

DIRECT CARE WORKFORCE EXPERIENCED LIMITED WAGE IMPROVEMENTS DESPITE STATE POLICY EFFORTS

KEY TAKEAWAYS

- Many states that implemented policies to improve the wages of direct care workers including home health, personal care aides and nursing assistants, reduced the wage gap between these workers' wages and the wages of other entry-level workers; most states that did not implement such policies did not see similar wage gap reductions.
- Despite state efforts direct care workforce wages are not in line with those of other entry-level workers like customer service and retail workers.

Home Health and Personal Care Aides

- Fifteen states implemented wage pass-through policies for home health and personal care aides between 2010 and 2018. The gap in wages between these workers and other entry-level workers decreased in ten of those states and increased in five states between 2009 and 2019.
- The two states that increased the wage floor for home health and personal care aides saw a reduction in the wage gap with other entry-level workers, but substantial gaps remained.
- States that did not implement policies aimed at increasing wages for home health and personal care aides saw almost no change in the gap between wages of these workers and other entry-level workers between 2009 and 2019.

Nursing Assistants

- In nine of the ten states that implemented wage pass-through policies for nursing assistants, the wage gap with other entry-level workers decreased by \$0.60 on average.
- In 40 states that did not implement any policies aimed at improving nursing assistant wages, the wage gap between nursing assistants and other entry-level workers decreased by \$0.31.

BACKGROUND

Direct care workers (DCWs) such as nursing assistants, home health aides, and personal care assistants play an essential role in the health and well-being of over 20 million Americans who receive long-term services and supports (LTSS) in their home, in nursing homes, in assisted living facilities, and in other settings. In 2020, 2.4 million DCWs provided care in people's homes, 675,000 provided care in residential care settings, such as group homes and assisted living, and 527,000 provided care in nursing homes (Campbell et al., 2021). These workers assist older adults and people with disabilities due to physical, cognitive, developmental, and behavioral conditions in completing self-care and other daily tasks. Their efforts require considerable technical and interpersonal skills, but these essential workers receive low pay, rarely receive benefits, and experience high injury rates (IOM, 2008; Weller et al., 2020). They typically work inconsistent or part-time hours for multiple employers (Scales, 2021). DCWs are predominately female (86%) and persons of color (59%) and many of them are immigrants (26%); thus, gender and racial equity are central concerns among this workforce (Campbell et al., 2021).

The COVID-19 pandemic has highlighted the essential contributions of DCWs and has exacerbated persistent challenges: low pay, high turnover, and a high demand for home care services amidst a shrinking pool of workers. As the United States population ages and people live longer with disabilities and chronic conditions, the direct care workforce has grown rapidly from 3 million to 4.6 million between 2009 and 2019 (Campbell et al., 2021). Furthermore, the sector is projected to add more new jobs than any other occupation in the United States between 2019 and 2029 (PHI, 2021).

Despite the rising demand for services, DCWs continue to earn poverty-level low wages. Almost one-half of the direct care workforce (45%) live below 200% of the federal poverty level, and about one-half (47%) rely on public assistance (Scales, 2021). In 2020, national median pay was \$13.02 per hour, or \$27,080 per year, for home health and personal care aides; and \$14.82 per hour, or \$30,830 per year, for nursing assistants (BLS, 2021a, 2021b). Although states have used a variety of methods to meet the growing demand for and to retain DCWs, limited investment in workers' wages across settings remains a major contributor to workforce shortages, high turnover, and poor quality of care (PHI, 2015; Gandhi et al., 2021; Ruffini, 2020).

Wages for DCWs lag behind those for workers with similar entry-level requirements--such as janitors, retail salespersons, and customer service representatives (Khavjou et al., 2023). This exacerbates the challenges in recruitment and retention of DCWs (PHI, 2020; Ong et al., 2002; PHI & IFSA, 2002). Many DCWs are lost to other sectors that offer similar wages but more flexible schedules, more hours, and other employment benefits (Campbell et al., 2021). Some states have tried to address these issues by implementing policies aimed at improving DCW wages. For example, states have used wage pass-through policies, which allocate increases in state Medicaid funds directly toward DCW compensation. These policies have targeted the wages of home health aides, personal care aides, and nursing assistants. Some studies have found that wage pass-through policies have only minor impacts (Yearby et al., 2020), whereas others show that they can have the intended effect of more substantially increasing DCW wages (Baughman & Smith, 2010).

