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It's Time to Care

The Economic Case for Investing in a Care Infrastructure

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Executive Summary

Public investment in paid care work across the life cycle, spanning child care, residential care, and home health care, is urgently needed to meet the current labor market crisis caused by the pandemic, as well as to solve the structural challenges in the provision of care that have impeded women's ability to participate in the U.S. labor force.

Building a robust care infrastructure would shore up recovery efforts by creating millions of jobs for the disproportionate number of women, especially women of color, hit by this crisis and by allowing family caregivers to return to the labor force. In addition, job gains would be concentrated in sectors where workers will spend their increased wages on goods and services, creating positive ripple effects that will strengthen the U.S. economy.

In our analysis, we model the effect of a $77.5 billion annual public investment divided across the child care, residential care, and home health care sectors.[1] In this methodology, job creation can happen in three ways:

- **Directly** as a result of increased economic activity in a given industry;
- **Indirectly**, via new jobs in adjacent industries that supply goods to the field where the spending first occurred (e.g., increased caregiving activity might increase the demand for medical supplies, creating jobs in that sector); and
- Through **induced** job creation, which models how increased consumer spending as a result of direct and indirect job creation supports additional employment (e.g., if a caregiver becomes employed, they may spend more at her local restaurant, inducing that restaurant to hire more staff.) (Pollin et al. 2009).

1 We do not intend to suggest that $77.5 billion annually is the exact figure that should be invested, or that it should be divided evenly across these three sectors, but our estimates provide a useful benchmark for how such an investment might affect our economy.

Key Findings include:

- An investment of **$77.5 billion per year would support over 2 million new jobs,** at an average cost of $34,496 per supported job. Over 10 years, this translates to 22.5 million new jobs. Annually, this investment translates into **$220 billion in new economic activity.**
- Sixty-five percent of the jobs — approximately **1.5 million** — resulting from such investment would be in child care, residential care, and home health care. An additional 225,000 jobs annually can be created or supported in sectors that support care work, and over 500,000 jobs annually would be supported in other sectors as direct care workers spend their wages on goods and services. We suspect our findings are lower-bound estimates.
- All of the sectors that would experience major job creation are dominated by low-wage workers — the majority of whom are women of color — precisely the workers who have been disproportionately harmed by the pandemic.
- In addition to direct employment as a result of such an investment, the food service and retail sectors would experience the highest increase in induced employment as care workers spend earned income. Both of these sectors have been extremely hard hit and are major employers of workers in low-paying jobs and women. Over **81,000** food services jobs would be created or supported as a result of a $77.5 billion annual investment. Investments of this magnitude would create **45,000** jobs in retail stores.

As policymakers look to invest in the care economy, they must ensure that care workers are paid living wages and receive benefits to enable them to support their families with dignity and that care jobs are quality jobs. While quantifying the impacts of improving compensation is beyond the scope of this brief, pairing public investment in the care sectors with increased worker safeguards should be a key part of any plan to build a sustainable care infrastructure.

Public investment in care would allow millions of family caregivers who have left the labor market, reduced their hours, or lost their jobs in 2020 to return to work, strengthening overall economic activity and ensuring that a generation of women's labor market gains do not disappear. While we cannot capture these effects in our analysis, women returning to the labor force is a crucial factor in our economic health in the recovery period and beyond.

The COVID-19 crisis has taken an enormous toll on women in the United States, and exposed the extent to which women's labor — paid and unpaid — is the unacknowledged backbone of our collective economic health. Our findings suggest that the private sector alone cannot establish a robust care infrastructure; such fundamental infrastructure requires sizable public engagement. Building a robust care infrastructure is not only good for women — it is the cornerstone of a resilient and sustainable economy.

Table of Contents

Introduction

The gendered impacts of the COVID-19 crisis cannot be overstated. From the beginning of the pandemic outbreak, women were more vulnerable to the labor market effects of the pandemic because of existing gender inequalities and power imbalances that have impeded women's economic agency for generations (Kashen and Mabud 2020). Women, especially women of color, are disproportionately on the front lines of the pandemic, putting their lives at risk to serve their communities and taking on the increased burden of child and elder care as care facilities shutter their doors, often permanently. At the same time, women have been disproportionately affected by the massive waves of pandemic-related job losses.

Significant public investment in paid care work across the life cycle, spanning child care, residential care, and home health care, is urgently needed to address the pandemic-induced labor market crisis, as well as to solve deeply-rooted structural challenges in the provision of care and women's ability to fully participate in the U.S. labor force. Building a robust care infrastructure will shore up recovery efforts by creating millions of jobs for the disproportionate number of women, especially women of color, hit by this crisis and by allowing caregivers to return to the labor force. In addition, job gains as a result of this investment, which will be concentrated in sectors where workers will spend their increased wages on goods and services, will generate positive ripple effects across our economy.

This issue brief highlights how a major public investment in care sectors can serve three main goals:

- Create millions of jobs for workers hit disproportionately by the economic crisis — women, and in particular, Black and Latinx women;
- Allow millions of family caregivers to return to the labor force by helping them get care for children and adults in need; and
- Improve the quality of care for individuals across the life cycle.

