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Introduction

Home health care—to the elderly and those with chronic health conditions—is growing in importance in the Covid-19 pandemic era. In the United States, public investment in home health care can be a win-win strategy for public health and economic security. As a fundamental care industry, home health care has remained chronically underpaid and neglected in the policy response to the Covid-19 crisis. This article examines the impacts of large-scale public investment in home care as a means to stabilize employment and income for low-wage workers. I find that large-scale public investment in the home health care industry can stabilize employment for millions of low-income women and, through their renewed economic activity,

create or stabilize employment in the sectors hardest-hit by the pandemic and where low-income women are concentrated: non-home care health care, food service, and retail.

Feminist economists have long demonstrated that care work is under-compensated even when controlling for individual and job characteristics (Folbre and Smith 2017). Care work industries such as health care have a majority-female workforce, especially at the non-managerial level, and there is a higher proportion of non-profit and government provision than other industries, which are dominated by for-profit private companies. Care provision is a mix of market and non-market: family supply of care must be supplemented by paid care work, and reliance on care recipients to partially or fully finance their care limits the profitability of such industries (England, Budig and Folbre 2002; Eaton 2005; Folbre and Smith 2017). The societal assumption that the burden of care falls on women (the salience of which is more apparent than ever in the pandemic) contributes to the occupational segregation and bargaining power within industries in the United States, such that care workers face a ‘care penalty’ of lower pay (Budig and Misra 2011; England, Budig and Folbre 2002).

Home health care has new importance in the era of Covid-19. The previous demand for home health care is now supplemented by those who will need to stay at home until a vaccine is found. Nursing homes have emerged as one of the worst hotspots in the crisis, meaning families will do their best to avoid placing their loved ones in nursing homes. Demand for home health care is already rising as new individuals seek health care at home and the hours of care per individual have risen (in many cases as elderly individuals exit institutional settings) (Ansberry 2020).

Even while home health workers are underpaid, American families cannot afford the costs. A rapidly-expanding older adult population, heightened needs to stay at home in the long-

term coronavirus era, and heightened fear of residential care settings, will increase the demand for home health care services (PHI 2019). Family caregivers will take up some of the slack, yet unpaid family caregivers face the loss of their own income if they reduce work hours or leave their jobs, loss of employer-based medical benefits, and shrinking savings for their own retirements. It is estimated that the impact of caregiving on lost wages, pension, and Social Security benefits for family caregivers can cost individuals up to \$324,044 over a lifetime (Metlife 2011). Paid home health care employment is essential for many families.

As families struggle to afford home health care for loved ones, women's employment is disproportionately impacted by Covid-19 across economic sectors. Of the 20.5 million American workers who filed for unemployment in April 2020, more than half are women. With aggregate unemployment at 14.7%, the unemployment rate for white women is 15%; women of color experience a deeper drop, with Black women's unemployment at 16.4% and Latinx women's unemployment at 20.2%. The sectors that heavily employ women—leisure and hospitality (including food service), retail, health care—are experiencing the highest levels of unemployment. Workers who kept their jobs also saw a rapid drop in hours. As the country looks to re-open much of the workforce without provision for childcare, women are going to be disproportionately unable to return to the employment they held before the crisis. This reality calls for urgent solutions.

This article will estimate the impacts of major public investment in the home health care industries. Investment in the home health care workforce would have important public health benefits, as those individuals who are most vulnerable could stay out of residential care centers. The focus of this article is on the employment and income effects of public investment in home care in a time of surging unemployment. By examining the effects of job stabilization and

creation for the home health care workforce, I find that robust public investment in home health care can create millions of jobs, both directly in the home health care industry and through induced economic activity in some of the hardest-hit sectors where low-wage women workers are most concentrated: retail, health care (besides home health care), and food service. As policymakers in the United States consider major public support for a variety of industrial sectors, and the Federal Reserve considers virtually unlimited support for the economy, it is crucial to push for robust investment in home health care.

