



PHI QUALITY CARE
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Fact Sheet

COMPETITIVE DISADVANTAGE: DIRECT CARE WAGES LAG BEHIND—2024 UPDATE

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Direct care workers earned a median hourly wage of just \$16.72 in 2023—a wage that has barely increased over the last decade when adjusting for inflation, despite growing demand for these workers.¹ Low wages lead to high poverty rates in this job sector and drive many job seekers and existing workers out of direct care into other industries.

This factsheet presents new evidence² on the inadequacy of direct care wages relative to wages in competitive industries like retail, fast food, and others—showing that median wages for direct care are lower than median wages for similar occupations in these other industries across the country. In some states, this wage gap has widened over time, making it even harder to recruit and retain a stable direct care workforce in these states.

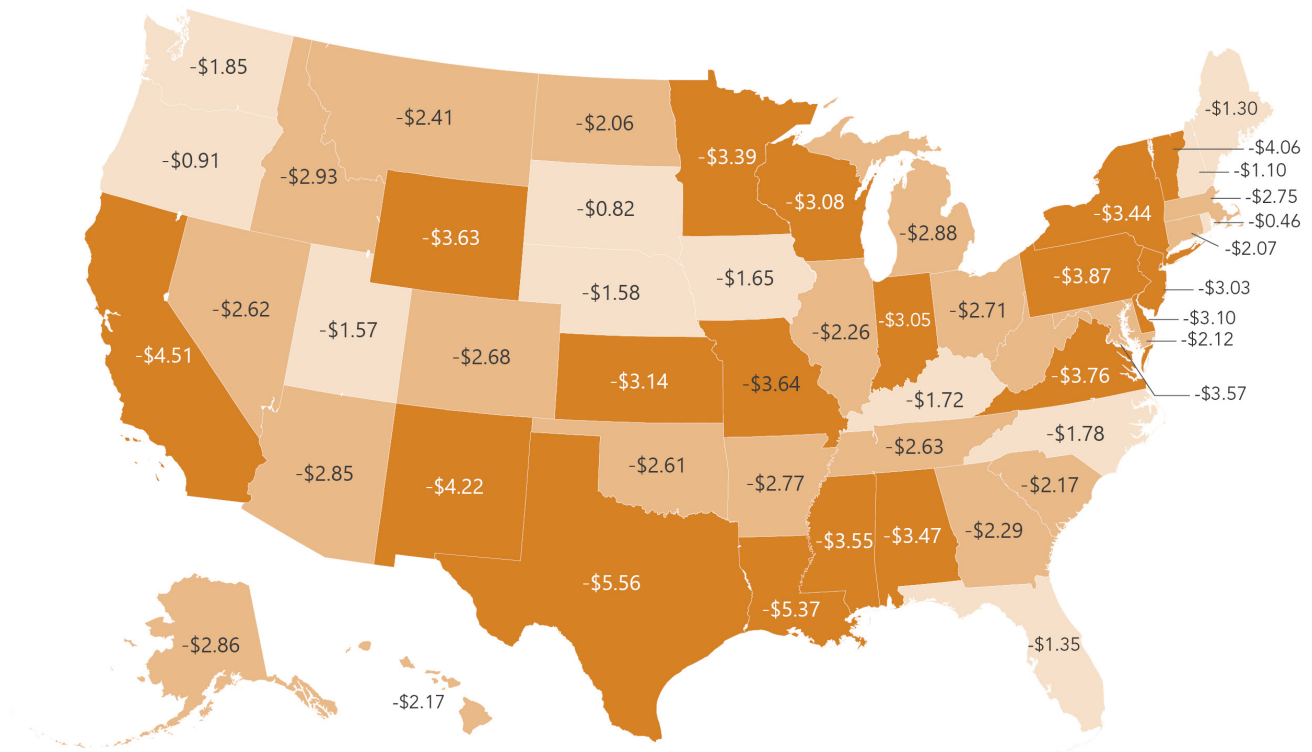
Note: “Similar occupations” are defined as occupations with similar or lower entry-level requirements regarding skills, knowledge, and experience. These occupations include housekeeper, janitor, customer service representative, retail salesperson, and food preparation worker, among others.

