

Schedule 13

Department of Human Services

Funding Request for The FY 2019-20 Budget Cycle

Request Title

R-02 Compensation for Direct Care Employees

Dept. Approval By:

Melissa Wacht

Supplemental FY 2018-19

OSPB Approval By:

Q. Sch

Budget Amendment FY 2019-20

X

Change Request FY 2019-20

Summary Information	Fund	FY 2018-19		FY 2019-20		FY 2020-21
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$134,482,618	\$0	\$133,541,374	\$13,942,886	\$21,883,613
	FTE	592.6	0.0	593.1	0.0	0.0
Total of All Line Items Impacted by Change Request	GF	\$59,725,569	\$0	\$54,578,465	\$10,339,235	\$17,204,727
	CF	\$28,985,583	\$0	\$32,988,037	\$3,603,650	\$4,678,886
	RF	\$19,178,018	\$0	\$14,204,695	\$0	\$0
	FF	\$28,595,448	\$0	\$31,770,177	\$0	\$0

Line Item Information	Fund	FY 2018-19		FY 2019-20		FY 2020-21
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$46,696,345	\$0	\$45,681,295	\$2,338,521	\$2,338,525
	FTE	0.0	0.0	0.0	0.0	0.0
01. Executive Director's Office, (A) General Administration, (1) General Administration - Health, Life, And Dental	GF	\$33,413,551	\$0	\$29,357,601	\$1,847,432	\$1,847,436
	CF	\$144,915	\$0	\$2,930,144	\$491,089	\$491,089
	RF	\$10,356,168	\$0	\$7,685,079	\$0	\$0
	FF	\$2,781,711	\$0	\$5,708,471	\$0	\$0

	Total	\$472,856	\$0	\$469,396	\$17,493	\$29,463
	FTE	0.0	0.0	0.0	0.0	0.0
01. Executive Director's Office, (A) General Administration, (1) General Administration - Short-Term Disability	GF	\$330,992	\$0	\$312,663	\$13,819	\$23,275
	CF	\$8,592	\$0	\$27,320	\$3,674	\$6,188
	RF	\$93,723	\$0	\$69,252	\$0	\$0
	FF	\$39,549	\$0	\$60,161	\$0	\$0

Line Item Information	Fund	FY 2018-19		FY 2019-20		FY 2020-21
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$14,268,257	\$0	\$14,199,753	\$460,344	\$775,352
01. Executive Director's Office, (A) General Administration, (1)	FTE	0.0	0.0	0.0	0.0	0.0
General Administration - Amortization	GF	\$9,956,150	\$0	\$9,429,823	\$363,672	\$612,528
Equalization	CF	\$255,862	\$0	\$814,901	\$96,672	\$162,824
Disbursement	RF	\$2,884,962	\$0	\$2,136,137	\$0	\$0
	FF	\$1,171,283	\$0	\$1,818,892	\$0	\$0
	Total	\$14,268,257	\$0	\$14,199,753	\$460,344	\$775,352
01. Executive Director's Office, (A) General Administration, (1)	FTE	0.0	0.0	0.0	0.0	0.0
General Administration - S.B. 06-235	GF	\$9,956,807	\$0	\$9,429,823	\$363,672	\$612,528
Supplemental	CF	\$255,823	\$0	\$814,901	\$96,672	\$162,824
Equalization	RF	\$2,884,522	\$0	\$2,136,137	\$0	\$0
Disbursement	FF	\$1,171,105	\$0	\$1,818,892	\$0	\$0
	Total	\$7,296,296	\$0	\$7,423,010	\$368,276	\$620,283
	FTE	0.0	0.0	0.0	0.0	0.0
01. Executive Director's Office, (A) General Administration, (1)	GF	\$4,386,994	\$0	\$4,327,260	\$290,938	\$490,024
General Administration - Shift Differential	CF	\$0	\$0	\$80,380	\$77,338	\$130,259
	RF	\$2,909,302	\$0	\$2,083,409	\$0	\$0
	FF	\$0	\$0	\$931,961	\$0	\$0
	Total	\$22,092,757	\$0	\$22,092,757	\$1,933,424	\$2,413,965
09. Services for People with Disabilities, (D)	FTE	236.4	0.0	236.4	0.0	0.0
Veterans Community Living Centers, (1)	GF	\$0	\$0	\$0	\$773,369	\$965,587
Veterans Community Living Centers - Fitzsimons Veterans Community Living Center	CF	\$10,579,557	\$0	\$10,579,557	\$1,160,055	\$1,448,378
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$11,513,200	\$0	\$11,513,200	\$0	\$0
	Total	\$11,275,686	\$0	\$11,275,686	\$832,361	\$1,282,732
09. Services for People with Disabilities, (D)	FTE	135.0	0.0	135.0	0.0	0.0
Veterans Community Living Centers, (1)	GF	\$0	\$0	\$0	\$332,944	\$513,091
Veterans Community Living Centers - Florence Veterans Community Living Center	CF	\$6,904,586	\$0	\$6,904,586	\$499,417	\$769,641
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$4,371,100	\$0	\$4,371,100	\$0	\$0

Line Item Information	Fund	FY 2018-19		FY 2019-20		FY 2020-21
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$7,735,871	\$0	\$7,735,871	\$660,166	\$952,301
09. Services for People with Disabilities, (D)	FTE	95.3	0.0	95.3	0.0	0.0
Veterans Community Living Centers, (1)	GF	\$186,130	\$0	\$186,130	\$264,066	\$380,920
Veterans Community Living Centers - Homelake Veterans Community Living Center	CF	\$4,609,241	\$0	\$4,609,241	\$396,100	\$571,381
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$2,940,500	\$0	\$2,940,500	\$0	\$0
	Total	\$8,834,007	\$0	\$8,834,007	\$1,304,388	\$1,560,504
09. Services for People with Disabilities, (D)	FTE	110.6	0.0	110.6	0.0	0.0
Veterans Community Living Centers, (1)	GF	\$0	\$0	\$0	\$521,755	\$624,202
Veterans Community Living Centers - Rifle Veterans Community Living Center	CF	\$6,227,007	\$0	\$6,227,007	\$782,633	\$936,302
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$2,607,000	\$0	\$2,607,000	\$0	\$0
	Total	\$1,542,286	\$0	\$1,629,846	\$5,567,568	\$11,135,136
	FTE	15.3	0.0	15.8	0.0	0.0
11. Division of Youth Services, (A)	GF	\$1,494,945	\$0	\$1,535,165	\$5,567,568	\$11,135,136
Administration, (1)	CF	\$0	\$0	\$0	\$0	\$0
Administration - Personal Services	RF	\$47,341	\$0	\$94,681	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Auxiliary Data

Requires Legislation? NO

Type of Request? Department of Human Services
Prioritized Request

Interagency Approval or
Related Schedule 13s:

No Other Agency Impact

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Cost and FTE

- The Department requests \$13,942,885 total funds, including \$10,339,235 General Fund and \$3,603,650 cash funds in FY 2019-20, and \$21,883,613 total funds, including \$17,204,727 General Fund and \$4,678,886 cash funds in FY 2020-21 and ongoing for Phase 1 of a two-phased initiative to increase salaries for all direct care staff job classifications at 14 of its 19 24-hour (24/7) care facilities.

Current Program

- The Department operates 19 24/7 care facilities: four VCLCs serving elderly veterans; ten DYS facilities serving individuals ages 10 to 21; three Regional Centers serving adults with intellectual and developmental disabilities; and two Mental Health Institutes serving persons with severe mental illness.
- Following the FYs 2016-17, 2017-18, and 2018-19 budget cycles, the Regional Centers and both Mental Health Institutes were funded to address compensation concerns with direct care job classes.
- Direct care positions include the job classifications: health care technician; client care aide; nurse; correctional/youth services officers; mental health clinicians; mid-level providers; social workers; and therapy assistants. Administrative staff and management are not included in this request.

