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**U.S. House of Representatives  
Committee on Education & the Workforce  
Subcommittee on Workforce Protections  
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Chairman Wahlberg, Ranking Member Courtney, and Members of the Subcommittee,

Thank you for the opportunity to testify today in support of the new rule to extend minimum wage and overtime protection to home care workers nationwide. My name is Karen Kulp. I am President and CEO of Home Care Associates based in Philadelphia. Our company celebrated our 20th anniversary this year. HCA employees 206 home care workers 90% of whom work full time. Our company cares for about 250 consumers each day. About 90% our revenue is from Medicaid, about 70% of our consumers are people with disabilities under age 65.

As the CEO of a small home care agency, I believe implementation of minimum wage and overtime protections for home care workers is essential for quality home care. First, as a nation, we must improve working conditions for home care workers in order to meet our nation's increasing home care needs and avoid a caregiving crisis. The new rule is an important step in improving conditions and stabilizing this workforce. Home care workers provide the vital care that allows older adults and persons with disabilities needing care to remain in their own homes. An estimated 27 million

Americans will depend on our system of long-term services and supports by 2050.

Many working Americans rely on home care workers' assistance in order to continue pursuing our careers and supporting our own families.

### **The Workforce:**

Almost ninety percent of home care workers are women, and because of poverty-level wages and few benefits, nearly half have to rely on public assistance such as Medicaid and food stamps to make ends meet.<sup>i</sup> Inadequate compensation makes recruitment for these positions difficult and contributes to high rates of turnover, undermining quality of care and jeopardizing access to needed services in the face of growing demand.<sup>ii</sup> Meanwhile, growing demand has made home care one of the top five fastest-growing jobs in the country. Reports show that the direct-care workforce is projected to be the nation's largest occupational grouping by 2020 – that's less than seven years away.<sup>iii</sup> The urgency is real.

Home care is skilled work. It is hard, messy and often physical work. Home care workers assist elders and people with disabilities with personal care needs like dressing, bathing, going to the bathroom, eating, and mobility – services which are far more crucial and require far more skill than providing simple companionship.

The new rule recognizes the professionalization of this workforce and the skills these jobs now require and that employers and customers demand. After many decades of discussion and deliberation, the rule will, at long last, give home care workers the same rights as other American workers. It is an important first step toward ensuring that the American people get what they need and want – a stable competent workforce

to allow elders and people living with disabilities to remain at home and to live independently and with dignity.

**The Industry:**

The home care industry, made up of over 80,000 agencies and franchises, is no longer a cottage industry made up of small mom-and-pop agencies. It is increasingly dominated by large national franchise chains. Though state budgets have tightened since 2008, home care industry revenues have continued to show solid growth. Revenue for the home care industry grew at an average rate of 8 percent per year from 2001 to 2011. In 2011, the combined revenues of the two key industries providing home care and personal assistance totaled nearly \$93 billion!<sup>iv</sup>

Since Pennsylvania is one of 15 states that already mandates minimum-wage and overtime protections for home-care workers, I know firsthand that a successful home-care business can pay workers above minimum wage and comply with overtime protections and be profitable. I am keenly aware of the costs involved in running a successful home care business. In our business, rising worker compensation costs, higher gas prices and reimbursement rates that have not kept up with the cost of living are a far greater threat to profitability than paying minimum wage and overtime. HCA is proof that this thriving industry can afford to pay home care workers minimum wage and overtime. It's a matter of simple fairness.

In Michigan, where minimum wage and overtime protections have been offered to home care aides since 2006, the home care sector has grown at a faster rate since

extending these protections than in the same time period before. An analysis of the number of home care establishments within Michigan shows the dramatic growth of the industry following the state's implementation of the new minimum wage and overtime rules. In fact, growth in Michigan's home care business establishments was actually higher in the period after implementing wage and hour protections than before -41 percent compared to 32 percent. <sup>v</sup> Furthermore, because 15 states, like Michigan and my state of Pennsylvania, already offer minimum wage and overtime compensation to home care workers, we know that the rule can be implemented without disruption to care.<sup>vi</sup> Paying overtime can improve the quality of care for the consumer and the quality of the job for the worker.

If an employer is not required to pay overtime, there is no incentive to give a home care worker a schedule that allows for time off. Working 60 to 80 hours per week is not a good practice for the consumer or the aide. The stress of working that many hours can affect the health of the worker leading to injuries, which the company ultimately pays for in increased worker's compensation costs and high turnover which means more costs for training and recruitment. It is also not a smart practice to have only one person who is able to take care of a consumer. Suppose that person gets sick or has an emergency? Does that mean that the consumer goes without care that day?

