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Direct Service Staff Turnover in Supported Living Arrangements: Preliminary Results and Observations

High turnover rates mean that community providers of services to individuals with developmental disabilities may be replacing almost their entire direct service workforces each year . This instability imposes significant costs on each provider for recruiting, screening, and training replacement workers. It also adversely affects the quality of care provided to individuals served by community providers. Although the relationship requires further study, caregiver continuity appears to be an important factor in the health of an individual with developmental disabilities. The following observations are based on completed Corporation Questionnaires from seven Montana developmental disabilities service providers.

Methods and Approach: In the Fall of 2002, we pilot tested a survey of operational costs associated with direct service staff turnover in seven private service corporations. The corporations represented different corporation sizes, service portfolios, and geographic and service regions. This report summarizes survey information we gathered in interviews with human resources or executive directors.

Preliminary Findings: Provider Demographics

Measured by staff size, corporations ranged from a low of 33 employees to a high of 215, with an average of 102 employees. About one-fifth (22%) of the workers in the sample were part-time employees (range of 17-33%). The number of direct service staff employed at corporations ranged from 25 to 126, with an average of 72 direct service staff.

The range of direct service staff wages were reported as “low end” and “high end”. The average low wage was \$7.56 per hour (ranging from \$5.75-\$9.85/hr.). High-end wages averaged \$10.42 with a range of \$8.90 to \$13/hr. High-end wages varied more than the low-end

wages across the seven corporations.

Employees worked an average of nine months (range of 6-12 months) before becoming eligible for wage increases. Pay increases were low, averaging about 3.4% (range of 2-9%).

Corporations served an average of 62 individuals with developmental disabilities (range of 19-121). Average direct service staff-to-consumer ratios were one direct service employee per four individuals with developmental or other disabilities. Two corporations assigned one employee per eight individuals and another had one employee per ten individuals. Table 1 summarizes demographic characteristics.

The Research and Training Center on Rural Rehabilitation Services conducts applied research that builds upon the strengths of rural individuals and communities to solve the problems of daily life. This series of reports makes research results available as soon as is practical. Note that data are preliminary and must be interpreted with caution. Major limitations are reported. Please contact project staff to discuss issues presented.

Labor Supply

Characteristics: No agency or organization collects data on the number of direct service workers specifically serving Montanans with developmental disabilities. January 2000 surveys estimated 1,329 full-time equivalent habilitation specialists or service aides, technicians, and vocational specialists.

Employees are drawn from a larger labor supply of workers performing similar tasks in related occupations. The most recent U.S. Bureau of Labor Statistics employment-by-occupation data identified 9,450 Montanans in direct service-related occupations.

These include: (a) social and human service assistants; (b) home health aides; (c) nursing aides, orderlies, & attendants; (d) physical therapy aides, and (e) home care aides (Montana Department of Labor and Industry and U.S. Department of Labor, 1999). This labor supply of almost 10,000 workers is a source of employees for corporations replacing direct service staff. The median and average wage rates for the occupations comprising this labor supply are in the \$7.80 to \$8.60 range – similar to those reported in our field-tested survey.

Turnover: Since numbers of full-time and part-time direct service staff were reported separately on the questionnaire, it was necessary to convert part-time workers to full-time equivalents. This provided a standard unit for calculating per worker turnover and its associated costs. Part-time workers were assumed to work a 25-hour week. Based on a 40-hour full-time work week, this yielded a conversion factor of .63, multiplied by the number of reported part-time workers. That is, one part-time worker was the equivalent of a .63 full-time worker.

Table 1: Demographics of Montana Developmental Disabilities Service Providers (Number=7)

	Low	Avg.	High
# of Employees	33	102	215
Proportion of Part-time Employees	17%	22%	33%
“Low End” Hourly Salary	\$5.75	\$7.56	\$9.85
“High End” Hourly Salary	\$8.90	\$10.42	\$13
Eligibility Period for Salary Increase	6 mos.	9 mos.	12 mos.
Amount of Pay Increase	2%	3.4%	9%
# of Individuals Served	19	62	121
Direct Service Staff to Consumer Ratio	1 to 3.5	1 to 4	1 to 10

Corporations reported the number of direct service employees who had left in the previous six months and identified each as a) voluntary quits; b) terminations; c) promotions; d) uncontrollable events and e) layoffs. Ninety percent of direct service staff exits were quits. Four corporations had a few direct service staff exit due to internal promotions.

