



ILLINOIS PARTNERS

*for*

HUMAN SERVICE

# The Relationship Between Low Wages, Employee Turnover and Community Well-Being



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# Executive Summary

Human service providers, and the organizations behind them, are on the front lines of some of the most important and complex issues of our time. The human services sector plays a vital role in ensuring that everyone has the opportunity to reach their full potential and contribute to their communities. High employee attrition and high employee turnover at nonprofit human service organizations have serious and lasting implications on organizational effectiveness and community well-being. We know that workers can leave an employer for a number of voluntary reasons, including retirement, or for involuntary reasons, such as termination. This report analyzes the relationship between compensation levels in the human services sector and employee turnover rates, which is defined in this study as the percentage of employees who leave an organization during a short time period, typically one to two years.

Human services in Illinois include early childhood services, after school programs, job training and workforce development initiatives, care for older adults, support for people with physical and mental disabilities and resources everyone needs to thrive, such as safe and stable homes, good nutrition, and health and mental health services.

To better understand the relationship of compensation and employee turnover, in the fall 2018, Illinois Partners for Human Service conducted a statewide survey of Illinois nonprofit human service organizations. The survey obtained compensation and job tenure data from 53 responding organizations for employees whose jobs involved client contact from 2017 through 2018. Employees from the following human service fields were surveyed: Children (childcare and early intervention), Home Care, Mental Health Services, Child Protective Services, Domestic Violence, Services for People with Disabilities, Substance Use Disorder and Care for Older Adults. The survey generated more than 13,000 individual employee records.

The report's findings document the impact of low pay on employee turnover in the human services sector. The solution involves adequate state funding for human services so that organizations can effectively retain talented professionals in the long-term, resulting in a continuum of reliable services at every phase of life for our state's most important resource – the residents of Illinois.

## Survey Findings:

### Illinois human service organizations experience high levels of employee turnover.

- The voluntary employee turnover rate was 37% and the involuntary rate was 9%.
- Across the sample, nearly 27% of full-time employees worked for one year or less while 22% were employed between one and two years. Less than 40% of employees had tenures of three years or longer.
- Tenure for part-time employees was 1.6 years less than for full-time employees.

### The majority of nonprofit human service employees are not well paid.

- The average wage for full-time employees ranged from a high of over \$27 per hour for nurses to a low of nearly \$13 per hour for residential staff. Most full-time employees, and some part-time employees were eligible for benefits and conventional numbers of days off.
- The majority of service employees, including full-time workers, likely made less than \$40,000 per year.

### Job loss is associated with level of compensation.

- The voluntary turnover rate for full-time employees earning between \$8.25 and \$12 per hour during the study period was 43% and 32% for employees earning over \$17 per hour.
- Correlation analysis showed an association between higher wages, benefits, days off and years on the job, and lower two-year voluntary turnover rates.
- Multivariable analysis indicated that wage level and the number of benefits an employee could receive were statistically significant independent predictors of voluntary turnover or employee retention over the two-year period. The wage level had a much stronger impact on the likelihood of voluntary turnover for low wage employees than mid-range employees.
- Employment was less stable for Child Protective Services and Home Care with voluntary turnover rates of more than 40%.













# Introduction

Human service professionals play an essential role in creating more stable and vibrant communities. To serve Illinois well, human service professionals must be paid adequately and, therefore, human service organizations must be funded appropriately. Low pay and subsequent loss of staff and employee turnover are significant challenges facing the sector. For human service professionals in Illinois to continue undertaking one of our biggest social responsibilities, it is imperative that we understand the connection between low pay and high employee turnover rates in the human services industry.

The purpose of this study is to explore employee turnover rates within Illinois human service organizations and the relationship between high turnover rates and low compensation. This analysis promotes a better understanding of the causes for employee turnover, provides employers and elected officials insights into optimal resource allocation, and indicates the outcome of cutting discretionary spending and persisting with low provider reimbursement rates.

Across various work settings, employee turnover is caused by many variables, including job satisfaction, work conditions, supervisory skill, organizational status and reputation, stress, labor market conditions, real or perceived job security, organizational climate wage and benefit levels and demographic considerations. While Illinois Partners' previous research documented that human service employees and their employing organizations are chronically underpaid in Illinois, this report focuses on the relationship of employee compensation to turnover. It stands to reason that job retention is associated with compensation level, yet little research has been done on this issue in the nonprofit human services sector relative to the private and public sectors.