Problem or Opportunity

- The Department continues to experience increased difficulty in recruiting and retaining highly qualified individuals to fill direct care positions at its 24/7 care facilities that have not already experienced an increase in compensation
- Direct care staff at these 14 facilities are currently paid 22 percent below the market.

Consequences of Problem

- If not addressed, DHS 24/7 care facilities will continue to experience high levels of staff turnover (22 percent compared to a national average of 16.2 percent) and vacancies (16 percent).
- Inadequate staffing results in deficiency citations from regulators, reduced quality of care, staff exhaustion, and increased spending on recruitment and training.

Proposed Solution

- This is a two-year approach to increase salaries for all direct care staff job classifications at 16 of its 19 24-hour (24/7) care facilities. The 24/7 facilities impacted include the four Veterans Community Living Centers (VCLCs) and ten Division of Youth Services (DYS) facilities. Cash funds are from VCLC funds to support increases at those facilities.

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COLORADO

Department of Human Services

John W. Hickenlooper
Governor

Reggie Bicha
Executive Director

FY 2019-2020 Funding Request | November 1, 2018

Department Priority: R-02

Request Detail: Compensation For Direct Care Employees

Summary of Incremental Funding Change for FY 2018-19	Total New Funds Requested	FTE	General Fund	Cash Funds
Phase 1 - FY 2019-20 Compensation for Direct Care Employees	\$13,942,885	0.0	\$10,339,235	\$3,603,650
Phase 2 - FY 2020-21 Compensation for Direct Care Employees	\$7,940,729	0.0	\$6,865,489	\$1,075,240
Total Ongoing Funding Needed by FY 2020-21	\$21,883,613	0.0	\$17,204,727	\$4,678,886

Problem or Opportunity:

The Department requests \$13,942,885 total funds, including \$10,339,235 General Fund and \$3,603,650 cash funds in FY 2019-20 and ongoing, and an additional \$7,940,729 in FY 2020-21, including \$6,865,489 General Fund and \$1,075,240 cash funds in FY 2020-21 and ongoing. This request takes a two-year approach to increase salaries for all direct care staff job classifications at 16 of its 19 24-hour (24/7) care facilities.

The Department has been evaluating direct care staff compensation over the past several years and identified that direct care staff working in the Department's 24/7 care facilities are, on average, making 22 percent below prevailing market wage for similar positions in the private sector. The Department continues to experience increased difficulty in recruiting and retaining highly qualified individuals to fill direct care positions in the remaining 24/7 care facilities that have not already experienced an increase in compensation, as demonstrated in Tables 1 and 2 related to vacancies and turnover.

The Department has implemented a multi-year approach to address compensation concerns for direct care staff across its 24/7 care facilities. In November 2016, direct care staff at the three Regional Centers received an increase in salary to move their salaries to the midpoint of the job classification pay range (midpoint). In November 2017, Nurse I through III classifications at Colorado Mental Health Institute at Pueblo (CMHIP)

received an increase in salary to midpoint. The remaining direct care staff at CMHIP and Colorado Mental Health Institute at Fort Logan (CMHIFL) received an increase in salary effective July 1, 2018.

The Department now seeks to increase salaries for the remaining direct care staff at its 24/7 facilities in FY 2019-20 to bring the remaining direct care staff wages to prevailing market wage and allow the Department to reduce turnover, fill critical vacancies, and improve the quality of care for those served in these facilities. According to the Department of Personnel and Administration the midpoint of the annual Pay Plan for each job classification is considered equal to market rate or the prevailing market wage.

The Department proposes a two-year approach to address compensation concerns for direct care staff across 14 of its 19 24/7 care facilities. Over a two-year period beginning in FY 2019-20, this approach will increase direct care staff wages to prevailing market wage and allow the Department to reduce turnover, fill critical vacancies, and improve the quality of care for those served in these facilities.

- **Phase 1:** new funding of \$13,942,885 total funds, including \$10,339,235 General Fund and \$3,603,650 cash funds in FY 2019-20 and on-going to compensate existing and new direct care employees at an average of 11% more than they are currently making (which is approximately half of the average amount needed to pay direct care staff at the current market rate). Market rate is considered by the Department of Personnel and Administration to be the midpoint of the pay range for each job classification.
- **Phase 2:** new funding of \$7,940,729 total funds, including \$6,865,489 General Fund and \$1,075,240 cash funds in FY 2020-21 and ongoing, the rest of the funds needed to complete the move of direct care salaries in these 16 24/7 care facilities to market rate.

Funding detail for both phases are described in more detail in the “Proposed Solution” section later in this request.

Specifically, over the two-year period of FY 2019-20 and 2019-21, the Department requests the following in new total funding:

- Veteran Community Living Center (VCLC): New funding of \$6,209,506 total funds, including \$2,483,803 General Fund and \$3,725,703 cash funds to compensate existing and new direct care employees at market rates.
- Division of Youth Services (DYS): New funding of \$11,135,136 total funds, including \$11,135,136 General Fund to compensate existing and new direct care employees at market rates.
- Executive Director’s Office, General Administrative: New funding of \$4,538,971 including \$3,585,788 General Fund and \$953,183 cash funds to provide for the increase in costs to provide benefits after moving direct care salaries to market rates. This includes the proportionate increases to: Health, Life and Dental; Short Term Disability; AED; SAED; and Shift Differential. PERA and Medicare increases are included in the respective Program funding lines.

The Department’s 24/7 care facilities included in this requested compensation initiative follow:

- Four VCLCs that provide care to veterans and their families, as well as Gold Star families.
- Ten DYS facilities that provide a continuum of residential services that encompass juvenile detention, commitment and parole, which include diagnostic, education and program services.

The Department previously identified a similar shortfall in compensation in the Regional Centers that provide services to adults with intellectual and developmental disabilities in FY 2017-18. In November 2016, the Department completed a compensation initiative, similar to this one, for its three Regional Centers. In November 2017, the Department completed a compensation initiative for Nurse I through IIIs at CMHIP. In July 2018, the Department implemented the same compensation initiative for the remaining direct care staff at CMHIP and CMHIFL. Market rate is considered by the Department of Personnel and Administration (DPA) to be the midpoint of the pay range for each job classification. As a result of these initiatives, the Department's ability to recruit and retain qualified direct care staff has greatly improved at the Regional Centers and CMHIP.

Vacancies

Despite the Department's efforts to fill vacant direct care positions (See Description of the Department's Efforts to Correct the Problem), the Department continues to experience significant vacancy rates at the VCLCs and DYS facilities.

Tables 1 and 2 show the total number of direct care positions and total number of direct care vacancies, by facility and by job classification as of August 2017 and August 2018. As shown, the overall vacancy rates have gotten worse during this time. As a rough comparison, Nursing Solutions, Inc. published a report in 2017 that identifies the national vacancy rate for nursing positions in hospital environments is about 8.1 percent. As of August 2018, vacancy rates for direct care positions in the VCLC and DYS 24/7 care facilities are at 22 percent on average, which is significantly higher than this national benchmark.

