Washington Research Council

POLICY brief

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BRIEFLY

A new bureaucracy, expanded collective bargaining, and reduced legislative budget control would be delivered with passage of Initiative 775, a measure focusing on in-home care services.

Initiative 775: Wrong Road to Quality Care

Initiative 775, the "Homecare Quality Initiative," essentially does two things: 1) it establishes a new state regulatory agency to oversee homecare services, and 2) it provides a means for homecare workers to form a union and bargain collectively with the state. Each will lead to higher costs, and the initiative proposes no new revenues. In that regard, I-775 is, simply, an unfunded mandate.

New State Agency. A nine-member board appointed by the governor would govern the Home Care Quality Authority (HCQA). Five members would have to be current or former homecare consumers, and one of them would have to be a person with a developmental disability. The other four members would be representatives of specified groups: one each from the developmental disabilities planning council, the governor's committee on disability issues and employment, the state council on aging, and the state association of area agencies on aging.

The new agency would, among other things, be responsible for establishing qualifications and standards for homecare workers, recruiting workers, providing training opportunities, and providing referrals to eligible recipients of homecare services.

For collective bargaining purposes, the agency would also be the employer and negotiate with union representatives.

Although the initiative does not specify a funding level for the new agency, state analysts have estimated a budget for the next three years. The Office of Financial Management estimates the administrative cost for the agency to be about $3,135,000 in the 2001-2003 biennium (funded for only one year, beginning July 1, 2002) and $6,192,000 for the 2003-2005 biennium. The estimates assume a central office and ten field offices. About half the costs are assumed to be paid from the general fund-state and half from federal Medicaid funds.

In addition, budget staff members assume the costs associated with collective bargaining to be about $536,000 in the first year, and $435,000 for the following biennium.

Finally, the initiative calls for a performance review by the Joint Legislative Audit and Review Committee, estimated to cost about $207,000.

Of course, these are just rough estimates – the initiative only talks about what the agency will do, not how it will be staffed or funded.

Collective Bargaining. The initiative sets up a mechanism allowing homecare workers (providers) to form a union. Solely for the purposes of

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collective bargaining, these workers would be considered employees of the state, i.e., of the HCQA. Under the initiative, workers would not have the right to strike and consumers would have the right to hire and fire providers.

The union would bargain for wages and benefits. A $1.00 per hour increase in compensation would cost about $38.1 million a year. Current compensation for homecare workers is less than $8.00 an hour. The legislature provided an extraordinary increase in compensation last year, beyond the general inflationary increase.

The initiative requires the governor to submit to the legislature any request for funds or statutory changes necessary for implementation of the collective bargaining agreement. The legislature, then, would be required to accept or reject the funding request as a whole. If the legislature does not accept it, the agreement would be "reopened solely for the purposes of renegotiating the funds necessary to implement the agreement."

Comments. The homecare industry is characterized by high-turnover, low wage jobs. While I-775 addresses concerns shared by many in the state, including most state legislators, its approach is flawed.

When the legislation on which I-775 is based was debated last session, three considerations prevented lawmakers from adopting it: first, the potentially increased liability exposure arising from making homecare workers state employees, even on the limited basis prescribed in the initiative; second, the significant expansion in collective bargaining; and third, the costs arising from creation of a new state agency and the negotiated compensation increases.

Creating new bureaucracies, adding state employees, establishing a new regulatory regime, assuming new liabilities and expanding wage-and-salary negotiations to a new state union should be considered carefully at any time. With the state facing a billion dollar budget shortfall, the risks associated with I-775 loom large.

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