High levels of human service employee turnover are well-established both nationally and in Illinois. A 2016 Crain's Chicago Business article (Bertagnoli) cited annual employee turnover ranging from 20% to more than 50% at major human service organizations operating in Chicago and Illinois. Nationally, an enormous scholarly literature exists finding the same result over a span of more than four decades. (Drake and Goutam, 1996; Knapp, Harissis and Missiakoulis, 1981; Koeske and Kirk, 1995; Irvine and Evans, 1992; Jayaratne and Chess, 1983; Strolin, McCarthy and Caringi, 2006; and Barrett and Greene, 2016.)

The negative effects of employee turnover are well documented in a wide array of private and public sector fields, and it is anticipated that the high turnover experienced in human services would have similar ramifications for the sector's clients. Employee turnover incurs the cost of hiring and separation, results in discontinuity of services to clients, necessitates continual in-house training, deprives organizations of institutional knowledge, and can reduce levels of inter-employee trust and coordination, any of which could have negative effects on client well-being.

Some employee turnover is positive. Organizations benefit from adding talent with new ideas and skills and terminating the employment of ineffective staff that cannot be enabled to perform adequately. However, the documented levels of employee turnover in human services far exceed the level of employees terminated or laid off during the same time frame.

To note, only a few of the many studies of the negative effects of turnover, Mukamel et al (2005) and Graef and Hill (2000), calculated the costs of turnover in human service settings. Ronfeldt, Loeb and Wickoff (2013) found that across eight years in New York City schools, fourth and fifth grade students in grade levels with high teacher turnover had low test scores in English and mathematics, and low performing students were more strongly affected. Meier and Hicklin (2008) found an association between high employee turnover and low organizational goal achievement in the field of public administration. Zeynep and Huckman (2008) found that across a four-year period, high turnover of frontline employees was associated with lower profits and poor customer service for a major U.S. retailer.

A large body of literature establishes the relationship between organizational performance and the loss of social capital within an organization that can be caused by high employee turnover (Dess and Shaw, 2001; Rao and Argote, 2006; Shaw et al, 2005). Additionally, Hausknecht and Trevor (2011) report a large body of literature on the negative consequences of employee turnover, including inefficiency, low productivity, lower profits and poor customer service. Managers reported lower levels of customer service in call center units with high employee turnover (Blatt and Colvin, 2011), and in several hundred temporary employment agencies it was associated with low productivity (Glebbeek and Bax, 2004). Moreover, a study of over 260 Burger King fast food restaurants (Kacmar et al, 2006) found that employee turnover contributed to longer customer wait times, which led to low store sales.

In short, high employee turnover is a challenge that is typical of human service providers in Illinois and elsewhere. Policymakers should consider the role of employee compensation in attaining adequate job tenure and organizational efficiency when determining state reimbursement rates for these services.

## Methodology

The data in this study is obtained from electronic surveys distributed among coalition partners and redistributed among their members in November and December 2018. As a result, the data sample comprises more than 13,000 individual employee records from 53 Illinois-based nonprofit human service provider organizations. The survey was designed by a lead researcher working with a group of Illinois human services executives who helped with the development and piloting of the questionnaire. A more methodologically correct



approach was not feasible given the resources available for the study.

The survey included a template to guide each responding organization in providing individual employee data for selected items pertaining to the compensation and retention of each employee who had direct client contact and worked for the organization in 2017 and most of 2018.

#### **Survey items included:**

1. Organization name
2. Organization's annual budget
3. Zip code where employee worked
4. Name or type of program
5. Employee job title
6. Most recent employee wage or salary
7. Typical hours of work week
8. Year employee started
9. Employee separation date, if separated
10. Whether separation was voluntary, involuntary or layoff
11. Whether employee was permanent or temporary
12. Whether employee was eligible for various insurance and retirement options
13. Number of vacation, sick or personal days an employee was eligible for

Of the employees included in the analysis, 75% were full-time and 25% were part-time. Staff excluded from the analysis include employees reported as temporary, interns, contract employees, employees with a wage level who had no hours reported for the year, and employees with earnings that cannot be converted to wages or who do not appear to provide direct services to clients.

The survey defines full-time employment as 35 or more hours per week and part-time employment as less than 35 hours per week. It defines days off as various combinations of vacation, sick and personal days.