Table 1: Direct Care Vacancy Rat, By Facility for VCLCs and DYS								
As of August 2017 and 2018								
Class Title	As of August 2017				As of August 2018			
	# Filled Positions	# Vacant Positions	# Total Positions	Vacancy Rate	# Filled Positions	# Vacant Positions	# Total Positions	Vacancy Rate
Veterans Community Living Centers								
Fitzsimons	160	16	176	9%	136	39	175	22%
Florence	79	16	95	17%	85	10	95	11%
Homelake	47	7	54	13%	42	11	53	21%
Rifle	68	14	82	17%	57	24	81	30%
Division of Youth Services								
Adams	22	8	30	27%	29	9	38	24%
Gilliam	65	10	75	13%	69	9	78	12%
Grand Mesa	43	2	45	4%	42	34	76	45%
Lookout Mountain	133	48	181	27%	147	32	179	18%
Marvin Foote	56	10	66	15%	52	25	77	32%
Mount View	107	11	118	9%	105	56	161	35%
Platte Valley	102	39	141	28%	116	25	141	18%
Pueblo	28	14	42	33%	36	8	44	18%
Spring Creek	65	10	75	13%	70	8	78	10%
Zeb Pike	39	10	49	20%	49	4	53	8%
GRAND TOTAL	1,014	215	1,229	17%	1,035	294	1,329	22%

Source: Department of Human Services Analysis of total active employees and vacant positions as of August 2017 and August 2018

¹ Direct Care positions include the following job classifications: Client Care Aide, Clinical/Youth/Security Officers, Health Care Services Trainees, Health Care Technicians, Mental Health Clinicians, Mid Level Providers, Nurses, Social Workers, and Therapy Assistants.

Table 2, Direct Care Vacancy Rate by Job Classification for VCLC and DYS
As of August 2017 and August 2018

Class Title	As of August 2017					As of August 2018				
	# Filled Positions	# Vacant Direct Care Positions	Total # Positions	Vacancy Rate		# Filled Positions	# Vacant Direct Care Positions	Total # Positions	Vacancy Rate	
Client Care Aide I	24	12	36	33%		23	16	39	41%	
Client Care Aide II	172	22	194	11%		146	42	188	22%	
Corr/Yth/Clin Sec Off I	500	116	616	19%		508	146	654	22%	
Corr/Yth/Clin Sec Off II	98	38	136	28%		117	34	151	23%	
HCS Trainee I	0	0	0	0%		0	0	0	0%	
HCS Trainee II	0	0	0	0%		0	0	0	0%	
HCS Trainee III	5	0	5	0%		4	1	5	0%	
Health Care Tech I	4	0	4	0%		5		5	0%	
Health Care Tech II	3	2	5	40%		3	1	4	25%	
Health Care Tech III	35	7	42	17%		31	9	40	23%	
Health Care Tech IV	0	0	0	0%		0	0	0	0%	
Mental Hlth Clinician I	0	0	0	0%		0	0	0	0%	
Mental Hlth Clinician II	0	0	0	0%		0	0	0	0%	
Mental Hlth Clinician III	0	0	0	0%		0	0	0	0%	
Mid-Level Provider	13	1	14	7%		15	9	24	38%	
Nurse I	19	5	24	21%		12	18	59	31%	
Nurse II	54	6	60	10%		56	6	62	10%	
Nurse III	23	1	24	4%		22	3	26	12%	
Social Work/Counselor I	7	0	7	0%		7	0	7	0%	
Social Work/Counselor II	9	2	11	18%		11	3	14	21%	
Social Work/Counselor III	26	0	26	0%		28	4	32	13%	
Social Work/Counselor IV	3	1	4	25%		3	0	3	0%	
Therapy Assistant I	14	0	14	0%		12	2	14	14%	
Therapy Assistant II	2	0	2	0%		2	0	2	0%	
Therapy Assistant III	3	0	3	0%		3	0	3	0%	
Therapy Assistant IV	0	0	0	0%		0	0	0	0%	
GRAND TOTAL	1,014	213	1,229	17%		1,008	294	1,329	22%	

Source: Department of Human Services Analysis of total active employees and vacant positions as of August 2017 and August 2018

Turnover

The 2017 National Health Care Retention and RN Staffing Report states the national hospital staff turnover rate is about 16.2 percent. For FY 2017-18, the Department's turnover rate of 26% (See table 3) significantly exceeded the national average. Turnover in direct care positions at the Department exceeds the national average. According to the 2017 National Health Care Retention and RN Staffing Report, the average cost of turnover for RNs ranges from \$38,900 to \$59,600 per person. Using the lowest end of this range, the cost of turnover for 706 direct care positions lost over FYs 2016-17 and 2017-18 (as shown in Table 3), the two-year cost of turnover would be about \$27.5 million, or an average of more than \$13.7 million per year.

The 2017, 2015, 2013 and 2011 Employee Engagement Survey indicated that between 26 and 55 percent of the employees in the Department are "seriously considering leaving State of Colorado employment in the next 12 months." Although this survey reflects all Department staff, not just direct care staff, it is still informative. In addition, exit interview data indicates that a lack of work-life balance, lack of developmental opportunities, high workload demands, non-competitive base pay and a lack of incentives have been the major barriers to workforce attraction and retention for the Department. Vacant positions result in exhaustion of staff to ensure all shifts are covered and staff exhaustion leads to increased turnover. High turnover rates increase training costs and result in reduced quality of care due to a constant influx of new staff who are not as proficient as experienced staff in carrying out their duties.

Table 3 demonstrates the turnover rates, by facility type for FYs 2016-17, and 2017-18:

Table 3: Turnover by Facility for Direct Care¹ Job Classifications FYs 2016-17 and FY 2017-18

Facility	FY 2016-17			FY 2017-18			Two-Year Total		
	Total # of Employees	# Separated Employees	FY 2016-17 Turnover Rate	Total # of Employees	# Separated Employees	FY 2017-8 Turnover Rate	Total # of Employees	# Separated Employees	2-Year Average Turnover Rate
Fitzsimons VCLC	192	35	18%	177	37	21%	369	72	20%
Florence VCLC	113	40	35%	101	16	16%	214	56	26%
Homelake VCLC	59	13	22%	62	17	27%	121	30	25%
Rifle VCLC	94	25	28%	91	28	31%	185	54	29%
Adams	30	8	27%	41	11	27%	71	19	27%
Gilliam	88	26	30%	94	27	29%	182	53	29%
Grand Mesa	47	6	13%	55	16	29%	102	22	22%
Lookout Mountain	174	53	30%	204	56	27%	378	109	29%
Marvin Foote	71	21	30%	72	24	33%	143	45	31%
Mount View	147	42	29%	131	30	23%	278	72	26%
Platte Valley	141	49	35%	167	51	31%	308	100	32%
Pueblo	32	4	13%	47	12	26%	79	16	20%
Spring Creek	90	26	29%	85	19	22%	175	45	26%
Zebulon Pike	41	3	7%	56	10	18%	97	13	13%
Grand Total	1,319	352	27%	1,383	354	26%	2,702	706	26%

Source: Department of Human Services' analysis of data from CPPS for total active positions and total employee separations for direct care job classifications at each of the facilities listed for Fiscal Years 2016-17 and 2017-18.

¹ Direct Care positions include the following job classifications, Client Care Aides, Clinical/Youth/Security Officers Health Care Services Trainees, Health Care Technicians, Mental Health Clinicians, Mid-Level Providers, Nurses, Social Workers, and Therapy Assistants

Table 4 demonstrates the turnover rates, by job classification type for FYs 2016-17, and 2017-18. This includes employees at the four VCLCs, and 10 DYS facilities.

