

Summary of Living Wage Survey- UPDATE
Pertaining to Department of Human Services Contracts
June 24 2016
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In response to the Living Wage Ordinance proposal, the Department of Human Services distributed a survey to thirty one providers who contract with the Department. Eighteen of the thirty one providers would need to comply with the Living Wage Ordinance, if passed. Of the thirty one surveys distributed, sixteen were returned, and two replied declining to complete the survey. Of the sixteen returned surveys, eleven would fit the criteria to comply with the proposed Living Wage Ordinance.

- 31 surveys distributed
- 16 returned
- 2 declined to participate
- Out of the 16 returned surveys, 11 fit the criteria to comply with the Living Wage Ordinance

Surveys were not sent to agencies that we contract for child alternate care placements and providers who provide waiver and autism services. These services involve rates set by the State.

The general response to the returned surveys reflected that providers would continue to contract with Eau Claire County *if* the fiscal impact of the Living Wage Ordinance was fully funded.

General Cost / Benefit Analysis

The respondents indicate support of a Living Wage Ordinance (LWO), **if fully funded**. Responses reflect that operations would be significantly impacted if they were not fully funded and would be significantly impacted if they were not able to contract with Eau Claire County. In addition responses noted that without fully funding the increased costs, the LWO would impact those being served, staff, and the community. The responses to the benefit of the enactment of the LWO related to a positive impact to retention and recruitment, providing for a more stable environment for service delivery, which can lead to enhanced and improved outcomes.

Projected Fiscal Impact:

Our fiscal impact is an estimate based from the responses received and reflects only the 11 providers who responded and would be required to comply with an enacted LWO.

Respondents indicated a range increase of \$10,000 to \$2,900,000 was needed to fully fund the LWO. All identified that their cost increase would not just apply to the contracted staff serving the Eau Claire county contract, but they would need to attend to the internal equity and compression issues of their organization.

Fiscal Impact

Nine of the eleven responding providers indicated a fiscal impact to their contract. The chart below is the combined total contract cost, reflecting the identified increases noted by the nine providers. The current 2016 combined contract costs for these nine providers is \$3,193,372.

This analysis represents the original LWO proposal (5% increase over 5 years) and the proposed amendment of 3.75% increase over 5 years.

Projected New Combined Contract Cost

	2017	2018	2019	2020	2021
5% increase	4,092,840	4,297,482	4,512,356	4,737,974	4,974,872
3.75% increase	3,786,696	3,928,696	4,076,022	4,228,873	4,387,456

Projected Increased Cost to DHS

	2017	2018	2019	2020	2021
5% increase	899,468	1,104,110	1,318,984	1,544,602	1,781,500
3.75% increase	593,324	735,324	882,650	1,035,501	1,194,084

The analysis assumes we contract at the 2016 service level and does not take into account the ability to offset any increases through program revenues. Some of these costs would be offset by allowed program revenues. In addition, three providers indicated that the implementation of the LWO would not have a fiscal impact. The 2016 contract total for these three providers is not reflected in the figures above and totals: \$741,244.

Potential and assumed benefit:

Respondents noted that enactment would have a positive impact on employee retention and recruitment in an area that experiences frequent staff turnover. We know that consistency of staff is imperative for positive and healthy outcomes of individuals, families, children, youth and the community. In addition, a living wage brings stability to families and individuals with the rippling effect of improving and meeting basic and social needs of individuals. When individuals are not stressed and not in crisis to meet basic and social needs they are physically and mentally healthier. A living wage ordinance could have a positive impact of reducing the number of individuals applying for financial and need based programs and assistance. An individual's health and wellbeing has a correlation to stability of individuals, families, and healthier communities.

RESPONSES TO SURVEY QUESTIONS

Question 1 & 2: Number and Percent of Employees who are below minimum wage:

Total # Staff below \$12.84	# Staff for ECC Contract below \$12.84	% of all Staff below \$12.84	% of staff for ECC contract below \$12.84
Info not provided	Info not provided	80%	Info not provided
300	10	Info not provided	3%
3	0	Less than 1%	N/A
34	8	48%	38%
216	17	90%	90%
192	97	76%	39%
440	17	78%	81%
363	25	36%	30%
0	0	0	0
0	0	0	0
38	7	11%	58%
TOTALS			
1,586	181	Less than 1% to 90%	3% to 90%

Question 3: Will the LWO increase employee retention or attraction?