THE DIRECT CARE WAGE GAP

In all 50 states and the District of Columbia, the median wage for direct care workers is lower than the median wage for similar occupations in other industries. In 2023, the most recent year of data available, the hourly wage gap ranged from \$0.46 in Rhode Island to up to \$5.56 in Texas. The wage gap was at least \$2.00 per hour in 39 states, and in 19 of those states, the wage gap was more than \$3.00 per hour.

WAGE GAP BETWEEN MEDIAN WAGES FOR DIRECT CARE WORKERS AND OCCUPATIONS WITH SIMILAR OR LOWER ENTRY-LEVEL REQUIREMENTS BY STATE, 2023

● -\$3.00 or Below
 ● -\$2.00 to -\$2.99
 ● -\$0.01 to -\$1.99

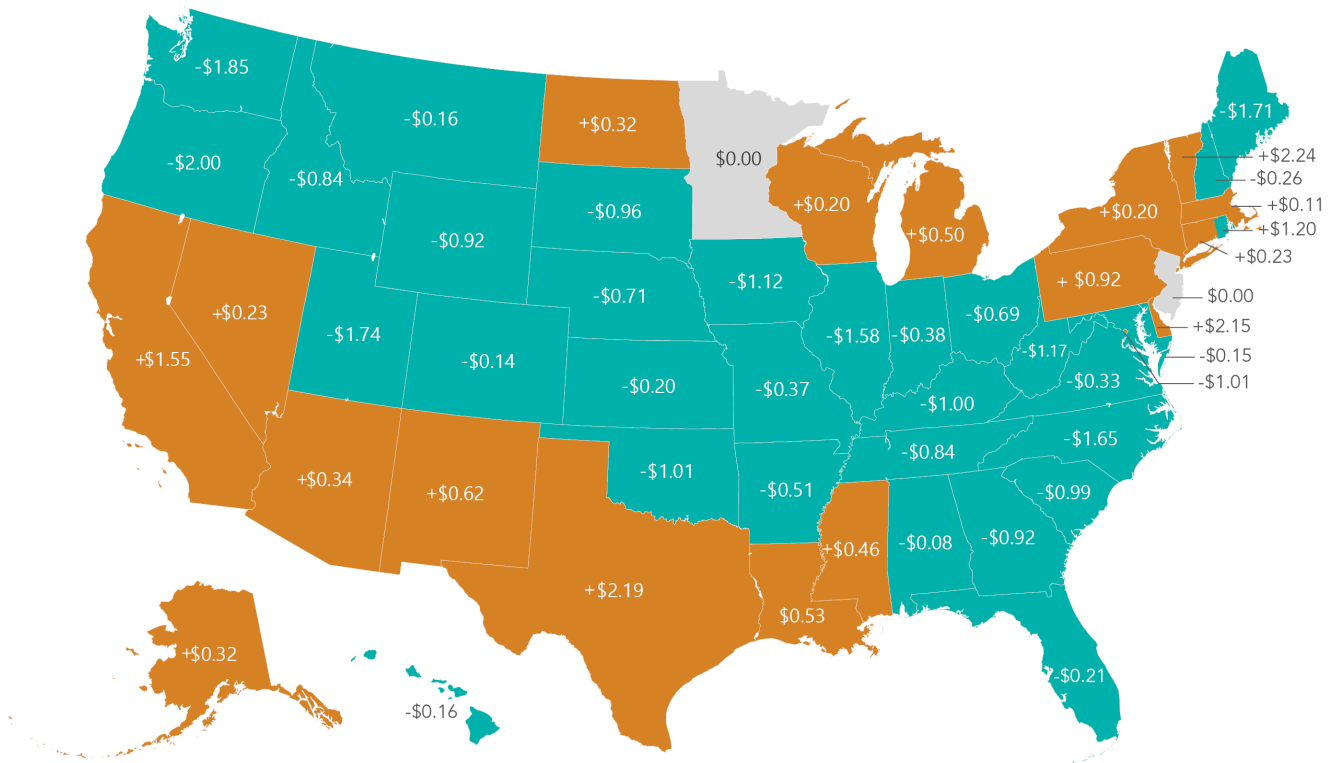


THE WAGE GAP IS EVOLVING

Looking back over the past decade, direct care worker median wages have been lower each year than median wages for similar occupations in every state and D.C. However, from 2014 to 2023, the wage gap narrowed in 32 states, reducing by as little as \$0.08 in Alabama to as much as \$2.00 in Oregon. By contrast, the wage gap has widened over time in 17 states. The hourly wage gap grew by over \$2.00 from 2014 to 2023 in Vermont, Texas, and Delaware, and by \$1.55 in California. In the other 13 states with a growing wage gap, the difference ranged from \$0.11 in Massachusetts to nearly \$1.00 in Pennsylvania. In Minnesota and New Jersey, the wage gap did not change from 2014 to 2023.