For ease of reporting, respondents had the option of reporting employee financial compensation as either a wage or a salary. In cases where the organization reports salaries, the report of the employee's typical work week hours is used to calculate their probable wage.

For part-time employees without benefits it is assumed that the employee took two weeks of unpaid vacation per year. In the pilot survey stage, employer respondents discouraged requesting an employee's age or date of birth and so the survey did not.

Employee turnover can be related to labor market conditions and economic impacts that might be unique to a particular industry. Economic downturns lead to involuntary turnover while upturns lead to hiring. Average tenure can be longer if the firm is not hiring new employees. The timing of this study is fortunate because it was conducted when Illinois was recovering from a two-year budget impasse and the resulting program cuts, which would have distorted employee turnover data. The study may capture some rehiring in 2017 and 2018 as organizations emerged from the budget impasse.









# 1. DESCRIPTION OF SURVEY RESPONSES

Illinois Partners sought responses to the survey that broadly represent the composition of service providers across the field of human services in Illinois. The tables illustrate responses representing different areas of the state, the variation of human service occupations and the different types of service programs.

Many of the responding organizations offer services in a variety of fields. Therefore, the representation reflected in the survey is best understood by considering the distribution of the organizations' employees working in those different fields. As detailed in Table 1.1, approximately one quarter of survey records are for persons providing services to people with disabilities while roughly 20% are providers of substance use disorder services. Home care is underrepresented in its proportion of all Illinois human service employees due to organizations sometimes identifying that particular function as part of their programs for older adults and people with disabilities. There is overlap in the definitions between services for Substance Use Disorder and Mental Health or Counseling. In many cases an employee providing one service may also provide the other; this report defers to how the provider defines the position.



**For the purposes of this report, program type categories are defined as the following:**

- ▶ Children: Childcare, child development centers, child development programs, Head Start, Early Intervention, early learning centers.
- ▶ Mental Health/Counseling: Inpatient and outpatient mental health, psychiatric services, crisis services, family services, intact family, counseling, violence intervention.
- ▶ Child Protective Services: Foster care, residential and related on-site services, adoption, intact family.
- ▶ People with Disabilities: Residential and related supports, day services, supportive living, therapeutic day school, developmental training, assessment.
- ▶ Domestic Violence: Domestic violence services, shelters, sexual assault services, prevention, court advocacy.
- ▶ Substance Use Disorder: Residential or outpatient treatment, assessment.
- ▶ Care for Older Adults: Residential, assisted living, wellness services, senior home care, care coordination.
- ▶ Home Care: Case management, care services.
- ▶ Other: Medical, homeless outreach, shelter, case management, prison services, re-entry support, veteran services, vocational training, youth after school services.

**TABLE 1.1 DISTRIBUTION OF EMPLOYEES BY PROGRAM IN SAMPLE**

Program	Percent (%)
Children	8.6
Mental Health/Counseling	7.0
Child Protective Services	13.9
People with Disabilities	27.9
Domestic Violence	3.3
Substance Use Disorder	19.7
Care for Older Adults	13.3
Home Care	1.6
Other	4.6

The analysis may overrepresent the largest providers and about three-quarters of employee records are from organizations with annual budgets over \$15 million as detailed in Table 1.2. Census data on Illinois establishments previously reported in Illinois Partners' report, "As Lean as Anyone Else: How Operational Efficiency of Human Services Compares Among Illinois Industries," suggests that this distribution is reasonably representative.

**TABLE 1.2 NUMBER OF RESPONDENTS BY BUDGET SIZE**

Approximate Budget Sizes	Number of Organizations	Sample Employees (%)
\$288,000 to \$1.5 million	9	1.2
\$1.5 million to \$3 million	10	3.2
\$3.1 million to \$6 million	9	7.5
\$6.1 million to \$15 million	10	13.9
\$15.1 million to \$90 million	15	74.2

As Table 1.3 illustrates, the survey captures 13,253 employees from a broad range of occupations. Responding providers report hundreds of different employee job titles (some used the same terminology and others did not). To summarize job titles into a useful number of categories, the researcher worked with the senior staff of Lutheran Social Services of Illinois to categorize the job titles. In the interest of keeping the data request to participating organizations manageable, information is not collected on the tasks assigned to employees by each organization. As a result, it is possible that some employees coded as case managers, for example, might have been specialists had we known more about their responsibilities. In the study, residential and non-residential staff typically work in the human service fields of child protective services and people with disabilities. Teachers mostly work with young children.