States have also implemented wage floor policies that dictate the minimum allowable starting wage for DCWs. These policies have primarily targeted the wages of home health and personal care aides. Increasing wages for DCWs after completion of various certifications or training programs has also been tried in a few states. Finally, South Dakota has used one-time wage enhancements to improve the wages of all types of DCWs and Minnesota has used their nursing facility value-based reimbursement system to improve wages (and other aspects of staffing) for nursing assistants.

This brief presents results of a descriptive analysis assessing the relationship between state-level policies implemented between 2010 and 2018 to improve DCW compensation and the wages of these workers. The types of policies included in this analysis were: (1) wage pass-throughs; (2) wage floor (i.e., minimum wage) increases for DCWs; (3) raises tied to workforce development and training; (4) one-time wage enhancements; and (5) value-based reimbursement. We examined changes in state-level DCW wages and the wage gaps between wages of workers in other entry-level jobs and DCWs between 2009 and 2019.

DATA AND METHODS

We obtained state-level wage data from the Bureau of Labor Statistics (BLS) Occupational Employment and Wage Statistics (OEWS) program. OEWS provides employment and wage estimates annually for about 800 occupations, available for the nation and individual states, where occupational categories are defined by the Standard Occupational Classification (SOC) system. BLS data are collected using a semiannual survey for wage and salary workers in nonfarm establishments. We used OEWS data to obtain hourly median wages for home health and personal care aides and nursing assistants for reference periods of May 2009 and May 2019. OEWS

estimates for a given reference period are based on a survey of six semiannual panels for three consecutive years.

We also obtained hourly median wages for these periods from BLS for other entry-level jobs as defined by the Occupational Information Network (O*NET) OnLine, a tool sponsored by the U.S. Department of Labor. O*NET OnLine provides detailed occupational information and groups occupations into five categories based on levels of education, experience, and training necessary to perform the occupation. Following an analysis conducted by PHI (PHI, 2020), we defined other entry-level jobs as jobs included in job zone 1 (little or no preparation needed) and job zone 2 (some preparation needed). The O*NET OnLine categorizes home health and personal care aides as job zone 2 (some preparation needed) and nursing assistants as job zone 3 (medium preparation needed), thus the wages of DCWs should be comparable with wages of other entry-level workers because they require more education, experience, and training.

We separately analyzed wages in each state for two categories of DCWs--(1) home health and personal care aides, and (2) nursing assistants--and compared their wages with wages of other entry-level jobs. In 2009, wages for home health aides and personal care aides were reported separately by BLS. We calculated an average of median wages for these two occupations, weighted by the number of employed individuals in each occupation. We identified other entry-level jobs using SOC codes from the O*NET OnLine tool and also calculated a weighted average of median wages for those jobs for each year and each state. For each year and state, we calculated the wage gap by subtracting the wage of DCWs from the wage of other entry-level workers. A positive wage gap indicates that other entry-level workers had higher wages than DCWs; a negative wage gap indicates that other entry-level workers had lower wages than DCWs. We used the Consumer Price Index (CPI) for All Urban Consumers (Current Series, not seasonally adjusted) to adjust 2009 wages for inflation to 2019 dollars.

We conducted a descriptive analysis to assess the relationship between policy implementation and change in the wage gap between DCWs and other entry-level workers from 2009 to 2019. A positive change in the wage gap indicates an increase in the wage gap (i.e., an unfavorable result). A negative change in the wage gap indicates a decrease in the wage gap (i.e., a favorable result). Information about state policies and programs to improve DCW compensation and implemented in each state between 2010 and 2018 was obtained from an environmental scan. The types of policies that were identified included:

- Wage pass-throughs (WPTs).
- Wage floor increases for DCWs.
- Raises tied to workforce development and training.
- One-time wage enhancements.
- Value-based reimbursement.