In our analysis, we model the effect of a $77.5 billion annual investment divided equally across the child care, residential care, and home health care sectors.

We find that an investment of **$77.5 billion per year would support over 2 million new jobs, at an average cost of $34,496 per supported job.** Sixty-five percent of the jobs created — approximately 1.5 million — would fall under child care, residential care, and home health care. The investment would create or support an additional 225,000 jobs in sectors that directly support care work and it would support over 500,000 jobs in other sectors as direct care workers spend their wages on goods and services. Over 10 years, this translates to 22.5 million new jobs. Annually, a $77.5 billion investment in new jobs would induce $220 billion

in new economic activity. An important note to consider is that while our estimate relies on current labor compensation, we believe any public investment should be coupled with a comprehensive plan to pay all care workers a living wage and improve job quality overall.

We also find that all of the sectors that would experience major job creation are made up of workers in low-paying jobs and women of color — precisely the workers who have been disproportionately harmed by the pandemic. The food service and retail sectors would experience the biggest gains in induced employment. Both of these sectors have been extremely hard hit and are major employers of workers in low-paying jobs and women. This investment would create or support over 81,000 food services jobs. Investments of this magnitude would also create 45,000 jobs in retail stores.

We do not intend to suggest that $77.5 billion annually is the exact figure that should be invested or that it should be divided evenly across these three sectors, but rather that this is the order of magnitude necessary to achieve these goals. Our estimates provide a useful benchmark for how such an investment might affect our economy.[2] By comparison, the "Tax Cut and Jobs Act," passed in late 2017, was estimated to reduce corporate income taxes over 10 years by $750 billion, providing an example of the potential for different federal budgetary choices (Page 2019).[3]

The number of direct care jobs supported in this analysis is based on the actual labor compensation paid to care workers today; the majority of direct care workers in child care, residential care and home health care earn below $15 per hour.[4] The analysis above therefore does not account for the quality of those jobs; modeling the job creation effects with hypothetically higher wages is beyond the scope of the present analysis. Even so, while we cannot offer an exact estimate, raising wages to a starting wage of $15 per hour would mean that direct care workers could increase their own household purchasing of goods and services. Thus, for every new job created in one of the care sectors, the effect on overall economic activity would be higher than what is presented in this analysis.

2 The Biden-Harris Transition Team (2020) has proposed a major plan to transform caregiving through investment in child care and elder care, addressing the needs of both paid and family caregivers. The plan proposes $775 billion over 10 years by investing in Medicaid, child care, and improving the quality of care jobs. Though this Issue Brief does not model the Biden-Harris proposal specifically, it builds on its approach by highlighting the employment effects of public investment in care.

3 This is a pre-pandemic estimate.

4 Table 1 in the Appendix presents percentile wage estimates for home health care workers and personal care aides (who work in both home health care and residential care); nursing assistants; and child care workers.

> ***The need for a major public investment to support care work and get family caregivers back to work is profound. Without intervention, the long-term health and economic impacts will be severe, worsening gender and racial stratification within the United States.***

While job creation is important, the quality of the jobs we create is equally crucial. After all, job creation through precarious employment creates a wobbly foundation for our economic health. As policymakers look to invest in the care economy, they must ensure that care workers are paid living wages and receive benefits to enable them to support their families with dignity and that care jobs are quality jobs. While quantifying the impacts of improving compensation is beyond the scope of this brief, pairing public investment in the care sectors with increased worker safeguards should be a key part of any plan to build a sustainable care infrastructure.

Such proposals should include raising wages and ensuring access to job-based benefits, fair scheduling, health and safety protections, and protection from physical violence or emotional abuse. Investing in high quality jobs will likely require additional investments beyond what we model in this paper.

Public investment in care would also allow millions of family caregivers, who have given up paid work to take on caregiving responsibilities at home, to return to work, creating more jobs and economic activity overall. In other words, according to economist Kate Bahn, "when family members are able to make choices based on their best possible job match with the fewest constraints, the entire economy will have a better allocation of talent, which will foster equitable growth."[5] While we cannot capture these effects in our analysis, women returning to the labor force is a crucial factor in our economic health in the recovery period and beyond.

The U.S. care workforce — which is disproportionately made up of women of color — is historically underpaid, and care jobs require demanding hours and can be particularly difficult, putting caretakers at risk of physical violence or emotional abuse, depending on the job setting and context (Burnham and Theodore 2012). The pandemic has certainly made conditions worse and has also more starkly revealed the underlying structural challenges in the sector. The cultural norm that women bear the brunt of care labor — both within the family and in the workforce — contributes to unequal bargaining power and occupational segregation within industries, such that care workers face a "care penalty" (England et al 2002; Budig and Misra 2011).

5 We thank Kate Bahn for this insight, which she shared in her review of this paper.

The need for a major public investment to support care work and get family caregivers back to work is profound. Pandemic-induced unemployment and increased caregiving burdens have highlighted longstanding structural inequities in the provision of paid care, with workers of color, immigrant women, and women in low-paying jobs facing the most dire effects. These intertwined challenges demand a substantial public investment to both support paid care work and create other employment opportunities for family caregivers. Without such interventions, the long-term health and economic impacts will be severe, worsening gender and racial stratification within the United States.