Table 4: Turnover by Job Classification for the VCLCs and DYS For FYs 2016-17 and FY 2017-18						
	FY 2016-17			FY 2017-18		
Job Classification	Total # of Employees	# Separated Employees	FY 2016-17 Turnover Rate	Total # of Employees	# Separated Employees	FY 2017-18 Turnover Rate
CLIENT CARE AIDE I	40	20	50%	45	18	40%
CLIENT CARE AIDE II	225	57	25%	204	47	23%
CORR/YTH/CLIN SEC OFF I	668	205	31%	716	215	30%
CORR/YTH/CLIN SEC OFF II	113	14	12%	135	26	19%
HCS TRAINEE I	0	0	0%	0	0	0%
HCS TRAINEE II	0	0	0%	0	0	0%
HCS TRAINEE III	6	1	17%	4	0	0%
HEALTH CARE TECH I	4	0	0%	5	1	20%
HEALTH CARE TECH II	6	3	50%	3	0	0%
HEALTH CARE TECH III	45	12	27%	42	10	24%
HEALTH CARE TECH IV	0	0	0%	0	0	0%
MENTAL HLTH CLINICIAN I	0	0	0%	0	0	0%
MENTAL HLTH CLINICIAN II	0	0	0%	0	0	0%
MENTAL HLTH CLINICIAN III	0	0	0%	0	0	0%
MID-LEVEL PROVIDER	18	5	28%	19	3	16%
NURSE I	29	8	28%	49	12	24%
NURSE II	66	13	20%	66	11	17%
NURSE III	26	3	12%	23	3	12%
SOCIAL WORK/COUNSELOR I	8	1	13%	8	2	25%
SOCIAL WORK/COUNSELOR II	12	3	25%	13	2	15%
SOCIAL WORK/COUNSELOR III	30	6	20%	29	2	7%

Table 4: Turnover by Job Classification for the VCLCs and DYS For FYs 2016-17 and FY 2017-18

	FY 2016-17			FY 2017-18		
Job Classification	Total # of Employees	# Separated Employees	FY 2016-17 Turnover Rate	Total # of Employees	# Separated Employees	FY 2017-18 Turnover Rate
SOCIAL WORK/COUNSELOR IV	3	0	0%	4	1	25%
THERAPY ASSISTANT I	14	1	7%	12	0	0%
THERAPY ASSISTANT II	3	0	0%	3	1	33%
THERAPY ASSISTANT III	3	0	0%	3	0	0%
THERAPY ASSISTANT IV	0	0	0%	0	0	0%
Grand Total	1,319	352	27%	1,383	354	26%

Source: Department of Human Services' analysis of data from SPPS for total active positions and total employee separations for direct care job classifications at each of the facilities listed for FY 2016-17 and 2017-18.

In evaluating the causes of high turnover and difficulty in recruiting direct care staff positions, the Department found the primary causes to be related to compensation and challenging work environments. These issues are compounded by a low unemployment rate and a national shortage in health care positions that creates fierce competition for qualified employees.

Specific concerns identified in each area are outlined as follows.

Compensation

(1) State wages are not competitive.

a) Private Sector Health Care Providers Pay Substantially More than the State's Pay Plan:

- State pay plan starting salaries are half as much as some Denver area healthcare employers. A comparison of starting pay for a Certified Nurse's Aide (CNAs) in the Denver Metro area indicated that CNAs start at between \$15 and \$22 per hour. The starting salary for the Client Care Aide I (CNA) job classification in the State's compensation plan is \$1,946 per month or \$11.47 per hour; just over half as much as the starting salary that a Denver-area hospital pays a CNA. For Registered Nurses (hired into the State's Nurse I job classification), the base pay offered at a private sector health care provider is approximately \$20,000 above the State base pay.
- The Department has found that its direct care staff are, on average, paid well below the midpoint of the job classification pay range. According to the Department of Personnel and Administration, the midpoint of each job classification pay range is considered to be the prevailing market wage for that type of job. The Department's review of direct care staff wages at the VCLCs and DYS indicates that direct care staff are being paid as much as 31% below the midpoint of the job classification pay range, and the average is just under 22% below the midpoint of the range for

their job classification. As a result, staff at the Department's 24/7 care facilities can easily look to the private sector to increase their annual salary.

- Table 5 reflects average percent below prevailing market wage all direct care staff at Mental Health Institutes (excluding nurses at CMHI at Pueblo), Division of Youth Services, and Veterans Care Living Centers.

Table 5: Average Percentage Below Prevailing Market Wage, by Job Classification		
Position	# FTE	% Salary Below Prevailing Market Wage¹
Client Care Aide (I, II)	133	17%
Correctional/Clinical Youth Security Officer (I, II)	594	24%
Health Care Services Trainee (I, II, III)	3	18%
Health Care Technician (I, II, III, IV)	17	17%
Mental Health Clinician (I, II, III)	0	0%
Mid-Level Provider	14	20%
Nurse (I, II, III)	110	20%
Social Worker/Counselor (I, II, III, IV)	41	18%
Therapy Assistant (I, II, III)	14	19%
Total / Avg.	926	22%
<p>Source: Department of Human Services analysis of current employee salaries compared to midpoint of the job classification pay range in the Department of Personnel and Administration's FY 2018-19 Pay Plan, plus 2% inflation to account for the estimated increase in midpoint for the FY 2020-21 Pay Plan.</p> <p>¹Midpoint of the job classification pay range is considered prevailing market wage.</p>		

b) Shift differential and additional hourly wage add-ons are not competitive:

In addition to base pay, there are numerous shift and patient type (i.e. diabetes care) increases to the hourly wage that can occur at most private health care providers. One Denver-area health care provider pays Registered Nurses up to \$4.40 per hour, or approximately 12 percent of their hourly wage to work the night shift on a nurse call line. If this same nurse works a night shift, on a weekend night the rate goes to \$7.00 per hour or a 20 percent increase over their hourly wage. Note that this additional 20 percent is for manning a telephone call in line, not for face-to-face staffing of patients. Other incentives are offered for specialty care, bilingual nurses and for nurses willing to float between facilities. Multiple incremental add-ons can be combined to significantly increase the hourly wage for nurses with the relevant expertise. The State offers shift differential ranging from 7.5 percent to 20 percent for night and swing shifts, but the rate of shift differential is not competitive with private sector packages considering that the wages upon which shift differential are paid are significantly lower.

c) Annual pay increases and bonuses are not funded:

A large, private sector health care provider guarantees all nursing staff a \$1,900 per year bonus and a minimum pay increase of 6 percent, regardless of individual staff job performance. The State of Colorado has offered pay increases in only five of the past 10 years, and those increases ranged from 2 percent to 4.8 percent annually, and merit pay has not been funded to offer sufficient opportunity for bonuses. Colorado has not been able to keep up with the cost of living, much less an economy that has improved and a growing health care market.

(2) Benefits are not competitive or highly valued by entry-level staff.

- a) Private sector benefits are sometimes offered in a menu-like format to allow individuals to select higher compensation and lower or no benefits.
- b) Benefits offered by one private health care provider the Department interviewed include 100 percent employer paid benefits. This includes medical, dental, life and disability coverage for all employees and their families. Pension contributions are also 100 percent paid by the employer, and continuing education and tuition reimbursement are part of the package.
- c) The Total Compensation Plan for FY 2019-20, published by the Department of Personnel and Administration, indicates the Department's total compensation package consists of 79 percent salary and 21 percent benefits, which represents a significantly lower percentage than that offered by private health care providers. Private health care providers offer total compensation plans that, on average, are more heavily weighted on salary as opposed to the full benefit package. Recent reduction in PERA benefits for new employees significantly decreased state retirement benefits as compared to private sector benefits.

(3) There is a lack of regular performance or cost of living increases.