FINDINGS

Home Health and Personal Care Aides

Fifteen states implemented **wage pass-through policies** between 2010 and 2018 to improve compensation of home health and personal care aides; two of those states implemented these policies in multiple years. As shown in **Table 1**, averaged across all states implementing these policies, the median hourly wages in 2009 (adjusted for inflation to 2019\$) were \$11.98 for home health and personal care aides, and \$15.52 for other entry-level workers with a wage gap of \$3.54 per hour (where a positive value indicates that home health and personal care aides had lower wages than other entry-level workers). By 2019, the average median wages increased to \$12.49 per hour for home health and personal care aides and to \$15.74 for workers in other entry-level jobs; and the wage gap decreased by \$0.29 to \$3.25 per hour (**Figure 1**).



In five of the 15 states that implemented wage pass-through policies, the wage gap between home health and personal care aides and other entry-level workers increased between 2009 and 2019; the largest increase was \$0.81 per hour in Arizona. The largest reduction in the wage gap (\$1.67) was observed in the District of Columbia (DC). Even with this large reduction, the wage gap in DC remained the second highest, at \$3.89 per hour.

Two states implemented policies to *increase the wage floor* for home health and personal care aides. In both states, the wage gap between home health and personal care aides and other entry-level workers decreased from 2009 to 2019, with an average reduction of \$0.43 per hour. But in 2019, the wage gap remained at \$2.28 in Massachusetts and \$3.53 in New York.

Table 1: Median Wages of Home Health and Personal Care Aides and Workers in Other Entry-Level Jobs by Compensation Policy and State, 2009 and 2019 (Adjusted to 2019\$)

Policy by State	Policy Implementation Year	Median Wages in 2009			Median Wages in 2019			Change in Wage Gap from 2009 to 2019	
		Home Health and Personal Care Aides	Other Entry-Level Jobs	Wage Gap (other entry-level jobs--home health and personal care aides)	Home Health and Personal Care Aides	Other Entry-Level Jobs	Wage Gap (other entry-level jobs--home health and personal care aides)		
Wage Pass-Through									
Arizona	2017	12.46	14.63	2.17	12.02	15.00	2.98	0.81	⬆️
California	2016	12.14	15.80	3.66	12.58	16.42	3.84	0.18	⬆️
Colorado	2018	12.02	15.61	3.59	12.54	15.88	3.34	-0.25	⬆️
District of Columbia	2014	12.79	18.34	5.56	14.66	18.55	3.89	-1.67	⬆️
Indiana	2017	11.56	14.90	3.34	11.31	14.41	3.10	-0.25	⬆️
Maine	2015, 2018	12.02	15.01	2.99	12.66	15.30	2.64	-0.35	⬆️
Maryland	2016	13.12	15.84	2.72	12.87	15.41	2.54	-0.18	⬆️
Michigan	2017	11.27	15.25	3.99	11.58	14.83	3.25	-0.74	⬆️
Montana	2017	11.72	14.02	2.30	12.12	14.73	2.61	0.32	⬆️
New York	2016	12.57	16.39	3.82	13.42	16.95	3.53	-0.29	⬆️
Oregon	2015	12.04	15.78	3.74	13.47	16.25	2.78	-0.95	⬆️
Texas	2014, 2015, 2016	9.38	14.02	4.64	9.68	14.44	4.76	0.12	⬆️
Utah	2015	11.67	14.56	2.89	12.22	14.63	2.41	-0.48	⬆️
Washington	2017	12.95	17.17	4.22	14.41	17.92	3.51	-0.71	⬆️
Wisconsin	2017	11.98	15.47	3.48	11.80	15.39	3.59	0.11	⬆️
Average		11.98	15.52	3.54	12.49	15.74	3.25	-0.29	⬆️
Increases in Wage Floor									
Massachusetts	2015	14.14	16.98	2.84	15.01	17.29	2.28	-0.56	⬆️
New York	2018	12.57	16.39	3.82	13.42	16.95	3.53	-0.29	⬆️
Average		13.36	16.69	3.33	14.22	17.12	2.90	-0.43	⬆️
Wage Increases Tied to Workforce Development									
Ohio	2017	11.25	14.85	3.60	11.08	14.60	3.52	-0.08	⬆️
Oregon	2018	12.04	15.78	3.74	13.47	16.25	2.78	-0.95	⬆️
Tennessee	2018	10.88	14.13	3.25	10.45	13.93	3.48	0.23	⬆️
Average		11.39	14.92	3.53	11.67	14.93	3.26	-0.27	⬆️