- Uncertain
- Possibly both, but would need to adjust for internal equity and compression issues. If the compression issue is not addressed, it could impact retention and attraction of employees
- Assume greater employee retention
- May attract new employees as a result of higher wages, however, may not be financially feasible
- Without funds to support, would be unable to retain staff and would be faced with reducing services and workforce
- If it was affordable, yes
- Do not believe the enactment would increase employee retention
- Yes
- No
- No, it will lessen availability of benefits (Social Security Disability)
- Potentially

Question 4: Cost/Benefit to the Organization

- Uncertain. Cost to organization would be about 28-30k annually
- \$55,000 annually would be the immediate impact. Does not include cost to attend to wage compression

- Ability to support would be tied directly to being compensated at a level to support increase
- At the projected living wage of 130%, all costs, including fringe benefits would be over 2 million dollars. See very little benefit with the exception for the potential for less employee turnover
- With the anticipated 5% increase each year the expense for wages alone would be \$1,650,000 for the ECC area and \$125,000 for the ECC Human Services contracts. Our business and industry cannot support this due to the funding cuts that have occurred since 2009.
- Unsure
- Although contracts represent a portion of our income and our mission and vision does extend to the quality of life for employees, we continue to carry a burden on Medicaid reimbursement for daily care that is an average loss of \$55.89 a day in Wisconsin Long Term Care. Until this reimbursement equals cost of care there is no benefit
- Employees will hopefully stay with us longer and this would attract more good candidates when recruiting
- No effect
- It will turn out that less individuals will receive services

Question 5: Assuming you continue to contract and LWO enacted, what will be the total 2017 increased salary cost to your organization

- An additional \$85.46 per hour worked
- \$28-30,000
- \$55,000
- Increase would need to be equitable across the organization. At \$8.50/hr at 13,000 hrs/week would come to \$2,933,840 annually. Does not take into account the progression of increase. Supports increased wages for employees, but someone will need to cover this increased expense
- \$816,000 (wages & benefits)
- Eau Claire area: \$808,000, Eau Claire contracts with Human Services: \$63,000
- Estimated increase in 2017 would be \$70,000
- Approximately \$10,000
- 63% increase for wages

Question 6: How will you adjust for any costs

- Reduce number of people served and employees. Unable to absorb without funding from Eau Claire County
- Discontinue offering benefits to employees the first year. Following years would lead to reduction and elimination of staff. This may result in need for MCO's to find new placements for over 200 residents. Higher wages may help with retention/recruiting however, offering health insurance to staff has been a great hiring and retention tool.

- Would have to pass cost on to ECC
- MCO's would not allow that kind of increase and our organization does not have enough clients that are just County clients
- Either the amount of the level of service would decrease or reduction/elimination of staff
- Rate Increase for contract or layoff of staff
- Would need to pass increased cost to all other contract agencies
- Possibilities: pass on increase through contracts, reduction of full-time to part-time staff
- Should not be a problem
- Would need to work with DHS to determine how much service could be provided

Question 7: Would you continue to contract with ECC

- Would renegotiate contract. Services for the Comprehensive Community Services program would not be impacted
- Would continue contracting but without funding increase would need to re-evaluate the type and level of services provided
- If LWO enacted, could not afford to contract
- Unless ECC fully funds this increase in operation expenses, would not continue to contract.
- I could not
- Consider discontinuing to contract with ECC, however, would anticipate to start to lose staff to other organizations, causing inadequate staffing to provide the State mandated service level. The loss revenue from the County would match the increase in wages if we were to maintain our contract. So, likely to continue to contract
- Review and decide at budget time
- Yes
- Yes
- Yes, but concerned about the impact to services

Question 8: Will this cause you to change hiring pattern

- Yes, due to having less services to provide without the contract
- Would not change
- No
- Not sure
- Hire more part-time staff
- No
- No
- Yes, it will
- No
- No
- No

Question 9: Other Opportunities or challenges if LWO adopted

- This should be a funded mandate. Requiring a certain wage needs to be supported by the organization making the request. The \$12.84 is nearly 10% higher than Dane Counties (?) living wage of \$11.69
- This change would create compression for smaller roles that are not under the county contract. As a non-profit we cannot absorb. Have already taken steps to address wages at \$10.15/hr (internal minimum)
- If the rate per client was increased to match the pay of staff, that would be great.
- This would be financially devastating to all service providers unless the County is willing to pay a significant premium to see this fully enacted. Have received no budget increase in the last 6 years and have experienced a revenue reduction since implementation of ACA Enactment of LWO would include retention and recruitment of staff in an area that often experiences high turnover.
- Although some wages may be below the proposed LWO rate, they provide good benefits. We know that consistency of staff is imperative for positive and healthy outcomes of the service being delivered.
- The challenges of low State funding and Medicaid reimbursement rates, prevent being able to provide a higher, more competitive wage
- Enacted, could not stay in business long-term, unless there is an extensive increase in rate offered by Family Care, the MCO's, and Counties. Potentially devastating to residential providers.
- Believe this proposed ordinance is on target with today's workforce. Enactment would support the need to pay a more competitive wage for all staff. In favor of proposed ordinance
- This would affect all employees, not just those who provide the contract service
- Fairness to other employees performing the same functions on non-county work