

Why adequate pay for home care workers is essential to our economic well-being

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Rate Setting Board

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WASHINGTON STATE
**BUDGET
& POLICY
CENTER**

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Our mission

“To use research and analysis to advance the well-being of Washington communities, improve the economic security and social opportunity of all in the state, and support the essential role of government in promoting a just and prosperous society.”

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About me

- Resident of Renton
- Two kids, two dogs
- 15+ years in public finance analysis and advocacy
- Washington state enthusiast

Overview

- Fiscal and economic conditions in Washington state and the United States
- Economic benefits of adequate pay and benefits for home care and other frontline workers
- Equitable and stable long-term funding options

Three key points

- Fiscal and economic conditions are strong and lawmakers have many options.
- Improving wages for home care workers would boost local economies and promote racial, gender, and geographic equity.
- Failing to improve wages could harm our well-being.

Washington's economy is recovering

Unemployment is falling

- 16.8% (April 2020)
- 4.2% (March 2022)

Consumer spending (taxable retail sales) is growing

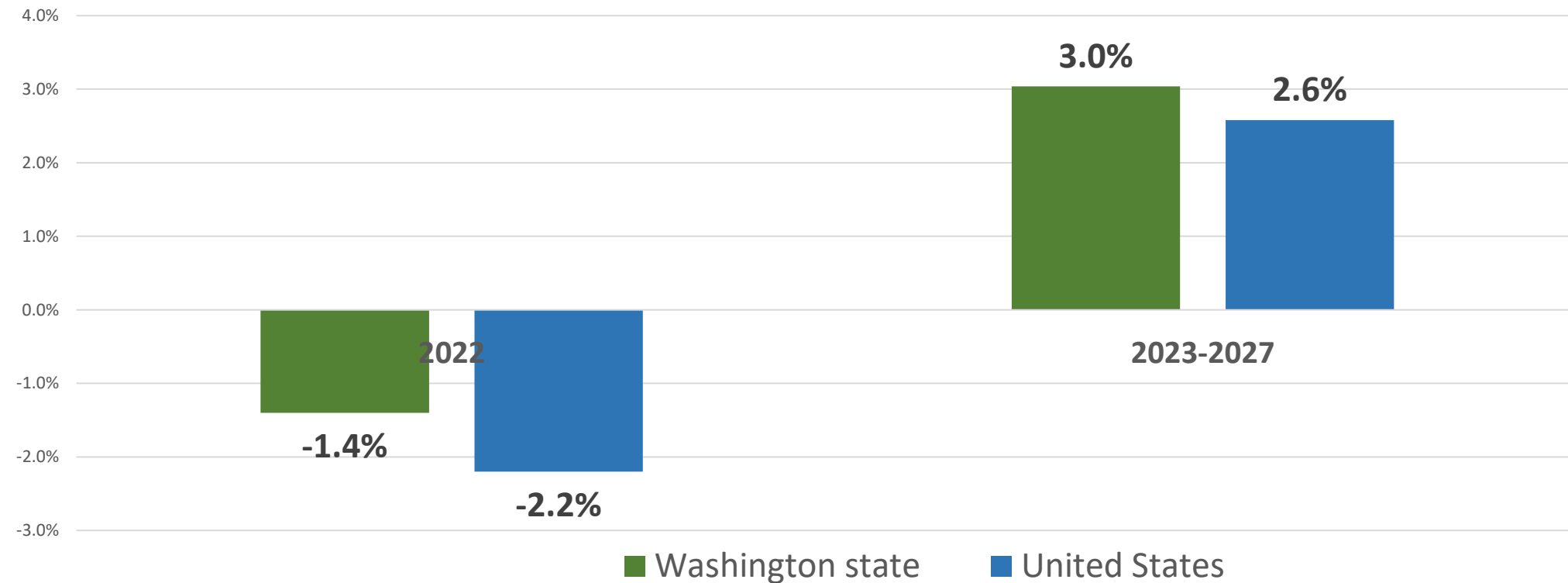
- 2021: +11.1%
- 2022: +8.0%
- 2023: +4.3%