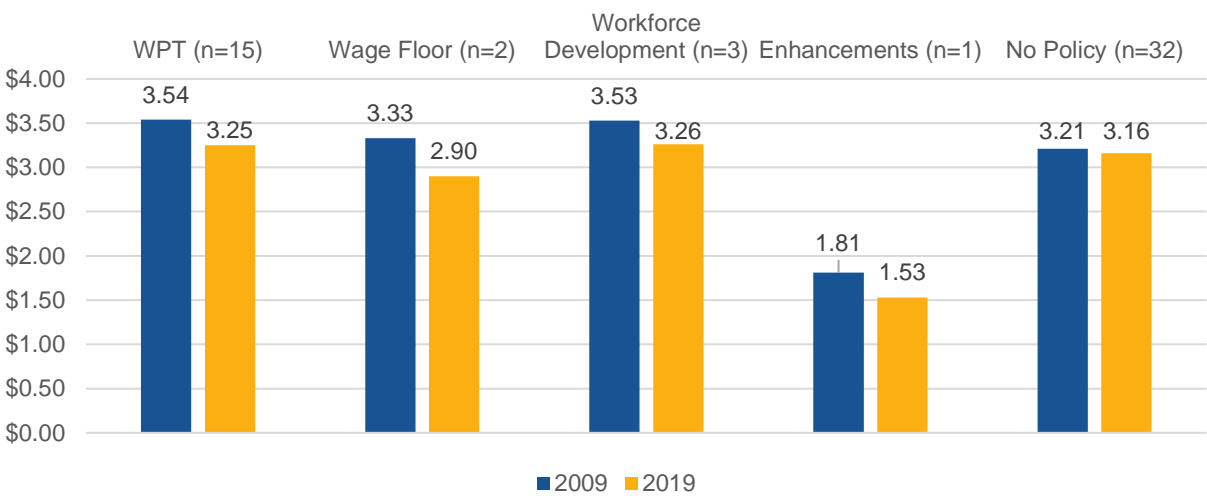
Table 1 (continued)

Policy by State	Policy Implementation Year	Median Wages in 2009			Median Wages in 2019			Change in Wage Gap from 2009 to 2019
		Home Health and Personal Care Aides	Other Entry-Level Jobs	Wage Gap (other entry-level jobs--home health and personal care aides)	Home Health and Personal Care Aides	Other Entry-Level Jobs	Wage Gap (other entry-level jobs--home health and personal care aides)	
Wage Enhancements								
South Dakota	2015, 2018	11.44	13.25	1.81	12.49	14.02	1.53	-0.28
<p>NOTES: State-level median wages were obtained from the OEWS program for reference periods of May 2009 and May 2019. Wages for 2009 were adjusted for inflation to 2019 dollars using the CPI for All Urban Consumers (current series, not seasonally adjusted). Analysis was restricted to policies implemented between 2010 and 2018. A positive value in the “Wage Gap” columns indicates that wages in a given year and state were lower for home health and personal care aides than for other entry-level workers.</p> <p>  This symbol, or a positive value in the last column, indicate that the wage gap between home health and personal care aides and other entry-level workers increased between 2009 and 2019 (an unfavorable result). </p> <p>  This symbol, or a negative value in the last column, indicate that the wage gap decreased (a favorable result). </p>								

Three states implemented **wage increases for home health and personal care aides tied to workforce development and training**. Between 2009 and 2019, the wage gap between home health and personal care aides and workers in other entry-level jobs decreased by \$0.08 per hour in Ohio and by \$0.95 in Oregon. However, it increased by \$0.23 in Tennessee. The average gap in these three states was \$3.26 in 2019.

