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Dear President-elect Obama,

December 9, 2008

The Direct Care Alliance is a national and state-based alliance of direct-care workers, employers, and people who use long-term care services. We are united to build an ample, well-trained and professional direct care workforce to deliver high-quality services, ensuring lives of dignity, respect, autonomy, and opportunity for older Americans and those living with disabilities.

We congratulate you for expeditiously naming a strong economic team. We also support your effort to implement a stimulus package soon after taking office. We recommend three measures for inclusion in that package to inject money into the economy, help rebuild the middle class, decrease unemployment, and protect essential services to vulnerable Americans.

In creating your fiscal stimulus package, we hope you will consider its effect on employment for women and people of color. While we support investment in basic infrastructure and “green jobs,” we also emphasize the strong need to generate “pink jobs” that create or improve opportunities for women. Many of these jobs are in the care sector of our economy, and a number of economists have emphasized the long-run benefits of public investment in that sector.

Direct care workers provide long-term care services and supports in the home and in residential settings such as assisted living, boarding homes and nursing homes. They are vital to quality of life, health, and independence for more than 15 million Americans. That number is projected to grow to 27 million by 2050,¹ requiring the services of hundreds of thousands more direct care workers.

That makes direct care work one of the fastest-growing job categories in the nation,² but it also has one of the highest turnover rates. To find and keep enough workers as demand grows, we need to make direct care work a career that more people can afford to commit to. **We recommend the following:**

1. **Increase the federal match for all home care and other community-based services funded under Medicaid to give states incentives to increase these vital services.** Thousands of Americans are waiting for Medicaid to fund the home- and community-based long-term care services they need and cannot afford on their own.³ Increasing the federal match would have four positive outcomes:

¹ U.S. Department of Health and Human Services and U.S. Department of Labor (2003) *The Future Supply of Long-Term Care Workers in Relation to The Aging Baby Boom Generation: Report to Congress*. <http://aspe.hhs.gov/daltcp/reports/ltcwork.htm>

² By the end of 2006, there were more than three million direct care workers in the U.S., including nursing assistants, home health aides, and personal care assistants. By 2016 an estimated 389,000 personal care and home care aide positions will be added (a 51% increase), making it the second-fastest growing occupation nationally. Third-fastest growing will be home health aides, with an estimated 384,000 positions added (a 49% increase). In total, an estimated 1 million new direct care workers will be needed from 2006-2016.

³ More than 300,000 Americans were on Medicaid waiver waiting lists awaiting essential home care services in 2007 (summary of Kaiser Commission and University of California San Francisco PAS Center data from ADAPT).

- 1) It would inject money directly into the economy, allowing Americans to purchase more home care services;
 - 2) It would provide essential services in a manner that conserves scarce Medicaid resources, since home care is generally less expensive than nursing home care;
 - 3) It would create thousands of jobs; and
 - 4) It would enhance independence and quality of life for many Americans with disabilities or chronic illnesses.
2. **Set a family sustaining hourly wage floor for direct care workers who provide home care through the Medicaid program.** Many direct-care workers, especially those working in home care, are paid poverty-level wages that cannot support a family. What's more, they're losing economic ground: Their inflation-adjusted wages have declined in recent years.⁴ We recommend increasing hourly wages to family-sustaining levels for home and community based workers,⁵ most of whom are women who will use the cash to support essential family needs.
3. **Grant basic protections to home care workers under the Fair Labor Standards Act.** Reverse the Bush Administration's labor guidelines excluding home care workers from basic FLSA minimum wage and overtime protections. In implementing this measure, assure that provider reimbursement rates and mechanisms take into consideration any additional costs of such protections. When President Bush reversed President Bill Clinton's proposed Department of Labor guidelines granting home care workers basic labor protections, he excluded millions of hard-working Americans from minimum labor protections. It is unconscionable that these workers, who are the backbone of our long-term care system, are not granted minimum labor protections.

We believe our recommendations would lower unemployment by creating jobs in long term care and stimulate the economy by putting dollars in the hands of direct-care workers, who would use them to purchase services and products. They would improve quality of life for millions of Americans. And they would set the stage for long-term solutions to the challenges facing direct-care workers, such as implementing the recommendations in the Institute of Medicine's recent *Retooling for an Aging America* report and ensuring that any health care reform initiatives address the needs of direct care workers.

We respectfully request a meeting with your staff to discuss solutions to the direct care workforce crisis and policies to help move the care workforce into the middle class. We believe these solutions are critical to delivering on your promise for a stable economy.

Sincerely,



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⁴ Between 1999 and 2006, the national median wage for direct care workers increased by an average of 2% a year, from \$7.50 to \$8.54. After adjusting for inflation, however, wages for these workers declined -- to \$7.17 in 1999 dollars.

⁵ This should be done through the Medicaid program in a way that ensures that the dollars get directly to the workers.