> ***Building a robust care infrastructure is not only good for women — it is the cornerstone of a resilient and sustainable economy.***

The COVID-19 crisis has taken an enormous toll on women in the United States, and exposed the extent to which women's labor — paid and unpaid — is the unacknowledged backbone of our collective economic health. Building a robust care infrastructure is not only good for women — it is the cornerstone of a resilient and sustainable economy.

Why We Need Public Investment in Care

Public investment in care work — including child care, residential care, and home health care — would support or create new jobs at an affordable public cost. According to our analysis, creating or supporting one new job is estimated to cost $34,496 at current levels of labor market compensation.[6]

Meeting today's disastrously high unemployment levels and strengthening the U.S. care infrastructure for the long-term requires robust levels of investment, resulting in millions of new jobs. An investment of $77.5 billion annually across three care sectors — child care, residential care, and home health care — supports two million jobs, including 1.5 million jobs in direct care. Supporting jobs for care workers means these workers spend their wages, which then creates more jobs in sectors like retail and food service — two major employers of women and workers of color, who have been disproportionately hurt by the pandemic recession.

Public investment in care has another benefit: it will allow millions of family caregivers, who have left the labor market, reduced their hours, or lost their jobs in 2020, to return to work, strengthening overall economic activity and ensuring that a generation of women's labor market gains do not disappear. Women — and mothers in particular — are bearing the brunt

6 As discussed above, we argue that compensation for workers across the care spectrum should be raised.

of the public health measures necessary to control the pandemic. Even with the promise of widespread vaccination on the horizon, mothers of young children cannot return to work if there is no child care available and adults caring for those with health needs and the elderly cannot return to work if there is not a sufficient care infrastructure in place.

> ***Public investment in care has another benefit: it will allow millions of family caregivers, who have left the labor market, reduced their hours, or lost their jobs in 2020, to return to work, strengthening overall economic activity and ensuring that a generation of women's labor market gains do not disappear.***

At this inflection point in our economic future, investing in care is one of the best policy choices we can make. A care infrastructure that is built to last will improve the quality of care for people across their lifespans. All of us need care at some point in our lives — it is time for everyone to have access to high-quality and affordable care, now and in the future.

Methodology

Our analysis uses input-output data from the U.S. Bureau of Economic Analysis to trace the impact of new investments in care sectors throughout the economy. Input-output models quantify how an industry's demand for goods and services from other industries would change as levels of economic activity change (i.e., as more care is provided) and how increased economic activity would allow a larger portion of the workforce to consume more goods and services throughout the rest of the economy.[7]

In this methodology, job creation can happen in three ways:

- **Directly** as a result of increased economic activity in a given industry;
- **Indirectly**, via new jobs in adjacent industries that supply goods to the field where the spending first occurred (e.g., increased caregiving activity might increase the demand

7 Input-output models quantify how an industry's demand for goods and services from other industries will change as levels of production change (i.e. as more care is provided) and how increased economic activity will allow a larger workforce to consume more goods and services throughout the entire economy. Effects on employment are computed by using the ratio of total employment to final output (the number of jobs created when one additional unit of output is produced). Here, the commercial vendor IMPLAN is used to conduct the input-output analysis, using data from the Bureau of Economic Analysis. For more on the BEA's input-output tables, see here: https://www.bea.gov/industry/input-output-accounts-data ; and for more on the data sources and construction of the IMPLAN dataset, see here: https://implanhelp.zendesk.com/hc/en-us/articles/115009674448-IMPLAN-Data-Sources

for medical supplies, creating jobs in that sector); and

- Through **induced** job creation, which models how increased consumer spending as a result of direct and indirect job creation supports additional employment (e.g., if a caregiver becomes employed, they may spend more at her local restaurant, inducing that restaurant to hire more staff.) (Pollin et al. 2009).

Because the approach we use is a linear model and does not incorporate pent up demand for care services (as it is based on actual economic activity in care sectors in 2019), we suspect our findings are conservative estimates.

Findings

Public investment in care sectors can create and support job creation in both the care sector and in the wider economy as care workers expand their consumption. In this section we lay out a baseline for investment divided between child care, residential care, and home health cares. Such an investment would lead to extensive job creation in these sectors, and in food service, and retail, among other sectors, as a result of increased consumption activity.

> ***An annual investment of $77.5 billion in a care infrastructure would support over 2 million new jobs and $220 billion in new economic activity.***

This brief estimates the economic effects of a $77.5 billion annual investment in these care sectors over 10 years for a total public investment of $775 billion. An investment of $77.5 billion per year would support over 2 million new jobs annually, at an average cost of $34,496 per supported job. Sixty-five percent of the jobs — approximately 1.5 million jobs — resulting from this investment fall under child care, residential care, and home health care. The investment could support or create an additional 225,000 jobs in sectors that support care work, and over 550,000 jobs in other sectors as direct care workers spend their wages on goods and services.

Over 10 years, this translates to 22.5 million new jobs. A $77.5 billion investment in new jobs translates into $220 billion in economic activity per year.