CHANGE IN THE WAGE GAP BETWEEN DIRECT CARE WORKERS AND OCCUPATIONS WITH SIMILAR OR LOWER-ENTRY LEVEL REQUIREMENTS, 2014-2023

● Increase in the Wage Gap
 ● No Change
 ● Decrease in the Wage Gap



Note: Positive numbers = the amount by which the gap between median wages for direct care workers and similar occupations increased from 2014 to 2023. Negative numbers = the amount by which the gap between median wages for direct care workers and similar occupations decreased from 2014 to 2023.

CONCLUSION: RAISE WAGES, IMPROVE JOBS

Demand for direct care workers will continue to grow over time, with 861,000 *new* direct care jobs and 8.9 million *total* job openings expected within the next decade.³ Yet, employers will struggle to recruit and retain enough workers to fill these job openings without transformative changes in policy and practice.

The evidence presented here supports a clear mandate: prioritize investments in livable and competitive wages for direct care workers. At the federal level, PHI has long-advocated for the creation of a national compensation strategy to ensure competitive wages and benefits for direct care workers across states⁴—a recommendation that is now included in the Long-Term Care Workforce Support Act of 2024.⁵

State policymakers can reform their Medicaid rate-setting processes to fully account for competitive compensation, and pair any related rate increases with wage pass-throughs or minimum wage floors to ensure that workers benefit.⁶ The new Ensuring Access to Medicaid Services rule, which requires states to ensure that 80 percent of all Medicaid funds for key home and community-based services go toward workers' wages and benefits, underscores the imperative to increase direct care wages at the state level.⁷

Even when constrained by Medicaid and other reimbursement rates, employers can also play a role in improving compensation for direct care workers. Many direct care workers are employed part-time or part-year and/or experience fluctuating work hours and access to benefits, which heightens their economic instability. By taking steps to improve scheduling, employers can help direct care workers stabilize their incomes and access much-needed employment benefits—thereby increasing the competitiveness of these jobs relative to other industries.

These changes are, of course, only one piece of the puzzle. An array of strategies is needed to improve job quality, strengthen and stabilize the direct care workforce, and ensure access to services for all those who need them. Expanded employment benefits, enhanced entry-level and ongoing training, improved supervision and support, better respect and recognition of this workforce, and new opportunities for career advancement are all critically important. However, there is no doubt that without increasing wages, this job sector will remain at a competitive disadvantage—as workers are forced to make the rational choice to seek higher wages elsewhere.

APPENDIX: WAGE GAP BETWEEN DIRECT CARE WORKERS AND OCCUPATIONS WITH SIMILAR OR LOWER ENTRY-LEVEL REQUIREMENTS BY STATE, 2014-2023

