



## February 28, 2021.

**That's the date on which an essential state appropriation runs out, resulting in a significant pay cut for Michigan's Direct Care Workers.**

These Direct Care Workers provide much-needed personal care, training, emotional support and respite to an estimated 100,000 of Michigan residents with mental illness or developmental disabilities. These workers are funded through the public Medicaid system and hired privately by local agencies and families. They are NOT state workers.

### An Immediate Solution is Needed

**Today's workers currently receive an average starting wage of \$11.44 per hour.** Many do not receive any medical or other benefits. That's well below the average starting wage at a retail company or fast-food restaurant, which typically offer starting wages of \$12.00–\$15.00 per hour with additional benefits. To afford an average two-bedroom apartment in Michigan, you would need to make \$15.16 an hour, according to a recent study done by the National Low Income Housing Coalition.

Because Direct Care Workers are funded through Medicaid, their employers receive a finite allocation of funding to sustain critical state services to our most vulnerable populations and can't simply raise their prices in order to pay the workers better. Instead, they must continue to compete for workers with places like Starbucks and Walmart.

**This is not a new issue for Michigan.** We have been discussing the crisis for this workforce for a number of years going back to the Snyder administration. During COVID-19, federal pandemic relief dollars helped increase DCW funding temporarily. **When those dollars vanish altogether on Feb. 28, many of today's Direct Care Workers will experience a significant pay cut.** Many of them will increase their reliance on public assistance programs – resulting in a corresponding increase cost to the state.

### How Policy Leaders Can Help

A continuation of the \$2.00 per hour increase through the end of FY 21 would cost \$100 million of state general fund money, which would be matched by \$260 million in federal funds.

**We urge Michigan leaders to sustain this funding, at minimum, and consider other options for providing compensation that reinforces the value of Direct Care Workers and represents a more competitive wage in today's job market.**

**Let's get started.**