Job Creation Effects of Investments in Care Infrastructure

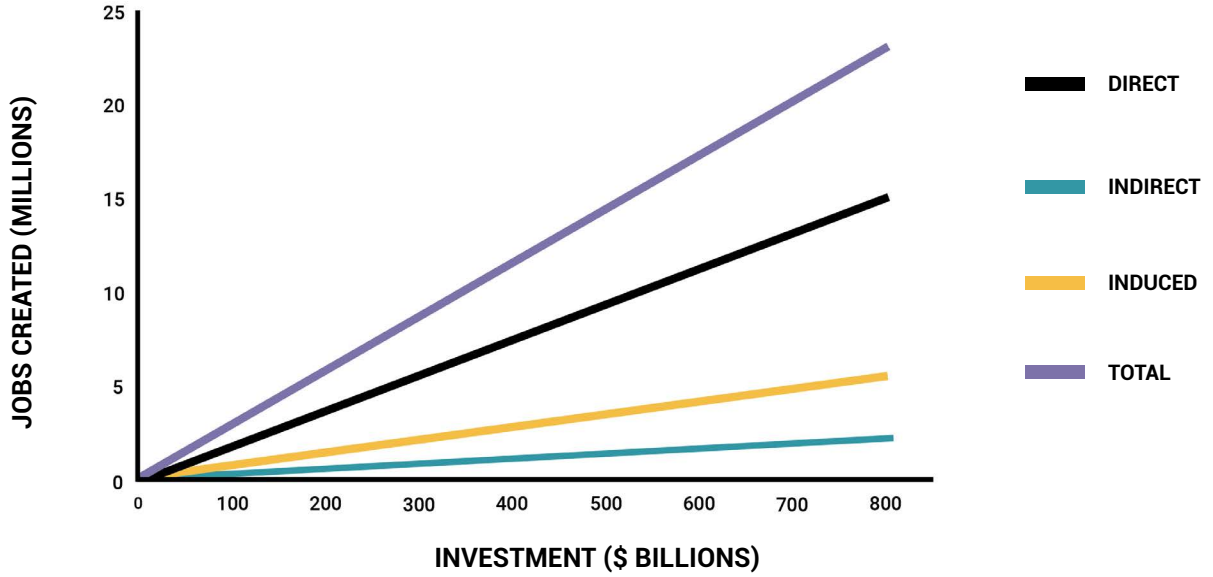

Figure 1. Captures the estimated direct, indirect, induced, and total jobs created across all sectors using input-output methodology.

This figure — $77.5 billion annually — provides a useful benchmark to estimate the magnitude of employment effects and effects on new economic activity, but we do not mean to suggest it is the exact figure that should be invested across these sectors. While a $77.5 billion investment may help alleviate current strain on our care sectors resulting from the pandemic, a substantial investment to address longstanding issues and create a robust care system should go far beyond that.

Our estimate shows that a $77.5 billion investment, split among five sectors as defined by U.S. Bureau of Economic Analysis's Input-Output tables (as analyzed by IMPLAN), would support care jobs in the following way: 398,000 in "individual and family services"; 352,000 in "child day care services"; 324,000 in home health care services; 234,000 in residential care services, and 200,000 in nursing and community care. This analysis is based on the relationships between sectors in 2019, and therefore does not incorporate projected increased demand during and after the COVID-19 pandemic.

These new jobs would have a domino effect on the larger economy: newly hired care workers would now have wages to spend. The food service and retail sectors would experience the highest increase in induced employment, along with hospitals, real estate, employment services, janitorial services, and management activity. The $77.5 billion annual investment would create or support over 81,000 food services jobs and create 45,000 jobs in retail stores. As food services and retail have been hit extremely hard in the pandemic and are a major employer of workers in low-paying jobs and women of color, this would be a major positive benefit to the low-wage labor market. As of December 2020, retail unemployment stood at 5.9 percent (compared to 3.9 percent in December 2019);[8] while food service stood at 16.1

8 Data refers to the Unadjusted Unemployment Rate – Nonagricultural Private Wage and Salary Workers, Retail Trade from the Bureau of Labor Statistics (accessed December 3, 2020). https://data.bls.gov/timeseries/LNU04034163?amp%253bdata_tool=XGtable&output_view=data&include_graphs=true.

percent (up from 5.0 percent in December 2019).[9] Such an investment would also create nearly 38,000 new jobs in hospitals and doctors' offices.

