



Mental Health Association in Michigan



Michigan



For Immediate Release

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Landmark Study Shows \$52 Million+ Return on Investment in Michigan’s Direct Care Workers *Higher Tax Revenues, Lower Turnover Costs and Reduced Reliance on Public Assistance All Are Wins for State*

A new study commissioned by the Michigan Direct Care Worker Wage Coalition demonstrates—for the first time—the true return on Michigan’s investment in the Direct Care Workers that specialize in behavioral health issues.

For an additional \$1 per hour investment, ROI totals \$52.6 million. For a \$5 increase, that number grows to \$261 million. Cost savings are generated by increased tax revenues, lower turnover costs, and a reduction in public assistance.

“These numbers demonstrate, for the first time, the real economic benefits that can return to our state when we solve our direct care challenges in the right way,” said Sherri Boyd, executive director and CEO for The Arc—Michigan. “When it comes to addressing the needs of our most vulnerable state residents and the people who serve them, we have a lot of work to do.”

According to the study, which was authored by Great Lakes Economic Consulting, a \$1 wage increase would generate an estimated \$4.8 million in additional state income tax revenue. A \$5 increase would increase revenues by \$24 million.

Currently, DCW starting wages are \$11.75 per hour. Many fast-food and retail chains are offering considerably higher than this amount to their starting workers, which has led to high levels of turnover among DCWs.

“For every dollar Michigan invests in its DCWs, we can reduce our turnover rates by 2.87 percentage points,” said Todd Culver, CEO of Incompass Michigan. “This reduction can save \$5 million per year for our state’s behavioral health care system, and—even more important—ensure uninterrupted care for the people who rely on quality care to lead their daily lives.”

Turnover has increased by three percentage points over last year, according to the survey released today by Incompass Michigan and the Michigan Assisted Living Association.

“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—not by a mile,” said Robert Stein, general counsel for the Michigan Assisted Living Association. “Many of these workers do not receive any medical or other benefits, and the work itself is extremely challenging. Currently, many DCW organizations are having to turn people away because they simply lack the staff necessary to deliver services.”

Raising wages for these low-wage DCWs also would reduce net spending on public assistance. The report estimates that 18,250 of Michigan DCWs receive public assistance. A \$1 an hour wage increase would reduce public assistance by \$3.2 million and a \$5 increase would save \$16 million.

The full survey and one-page summary are attached to this release.

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