

Christine L. Owens  
Executive Director

[www.nelp.org](http://www.nelp.org)

**NELP National Office**  
75 Maiden Lane  
Suite 601  
New York, NY 10038  
212-285-3025 tel  
212-285-3044 fax

**Washington DC Office**  
2040 S Street NW  
Washington, DC 20009  
202-683-4873 tel  
202-234-8584 fax

**California Office**  
405 14th Street  
Suite 401  
Oakland, CA 94612  
510-663-5700 tel  
510-663-2028 fax

**Washington State Office**  
317 17th Avenue South  
Seattle, WA 98144  
206-324-4000 tel

March 18, 2016

Assemblymember Tom Lackey  
State Capitol  
Sacramento, CA 94249

**RE: AB 1930, *IHSS Social Security Study* - IN SUPPORT**

Dear Assemblymember Lackey,

We are writing to express support for AB 1930, which will establish an advisory committee to study the current exclusion of some In-Home Supportive Services (IHSS) workers from social security, Medicare, or state unemployment insurance (UI).

The National Employment Law Project is a non-profit research, education and advocacy organization that seeks to ensure that the basic workplace protections guaranteed by our nation's labor and employment laws and social insurance programs extend to all workers, especially low wage and vulnerable workers. Here in California, NELP has been an active supporter of efforts to advance the rights of home care workers and we commend the state's leadership in implementing the US Department of Labor Home care Rules.

We are concerned by the exclusion of parent and spouse In-Home Supportive Services (IHSS) providers from Medicare, Social Security, and Unemployment Insurance (UI) benefits. An estimated 60,000 California workers, or 15 percent the IHSS workforce are affected by these damaging exclusions. Nationally, about 25 percent of the home care workforce is ineligible for these benefits.<sup>1</sup>

We urge the Assembly to pass AB 1930, creation of the In-Home Supportive Services Family Caregiver Benefits Advisory Committee. If enacted, the Committee, and its subsequent peer-reviewed report, positions California to lead the way in advancing policy remedies for home care workers across the country that promotes increased quality care for the growing numbers of Californians in need of IHSS services while also boosting the California economy by investing in the economic and retirement security of this critical workforce.

Home care workers, whether family members or not, already face insurmountable barriers to retirement or financial security. Nearly three-quarters of home care workers have nothing or less than \$5,000 saved for their retirement.<sup>2</sup> With an average hourly rate of \$10 an hour, it is not surprising that saving for retirement, health insurance, or unemployment is nearly impossible. Denying access to the basic social insurance provided by Medicare, Social

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<sup>1</sup> *Why They Leave: Turnover Among Washington's Home Care Workers*, February 2012.  
<http://seiu775.org/files/2012/02/Why-They-Leave-Report1.pdf>

<sup>2</sup> Id.

Security, and UI is bad economic and social policy.

Most home care workers do not have any retirement benefits beyond Social Security, if that. A Washington State study showed that eighteen percent of former home care workers said a lack of retirement benefits was an issue impacting their decision to leave the field of home care.<sup>3</sup> Social Security is particularly important for workers who received modest compensation for the work they did during their working years. About 21 percent of Social Security beneficiaries receiving Social Security benefits fall below the poverty line.<sup>4</sup> The impact of retirement for those without Social Security can be devastating.

As noted, home care workers low wages leave little room for them to put away any emergency savings. That's why, when they experience a loss of employment, unemployment insurance can help to keep workers out of poverty. Studies find that UI increases overall welfare and many economists recognize that UI has a positive impact on the economy during economic downturns.<sup>5</sup> UI benefits have a variety of positive impacts, but most importantly, helps workers meet their basic needs. Maintaining some spending by unemployed workers in turn reduces poverty in their households, supports job searches, and boosts the overall economy.<sup>6</sup> As a Brookings report noted, "individual consumption for those receiving UI benefits falls only one-third as much as it would have in the absence of the program. In other words, unemployed workers can still meet basic needs and avoid cutting back drastically on expenses during a temporary period without work."<sup>7</sup>

The nearly 50 million (and growing) Americans who rely on Medicare know the importance of this vital program. The cost to the health care system by NOT having older adults insured through Medicare can be catastrophic. Studies repeatedly demonstrate that the uninsured are less likely than those with insurance to receive preventive care and services for major health conditions and chronic diseases. Compared to those with coverage, uninsured people are at greater risk for preventable hospitalizations, missed diagnoses of serious health conditions, and having higher mortality rates.<sup>8</sup> Lack of health coverage can impose significant social and financial costs to local and state governments, as well as immediate costs to families.

The state should take action to study the problem, the effects of the exclusion on workers, families, and communities, and explore various policy reforms that could provide for greater

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<sup>3</sup> Id.

<sup>4</sup> Fremstad, Shawn. *Maintaining and Improving Social Security for Direct Care Workers*, November 2011. <http://cepr.net/documents/publications/ss-direct-care-workers-2011-11.pdf>

<sup>5</sup> National Employment Law Project, *Unemployment Insurance Policy Advocate's Toolkit*, p74, October 22, 2015. <http://www.nelp.org/content/uploads/4A-Economic-and-Social-Impacts-of-UI.pdf>

<sup>6</sup> Id., p81

<sup>7</sup> Melissa S. Kearney and Benjamin H. Harris, *The Importance of Unemployment Insurance for American Families & the Economy: Take 2*, December 20, 2013. <http://www.brookings.edu/blogs/up-front/posts/2013/12/20-importance-of-unemployment-insurance-kearney-harris>

<sup>8</sup> Kaiser Family Foundation, *Key Facts about the Uninsured Population*, October 5, 2015. <http://kff.org/uninsured/fact-sheet/key-facts-about-the-uninsured-population/>



protections and access to social safety net programs. The bill's study would be a critical first step towards improving conditions for the workforce, and could position California to help lead the way for the nation to take on this critical issue.

IHSS workers do real work and save the state money. In California, average per recipient spending on nursing facility care was found to be three times Medi-Cal's average spending per user of home and community based services.<sup>9</sup> Demand for home care is only increasing, with 9 in 10 older adults wanting to age in their homes and the number of older Californians doubling from 4.3 million in 2010 to 8.4 million in 2030.<sup>10</sup> Resolving this issue will help to create a more stable workforce to serve the growing numbers of Californians in need of quality IHSS care to build a stronger California economy supported by workers and the families who can thrive and invest in their future as a result of real economic and retirement security reform.

We strongly support AB 1930, and we stand ready to serve as a resource to the state and workers to ensure its passage and strong implementation.

Sincerely,



Christine Owens, Executive Director



Maurice Emsellem, Program Director

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<sup>9</sup> California Medicaid Research Institute, *Medicaid and Medicare Spending on Acute, Post-Acute and Long-Term Services and Supports in California*, December 2012. [http://www.thescanfoundation.org/sites/thescanfoundation.org/files/camri\\_medicare\\_medicaid\\_spending-12-12-12.pdf](http://www.thescanfoundation.org/sites/thescanfoundation.org/files/camri_medicare_medicaid_spending-12-12-12.pdf)

<sup>10</sup> Hayutin, Adele. *California's Aging Populations: Not Forever Young*, Stanford Center on Longevity, June 14, 2012. <http://longevity3.stanford.edu/wp-content/uploads/2013/01/CAs-Aging-Population-Not-Forever-Young-SCL-enews-6-14-12.pdf>