Induced and Indirect Job Creation in Non-Care Sectors

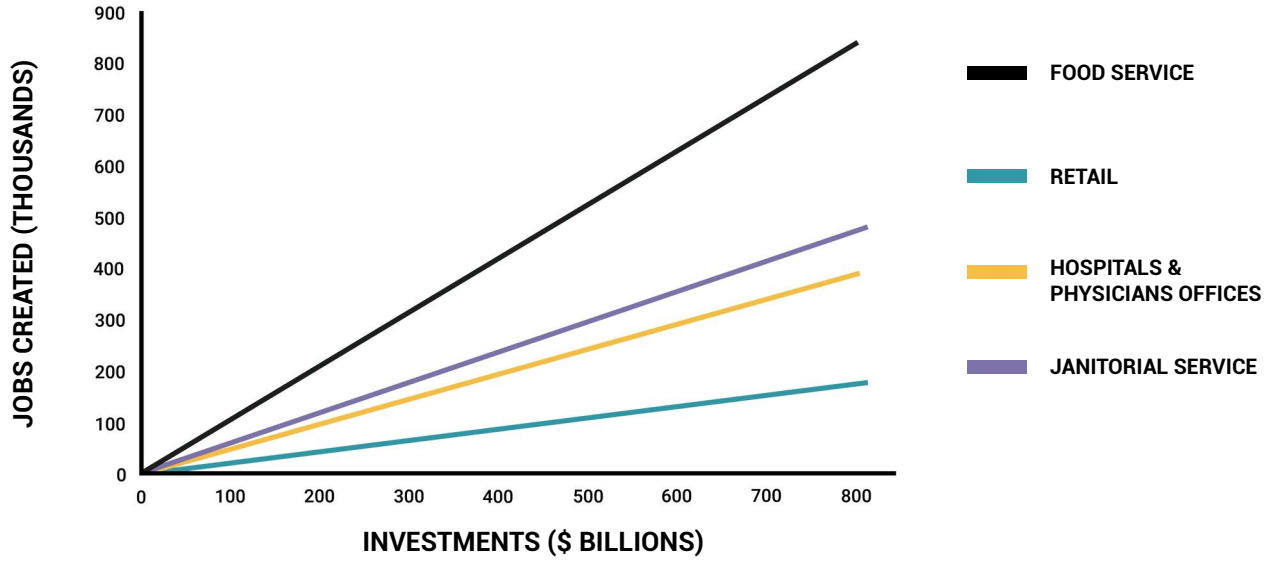

Figure 2. Captures the estimated indirect and induced job creation across a selection of non-care sectors that would experience the biggest job gains.

Crucially, low-paid workers and women of color are over-represented in all of the sectors that would experience major direct, indirect, and induced employment creation — women are 94 percent of the child care sector; 89 percent of the home health care services sector; 84 percent of the nursing care sector; and 76 percent of the residential facilities sector.[10] Median hourly wages for the direct care workforce in each of these sectors averages $13.34 an hour, which translates to $27,747 annually, assuming full-time work and paid vacation.[11] Black workers comprise between 18 to 31 percent of the employees in these sectors, while Latinx employment ranged from 13 to 22 percent, and Asian employment between four and six percent.[12] Altogether, robust public investment in the care economy would benefit women workers, especially women of color, precisely the workers who have been disproportionately affected by the pandemic.

9 Data refers to the Unadjusted Unemployment Rate – Nonagricultural Private Wage and Salary Workers, Food Services and Drinking Places from the Bureau of Labor Statistics (accessed December 3, 2020). https://data.bls.gov/timeseries/LNU04034262?amp%253bdata_tool=XGtable&output_view=data&include_graphs=true.

10 Data refers to employed persons by detailed industry, sex, race, and Hispanic or Latino ethnicity from the Bureau of Labor Statistics (accessed December 3rd, 2020). https://www.bls.gov/cps/cpsaat18.htm.

11 Median hourly wages and annual wages calculated by the authors from the Bureau of Labor Statistics Current Employees Statistics Database (accessed December 3rd, 2020). https://www.bls.gov/ces/data/.

12 See footnote 8.

What's at Stake

At stake in the national recovery and our long-term economic resiliency is if, when, and how family caregivers, who are disproportionately women, will be able to return to the labor market. The pandemic has created public pressure to restructure our public care infrastructure so that it better meets the needs of U.S. families and the U.S. workforce (Global Strategy Group 2020; Edwards 2020; Women in the Workplace 2020). By investing in our care economy, as modeled in this paper, millions of workers would be able to return or join the labor force, thereby jumpstarting our economic recovery.

Care Sector Investments Would Have Positive Spillovers

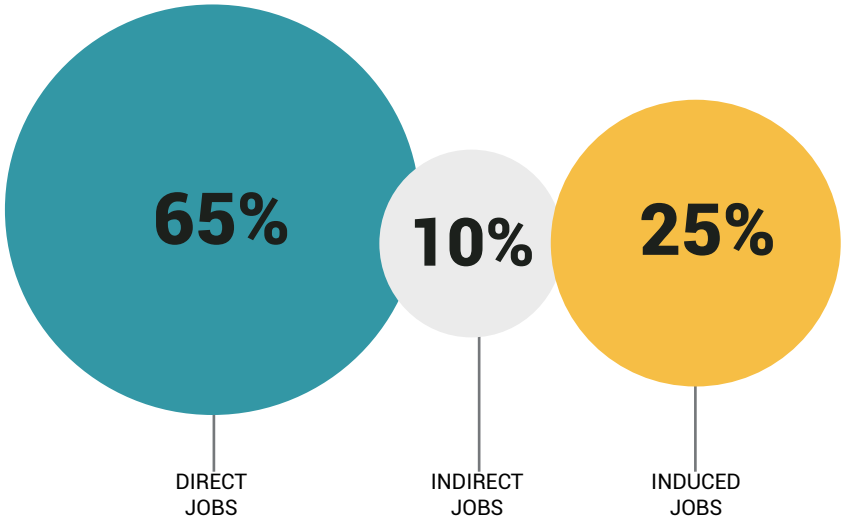

Figure 3. Direct, induced, and indirect jobs as a share of total job creation when investing in care infrastructure.

