

The US Care Infrastructure: From Promise to Reality

The Macro Economics of the Care Infrastructure

**Mieke Meurs (Moderator), Valeria Esquevil, Marc Granowitter,
Elizabeth King, Amy Matsui, Lenore Palladino**

The session will begin shortly.



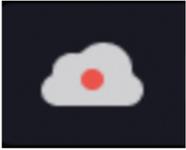
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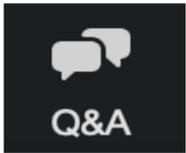
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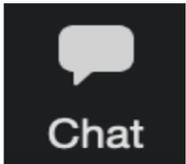
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Workshop I: The Macro Economics of the Care Infrastructure

- **Investing in the Care Economy: Supporting A Gender-responsive Recovery**
Valeria Esquivel, ILO
- ***The Macroeconomic Effects of Investment in Care in the United States***
Lenore Palladino, UMass Amherst
- Amy Matsui, National Women's Law Center
- Marc Granowitter, AFSCME
- Comments: Elizabeth King, Brookings Institution

Moderator: Mieke Meurs, American University



▶ Investing in the Care Economy: Supporting A Gender-responsive Recovery

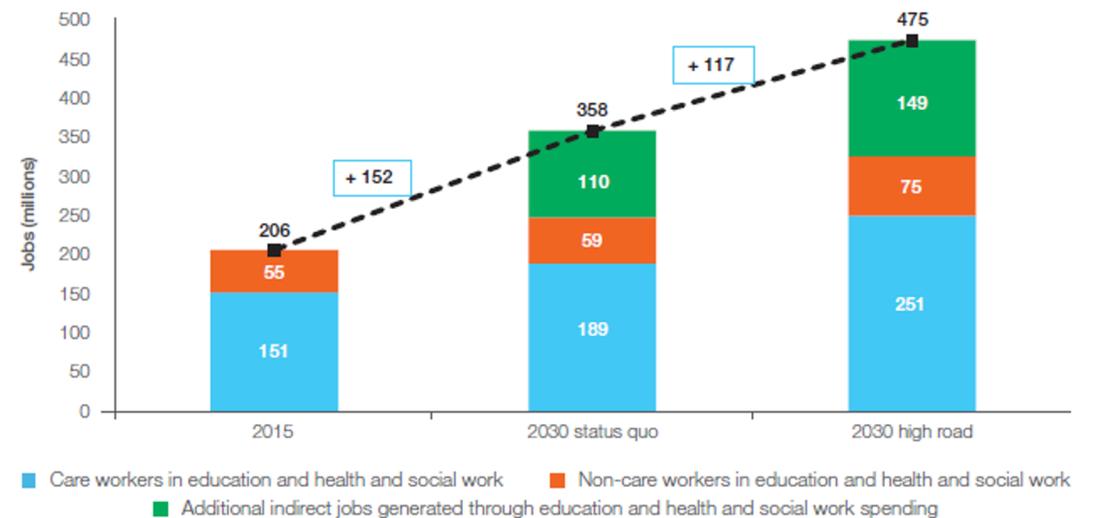
Valeria Esquivel, Employment Policies and Gender Specialist, EMPLAB

Date: 4 March 2022

Investing in care services has strong employment impacts

- ▶ Investment in the care economy to achieve the SDGs means a total of 475 million jobs by 2030, compared to 206 million jobs in 2015 (based on 45 countries which represent 85 per cent of global GDP and close to 60 per cent of global population)
- ▶ The investment required in the “high road” scenario implies an increase of more than one third of expenditure in education, and one fifth increase in health and social work
- ▶ The countries in the analysis spent 8.7 per cent of their combined GDP in these services. To reach to the “status quo” scenario, they would have to spend 14.9 per cent of their GDP in 2030. The “high road” scenario requires 18.3 per cent of GDP.
- ▶ At least 17 per cent of the expenditure is recovered in the short run through fiscal revenues.