**TABLE 1.3 DISTRIBUTION OF OCCUPATIONS IN SAMPLE**

Occupation	Percent (%)
Management with Client Contact	10.7
Clinician	14.2
Case Manager	19.8
Nurse	2.4
Non-Residential Staff	28.1
Residential Staff	21.0
Specialist	1.1
Teacher	2.7

*N=13,253*

Providers were asked to give a zip code for each employee that best describes where the employee works to account for services that may be delivered at sites different from a provider's headquarters (this is a challenge faced by many studies). Accordingly, Table 1.4 reports the proportion of employees in the study working in three Illinois regions rather than the specific location of the providers' headquarters. While it cannot be ascertained from the data collected, underrepresentation of collar county providers could be because fewer social services are delivered in this region.

**TABLE 1.4 DISTRIBUTION OF EMPLOYEES IN SAMPLE BY REGION**

Region	Percent (%)
Cook County	46.5
Collar Counties	11.9
Downstate	41.6





## 2. FINDINGS

### 1. Illinois human service providers experience high levels of employee turnover.

Nearly half of the employees surveyed worked less than two years at their organization; nearly 27% of employees did not work a full year; and only 22% in the sample worked as long as six years with their current employer.

**TABLE 2.1 DISTRIBUTION OF EMPLOYEE NUMBER OF YEARS WITH ORGANIZATION**

Years Employed by Organization	Percent (%)
Less than 1 Year	26.9
1 Year	21.8
2 Years	12.5
3 – 5 Years	16.5
6 or more Years	22.3

Across the sample, voluntary turnover is more common than involuntary turnover. As Table 2.2 indicates, 80% were employee initiated. While in very rare cases involuntary turnover includes employee layoff due to lack of funds or the closure of a program, the study's reporting period was conducted after most organizations experienced one of their most difficult financial challenges due to state government budget cuts, the two-year budget impasse and revenue shortfalls. Consequently, nearly all the turnover reported by providers was not attributable directly to layoffs.

The sample uncovered a wide variety of two-year quit rates ranging from a few with no voluntary turnover to two organizations with rates over 80%. Most voluntary turnover rates fell between 20% and 40%.

Among full-time employees, voluntary turnover was similar regardless of geography. Among part-time employees, those in Cook County were less likely to quit with a voluntary turnover rate just over 30%, while downstate had the highest part-time voluntary turnover rate with more than 50% of part-time employees quitting within two years.

**TABLE 2.2 TURNOVER RATE AND RETENTION RATE BY REGION**

Full-Time	Voluntary Turnover Rate (%)	Involuntary Turnover Rate (%)	Retention Rate (%)
Cook	37.3	9.1	53.2
Collar Counties	36.0	9.0	55.0
Downstate	35.3	7.1	57.5
Part-Time			
Cook	31.6	10.6	57.6
Collar Counties	46.5	6.1	46.8
Downstate	50.3	10.2	39.3

Table 2.3 shows that voluntary turnover rates are remarkably similar across the majority of service types for full-time employees. Only employees in the Care for Older Adults human service field show significantly higher job retention with over 71% remaining more than two years. During the study period employment is less stable for Child Protective Services and Home Care with voluntary turnover rates of more than 40%.

**TABLE 2.3 TURNOVER RATE AND RETENTION RATE BY PROGRAM, FULL-TIME EMPLOYEES**

Program	Voluntary Turnover Rate (%)	Involuntary Turnover Rate (%)	Retention Rate (%)
Children	37.1	5.7	57.2
Mental Health/Counseling	36.9	5.2	58.0
Child Protective Services	42.2	9.5	48.3
People with Disabilities	36.3	9.5	54.1
Domestic Violence	35.7	6.2	57.9
Substance Use Disorder	36.2	8.1	55.0
Care for Older Adults	22.0	6.4	71.6
Home Care	48.6	0	51.4



Voluntary turnover rates by service area have more variation and are higher for part-time employees. The study shows part-time employees with significantly shorter employment in the Child Protective Services, Home Care and Domestic Violence fields, as well as those who work with children.