- a) While the State of Colorado removed the step pay system and replaced it with a merit system based on pay for performance, there has been little to no budget provided for cost-of-living or merit pay increases.
- b) Due to the lack of regular pay increases, employees often have no means of progressing to higher pay grades as they gain experience in their positions, leading to a workforce that is paid less than prevailing market rates. To recruit new employees, the Department sometimes needs to offer equal or higher wages than those paid to current employees, creating pay compression concerns within the organization. This contributes to higher turnover, morale challenges and degradation of employee engagement.
- c) Nurses employed by one private health care provider receive between 6 percent and 7 percent (cost-of-living and step) pay increases each year for the first 15 years of their employment. This private health care provider also has a 10-step pay grade system through which nurses can move from the minimum to the maximum of the paygrade over 15 years.
- d) The State classification system lacks flexibility. The classification system often results in employees not being able to move to a higher classification unless they become a supervisor, which sometimes results in supervisors without the appropriate skills supervising staff. This can negatively impact morale and turnover rates.

Challenging Work Environments

The Department is unique in the State system as it employs approximately 3,000 employees in its 24/7 care facilities. These employees care for very difficult to serve populations who often have significant behavioral and physical challenges.

Department employees can often find work with other health care providers at a higher rate of pay, a better benefits package, and with a more easily cared for population, making it more difficult to hire and retain employees within the Department.

Unemployment Rates

According to the U.S. Bureau of Labor Statistics, Colorado's unemployment rate is among the lowest in the nation at 3.0 percent in March 2018 compared to a rate of 3.9 percent for the nation as a whole. This means that in Colorado, competition among employers for qualified workers is at an all-time high and the Department's current funding is not sufficient to pay wages that are competitive in the employment market for these types of positions.

Description of the Department's Efforts to Correct the Problem

In an attempt to address the staffing shortages in the 24/7 care facilities, the Department has taken the recruitment and retention actions demonstrated in Table 6.

Table 6: Recruitment and Retention Initiatives By Facility Type		
Facility Type	Recruitment Efforts	Retention Efforts
Veterans Community Living Centers	<ul style="list-style-type: none"> ● Recruit through multiple advertising venues (2013) ● Flexible schedules to better meet individual needs (2007) ● Attend job fairs within a reasonable driving radius of the facilities and network with community colleges on intern programs. (2014) ● Allow schools of nursing to use facility as their clinical training site to increase opportunity to recruit new graduates (2004 C.N.A. and R.N. through Adams State University, Trinidad State Junior College and 2 local high schools) ● Terminology in job announcements more clearly reflects job title (Licensed Practical Nurse vs. Health Care Tech) (2017) ● Scheduling interviews and making offers in a more timely fashion (2016) ● Providing signing and referral bonuses ● Streamlining background process although fingerprint results taking up to two weeks to be received back (locally 2007, transporting to Pueblo from 2016, Del Norte 2017) ● Social Media advertising for open positions (2017) ● Posting open positions at local Workforce Center (2010) ● Word of mouth from current staff (Inception) ● Available Kiosk for applicants to apply and assistance provided as needed by staff (2016) <p><u>RIFLE</u></p> <ul style="list-style-type: none"> ● Utilizing social media such as posting positions on Facebook 2017 ● Posting positions on Local Focus Digital Media (2016) ● Word-of-mouth advertising (2017) ● Changed our job announcements to be more user friendly-easier to search and apply (RN-Nurse II) (2017) ● Held Open House 4/19/17- 4 applicants: Structural Trades II; 2-CNA's; LPN and (1) viable candidate for 	<ul style="list-style-type: none"> ● Continually mentor and be available to staff (2006) ● Provide a positive work environment that does rewarding work and allows for the individual to feel like they are really making a positive impact on our veterans' lives (Eden Certification received in 2008) ● Allowing staff to participate in resident activities and build relationships with our residents, which results in high work satisfaction (Eden Certification received in 2008) ● Accommodate schedule requests as much as possible (2008) ● Provide more training and education (2016) ● Accommodate flexible shifts (8 hour and 10 hour shifts available) (2007) ● Staff recognition (each department recognized at monthly all staff meetings) (Years of service and certificates on 2016) ● Department recognition (2017) ● Survey Parties (2012) <p><u>RIFLE</u></p> <ul style="list-style-type: none"> ● Created a Lead CNA position to assist in mentoring and training new CNA staff (2017) ● Effective July 1, 2017 offered retention bonus for CNA staff ● Reallocated our Nurse III-Shift Supervisor positions to Nurse IIs to allow current RNs opportunity for growth in their field (2015) ● Work with departments on flexible shifts-Bath Aides (10 hour shifts); CNAs (8 or 12 hour shifts) ● Encourage staff to participate in resident activities such as: Music and Memories, Ride and special outings/events ● Staff Development Coordinator involved in training and education of staff ● Staff recognized in monthly All-Staff Meetings: employee with best attendance for month, years of

Table 6: Recruitment and Retention Initiatives By Facility Type		
Facility Type	Recruitment Efforts	Retention Efforts
	<p>Social Work Assistant position.</p> <ul style="list-style-type: none"> ● Offer signing bonus for Nurse III-Shift Supervisors (2015) ● Effective July 1, 2017 started offering signing bonus for CNAs as well as referral bonus to staff (2017) ● Computer or paper application made available for applicants to apply (2017) <p><u>FITZSIMONS</u></p> <ul style="list-style-type: none"> ● Attend job fairs within a reasonable driving radius of the facilities and network with community colleges on intern programs. (2016) ● Allow schools of nursing to use facility as their clinical training site to increase opportunity to recruit new graduates. (2017) ● Terminology in job announcements more clearly reflects job title (Licensed Practical Nurse vs. Health Care Tech) (2017) ● Scheduling interviews and making offers in a more timely fashion (2016) 	<p>service and Kudos</p> <ul style="list-style-type: none"> ● Work with our employees on desired schedule when enrolled in college ● Recognize staff on a daily basis-thank them and give candy bar (2017) <p><u>FITZSIMONS</u></p> <ul style="list-style-type: none"> ● Flexible schedules to better meet individual needs (2016) ● Accommodate schedule requests as much as possible. (2016) ● Provide more training and education (2016)
Division of Youth Services	<ul style="list-style-type: none"> ● New recruitment brochure (2015) ● Job fairs at local colleges (2014) ● Creation, distribution and use of three professional recruitment/retention videos (2016) 	<ul style="list-style-type: none"> ● Pre-service Academy (New Hire Training - 3 1/2 weeks) ● Field Training Officer program (on-the- job competency based training) (2014)
	<ul style="list-style-type: none"> ● Digital advertising/recruitment campaign (2016) ● Facility open houses for interested potential candidates (2016) ● Recruitment cards with a code that can be scanned on your smartphone, linking to DYS Careers Webpage (2016) ● Continuous hiring process (2016) ● Focus groups with successful employees to ascertain strategies (2015) ● Broadened minimum qualifications for entry- level position (2017) ● Salary compensation for FTO Trainers (2017) ● Changed working title of CYSO class to Youth Services Specialist (2017) 	<ul style="list-style-type: none"> ● Ongoing implementation of Trauma Informed Environment Model of Care (2014) ● Improved staffing ratios through addition of direct care staff (2015) ● Collaborative Safety Focused Committee with Colorado WINS (2015) ● Non-monetary rewards and incentives (2014) ● Monetary Rewards and Incentives Program (Coming Soon)
Source: Department analysis and summary of efforts.		

Despite these efforts, the Department continues to have significant vacancy and turnover rates among direct care staff. The Department has exhausted resources and tools available to address the staff shortages in these facilities without a request for funding to address the compensation shortfalls.

Proposed Solution:

The Department requests \$13,942,885 total funds, including \$10,339,235 General Fund and \$3,603,650 cash funds in FY 2019-20 and ongoing, and an additional \$7,940,729 in FY 2020-21, including \$6,865,489 General

Fund and \$1,075,240 cash funds in FY 2020-21 and ongoing. This request is a two-year approach to increase salaries to levels more competitive with the employment market for all direct care staff job classifications at 16 of its 19 24-hour (24/7) care facilities.

