

DFPS Compensation Assessment and Employee Incentives Review

Final Incentives Analysis Report

2017 FINAL REPORT

DFPS Data 2000-2016

Executive Summary

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Texas Department of Family and Protective Services (DFPS) employees routinely operate within uncertain and difficult environments, in which client wellness and case outcomes rely on interconnected efforts of internal and external multidisciplinary teams. Given the unique nature of the agency's mission and history of reform, DFPS commissioned the Graduate College of Social Work at the University of Houston (UH-GCSW) as an independent third party to conduct an agency-wide assessment of employee incentives in the spirit of Transformation. Transformation is a rigorous self-improvement process to systematically improve work environment and programming. This is a bottom-up process that engages frontline staff to improve client safety, create a stable workforce, build internal leadership and support community collaboration.

The purpose of this review is to examine ways to improve DFPS application of employee financial incentives and compensations. The following report presents evidence of financial incentives that improve staff retention and reduce turnover based on relevant literature, previous reports by DFPS, secondary data provided by DFPS and results from original data collected from DFPS employees through a statewide e-Survey and focus groups. This report makes recommendations to DFPS and suggests best strategies to improve retention outcomes that are in line with the agency's goals to enhance the quality of staff, improve employee performance, sustain ongoing initiatives for improvements, and ensure adequate staffing. Three leading research questions that guide the study are: (1) Which incentives have been effective in DFPS staff retention? (2) What factors influence staff turnover at DFPS as an agency, and in each DFPS division? and (3) Will Merit Salary Increases, Paying Down of Overtime Hours to 140 Hours and the Mentoring Stipends improve recruitment and retention rates? Recruitment and retention rates are measured by workforce longevity, leaving and transfer.

This report includes data analyses from six major sources: 1) **DFPS Employees Data** 2000-2016, provided by DFPS, provided by DFPS in February 2017; 2) **DFPS County Data** 2000-2016, provided by DFPS in January 2017; 3) **e-Survey** data with quantitative and qualitative input from current (n=5,723) and former (n=75) DFPS employees, collected in 2016; 4) **Focus group** data from 37 focus groups across DFPS divisions and regions, collected in 2016; 5) **DFPS Annual Databooks** available at DFPS website from 2006 to 2015; and 6) **Other websites** that contain relevant and reliable data. Additionally, an extensive review of relevant literature from most recent years was conducted to examine effective workforce best practices, including staff development, supervision and staff relations, promotion and value of workforce, staff qualifications, retention strategies, minimizing caseload and turnover rates.

Major findings are summarized in ten areas:

1. **Pay Discrepancy:** There is a significant disparity between the annual salary a typical DFPS employee expects to be paid and their current salary. Comparison data show that the competitive salary of a specialist position is expected at \$55,642 in 2016, but DFPS data sources show that a DFPS employee received an average annual salary of \$43,834 in **2016**, with a pay discrepancy or underpaid value of **\$11,808**.
2. **Retention:** Employee records show that current employees have stayed on average 6.82 years at DFPS compared to terminated employees who stayed at DFPS for 3.56 years. Additionally, DFPS workers and supervisors are more likely to transfer to other divisions within DFPS or another public agency, than to terminate from DFPS employment. This phenomenon of “hopping” from one agency to another is more likely to occur the lower an employee is paid. However, salary rates are not a sole contributing factor to DFPS employees hopping or terminating employment with DFPS; other factors such as caseload and incentives may also contribute to hopping or termination.
3. **Transfer Rates:** DFPS County Data between 2000 and 2016 show that transfer rates have been higher than termination rates. However, when data are separated by divisions, higher termination rates than transfer rates were found in three positions, all within CPS: Conservatorship caseworkers (CVS), Family Based Safety Services workers (FBSS), Investigation Specialists (INV).
4. **Caseload:** Caseload number assigned to an employee is a significant contributing factor for DFPS employees to terminate their employment with DFPS. Caseload is also a significant factor that contributes to high transfer rates. Additionally, the higher the caseload, the lower a DFPS caseworker gets paid. According to DFPS focus groups, senior-level caseworkers who have higher salaries are assigned extremely difficult, but fewer cases because these cases require more attention and time, thus lowering their caseload number.
5. **e-Survey Findings from Current Employees:**
 - a) CPS Investigator Stipend, Comp Time, and the Mentoring Stipend are the top three financial incentives in all five divisions that encourage staff to stay at DFPS.
 - b) Respondents in all divisions agreed that the top work environment incentive to stay at DFPS is mobile and remote work. Two other top work environment incentives are peers and co-workers, and the state retirement pension plan.
 - c) The top three job experiences that are positively perceived are working with diverse populations, respondents’ education prepared them for the job, and professional development opportunities.
 - d) The top responses for negative job experiences are inadequate staffing and unmanageable caseloads.
 - e) The top two positive aspects of co-workers and supervisors are the great work done by the work unit and respect from co-workers and supervisors.
 - f) The top three job concerns are burnout, low pay, and lack of job incentives.