One-time DCW wage enhancements were implemented in South Dakota twice (in 2015 and 2018). The wage gap in this state decreased by \$0.28 per hour between 2009 and 2019, shrinking to \$1.53 by 2019.

Figure 1. Wage Gap between Home Health and Personal Care Aides and Other Entry-level Workers, 2009 and 2019, by Policy Type (Adjusted to 2019\$)



NOTES: State-level median wages were obtained from the OEWS program for reference periods of May 2009 and May 2019. Wages for 2009 were adjusted for inflation to 2019 dollars using the CPI for All Urban Consumers (current series, not seasonally adjusted). The wage gap represents the difference in median wages of home health and personal care aides and other entry-level workers. A positive value indicates that the median wages of home health and personal care aides were lower than the median wages of workers in other entry-level jobs. Analysis is restricted to policies implemented between 2010 and 2018. The number in parentheses for each policy indicates the number of states that implemented the policy during this time period.

As shown in **Figure 1**, in 32 states that did not implement any of the policies examined here, the wage gap between home health and personal care aides and other entry-level workers decreased by only \$0.05, from \$3.21 in 2009 to \$3.16 in 2019.

Nursing Assistants

Wage pass-through policies aimed at improving compensation of nursing assistants were implemented in eight states between 2010 and 2018, with two states implementing these policies twice. As shown in **Table 2**, averaged across the states implementing these policies, the median hourly wages in 2009 were \$14.19 for nursing assistants and \$15.18 for other entry-level workers, with a wage gap of \$0.98 per hour. By 2019, the average median wages increased to \$15.03 per hour for nursing assistants and to \$15.41 for other entry-level workers, with the wage gap decreasing to \$0.39 per hour--an improvement of \$0.60 per hour.

The largest wage gap reduction occurred in California (\$1.36 per hour) where, by 2019, the wages of nursing assistants were higher than the wages of other entry-level jobs. The wage gap increased in one state (Massachusetts) by \$0.36 from \$0.68 to \$1.04 per hour.

Table 2: Median Wages of Nursing Assistants and Workers in Other Entry-Level Jobs by Compensation Policy and State, 2009 and 2019 (Adjusted to 2019\$)