Background on the Home Health Care Workforce

Home health care workers are necessary to the functioning of the economy and society. Home care workers assist individuals in their homes with medical and daily living tasks, providing essential care for the individuals they work with, while enabling other family members to engage in paid employment. Though home health care was predicted to be the fastest-growing occupation in the present decade before the Covid-19 pandemic, demand will certainly grow as more families fear residential care facilities and hospitals (PHI 2019). Yet supply will remain both limited and fragmented without public investment to stabilize home care employment, as families' private economic resources and current social services are stretched. Public investment can meet the public health needs of the moment while stabilizing employment for some of the most economically-vulnerable workers. Before studying the potential impact of public investment on stabilizing home care employment and essential services, it is useful to understand who makes up the workforce.

The 2017 American Community Survey provides detailed demographic information about the home care workforce. The home health aide workforce is majority female (eighty-seven percent) and disproportionately women of color and immigrant women (thirty-eight percent are white), with a median age of forty-six (PHI 2019). Fifty-four percent have a high school education or less. Immigrants are thirty-one percent of the home care workforce. The home care workforce doubled in size in the decade from 2008 to 2018, with the majority of the growth driven by increased demand for non-medical in-home support. Even before the Covid-19 pandemic, home health aides were the occupation projected to grow most quickly over the next ten years by the Bureau of Labor Statistics Employment Projections, at a rate of 46 percent from 2018 to 2028. However, because of poor working conditions (discussed below), job separations

are projected to be extremely high, leaving a workforce shortage of nearly five million jobs by 2028. Since these projections were made before Covid-19 increased demand for home health care, it is very likely that the workforce shortage will grow without intervention.

Home care employment is low-paid employment. Private-sector employment for “Home Health and Personal Care Aides” stood at 3,114,250, with an hourly median wage of \$12.14 (compared to a median hourly wage for all occupations of \$19.14) and annual median wage of \$25,250 (BLS 2019). The top earners in the 90th percentile earned just \$16.24 an hour and \$33,780 a year (BLS 2019). For comparison, a median nursing assistant earned \$14.26 an hour, while a median janitor earned \$13.19. Focusing more closely on the home health aides and personal care aides employed in the Home Health Care Services and Services for the Elderly and Persons with Disabilities Industries, the May 2019 BLS reports 2,268,750 employees in these two industries, with a median wage of \$12.02 hourly or \$24,990 annually. Even in the wealthiest states in the country, home health aides earn below \$15 an hour (\$13.83 in California and \$14.08 in New York.)¹

Unsurprisingly, this leaves home health aides reliant on public assistance to support their families. According to the 2017 American Community Survey, fifty-three percent of homecare workers rely on public assistance, with thirty-three percent on Medicaid and thirty percent on food and nutrition assistance programs. One in six home care workers lives below the federal poverty line. The part-time workforce is significant: forty 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. This means that home health care workers are often on the

¹ Alaska, however, pays an hourly mean wage of \$16.70, while North Dakota’s mean wage is \$16.03. (Bureau of Labor Statistics, 2019).

lookout for higher-paid employment, decreasing the pool of labor even though home health aides are in demand.

Low pay is tied to the challenges of how home health care is financed in the United States—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). Because these systems are state-based, there is no uniformity nationwide about payment or provisioning. Home health care services are a major financial burden for individuals needing care and their families. The Paraprofessional Health Institute (PHI) estimates that at least one million home health care workers are employed directly by households, with varying levels of Medicaid reimbursement. Public payment through Medicare and Medicaid accounts for roughly two-thirds of total home care industry revenue, with individuals and their families making up the balance.

Even before the pandemic, demographic changes meant that the U.S. population over sixty-five was growing: The number of American adults over age 65 is projected to double by 2060, while the number of adults age 85 and over is expected to triple (Census 2017). According to the U.S. Department of Health and Human Services, a majority of the population aged 65 and older (seventy percent) could need up to four years of care, while twenty percent will need more than 5 years.

The Covid-19 pandemic will almost certainly increase demand for home care. Though the onset of the pandemic meant that some families relied on family care due to fear of home health aides coming into the home (and often temporary work stoppages for working-age family members), as family members go back to work, the need for home health care will increase (Ansberry 2020). Until a vaccine is available, and perhaps even after that, nursing homes are

going to be suspect due to their status as hotspots in the pandemic. At the same time, unemployment has reached unprecedented heights. The next section will discuss why public investment in home health care can stabilize much-needed home health care employment, providing both a public health service and job creation to reduce the broader unemployment crisis and create economic activity.

