

Caring for Caregivers:

Latinos in the Direct-Care Workforce

Summary

Due to the aging baby boomer population, America's older population is projected to experience significant growth over the next several decades. Already, families responsible for finding appropriate long-term care for elderly relatives find their options severely limited; as a result, many turn to home health or personal care aides to provide care. While direct-care industry revenues have climbed, benefits are not shared by workers who provide care, many of whom work long hours at low wages. This *Monthly Latino Employment Report* offers an overview of Latinos in the direct-care industry and highlights new U.S. Department of Labor regulations that could help improve employment conditions for these workers.

Latino Employment Statistics for January

At 10.5%, the Latino unemployment rate in January 2012 was the lowest in three years, according to the [latest report](#) from the U.S. Department of Labor. The overall national unemployment rate dropped to 8.3% as U.S. employers added 243,000 jobs in January. The Economic Policy Institute calculates that an additional 400,000 jobs per month are necessary to return the unemployment rate to its prerecession level of 5% by mid-2014. Much of January's employment growth occurred in professional and business services (+70,000 jobs) and leisure and hospitality (+44,000 jobs), which includes 33,000 new employees in food services and drinking establishments.

As economists, policymakers, and American workers watch these employment trends closely, they tend to overlook one of the fastest-growing industries with tremendous importance to the health of the economy and everyday quality of life: direct-care.

Who Are Direct-Care Workers?

By 2030, persons over the age of 65 are projected to make up 19% of the general population, up from 12.4% in 2000.¹ In 2050, the population of older Americans is expected to number 88.5 million, more than doubling the 39.6 million older-American population in 2009.² With the dramatic growth in the older population and longer potential life expectancy, demand for long-term health and support services will also increase. Already, families responsible for finding appropriate long-term care for elderly relatives find their options limited due to high demand for community- and group-living situations; as a result, many turn to home health aides to provide appropriate care.³

Paraprofessionals in the direct-care industry provide support with self-care tasks, household assistance, medically related tasks, and companionship. Officially, the U.S. Department of Labor recognizes two occupations in the personal-care field: personal and home-care aides, and home health aides.

Personal and home-care aides—designated as a “Personal Care and Service” occupation—perform duties such as housekeeping, caregiving, companionship, and personal attendance.

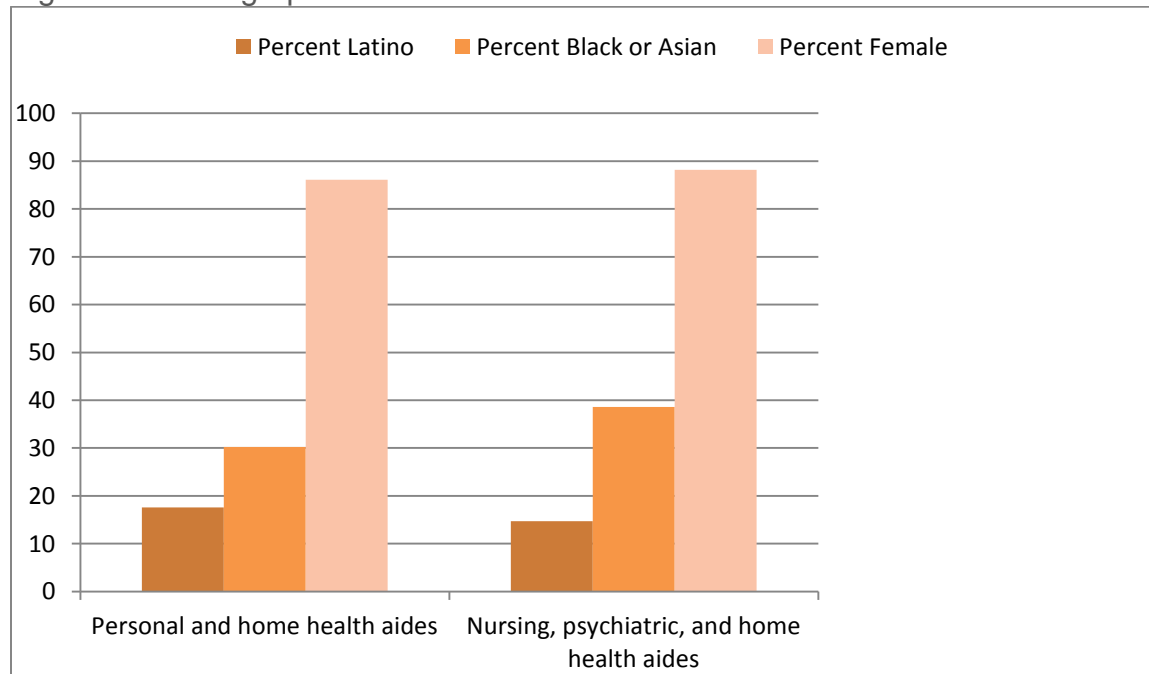
They provide assistance with daily living activities such as cooking, cleaning, and personal care, including grooming. Home health-care aides, a “Healthcare Support” occupation, are generally required to complete additional training and typically work for certified home health or hospice agencies that receive government funding. They must work under the direction of a medical professional, such as a nurse, and provide basic medically related services, such as monitoring health status, providing medication, or changing bandages. They may also assist with medical equipment such as ventilators.

