

# Reinventing Low Wage Work

## Ideas That Can Work for Employees, Employers and the Economy



### Our Direct-Care Workers: An Overview of the Caregivers in our Workforce

Direct-care workers play a critical role in caring for our aging population. The quality of direct-care employment has implications for not only direct-care workers, but also for the availability and quality of care for our seniors. Demographic projections predict that the number of older Americans needing care will grow much more quickly than the traditional labor force that has provided that care.

In order to improve care for our aging population as well as better our economy and the financial security of direct-care workers, we need to know more about the people in these jobs and the challenges and opportunities they face. Who is employed in these jobs? Why are wages so low in this part of the healthcare industry? What career ladders exist for people in direct-care jobs to advance? How do the circumstances of these jobs affect both the workers who do them and the patients these workers care for?

#### *Growing Demand*

In the next few decades, the U.S. population will grow older, with the number of individuals 65 and older projected to increase by 79 percent, and the share of the U.S. population 65 and older is projected to climb from almost 13 percent in 2010 to just shy of 20 percent by 2030.<sup>1</sup> As we age, our use of healthcare services increases substantially. For example, adults age 65 and over consumed 36 percent of healthcare services in 2002 when they represented 12 percent of the population.<sup>2</sup> **By 2020, over 12 million older Americans will need long-term care either in their home or in a care facility.**<sup>3</sup> Given the country's demographic shifts, we can expect demand for healthcare workers, particularly those caring for the elderly, to grow substantially.

Indeed one-third of the occupations on the Bureau of Labor Statistics' list of the 30 fastest growing occupations from 2010 to 2020 are related to health care. Topping that list are personal care aides and home health aides, with a combined projected increase of over 1.3 million new

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<sup>1</sup> U.S. Census Bureau, *Population Projections*, 2008.

<sup>2</sup> Stanton, M., & Rutherford, M. (2005). The high concentration of U.S. health care expenditures. Rockville (MD): Agency for Healthcare Research and Quality; *Research in Action* Issue 19. AHRQ Pub. No. 06-0060

<sup>3</sup> Medicare.gov, *What is long-term care*, Retrieved on February 10<sup>th</sup>, 2012 from <http://www.medicare.gov/longtermcare/static/home.asp>

jobs.<sup>4</sup> These kinds of **direct-care workers provide approximately 70 to 80 percent of the paid hands-on long-term care and personal assistance received by elderly, disabled, and chronically-ill Americans.**<sup>5</sup>

### *Who Is The Direct-Care Worker?*

In 2010, nearly 3.5 million workers were employed in direct-care positions.<sup>6</sup> Direct-care workers are predominantly female. **84 percent of personal care aides and 90 percent of nursing, psychiatry, and home health aides are female** compared to 34 percent of physicians and surgeons.<sup>7</sup> Persons of color, particularly African-Americans and Latinos, are also more likely to be over-represented in direct-care positions with 31 percent of direct-care workers being African-American and 15 percent being Hispanic or Latino. The average of age of direct-care workers is 42 with 20 percent of workers in this field being foreign-born.<sup>8</sup>

### *Wages and Benefits*

The median wage in 2011 for healthcare practitioners and technical positions, including registered nurses, various types of physicians, and therapists (physical, speech and occupation), was \$28.64 per hour. Direct-care workers, on the other hand, fared far worse in terms of earnings. **Home health aides were among the lowest paying healthcare occupation at \$9.91 per hour with nursing aides, orderlies, and attendants making a median of \$11.63 per hour and personal care aides made \$9.49 per hour.**<sup>9</sup> Importantly, home healthcare workers have been exempt from federal minimum wage and hour protection laws since 1974, though the Obama administration recently proposed legislation to reverse those laws and provide home healthcare workers that protection.<sup>10</sup> Still, direct-care workers face many challenges and “constitute a low-wage, high-turnover workforce with low levels of health insurance.”<sup>11</sup>

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<sup>4</sup> Lockard, C. Brett and Michael Wolf, “Occupational employment projections to 2020” *Monthly Labor Review*, January, 2012.

