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UC Berkeley Labor Center  
March 2022

The COVID-19 pandemic magnified the crisis of care that exists in both California and the United States. The care industry is characterized by low wages and high turnover, leading to low quality of care for people in care facilities.<sup>1</sup> Increasing pay and raising labor standards for workers in Skilled Nursing Facilities (SNF) in California would improve income for workers, reduce the turnover rate in the industry, and improve quality of care for patients.<sup>2</sup>

This fact sheet presents the characteristics of workers in California's Skilled Nursing Facilities industry, as well as the characteristics of workers in the industry earning less than \$20 per hour. It draws from the academic literature to discuss the impact of raising labor standards on quality care indicators.

According to data from the California Department of Health Care Access and Information, there were approximately 145,000 workers in the SNF industry in the state in 2019. These workers are primarily women (80%) and workers of color (72%). About one out of every two workers in this industry is foreign born, and about 60% do not have a degree beyond high school. The 2019 median income for SNF workers was \$33,252, about 20% less than the median income for all workers in the state. One out of every four workers in the SNF industry has family income below 200% of the poverty level (see Table 1).

We find that 80,000 SNF workers, or one out of every two SNF workers in the state, earn less than \$20 an hour. These workers are also primarily women (81%) and workers of color (77%), with almost half of them identified as Hispanic. Three out of every four workers earning less than \$20 per hour do not have a degree beyond high school, and nearly half of them lack employer-provided health insurance. The median income for these workers is \$23,117, almost 50% less than the median income for all workers in the state. Over one-third of these workers have family income below 200% of the poverty level (see Table 1).

We also find SNF staff turnover is high. Annual turnover rates are 68% in the California SNF industry as a whole, 62% among employees with college education, and 75% among employees with a high school education or less, who tend to occupy the lowest paid positions. While turnover increased during the pandemic, from 66% in 2019 to 68% in 2020, these high rates are not unprecedented.<sup>3</sup>

Studies show that increasing wages and benefits improves staff turnover and retention in low-wage jobs, including those in nursing homes, and improves quality of care. For example, each 10% increase in the state or local minimum wage decreases turnover among low-wage workers in nursing homes by 2.4%, while a similar increase in sector-specific wages can decrease turnover by up to 14.5%.<sup>4</sup> A 10% increase in the minimum wage significantly improves key quality of care indicators in nursing homes, reducing the number of quality of care health inspection violations by 7.4%, the use of restraints on patients by 3.3%, and age-adjusted patient mortality rates by 3.1%.<sup>5</sup>

**Table 1: Demographic and Job Characteristics of California Skilled Nursing Facilities Workers Earning Under \$20/hr**

(all figures are percentages unless otherwise noted)

	<b>Percent of Workforce</b>	<b>Percent of Workforce Earning Under \$20/hr</b>
<b>Gender</b>		
Male	20.6%	19.0%
Female	79.4%	81.0%
<b>Median Age</b>		
	40	38
<b>Age</b>		
16-19	1.5%	2.4%
20-29	23.6%	31.0%
30-39	23.2%	19.9%
40-54	32.7%	29.5%
55-64	19.0%	17.3%
<b>Race/Ethnicity</b>		
White	25.1%	20.3%
Black	9.6%	8.7%
Latino	35.0%	46.3%
Asian	27.6%	22.2%
Other	2.7%	2.5%
<b>Education</b>		
Less than High School	9.5%	14.7%
High School or GED	21.2%	28.3%
Some College	27.8%	32.2%
Associate's Degree	12.8%	9.1%
Bachelor's Degree or Higher	28.7%	15.7%
<b>Country of Birth</b>		
US Born	54.4%	55.5%
Foreign Born	45.6%	44.5%
<b>Family Structure</b>		
Married	48.0%	42.2%
Have Children	51.7%	49.7%

Table 1 continued

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	<b>Percent of Workforce</b>	<b>Percent of Workforce Earning Under \$20/hr</b>
<b>Family Income Relative to Poverty Level</b>		
Less than 100% of Poverty Level	6.5%	10.8%
100% to 200% of Poverty Level	16.9%	26.8%
More than 200% of Poverty Level	76.6%	62.3%
Average Worker Share of Family Income	60.1%	50.5%
<b>Median Individual Annual Earnings (2019 Dollars)</b>	\$33,252	\$23,117
<b>Full-Time / Part-Time Worker</b>		
Full-Time (35 or More Hours per Week)	80.3%	77.2%
Part-Time (Fewer than 35 Hours per Week)	19.7%	22.8%
<b>Full-Year / Part-Year Worker</b>		
Full-Year (50-52 Weeks per Year)	87.4%	87.3%
Part-Year (Fewer than 50 Weeks per Year)	12.6%	12.7%
<b>Health Insurance Provided by Employer</b>		
Yes	67.4%	56.2%
No	32.6%	43.8%

Source: UC Berkeley Labor Center Analysis of American Community Survey.

## Methodology

We used data from the American Community Survey (ACS) to estimate demographic characteristics of workers in California’s SNF industry. Adjusting for inflation, we calculated the wage in 2019 (\$18.87) that would have the same purchasing power as \$20 in 2021. We used this wage threshold to estimate the characteristics of SNF workers earning less than \$20 per hour.

We calculated total employment in California’s SNF industry using data from the Office of Statewide Health Planning and Development (OSHPD) in the California Department of Health Care Access and Information. We applied the proportion of workers earning less than \$20 per hour from the ACS to the OSHPD data to obtain the total number of SNF workers earning less than \$20 per hour in the state.

Nursing home staff turnover, calculated as the ratio of (hires + separations)/2 to average industry employment over one year, was derived from the Census Bureau’s Quarterly Workforce Indicators data.

## Endnotes

- 1 Castle, N.G., and Engberg, J. (2005). "Staff Turnover and Quality of Care in Nursing Homes." *Medical Care*, 43(6): 616–26. Hess, C. and Hegewisch, A. (2020). "The Future of Care Work: Improving the Quality of America's Fastest-Growing Jobs." Institute for Women's Policy Research. [https://iwpr.org/wp-content/uploads/2020/07/C486\\_Future-of-Care-Work\\_final.pdf](https://iwpr.org/wp-content/uploads/2020/07/C486_Future-of-Care-Work_final.pdf).
- 2 Ruffini, K. (2021). "Worker Earnings, Service Quality, and Firm Profitability: Evidence from Nursing Homes and Minimum Wage Reforms," Working Paper. [https://papers.ssrn.com/sol3/Delivery.cfm/SSRN\\_ID3841513\\_code3120058.pdf?abstractid=3830657&mirid=1](https://papers.ssrn.com/sol3/Delivery.cfm/SSRN_ID3841513_code3120058.pdf?abstractid=3830657&mirid=1).
- 3 Similar turnover rates (69% for all nursing home workers) were seen in 2018, albeit in the context of industry growth rather than contraction.
- 4 Ruffini, op cit. K. Jacobs and D Graham-Squire (2010). "Labor Standards for School Cafeteria Workers, Turnover and Public Program Utilization," *Berkeley Journal of Employment and Labor Law*, 31(2), 447-458.
- 5 Ruffini, op cit.

## Suggested Citation

Enrique Lopezlira, Nari Rhee, and Ken Jacobs. *Demographic and Job Characteristics of California's Skilled Nursing Facilities Workforce*. UC Berkeley Labor Center, March 2022. <https://laborcenter.berkeley.edu/demographic-and-job-characteristics-of-californias-skilled-nursing-facilities-workforce>.