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Werschkul/Hlebain: Boost in caregivers' pay would spark economy

By Misha Werschkul and David Hlebain

For The Spokesman-Review



Home care workers – caregivers who help seniors and people with disabilities in their homes – do essential work. They help tens of thousands of people in Washington state with activities such as dressing, eating, and getting to appointments, and the need for people who do this type of work is increasing. Eastern Washington is home to more than 8,000 state-compensated individual provider home care workers.

Yet the people who perform this crucial work do not receive adequate wages to take care of themselves and their families. With a field of work that tends to be part-time, a typical individual provider home care worker makes \$10,540 a year – far from sufficient to cover the cost of basic needs. It's time for this to change.

Legislators are weighing whether to raise the base wage for home care workers to \$15 per hour. The House of Representatives last week proposed to include this wage increase in their budget, which is a smart recommendation that should make it into the final budget. This increase would benefit both home care workers and the seniors and people with disabilities they support. This pay bump would also strengthen our state economy, and provide a needed boost for rural areas.

At the Washington State Budget & Policy Center, we recently studied the economic impact of raising wages for all home care workers who are compensated through the state-funded Medicaid program. Our analysis found that every dollar the state spends on increasing the home care worker hourly

base wage to \$15 yields a \$4 economic stimulus to local economies. Most investors would jump at the chance for a 400 percent return on an investment.

How is this sort of stimulus possible? Current home care wages do not come close to covering the cost of meeting basic needs. Therefore, if caregivers receive increased wages – which are half paid by the federal government through Medicaid – they're likely to spend them on essential expenses, such as housing, transportation and groceries. This increase in local spending becomes additional income for area businesses – including business owners and employees – which, in turn, leads to additional spending.

Rural counties would see the biggest boost. The eight counties with the highest proportion of home care workers are east of the Cascades or on the Olympic Peninsula, with an average population of 43,000. Raising wages for home care workers would strengthen the economies of all these rural communities.

Adams County, for example, is home to nearly 100 caregivers who make less than \$15 per hour. One caregiver we interviewed for our research, Agustina, commutes 90 miles every day from her house in Lind to provide care for her clients. Although the cost of living in Adams County is lower than other areas of the state, the average caregiver pay of \$1,000 per month is still not enough. Agustina has struggled to make ends meet.

A wage increase would lessen Agustina's anxiety about her finances. She'd use the money to pay for gas for her vehicle and to replace the drafty windows in her old home.

If all Adams County home care workers received a pay increase to \$15 per hour, an extra \$228,000 would enter the county's economy – and give those 100 caregivers some semblance of financial security.

Agustina's stark financial reality resembles the challenges thousands of other Washington home care workers face. Spokane County is more than 20 times as populous as Adams County, with more than 2,200 caregivers making less than \$15 per hour. If Spokane County's home care workers received an increase to \$15 per hour, it would provide an influx of more than \$4.8 million dollars into the county's economy, along with all the private sector jobs that spending would create.

Raising wages for Washington's home care workers will help lift caregivers out of poverty – and it's a solid investment in the state's seniors and people with disabilities. But beyond the human impact, a wage bump would also provide a meaningful economic boost to economies across eastern Washington and throughout the state. Legislators would be wise to act this year to raise wages.

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