Figure 8. Total care and related employment in 2015 and 2030, status quo and high road scenarios



Note: See Chapter 5, figure 5.11 (45 countries). For 2015, ILO calculations based on labour force and household survey microdata.

Source: Ilkkaracan and Kim, forthcoming.

ILO (2019) *Care work and care jobs for the future of decent work*. Geneva: ILO.
https://www.ilo.org/global/publications/books/WCMS_633135/lang--en/index.htm

Policy Support Tool for Estimating Care Deficits, Investment Costs and Economic Returns

- The *Policy Support Tool* provides a methodology for how to:
 - Identify the coverage gaps in care services (namely public healthcare, long-term care, early childhood care & education, and primary and secondary education);
 - Estimate the costs of public investments and expenditures for eliminating these coverage gaps; and,
 - Assess the various economic returns to such investments in the short- and the long-run.



The *Policy Tool* is available for download at: https://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_767029.pdf

Defining ‘Investing in the Care Economy’

The scope of what is meant by care services in this policy tool, derives upon a comprehensive conceptualization by ILO (2018). The care services which establish the target for public investments within the scope of the policy support tool, entail the following sectors of economic activity:

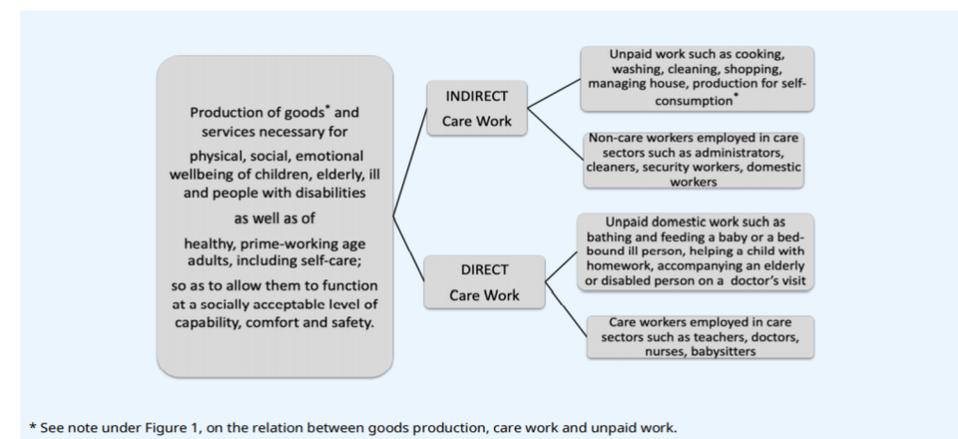
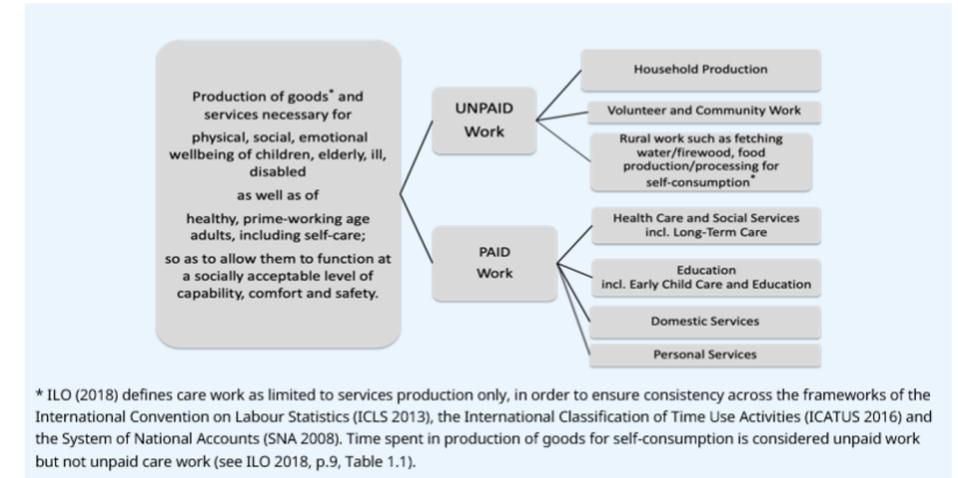
Education Services Sector:

