



IOWA CareGivers

MARCH 2024

DIRECT CARE *Worker*

WAGE ISSUE BRIEF

DIRECT CARE WORKER WAGES
ARE NOT LIVING WAGES
FOR JOBS THAT SAVE
IOWANS' LIVES.

DIRECT CARE WORKERS PROVIDE ESSENTIAL CARE AND SUPPORTIVE SERVICES TO IOWANS OF ALL AGES AND ABILITIES.

NUMBER OF DIRECT CARE WORKER – JOB OPENINGS – PROJECTED GROWTH

There are believed to be over 45,000 Direct Care Workers in Iowa^{1,2} but those are conservative estimates due to a lack of infrastructure such as a central certification entity or registry that houses the names, demographics, and training of DCWs across the spectrum. Job openings for Direct Care Workers in Iowa as of 2/7/24 were (IowaWorks.gov):

- 671 Nursing Assistants
- 141 Home Health Aides
- 108 Personal Care Aides
- In 2020 there were:
 - 22,880 individuals working as Certified Nursing Assistants in Iowa. That number is expected to climb to 25,725 by 2030.
 - 23,885 individuals working as Home Health Aides and Personal Care Aides in Iowa. That number is expected to climb to 31,585 by 2030.

A United Way 2023 Asset-Limited, Income-Constrained, Employed (ALICE) Report³ Reveals,

"OF THE 20 MOST COMMON OCCUPATIONS IN IOWA IN 2021, 70% PAID LESS THAN \$20 PER HOUR." MANY DIRECT CARE WORKERS ARE EMPLOYED IN THOSE OCCUPATIONS

| Year | Entry-level Wage | Mean Hourly Wage | Median Hourly Wage | Experienced Hourly Wage |
|--|------------------|------------------|--------------------|-------------------------|
| Nursing Assistants | | | | |
| 2021 | \$13.01 | \$15.13 | \$14.62 | \$16.19 |
| 2022 | \$13.61 | \$15.60 | \$14.42 | \$16.59 |
| Home Health Aides & Personal Care Aides | | | | |
| 2021 | \$11.02 | \$13.68 | \$13.23 | \$15.01 |
| 2022 | \$11.45 | \$14.23 | \$13.89 | \$15.62 |

Source: Iowa Wage Report, Iowa Workforce Development - Labor Market Information
https://www.bls.gov/oes/current/oes_ia.htm (This is employer reported data)

UNIQUE DIRECT CARE WORKER WAGE AND BENEFIT SURVEY PROVIDES VALUABLE COMPARISON DATA

In 2019 The Iowa CareGivers partnered with Iowa Workforce Development to conduct a Direct Care Worker Wage and Benefit Survey. The survey methodology was a departure from the Department's usual process in which wage data is collected from Iowa employers. Instead, for the first time, they surveyed those working in direct care. The findings complement the employer survey by providing the unique perspectives of workers with lived experience. It captured their need for and utilization of various worker supports such as childcare assistance, Supplemental Nutrition Assistance Program (SNAP), and the Children's Health Insurance Program (HAWK-I). The 2019 survey yielded the following results and the wage data can be compared to the 2021 and 2022 data in the previous table:⁴

| Occupational Title | 2019 Median Hourly Wage |
|-----------------------------|-------------------------|
| Certified Nursing Assistant | \$13.80 |
| Home Health Aide | \$15.63 |
| Personal Care Aide | \$13.34 |
| All Occupations | \$18.79 |

- 56% of Direct Care Workers in Iowa had been employed in direct care for six years or more, including just over 16% who had been a Direct Care Worker for more than 20 years.
- 28% held more than one job. It is unknown whether additional jobs were in direct care.
- 78% who were looking for work outside direct care were doing so to get better wages.
- Nearly 10% plan to retire in the next five years. Of those who planned to retire in the next five years:
 - o 59% said they would consider staying in direct care if wages were increased.
 - o 31% said they would consider staying in direct care if there was more flexibility.
 - o 47% said they would consider staying in direct care if the physical demands of the job could be reduced.
 - o 22% said they would never return to direct care work.
- Of those no longer working in direct care:
 - o 59% said they would consider returning to direct care if pay were increased.

NURSING HOME STAFF TURNOVER RATE AND COST

Nursing homes are required to submit cost reports to the Iowa Department of Human Services (HHS). The reports include the annual turnover rates of Direct Care Workers and other staff. HHS is then required to prepare and submit an annual staff turnover report to the Iowa Legislature based on the cost report data. The 2023 report is based on 2022 calendar year nursing home cost report data.⁶ According to LeadingAge the cost of staff turnover can include exit interviews, the use of temporary staff, and training. While every organization is different, they estimate the cost of replacing any employee to be 25% of their salary.⁷

Using their “rule of thumb,” a Certified Nursing Assistant earning a median hourly wage of \$14.42, working full-time (2,080 hours per year) would earn \$29,994. The 25% replacement cost for that one individual would be \$7,498. In 2022 there were 22,880 CNAs working in Iowa and the annual turnover rate was 72% (16,473). In this scenario, the total turnover cost of CNAs in Iowa’s nursing homes would be over \$123M.

| Job Title | 2023 Turnover report (based on 2022 calendar year nursing home cost report data) | 2022 Turnover report (based on 2021 calendar year nursing home cost report data) |
|-----------------------------------|--|--|
| Certified Nursing Assistant (CNA) | 72% | 74% |
| Other Direct Care | 120% | 70% |
| Registered Nurse (RN) | 52% | 56% |
| Administrator | 43% | 47% |



Promising State Workforce Initiatives

The state has invested \$15M in Registered Apprenticeships for high demand health care worker occupations that include Certified Nursing Assistants, Home Health Aides, Direct Support Professionals, licensed nurses and others. The initiative includes a high school registered apprenticeship program which may be a good way to introduce and attract young people to the health and disability service professions.