Two corporations did not fit this pattern .While other corporations had virtually no terminations, one corporation had 78 exits, with 38 attributed to quits, 20 to terminations and 20 to promotions. Out of an 87-person direct service staff, another corporation had 16 exits due to uncontrollable events (death, illness, retirement, care-taking). This rate was dramatically high – the other six corporations reported no exits for this reason.

High numbers of terminations and uncontrollable events suggest a need to improve employee screening and recruitment procedures. However, it may also be that these corporations included relief staff in their reports while other corporations included only regular staff. We revised the survey to distinguish relief staff exits from regular staff exits.

The annual average turnover rate was 77% (range of 10-144%). The corporation reporting 78 exits also reported the 144% turnover rate. This corporation had the lowest starting wage (\$5.75/hr.), which may affect the quality of their applicants. Other corporations' turnover rates were in the 50-80% range.

Other studies (e.g., Hatton, Emerson, Rivers, Mason, Swarbrick, Mason, 2001; Larson & Lakin, 1992, 1999; Mitchell & Braddock, 1993; Razza, 1993) have identified determinants of turnover rates including a) lack of management and/or coworker support; b) inadequate wages and/or benefits; c) inadequate training for handling challenging situations; d) poor working conditions (stress, ambiguous roles, inadequate consumer care); d) lack of career advancement opportunities; and e) other factors (risk of injury, fear of liability lawsuits, etc.).

The survey collected cost data for each direct service staff position on costs of: a) separation; b) new hires; c) training; and d) vacancy (overtime pay to remaining workers covering the workload). Cost figures varied widely, ranging from a low of \$939 to a high of \$5,662, with an average cost of \$2,627 per worker exit. Training and vacancy costs were consistently the highest costs. Training averaged about 38% of the worker-replacement costs and vacancy pay was about 25% of the total. Service providers could recognize significant savings if new employee training and overtime pay to remaining workers could be reduced.

Quality of Responses: Questionnaire completion rates were irregular. While some corporations supplied all requested information, two failed to complete the survey. Response rates on the cost questions were uneven with widely varying values in some of the cost categories. One corporation reported a separation cost of \$4,680 out of a total replacement cost of \$5,662. This part of the questionnaire needs refining. Also, it's difficult to

translate narrative responses to some of the quantitative questions into hard data.

Overall Observations: These results are based on field-tested questionnaires for seven corporations. Subject to the concerns expressed above, some initial speculations are: The average corporation has 102 employees. An average 77% turnover rate means that 78.54 of these employees have to be replaced each year. The average turnover cost of \$2,627 means that, in one way or another, the average corporation spends \$206,324.58 on turnover annually.

If we assume that a one dollar (\$1) per hour pay increase could reduce turnover to zero, the increased annual per-employee cost to each provider would be \$2,080 (2,080 hours times \$1) – the break-even point where higher wage costs would almost equal average turnover costs. Additional benefits might include increased worker productivity, referral of friends to employers, and higher worker morale. In practice turnover is never zero – employees are promoted, terminated, laid-off, retired or leave due to personal, health, and family reasons.

Next Steps: We have refined the survey based on interviewees' comments and feedback and are distributing the revised version to 31 Montana private service corporations and two ICF-MRs. Seven private service corporations will complete this survey during the next three quarters, as well. We will update the results reported here with cross-sectional data from the universal survey of Montana's service organizations, in conjunction with longitudinal data provided by the smaller sample of these organizations.

To enhance the impact of our findings on Montana policy and practice, we will collaborate with persons who have developmental disabilities, their families, and developmental disability professionals. We plan to facilitate such collaborations by meeting with People First chapters, the Montana Association of Independent Direct Service Providers, and our study's advisory panel. We hope this report will

be a stimulus for input from other stakeholders. This work is part of a larger study examining the relationship between staffing stability and secondary conditions experienced by the adults they serve (see Seekins, Traci, & Szalda-Petree, 1999). Results of this portion of the study may identify health care costs, especially those related to secondary conditions, that are associated with direct service staff turnover.

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