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New Report Reveals Impact of Pa. Nursing Home Industry's Poverty Wages

Nearly 15,000 Workers – Triple the Original Estimate – Must Rely on Public Assistance

HARRISBURG, Pa. – Nov. 5, 2015 – Despite generating \$407 million in profit in 2014, up from \$370 million the year before, Pennsylvania's nursing home industry employs nearly 15,000 workers who must rely on public assistance to make ends meet, a new study by the Keystone Research Center found. This number represents nearly one in six nursing home workers. Fifty-two percent of Pennsylvania nursing home workers surveyed said they cannot support their families on the wages they earn.

Nursing Home Jobs That Pay, released today, updates an earlier KRC report from April on the industry and reveals the full extent of public subsidy – estimated to cost taxpayers \$118 million a year – that nursing homes receive because their low-wage employees must depend on the Supplemental Nutritional Assistance Program, Medicaid, or both. The report finds that raising nursing home starting wages to \$15 per hour would put more than \$300 million in the family budgets of low-wage workers and estimates how much of this income increase, as well as the boost in state and local tax revenue, would go to each of Pennsylvania's 67 counties.

"The nursing home industry can afford to raise wages. It is time for public officials to demand an end to the corporate welfare we are giving this industry," said report author, economist and KRC Executive Director Stephen Herzenberg. "Public funds for nursing homes would be better spent on good-paying jobs than on poverty-wage jobs that require workers to rely on public assistance to feed their families and obtain health care, and that create high staff turnover that compromises the quality of care in nursing homes."

Nursing home workers echoed that sentiment. Kayley Westfall, a nurse aide in an Erie nursing home, said she and her fiancé work at the same facility and both earn a little more than \$12 per hour. "We struggle to provide for our family. Because of our low wages, we both try to work about five 12-hour shifts per pay period," Westfall said. "Essentially, with all the overtime, we are working three jobs between the two of us. But even that is not enough. At least once a month a bill doesn't get paid. We are tired all the time. We don't see our kids nearly enough. If nursing homes raised their start rate to \$15, it would be a game-changer for our family."

Tisheia Frazier, a nurse aide in a suburban Philadelphia nursing home and a single mother, earns only \$11.45 per hour after working in the field for 10 years. "I depend on public assistance to get by. I get \$200 per month in food stamps. I have heating assistance in the winter, and our apartment is part of a low-income housing program," Frazier said. "It's heartbreaking to work full-time and barely be above the poverty line. Many of my coworkers are on some form of public assistance, and we all look to work as much overtime to earn some extra. If we moved the start rate to \$15 an hour, that would make a huge difference in my life. It might allow me to get off food stamps and work less overtime."

State Sen. Daylin Leach and State Rep. Ed Gainey have introduced legislation in their respective chambers to address the issue of poverty wages in nursing homes. Their bills would: (1) create a Living Wage Certification program for nursing facilities that provide base hourly wages of \$15 per hour and public information on the minimum wage rates they pay; and (2) ensure that nursing homes pay a penalty for any income-based, state-funded public assistance their employees receive. The penalty would be based on the costs incurred by the state for providing these benefits to their employees.

"Raising starting wages for nursing home workers to \$15 per hour will end the taxpayer-funded subsidy of nursing home operators, lift caregiving staff out of poverty, and improve care for residents," Sen. Leach said.

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