Job Creation Effects of Public Investment in Home Health Care

Methodology

The approach taken in this article is to model direct public investment through increased economic activity in two industries: Home Health Care Services and Services for the Elderly and Persons with Disabilities, in order to analyze how investment in those industries creates new jobs both in home health care and throughout the economy. Public investment in home health care could take a variety of forms: the creation of a “Home Health Care Corps,” i.e. direct public employment; public support for private home health care agencies; increased reimbursement rates for the current system; or even direct income support to individual workers. Future research should consider how different forms of public/ private provisioning would impact the employment effects.

It is crucial to note at the outset that a major limitation of this approach is that it uses the current wages paid to home health care workers. In addition to public investment in the sector overall, policymakers should ensure that home health care workers are paid living wages and

receive benefits to enable them to support their families with dignity. Unfortunately, modeling the job creation effects with hypothetically higher wages is beyond the scope of the present paper.

Occupational and Industry Classifications used in this paper are as follows. The Industries analyzed are: “Home Health Care Services” (NAICS 62161), which are “establishments that provide personal care, homemaking, and companionship services, along with home-based medical services”; and Services for the Elderly and Persons with Disabilities (NAICS 624120), which are “social assistance services to improve quality of life for persons at home.” Direct care work occupational categories are defined by the Standard Occupational Classification system of the Bureau of Labor Statistics at the U.S. Department of Labor. The occupations studied here are: Home Health Aides and Personal Care Aides (SOC 31-1120), which “assist with Activities of Daily Life (ADLs) and clinical tasks, supervised by licensed nurses; and Nursing Assistants (SOC 31-1014), who perform the same work as home health aides but are licensed for other settings.

This paper builds on several previous studies that utilize an input-output (I-O) framework to find the employment and wage effects from changes in industry spending. Garrett-Peltier et. al (2011) investigate the employment effects from a productive use of the excess liquidity that corporations were holding in 2011, finding that the redeployment of such funds would create nineteen million jobs. They use an input-output analysis to find the employment effects, choosing which sectors would receive the redeployed cash in terms of their social utility or heightened need for investment capital. Antonopoulos et. al (2010) studied the job creation potential of an increase in public funds for the social care service sector, focusing on early childhood development and home-based health care. They use input-output analysis to

investigate the rate of job creation overall and a microsimulation model to find the effects on workers at different levels of salary and income. Their focus was on how to most effectively channel public spending, concluding that “investment in social care generates more jobs per dollar than any other investment,” (Antonopoulos et al 2010, p. 5) Care workers have a high marginal propensity to consume, stimulating the economy through their spending of increased earned income (Metlife 2011). They compare the effect of social spending on care with infrastructure spending, finding that twice as many jobs are generated by social care, with more jobs created for low-income workers².

Input-output models allow for the observation of multiple relationships between industries in the production of goods and services. When there is an increase in demand for the products of one sector, input-output analysis quantifies how that sector’s demand for goods and services from other sectors will change. The U.S. Bureau of Economic Analysis (BEA) produces Summary I-O tables annually, and Detailed tables every five years. From the given levels of commodities produced and used by each industry, it finds output multipliers, which describe the total requirements necessary to produce a unit of final output. Employment multipliers add a vector of employment intensity by industry, computed by a ratio of total employment to final output. In other words, the employment multiplier represents the number of jobs created per industry when one additional unit of output is produced.

The employment multiplier includes three types of job creation: direct, indirect, and induced. Direct refers to the expansion of jobs in the industry where the new spending is occurring. Indirect expansion is the new jobs in industries that supply intermediate goods to the

² Related work by Warner and Liu (2006) has studied the linkage between job multiplier effects of the child care sector to the wider economy, also finding that expansion of child care jobs generates more direct and indirect jobs than other sectors targeted for economic development.

field where the spending first occurred. Induced expansion takes into account the increased consumer spending that will occur due to the direct and indirect expansion of jobs and finds the next wave of employment that will be created from that higher consumer spending. In other words, “Induced effects refer to the additional employment, output and value-added that is produced when additional employment income is generated by an initial demand stimulus—as captured by the direct and indirect effects—is spent.” (Garrett-Peltier et. al, 2011.)