6. Focus Groups Recommendations across Divisions:

- a) Provide a clear career ladder for workers and supervisors.
- b) Provide financial incentives for earned advanced degrees.
- c) Provide compensation increases based on cost of living.

7. Overall Impact of Incentives on Termination between 2015 and 2016: Merit Increases were available for 2,886 employees in 2015, but only available for 21 employees in 2016. Data show that Merit Increases in 2015 reduced the likelihood of termination by 80.2%, but such effect was not found in 2016. These data suggest that without Merit Increases, termination would likely be higher. Findings also indicate that the number of employees who received One-time Merit was significantly higher in 2016 (n=2,661) comparing to only 96 employees received this incentive in 2015. The data in 2016 indicated that One-time Merit significantly reduced the likelihood of termination by 86.4%. These data support that One-time Merit had a significant impact in reducing termination of DFPS employees. In addition, it was consistently found that Comp Time Taken significantly reduced the likelihood of termination by 41.9% in 2016 and 44.3% in 2015, respectively. In terms of Pay Down of Overtime Hours from 240 to 140 hours (measured by Overtime Paid), it was found that the likelihood of termination was reduced in 2016 compared to 2015.

8. Impact of Incentives on Termination by Region in 2016: A significant interaction effect ($p < .001$) was found by Region with Comp Time Taken, Overtime Taken, One Time Merit, CPS Investigator Stipend, and Mentoring Stipend in terms of reducing termination in 2016. Specifically, data on termination show that Comp Time Taken had the most positive impact on Region 10; Overtime Taken, One Time Merit Pay, CPS Stipends, and Mentoring Stipend had the most positive impact on Region 12.

9. Impact of Incentives on Transfer by Region in 2016: A significant interaction effect was found by Region with Overtime Taken, One Time Merit Pay, and CPS Investigator Stipend in terms of reducing transfer in 2016. Specifically, data on transfer show that Comp Time Taken had the most positive impact on Region 5; Overtime Taken had the most positive impact on Region 10; One Time Merit Pay, CPS Investigator Stipend and Mentoring Stipend had the most positive impact on Region 9.

10. Incentives on Workforce Longevity, 2000-2016: The results between incentives on retention are summarized with DFPS Employees Data between 2000 and 2016 with three statistical models on DFPS workforce longevity (likelihood to stay, likelihood to stay, likelihood to leave, and likelihood to transfer). The highly generalizable positive factor is “Merit Increase” that generates a significant level of likelihood in all three areas—longevity, reduction of leaving and reduction of transfer. Specifically, these 17-year data show that positive impacts on retention could be predicted by seven incentives:

- a) “Comp-time Taken” will increase longevity and reduce leaving.
- b) “Overtime Paid” will increase longevity.
- c) “Overtime Taken” will increase longevity and reduce leaving.
- d) “Merit Increase” will increase longevity, reduce leaving and reduce transfer.

- e) “One-time Merit pay” will increase longevity and reduce leaving.
- f) “CPS Investigator Stipend” will increase longevity and reduce leaving.
- g) “Mentoring Stipend” will reduce leaving.

Recommendations:

Based on a review of the data provided by DFPS, e-survey data collected for this review, analyses of the focus group interviews, statistical models, and the literature, the UH GCSW research team makes the following 20 recommendations for improvements on retention, incentives, salary and transfer rates, work environment, and additional pilot programs.

A. Retention

Recommendation 1: Increase Average Base Salary (Scenario A)

Provide salary increases for workers and supervisors.