Latinas Contribute Significantly to the Direct-Care Workforce

The direct-care industry is a major employer of Latinos: of nearly 3.4 million direct-care workers (including nursing and psychiatric aides) employed in the United States, 15.4%, or approximately 52,000 direct-care workers, are Latino. Furthermore, 23% of the direct-care workforce is foreign-born, compared to 15.8% of the general working population. This figure is not insignificant, since Latinos constitute almost half of foreign-born workers in the United States.⁴

As seen in Figure 1, Latinos are more likely to be personal care aides rather than health care or nursing aides; 17.6% of personal care aides are Latino, compared to only 14.7% of nursing, psychiatric, or home health aides.⁵ The direct-care workforce is also overwhelmingly female, with women accounting for 90% of direct-care providers.

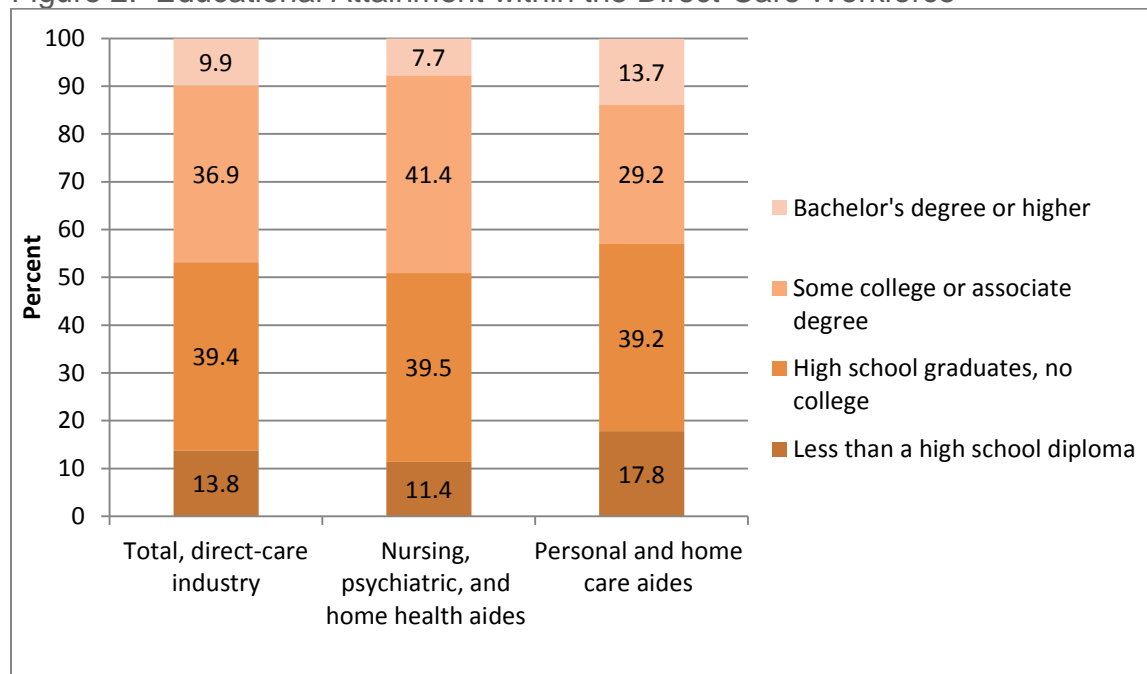
Figure 1. Demographics of the Direct-Care Workforce



Source: U.S. Bureau of Labor Statistics, “Employed persons by detailed occupation, sex, race, and Hispanic or Latino ethnicity, 2010 Annual Averages,” *Current Population Survey*, <http://www.bls.gov/cps/cpsaat11.pdf> (accessed January 31, 2012).