Results

Robust public investment in home health care can support home care employment and broader economic expansion. Given the scale of the pandemic and economic collapse, and the public funds allocated across other industrial sectors, it is possible to imagine support for home care running into the hundreds of billions of dollars. I present the results of public investment at several scales in order to generate a sense of the scale of employment support available. For purposes of exposition, the results below are first presented in terms of an initial \$1 billion investment in the home health care industry. Then, investment of \$100 billion, \$132 billion, and \$500 billion are presented to see the potential for job creation based on higher investment in the sector and its support for broader economic activity.

Recall that even before the crisis, a workforce shortage of over three million jobs was projected. With the pandemic’s longevity uncertain, and the potential for a long-term shift away from residential care institutions as a lasting legacy of the crisis, it is possible to imagine even higher demand.

Total Employment Creation

For every \$1 billion invested in evenly between “Individual and Family Services” and “Home Health Care Services,” a total of 33,501 jobs are supported directly and through induced consumption by those employed by the initial investment. 12,638 jobs are supported in Individual and Family Services and 10,296 in Home Health Care Services, with 680 jobs created in real estate, 505 in employment services, 974 in restaurants, and 346 in hospitals. 367 jobs are supported in retail and 200 jobs in physicians’ offices. In other words, direct public investment in home care creates the majority of jobs in the sectors that are both hardest-hit by the Covid-19 economic crisis and where the majority of low-income workers, who are disproportionately women and people of color, work in the private sector.

Direct and Indirect Job Creation

Seventy-five percent of the jobs created through public investment in home care are, of course, in home care services. A \$1 billion investment, split between Home Health Care and Services for Disabled People and the Elderly, produces 22,607 jobs directly and 2,589 jobs indirectly. Because indirect job creation is a measure of the inputs required for the provision of the new direct employment, it is unsurprising that the figure is low for home care services, where the primary input is the worker’s time and attention. A \$1 billion investment creates 20,327 jobs in Home Health Care Services and a slightly higher 24,885 jobs in Services for the Disabled and Elderly, likely because of a concentration of slightly lower-paid Personal Care Aides occupational category in the Services for the Disabled and Elderly industry. In terms of indirect

job creation, the highest industries include a variety of service industries that support Home Health Care agencies, including real estate, accounting, staffing, and janitorial services.

Induced Job Creation

Induced job creation is based on the increased economic activity throughout the economy as newly-employed workers consume goods and services out of their income. A \$1 billion public investment into home care would induce the creation of 8,305 new jobs, as home health care workers consume across a variety of sectors. The largest beneficiary of increased spending are food services, retail, and health care. For the initial \$1 billion investment, 1,723 jobs are created in food service; 728 jobs are created in retail; and 1,092 jobs are created in health care (hospitals and physician's offices). In total, over one hundred jobs would be created in each of fifty industrial sectors, with hundreds more seeing marginal job creation. The majority of induced job creation occurs in the sectors where the low-wage workforce is concentrated, which are the same sectors hardest-hit by the economic fallout from Covid-19.

Scaling Up Job Creation

The estimates presented above are for a \$1 billion investment in home health care. However, \$1 billion is not a sufficient nor realistic figure for a nationwide employment creation program. To present a fuller picture of the actual economic effects of robust public investment in home health care, I present direct, indirect and induced job creation figures for a \$100 billion investment, a \$132 billion investment (the estimate of a tax provision in the CARES Act that

grants tax reduction to the wealthy), and a \$500 billion investment in home health care. A \$100 billion investment in home health would create 3.3 million jobs, while a \$500 billion investment in home health care would create 16.7 million jobs. At a time when 20.5 million jobs were lost in April 2020, on top of 870,000 jobs lost in March 2020, serious public investment will be required to avoid a prolonged economic collapse. Table 1 presents the detailed employment figures for the broader range of industries based on the range of public investment.