24/7 facilities include the four Veterans Community Living Centers (VCLCs) and ten Division of Youth Services (DYS) facilities. The Department seeks to compensate existing and new direct care employees at market rate (midpoint of the pay range for each job classification) and to provide a compression increase for existing direct care staff who are already at midpoint of the range. The three Regional Centers (Wheat Ridge, Pueblo and Grand Junction) and both Mental Health Institutes (CMHIP and CMHIFL) are excluded as the Department had or has been given sufficient funding to address compensation concerns for direct care staff at these facilities.

The Department is proposing to address the direct care staffing crisis in the 24/7 care facilities by: (1) filling vacancies at the prevailing market rate for that job classification, and (2) using compression pay to increase base pay for existing staff, based on a schedule that accounts for prevailing market wage and years of experience and competency of job performance. The total cost on an annual basis to bring staff in these facilities to the midpoint of the pay range is shown in Table 7.

Table 7: Direct Care Compensation Initiative Total Cost to Increase Direct Care Job Classification Wages to Prevailing Market Wage (Midpoint of Job Classification Pay Range)							
	Personal Services	POTS - SAED, AED, PERA (20.15%)	POTS - HLD (\$7,927.19 per person)	STD (0.19%)	Medicare (1.45%)	Shift Differential	Total
Veterans Community Living Centers 1 [LBLE (9)[D]]							
Fitzsimons	\$2,158,219	\$ 440,277	\$309,160	\$4,101	\$31,294	\$ 86,329	\$3,029,380
Rifle	\$1,395,175	\$284,616	\$190,253	\$2,651	\$20,230	\$55,807	\$1,948,731
Florence	\$ 1,146,832	\$233,954	\$79,272	\$2,179	\$16,629	\$45,873	\$1,524,740
Homelake	\$851,410	\$173,688	\$87,199	\$1,618	\$12,345	\$34,056	\$1,160,316
Subtotal VCLC	\$5,551,637	\$1,132,534	\$665,884	\$10,548	\$80,499	\$222,065	\$7,663,167
Division of Youth Corrections [LBLE (11)[B]]							
DYS	\$9,955,419	\$2,030,905	\$1,672,637	\$18,915	\$ 144,354	\$398,217	\$ 14,220,447
TOTAL	\$15,507,056	\$3,163,439	\$2,338,521	\$29,463	\$224,852	\$620,282	\$21,883,614
Source: Department of Human Services' analysis of direct care vacancies, the cost to fill those vacancies at the midpoint of the DPA Job Classification Pay Range (or at prevailing market wage) and the cost of providing compression pay increases to existing staff to ensure that new employees are not earning more than what we pay existing, more experienced staff.							

On average, the pay increase needed to fill vacancies at the midpoint of the pay range and to provide compression pay increases to existing staff is 22%.

The Department proposes funding this initiative in two phases, with approximately half of the increased wages being funded in FY 2019-20 and the second half being funded in FY 2020-21.

Phase 1: Amount requested for FY 2018-19 to filling direct care vacancies at an average of 11% above the midpoint of the pay range and provides an average of 11% Compression Pay increases to existing direct care employees. (Funding for Phase 1 is shown in Table 8)

Table 8: Phase 1 of 2 - FY 2019-20					
Summary of Annual Funding Cost and Funding Splits by Line Item for FY 2019-20					
Description	FY 2019-20	GF	CF	RF	FF
Executive Director's Office					
<i>General Administration</i>					
Health, Life, and Dental	\$ 2,338,521	\$ 1,847,432	\$ 491,089	\$ -	\$ -
Short Term Disability	\$ 17,493	\$ 13,819	\$ 3,674	\$ -	\$ -
SB 04-257 AED	\$ 460,344	\$ 363,672	\$ 96,672	\$ -	\$ -
SB 04-235 SAED	\$ 460,344	\$ 363,672	\$ 96,672	\$ -	\$ -
Shift Differential	\$ 368,276	\$ 290,938	\$ 77,338	\$ -	\$ -
Subtotal	\$ 3,644,978	\$ 2,879,533	\$ 765,445	\$ -	\$ -

Table 8: Phase 1 of 2 - FY 2019-20

Summary of Annual Funding Cost and Funding Splits by Line Item for FY 2019-20

Description	FY 2019-20	GF	CF	RF	FF
SERVICES FOR PEOPLE WITH DISABILITIES					
Veterans Community Living Centers					
<u>Fitzsimons</u>					
Personal Services					
Salary	\$ 1,728,586	\$ 691,434	\$ 1,037,152	\$ -	\$ -
PERA	\$ 179,773	\$ 71,909	\$ 107,864	\$ -	\$ -
Medicare	\$ 25,064	\$ 10,026	\$ 15,038	\$ -	\$ -
Subtotal	\$ 1,933,423	\$ 773,369	\$ 1,160,054	\$ -	\$ -
<u>Florence</u>					
Personal Services					
Salary	\$ 744,176	\$ 297,670	\$ 446,506	\$ -	\$ -
PERA	\$ 77,394	\$ 30,958	\$ 46,436	\$ -	\$ -
Medicare	\$ 10,791	\$ 4,316	\$ 6,475	\$ -	\$ -
Subtotal	\$ 832,361	\$ 332,944	\$ 499,417	\$ -	\$ -
<u>Homelake</u>					
Personal Services					
Salary	\$ 590,225	\$ 236,090	\$ 354,135	\$ -	\$ -
PERA	\$ 61,383	\$ 24,553	\$ 36,830	\$ -	\$ -
Medicare	\$ 8,558	\$ 3,423	\$ 5,135	\$ -	\$ -
Subtotal	\$ 660,167	\$ 264,066	\$ 396,101	\$ -	\$ -
<u>Rifle</u>					
Personal Services					
Salary	\$ 1,166,194	\$ 466,477	\$ 699,717	\$ -	\$ -
PERA	\$ 121,284	\$ 48,514	\$ 72,770	\$ -	\$ -
Medicare	\$ 16,910	\$ 6,764	\$ 10,146	\$ -	\$ -
Subtotal	\$ 1,304,387	\$ 521,755	\$ 782,632	\$ -	\$ -

Table 8: Phase 1 of 2 - FY 2019-20						
Summary of Annual Funding Cost and Funding Splits by Line Item for FY 2019-20						
Description	FY 2019-20	GF	CF	RF	FF	
Division of Youth Corrections						
<u>Institutional Programs (DYS)</u>						
Personal Services						
Salary	\$ 4,977,709	\$ 4,977,709	\$ -	\$ -	\$ -	
PERA	\$ 517,682	\$ 517,682	\$ -	\$ -	\$ -	
Medicare	\$ 72,177	\$ 72,177	\$ -	\$ -	\$ -	
Subtotal	\$ 5,567,568	\$ 5,567,568	\$ -	\$ -	\$ -	
Grand Total	\$ 13,942,885	\$ 10,339,235	\$ 3,603,650	\$ -	\$ -	

Phase 2: Amount planned for request in FY 2020-21 to fill direct care staff vacancies at prevailing market wage (midpoint of pay range) and to provide compression pay increase needed (an average of 11%) to bring existing direct care employees to prevailing market wage. (Funding for Phase 2 is included in Table 9)