- Early childhood care and education (ECCE)
- Primary and secondary education

Health Care Services Sector:

- Ill/patient care (short-term care)
- Long-term care for the elderly and people with a chronic disability and illness (LTC)

ILO (2019) *Care work and care jobs for the future of decent work*. Geneva: ILO.
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Assessing and Costing Care Coverage Gaps

STEP 1. Assessing Care Coverage Gaps in given sub-sector(s) of care services

- This overview of care coverage gaps should include:

- Legislation on who has the right to access, who has the responsibility to provision (national or local governments), staffing and other quality requirements, monitoring systems;
- National plans and government policies;
- Existing norms, practices, standards (such as childcare being predominantly dependent on grandparents; or elderly care on migrant domestic workers);
- Prevailing coverage rates and employment levels, quality measures, staff wages, expenditures disaggregated by public vs. private services.

Task	Data Needs	Comments
1. Determine policy targets	Target coverage rates; Target service beneficiary-to-provider ratios; Other target quality indicators (educational qualifications of service providers or centre related issues)	Look in: SDGs; High performing country indicators; Regional-best indicators Government targets; International indicators by inter-governmental or specialized agencies.
2. Identify current supply	Current coverage rates or number of service beneficiaries; Excess (unutilized) capacity in services (by age groups)	
3. Determine potential demand	Population (by age groups); Target coverage rates.	
4. Find the coverage gap	1, 2 and 3 above	Difference between Supply and Demand: Additional number of care service receivers to be covered to achieve quantity targets
5. Find the quality gap	Existing and target service beneficiary-to-provider ratios; Any other existing and target service quality measures.	Difference between target and existing quality measures: Additional number of care service providers to be hired to achieve quality targets; Necessary skills upgrading; Necessary other upgrading of services.

Assessing and Costing Care Coverage Gaps

STEP 2. Estimate the costs involved in undertaking an expansion and/or upgrading of care services in order to meet the care gaps assessed

Costing the care coverage gap

- Determine prevailing unit cost
- Adjust unit cost for service quality criteria
- Adjust unit cost for employment quality criteria
- Find the total cost

STEP 3. Assessing Economic Returns to an equivalent allocation from public budgets

Task	Data Needs	Comments
1. Determine prevailing unit cost	Sectoral expenditures; Wage costs vs. non-wage costs; Existing no. of beneficiaries.	Look in: Public budgets; Umbrella organizations of service providers; IO data; Field surveys.
2. Adjust unit cost for service quality criteria	Existing and target service receiver-to-provider ratios; Any other existing and target service quality measures. (see Table 1)	
3. Adjust unit cost for employment quality criteria	Existing and target wage levels.	Wage adjustments can be done by comparing existing earnings in care occupations to other measures of earnings such as the median wage in all occupations or GDP per capita and setting target wages at multiple of various wage measures.
4. Find the total cost	No. of additional service receivers to be covered (see Table 1); 2 and 3 above.	

Assessing Economic Returns

- Employment creation (by Sector and Occupation)
 - Directly in care services sectors
 - Indirectly in related sectors through backward linkages and induced effects
 - Distributional effects of employment creation and poverty reduction
 - Distribution of new jobs and labour earnings by gender, education, age, household income, poverty status and labour market status (unemployed, homemaker, student, etc.)
 - Gender employment gap, gender wage gap, gender jobs segregation, gender gaps in paid and unpaid work
 - Income poverty, time poverty, time- and income poverty
- Economic growth and other macroeconomic outcomes (productivity, budget and trade deficits, public debt)
- Tax revenue returns (self-financing potential over the short-run)