Home health, nursing, and psychiatric aides must complete slightly more formalized training and work under the direct supervision of a medical professional, often subject to regulation under Medicaid rules. In part due to this requirement, nursing, psychiatric, and home health aides are more likely to have completed education beyond high school or its equivalent while personal-care aides are less likely to have completed high school (see Figure 2).⁶ Since 49.8% of foreign-born Latino adults and 31.2% of native-born Latino adults lack a high school diploma, the requirement for higher education and formalized training is likely a major cause of disparity between the proportions of Latinos working as personal-care aides as opposed to the higher-paid nursing or psychiatric aides.⁷

Figure 2. Educational Attainment within the Direct-Care Workforce

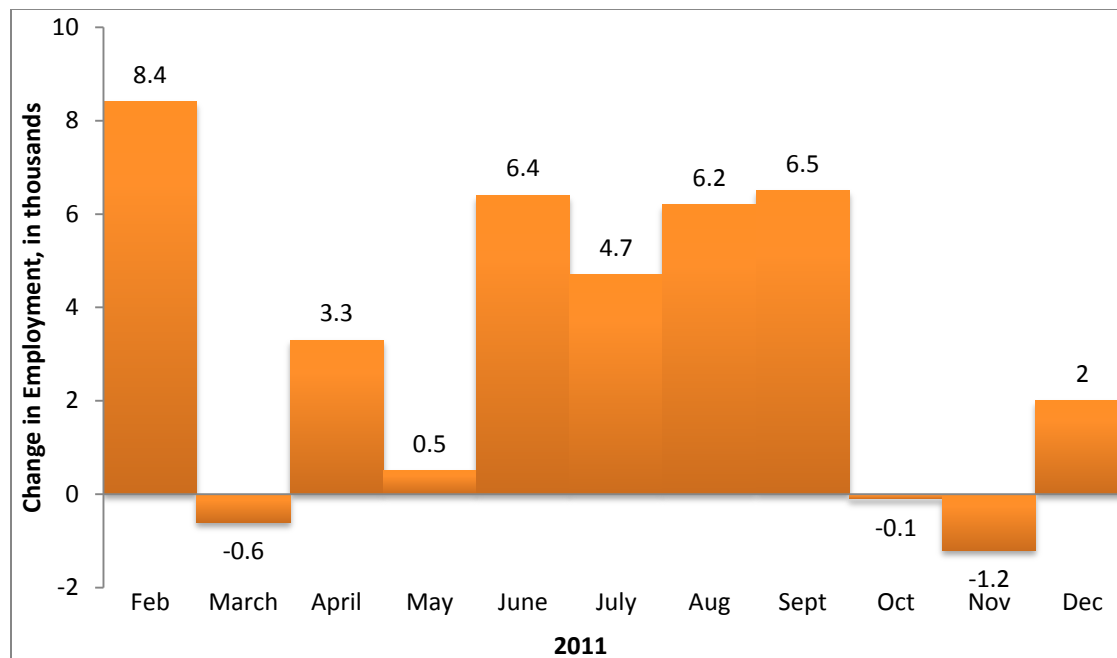


Source: NCLR calculation using U.S. Bureau of Labor Statistics, *Current Population Survey*, December 2011 for occupation codes 31-1010 and 39-9021.

Direct-Care is a Top Growth Industry

Demand for long-term in-home care is at an all-time high, and as the population ages the demand will continue to grow.⁸ Estimates show that some 27 million Americans will require this support by 2050, up from 13 million in 2000.⁹ As a result, the direct-care service industry is projected to be one of the fastest-growing over the next decade, increasing by 58%.¹⁰ Not surprisingly, the home health-care services industry has seen consistent growth over the last year, adding 38,000 jobs since January 2011 (see Figure 3).

Figure 3. Change in Employment in Home Health Care Services, February–December 2011.



Source: NCLR calculation using U.S. Bureau of Labor Statistics, *Current Employment Statistics*, “Table B-1, Employees on nonfarm payrolls by industry sector and selected industry detail,” <http://www.bls.gov/webapps/legacy/cesbtab1.htm> (accessed January 31, 2012). Total employment excludes farm employment. November and December data are preliminary.