**TABLE 2.4 TURNOVER RATE AND RETENTION RATE BY PROGRAM, PART-TIME EMPLOYEES**

Program	Voluntary Turnover Rate (%)	Involuntary Turnover Rate (%)	Retention Rate (%)
Children	63.5	8.6	27.9
Mental Health/Counseling	41.1	1.6	57.4
Child Protective Services	58.6	7.8	33.6
People with Disabilities	39.0	12.0	48.8
Domestic Violence	54.2	2.4	42.9
Substance Use Disorder	37.7	8.8	53.0
Care for Older Adults	30.4	10.8	58.8
Home Care	75.7	16.2	7.8

In general, the surveys find little variation across service occupations in voluntary turnover rates. Specialists and those in management have lower voluntary turnover rates than employees in other occupations as illustrated in Table 2.5.

**TABLE 2.5 TURNOVER RATE AND RETENTION RATE BY OCCUPATION, FULL-TIME EMPLOYEES**

Occupation	Voluntary Turnover Rate (%)	Involuntary Turnover Rate (%)	Retention Rate (%)
Management with Client Contact	30.3	7.6	61.9
Clinician	40.2	6.6	52.4
Case Manager	38.2	9.6	52.1
Nurse	37.1	8.9	53.7
Non-Residential Staff	32.4	6.9	60.1
Residential Staff	39.6	11.0	49.3
Specialist	20.0	5.6	74.4
Teacher	40.0	4.2	55.8



Among part-time employees, the survey finds much more variation in voluntary turnover rates across occupations. During the two-year study period more than half of teachers and case managers vacated their positions.

**TABLE 2.6 TURNOVER RATE AND RETENTION RATE BY OCCUPATION, PART-TIME EMPLOYEES**

Occupation	Voluntary Turnover Rate (%)	Involuntary Turnover Rate (%)	Retention Rate (%)
Management with Client Contact	39.4	9.6	51.1
Clinician	46.8	4.2	48.4
Case Manager	50.1	8.4	41.4
Nurse	40.2	4.4	54.3
Non-Residential Staff	38.4	10.2	51.2
Residential Staff	42.1	12.8	45.0
Specialist	20.4	12.2	66.0
Teacher	65.4	7.7	26.9

## 2. Average compensation is low for many human service occupations.

The survey considers compensation in three forms: employee wages; benefits, such as insurance or retirement; and total eligible days off. “Total Benefits” is an aggregation of the benefit types listed on the survey and the figure could range from 0 to 6. The average eligible days off per year is approximately 25 days for human service providers. As Table 2.7 shows, full-time average wages range from a high of over \$27 per hour for nurses to a low of nearly \$13 per hour for residential staff. Only nurses, who represent just 2.4% of the sample, have an average hourly wage higher than the Bureau of Labor and Statistic’s 2018 Average Annual Wage of \$25.86. Further, we can conclude that the majority of service employees make less than \$40,000 per year.

**TABLE 2.7 AVERAGE WAGES AND BENEFITS FOR EACH OCCUPATION, FULL-TIME EMPLOYEES**

Occupation	Total Days Off	Total Benefits	Wage (\$)
Management with Client Contact	27.3	4.8	21.76
Clinician	22.5	4.9	18.47
Case Manager	26.7	4.6	16.79
Nurse	22.1	4.7	27.51
Non-Residential Staff	21.3	4.4	13.63
Residential Staff	24.3	4.5	12.72
Specialist	26.7	4.7	21.76
Teacher	26.6	4.8	16.01





Compensation varies far more across occupations for part-time employees than for full-time, with part-time employees having far less eligibility for benefits or time off during the study period. Providers report fewer days off for part-time employees when compared to full-time employees, and average approximately two benefits across all occupations.

**TABLE 2.8 AVERAGE WAGES AND BENEFITS FOR EACH OCCUPATION, PART-TIME EMPLOYEES**

Occupation	Total Days Off	Total Benefits	Wage (\$)
Management with Client Contact	20.9	3.9	15.52
Clinician	8.1	1.8	22.09
Case Manager	7.3	1.5	14.20
Nurse	9.9	2.7	26.77
Non-Residential Staff	3.6	1.1	11.68
Residential Staff	10.7	2.1	11.90
Specialist	15.7	2.0	25.15
Teacher	3.6	.4	10.39

The survey finds no significant differences in compensation for full-time human service employees between Illinois regions. Table 2.9 shows that part-time employees working in Cook County have lower benefit levels while collar county employees have the highest benefit and wage levels.