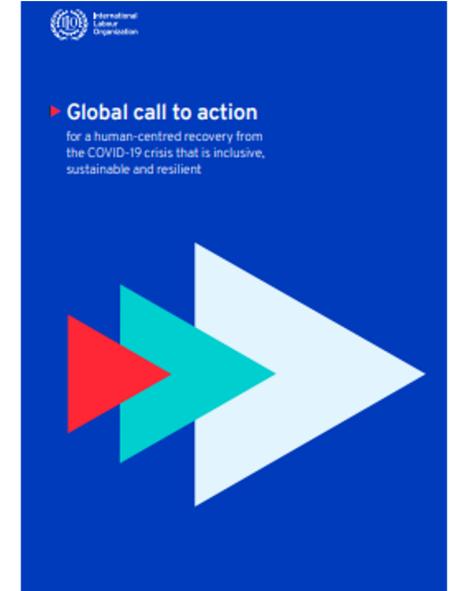
Moving towards a gender-responsive recovery

▶ The ***Global call to action for a human-centred recovery from the COVID-19 crisis that is inclusive, sustainable and resilient*** calls for:

- Gender-responsive employment policies that address effectively the gender-specific effects of the COVID-19 crisis and support the creation of full and productive employment for women and men
 - *Gender-responsive job creation strategies* (macroeconomic policies, sectoral policies, and employment programmes)
 - *Gender-responsive responsive transition strategies* (active labour market policies and skills learning strategies and policies)

Promote appropriate public and private investments in the care sectors (health and education)

- ▶ Investments in the care economy have the potential to create quality jobs, particularly for women, boosting labour demand; increase resilience, and support women's attachment (or return) to the labour market



The Macroeconomic Effects of Investment in Care in the United States

Lenore Palladino & Chirag Lala, UMass Amherst

Macroeconomics of Care: Summary Results

	Annual Investment	Total Direct Creation	Total Employment Creation	Total Labor Income
Home Care	\$40 bn	777,939	1,015,587	\$41,967,972,814
Childcare	\$42.5 bn	657,118	848,566	\$30,014,498,376
Paid Leave	\$19.1 bn	0	161,959	\$9,424,419,743
Total	\$99.3 bn	1,435,057	2,026,112	\$81.4 bn

Paid Family and Medical Leave: Results

Annual Personal Income from PFMLA	\$19 bn
% of New Leave-Takers: Women	52.56%
% of NLT: Low-Income Women (<\$15/hr)	27.23%
Induced Labor Income	\$9.5 bn
Induced Emp. Creation	161,959
Total Labor Income from PFMLA	\$28.5 bn

	% of new Paid Leave takers	% of new paid leave dollars received	% of Civilian Noninstitutional Labor Force
Women	52.65%	54.44%	47.00%
Black Women	8.51%	8.79%	6.60%
Hispanic Women	8.93%	7.43%	
Asian Women	4.08%	5.60%	3.00%
Native Women	0.59%	0.69%	0.51%
White Women	28.78%	30.73%	35.60%
Women of Color	22.12%	22.56%	
Women earning less than \$15/hour	27.23%	20.21%	
Black Women earning less than \$15/hour	4.92%	3.88%	
Women of Color earning less than \$15/hour	12.73%	9.58%	

Investment in Childcare: Results

Current Childcare Workforce (2020)	865,310
Simulated New Childcare Jobs	657,118
Indirect Job Creation	61,575
Induced Job Creation	129,872
Total Job Creation	848,566
Total New Labor Income	\$30 bn
Childcare Workforce Post-Investment	1,522,428

Investment in HCBS: Results

Current HCBS Workforce (2020)	2,332,286
Simulated New HCBS Jobs	777,939
Indirect Job Creation	60,118
Induced Job Creation	177,530
Total Job Creation	1,015,587
Total New Labor Income	\$41 bn
HCBS Workforce Post-Investment	3,110,225