BRIEF

Building the Caring Economy

WORKFORCE INVESTMENTS TO EXPAND ACCESS TO AFFORDABLE, HIGH-QUALITY EARLY & LONG-TERM CARE

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KEY TAKEAWAYS

- High-quality caregiving is essential but out of reach for too many families, and the need for child care and long-term supports and services is expected to grow.
- Care workers—who are disproportionately women of color—face poor job quality exemplified by low pay and inadequate benefits, in turn undermining access to quality care.
- Ensuring access to paid family and medical leave, increasing child care funding, expanding home- and community-based services or care, and investing in workforce development would build the caring economy.
- Recent proposals—including the American Jobs Plan,[1] the American Families Plan,[2] and the Better Care, Better Jobs Act[3]—would make transformative investments in high-quality, affordable child care and early childhood education; provide paid leave; and support direct care workers.

Caregiving enhances lives, but too often families in the United States find themselves on their own as they seek to meet caregiving needs while balancing work and other obligations. Throughout the COVID-19 pandemic and economic crisis, women, especially women of color, were pushed out of formal employment;[4] nearly 1.6 million women left the labor force between February 2020 and June 2021.[5] Approximately 850,000 net jobs were added in June 2021 and women accounted for 47.6 percent of those jobs, yet Black (8.5 percent) and Latinx (7.9 percent) women still have the highest unemployment rates in comparison to white women (4.8 percent).[6] Investing in the caring economy is critical to supporting women, who often cease working[7] or reduce hours[8] due to disproportionate caregiving responsibilities or mental health concerns.

At the same time, younger and prime-age workers, women, workers of color, and those with high school education or less often face significant barriers to finding employment. Many of these workers work or have worked formally or informally in the early care and education (ECE) and long-term care fields. Creating high-quality caregiving jobs that pay a decent wage could provide significant opportunities to boost employment for these workers.

Investments in caregiving jobs could address two national needs: the pressing need for caregiving and the equally pressing need for good jobs. With these aims, we offer proposals that promote the well-being of children, older adults, people with disabilities, and their families by creating and sustaining good jobs in the caregiving sector.

CARE WORKERS ARE ESSENTIAL TO PEOPLE OF ALL AGES

At some point, many people will need the support of care workers. Care workers are essential to:

- **Parents of young children:** Safe and reliable early care and education is critical to support parents'—especially mothers'—employment and economic security.[9] Inadequate policy responses early in the COVID-19 crisis shrunk already insufficient child care availability.[10] These impacts are likely long lasting. In 2020, one in three mothers reported considering downshifting their career, often due to child care responsibilities.[11]
- **Young children:** High-quality early care and education both improves school readiness and performance and lays the groundwork for long-term economic, social, and health benefits, especially for children in families with low incomes.[12]
- **People with disabilities and aging adults:** Estimates suggest that in 2018 over 14 million Americans needed long-term supports and services (LTSS) with daily living; this number is expected to grow over time as the population ages.[13]

TOO FEW FAMILIES CAN AFFORD HIGH-QUALITY CARE

With limited earnings and minimal additional financial resources, too few families can afford high-quality care, costing unpaid family caregivers—particularly women—financially, physically, and emotionally.

CHILD CARE IS INACCESSIBLE & UNAFFORDABLE FOR MANY FAMILIES

- Federal estimates define affordable child care as costing parents no more than 7 percent of family income.[14] The annual cost of infant care was more than 30 percent of minimum wage earnings in all states.[15]
- Prior to the COVID-19 pandemic, about 59 percent of young children (ages 0-5) were involved in a non-parent care arrangement in 2019.[16] Among these children, 62 percent were in center-based care.[17]
- As of June 2021, men's job recovery continued to be stronger than women's: women's jobs on payroll were 3.8 million less than February 2020, in comparison to 3 million jobs on payroll for men.[18]

QUALITY LONG-TERM SERVICES & SUPPORTS ARE OFTEN UNOBTAINABLE

- In 2020, the national median annual cost for care by a home health aide was $54,912, which significantly exceeded the median annual income of older adults in the same year.[19] Surveys indicated that the COVID-19 crisis strained providers and increased demand for care, due to increased costs, employee recruitment and retention challenges, and increased number of clients.[20]
- While many older adults will require LTSS, including personal care assistance, few can afford paid help. A 2019 forecast predicts that, by 2029, 54 percent of middle-income older adults will not have the resources to pay for these supports.[21]