Two of the five fastest growing occupations are direct-care, with employment as home health aides and personal-care aides projected to increase by 50% and 46%, respectively (see Table 1).¹¹ Not only are direct-care occupations among the fastest growing, but they also anticipate huge numerical growth, adding more than 830,000 jobs by 2018 (see Table 2).¹²

Table 1. Occupations with the Fastest Growth, Projected 2008–2018

Occupations	Percent change	Number of new jobs (in thousands)	Wages (May 2008 median)	Education/training category
Biomedical engineers	72	11.6	\$77,400	Bachelor's degree
Network systems and data communications analysts	53	115.8	\$71,100	Bachelor's degree
Home health aides	50	460.9	\$20,460	Short-term on-the-job training
Personal and home care aides	46	375.8	\$19,180	Short-term on-the-job training
Financial examiners	41	11.1	\$70,930	Bachelor's degree

Source: U.S. Bureau of Labor Statistics, *Overview of the 2008-18 Projections*, Occupational Outlook Handbook, 2010-2011 Edition, http://www.bls.gov/oco/oco2003.htm#occupation_d (accessed January 30, 2012).

Table 2. Occupations with the Largest Numerical Growth, Projected 2008–2018

Occupations	Percent change	Number of new jobs (in thousands)	Wages (May 2008 median)	Education/training category
Registered Nurses	22	581.5	\$62,450	Associate degree
Home health aides	50	460.9	\$20,460	Short-term on-the-job training
Customer service representatives	18	399.5	\$29,860	Moderate-term on-the-job training
Combined food preparation and serving workers, including fast food	15	394.3	\$16,430	Short-term on-the-job training
Personal and home care aides	46	375.8	\$19,180	Short-term on-the-job training

Source: U.S. Bureau of Labor Statistics, *Overview of the 2008-18 Projections*, Occupational Outlook Handbook, 2010–2011 Edition, http://www.bls.gov/oco/oco2003.htm#occupation_d (accessed January 31, 2012).

These projections are based on a series of factors, including changes in the population, labor force, and industries, which vary due to structural changes in the economy. Official government counts likely underestimate the true number of direct-care workers, since private households often do not report individuals in their homes as employees. It is likely that the true number of direct-care workers could be much higher, thereby boosting projections of future growth.

Low Wages and Volatile Employment Situations Hurt Direct-Care Workers and Those They Serve

While the home health care industry will continue to see high job growth and increasing revenue, the benefits of this growth are not passed onto the workforce. Approximately 70% of home-care workers are employed by for-profit private agencies; those who are not are directly employed by individual households or nonprofit agencies that work with Medicaid. Revenues in the for-profit care industry have doubled in the last 30 years, but wages for personal-care aides and home-care aides have remained stagnant.¹³

When Congress amended the Fair Labor Standards Act (FLSA) in 1974, it excluded “companions” from basic minimum wage and overtime protections. These companions were intended to be “casual” babysitters and workers who provided “companionship services” to the elderly and infirm, “not the sole breadwinners or responsible for their family’s support.”¹⁴ Congress did not offer a comprehensive definition of companionship, but the amendment was intended to protect domestic workers whose primary duties included cleaning and cooking—as opposed to providing “protection and company” to “elderly or infirm neighbors,” where cooking and cleaning would be incidental to the care provided.¹⁵

Over the last three decades, rights and protections for direct-care workers have not kept pace with the evolution from the “casual” care of elderly friends and neighbors to paraprofessional occupations.¹⁶ The companionship exemption regulations issued by the Department of Labor after the 1974 Amendment to the FLSA are worded so broadly that millions of workers have been included in the exemption, with duties ranging from personal-care service and housekeeping to paramedical tasks. As a result, for-profit personal and home-care agencies take advantage of the minimum wage and overtime exemptions afforded to them under FLSA. These agencies continue to classify their workers as companions when reporting to the Department of Labor, regardless of the fact that direct-care occupations resemble other paraprofessional occupations and upwards of 80% of direct-care providers may be the sole breadwinners for their family.¹⁷