**TABLE 2.9 AVERAGE WAGES AND BENEFITS FOR ILLINOIS REGIONS**

Full-Time	Total Days Off	Total Benefits	Wage (\$)
Cook County	24.4	4.5	16.61
Collar Counties	25.8	4.8	16.71
Downstate	23.8	4.7	16.44
Part-Time			
Cook County	4.0	1.2	13.31
Collar Counties	10.8	2.1	16.60
Downstate	8.9	1.7	12.78

Employees serving people with disabilities, older adults and home care have the lowest average compensation across the survey because these fields have disproportionately fewer highly-paid clinical professionals and employ large numbers of low-skilled staff.

**TABLE 2.10 AVERAGE WAGES AND BENEFITS FOR EACH PROGRAM, FULL-TIME EMPLOYEES**

Program	Annual Days Off	Total Benefits	Wage (\$)
Children	26.4	5.0	16.05
Mental Health/Counseling	22.4	4.3	18.96
Child Protective Services	26.9	5.0	17.36
People with Disabilities	25.4	4.6	14.41
Domestic Violence	35.1	4.1	18.03
Substance Use Disorder	23.3	4.9	18.13
Care for Older Adults	13.1	2.8	13.57
Home Care	18.6	5.1	15.31

The survey finds major disparities across service type between part-time and full-time employees. This finding, illustrated in Table 2.11, is driven by the fact that some providers offer benefits while others provide few or no benefits to part-time employees. Wage patterns are similar with the lowest average wages in Home Care, Care for Older Adults, Children and Services for People with Disabilities.

**TABLE 2.11 AVERAGE WAGES AND BENEFITS FOR EACH PROGRAM, PART-TIME EMPLOYEES**

Program	Annual Days Off	Total Benefits	Wage (\$)
Children	4.4	.3	11.81
Mental Health/Counseling	9.6	1.6	23.61
Child Protective Services	8.2	.9	15.72
People with Disabilities	13.5	2.6	12.70
Domestic Violence	12.6	1.5	17.06
Substance Use Disorder	5.1	2.4	17.53
Care for Older Adults	2.1	1.0	11.74
Home Care	.7	.1	10.04



Focusing more closely on wages and which types of occupations command the lowest and highest wages, non-residential staff and residential staff in the survey comprise 84% of all full-time employees in the lowest wage range. Conversely, managers, clinicians and case managers, which together represent less than 15% of the employees sampled, were 80% of full-time employees in the highest wage range.

**TABLE 2.12 DISTRIBUTION OF OCCUPATION BY WAGE RANGE, FULL-TIME EMPLOYEES**

Occupation	\$8.25 - \$11.99 (%)	\$12.00 - \$16.99 (%)	\$17.00 – Highest (%)
Management with Client Contact	6.5	4.4	27.9
Clinician	0.1	16.2	27.0
Case Manager	3.8	28.7	25.8
Nurse	0	0	5.9
Non-Residential Staff	42.4	25.3	7.0
Residential Staff	41.8	23.0	2.2
Specialist	0.1	0.6	1.7
Teacher	5.3	1.7	2.5%
Total	100	100	10

Part-time employees have a somewhat similar wage distribution to full-time employees with residential and non-residential staff comprising over 80% of low and middle wage range earners, while clinicians, case managers and nurses comprise more than 70% of the high wage employees. Managers comprise a small proportion of part-time high wage employees since there are so few opportunities for part-time managers.

**TABLE 2.13 DISTRIBUTION OF OCCUPATION BY WAGE RANGE, PART-TIME EMPLOYEES**

Occupation	\$8.25 - \$11.99 (%)	\$12.00 - \$16.99 (%)	\$17.00 – Highest (%)
Management with Client Contact	3.0	1.5	4.8
Clinician	0.2	3.2	34.6
Case Manager	8.4	11.0	18.3
Nurse	0.0	0.5	19.3
Non-Residential Staff	56.7	49.4	8.5
Residential Staff	26.9	31.8	6.5
Specialist	0.3	1.2	7.4
Teacher	4.6	1.5	0.7
Total	100	100	100



Table 2.14 shows the percentage of employees eligible for various benefit types. Those with two or fewer benefits are part-time employees while most of the employees with three or more benefits are full-time employees.

