

# Co-op Improves Quality of Caregiving in Wisconsin

Margaret Bau

By the year 2030, about one in five Americans will be over the age of 65. In many parts of the rural Midwest, this is already true. The fastest growing segment of the population are those aged 85 and over. And people are also surviving injuries and illnesses that in previous decades would have been fatal.

These trends have profound implications for how we care for our parents, each other, and ourselves. Almost 55% of those aged 85 and over need help with the basic activities of daily living such as bathing, grooming, toileting, and getting around the house. Others need assistance with preparing meals, housekeeping, and managing medications.

Needing care does not mean a one way ticket to a nursing home. Nationally, only 18.2% of those aged 85 and over (and 4.5% of those aged 65 and older) live in nursing homes. With a little assistance a few hours a day, most seniors can live in their own homes. With consistent and reliable help to get ready for the day, people with disabilities can enjoy independence and participate in the workforce.

## The Labor Reality

There are individuals who have a desire to care for others. Caregivers describe it as a vocational calling or their life's mission. But the sad fact is that individuals cannot pursue a vocation of home caregiving without plunging themselves and their families into poverty. Nationally, the median wage is \$8.54 per hour. Most caregivers receive no health insurance or benefits. Some do not even earn workers compensation. (Technically, some home care is considered domestic labor and therefore exempt from workers compensation coverage.)

Labor economists refer to home care as a pink collar labor ghetto. Nine out of 10 caregivers are women. Due to the nature of home care, injury rates are high. Most elders or people with disabilities request care early in the morning or in the evening, making it difficult for caregivers to piece together a 40 hour work week.

Caregivers report that some in society look upon their work as menial or even unskilled. Nothing could be further from the truth. Consider the psychology of negotiating with a senior confused by Alzheimer's disease or comforting a young man coming to terms with paralysis.

With these economic disincentives to pursue home caregiving as a career, is it any wonder that 40-100% of caregivers quit every year? Most entry level caregivers last less than three months on the job.

This labor force turmoil is startling; especially since research shows that for frail elders, quality of life is dependent upon developing a long-term relationship of trust between a caregiver and care recipient. How can an elder feel at ease when her front door becomes a revolving door for well intentioned but underpaid caregivers?



Cooperative Care employee owner Pam Swendryzynski assists client in making cookies (photos courtesy of Cooperative Care).

## Something Special in Wisconsin

Something special is quietly happening in Wisconsin that may transform the way home care is delivered - worker cooperatives of home caregivers.

Midwesterners are familiar with the co-op model for vital services such as marketing milk, acquiring electricity, and accessing financial services. Now add to that list the provision of home care to the elderly and people with disabilities.

As with any cooperative, the members own the organization, they have a democratic voice in setting policies, and all benefits return to them. Worker cooperatives tend to be flat organizations that keep overhead to a minimum. Co-ops need not make a return on investment for external shareholders or pay royalty fees to a national franchise.

These structural elements allow worker co-ops to maximize caregiver wages and benefits while delivering services at market rates. Nationally, the average cost to consumers for personal care is \$19 an hour and \$18 an hour for chore services.

The co-op structure also facilitates decision making and leadership among caregivers who know firsthand what is happening in the homes of their clients.

## A Small Town Lights the Way

Wautoma, Wisconsin, (population 2,000) is home to America's first rural worker cooperative of home care providers. Inspired by New York City-based Cooperative Home Care Associates; Cooperative Care opened its doors in 2001. The co-op's 85 member-owners care for over 120 people in three counties.

Most Cooperative Care member-owners earn \$10.60 an

hour – a full \$2 an hour more than the industry median. Cooperative Care members have workers compensation. Depending upon the number of hours worked, members also enjoy benefits such as health insurance, time and a half pay for holidays, mileage reimbursement, and two weeks of paid personal time.

Since opening for business, Cooperative Care has been a financial success. Each year the co-op has returned patronage refunds (profit sharing) to members in proportion to the number of hours worked. Over the years, those patronage refunds have ranged from an additional \$0.58-\$1.50 per hour worked.

No one enters the homecare profession with visions of getting rich. But for the members of Cooperative Care, the combination of wages, benefits, and patronage refunds totals roughly \$13.50/hour. Not bad for a county with a per capita income of \$22,220 a year.

### Another Co-op Is Formed

The success of Cooperative Care inspired another community effort to create a homecare worker cooperative, this one based in Appleton, Wisconsin. The Circle of Care Cooperative commenced operations in April, 2006. The co-op is owned by 10 members who care for 25 elders and people with disabilities.

The Circle of Care Cooperative serves a mix of urban and rural areas in the Fox Valley, a rapidly growing region of about 600,000 people. This cooperative also started with experienced caregivers who provide homecare to low income elders and people with disabilities.

The Circle of Care Cooperative has contracts with two surrounding counties and subcontracts with an established home health care agency. In addition, it markets itself to people who pay for services out of their life savings or through long term care insurance.

In the Fox Valley, the Circle of Care Cooperative entered into a market already served by a dozen existing agencies. Some of those agencies are long established non-profits; others are start-up for-profit franchises. But all the agencies face a similar dilemma – recruiting and retaining caregivers. Being member-owned, the cooperative enjoys a competitive labor advantage.

### It's about Respect

But it is more than higher wages, benefits, and patronage refunds. Caregivers desire respect as professionals.

In our society, small business ownership is esteemed. Being an owner of one's livelihood carries a level of pride and responsibility. It is the difference between being a laborer and a craftsman, the difference between carrying out orders and controlling one's own work.

Labor research suggests that front line workers want a voice in decisions that affect them. The worker cooperative structure fosters a climate of initiative and leadership.

The psychological conversion from Owners At Work Summer 2008

being an employee to being an owner is not easy. Members will need continuing co-op education and leadership training. But it is worth the investment.

Some may wonder if low income women with limited formal educations are up to the challenge of owning their own agencies. The experience of agricultural and rural electric cooperatives shows that they are. Fifty years ago, few farmers had more than a high school education. Through skills developed while serving on cooperative boards and committees, many rural residents assumed leadership positions on school boards, county boards, and the state legislature. Homecare worker co-ops could be a vehicle for low income women to become more engaged in their communities.

### A Sea Change in Wisconsin

Wisconsin is undertaking a major shift in how low income elders and people with disabilities receive care. Historically, Wisconsin had one of the nation's highest number of nursing home beds per capita. But institutionalization is the most costly and least desired way of delivering care. Now the state is attempting to direct more resources towards homecare and to eliminate 2-10 year waiting lists for services.

But without an investment in a stable labor force of caregivers, this admirable program may grind to a halt.

Currently the reimbursement rates that Medicare, Medicaid, and state programs pay to homecare agencies is too low to cover rising business liability insurance, workers compensation, and health insurance costs. Co-ops render the biggest bang for the public buck, but even co-ops have a point at which they will be forced to limit the number of low income clients they can serve.

### A Win-Win Situation

From a public policy standpoint, homecare worker cooperatives are a win-win situation.

For families seeking homecare, they can take comfort that their life savings are directed to the people who provide care, not lining the pockets of corporate investors. For citizens paying taxes to care for low income individuals, they can be assured that their public dollars are going directly to caregivers.

For caregivers, the co-op model offers the highest level of wages and benefits given market constraints and reimbursement rates.

Fair pay, benefits, and a voice in decision making allow caregivers the opportunity to make homecare a career, not just a job until something better comes along.

Most importantly, for adults with disabilities, dependable caregivers mean independence and the ability to get to work everyday. For elders, a relationship can be built with the same caregiver, resulting in an improved quality of life.

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