INFORMAL CAREGIVING COSTS CAREGIVERS, ESPECIALLY WOMEN

- In 2020, 52 million people in the United States, provided unpaid, informal care to an adult.[22] Women make up three-fifths of those providing informal long-term care.[23]
- Providing informal long-term care puts financial, physical, and emotional strains on caregivers.[24] Due to the demands of caregiving, employed caregivers reported reducing work hours, giving up on work, or retiring early.[25]
- Caregiving has a strong effect on retirement preparedness, especially for women. The median wealth for women who are caregivers is $117,353 dollars compared to $276,519 for women who haven't been or aren't caregivers.[26]
- Women who shift from full-time jobs to part-time positions often miss greater career opportunities,[27] and those who leave the labor force for long periods of time are likely to find lower-paid jobs when they re-enter, contributing to a wider retirement security gap.[28]
- The costs to employers of full-time employees with family caregiving responsibilities include high turnover rates and a reduction in productivity,[29] amounting to a substantial hidden cost.[30]

INADEQUATE CAREGIVING INVESTMENT DRIVES LOW PAY & MISSES OPPORTUNITIES TO SUPPORT GOOD JOBS

- In 2018, the average annual earnings for child care workers in the United States were $29,900, and one in ten child care workers had incomes below the federal poverty line.[31]
- Annual turnover rates within the early care and education sector were roughly 27 percent,[32] due in part to low wages.[33] This turnover compounded during the COVID-19 pandemic: nearly 78 percent of child care centers surveyed identified low wages as the main recruitment challenge and 81 percent identified low pay as a key retention challenge in July 2021.[34]
- Direct care workers face high levels of economic insecurity. In 2019, the median annual earnings for direct care workers were $20,200, due to high rates of part-time employment status and low pay.[35] About 44 percent of direct care workers lived in low-income households and 15 percent experienced poverty (below 200 and 100 percent of the federal poverty line, respectively).[36]
- Women comprise 86 percent of the direct care workforce.[37] Women of color, who also shoulder disproportionate caregiving responsibilities for their own children and family,[38] make up most of the direct care workforce.

- Younger workers, along with people with a high school education or less, a disability, limited English proficiency, or criminal legal system involvement, continue to struggle to find employment.[39]
- Entry-level care positions could provide good jobs, but low wages and minimal investments in training and education undermine the ability to attract and retain workers in the caregiving field.

RECOMMENDATIONS

- **Support paid family and medical leave to alleviate the impact of caregiving on families:** Adopting a federal policy that would establish nearly universal access to paid leave would allow families time to care for loved ones, help families cope with the costs of caregiving, and reduce the public cost of providing formal paid care. The American Families Plan would create a comprehensive national paid family and medical leave program.[40]
- **Invest in quality, affordable child care for all children who need it:** The federal government should invest in child care, with a particular focus on combating racial and gender inequities in the child care sector. All child care jobs should offer adequate compensation, safety, and opportunity for advancement. The American Families Plan would invest in high-quality, affordable child care and education while increasing compensation and development for child care providers and early childhood educators.[41]
- **Expand home- and community-based services and care:** The federal government should establish payments to states that are specifically designated for and designed to raise wages for workers providing formal, paid care, including by funding a wage pass-through to federally-funded care workers. This would address current pay inequities, would be cost-efficient, and would help ensure a minimum standard of living for care workers. The Better Care, Better Jobs Act would similarly expand home- and community-based care.[42]
- **Increase public investments in ECE and long-term care to increase access to formal care:** Subsidize formal ECE to create new jobs in the sector and expand families' access to high-quality care; establish a universal catastrophic long-term care insurance program as a component of or companion to Medicare; and finance an enhanced federal matching rate for Medicaid home and community-based services to expand access to long-term care more immediately. The American Rescue Plan of 2021 provided needed, temporary investments to improve both job quality and stabilize the caregiving workforce during the COVID-19 pandemic.[43] Additional, long-term investments, like those in the American Jobs Plan, would better align access to formal care with need.[44]
- **Expand self-direction to address workforce shortages:** In self-directed programs, participants can select and hire their home care worker(s) without an agency. Consumer direction can lead to better pay for workers because the overhead costs are often lower, and a larger share of funding is available to go towards wages. The federal government should enhance federal matching rates to incentivize self-direction.
- **Limit allowable costs including executive compensation to Medicaid-funded home and community-based services:** The federal government should limit executive compensation and explore limits on other expenses to promote economic equality and help ensure that federal support is appropriately directed to fund high-quality services and the workers who provide them.
- **Promote recruitment, retention, and economic mobility of care workers with investments in workforce development:** Standardize and finance pre-service training infrastructure and invest in job preparation and professional development for current workers.

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Please refer any questions, suggestions, and other comments to gcpiesoi@georgetown.edu.

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