**TABLE 2.14 PERCENTAGE OF EMPLOYEES ELIGIBLE FOR BENEFIT TYPE IN SAMPLE**

Percentage of Staff by Number of Benefits	(%)
Eligible for 0 Benefits	8.4
Eligible for 1 Benefit	15.1
Eligible for 2 Benefits	0.5
Eligible for 3 Benefits	8.6
Eligible for 4 Benefits	3.6
Eligible for 5 Benefits	54.3
Eligible for 6 Benefits	9.4

### 3. Compensation negatively correlates with employee turnover.

There is a clear relationship between wage level and the likelihood of quitting with better-compensated employees less likely to quit among full-time employees over the two-year study period. Among employees with the lowest wage range, 43% quit. Only 32% of highest paid employees voluntarily left their employment. Of the lowest wage employees, only 44% of those employed during 2017 and 2018 remained employed; 61% of higher wage employees remained employed during the study period.

Among part-time employees, those who earned low wages were most likely to quit while middle-range employees were least likely to leave their job.

**TABLE 2.15 TURNOVER RATE AND RETENTION RATE FOR EACH WAGE LEVEL, FULL-TIME AND PART-TIME EMPLOYEES**

Wage Range – Full-Time (\$)	Voluntary Turnover Rate (%)	Involuntary Turnover Rate (%)	Retention Rate (%)
8.25 - 11.99	43.3	12.2	44.4
12.00 - 16.99	37.0	8.2	54.5
17.00 - Highest	32.1	6.6	61.1
Wage Range – Part-Time (\$)			
8.25 - 11.99	50.0	13.6	36.3
12.00 - 16.99	26.4	5.4	68.0
17.00 - Highest	38.9	5.5	55.4







Mean years is defined as the average number of years a worker is employed with the reporting employer. Table 2.16 illustrates that the average or mean years employed increases as the wage range increases peaking at more than five years for the highest wage range for both full- and part-time employees.

The difference in mean years employed between full-time and part-time employees is most stark at the lowest wage range with full-time employees having an average tenure of 3.7 years compared to an average tenure of 2.1 years for part-time workers—a difference of 1.6 years. Additionally, the difference between full-time and part-time employees decreases at higher wages. The mid-range wage has a difference of 0.4 years while the highest wage range has a difference of 0.3 years. Clearly, there is greater employee longevity at the highest wage range regardless of whether the employee works on a full- or part-time basis.

**TABLE 2.16 MEAN YEARS EMPLOYED FOR EACH  
WAGE LEVEL, FULL-TIME AND PART-TIME**

<b>Wage Range – Full-Time (\$)</b>	<b>Mean Years</b>
8.25 - 11.99	3.7
12.00 - 16.99	3.8
17.00 - Highest	5.5
<b>Wage Range – Part-Time (\$)</b>	
8.25 - 11.99	2.1
12.00 - 16.99	3.4
17.00 - Highest	5.2



## Statistical modeling demonstrates an inverse relationship between compensation level and employee turnover.

To further understand the relationships between various work characteristics, simple correlation coefficients are calculated for some pairs of variables. A correlation coefficient can range from a score of “0” indicating no relationship between two variables to “1”, indicating a perfect relationship. Direct correlations are indicated with a positive sign and inverse correlations are indicated with a negative sign.

While the correlation figures are small, indicating weak levels of statistical association, the data points in their expected directions. Nearly all figures are statistically significant because of the large sample size. The analysis finds that higher wages, and more benefits, days off and years employed, correlate with less likelihood of voluntary turnover for both full- and part-time employees.

There was a statistically significant, but small, relationship between a full-time employee quitting and being employed by a larger organization.

**TABLE 2.17 CORRELATIONS BETWEEN COMPENSATION CHARACTERISTICS, VOLUNTARY TURNOVER AND EMPLOYEE RETENTION**

	Full-Time		Part-Time	
	Voluntary Turnover	Retention	Voluntary Turnover	Retention
Budget	.06*	-.050*	.074*	.069*
Unemployment Rate in County Employee Works	.001	-.011	-.209*	.187*
Years	-.189*	.207*	-.114*	.158*
Wage	-.093*	.117*	-.099*	.138*
Benefits	-.068*	.150*	-.148*	.161*
Days Off	-.045*	.100*	-.094*	.122*

\* Statistically significant result





# Multivariable Analysis

A multivariable regression analysis assesses the relative importance of compensation factors when other possible impacts on employees are accounted for (see technical note below). The analysis considers the extent to which employment in particular fields, particular occupations, the unemployment level of the county, the number of years employed, the region of the state or the size of the employer, as well as compensation, affect an employee's probability of separation over the two-year period.