Governor Reynold’s Emergency Education Relief Fund (GEER)⁸ provided free training for Certified Nursing Assistant at some community colleges with no income eligibility requirements and helped to fast-track training for these high demand occupations. GEER funding needs to continue for all community colleges to provide more up-front Certified Nursing Assistant and other Direct Care Worker training to fill the many job vacancies that exist and to ensure Iowans receive the good care and support they need. Multi-year funding is needed to allow time to measure student success and establish needed quality assurance measures.

BUT...IOWA NEEDS TO DO MUCH MORE. RECRUITING AND TRAINING ARE EXTREMELY IMPORTANT, BUT A MAJOR INVESTMENT IN RETENTION MUST ALSO BE MADE TO ENSURE A STABLE AND WELL-PREPARED DIRECT CARE WORKFORCE.

Summary

The demand for Direct Care Workers in Iowa is high with no lessening of the need in sight. The needs of many older Iowans, people with disabilities, and children with special needs are not getting the care and supportive services they need. The shortage of a qualified direct care workforce has been a long-term challenge and has grown more dire due to low wages that don’t keep up with inflation and cost of living, the increasing use of temporary staffing agencies, and trends such as traveling Certified Nursing Assistants, licensed nurses, and other health care workers receiving wages that make it difficult for employers to compete.

Recommendations TO CONSIDER

- 1) Fund Iowa Workforce Development to repeat the 2019 Direct Care Worker Wage and Benefit survey and compare to previous survey results.
- 2) Fund Iowa Workforce Development and the University of Iowa to conduct extensive analysis on Direct Care Worker wage data that would include the impact of variables such as the COVID-19 pandemic, inflation, increasing use and cost of temporary agency staff, the trend of traveling Certified Nursing Assistants and other Direct Care Workers, high numbers of veteran Certified Nursing Assistants/Direct Care Workers leaving the field and being replaced with new Direct Care Workers at lower hourly wages, possibly contributing to the stagnation of wages since 2019, and additional analysis through a rural/urban lens. The wage data analysis will inform stakeholders and elected officials on policies and practices needed to bring stability to the workforce.
- 3) Invest in well-established programs and services proven to be effective in retaining the entirety of the direct care workforce.

Focus on Good Wages

INCREASE WAGES FOR DIRECT CARE WORKERS

- 1) Increase Medicaid reimbursement rates for all providers that employ Direct Care Workers so they can pay higher wages and ensure the additional funding goes toward Direct Care Worker wages.
- 2) Ensure people with disabilities who utilize waivers and employ their own caregivers are paid a Medicaid rate high enough to recruit and retain caregivers so they can remain in their own homes and communities.



Conclusion

Direct Care Workers enable lowans to survive and thrive across generations. It is a field that is valuable and demanding and requires specialized skills where workers are routinely making highly consequential decisions about and with care recipients. They are the lifeline to lowans' ability to access quality care and support and vital to both rural and urban communities and economies.

Iowa lawmakers must summon the will to address these relentless direct care workforce issues through common sense policies and practices.

Sources:

- 1 PHI National, Direct Care Workforce State Index, Iowa, 2023 <https://www.phinational.org/state/iowa/>
- 2 Issue Brief #1: Defining Iowa's Direct Care Workforce Iowa CareGivers, 2022, <https://www.iowacaregivers.org/s/Brief-1-Defining-DC-Workforce-PRINTED-FINAL-6444.pdf>
- 3 Asset-Limited, Income-Constrained, Employed (ALICE) Report, United Way, 2023, <https://www.uwiowa.org/united-way-alice-report-iowa>
- 4 Direct Care Workers of Iowa 2019 Wage and Benefit Survey, Iowa Workforce Development and Iowa CareGivers, June 2019, Direct Care Workers of Iowa 2019 Wage and Benefit Survey, <https://www.iowacaregivers.org/s/Wage-and-Benefit-Survey-Executive-Summary-DIGITAL-rdz6.pdf>
- 5 Iowa Wage Report, Iowa Workforce Development - Labor Market Information- https://www.bls.gov/oes/current/oes_ia.htm
- 6 Iowa Department of Human Services 2023 Direct Care Worker in Nursing Facilities Turnover Report, <https://hhs.iowa.gov/media/9841/download?inline>
- 7 LeadingAge, Workforce Cost Calculator, 2023, <https://leadingage.org/workforce-cost-calculator/>
- 8 Governor's Emergency Education Recovery (GEER) Program, <https://oese.ed.gov/offices/education-stabilization-fund/governors-emergency-education-relief-fund/>

Other Resources: O*NET OnLine is sponsored by the U.S. Department of Labor, Employment & Training Administration, and developed by the National Center for O*NET Development. Employment & Training Administration and developed by the National Center for O*NET Development.

31-1121.00 – Home Health Aides -- <https://www.onetonline.org/link/summary/31-1121.00?redir=31-1011.00>

31-1122.00 – Personal Care Aides -- <https://www.onetonline.org/link/summary/31-1122.00>

31-1131.00 – Nursing Assistants -- <https://www.onetonline.org/link/summary/31-1131.00>

31-1133 – Psychiatric Aides -- <https://www.onetonline.org/link/summary/31-1133.00>

31-1132 – Orderlies -- <https://www.onetonline.org/link/summary/31-1132.00>

Bipartisan Policy Center 2023 Direct Care Workforce Report

<https://bipartisanpolicy.org/wp-content/uploads/2023/11/BPC-Direct-Care-Workforce-Report-Final.pdf>