At HCA about 14% of our consumers receive over 50 hours of care per week, and 10% receive over 60 hours a week. Before starting these cases we identifying two or three aides with whom the consumer is comfortable. That way we can assure that the

consumer always has coverage by someone she knows. In the event of an emergency by one worker, the consumer always will be covered.

Excessive overtime is not good for the consumer either. An aide who is tired and stressed can make mistakes and jeopardize the well-being of the consumer. Recently at HCA, we embarked on a new line of business. We have hired home care workers who, prior to being employed by our company, worked directly for the consumer. In order to participate, consumers and their attendants agreed that each attendant could work only a maximum of 45 hours. Consumers and aides are overwhelmingly positive about the program. Workers feel more supported and consumers are happy to have aides who are fresher and able to be more attentive to their needs.

Like Home Care Associates, many of the country's largest home care employers already pay minimum wage and overtime. Furthermore, nationwide, the incidence of overtime in this workforce is very low, with less than 10 percent of home care workers reporting working any overtime.<sup>vii viii</sup>

### **The Cost:**

The Department of Labor estimates an average annual cost of \$321.8 million of implementing the rule, mostly due to payment of overtime costs.<sup>ix</sup> I'd like to make three points about this figure. First, it is manageable. It is a small fraction of the industry's \$93 billion in annual revenue. Furthermore, as I noted above, overtime can be managed. Finally, let's remember that this modest cost is hardly money down the drain, it's a sorely needed investment of the hardworking women and men of the home care workforce who are caring for our elders and individuals with disabilities.

Many of the arguments being made by those who oppose the revised companionship rule are not based on the facts. For example, opponents claim that the revised rule will result in increased institutionalization. But evidence from the 15 states that already provide minimum wage and overtime protections to their workers solidly demonstrates that there is no correlation between guaranteed wage and hour protections for home care workers and rates of institutionalization.<sup>x</sup> In fact, strengthening the home care workforce is crucial to keeping individuals out of nursing homes. An underpaid, unsupported workforce cannot provide the quality services we need in millions of homes all across our nation.

It takes a special kind of person to do this work day in and out. Workers stay on the job when their work is respected and adequately rewarded. At Home Care Associates, we have a workforce whose average length of employment is nearly three years in an industry in which three-quarters of the workers have been employed less than 12 months. This employment continuity improves the quality of care we provide by allowing aides to develop long-lasting relationships with clients and helps our bottom line by sparing us the costs of recruiting and training new workers.

Extending minimum wage and overtime protection to home care workers today helps meet the underlying policy goals of the Fair Labor Standards Act: improving job quality for low wage workers, promoting greater employment opportunities across the labor force, and stabilizing our nation's economy.

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<sup>i</sup> PHI State Data Center. <http://www.phinational.org/policy/states>

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ii Caring in America: A Comprehensive Analysis of the Nation’s Fastest-Growing Jobs – Home Health and Personal Care Aides, Section 9,

<http://phinational.org/sites/phinational.org/files/clearinghouse/caringinamerica-20111212.pdf>

iii Ibid, Section 2

iv Value the Care #5: Growing Home Care Industry Can Afford Basic Labor Protections for Workers.

<http://phinational.org/sites/phinational.org/files/phi-value-the-care-05.pdf>

v Data Brief: MI Home Care Industry Before and After Extending Labor Protections to Home Care Workers. <http://phinational.org/sites/phinational.org/files/michigan-labor-protections-and-home-care-industry.pdf>

vi Value the Care #8: Extending FLSA to Home Care Aides: Impact on Medicaid-funded Long-Term Services and Supports. <http://phinational.org/sites/phinational.org/files/phi-value-the-care-08.pdf>

vii Value the Care #6: Home Care Jobs: The Straight Facts on Hours Worked.

<http://phinational.org/sites/phinational.org/files/policy/wp-content/uploads/phi-value-the-care-06.pdf>

viii Value the Care #7: High Hour Consumers in the California IHSS Program: Impact of Compensating Overtime Hours. [http://phinational.org/sites/phinational.org/files/phi-value-the-care-07\\_0.pdf](http://phinational.org/sites/phinational.org/files/phi-value-the-care-07_0.pdf)

ix U.S. Department of Labor, Final Rule: “Application of the Fair Labor Standards Act to Domestic Service,” <http://webapps.dol.gov/FederalRegister/PdfDisplay.aspx?DocId=27104>

x Data Brief: Institutionalization Rates in States that Extend Minimum Wage and Overtime Protection to Home Care Workers. <http://phinational.org/sites/phinational.org/files/research-report/institutionalization-data-brief.pdf>