Lack of high-quality and affordable care has a negative effect on business productivity. Pre-COVID absenteeism as a result of lack of child care cost U.S. companies $3 billion annually in 2004 dollars, and family caregiving more generally costs businesses over $30 billion annually due to absenteeism, shifts to part-time work, turnover, and workday interruptions in 2006 dollars (Shellenback 2004; Dastur et al. 2017). In related research, Shen (2020) examined the effects of states that increased the provision of formal paid home care. She finds that for every 2.4-3 women whose parent took up formal home care in the states that provided the option, one adult daughter returned to the workforce full-time (the labor supply effect for adult sons was statistically insignificant). Shen provides an estimate of the fiscal effects of the increased labor supply on adult daughters, finding additional income tax revenue of $515 per eligible senior, partially offsetting the cost of increased care.

"There was a crisis of care in this country even before the pandemic: mitigating the effects of the pandemic is not enough."

Future economic research is needed to quantify the dramatic effect of increased caregiving on the U.S. prime-age workforce[13] during the pandemic, but it is clear from the scale of women dropping out of the labor force today that without intervention, the pandemic will reverse women's labor force participation for years, if not decades, to come — thereby taking an enormous toll on our economic health. Though it is very difficult in the pandemic era to predict the conditions that will predict a return to 'normal' once the disease wanes, this research demonstrates the importance of committed public investments to allow family caregivers to return to work. There was a crisis of care in this country even before the pandemic: mitigating the effects of the pandemic is not enough.

Structural Challenges in the Care Sector

Care sectors are crucial to a well-functioning society and economy, a reality that has been underscored under the current circumstances. The structure of care in the United States means that those with the greatest care needs have the least ability to pay for it — young families, single parents, and the elderly bear the highest cost of care and have the least available income.[14] At the same time, the U.S. care workforce — which is disproportionately made up of women of color — is historically underpaid and the jobs are demanding and risky, putting caregivers with few worker protections at risk of physical violence or abuse (Burnham and Theodore 2012).

The pandemic has certainly made conditions worse and has also more starkly revealed the underlying structural challenges in the sector. The cultural norm that women bear the brunt of care labor — both within the family and in the workforce — contributes to unequal bargaining power and occupational segregation within industries, such that care workers face a "care penalty" (England et al 2002; Budig and Misra 2011).

13 Refers to individuals aged 25 to 54-years-old.
14 Thanks to economist Kate Bahn for this useful point.

Care sectors include large institutional settings, smaller institutional settings, and individual, home- and community- based care. Large institutional care settings include Pre-K/K-12 schools and hospitals. Smaller institutional settings include residential nursing homes, community care facilities for people with physical and mental health needs, center-based child care, and other care settings. Non-institutional settings include child care that takes place in a home and home health care services for adults. The analysis presented above focuses on the smaller institutional and non-institutional settings; specifically, we focus on child care, residential care, and home health care for the elderly and people with disabilities. In this section we outline conditions pre- and post-COVID 19 for child care, residential care (including nursing homes), and home health care.

It is beyond the scope of this research brief to model how a public investment would impact care workers who are outside the bounds of traditional, formal employment relationships. These workers are not counted in the federal data that this work relies on but are undoubtedly crucial contributors to the care system and also in need of greater public investment and protections (England et al 2002; Budig and Misra 2011; Kashen et al 2020). Because we focus on non-institutional settings and community care, our analysis also understates the total impact of investment in care across the entire lifespan, including K-12 and hospital-based care.

Child Care

Child care in the United States is a patchwork of family-provided child care, home-based individual or group child care (sometimes referred to as day care or nursery school), private-tuition preschools, and federally supported Head Start programs.[15] For most families, child care before children enter kindergarten (or in some cases pre-K) must be figured out and paid for on one's own, and is a major household expense, though there is a modest child care tax credit available mainly for middle-income families and the Child Care & Development Block Grant program supporting care for low-income families. Pre-pandemic, 83 percent of parents with children under the age of five had a difficult time finding affordable, high-quality child care locally (Beyer 2020).

Mothers of young children, and particularly women of color and women in low-paid work, are disproportionately affected by the lack of high-quality and affordable child care nationwide. Child care is costly and largely hits families before they are at the peak of their earning power. According to the Consumer Expenditure Survey conducted by the Bureau of Labor Statistics, 4.9 million American households spent almost $3.6 billion on day care centers, nursery schools, and preschools in 2017. The average cost of full-time child care was approximately $10,000 in 2017, with rates increasing to more than $20,000 for infants and toddlers in higher-income locations (Child Care Aware of America 2019).

15 Though not the focus of this paper, Robert Lynch recently estimated the job creation effects of a $50 billion annual investment in high-quality pre-K programs and K-12 to demonstrate the power of public investment in care infrastructure, focused on the public school system. He finds that public investment in K-12 education would yield 1.7 million jobs in the first two years.