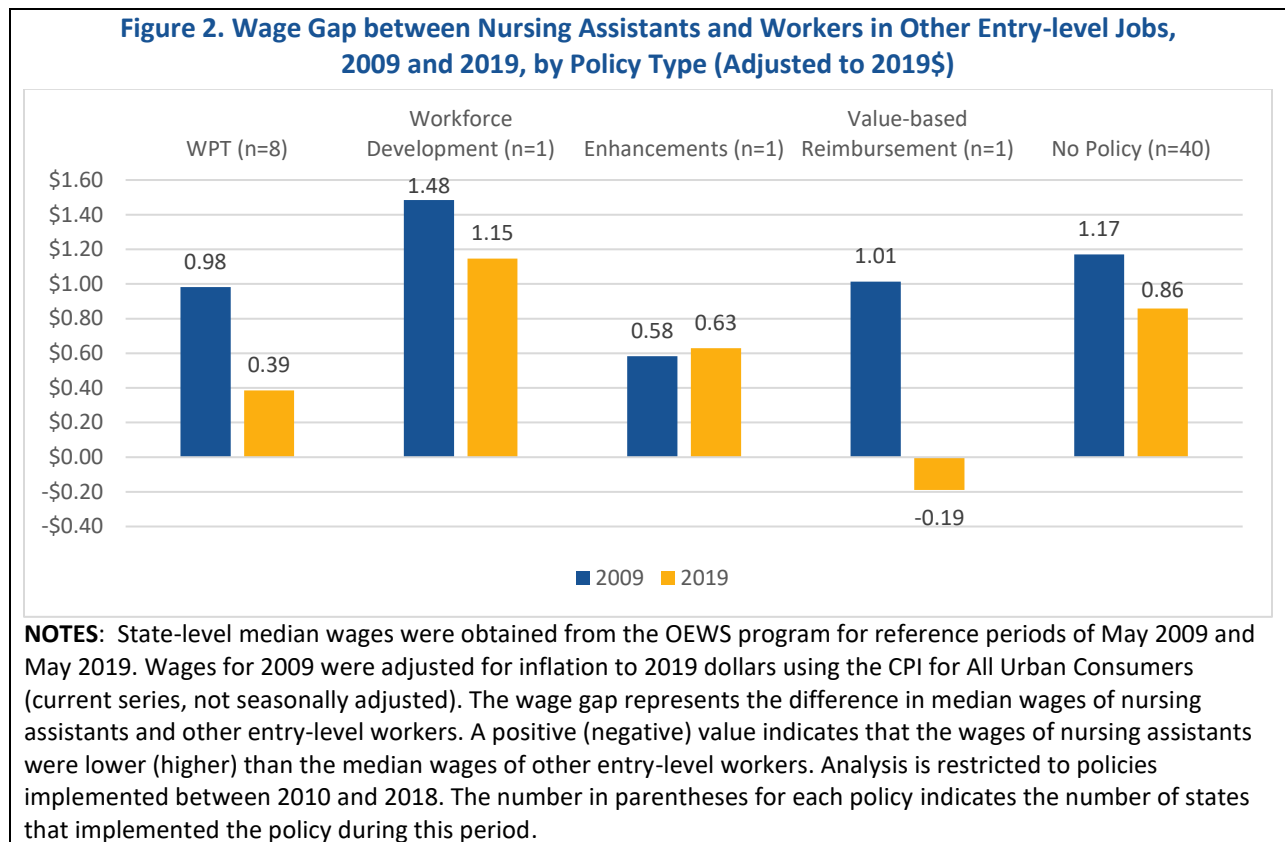
Policy by State	Policy Implementation Year	Median Wages in 2009			Median Wages in 2019			Change in Wage Gap from 2009 to 2019	
		Nursing Assistants	Other Entry-Level Jobs	Wage Gap (other entry-level jobs--nursing assistants)	Nursing Assistants	Other Entry-Level Jobs	Wage Gap (other entry-level jobs--nursing assistants)		
Wage Pass-Through									
Arizona	2017	14.16	14.63	0.47	15.47	15.00	-0.47	-0.94	👇
California	2016	14.80	15.80	1.00	16.78	16.42	-0.36	-1.36	👇
Kansas	2011, 2014	12.64	14.25	1.61	13.02	14.36	1.34	-0.27	👇
Maine	2015, 2018	13.51	15.01	1.49	14.59	15.30	0.71	-0.78	👇
Massachusetts	2018	16.30	16.98	0.68	16.25	17.29	1.04	0.36	👈
Michigan	2010	14.69	15.25	0.56	14.79	14.83	0.04	-0.52	👇
Montana	2017	13.00	14.02	1.02	14.44	14.73	0.29	-0.72	👇
Wisconsin	2017	14.43	15.47	1.04	14.89	15.39	0.50	-0.54	👇
Average		14.19	15.18	0.98	15.03	15.41	0.39	-0.60	👇
Wages Increases Tied to Workforce Development									
Tennessee	2018	12.64	14.13	1.48	12.78	13.93	1.15	-0.34	👇
Wage Enhancements									
South Dakota	2015, 2018	12.67	13.25	0.58	13.39	14.02	0.63	0.05	👈
Value-based Reimbursement									
Minnesota	2015	14.91	15.92	1.01	16.82	16.63	-0.19	-1.20	👇
NOTES: State-level median wages were obtained from the OEWS program for reference periods of May 2009 and May 2019. Wages for 2009 were adjusted for inflation to 2019 dollars using the CPI for All Urban Consumers (current series, not seasonally adjusted). Analysis was restricted to policies implemented between 2010 and 2018. A positive value in the “Wage Gap” columns indicates that wages in a given year and state were lower for nursing assistants than for other entry-level workers; a negative value in the “Wage Gaps” columns indicates that wages were higher for nursing assistants than for other entry-level workers.									
👈	This symbol, or a positive value in the last column, indicate that the wage gap between nursing assistants and other entry-level workers increased between 2009 and 2019 (an unfavorable result).								
👇	This symbol, or a negative value in the last column, indicate that the wage gap decreased (a favorable result).								

