

Value the Care!

Minimum wage and overtime for home care aides

No. 1

UPDATE: January 2015

Extending the Fair Labor Standards Act to Home Care Workers: Good for America

On October 1, 2013, the U.S. Department of Labor (DOL) published the final rule narrowing the “companionship exemption” under the Fair Labor Standards Act (FLSA). The rule became effective on January 1, 2015, providing most home care workers with federal minimum wage and overtime protections for the first time. In addition, because they are newly covered under federal wage and hour laws, home care workers are now eligible for compensation when travelling between clients, and are protected by federal law when challenging employers in wage and hour disputes.



This change to federal wage and hour laws came about after a thorough review of its impact on our nation’s elders and people living with disabilities, home care providers, state Medicaid programs, and more than 2 million home care aides, most of whom earn near-poverty wages. Because some states found the initial 15-month implementation period insufficient for making adjustments to their Medicaid-funded personal care services programs, the U.S. Department of Labor will delay enforcement through June 2015 to ensure smooth implementation of the new regulation. Swift compliance by states and employers, however, is essential for successful implementation of these protections.

The new rule will benefit multiple constituencies:

➡ **Women...** The new rule will have a major impact on millions of women engaged in providing long-term services and supports:

Workers. The nation’s 2 million home care workers are 90 percent female. In part because of this gender imbalance, historically, providing daily care to elders and people with disabilities has been considered “women’s work”—presumed to be casual, informal labor, similar to teenage babysitting. The work has been undervalued in the marketplace, as illustrated by its exclusion from FLSA protections through the “companionship exemption.” In fact, many women make home care a lifetime career. They are dedicated to the work, though it is hard, poorly compensated, and physically challenging. The job takes compassion and skill, and deserves a fair wage. Extending the FLSA protections to the home care workforce ends decades of discrimination against the majority female, predominantly minority home care workforce.

Family caregivers. Over 40 million Americans—a majority of whom are women—struggle every day to care for aging parents while balancing the needs of children, jobs, and spouses. The paid home care workforce is a lifeline—providing peace of mind when family members can’t be there to provide daily care that may include everything from bathing, toileting and dressing to meal preparation, laundry, and trips to the doctor.

Value the Care is a publication of the **PHI Campaign for Fair Pay** (www.PHInational.org/fairpay), which is working to ensure successful implementation of the revised rule extending minimum wage and overtime protections to home care workers.

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By 2022, we will need 3 million home care workers to assist families as they traverse the rocky territory that is inevitable as parents age or spouses become disabled. Extending FLSA protections to current and future home care workers is one step toward growing and strengthening the home care workforce and ensuring that families can find skilled, compassionate caregivers for their loved ones.

Elders and people with disabilities... Today more than 10 million Americans need long-term services and supports. This number will jump to 12 million by 2020, and nearly triple to 27 million people needing services and supports by 2050. Currently about half of the population needing LTSS is under age 65, but the extraordinary growth over the next several decades is the result of a demographic explosion among older Americans. In fact, the percentage of the U.S. population that is age 85 and older—those having the most likely need for supportive services—is expected to grow more than 45 percent by 2030 and 200 percent by 2050.

Most of these individuals would prefer to age in place, with home and community-based services that allow them to maintain daily routines and to participate in community life. To support this preference, we must enact public policies to sustain a robust, skilled home care workforce. Extending minimum wage and overtime protections to this workforce is a first step toward ensuring that America is prepared to care for a rapidly aging population as well as growing numbers of adults with disabilities who want to continue to be active members of their communities.

Home care industry... One of the greatest challenges for home care agencies is high turnover of home care aides. Only about a quarter of the nation's 2 million home care aides have been on the job more than one year. Industry turnover rates are estimated somewhere between 40 and 60 percent annually. At \$2500 to recruit and train each replacement worker, high turnover costs the industry billions of dollars per year.

The only way to lower turnover costs is to invest in quality jobs. That means professionalizing the workforce with public policies that support federal wage and hour protections, adequate compensation, and more opportunities for training and advancement.

The economy... Nationwide, one in twelve low-wage workers is a home care worker. Moreover, home care jobs are our nation's fastest-growing occupations. Better pay for these workers ripples throughout the economy, as workers buy goods and services that help local small businesses grow and provide more jobs. According to the Economic Policy Institute, a one dollar increase in compensation for low-wage workers leads to \$1.20 increase in economic activity.

Our nation... "Care" is a bedrock value that families and communities across our nation embrace. Yet with many American families geographically scattered and most working-age women employed in full-time jobs, we can't go it alone. We need public policies that support a robust, skilled, and stable home care workforce. That's why providing wage and hour protections for home care workers isn't just good for workers—it's a smart policy that benefits all Americans, by making us, as a nation, better prepared to care.

For more information on the revised companionship exemption, go to www.companionshipexemption.com and www.dol.gov/whd/homecare/

To learn more about the home care workforce, visit www.PHInational.org/homecarefacts

Questions? Contact PHI's Government Affairs staff at 202.888.1973



PHI (www.PHInational.org) works to improve the lives of people who need home and residential care—and the lives of the workers who provide that care.

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