



The Keystone Research Center
412 North Third Street
Harrisburg PA 17101
www.keystoneresearch.org

MEDIA CONTACT:

Ellen Lyon: 717-255-7156, lyon@pennbpc.org

Steve Herzenberg: 717-805-2318, herzenberg@keystoneresearch.org

Full report online at <http://keystoneresearch.org/doubletrouble>

**KRC Report – “Double Subsidized” Pa. Nursing Homes Don’t Pay Living Wage:
Many Workers in Publicly Funded Industry Need Public Assistance to Make Ends Meet**
\$15 per Hour Minimum Nursing Home Wage Would Boost Quality of Care and Be Affordable to Industry

HARRISBURG, PA (April 13, 2015) -- Many nursing home workers in Pennsylvania earn wages so low they must resort to public assistance to make ends meet and support their families. These low wages also contribute to high staff turnover, which disrupts the caregiver-resident relationship and affects care, a new study by the Keystone Research Center found. Meanwhile, the nursing home industry, largely taxpayer-funded through Medicaid and Medicaid, remains profitable and can afford to pay living wages.

Typical nursing assistants in Pennsylvania nursing care facilities earn about \$13 per hour or \$27,061 per year, while dietary and housekeeping workers earn \$10-\$11 an hour or \$23,000 or less per year on average. These wages are below a living wage (defined as high enough to support oneself without public assistance), even for small families (i.e., with one child) in virtually every county in Pennsylvania. More than half (52 percent) of Pennsylvania nursing home workers surveyed say they cannot support their families on their wages, and 16 percent say they work more than one job.

"The reason I have worked in long-term care for almost 10 years is because it is fulfilling to give care to those who need it most. But with the wages I earn, it's a struggle," reports Leslie Housewart, a certified nursing assistant in Pittsburgh. "If it wasn't for public assistance, I could not go to work every day – I'd be a welfare mother. I rely on Medicaid for my children's health insurance and subsidized day care. There is no money for living. There is enough to survive, but not to live."

Medicaid and Medicare accounted for nearly 70 percent of nursing home revenue -- \$5.9 billion in public funding to the industry – and contributed to more than \$370 million in profits in 2013. At the same time, 14 percent of nurse aides and 28 percent of dietary workers in nursing homes say they or someone in their family receives public assistance.

"This means taxpayers are, in many cases, 'double-subsidizing' poverty jobs in Pennsylvania nursing homes," said Dr. Stephen Herzenberg, an economist, KRC executive director, and author of *Double Trouble: Taxpayer Subsidized Low-Wage Jobs in Pennsylvania Nursing Homes*. "If we hope to strengthen the state's economic recovery, rebuild the middle class and ensure that the Commonwealth's aging population receives the consistent, quality care it deserves, caregivers need to make a living wage of at least \$15 per hour."

Nursing homes in Pennsylvania employ about 87,000 workers. Notwithstanding efforts to deliver more care in people's homes, as the state's older population increases, the nursing home industry may grow.

Pennsylvania already has the fourth-highest 85-plus age group among states, and that group is expected to grow by more than 400,000 people by 2030.

The report found that a minimum start rate of \$15 per hour at nursing homes would benefit nearly 50,000 workers, put more than \$300 million in their pockets, and generate about 1,500 jobs and more than \$30 million in new tax revenue for the state and local municipalities. But it would only increase total nursing home costs about 4 percent, based on Medicaid cost reports filed by the homes.

Some of the funds needed to raise wages could come from reining in excessive CEO compensation. As an example, in a recent seven-year period the CEO of Manor Care received annual compensation averaging \$18.4 million a year, or nearly \$129 million total.

"For an industry that derives most of its revenue from public sources, why is it acceptable for CEO salaries to be more than 600 times the average nursing assistant's salary?" Herzenberg asked.

Raising wages also would slash staff turnover, which would improve quality and reduce recruitment and training costs. Based on industry estimates, halving turnover from the industry standard of 66 percent for nursing assistants could, by itself, pay for a 60-cent per hour increase in caregiver wages. Raising wages could also be coupled with other efforts to spread nursing home best practices that concentrate resources on front-line caregivers and pay a living wage while providing higher quality care for the same cost.

The report recommends that lawmakers:

- pursue legislation requiring the nursing home industry to report the wages of its workforce so the public knows which facilities pay a living wage; and
- Require nursing homes to reimburse the state for the cost of full-time employees receiving Medicaid and other public assistance to which the state contributes.

"Nursing home workers dedicate their lives to taking care of some of our most vulnerable citizens. Despite the profitability of the nursing home industry, too many caregivers receive poverty wages and must rely on public assistance. Raising the wage will equal less turnover, better resident care and an improved economy for all. That's why nursing home workers are joining the fight for \$15, along with thousands of other low-wage workers, in a national day of action on April 15 to call for a family-sustaining wage," Matt Yarnell, SEIU Healthcare PA Executive Vice President of long term care, said.

###