Total state personal income growing

- 2021: +7.6%
- 2022: +3.6%
- 2023: +5.6%

Washington's recovery is outpacing the nation

Projected in growth in real personal income in Washington state and the United States



Fiscal conditions are strong



Revenue collections are growing:

7.5% (\$255 million) above
projections

18% higher over the last year

7th fastest in the nation



Revenue projections are increasing

\$1.5 billion higher in 2021-23

\$1.3 billion higher in 2023-25



Budget reserves are robust

Total reserves = \$4.2 billion
(13% of annual spending)

Source: [“Economic & Revenue Update,”](#) Economic and Revenue Forecast Council, April 14, 2022.
[Washington State Economic and Revenue Forecast](#), Economic and Revenue Forecast Council, February 2022.
[April 2022 Enacted Supplemental Budget Outlook](#), Economic and Revenue Forecast Council, April 2022.
Urban-Brookings Tax Policy Center, [projected FY 2022 state revenue growth](#).

Fiscal conditions are strong

“State of Washington's Aaa Issuer Rating and general obligation bonds rating reflect its sizable financial reserves; exceptionally strong economic fundamentals driven largely by the technology sector in the Seattle (Aaa stable) metro area; above-average wealth and income levels; and strong fiscal governance practices.”

- Moody's Investors Service, April 15, 2022

Washington state has *vast* sums of untapped wealth

\$1.5 *trillion*

in real estate wealth

\$3.03 *trillion*

in “intangible” financial wealth



[Source: 2020 Assessed and Actual Value of All Taxable Property](#), Washington State Department of Revenue, 2020.

[2020 Tax Exemption Study](#), Washington State Department of Revenue, 2020.

Lawmakers have many options to fund adequate pay for home care workers

- At least 94 options for raising revenue within the current tax code
- Draw additional federal funding via a new Home Care Provider Tax
- Reforming Washington's tax code could equitably bolster community foundations

Three key points

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A boost for
local
economies

Low-wage workers 'buy
local'

Federal matching dollars
multiply the benefits

Services enhance our
quality of life



Low wage workers support local businesses

Federal
matching
dollars
multiply the
benefits





Home care
services
enhance our
quality of life

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By the numbers



RETURN ON
INVESTMENT:
\$4.00
RETURNED
FOR EVERY
\$1.00
INVESTED



800 NEW
PRIVATE-
SECTOR JOBS
PER YEAR



INCREASE
TOTAL
PERSONAL
INCOME BY
\$200 MILLION
ANNUALLY

Results provided by the National Education Association in 2016 using the REMI economic model, an economic forecasting tool developed by Regional Economic Models Inc. (REMI).

Outsized benefits for

Rural communities

People who identify as
women

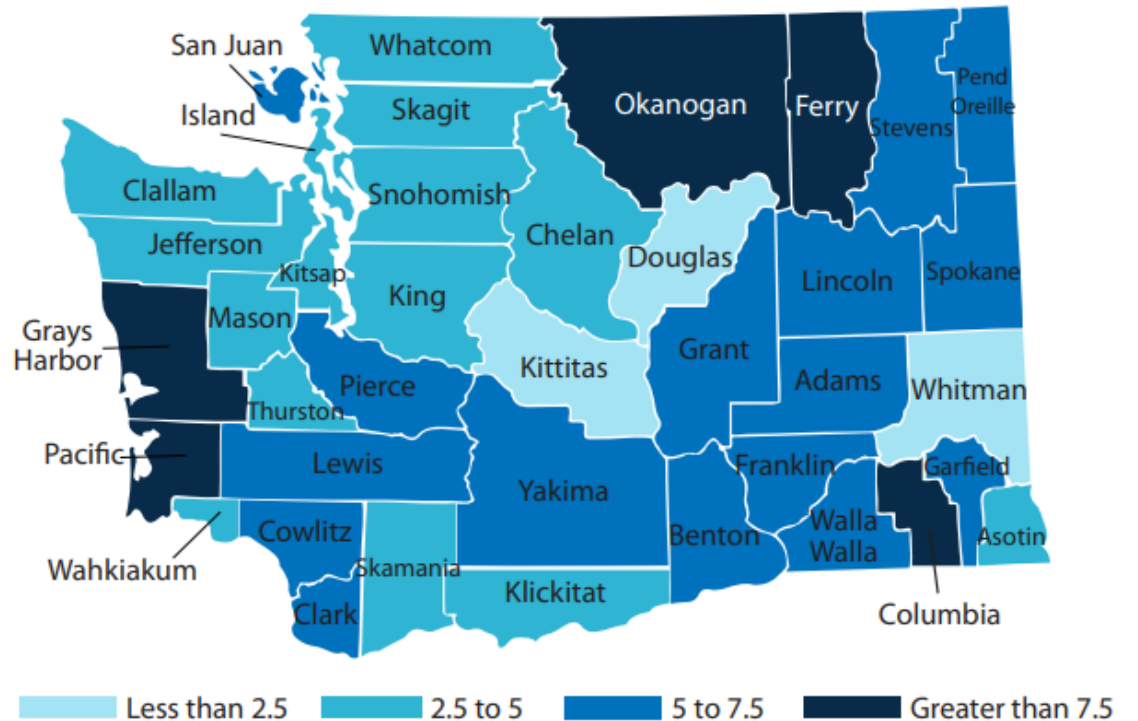
Residents who are Black or
African American