Mothers bear the brunt of the negative impact of hard-to-find child care on their labor force participation. The Joint Economic Committee (2016) estimated that mothers' "mommy penalty" leads to an average decline in income by three percent (while fathers earn 15 percent more than men without children for a "daddy bonus." Recent research by Cristina Novoa (2020) documents the range of impacts of the lack of child care on parents of color during the pandemic, including more frequent job switching, choosing not to work, turning down promotions, and working part-time: "Black and multiracial parents experienced child care-related job disruptions — such as quitting a job, not taking a job, or greatly changing their job — due to problems with child care at nearly twice the rate of white parents."

The formal child care workforce,[16] roughly 561,000 workers pre-pandemic,[17] is low-paid and almost entirely women. The Occupational Employment Statistics reports that the median hourly wage of a child care worker in the child care industry was $11.12 in 2019, and child care workers rarely receive benefits, such as health insurance or pension plans, through their employers. With such low pay, one in seven child care workers live in families that are below the poverty line and many are likely unable to afford care for their own families (Gould 2015). Women make up 94 percent of the child care workforce (though they are 47 percent of the overall labor force); 19 percent are Black; 22 percent are Latinx, and five percent are Asian (though the total labor force is 13 percent Black, 17 percent Latinx, and six percent Asian).[18]

The pandemic has caused the already fragile, inadequate structure of child care to rip apart at the seams. According to a report by the Joint Economic Committee, as of August 2020, 214,000 child care workers — over one third of the total workforce — were out of a job (Beyer 2020). The Social Assistance sub-sector, which includes child care, saw an unemployment rate reach a high of 23 percent in April 2020, and stood at 6.8 percent as of December 2020. These numbers do not include the child care workers who have dropped out of the labor force as they are currently not seeking paid employment.[19] Eighty percent of child care providers reported that they would be forced to close without public support, likely because they could not collect tuition to cover ongoing costs (NAEYC 2020). The necessary COVID-19-related regulations put in place to protect children and staff as child care programs started to re-open were not complemented with increased support for salaries or supplies.

16 Here we focus on the formal child care sector as reported by the Bureau of Labor Statistics, but it is important to recognize that much domestic work involving children, including nannies and some home-based group care, operates informally. The Economic Policy Institute's Domestic Worker Chartbook provides a valuable and detailed overview of the domestic worker sector: https://www.epi.org/publication/domestic-workers-chartbook-a-comprehensive-look-at-the-demographics-wages-benefits-and-poverty-rates-of-the-professionals-who-care-for-our-family-members-and-clean-our-homes/

17 Many researchers note that this figure is likely underreported. Data refers to Occupational Employment and Wages from the Bureau of Labor Statistics (accessed January 11th, 2021). https://www.bls.gov/oes/current/oes399011.htm#nat

18 Data refers to Employed person by detailed industry, sex, race, and Hispanic or Latino ethnicity from the Bureau of Labor Statistics (accessed December 3rd, 2020). https://www.bls.gov/cps/cpsaat18.htm.

19 Data refers to the (Unadj) Unemployment Rate – Nonagricultural Private Wage and Salary Workers, Social Assistance from the Bureau of Labor Statistics (accessed December 3rd, 2020). https://data.bls.gov/timeseries/LNU04034248?amp%253bdata_tool=XGtable&output_view=data&include_graphs=true.

The impact on parents has been severe. A recent TIME'S UP Foundation poll found that half of parents saw increases in their care responsibilities following the pandemic. The same research showed that nearly a quarter (23%) of voters have had to leave a job (6%), reduce their hours (10%), or take time off because of their health, because of virtual school or limited child care options, or to care for a child or loved one with a serious health issue (9%) (Lake Research Partners 2020).The situation is even worse for families living in child care deserts, where child care is not readily available.

Investing in high-quality and affordable child care would catalyze multiple positive effects: stabilizing care for parents — predominantly mothers — in the paid labor force who have been deeply impacted by the sudden lack of child care as a result of the pandemic; ensuring employment stability for the critical child care workforce; and creating employment opportunities for low-paid women who have disproportionately lost jobs in retail and food services (Kalipeni and Kashen 2020).

Residential Care

Residential care supports physical and mental health for people across the lifespan: people receiving care for mental health or physical disabilities or injury, substance abuse and recovery, as well as care in nursing homes and residential community care settings for the elderly. The direct care workforce in residential care settings is varied, including nurses, nursing assistants, personal care assistants, psychiatric aides, and orderlies. In 2019, the direct care workforce in residential care and nursing homes reached 1.3 million workers (PHI 2020). Of these workers, 90 and 85 percent are women in nursing homes residential care homes respectively. Moreover, of these workers, approximately one third were Black and more than 10 percent were Latinx in nursing and residential care homes, respectively. These industries support a heavily immigrant workforce: eight percent of nursing home workers and nine percent of residential care workers are not U.S. citizens, while 13 and 12 percent, respectively, are U.S. citizens by naturalization (PHI 2020).

Despite the growth of the overall workforce, wages have remained low and stagnant over the last 10 years. The median hourly wage for direct care workers is $12.67 in residential homes and $13.90 in nursing homes, and has grown only three and four percent, respectively, over the course of the decade (PHI 2020). These low wages have left many direct care workers' households in poverty: 42 percent of nursing home workers and 41 percent of residential care home workers live at less than 200 percent of the federal poverty level (PHI 2020).

