PROGRESSIVE POLICIES ARE GOOD FOR THE ECONOMY: BUILDING A ROBUST AND INCLUSIVE CARE INFRASTRUCTURE

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During the Great Recession, our government learned the hard way that we should spend more—not less—in times of crisis. The response to the Great Recession was too small and ended too soon, especially for the Black and brown families that never recovered, and our economy was made less resilient as a result. The government can boost our economy right now by helping struggling families and investing in all of us. Investing in people will benefit everyone, with new jobs, higher wages, and a stronger economy overall. One way to support communities is by building a robust and inclusive care infrastructure.

Care work across the lifecycle, including childcare, home health care, and elder care, underpins every facet of our economy. Yet because this work is primarily done by women and disproportionately by women of color, it has been undervalued, undercompensated, and underprovisioned, leaving families, workers, and caregivers struggling. Investing $77.5 billion per year in care infrastructure would create 22.5 million jobs in the next decade, infuse $220 billion into the economy every year, and help build collective economic security for everyone, but particularly for women of color who are facing extreme economic hardship.

Building a robust and inclusive care infrastructure is good for children, families, and the economy:

- Investing in care infrastructure creates jobs and increases employment. New research finds that an annual investment of $77.5 billion in care infrastructure would create 22.5 million jobs in 10 years. Furthermore, job gains would be in sectors where workers are likely to spend their increased wages on goods and services, funnelling that money back into the economy. Another study found that investing in care infrastructure, like early childhood development and home health care, generates twice as many jobs per dollar as investing in construction infrastructure. The research also finds that investing in the care economy is uniquely effective at increasing employment; it directly creates jobs and also enables family members with caregiving responsibilities more freedom to find and keep a job.

In the figure above, direct jobs are jobs created as a result of increased economic activity in a given industry. Indirect jobs are new jobs in adjacent industries, and induced job creation is a result of increased consumer spending as a result of direct and indirect job creation.
• **Economic activity increases with a robust and inclusive care infrastructure in place.** A $775 billion investment in care infrastructure would generate $220 billion in new economic activity every year.

• **Uncompensated care responsibilities reduce women’s ability to work and support their families, and contribute to the economy.** The pandemic-induced closures of schools and childcare alone are costing women and the U.S. economy $64.5 billion in wages and economic activity each year as a result of mothers being forced to reduce hours or leave the labor force to take on caretaking responsibilities. In 2015, the US Department of Labor estimated that five million women were missing from the labor force because of the lack of paid leave and other care and family-supporting policies and research has found that more women than men face economic insecurity due to being unable to return to work or being forced to reduce hours to take on unpaid care work.

Here’s who will benefit from building a robust and inclusive care infrastructure:

• **Underpaid care workers, who are disproportionately women of color, will see their wages go up and their poverty rates fall.** Child care workers earn on average less than $12 an hour, and 1 in 10 child care workers in 2018 had incomes below the federal poverty line, twice the poverty rate for all workers. Investing in a robust and inclusive care infrastructure not only means access to care for families and communities, but also creating quality jobs that pay living wages and offer protections in the workplace. Currently, almost half of nursing home workers and residential care home workers live at less than 200 percent of the federal poverty level, and residential care workers are also disproportionately Black, Latinx, and immigrants. Furthermore, while the home health care direct care workforce had a growth rate of 145 percent from 2009 to 2019, it also had a high turnover rate due to low pay and few protections.

• **A robust and inclusive care infrastructure will create millions of jobs, particularly in sectors that disproportionately employ women of color and low-income workers, who have also experienced devastating job losses during the COVID-19 pandemic.**

• **Families and individuals in need of care will gain access.** One study projects that by 2029, there will be 14.4 million middle-income seniors and that over half of them will be unable to afford the care they need, as the private seniors housing industry caters only to the highest-income people. Meanwhile, without substantial and equitable investment, the home health care workforce will face a shortage of nearly five million jobs by 2028 and the quality of care to people who need it will suffer. Ensuring that residential care and home health care jobs offer livable wages and protections is imperative to increasing job quality and reducing turnover.

• **Children and their families will benefit from high-quality childcare and early education, and relief from the high costs of childcare.** Even before the pandemic our childcare system was in crisis. In 2016, half of families with young children reported difficulty finding childcare that met their needs, with almost one million unable to find a suitable program. Families living below the poverty line face average childcare expenses of 30 percent of their income, and one third of poor families who pay for child care are pushed into poverty by their childcare expenses.