STATE	YEAR	DIRECT CARE WORKER MEDIAN WAGE	WAGE GAP BETWEEN DIRECT CARE WORKERS AND SIMILAR OCCUPATIONS	CHANGE IN WAGE GAP FROM 2014 TO 2023*
Alabama	2023	\$13.17	-\$3.47	-\$0.08
	2014	\$12.39	-\$3.54	
Alaska	2023	\$18.75	-\$2.86	+\$0.32
	2014	\$20.22	-\$2.55	
Arizona	2023	\$16.62	-\$2.85	+\$0.34
	2014	\$14.88	-\$2.51	
Arkansas	2023	\$14.12	-\$2.77	-\$0.51
	2014	\$12.01	-\$3.27	
California	2023	\$16.78	-\$4.51	+\$1.55
	2014	\$15.90	-\$2.96	
Colorado	2023	\$18.40	-\$2.68	-\$0.14
	2014	\$15.91	-\$2.81	
Connecticut	2023	\$18.27	-\$2.07	+\$0.23
	2014	\$16.64	-\$1.84	
Delaware	2023	\$15.81	-\$3.10	+\$2.15
	2014	\$16.24	-\$0.95	
District of Columbia	2023	\$18.71	-\$3.57	-\$1.01
	2014	\$15.77	-\$4.57	
Florida	2023	\$16.27	-\$1.35	-\$0.21
	2014	\$14.11	-\$1.56	
Georgia	2023	\$15.07	-\$2.29	-\$0.92
	2014	\$12.72	-\$3.21	
Hawaii	2023	\$18.68	-\$2.17	-\$0.16
	2014	\$17.67	-\$2.33	
Idaho	2023	\$15.25	-\$2.93	-\$0.84
	2014	\$13.14	-\$3.78	
Illinois	2023	\$17.63	-\$2.26	-\$1.58
	2014	\$13.62	-\$3.84	
Indiana	2023	\$15.75	-\$3.05	-\$0.38
	2014	\$12.87	-\$3.43	
Iowa	2023	\$17.18	-\$1.65	-\$1.12
	2014	\$13.97	-\$2.77	
Kansas	2023	\$15.10	-\$3.14	-\$0.20
	2014	\$13.11	-\$3.34	
Kentucky	2023	\$15.89	-\$1.72	-\$1.00
	2014	\$13.63	-\$2.71	
Louisiana	2023	\$11.24	-\$5.37	+\$0.53
	2014	\$11.54	-\$4.84	

Maine	2023	\$18.41	-\$1.30	-\$1.71
	2014	\$13.51	-\$3.01	
Maryland	2023	\$17.54	-\$2.12	-\$0.15
	2014	\$15.69	-\$2.27	
Massachusetts	2023	\$18.79	-\$2.75	+\$0.11
	2014	\$16.46	-\$2.64	
Michigan	2023	\$15.91	-\$2.88	+\$0.50
	2014	\$14.15	-\$2.38	
Minnesota	2023	\$17.26	-\$3.39	\$0.00
	2014	\$14.41	-\$3.39	
Mississippi	2023	\$12.22	-\$3.55	+\$0.46
	2014	\$12.41	-\$3.09	
Missouri	2023	\$14.74	-\$3.64	-\$0.37
	2014	\$12.45	-\$4.01	
Montana	2023	\$16.02	-\$2.41	-\$0.16
	2014	\$14.83	-\$2.58	
Nebraska	2023	\$17.00	-\$1.58	-\$0.71
	2014	\$14.01	-\$2.29	
Nevada	2023	\$15.75	-\$2.62	+\$0.23
	2014	\$16.05	-\$2.39	
New Hampshire	2023	\$18.81	-\$1.10	-\$0.26
	2014	\$15.62	-\$1.37	
New Jersey	2023	\$17.75	-\$3.03	\$0.00
	2014	\$15.17	-\$3.03	
New Mexico	2023	\$13.29	-\$4.22	+\$0.62
	2014	\$13.14	-\$3.60	
New York	2023	\$18.11	-\$3.44	+\$0.20
	2014	\$14.94	-\$3.24	
North Carolina	2023	\$15.52	-\$1.78	-\$1.65
	2014	\$12.58	-\$3.43	
North Dakota	2023	\$18.82	-\$2.06	+\$0.32
	2014	\$17.29	-\$1.74	
Ohio	2023	\$15.76	-\$2.71	-\$0.69
	2014	\$13.04	-\$3.40	
Oklahoma	2023	\$14.08	-\$2.61	-\$1.01
	2014	\$12.64	-\$3.62	
Oregon	2023	\$19.59	-\$0.91	-\$2.00
	2014	\$15.77	-\$2.91	
Pennsylvania	2023	\$15.02	-\$3.87	+\$0.92
	2014	\$14.19	-\$2.95	
Rhode Island	2023	\$19.14	-\$0.46	-\$1.20
	2014	\$15.49	-\$1.67	
South Carolina	2023	\$14.88	-\$2.17	-\$0.99
	2014	\$12.65	-\$3.16	
South Dakota	2023	\$16.98	-\$0.82	-\$0.96
	2014	\$13.49	-\$1.77	
Tennessee	2023	\$15.04	-\$2.63	-\$0.84
	2014	\$12.71	-\$3.47	