<sup>5</sup> PHI (May 2012) *America’s Direct-Care Workforce*, FACTS 3, Bronx, NY: PHI, available at: <http://www.directcareclearinghouse.org/download/NCDCW%20Fact%20Sheet-1.pdf>

<sup>6</sup> Bureau of Labor and Statistics, *Occupational Employment Projections 2010-2020*, 2012.

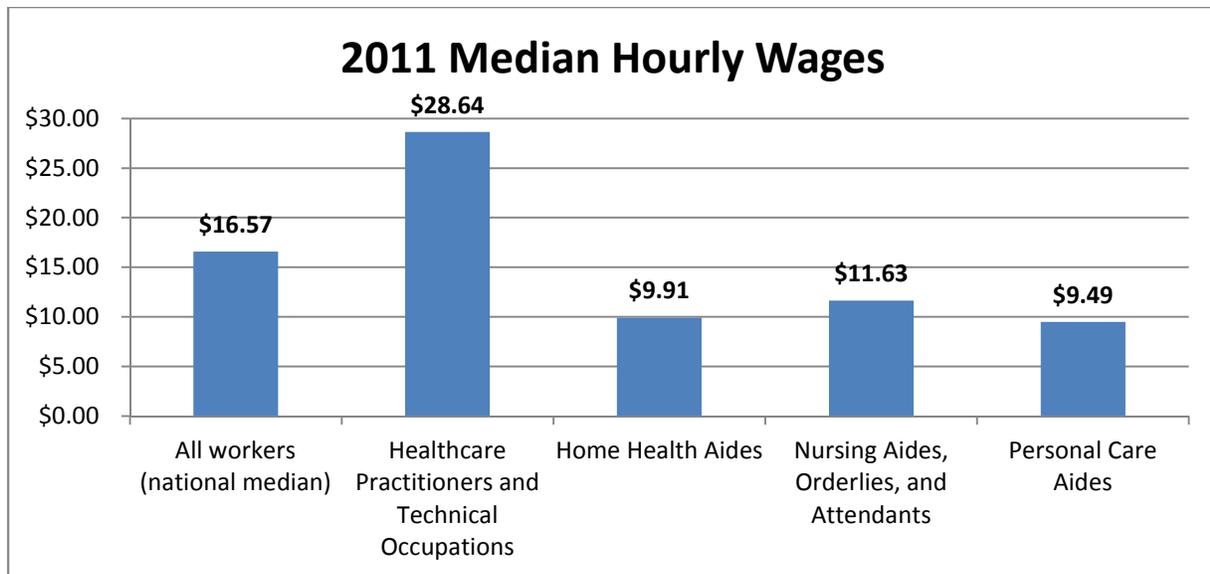
<sup>7</sup> Bureau of Labor and Statistics, *Current Population Survey*, 2011.

<sup>8</sup> PHI, *Who are Direct Care Workers*, February 2011 Update, 2011. Retrieved on March 12<sup>th</sup>, from <http://www.directcareclearinghouse.org/download/NCDCW%20Fact%20Sheet-1.pdf>

<sup>9</sup> Bureau of Labor and Statistics, *May 2011 National Occupational Employment and Wage Estimates*, 2012.

<sup>10</sup> Runnigen, R. (2011). Obama seeks minimum wage coverage for home health-care aides. *Bloomberg News*. Retrieved on March 16<sup>th</sup>, 2012 from <http://www.bloomberg.com/news/2011-12-15/obama-proposes-extending-minimum-wage-rights-to-home-health-care-workers.html>

<sup>11</sup> Smith, K., & Baughman, R., (2007). Caring for America’s aging population: A profile of the direct-care workforce. *Monthly Labor Review*, 130,, 20-26.



Bureau of Labor and Statistics, *May 2011 National Occupational Employment and Wage Estimates, 2012*.

