



PHI

QUALITY CARE
THROUGH
QUALITY JOBS

“You need to work really hard on this job, to work really hard. You do a lot of things for your client and at the same time the pay is very, very low. That is something that I don’t like from it. This is the only thing that I don’t like. The salary is very low.”

MARIA MARRERO

Certified Home Health Aide at
HomeCare Options, Totowa, NJ



FEDERAL FACT SHEET

The American Jobs Plan

On March 31, 2021, President Biden introduced the American Jobs Plan, which is the first half of his administration’s “build back better” infrastructure initiative.¹ (The second half of the initiative, the American Families Plan, was introduced on April 28, 2021.²) The American Jobs Plan proposes a \$2 trillion investment in infrastructure, including \$400 billion for expanding home and community-based services and improving jobs for home care workers, primarily by raising wages and benefits and improving these workers’ ability to join a union. The plan also includes other investments that would benefit the direct care workforce, including measures to strengthen employment supports, sector-based training programs, career pathway programs, community college partnerships, workers’ rights and workforce protections, and equity-based interventions. Direct care workers help make sure that our country’s infrastructure and economy function—and they deserve support. Here’s why the American Jobs Plan matters for direct care workers and their employers.



Did You Know?

Raising wages for direct care workers benefits workers, consumers, and the economy. A September 2020 study from LeadingAge found that raising wages for direct care workers to at least a living wage in 2022 would benefit more than 75 percent of workers with an average 15.5 percent pay increase that year.³ The overall cost of this increase—\$9.4 billion—would be modest compared to total long-term services and supports (LTSS) spending (\$366 billion in 2016) and would likely be offset by cost savings generated by lower turnover and higher productivity. Higher wages can also improve care, boost economic growth, and decrease public assistance spending.

Why It's Needed

Wages for direct care workers have remained low for years, forcing many workers into poverty and out of this field.

The median wage for direct care workers is \$12.80 and their median annual earnings are \$20,300.⁴ As a result, 45 percent of direct care workers live in or near poverty and 47 percent access public assistance—and workers often leave these roles for better-paying jobs in other fields. That's not a surprising trend, given that in all 50 states and the District of Columbia, direct care workers' median wages are lower than median wages for all other occupations with similar entry-level requirements.⁵

Poor job quality drives the growing workforce shortage in direct care, which often leaves employers without enough staff—and individuals without paid support.

High turnover rates in this workforce—99 percent for nursing home staff and 64 percent for home care workers, according to two recent studies—are rooted in poor job quality, as evidenced by inadequate compensation, limited training and advancement opportunities, and more.⁶ These challenges must be addressed to create a strong and stable direct care workforce that can adequately support older adults and people with disabilities.

Strengthening the direct care workforce—a major part of the care infrastructure that sustains American families and the economy—will require a range of strategies.

From raising wages, to implementing a broad array of workforce development interventions, to addressing the systemic inequities facing this predominantly female, people of color workforce, a variety of strategies are needed to support these essential workers.

A HOLISTIC APPROACH TO WORKFORCE SUPPORTS

The American Jobs Plan includes several ancillary items that would make a difference for direct care workers, including investments in affordable housing, transportation, and childcare facilities. The plan also bolsters the infrastructure in communities vulnerable to climate change, which would help people of color and low-income direct care workers in those areas. Finally, the plan's proposed funding for expanding high-speed broadband infrastructure and supporting rural and Tribal communities would assist direct care workers and their employers in those parts of the country.



What It Includes

An unprecedented investment in home and community-based services (HCBS) and home care worker compensation.

This plan allocates \$400 billion toward expanding HCBS and improving jobs for home care workers, largely by raising wages and providing home care workers “a free and fair choice to join a union.” This funding boost would support nearly 15 million individuals living at home who require some form of personal assistance and nearly 2.4 million home care workers in this country.⁷ Higher wages would improve economic security among home care workers and enhance recruitment and retention in a sector long characterized by high turnover and untenable workforce shortages.

A dedicated approach to building the infrastructure for education and workforce development, which would benefit the direct care workforce.

The plan includes: workforce supports (wraparound services, income supports, training, and more); sector-based training programs in high-demand sectors, including direct care; career pathway programs; and community college partnerships to deliver training programs for in-demand skills. Workforce development innovators and other leaders in direct care have historically employed these strategies to better train, develop, and support direct care workers. If paired with increased Medicaid funding and higher wages, these approaches will help transform this workforce in the long term.