Scenario A: Immediately offer an \$11,808 annual base salary increase to all workers, supervisors, and managers based on the salary on September 1, 2016 to provide a competitive market value salary so that the average Annual Base Salary will total \$55,642 in 2017.

Rationale for Scenario A: Average competitive salary for similar positions of workers and supervisors is on average \$55,642/year based on 2016 data, but the average DFPS salary in 2016 was only an average of \$43,834/year.

(Note: A similar version of this recommendation was adopted by DFPS for a select group of CPS employees for salary increases up to \$12,000 on the base salary effective December 1, 2016.)

Recommendation 2: Increase Average Base Salary (Scenario B)

Provide salary increases for workers and supervisors.

Scenario B: Immediately offer a \$6,000 annual salary increase to all workers and supervisors so the base salary as of September 1, 2016 totals an annual average of \$49,834, with an additional “Ongoing Merit” up to \$5,808, which is in line with Scenario A that a total of \$11,808 merit increase will be awarded based on DFPS Annual Appraisal Score in two years. Ongoing Merit will be an annual monetary value added to the base salary according to the DFPS Annual Appraisal. The rating scale will be 3 = \$5,808, 2 = \$3,808, and 1 = \$0. Additionally, DFPS should establish a leadership committee to develop criteria for outcome and merit-based measures that will standardize merit and pay increases.

Rationale for Scenario B: Employees who receive merit increases have a 76.9% increased likelihood of remaining at DFPS. With a merit increase that adds to a \$49,834 base salary, it will provide a strong incentive to provide a higher work quality. Based on previous Annual Appraisal statistics and a previous scale, 65% of DFPS employees rated as Distinguished and Commendable levels, 33% at the “Competent” level, and 2% at the Needs Improvement level. With merit increases based on performance, a majority of DFPS employees will have competitive job market salaries with an annual average increased from \$43,834 to \$55,642.

Recommendation 3: Implementation of “Ongoing Merit” Starting FY18

Offer “Ongoing Merit” incentive to all employees in subsequent years based on Annual Appraisal Scores with a rating scale of 3 = \$3,000, 2 = \$1,000, and 1 = \$0.

Rationale: This merit-based system will support continued motivation to maintain effective work quality and commitment to DFPS.

Recommendation 4: Mandatory Annual Appraisal

Require all DFPS employees to undergo an Annual Appraisal to determine work quality, work performance, and ongoing merit incentives.

Rationale: Not all DFPS employees have Annual Appraisal Scores. A mandatory Annual Appraisal policy will enable standardization across all DFPS divisions to determine ongoing merit incentives.

Recommendation 5: Retention and Graduate Degrees

Explore strategies to retain employees with graduate degrees.

Rationale: Study statistics show that DFPS workers with graduate degrees have an increased likelihood of leaving the agency at 39.5%, compared to workers without graduate degrees.

Recommendation 6: Advanced Degrees Earned During Employment

Create a standardized policy to reward workers who earn an advanced degree during their employment at DFPS.

Rationale: Focus groups reveal that advanced degrees earned during DFPS employment do not lead to salary increase. Employees should be incentivized to gain higher level skill sets to support retention strategies of high-quality workers.

Recommendation 7: Additional Calculation of Termination Rates

Calculate termination rates based on unduplicated employee counts in addition to the traditional turnover rates.

Rationale: Current practice of turnover rate includes the same employees who might have been terminated multiple times and some have returned to DFPS after terminated for a variety of reasons. Unduplicated counts will identify alternative ways to examine workforce issues.

B. Incentives

Recommendation 8: Comp Time Taken

Develop specific policies so that comp time can be optimally utilized to support worker retention.

Rationale: DFPS statistics from 2000 - 2016 show workers that utilize comp time reduce their likelihood of leaving DFPS by 59.1%. However, employees in focus groups reported that they could not apply comp time due to large caseloads, work schedule, and policies regarding leave time.

Recommendation 9: Overtime Taken

Develop new strategies that allow employees to utilize overtime hours.

Rationale: Study statistics show that employees who are paid for overtime hours reduce likelihood of leaving DFPS by 44%. However, focus groups report that current DFPS practices bar overtime hours when employees approach the 140-hour criteria threshold; instead of overtime, employees are given comp time.

