



POSITION STATEMENT

Regarding Michigan’s Allocation of Funding Received through the American Rescue Plan Act (ARPA) and Federal Medical Assistance Percentages (FMAP)

We, the undersigned, are engaged in the care of Michigan residents with mental illnesses and developmental disabilities. These individuals and their families are reliant upon Direct Care Workers (DCWs) for their daily support. Unfortunately, Direct Care Worker salaries in Michigan’s mental health system are directly tied to Medicaid funding, which has not kept pace with the needs of our state. Many of these workers do not receive any medical or other benefits.

Since our shared global struggle with COVID-19 began, the state has provided temporary hourly wage increases to keep DCWs on the job. These wage increases have been essential and must be continued—truly, they have been the only element helping us keep DCWs on the job in the midst of Michigan’s ongoing labor shortage.

At the same time, however, Michigan needs to develop longer-term strategies that support DCWs as they work to provide high-quality, person-centered care statewide. Currently, our partners in the health and human services sector are advancing a series of proposals that make good sense for policymakers to consider, and we support the following recommendations in concept:

FMAP Funding

- This pool of federal funds can help support stronger compensation of DCWs over time. Our research—and, more importantly, our professional experiences—suggest that a **baseline hourly rate of \$18.00 with annual COL increases will be needed to stabilize the DCW job sector.**
- According to the Michigan Bureau of Labor Market Information and Strategic Initiatives, individuals working in the category of Home Health and Personal Care Aides earn a median wage of **\$11.85 per hour, or \$24,640 per year.**
- Michigan’s DCWs are paid well below the MIT calculation of adequate income in Michigan, which **currently stands at \$13.63 per hour** for a single working individual with no children. For a single working individual with one child, Michigan’s DCW wage level is **less than half of what’s required** to afford a standard rate of expense. (\$31.15 per hour).
- **Comparable professionals are compensated more fairly** than Michigan DCWs are. According to Salary.com, the median certified nurse assistant salary in Michigan is \$32,976 as of July 28, 2021.

- More adequate compensation for Michigan DCWs translates to the following economic benefits to the state of Michigan:
 - **Reduced turnover in DCWs**, which saves valuable dollars across the entire system.
 - **Reduced reliance by DCWs on public assistance programs**, resulting in cost savings to state taxpayers.
 - Increased income, which can be spent on goods and services within the Michigan economy, resulting in **higher sales tax revenue and other economic benefits**.
 - **A reduction in unemployment**, which helps support a multitude of rating factors at the state level.
 - Countless intangible benefits, such as **better care and education for Michigan children, stronger housing stock, and improved health outcomes**.

Our research suggests better pay for Michigan DCWs is as much an economic stimulus plan as it is a workforce crisis solution.

ARPA Funding

- While ARPA funding is comprised of one-time-only dollars, these resources present a tremendous opportunity for Michigan to develop a meaningful infrastructure for training DCWs. We believe this training infrastructure is long overdue and is essential to stabilizing the profession and providing better outcomes for those who receive services. Moreover, effective training will help elevate the role of DCWs, reduce turnover rates, and help with the development of solid career pathways.
- Further, we believe a strong, competency-based training infrastructure is required—and increased training should result in higher wages for DCWs. This infrastructure should be funded such that training opportunities are accessible, affordable and result in certification opportunities that help DCWs advance in both their work and their incomes.
- Finally, we believe ARPA monies can be braided with FMAP funds to help us build the foundations for future training scholarships, job placement activities, and recruitment plans.

We look forward to discussing these concepts with state policy leaders in the weeks ahead. Time is of the essence as we continue to press forward in support of DCWs and the vulnerable Michigan residents they help.