Similar to wages, the benefits available to workers also varies within the industry. While many workers receive healthcare insurance, paid sick and vacation time, and retirement plans, direct-care workers often do not. According to the Paraprofessional Healthcare Institute, **30 percent of direct-care workers lack healthcare insurance.**<sup>12</sup>

#### *Working Conditions and Hours Worked*

The healthcare industry can be divided into the following segments: hospitals, nursing, and residential care facilities, offices of physicians and dentists, offices of other healthcare practitioners, ambulatory care services, and home healthcare services. In many of these establishments, workers are needed around the clock so workers must often work varying shifts or hours. Much of the work in the healthcare industry is also part-time and it is not uncommon for workers to have more than one part-time job. About 20 percent of the healthcare workforce works part-time.<sup>13</sup> This contrasts sharply, however, with the **49 percent of workers in direct care who work part-time.**<sup>14</sup>

Direct-care workers help the elderly and disabled eat, bathe, dress, go to the bathroom, and perform a variety of daily tasks. In general, incidences of occupational injury and illness are higher in hospitals than the average for private industry overall, and nursing care facilities where many direct-care workers are employed have even higher rates than hospitals. Direct-care workers face many physical and safety challenges. They “must take precautions to prevent back strain from lifting patients and equipment; to minimize exposure to radiation and caustic

<sup>12</sup> PHI (May 2012) *America’s Direct-Care Workforce*, FACTS 3, Bronx, NY: PHI, available at: <http://www.directcareclearinghouse.org/download/NCDCW%20Fact%20Sheet-1.pdf>

<sup>13</sup> Bureau of Labor and Statistics, *Occupational Outlook Handbook, 2012-2013 Edition*, 2012

<sup>14</sup> PHI (May 2012) *America’s Direct-Care Workforce*, FACTS 3, Bronx, NY: PHI, available at: <http://www.directcareclearinghouse.org/download/NCDCW%20Fact%20Sheet-1.pdf>

chemicals; and to guard against infectious diseases.”<sup>15</sup> Direct-care workers providing in-home services and other positions with a large amount of travel as part of their job are exposed to highway accidents and must also have reliable transportation to maintain employment.<sup>16</sup>

### *Education and Advancement Opportunities*

Many of the higher paying jobs in healthcare such as registered nurses, physical therapists, or doctors require at least a bachelor’s degree or higher while many of the technical positions including radiologic technicians, dental hygienists, or vocational nurses require a one- or two-year certificate or degree. Direct-care positions, however, such as personal and home care aides or nursing assistants require little or no specialized education or training with much of the training occurring on the job in most facilities. Of workers in nursing and residential care facilities, 47 percent have a high school diploma or less. **Those in service or direct-care positions may advance to higher level positions or occupations with more training or education, though the path to these jobs may take several years of additional schooling.** Hospitals and larger establishments are more likely than other facilities such as nursing homes, again where many direct-care workers are employed, to offer their workers additional training opportunities.<sup>17</sup>

### *Expected Growth in Employment*

Based on current projections, 20.5 million jobs will be added by 2020, an increase of 14 percent. Much of this growth in jobs will come in the healthcare sector. Registered nurses are expected to add 712,000 jobs, the largest increase in jobs out of all occupations. Employment in home healthcare services and services for the elderly and persons with disabilities are each expected to grow by over 80 percent. This growth will result in the **direct-care workforce growing 48 percent to nearly 5 million jobs, which is an addition of 1.6 million new jobs for home health aides, nursing assistants, and personal care assistants.**<sup>18</sup> However, the number of females in the workforce between the ages of 25 and 54, who make up the majority of the direct-care workers, is not expected to keep pace with the fast growth in these jobs.<sup>19</sup>

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<sup>15</sup> Bureau of Labor and Statistics, *Occupational Outlook Handbook, 2012-2013 Edition*, 2012

<sup>16</sup> Ibid.

<sup>17</sup> Ibid.

<sup>18</sup> Bureau of Labor and Statistics, *Occupational Employment Projections 2010-2020*, 2012.

<sup>19</sup> Bureau of Labor Statistics, *Monthly Labor Review*, January 2012, Table 2: available at: <http://www.bls.gov/opub/mlr/2012/01/mlr201201.pdf>