The pandemic has led to huge losses in the residential care sector though there has not been the same magnitude of closures as in child care. Nursing homes have, in many ways, become the face of COVID-19: where the disease has spread most quickly and where workers and residents suffer disproportionate health impacts and mortality rates.[20] Nursing homes, pre-pandemic, cared for over 1.3 million elderly residents, with long waiting lists (HHS 2019). While nursing home care is partially publicly financed, families and private long-term care insurance often pay for the majority of expenses.

Home Health Care

Home health care for the elderly and those with chronic health conditions is a fast-growing sector throughout the United States, driven by demographic shifts and likely to be exacerbated by fears of nursing homes and residential settings in the pandemic era. Home care workers assist individuals in their homes with medical and daily living tasks, which enables family caregivers to return to the workforce. Home health care was projected to be the fastest growing occupation pre-pandemic, and demand will likely grow as more families fear residential care facilities and hospitals and as a growing preference among many of those needing care (PHI 2019). Without robust public investment, family caregivers will have to make up the gap. Taken together, there is no doubt that demand for home health care will continue to grow.

As with other care sectors, the home health care workforce is disproportionately women, especially immigrant women and women of color. The direct care workforce in home health care reached 2.4 million in 2019, up from 973,000 10 years earlier, for a growth rate of 145 percent (PHI 2020). The home care workforce more than doubled in size in the decade from 2009 to 2019, with the majority of the growth driven by increased demand for non-medical in-home support. There is high turnover among home health care workers, due to low pay, poor conditions, and burnout, among other factors. Without investment and improvements in job quality, turnover is projected to remain high, leaving a workforce shortage of nearly five million jobs by 2028.

Home care workers made a median hourly wage of $12.15 in 2019 (compared to a median hourly wage for all occupations of $19.14) and annual median wage of $25,280. The top earners in the 90th percentile earned just $16.44 an hour and $34,180 a year.[21]

20 Data from "COVID-19 Nursing Home Data." Centers for Medicare and Medicaid Services (accessed December 3, 2020). https://data.cms.gov/stories/s/COVID-19-Nursing-Home-Data/bkwz-xpvg/.

21 Data refers to Occupational Employment and Wages, May 2019 for Home Health and Personal Care Aides from the Bureau of Labor Statistics (accessed January 11, 2021). https://www.bls.gov/oes/current/oes311120.htm.

Low wages leave home health aides reliant on public assistance to support their families: 54 percent of home care workers rely on public assistance, with 33 percent on Medicaid and 29 percent on food and nutrition assistance programs. One in six home care workers lives below the federal poverty line (PHI 2020). The part-time workforce is significant: 38 percent of the workforce works part-time, with the majority doing so for non-economic reasons, meaning they are able to find full-time work but prefer not to do so. Home health care is financed through a combination of private payment and reimbursement through the public health insurance systems, Medicare (for those over 65) and Medicaid (for those below a certain income threshold). Systems are state-based and there is no uniformity nationwide about payment or provisioning. This means that home health care services are a major financial burden for most individuals needing care and their families.

Family caregivers also experience many challenges due to the lack of affordable, high-quality home health care. As with child care, the patchwork of public provisions and high costs for private provision mean that even before the pandemic, many prime-age workers cut down their labor force participation in order to provide home health care to family members. One estimate from 2011 found that the lost wages, pensions, and Social Security benefits for family caregivers amounted to $324,044 lost over a lifetime (Metlife 2011).

Conclusion

Investing in a robust care infrastructure is unequivocally an urgent national priority. Doing so would not only support an equitable and healthy economic recovery, but would also solve systemic challenges resulting from the lack of a real system for care in this country.

Our analysis finds that a public investment in care sectors can support millions of jobs in paid care work and beyond, jumpstarting an economic recovery that is desperately needed across the country. We find that a $77.5 billion investment in paid care work would support over 2.2 million jobs, at an average cost to the public of $34,496 per job. And we argue that care jobs must be family-supporting, living wage jobs in order to ensure the economic dignity and stability of the workforce.

Furthermore, a robust investment in care would have important knock-on effects, including creating additional jobs in sectors such as food service and retail, where women — and particularly women of color — have experienced devastating job losses. Moreover, while we do not quantify how a robust care infrastructure would allow family caregivers — who have foregone paid employment to provide care — to return to work in this analysis, these effects are also deeply important in this moment of economic crisis and beyond.

Investing in a high-quality care infrastructure, with a care workforce that is treated with dignity and respect, must be at the top of our priority list. Indeed, at this inflection point in the country's economic future, it is one of the best policy choices we can make.

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Appendix

Appendix Table 1. Percentile hourly wage estimates for home health care workers and personal care aides; nursing assistants; and child care workers

	10th percentile	25th percentile	75th percentile	90th percentile
Home health care & personal care aides[22]	$9.34	$10.90	$14.17	$16.44
Nursing assistants[23]	$10.56	$14.26	$16.95	$19.53
Child care workers[24]	$8.65	$9.72	$14.05	$17.21

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