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## **Survey Links Low Wages and High Turnover Rates** *ANCOR Releases Results of National Direct Support Workforce Wage Study*

**ALEXANDRIA, Va.** – A clear disparity exists in wages and retention rates between privately-operate and state-operated providers of the Medicaid-funded support services for people with disabilities, according to the American Network of Community Options and Resources ([ANCOR](#)), which released the results of a national survey today. The *2009 Direct Support Professionals Wage Study*, which was conducted in partnership between ANCOR and the Mosaic Collaborative for Disabilities Public Policy and Practice, also shows the negative effect of these wage and retention gaps on the private provider direct support workforce.

**Wage Disparity:** The survey results compared wages among DSPs employed by private providers with those who work for state-operated programs. The average 2009 wage for Direct Support Professionals working in private community-based agencies is \$10.14/hour compared to \$15.53/hour in state operated facilities – a 51% disparity. The net effect of this disparity is a 154.7% higher turnover rate for community DSPs and resulting deleterious emotional and psychic affects on the people with disabilities served.

“The link between low wages and high turnover is marked and the wage disparity among private and public DSPs is unjustified,” said Renee Pietrangelo, CEO of [ANCOR](#). “As demand for the Medicaid services provided by DSPs increases, low wages will continue to prevent private-operated providers from attracting and retaining a qualified workforce. People with disabilities receiving support services in their communities need and deserve continuity in their support system.”

**Turnover:** This study also tracked the turnover rates for both private-operated and state-operated providers and the gap is significant. The average retention rate for private-operated providers was slightly more than three years (40.3 months) compared to state-operated providers at just over six years (73.5 months). A regression analysis conducted indicates that for every \$1 increase in entry wage, turnover is predicted to decrease by 3.61 percent.

**Costs of Turnover:** “The cost of turnover to private-operated providers is considerable,” said Peter Kowalski, ANCOR president. Using U.S. Bureau of Labor Statistics 25 percent rule of thumb and the 2009 survey average entry wage of \$9.37 per hour, the estimated total cost of turnover per DSP position is \$4,872. “Money isn’t the only issue,” he added. “Ensuring continuous quality support services to people with disabilities is paramount.”

**Poverty Level Wages:** The severity of the wage difference is demonstrated by comparing it to the Federal Poverty Level (FPL) of \$18,310 for a family of three. Over one-third of DSPs working for private-operated providers earned entry wages below the FPL. State-operated providers were able to pay an average of \$6,645 per year more in entry wages than private-operated providers. Annualized, the average entry wage for a private provider DSP is \$19,498 compared to \$26,143 for state providers. The study also found that DSPs from private-operated providers averaged similar wages regardless of their community size or budget size. However, a descriptive comparison of state-operated and private-operated providers shows a 51 percent difference in average wages for DSPs performing the same functions in urban communities.

The [Bureau of Labor Statistics](#) projects that 1 million new DSPs will be needed by 2016. Of those, 38 percent (388,538) will be for personal and home care aide positions, which is the category where DSP positions are most

often included. “Without an increase in funding to support increased wages for DSPs working in the community, this workforce will continue to experience high turnover, which directly impacts the quality of supports and services,” says Kowalski. “Add in the exponentially growing number of aging Americans who will also need support services provided by DSPs, and America is witnessing a healthcare crisis of significant proportion.”

### **Wage Remediation Needed**

Legislation introduced in the 111<sup>th</sup> Congress addresses the workforce wage issue. Rep. Lois Capps (D-CA) and Rep. Lee Terry (R-NE) sponsored [H.R. 868](#), a bill to amend the Social Security Act to provide additional Medicaid funds to assure wage parity with state-employed direct support workers. There is no federal mandate for participation, but states that choose to participate will realize pay parity between private and public direct support professionals.

### **Survey Methodology**

There were 563 total survey responses, including 486 responses from private-operated providers and 77 from state-operated providers. As of 2008, 10 jurisdictions no longer run state-operated institutional facilities of 16 or more people: Alaska, the District of Columbia, Hawaii, Indiana, Maine, New Hampshire, New Mexico, Rhode Island, Vermont and West Virginia. Any data referenced in those states represents state-operated non-institutional services only. Not all states run state-operated services or facilities. Private-operated providers responded from 49 states and the District of Columbia, while 41 states included data from both state-operated and private-operated providers. Most survey respondents reported serving mixed to urban communities and operated with a medium budget size. Survey results can be viewed at [www.youneedtoknowme.org](http://www.youneedtoknowme.org)

### **About ANCOR**

The [American Network of Community Options and Resources](#) is a national association representing more than 850 private providers of community living and employment supports and services to more than 400,000 individuals with disabilities. As a nonprofit organization, ANCOR successfully addresses the needs and interests of private providers, which employ nearly a half million DSPs, before Congress and federal agencies, continually advocating for the crucial role private providers play in enhancing and supporting the lives of people with disabilities and their families. Through the [National Advocacy Campaign](#), ANCOR seeks to obtain the resources to recruit, train and retain a sustainable direct support workforce. [www.youneedtoknowme.org](http://www.youneedtoknowme.org)

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