified In-Home Services as primary. Six respondents listed Other, while 2 respondents did not answer this question. The table below compares these four business types in terms of starting salary, full time hourly wage, part time hourly wage, turnover, open position rate, and tenure.

	Residential (n=114)	Day Program (n=26)	In-Home Supports (n=24)	Other (n=6)	Total (n=169)
Starting Wage	\$11.73	\$11.36	\$11.34	\$11.68	\$11.62
FT DSP Wage	\$12.79	\$13.88	\$12.40	\$15.38	\$12.84
PT DSP Wage	\$12.69	\$12.36	\$13.30	\$13.47	\$12.84
Turnover	37%	25%	47%	31%	37.6%
Open Positions	16%	12%	18%	19%	15.9%

Tenure	5 years	5.5 years	4.2 years	5.3 years	5.0 years
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Appendix C

Regional Analyses

	South East	North East	Central	Western
Starting DSP Wage	\$11.71	\$12.04	\$12.33	\$11.22
FLS Salary	\$40,565	\$36,008	\$36,558	\$37,079
Turnover	42.1%	34.4%	38.2%	32.2%
Open Positions	24.4%	29.1%	15.9%	14.5%
Hourly DSP Wage	\$12.43	\$13.15	\$13.15	\$12.97

Note: these data were not compiled by region, but rather estimated based on the zip code of the home office. While this may be satisfactory in many cases, there are a number of organizations that operate in multiple regions. Note also that ODP has adopted a new geographic methodology for rates effective 1/1/19. The above data may be useful for discussion purposes, but should not be treated as absolutes.

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