

POLICY RESEARCH BRIEF

WAGE COMPRESSION AMONG DIRECT SUPPORT PROFESSIONALS

INSTITUTE *on* COMMUNITY INTEGRATION | UNIVERSITY OF MINNESOTA

Research Issue

The profession of direct support is one of the largest occupations in the United States. The demand for this essential workforce is growing, yet the supply of direct support professionals (DSPs) is nowhere near enough to match it. The workforce crisis among DSPs is well-documented and now approaching catastrophic proportions. People with intellectual and developmental disabilities are not able to receive the services they are authorized, and some businesses are closing programs permanently or temporarily because of the workforce shortage.

Low starting wages is a major factor contributing to the workforce crisis, with an average starting hourly wage of \$11.56 an hour in 2019.* Wage compression — where there is little difference in pay between new and more experienced staff — is also a major problem in disability support services and results in high turnover among both direct support professionals (DSPs) and frontline supervisors (FLSs). While the current average hourly raise per year among all hourly workers in the U.S. is between 3–5%, our data show that it is nowhere near that for the direct support workforce.

Providers of services for individuals with intellectual and developmental disabilities are constrained by low, non-negotiable reimbursement rates set by state Medicaid agencies. In many states, Medicaid rates have been stagnant or have decreased in the past decade. As a result, providers do not have enough funding to recruit new staff or raise wages to keep experienced staff. Both low starting wages and wage compression must be addressed for the DSP workforce crisis to be solved.

* https://www.nationalcoreindicators.org/upload/core-indicators/2019StaffStabilitySurveyReport_FINAL_1_6_21.pdf

Study Background

For the vast majority of DSPs, staying home during the COVID-19 pandemic is not an option. The National Alliance for Direct Support Professionals (NADSP) and the University of Minnesota's Institute on Community Integration (ICI) wanted to hear directly from DSPs about their experiences in supporting people with disabilities during this period. In response, ICI developed a series of online surveys and collaborated with NADSP to reach DSPs from across the country; the intent was to inform effective policy and practice decisions about what

is needed and to better prepare for potential future waves of this or other pandemics. The three surveys were fielded in April 2020, November 2020, and June–July 2021 and, in total, received responses from more than 18,000 unique participants. A full description of the study and findings can be found at z.umn.edu/dsp-covid19.

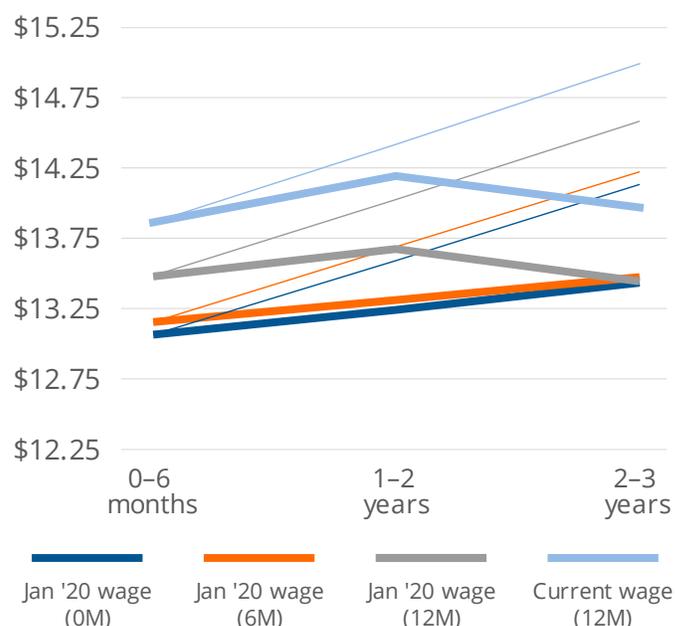
All three surveys asked about respondents' hourly wage at the beginning of the pandemic (January 2020) and the third survey also asked about current wages. Respondents also provided information on the length of time they worked at their primary employer (tenure of fewer than 6 months, 6 months to 1 year, 1–2 years, 2–3 years, or 3+ years).

This Brief uses all three waves of data about wages and work tenure to examine wage compression. Average wages in each tenure category are shown, along with what would be expected if wages kept up with a 4% annual increase that is usual in other industries.

Key Findings

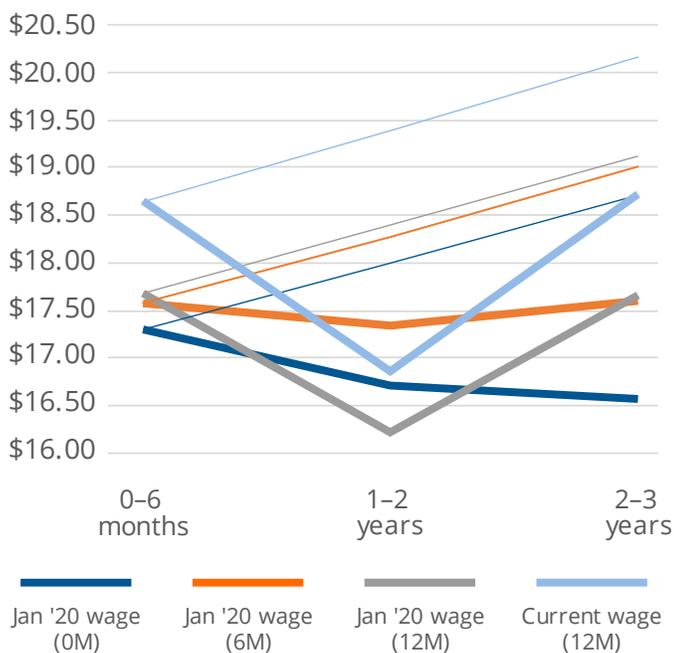
DSP Wages and Tenure

At every length of tenure, there is a gap between what would be expected if DSPs saw a 4% annual increase in wages and what their wages actually are.



FLS Wages and Tenure

At every length of tenure, there is a gap between what would be expected if FLSs saw a 4% annual increase in wages and what their wages actually are.



Policy Recommendations

Low starting wages and wage compression between new and more experienced staff are at the root of the DSP workforce crisis. Both must be addressed. Our recommendations include:

- Ensure greater emphasis by the Centers for Medicare and Medicaid Services (CMS) on the need for states to set adequate rates that are high enough to recruit new entrants to the field and to retain existing staff.
- Implement comprehensive Medicaid rate reform.
- Ensure that increases in minimum wages at the local, state and federal levels are made available to DSPs and accompanied by pay adjustments to other positions and levels of experience.
- Ensure that wage increases are not limited to hiring bonuses. Simply adding bonuses just for signing on contributes to the existing wage compression.
- Implement regular cost of living (COLA) increases for Home and Community-Based Services (HCBS). These are commonly available to nursing homes but are very rare for HCBS.



Join us **January 11, 2021 from 11:00 a.m. to 12:30 p.m. CT on Zoom** for the Policy Forum on this issue of Policy Research Brief. [Register here.](#)

The Policy Forum is a monthly web-based presentation and facilitated discussion exploring research published in the most recent *Policy Research Brief*. Please visit the website, z.umn.edu/icipolicyforum, for details and to view previous forums.

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Policy Research Brief: z.umn.edu/rtpcrb

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Ongoing oppression and discrimination in the United States has led to significant trauma for many people of color, immigrants, people with disabilities and other oppressed persons. At ICI, we affirm our commitment to address systemic racism, ableism and all other inequalities and forms of oppression to ensure inclusive communities.