Table 9: Phase 2 of 2 FY 2020-21					
Summary of New Annual Funding Cost and Funding Splits by Line Item for FY 2020-21					
Description	FY 2019-20	GF	CF	RF	FF
Executive Director's Office					
General Administration					
Health, Life, and Dental	\$ -	\$ -	\$ -	\$ -	\$ -
Short Term Disability	\$ 11,970	\$ 9,456	\$ 2,514	\$ -	\$ -
SB 04-257 AED	\$ 315,008	\$ 248,856	\$ 66,152	\$ -	\$ -
SB 04-235 SAED	\$ 315,008	\$ 248,856	\$ 66,152	\$ -	\$ -
Shift Differential	\$ 252,007	\$ 199,086	\$ 52,921	\$ -	\$ -
Subtotal	\$ 893,993	\$ 706,254	\$ 187,739	\$ -	\$ -

Table 9: Phase 2 of 2 FY 2020-21

Summary of New Annual Funding Cost and Funding Splits by Line Item for FY 2020-21

Description	FY 2019-20	GF	CF	RF	FF
SERVICES FOR PEOPLE WITH DISABILITIES					
Veterans Community Living Centers					
<u>Fitzsimons</u>					
Personal Services					
Salary	\$ 429,634	\$ 171,853	\$ 257,781	\$ -	\$ -
PERA	\$ 44,682	\$ 17,873	\$ 26,809	\$ -	\$ -
Medicare	\$ 6,230	\$ 2,492	\$ 3,738	\$ -	\$ -
Subtotal	\$ 480,545	\$ 192,218	\$ 288,327	\$ -	\$ -
<u>Florence</u>					
Personal Services					
Salary	\$ 402,656	\$ 161,062	\$ 241,594	\$ -	\$ -
PERA	\$ 41,876	\$ 16,750	\$ 25,126	\$ -	\$ -
Medicare	\$ 5,839	\$ 2,335	\$ 3,504	\$ -	\$ -
Subtotal	\$ 450,371	\$ 180,147	\$ 270,224	\$ -	\$ -
<u>Homelake</u>					
Personal Services					
Salary	\$ 261,185	\$ 104,474	\$ 156,711	\$ -	\$ -
PERA	\$ 27,163	\$ 10,865	\$ 16,298	\$ -	\$ -
Medicare	\$ 3,787	\$ 1,515	\$ 2,272	\$ -	\$ -
Subtotal	\$ 292,135	\$ 116,854	\$ 175,281	\$ -	\$ -
<u>Rifle</u>					
Personal Services					
Salary	\$ 228,982	\$ 91,593	\$ 137,389	\$ -	\$ -
PERA	\$ 23,814	\$ 9,526	\$ 14,288	\$ -	\$ -
Medicare	\$ 3,320	\$ 1,328	\$ 1,992	\$ -	\$ -
Subtotal	\$ 256,116	\$ 102,447	\$ 153,669	\$ -	\$ -

Table 9: Phase 2 of 2 FY 2020-21

Summary of New Annual Funding Cost and Funding Splits by Line Item for FY 2020-21

Description	FY 2019-20	GF	CF	RF	FF
Division of Youth Corrections					
<u>Institutional Programs</u>					
Personal Services					
Salary	\$ 4,977,709	\$ 4,977,709	\$ -	\$ -	\$ -
PERA	\$ 517,682	\$ 517,682	\$ -	\$ -	\$ -
Medicare	\$ 72,177	\$ 72,177	\$ -	\$ -	\$ -
Subtotal	\$ 5,567,568	\$ 5,567,568	\$ -	\$ -	\$ -
Grand Total	\$ 7,940,729	\$ 6,865,489	\$ 1,075,240	\$ -	\$ -

The Department has implemented a multi-year approach to address compensation concerns for direct care staff across its 24/7 care facilities. In November 2016, direct care staff at the three Regional Centers received an increase in salary to the midpoint of the job classification pay range (midpoint). In November 2017, Nurse I through III classifications at CMHIP received an increase in salary to midpoint. The remaining direct care staff at CMHIP and CMHIFL received an increase in salary effective July 1, 2018.

The Department initiative for Regional Center direct care staff has achieved significant improvement in filling vacancies and reducing turnover. Since increasing the starting wage for direct care staff at the three Regional Centers, and providing compression pay increases to existing staff, in November 2016, vacancy and turnover rates for direct care staff have decreased significantly. Table 10 shows the vacancy rate for each Regional Center on September 12, 2016, June 26, 2017, and June 18, 2018. Table 10 also shows the cumulative turnover rates for the periods FY 2016-17 and 2017-18 for the Regional Centers and Nurse I, II, and III positions at CMHIP.

Table 10. Comparison of Vacancy and Turnover Rates for Direct Care Staff at the Regional Centers
For 6 month period Prior to and Post Pay Increases

Regional Center	Sept. 12, 2016 Vacancy Rate	June 26, 2017 Vacancy Rate	June 18, 2018 Vacancy Rate	Cumulative Turnover Rate FY 2016-17	Cumulative Turnover Rate FY 2017-18
Grand Junction	16%	3%	4%	15%	11%
Pueblo	29%	10%	11% ¹	32%	18%
Wheat Ridge	15%	7%	8%	31%	22%
CMHIP ²	Not Comparable	19%	15%	21%	21%

Source: Department analysis of CPPS data.

¹ Pueblo Regional Center has been under a moratorium on admissions, as a result, their staff vacancy rate has increased due to holding positions open once vacated until the resident census increases sufficiently to fill vacated positions. Staffing levels at Pueblo Regional Center, as of June would reflect an effective vacancy rate of near zero because filled positions are sufficient to provide care for the resident census.

² CMHIP includes comparison of vacancy and turnover for Nurse I, II, and III only. This is because pay increases for these classes were completed in November 2017. Pay increases for other direct care job classifications at CMHIP and CMHIFL were not effective until July 1, 2018, which is too recent to demonstrate significant change.

Based on these data, the Department concludes that the pay raises have been effective in attracting and improving the retention of staff for vacant direct care positions at the Regional Centers. The Department is proposing carrying out the same initiative in its remaining 24/7 care facilities to improve recruitment and retention of positions that are key to ensuring the availability of care for some of the State's most vulnerable populations, including veterans, youth, and individuals with mental illness.

Description of the Compensation Initiative Process and Plan:

The Department worked with the Department of Personnel and Administration (DPA) to evaluate current prevailing wages, by position for each of the direct care job classifications included in this compensation initiative. The Departments to use the midpoint of the job classification pay range from the FY 2018-19 Pay Plan published by DPA. According to DPA, the midpoint of the pay range for all job classifications represents the prevailing market wage for that type of position.

In Phase 1, beginning July 1, 2019, vacancies will be filled at half-way to prevailing market wage (an average of 11% above the minimum of the pay range, with compression pay increases going into effect concurrently to prevent further loss of staff or decreased morale among existing staff. Phase 2, beginning in FY 2020-21 will increase pay for DYS and VCLC direct care employees to the midpoint of the Pay Range (an additional 11%, approximately).

State Personnel Rules allow for this type of initiative. Chapter 3 of the State Personnel Rules, provide the Department the ability to carry out this compensation initiative.

State Personnel Rule 3-9 states that:

“The appointing authority shall determine the hiring salary within the pay grade for a new employee, including one returning after resignation, which is typically the grade minimum unless recruitment difficulty or other unusual conditions exist.

- a. Recruitment difficulty means difficulty in obtaining qualified applicants or an inadequate number of candidates to promote competition despite recruitment efforts.
- b. Unusual conditions exist when the position requires experience and competencies beyond the entry level and the best candidate cannot be obtained by hiring at the minimum of the pay grade.
- c. The appointing authority’s determination shall consider such factors as, but not limited to, labor market supply, recruitment efforts, nature of the assignment and required competencies, qualifications and salary requirements of the best candidate, salaries of current and recently hired employees in similar positions in the department, available funds and the long-term impact on personal services budgets of hiring above the minimum of the pay grade.”