A boost for rural communities

Figure 4

PRESENCE OF HOME CARE WORKERS IS HIGHER OUTSIDE OF THE PUGET SOUND REGION

Number of home care workers per 1,000 residents



Source: B&PC analysis of individual provider home care data in Washington state as provided by SEIU 775

Promotes
gender
justice

84%

of home care workers identify as women

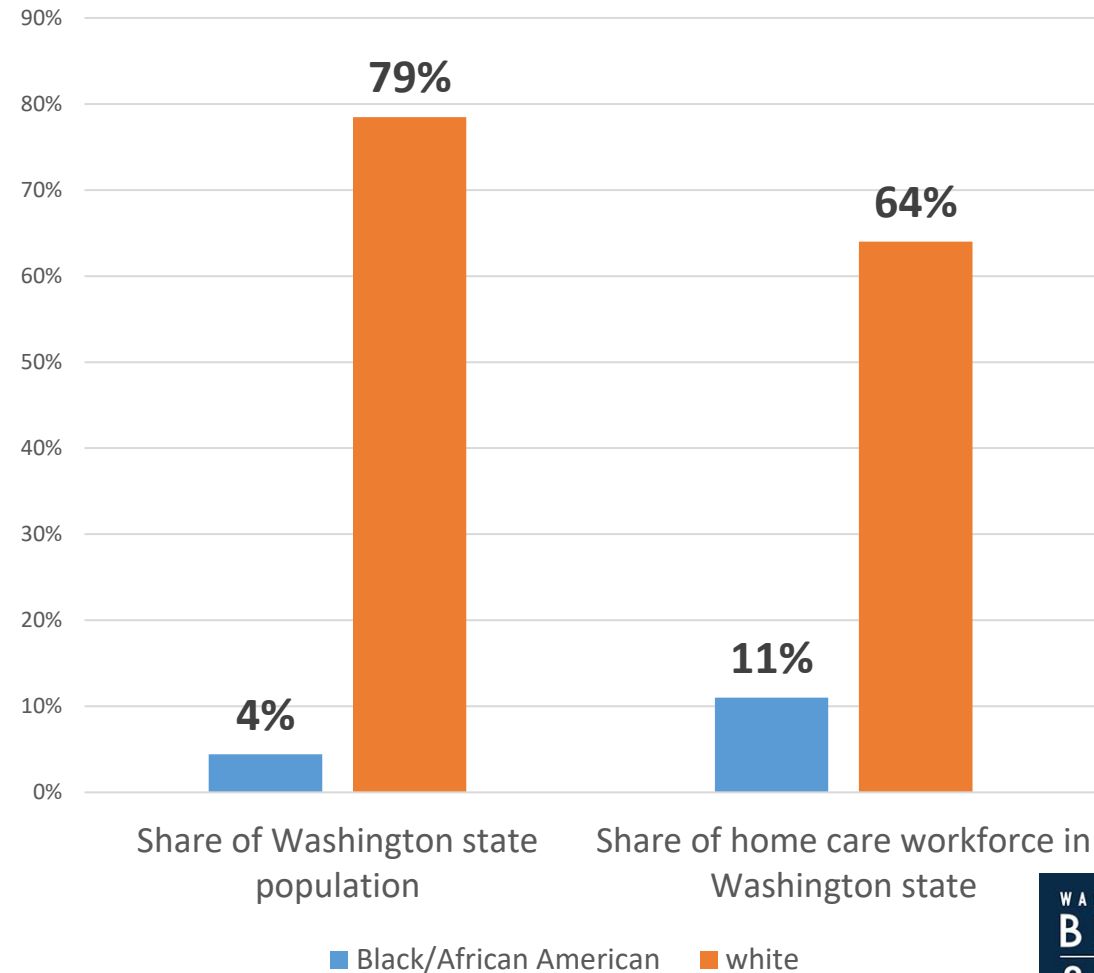
Source: "Workforce Data Center: Direct Care Workers by Gender, 2019." *PHI*. 2017.
<https://www.phinational.org/policy-research/workforce-data-center/#var=Gender&states=53>