The analysis finds that when controlling for these factors, a one dollar increase in hourly wage is associated with an approximately 4% decrease in the likelihood of voluntary turnover for full-time employees, and a 6% increase in the likelihood of employee retention. The loss of an employee benefit has an approximately 20% increase in the likelihood of voluntary turnover and a 20% decrease in employee retention. Most of the organizations in the sample already offer their full-time employees most or all of the six benefit types. Thus, the actual ability of an Illinois human service provider to improve full-time employee retention by expanding benefits is limited.

The findings above are complicated by weak linear associations between compensation and voluntary turnover and retention. Thus, a second analysis was conducted showing the independent effects of an employee being in one of three wage ranges, \$8.25 to \$11.99, \$12 to \$16.99, or \$17 and higher. This analysis shows that when compared to employees in the highest wage range, employees in the lowest wage range are three times more likely to quit and employees in the middle wage range are 15% more likely to voluntarily leave their jobs.



### Technical Note:

Two types of regressions determine the effect of wage and benefit levels on the likelihood of voluntary turnover or employee retention. Because a large portion of the sample is employed by a few of the 53 organizations, a linear logistic regression was conducted, including dummy variables for employment in one of the five largest organizations in the sample, and including the other controlling variables listed above. A second regression utilized the Statistical Package for Social Sciences generalized mixed models method, treating employers as a random effect and the controlling variables as fixed effects. The two methods produced similar results with the logistic regression producing statistically significant impacts for several of the employer dummy variables, indicating that some of the employers had an independent effect on the likelihood of voluntary turnover irrespective of size, field, compensation structure or location.

**TABLE 2.18 MIXED MODEL COMPENSATION COEFFICIENTS**

	Probability of Voluntary Turnover – Odds Ratio
<b>Hourly Wage (Linear)</b>	1.045
Wage 8.25 to 11.99 (Logistic)	3.316
Wage 12.00 to 16.99 (Logistic)	1.199
	Probability of Employee Retention – Odds Ratio
<b>Hourly Wage (Linear)</b>	.941
Wage 8.25 to 11.99 (Logistic)	.186
Wage 12.00 to 16.99 (Logistic)	.729

*\*Each figure is statistically significant*











# Conclusion

The continuity of human services builds a strong foundation of physical, social, economic and emotional wellness for hundreds of thousands of people throughout Illinois, which benefits the entire state. Just as a person would turn to contractors, carpenters and other specialists to build a house, our communities rely on organizations whose purpose is to help build well-being. Human service organizations not only make repairs when well-being starts to break down, but also build a strong foundation in the first place and maintain this strength over time.

Yet low wages are impacting employment rates in the sector. There is a strong body of literature that shows there is a link between low wages and employee turnover in public and private sector fields with little research available calculating the costs of turnover in the human service setting in the state. Illinois Partners' statewide survey of 53 Illinois nonprofit human service organizations demonstrates that there is a correlation between low wages and employee turnover rates. The report's findings during the two-year study period illustrate that Illinois human service organizations experience high levels of employee turnover, the majority of nonprofit human service employees are not well-paid, and job loss is associated with level of compensation.

Moreover, a 2016 study by Illinois Partners, "Human Services as an Economic Engine: How Human Services in Illinois Drive Jobs and Economic Benefits," further shows that 1) the median wages of workers in most human service fields in Illinois are lower than the median wages for most other industries, 2) even the most educated human service professionals with college degrees earn relatively low wages and 3) many human service workers, charged with helping people mitigate or escape the effects of poverty, often live in poverty themselves.



Illinois Partners' 2018 analysis offers insights into the reasons for employee turnover, serves as a valuable resource for policymakers and employers to effectively allocate resources, and illustrates the lasting damage of years of stagnant state reimbursement rates and insufficient funding, coupled with the impact of the budget impasse. This has left the sector struggling to maintain services, even as the cost of doing business on behalf of the state has risen.

Further research is recommended to understand ways demography may be associated with earnings levels within the sector. Considering gender, race and geographic distinctions will provide a more nuanced assessment of this facet of human services and the impact of low wages and transient employment associated with high turnover on specific segments of the population. It will also provide insight into the composition of the sector's workforce and how inadequate funding fuels disparities and creates opportunity gaps across demographic lines.

Illinois providers want to partner with state government to raise employee wages to acceptable levels. This report calls on Illinois policymakers to restore human service funding to its historic share of state spending and work toward funding levels that support the true cost of doing business on behalf of the state.



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