The Department has demonstrated significant turnover and vacancies at the Veterans Community Living Centers and Youth Services Centers that have gone unaddressed by other hiring efforts. These vacancies, the State’s low unemployment rate, and the health care employment market have been determined to place the 24/7 facilities in a staffing crisis that cannot be overcome without this effort.

State Personnel Rule 3-18 allows the Department to use compression pay increases to provide for in-range salary increases for existing employees.

“In-Range Salary Movements. A department may use these discretionary movements to increase base salaries of permanent employees who remain in their current classes and positions when there is a critical need not addressed by any other pay mechanism. The use of in-range salary movements is not guaranteed and shall be funded within existing budgets. These movements shall not be retroactive and frequency is limited to one in-range salary movement in a 12-month period. No aspect of granting these movements is subject to grievance or appeal, except for alleged discrimination; however, an alleged violation of the department’s plan can be disputed. A department’s decision in the dispute is final and no further recourse is available. Once granted, a reduction in base salary is subject to appeal. Departments must develop a written plan addressing appropriate criteria for the use of any movement based on sound business practice and needs, e.g., eligibility, funding sources, approval requirements, and measures to ensure consistent use. The plan must be communicated within the department and a copy provided to the Director prior to implementation. If granted, there must be an individual written agreement between the employee and the appointing authority that stipulates the terms and conditions of the movement. Records of any aspect of these movements shall be provided to the Director when requested.

- a. Salary Range Compression. Used as a salary leveling increase where longer-term or more experienced employees are paid lower in the range for the class than new hires or less experienced employees over a period of time resulting in documented retention difficulties.

Thus, there is a valid need to increase one or more employee's base salary in the class to recognize contributions equal to or greater than the newly hired or less experienced employees. Justification shall be required based on facts. To be eligible, an employee must be performing satisfactorily as evidenced by the most recent final overall performance rating. The increase may be up to 10 percent or the maximum permitted by the department's policy on hiring salaries, whichever is greater, and subject to the pay grade maximum."

Hiring vacant positions at half-way to midpoint in Phase 1 and at midpoint in Phase 2 will result in a compression pay concern within direct care job classifications for existing employees. State Personnel Rule 3-18 allows the Department to adjust existing employee salaries for compression to recognize existing employees for their on-the-job experience and to ensure that newly hired employees are not making more than existing, more-experienced staff. Completing the compression pay increase concurrently with the increased hiring wage will prevent unnecessary loss of existing, more experienced, employees. The Department's 24/7 Direct Care Compensation Plan has been reviewed and approved by the Department of Personnel and Administration. The approved Plan is included in Attachment B.

Finally, all wages for direct care staff will continue to be within the approved job classification pay ranges as approved in the Department of Personnel and Administration's FY 2018-19 Pay Plan.

Additional Salary Planning

This request is a two-year approach to increase salaries to levels more competitive with the employment market for all direct care staff job classifications at 16 of its 19 24-hour (24/7) care facilities. While this request effectively catches the Department's direct care staff up to the employment market for similar positions, it will not prevent the Department from lagging behind market in the future. If across-the-board and merit pay increases are not sufficient to keep pace with increases in market salaries in the direct care job sector, the Department will continue to fall behind. The Department will evaluate additional options for ensuring that it does not get substantially behind in the future. One option could be using competency-based pay increases offered through Personnel Rule 3-18, Part E. to allow the Department to increase salaries for staff based on achievement of additional competencies in carrying out their job duties. Additional work is needed to determine what other solutions are available for this job class, and the budgetary implications of other solutions to help the Department keep pace with market salaries.

Anticipated Outcomes:

The Department anticipates the following outcomes from increasing the compensation for Direct Care positions:

- Improved recruitment and retention (lower turnover) of direct care staff across the Department.
- Improved quality of care for residents through:
 - Reduction of critical incidents and errors caused by understaffed facilities or exhausted/overworked staff. Errors and incidents could include medication errors, unnecessary physical restraint or seclusion, and resident injury and elopement. The Department has C-Stat measures related to all of these issues.
 - Increased staff/resident familiarity by improving retention and consistency in staffing of units.

- Reduction of on-the-job injuries and workers' compensation claims, as injuries more frequently occur when staff are overworked and exhausted.
- Fewer vacancies will increase the Department's ability to take staff out of the milieu ratio to attend training and certification updates.
- Improved compliance with federal and state regulations concerning ensuring adequate, well-trained staff on shift to ensure that resident needs are met.
 - Fully staffed facilities will result in the facilities being used to their maximum capacities. Failure to fully staff facilities can result in moratoriums on admissions due to inadequate staff availability to meet resident care needs.
- Reduced overtime and double shifts, which should reduce costs, as well as staff exhaustion, burnout and high levels of turnover.
 - The Department has a strategic objective to reduce the use of overtime throughout Department facilities. Overtime is primarily caused by staff shortages and inability to hire enough staff to cover shift relief (e.g., the number of hours that existing staff are not able to work, including annual leave, sick leave, family medical leave and injury leave). Overtime also results in staff exhaustion and increased turnover. A key component to the Department's success on this strategic objective is to be able to recruit and retain staff in the 24/7 care facilities. If this request is not funded, the Department will continue to face high direct care staff turnover rates, increasing recruitment and training costs, and diminishing continuity of staff for the State's most vulnerable clients.
- Reduced reliance on the use of contract staffing agencies who often prove unreliable and a risk to the facility due to not being familiar with the care environment or the residents and their care plans.
- Reduced expenses associated with direct care staff recruitment and retention.
- Consistency in salaries for similar positions across the 24/7 facilities.

Assumptions and Calculations:

Assumptions and calculations include the following:

- The Department used the DPA's FY 2018-19 Pay Plan to identify the prevailing market wage for direct care staff included in this request. Specifically, DPA considers the midpoint of each job classification pay range to be the prevailing market rate for the job classification.
- Only direct care staff are included in this request (no management or administrative staff). Table 11 lists the direct care staff included working in the following job classifications at the VCLC and DYS facilities.

Table 11: Direct Care Staff Job Classifications

- Client Care Aide (Levels I – II)
- Corr/Clin Youth/Security Officer (Levels I – II)
- Health Care Services Trainee (Levels I – III)
- Health Care Technician (Levels I – IV)
- Mental Health Clinician (Levels I – III)
- Mid-Level Provider
- Nurse (Levels I – III)
- Social Work/Counselor (Levels I – IV)
- Therapy Assistant (Levels I – IV)

- Full annual cost to increase all current direct care staff to the midpoint of the range is based on the amount of the increase in wages between the compression pay schedule, with the midpoint of the FY 2018-19 DPA Pay Plan escalated by 2% to account for potential movement in the midpoint of the Pay Plan between FYs 2018-19 and 2019-20. The Total Compensation Report for FY 2019-20 published by DPA indicates supports this inflation rate in that it projects the increase to the State salary structure for the FY 2019-20 Pay Plan will be an increase of 2% to adjust for increases in market. The compression pay schedule, including the 2% inflation factor, is included in Attachment A and their current wages.
- The following amounts are also added for the increased of benefits:
 - Plus the increased cost of POTS (PERA [10.4%], SAED [5%], and AED [5%]) of 20.40 percent on all increases to wages, based on the FY 2017-18 rates published by DPA.
 - Plus the cost to fill the direct care vacancies at the midpoint of the range and the associated HLD POTS based on a \$7,927.19 per person rate that DPA publishes.
 - Plus the increased cost of STD at .19 percent of the increase in salaries resulting from the compression pay increase.
 - Plus the increased cost of Medicare at 1.45 percent of the increase in salaries resulting from the compression pay increase.