Tennessee implemented a **wage increase for DCWs tied to workforce development and training** and the wage gap for nursing assistants in this state decreased by \$0.34, from \$1.48 in 2009 to \$1.15 in 2019.

In South Dakota, where DCW **wage enhancements** were implemented in 2015 and 2018, the wage gap between nursing assistants and other entry-level workers widened by \$0.05 from \$0.58 to \$0.63 per hour.

Lastly, in Minnesota, which implemented a **value-based reimbursement program**, the wage gap decreased by \$1.20. By 2019, nursing assistants had higher hourly wages than workers in other entry-level jobs (\$16.82 vs. \$16.63, respectively).

As shown in **Figure 2**, in 40 states that did not implement any of the policies examined here, the wage gap between nursing assistants and other entry-level workers decreased by \$0.31 from \$1.17 in 2009 to \$0.86 in 2019.



DISCUSSION

Our analyses found that in many states that implemented policies to improve the wages of DCWs, the gap between these workers' wages and the wages of other entry-level employees decreased. However, in most cases, DCWs--especially home health and personal care aides--still made far less per hour than other entry-level workers. Our findings are consistent with previous research on the effects of wage pass-through policies that found these policies increase wages (Baughman & Smith, 2010). However, previous research did not examine the effect of policies on the gap between DCW wages and the wages of other entry-level workers. Our findings show that even after wage improvements, these gaps are still quite substantial.

Inadequate compensation of DCWs creates significant financial challenges for this group of workers. Almost one-half of the DCWs earn less than a living wage¹ (Weller et al., 2020). Fifteen percent of DCWs live in poverty and 44% live in low-income households (Campbell et al., 2021). Despite being employed, 42% of these workers rely on some form of public assistance, such as Medicaid (26%) and food and nutrition assistance (24%) (Campbell et al., 2021). Although increases in DCW wages and reductions in the wage gap between DCWs and workers in other entry-level jobs are encouraging, these improvements must be large enough to have a meaningful impact.

Weller et al. (2020) estimated that achieving meaningful changes for DCWs to earn wages that allow them to pay for basic housing, food, transportation, and health care needs without requiring public assistance would require an average increase in DCW wages of about 12% across the states. Based on our calculations, bringing wages of DCWs up to the level of other entry-level workers would require an average increase in DCW wages of about 16%. Our analysis revealed that in most states, changes in DCW wages were of much smaller magnitude. For example, despite experiencing the largest increase in wages (15%), DCWs in DC continued to earn significantly less than the living wage. According to the MIT Living Wage Calculator (Massachusetts Institute of Technology, 2021), the living wage that meets minimum standards of living for one adult in DC ranges from \$20.12 for an adult with no children to \$62.25 to an adult with three children. The 2019 median wage of home health and personal care aides in DC was a much lower \$14.66 per hour. Results of our analysis indicate that efforts to improve DCW compensation may not have been substantial enough to make meaningful impacts.

Our study cannot explain why DCWs continued to earn less than other entry-level workers, but others have suggested possible explanations. DCWs are predominately female (86%) and persons of color (59%), and 26% of them are immigrants (Campbell et al., 2021). Previous research has shown that gender and racial bias affects DCW wages (Campbell et al., 2021; Shippee et al., 2020), therefore, persistent wage gaps may be explained by gender and racial disparities in pay. DCWs have also been noted to be undervalued by society due to a lack of understanding of the work they do (Spetz et al., 2019). For example, DCWs are often not rewarded for their qualifications and the demands of their jobs, and the benefit of an additional year of education is much smaller for DCWs than for other workers (Osterman, 2017).