Texas	2023	\$12.12	-\$5.56	+\$2.19
	2014	\$13.28	-\$3.37	
Utah	2023	\$17.35	-\$1.57	-\$1.74
	2014	\$14.37	-\$3.31	
Vermont	2023	\$16.64	-\$4.06	+\$2.24
	2014	\$15.75	-\$1.82	
Virginia	2023	\$14.88	-\$3.76	-\$0.33
	2014	\$12.96	-\$4.09	
Washington	2023	\$20.91	-\$1.85	-\$1.85
	2014	\$16.54	-\$3.69	
West Virginia	2023	\$13.78	-\$2.84	-\$1.17
	2014	\$11.80	-\$4.00	
Wisconsin	2023	\$16.31	-\$3.08	+\$0.20
	2014	\$14.12	-\$2.88	
Wyoming	2023	\$15.79	-\$3.63	-\$0.92
	2014	\$16.47	-\$4.55	

Methods and Sources: This factsheet updates and expands on PHI’s 2020 wage gap analysis:

<https://www.phinational.org/resource/competitive-disadvantage-direct-care-wages-are-lagging-behind/>. The analyses in this fact sheet are based on *Job Zones* as defined in the O*NET database. Occupations with similar entry-level requirements to direct care jobs are categorized in *Job Zone Two: Some Preparation Needed*, while jobs with lower entry-level requirements are captured in *Job Zone One: Little or No Preparation Needed*. Wages for occupations with similar or lower entry-level requirements were calculated as weighted averages of median hourly wages for all occupations. Sources: O*NET Resource Center. 2024. *Job Zones*. https://www.onetcenter.org/dictionary/28.3/excel/job_zones.html; U.S. Bureau of Labor Statistics (BLS), Division of Occupational Employment Statistics. 2023. *May 2014 to May 2023 National Industry-Specific Occupational Employment and Wage Estimates*. <https://www.bls.gov/oes/current/oesrci.htm>; analysis by PHI (July 2024). Note that the difference in wage gap from 2014 to 2023 is rounded to the nearest \$0.01, and negative values for the difference reflect a decrease in the wage gap (an improvement in direct care worker wage competitiveness in that state over time).

NOTES

¹ PHI. 2024. *Direct Care Workers in the United States: Key Facts 2024*. New York, NY: PHI.

² This factsheet updates and expands on PHI’s 2020 wage gap analysis:

<https://www.phinational.org/resource/competitive-disadvantage-direct-care-wages-are-lagging-behind/>

³ PHI, 2024.

⁴ PHI. 2021. *Federal Policy Priorities for the Direct Care Workforce*. New York, NY: PHI.

⁵ Long-Term Care Workforce Support Act, S.4120, 118th Cong. 2024. <https://www.congress.gov/bill/118th-congress/senate-bill/4120>.

⁶ Tyler, Denise, Olga Khavjou, Kristie Porter, Marc Horvath, Guadalupe Suarez, Marie Squillace, Judith Dey, and Iara Oliveira. 2024. “State Efforts to Improve Direct Care Workforce Wages: Final Report. Office of the Assistant Secretary for Planning and Evaluation. U.S. Department of Health and Human Services. <https://aspe.hhs.gov/sites/default/files/documents/e88ca623469819d2444d07fe9564fb67/state-efforts-improve-dcw-wages-final.pdf>.

For more on state variation in wage pass-through policies, see PHI’s Direct Care Workforce State Index:

<https://www.phinational.org/state-index-tool/>.

⁷ Centers for Medicare and Medicaid Services (CMS). 2024. “Ensuring Access to Medicaid Services Final Rule (CMS-2442-F)” <https://www.cms.gov/newsroom/fact-sheets/ensuring-access-medicaid-services-final-rule-cms-2442-f>.

ABOUT PHI

PHI is a national organization committed to strengthening the direct care workforce by producing robust research and analysis, leading federal and state advocacy initiatives, and designing groundbreaking workforce interventions and models. For more than 30 years, we have brought a 360-degree perspective on the long-term care sector to our evidence-informed strategies. As the nation's leading authority on the direct care workforce, PHI promotes quality direct care jobs as the foundation for quality care.

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Suggested citation:

Kim, Jiyeon. 2024. Competitive Disadvantage: Direct Care Wages Lag Behind—2024 Update. New York, NY: PHI.



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