-Table 1 About Here-

Compositional Effects on U.S. Labor Force

An important part of evaluating the effects of public investment in job creation is to identify how such investment would specifically impact the low-wage workforce, and potentially reduce unemployment among the most financially vulnerable families. The scale of unemployment as a result of Covid-19 is unprecedented and hard to quantify at this early stage. Because of the sectors hardest-hit by the shutdown, the Federal Reserve estimated that forty percent of households that earn \$40,000 or below annually have experienced unemployment. The recovery phase--whenever that begins--will be slow and not help families recover for lost time. The financial fragility of American households going into the recession means that low-income workers should disproportionately benefit from job creation measures, to ensure both basic economic equity and the best possible multiplication of public investment throughout the economy.

What is not possible to model in this analysis is how families who are receiving care would economically benefit by the lifting of the burden to cover the costs of care themselves. Though support for home care through Medicare and Medicaid does reach many families, the

patchwork nature of the system, and the need to cover additional costs not covered by Medicare or Medicaid, means that there are many additional families who would be able to use scarce resources for other forms of economic activity, leading to further consumption multipliers. Future research should address the impacts of lifting the burden of the costs of care on American families.

In the present analysis, the focus is on direct, indirect and induced job creation. The data shows that creating home care jobs has positive ramifications for the entire low-wage U.S. workforce, as most of the jobs created through induced consumption--i.e, the jobs created outside of the home care sectors--are also low-income jobs. Table 2 shows the top twenty industries where new jobs are created directly and through the employment multiplier. Twelve out of these twenty industries pay an average hourly wage of below \$20 to their production and non-supervisory employees, and five industries pay an average hourly wage to typical employees of under fifteen dollars an hour. Thus, the employment effects of public investment in home health care would not only support the chronically underpaid home health care workforce, but would support job creation throughout the low-wage economy.

-Table 2 About Here-

Conclusion

The first question asked about public investment is usually, where will the funds come from? Though a detailed exposition of opportunities for revenue generation is beyond the scope of this paper, spending on home health care must be compared with the billions authorized by the

CARES Act to support other critical U.S. industries, such as airlines and entertainment, and the long-term opportunities for revenue generation. For example, a \$132 billion tax break for wealthy business owners was identified in the CARES Act³, and the decline in the corporate tax rate from 35 percent to 21 percent in the 2017 “Tax Cuts for Jobs” Act, lowering collected corporate tax revenue by a third (which was a decline of \$233 billion in 2018 and 2019 tax revenue, compared to what was projected before the TCJA.) (Pollin et al. 2009) A U.S. Financial Transaction Tax could raise \$220 billion per year (Pollin, Ash and Herndon 2017). In short, making funds available to invest in home health care is a matter of political will.

Home health care is a critical part of ensuring that people can remain at home and live with dignity, and the home health care workforce is a paradigmatic example of the importance of care labor. In the United States, this workforce is majority female, disproportionately made up of women of color and immigrant women, and chronically low-paid. As the Covid-19 pandemic continues to wreak havoc on the American economy and society, it is more important than ever to look for public mechanisms to support public health and job stabilization, especially for those workers who were most financially fragile before the pandemic.

Even notwithstanding the economic impacts, investment in home health care makes sense in a time when staying home is the best step for anyone whose health is especially vulnerable to Covid-19. This article complements the public health argument for increase home health care by documenting the job stabilization effects of major public investment in home health care. I find that direct investment can create much-needed jobs, and due to the increased economic activity of newly-employed home health care workers, jobs are created in precisely the economic sectors

³ Though estimates differ on the impact of this provision, it is undoubtedly a major giveaway to wealthy real estate investors. For more background, see Drucker, Jesse. 2020. “Bonanza for Rich Real Estate Investors, Tucked Into Stimulus Package.” New York Times. <https://www.nytimes.com/2020/03/26/business/coronavirus-real-estate-investors-stimulus.html>

that have been most directly impacted by the economic crisis and where low-wage women workers are most concentrated: retail, food service, and health care (beyond home health care). The unemployment effects of the crisis have fallen disproportionately on women. As policymakers look for ways out of the current crisis, public investment in home health care is a win-win strategy for public health and equitable employment creation.

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