We found that DCW wages and changes in DCW wages varied widely across states. A variety of factors could be contributing to this variation, including differences in unionization status, state minimum wage laws, state Medicaid policies, sociodemographic composition of the states, and geography. For example, Campbell et al. (2021) reported that states with a strong union presence showed higher wage increases following policy implementation. Starting wage gaps may also impact the size of the change. In 2009, DC had the largest wage gap of all states (\$5.56) and that is where we also observed the largest reduction in the wage gap between 2009 and 2019 (\$1.67).

Finally, key elements of policies varied across states, which also likely contributes to how effective the policies are in improving DCW compensation. For example, when implementing wage pass-throughs, some states choose to pass a percentage of Medicaid reimbursement on to DCWs; others required certain dollar amounts from Medicaid reimbursement be added to wages; and others created trust funds from which facilities can draw funds. In some states, wage pass-throughs were voluntary and in others they were mandatory. We recommend that future research focuses on identifying state-level contextual factors and key elements of the policies that contribute to the greatest impact on DCW compensation.

We assessed the relationship between compensation policies and wages, but wages represent only one component of total worker compensation. Other aspects of compensation include employment benefits, such as health insurance and paid time off. The policies that we examined may have improved those other benefits, which could also lead to improved recruitment, retention, job satisfaction, and patient care. Furthermore,

other policies may have been implemented during this time that target total compensation. Assessing the impact of policies on total compensation of DCWs, rather than just wages, would provide a more comprehensive picture of the competitiveness of the long-term care sector compared with other similar occupations. Assessing total compensation would also help to ensure that increases in wages are reflected in higher total compensation and are not offset by reduction in other benefits.

LIMITATIONS

Several limitations should be considered when interpreting results of this analysis. First, results presented in this brief are based on a descriptive analysis. Although changes in DCW wages were also reported for states that did not implement the policies assessed here, the analysis did not account for other policies or programs that may have impacted wages of DCWs during this period. Additionally, for a given category of policy, details of the policy design may vary across states in ways that could have caused varying impacts as well.

Second, the analysis was based on OEWS data for reference periods of May 2009 and May 2019. OEWS estimates for a given reference period are based on a survey of six semiannual panels for three consecutive years. For example, the May 2019 employment and wage estimates were calculated using data collected in the May 2019, November 2018, May 2018, November 2017, May 2017, and November 2016 semiannual panels. Given that the data from each reference period span a three-year period, changes in wages that may follow implementation of a compensation policy will be reflected in the OEWS estimates gradually rather than immediately. As a result, the impact of a policy that was implemented in 2018 or even 2017 may not yet be fully reflected in the OEWS wage data from the May 2019 reference period. Thus, this study is limited by wage increases that may have occurred more gradually and for policies that required more time to have an impact on wages. We recommend that future analyses use more robust data, such as the Survey of Income and Program Participation (Bauhman & Smith, 2010) to examine the effects of policies on DCW compensation.

Finally, due to limitations in data availability, our analysis only looked at policies implemented before 2018. Since then, more states have implemented additional policies to raise DCW wages. For example, about one-half of the states reported raising (or planning to raise) wages for DCWs through Medicaid reimbursement rate changes in fiscal years 2019 and 2020, a notable increase from prior years (Gifford et al., 2019) with additional efforts undertaken since the COVID-19 pandemic began in early 2020 (PHI, 2021).

CONCLUSION

Wage pass-throughs have been the most popular policies for increasing wages of DCWs over the last decade. Only a handful of states implemented other types of compensation policies between 2010 and 2018. Results of this descriptive analysis reveal that most states that implemented compensation policies saw decreases in the wage gaps between DCWs and workers in other entry-level jobs. Despite these policy efforts, wages have not changed much. Future research should focus on conducting more rigorous evaluations of the effect of policies on DCW compensation to identify state-level contextual factors and the most promising policies and elements of policies that contribute to success.

ENDNOTES

1. A living wage is estimated based on the cost of living in a community or region based on typical expenses. It represents a local wage rate that allows workers to meet minimum standards of living (Massachusetts Institute of Technology, 2021).

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