



DATA BRIEF:

Michigan Home Care Industry Growth Before and After Extending Labor Protections to Home Care Aides

Concern has been expressed that the extension of federal workforce protections to home care workers under the Fair Labor Standards Act (FLSA) via a narrowing of the companionship services exemption will be prohibitively expensive for home care agencies. Critics of the proposal claim that extending minimum wage and overtime protections to home care and personal assistance aides will increase the cost of home care so significantly that agencies will not be able to survive.

But minimum wage and/or overtime protections have already been extended to home care aides in 21 states and D.C., many regions with thriving home care industries.

In fact, in Michigan, where minimum wage and overtime protections have been offered to home care aides since 2006, the home care sector has grown at a faster rate since extending these protections than in the same time period before. An analysis of the number of home care establishments within Michigan shows the dramatic growth of the industry following the state's implementation of the new minimum wage and overtime rules. The U. S. Department of Labor data shows:

Table: Michigan Home Care Establishments**Before Implementation**

No. of Home Care Establishments	2001	2002	2003	2004	2005	Change 2001-2005
	775	813	843	948	1019	244
Percent Change in No. of Home Care Establishments	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006	2001/2005
	4.9%	3.7%	12.5%	7.5%	8.1%	31.5%

After Implementation

No. of Home Care Establishments	2006	2007	2008	2009	2010	Change 2006-2010
	1102	1180	1283	1388	1556	454
Percent Change in No. of Home Care Establishments	2006/2007	2007/2008	2008/2009	2009/2010		2006/2010
	7.1%	8.7%	8.2%	12.1%		41.2%

As the table illustrates, growth of Michigan home care businesses over the entire period is steady. In fact, growth in these business establishments is actually higher in the period after implementing wage and hour protections than before –41 percent compared to 32 percent. This suggests that implementing these protections nationally will not have the feared dire business consequences.

Over 100,000 Michigan workers provide home care services the state’s residents. These jobs constitute one of Michigan’s largest and fastest-growing occupations. Home care occupations in the state are expected to increase by 50 percent between 2010 and 2020, while jobs in general are projected to increase by only 8 percent in the same time period.

Nationally, between 2010 and 2020, home care occupations are projected to be the fastest growing in the country: Personal Care Aides positions are expected to increase by 71 percent during this decade, and Home Health Aides by 69 percent. Yet, without basic labor protections, it will be difficult to recruit and retain enough qualified individuals to provide these essential services and supports.

Data Source:

U.S. Department of Labor, Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW) 2001-2010. Available at: <http://www.bls.gov/cew/> “No. of home care establishments” represents the total number of establishments in the two NAICS industries where most home care workers are employed: Home Health Care Services (621610), and Services for the Elderly and Persons with Disabilities (624120).