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Pushes back
against anti-
Black wage
discrimination

Composition of the total population and the home care workforce in Washington state in 2019



Three key points

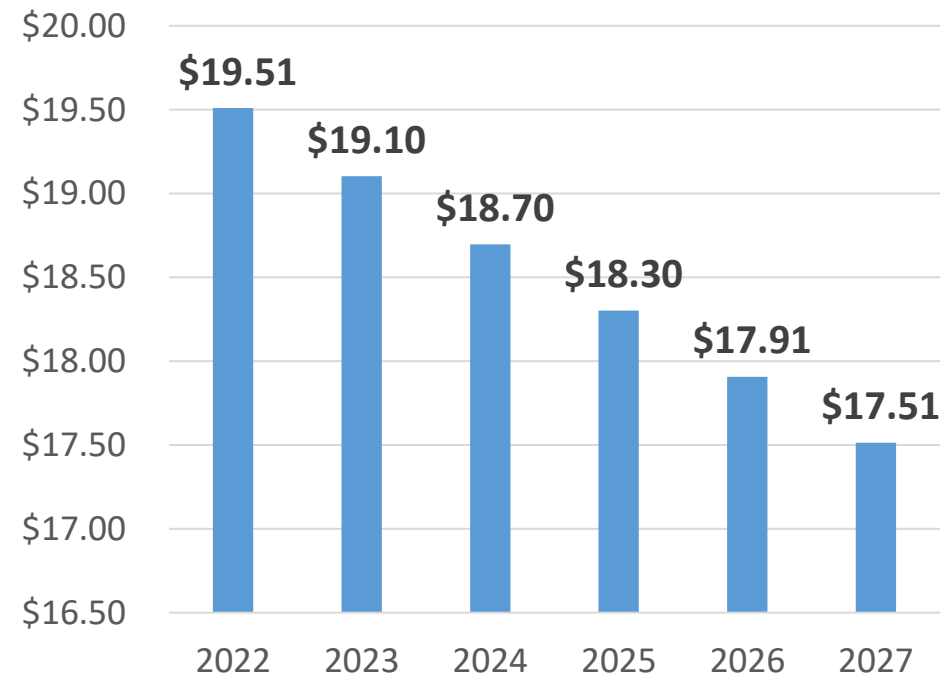
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Failure is not an option

- Slow Washington's economic recovery
- Reduce access to high-quality of care for seniors and other residents who rely on home care services.
- Increase stress and hardship among families and communities.

A “flat
contract”
would harm
Washington’s
recovery

Home care worker starting hourly wage (IP wage)
plus hazard pay, adjusted for inflation (2022 dollars)*



Source: Budget & Policy Center analysis; data from ERFC, SEIU 775;
*Projected Consumer Price Index (CPI-U) for Seattle-Tacoma-Bremerton

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Thank you!

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Washington State Budget & Policy Center calculations; projected Consumer Price Index data from the Economic and Revenue Forecast Council, starting hourly home care worker wage plus hazard pay from SEIU 775.