The exemption from FLSA protections has taken a direct toll on wages in the direct-care industry. The median hourly wage for both personal-care and home health care workers is below \$10 per hour; at around \$20,000, their mean annual wage is well below the U.S. average of \$31,219 (see Table 3).¹⁸ Many direct-care providers earn significantly less than the industry average due to inability to find full-time work, earning below minimum wage, and forced unpaid overtime.¹⁹ It is estimated that 46% of direct-care workers live below 200% of the poverty line, making them eligible for federal benefits such as Medicaid and food assistance, though the real number of working families living in poverty with one member employed as a direct-care provider could be much higher.²⁰

Table 3. Wages for Selected Direct-Care Occupations

Occupations	Median Hourly Wage	Mean Hourly Wage	Mean Annual Wage
All personal care and service occupations	\$9.92	\$11.82	\$24,590
Personal care aides	\$9.44	\$9.82	\$20,420
All healthcare support occupations	\$11.90	\$12.94	\$26,920
Home health aides	\$9.89	\$10.46	\$21,760
Nursing aides	\$11.54	\$12.09	\$25,140
Psychiatric aides	\$12.00	\$12.84	\$26,710

Source: U.S. Bureau of Labor Statistics, *Occupational Employment Statistics*, May 2010, http://stat.bls.gov/oes/current/oes_nat.htm (accessed January 31, 2012).

Furthermore, the direct-care industry experiences an alarmingly high turnover rate, which contributes to the instability of the workforce. Tough working conditions, low pay, and an inability to find full-time work all contribute to the workforce attrition rate.²¹ In 2009, nearly half of direct-care workers worked less than full-time, year-round. Within the industry, 58% of personal-care aides reported working part-time or full-time for only part of the year.²² Of those working part-time, only one-third were doing so by choice.²³ Inability to work full-time affects earnings: as a result, median adjusted annual earnings for direct-care workers in 2009 was \$16,800.²⁴

A high turnover rate is detrimental to both the agencies who employ caregivers and to the care receivers. When an agency loses an employee, they must spend the time and resources to recruit and train a new hire. Meanwhile, the recipient of care faces an interruption in services;

since the caregivers provide essential day-to-day assistance, a disruption in care goes beyond average inconvenience. Better wages would bring more stability to the direct-care workforce, which would strengthen the vitality of the industry and the quality of care of elderly, disabled, and infirm populations.

Promising New Department of Labor Recommendations

The Department of Labor recently proposed a new regulation to revise the companionship and live-in domestic worker regulations. These new regulations would tighten the description of companionship and end the minimum wage and overtime exemptions to most home care aides and are essential for the health of the direct-care industry.

Under the new regulations, home health aides and personal-care aides would be considered in-home workers and would be subject to the same minimum wage and overtime protections afforded to domestic workers. Tighter record-keeping mandated to both agencies and employing families ensure in-home workers receive appropriate overtime pay, pay for incidental work (i.e., waking up in the middle of the night to provide care), and pay for travel time between sites, if applicable.

Only workers who are truly “companions” would be exempt, and new record-keeping requirements would prevent agencies and families from extending the definition to include tasks beyond fellowship and protection of the individual for whom care is provided. Furthermore, agencies would no longer receive any exemptions for minimum wage or overtime, whether or not the worker’s duties would qualify as exempt companionship services.

These proposed regulations are an important step toward ensuring the long-term health of the direct-care industry, especially as it anticipates significant growth over the next few decades. Furthermore, improving the working conditions and wages within the industry will benefit the workers and their families, many of whom are Latino, by allowing them a livable wage and overtime protections.

For More Information

For more information on the proposed Department of Labor regulation, visit www.dol.gov/whd/flsa/whdfs-NPRM-companionship.htm.

For more information on the direct-care industry and how individuals and organizations can get involved in the regulatory process, please use the organizations listed below as resources. NCLR encourages providers, recipients, and advocates of direct care to submit their own comments to Regulations.gov by February 27.

Direct Care Alliance, Inc., www.directcarealliance.org
The National Domestic Workers Alliance, www.domesticworkers.org
Caring Across Generations, www.caringacrossgenerations.org
The National Employment Law Project, www.nelp.org
The Paraprofessional Healthcare Institute, <http://phinational.org/>

For more information or to receive a copy of the *Monthly Latino Employment Report* by email each month, contact Karen Hopper, Policy Fellow, at khopper@nclr.org.