“Ask [Americans] what sort of infrastructure they need to build a little better life, to be able to breathe a little bit... It’s homecare workers, who go in and cook their meal, help them get around and live independently in their home, allowing them to stay in their homes—and I might add, saving Medicaid hundreds of millions of dollars in the process. It’s better wages and benefits and opportunities for caregivers, who are disproportionately women, women of color, and immigrants.”

PRESIDENT BIDEN

April 7, 2021⁸

A decisive focus on workers’ rights and workforce protections.

The plan includes: legal benefits and protections for domestic workers, efforts to address gender-based pay inequities, enforcement mechanisms to promote workplace safety and health, and requirements to “follow strong labor standards and remain neutral when their employees seek to organize a union and bargain collectively.” As low-wage workers—and as women, people of color, and immigrants—direct care workers have routinely struggled with on-the-job inequities and exploitation. These strategies will strengthen their agency on the job.



What Should Happen Next

- **Advocates from every sector should reach out to their members of Congress and encourage the enactment of the American Jobs Plan and the American Families Plan.** The two halves of the Biden administration's infrastructure plan represent a historic investment in the U.S. economy overall, the care economy in particular, and the labor force—including direct care workers. One key message: While these short-term investments might seem costly, the need is significant and profound, and they will result in a stronger, more equitable economy in the future.
- **Establish guidelines for raising wages at the state level, along with a federal strategy for lifting wages across the direct care workforce.** Federal leaders should establish guidelines—and reporting and enforcement processes—for how states should use this money to lift home care workers' wages, using a wage rate methodology that accounts for the local cost of living, inflation, benefit cliffs and plateaus, and other considerations, as well as the state's unique payment and reimbursement rates under Medicaid. A national strategy should also be created to improve compensation for other direct care occupations and for workers in states that choose not to accept this funding.
- **Direct care workers should be explicitly included in the many education and workforce development interventions outlined in the American Jobs Plan.** Given the value, needs, and size of this workforce (now larger than any other single occupation in the country), direct care workers would benefit greatly from these measures in the plan. As these education and workforce development interventions are specified, resourced, and implemented, federal leaders should prioritize the direct care workforce.

NOTES

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2. The White House. 2021. *Fact Sheet: The American Families Plan*. <https://www.whitehouse.gov/briefing-room/statements-releases/2021/04/28/fact-sheet-the-american-families-plan/>
3. Weller, Christian, Beth Almeida, Marc Cohen, and Robyn Stone. 2020. *Making Care Work Pay: How Paying at Least a Living Wage to Direct Care Workers Could Benefit Care Recipients, Workers, and Communities*. Boston, MA: LeadingAge LTSS Center @UMass Boston. <https://leadingage.org/making-care-work-pay>.
4. PHI. "Workforce Data Center." Accessed May 13, 2021. <https://phinational.org/policy-research/workforce-data-center/>
5. Espinoza, Robert. 2020. *Competitive Disadvantage: Direct Care Wages Are Lagging Behind*. Bronx, NY: PHI. <http://phinational.org/resource/competitive-disadvantage-direct-care-wages-are-lagging-behind/>.
6. Gandhi, Ashvin, Huizi Yu, and David C. Grabowski. 2021. "High Nursing Staff Turnover In Nursing Homes Offers Important Quality Information." *Health Affairs* 40(3). doi.org/10.1377/hlthaff.2020.00957; and Holly, Robert. 2020. "Caregiver Turnover Rate Falls to 64% as Home Care Agencies 'Flatten the Curve'." *Home Health Care News*, June 17. <https://homehealthcarenews.com/2020/06/caregiver-turnover-rate-falls-to-64-as-home-care-agencies-flatten-the-curve/>.
7. Scales, Kezia. 2019. *Envisioning the Future of Home Care: Trends and Opportunities in Workforce Policy and Practice*. Bronx, NY: PHI. <https://phinational.org/resource/envisioning-the-future-of-home-care-trends-and-opportunities-in-workforce-policy-and-practice/>
8. The White House. 2021. "Remarks by President Biden on the American Jobs Plan." Press briefing, April 7. <https://www.whitehouse.gov/briefing-room/speeches-remarks/2021/04/07/remarks-by-president-biden-on-the-american-jobs-plan-2/>.

Read about the American Jobs Plan here:
<https://tinyurl.com/4rdvftb>



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