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Statement for the Record By the American Federation of State, County and Municipal Employees (AFSCME)

For the Hearing on Ensuring Regulations Protect Access to Affordable and Quality Companion Care

Before the Workforce Protections Subcommittee Education and Labor Committee U.S. House of Representatives March 20, 2012

American Federation of State, County and Municipal Employees, AFL-CIO

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Mr. Chairman and members of the Subcommittee, on behalf of the 1.6 million members of the American Federation of State, County and Municipal Employees (AFSCME), including approximately 125,000 home care providers, please include the following statement in the hearing record for “*Ensuring Regulations Protect Access to Affordable and Quality Companion Care.*”

The home care providers represented by AFSCME are a lifeline to independence and dignity for the consumers to whom they provide support services. These home care workers assist individuals who have functional limitations – due to age, chronic condition, illness or injuries – with mobility, personal hygiene, toileting, dressing, eating, transportation, cleaning and cooking, and other daily activities of living which many of us take for granted. The support and services home care workers provide enable consumers to continue to live in the comfort of their own homes and remain active and part of their families and communities. The job home care workers do is demanding and intensely personal in nature. It requires an exceptional emotional connection and is frequently draining. Our members find the work worthwhile because they know they make a difference in someone’s quality of life every hour they work. For some older Americans receiving home care services, these paid caregivers may be the only person they see regularly beside their physician.

The work is highly valued by consumers and their families but compensation has been suppressed due to the overly broad Department of Labor regulations that exempt the whole home care industry, including home care agencies, from having to plan for and comply with basic federal wage and hour protections. The federal minimum wage is \$7.25. One quarter of personal care aides earn less than \$6.59 per hour, and one quarter of home health aides earn less than \$7.21 per hour.¹ Moreover, the real hourly rates are lower because these hourly rates are usually for direct care hours only, as workers typically are not paid for travel time between clients or reimbursed for travel costs.

These suppressed wages hurt workers, employers and our economy, and keep home care workers and their families nearly impoverished. Two out of five home care workers employed by a home care agency lack health insurance. Due to high injury rates, home care workers are especially vulnerable without adequate insurance coverage. Nearly one out of two home care workers are in households relying on public assistance, such as Medicaid and food stamps, to meet their basic needs.

For employers it means costly high turnover. The national price tag for high turnover in this industry is roughly on the order of \$4.1 billion.ⁱⁱ Small businesses that want to pay workers better wages are put at an unfair disadvantage because there is no federal minimum wage that applies to home care providers to level the competitive playing field.

The U.S. Department of Labor projects that at least another third of a million new home health aides will be needed by 2014 to meet the home health care needs of an aging population that is expected to more than double, from 13 million in 2000 to 27 million in 2050. Because this demand for these services will increase as our nation ages, the low wages of these jobs undermine economic growth and increase worker shortages.

Our members are committed to those they serve. They are acutely aware of how the low wages and high industry turnover destabilize the workforce, reducing access to services and undermining the delivery of quality services that truly satisfy the needs of elders and persons with disabilities. The absence of federal wage and hour protections for home care workers puts the individuals who need their services at risk since an individual's quality of life and safety may depend on the reliability and the skill of their home care worker. Low wages will continue to deprive individuals with functional limitations access to needed services as low wages drive more workers out of these jobs at a time when the demand is growing.

The significant disparity between what home care agencies charge and are paid versus the hourly wages of home care workers suggests that the industry can afford to comply with basic federal wage and hour rules. The average rate paid by state Medicaid programs to agencies providing personal care services was \$17.73 per hour in 2010. In comparison, to the median wage received by home care workers generally (under both private and public-pay arrangements) who work in the overall home care industry (both private and public-pay) was \$9.40.ⁱⁱⁱ According to the National Private Duty Association, the national average charge to families for personal care services is \$19.82 per hour, compared to the \$9.69 per hour paid to the worker. Accordingly, many for-profit agencies charge consumers approximately twice the hourly rate paid to caregivers. This data suggest the 30% to 40% profit margins that for-profit franchises report receiving for delivering personal care services are being underwritten by the low wages paid to caregivers.

It is time to be fair to those who care. It is time to end the broad exemption from federal wage and hour rules for a whole industry. Those who rely on home care services to remain independent need increased access to in-home supports and services – and so do their families. The (mostly) older women whose compassionate hearts and steady hands provide those services should be valued and respected. We are long overdue to provide home care workers with basic federal wage and hour protections.

ⁱ <http://www.carseyinstitute.unh.edu/publications/IB-Smith-Home-Care-Workers.pdf>

ⁱⁱ <http://www.directcareclearinghouse.org/download/TOCostReport.pdf>

ⁱⁱⁱ <http://www.directcareclearinghouse.org/download/pcs-rates-and-worker-wages.pdf>