Endnotes

- ¹ U.S. Department of Health and Human Services Administration on Aging, "Aging Statistics," www.aoa.gov/aoaroot/aging_statistics/index.aspx (accessed January 31, 2012).
- ² U.S. Census Bureau, "The Next Four Decades: The Older Population in the United States," *Current Population Reports*, www.aoa.gov/aoaroot/aging_statistics/future_growth/DOCS/p25-1138.pdf (accessed January 31, 2012).
- ³ Kristin Smith and Reagan Baughman, "Caring for America's Aging Population: A Profile of the Direct-care Workforce," *Monthly Labor Review*, (Washington, DC: U.S. Bureau of Labor Statistics, 2007), www.bls.gov/opub/mlr/2007/09/art3full.pdf (accessed January 31, 2012).
- ⁴ U.S. Bureau of Labor Statistics, "Foreign-Born Workers: Labor Force Characteristics 2010," news release, May 27, 2011, www.bls.gov/news.release/pdf/forbrn.pdf (accessed January 31, 2012).
- ⁵ NCLR calculation using U.S. Bureau of Labor Statistics, Current Population Survey, December 2011.
- ⁶ NCLR calculation using U.S. Bureau of Labor Statistics, Current Population Survey, 2010 March Supplement.
- ⁷ U.S. Census Bureau, *Current Population Survey*, Annual Social and Economic Supplement, 2010. Data are for adult civilian workers.
- ⁸ U.S. Department of Labor, "Fact Sheet: Proposed Rule Changes Concerning In-Home Care Industry under the Fair Labor Standards Act," www.dol.gov/whd/flsa/whdfs-NPRM-companionship.htm (accessed January 31, 2012).
- ⁹ Dorie Seavey and Abby Marquand, "Caring in America: A Comprehensive Analysis of the Nation's Fastest-Growing Jobs—Home Health and Personal Care Aides," (Bronx, NY: Paraprofessional Healthcare Institute, 2011), www.directcareclearinghouse.org/download/caringinamerica-20111212.pdf (accessed January 31, 2012).
- ¹⁰ Ibid.
- ¹¹ U.S. Bureau of Labor Statistics, "Occupational Outlook Handbook 2010-11 Edition: Home Health Aides and Personal and Home Care Aides," www.bls.gov/oco/ocos326.htm (accessed January 31, 2012).
- ¹² U.S. Bureau of Labor Statistics, *Current Establishment Survey*, "Table B-1 Employees on nonfarm payrolls by major industry sector and selected industry detail, seasonally adjusted," www.bls.gov/news.release/empsit.t17.htm (accessed January 31, 2012).
- ¹³ Paraprofessional Healthcare Institute, *Facts 3: Who are Direct-care Workers?* www.directcareclearinghouse.org/download/NCDCW%20Fact%20Sheet-1.pdf (accessed January 31, 2012).
- ¹⁴ U.S. Senate, Report No. 93-690 (1974), 20.
- ¹⁵ U.S. Department of Labor, *Fact Sheet: Proposed Rule Changes Concerning In-Home Care Industry under the Fair Labor Standards Act* www.dol.gov/whd/flsa/whdfs-NPRM-companionship.htm (accessed January 31, 2012).
- ¹⁶ Paul K. Sonn, Catherine K. Ruckelshaus, and Sarah Leberstein, *Fair Pay for Home Care Workers: Reforming the U.S. Department of Labor's Companionship Regulations Under the Fair Labor Standards Act* (New York: National Employment Law Project, August 2011), <http://www.nelp.org/page/-/Justice/2011/FairPayforHomeCareWorkers.pdf?nocdn=1> (accessed January 31, 2012).
- ¹⁷ Ibid.
- ¹⁸ U.S. Bureau of Labor Statistics, Occupational Employment Statistics, May 2010, http://stat.bls.gov/oes/current/oes_nat.htm (accessed January 31, 2012).
- ¹⁹ Paraprofessional Healthcare Institute, *Facts 3: Who are Direct-care Workers?*
- ²⁰ Paraprofessional Healthcare Institute, *Facts 1: Occupational Projections for Direct-Care Workers 2008–2018* http://www.directcareclearinghouse.org/download/PHI%20FactSheet1Update_singles%20%282%29.pdf (accessed January 31, 2012).
- ²¹ Ibid.
- ²² Ibid.
- ²³ Paul K. Sonn, Catherine K. Ruckelshaus and Sarah Leberstein, *Fair Pay for Home Care Workers*.
- ²⁴ Paraprofessional Healthcare Institute, *Facts 1: Occupational Projections for Direct-Care Workers*.