Recommendation 10: Consolidating All Incentives into One Receipt Category

Combine different types of incentives into one receipt category, called “Financial Incentives” so that employees will recognize the receipt and amount of their award.

Rationale: DFPS focus groups reported that they could not recognize financial incentives by name, and could not distinguish between the incentives they received. Additionally, when each incentive is separately awarded, employees cannot visualize the total financial impact of combined incentives to overall salary increase.

C. Salary & Transfer

Recommendation 11: “Hopping” Phenomenon

Conduct an investigation of salary and salary inequity across all State agencies, with specific emphasis on departments that hold divisions with similar DFPS positions to record and reduce patterns of “hopping.” Advocate at the Texas Legislature to allocate more funds to DFPS to mitigate salary disparity across State agencies.

Rationale: Focus groups report that DFPS employees transfer to other Texas agencies to receive a higher salary, then “hop” back to DFPS to carry over their higher pay rate. Compared to the Department of Health and Human Services and the Department of Aging and Disability Services, DFPS offers lower annual salaries for workers in comparable positions. Additionally, this phenomenon affects workforce quality and results in a \$54,000 lost to DFPS per employee who transfers outside the agency.

Recommendation 12: Standardized Pay System

Explore the feasibility of standardized pay among all DFPS investigation units.

Rationale: Focus groups identified DFPS divisions Child Care Licensing (CCL) and Adult Protective Services (APS) with investigation units that cover difficult and high-risk cases, but do not receive the Child Protective Services (CPS) \$5,000/year investigation stipend. The e-Survey reveals that the CPS investigator stipend is a significant retention factor within the division.

D. Transfer and Termination

Recommendation 13: Transfer and Termination

Collect and examine DFPS data on transfer rates in addition to termination rates.

Rationale: Overall transfer rates within DFPS and within each division are higher than termination rates, with a significantly negative correlation between caseload and salary. This means that high caseloads correlate to lower salary rates. High transfer rates must be seriously investigated because of high replacement costs after a transferred worker has vacated their position.

Recommendation 14: Transfer Rates by County

Investigate counties that have higher transfer rates for comprehensive examination of agency culture and employee behavior.

Rationale: DFPS County Data from 2000 - 2016 show a pattern of specific counties that are affected more intensively by high transfer rates.

Recommendation 15: Supervisors' High Transfer Rate

Examine the salary of DFPS supervisors compared to other State agencies to investigate the cause of high transfer rate among supervisors.

Rationale: DFPS supervisors have a higher transfer rate than caseworkers. This rate is also much higher than overall termination rates among caseworkers.

E. Work Environment

Recommendation 16: Work Environment and Career Development

Examine DFPS policy and culture that supports staff career development.

Rationale: After examining "hopping" patterns of DFPS employees within divisions, DFPS should be able to create career development incentives to prevent staff turnover due to salary competition of other State agencies.

Recommendation 17: Work Environment and Workload

Examine DFPS policies for caseload distributions to improve worker satisfaction.

Rationale: Focus groups state that junior caseworkers carry higher caseloads compared to tenured caseworkers; however, tenured and bilingual caseworkers report more complex case assignments that contribute to longer work hours. A formulae staff input can be developed to include weighting case intensity to avoid perception of casework inequity.

Recommendation 18: Work Environment that Works

Continue mobile and remote/teleworking for all DFPS employees.

Rationale: A review of focus groups and e-Survey results reveal that mobile and remote/teleworking have highly contributed to overall employee job satisfaction.

F. Proposal of Pilot Projects

Recommendation 19: Work Environment and Peers

Develop DFPS programs that support peer collaboration and function.

Rationale: A review of focus groups and e-Survey results show that employees consider peers and coworkers high contributing factors to job satisfaction. Caseworkers also report consistent on-the-job training from peers. However, supervisors reported a lack of funds to implement peer collaboration events or activities within meetings.

Recommendation 20: Work Environment and Recognition

Implement DFPS strategies to publically recognize employee commitment to the work.

Rationale: A review of focus groups and e-Survey results show that employees possess strong commitment to human services, find their work rewarding, and have strong passion to help children and families. Motivation and a strong commitment to supporting vulnerable populations should be acknowledged to cultivate strong solidarity to DFPS mission goals, and community.