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## Investing in Care

Exploring an Industrial  
Strategy for Care Work

By Suzanne Kahn

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## About the Author

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## Introduction

As the Biden administration’s first term draws to a close, the care agenda remains one gaping piece of unfinished business. The administration’s original Build Back Better proposal included investments to provide universal preschool for three- and four-year-olds, reduce costs and expand access to childcare for younger children, and expand access to home care services for seniors and people with disabilities. All of these were left on the cutting room floor during negotiations over the Inflation Reduction Act (IRA) ([White House n.d.](#)).

In the year and a half since the passage of the IRA, much of the conversation about care policy has been around how federal investments in care work can bolster the industrial policies at the center of the IRA, the CHIPS and Science Act, and the Infrastructure Investment and Jobs Act. Care advocates, employers, and policymakers have all pointed out that care is as essential to a functioning and expanding workforce as roads and bridges; both allow workers to participate in the market ([Zhavoronkova and Coffey 2023](#); [Poo 2022](#)). In response, the Commerce Department required that companies receiving CHIPS funds have a plan to provide childcare to all their workers ([White House 2023](#)). As welcome as this sort of innovation is, it is not a stand-in for the comprehensive investments in the care industries that are still required.

This brief offers an approach for thinking about care investments the next time there is an opportunity for major care legislation. Building on prior work by Roosevelt authors, this brief argues for an industrial strategy—defined as “any policy that encourages resources to shift from one industry to another”—for the care sector ([Estevez 2023](#); [Tucker and Sterling 2021](#)). Moreover, it proposes a progressive approach to industrial care strategy, insisting that the government not only foster the growth of care industries but do so in ways that advance progressive social and economic goals. After digging into why this approach is necessary for our economy, this brief examines the many existing levers available for a consciously structured industrial strategy for care, including some that both federal and state governments experimented with during the COVID-19 pandemic. This brief ends by considering the best form of industrial strategy intervention given the specific challenges of the care industries, as well as what standards and guardrails need to be in place on such policies.

Care workers—childcare workers, home health aides, and others providing direct care for the most vulnerable in our society—make up roughly 17 percent of the US workforce ([Wedenoja 2023](#)). But these 24.1 million paid workers do not include unpaid care workers who have either stepped out of the paid labor force or reduced their paid hours to provide care for free to relatives and friends ([Wedenoja 2023](#)). The Boston Consulting Group estimates that the entirety of the US care economy, paid and unpaid, is up to \$6 trillion ([Kos, DasGupta, et al. 2022](#)). This sizable and growing sector of the



economy must be understood as a set of vital industries that the government can and should foster—a sector that requires an industrial policy of its own.

While recent industrial strategy investments have neglected care, market-shaping federal investments in care industries are far from novel. As noted in previous Roosevelt reports, even at moments when the US has understood itself as not practicing industrial policy, the government’s policy decisions were actively shaping markets ([Tucker and Sterling 2021](#); [Hughes and Spiegler 2023](#)). Arguably, the tax code and Social Security system have long shaped the care industries by encouraging the private and unpaid provision of care by giving favored tax status to single-earner families (Kessler-Harris 2003). As this policy has failed to keep up with rising costs of living over the last half century, and more and more families have moved to having all adults in wage-earning roles, the formal, paid care industries have expanded. This expansion is predicted to continue. The number of people working in the care economy is expected to grow by 10.5 percent over the next decade, almost twice the growth rate across all occupations ([Wedenoja 2022](#)).

As care work has become increasingly professionalized, we’ve also seen the rise of care sector unions (as well as the National Domestic Workers Alliance) as powerful forces for what should be understood as state-level industrial policies for care. For example, in the 2000s, SEIU 1199 set up close partnerships with hospital and health-care systems to lobby states and the federal government to expand Medicaid coverage in ways that have shaped and grown the markets for care work (Fink and Greenberg 2009). Likewise, 11 states collectively bargain with unions of home-based childcare workers, creating a system for the establishment of active industrial policies to grow and stabilize the home childcare sector ([Collins and Gomez 2023](#)).

Recent state and local-led efforts to expand access to public pre-kindergarten should also be understood as progressive industrial policy. In a recent paper, Josh Wallack ([2023](#)) shows how the build-out of 50,000 public, full-day pre-K seats in two years (2013–2015) in New York City required a robust industrial strategy that vastly expanded the industry and set new standards for workers within it.

In short, in the first decades of the 21st century, we have seen increasingly deliberate attempts at state-level industrial strategies for the care economy. It’s time for the federal government to embrace this policy practice as well. But deliberate industrial strategy is not one-size-fits-all. Saying we need a national, industrial strategy for care is only the start of the conversation about which of the many industrial policy tools at the government’s disposal would best shape care industries. This brief offers not only the case for an industrial strategy for care but a guide for how to think about additional questions that such an approach to care will inevitably surface. For example, are industrial policy investments in care best funneled through the private sector, or should we consider direct public provisioning in some cases? And, as another example,



when public money does flow to private corporations, what guardrails should be attached?

## I. Why We Need an Industrial Strategy for Care

As a society and country, we desperately need care industries, but markets alone are not providing sufficient access to them. Currently, there are over 230,000 care workers missing from the pre-pandemic economy, and we were already discussing a care crisis in early 2020 ([Bustamante 2023](#)). According to the Center for American Progress, half of all families in the United States live in childcare deserts, in which the childcare needs of the community cannot be met by available childcare slots ([Falgout, Malik, and Gibbs 2022](#)). This shortage drives up prices beyond what many families can afford, even as wages remain too low in the industry to attract more providers into it. The market fails to solve this problem because the people who need childcare cannot afford to finance an adequate system on their own. In long-term and home-based care, there have also been significant shortages of supply, further exacerbated by the pandemic ([MACPAC 2022](#)). As of 2021, over half of adults over 65 in the US needed long-term care services, but the majority were cared for in their own homes by informal providers (family and friends outside of the formal labor market) ([Colello 2023](#)).

The demand for care continues to rise even as we continue to face a supply shortage, and the Boston Consulting Group projects serious economic consequences: If we do not increase the number of workers in the care economy and stop losing members of the paid labor force to unpaid care work, we will be losing roughly \$290 billion a year in GDP by 2030 ([Kos, Sastri et al. 2022](#)).

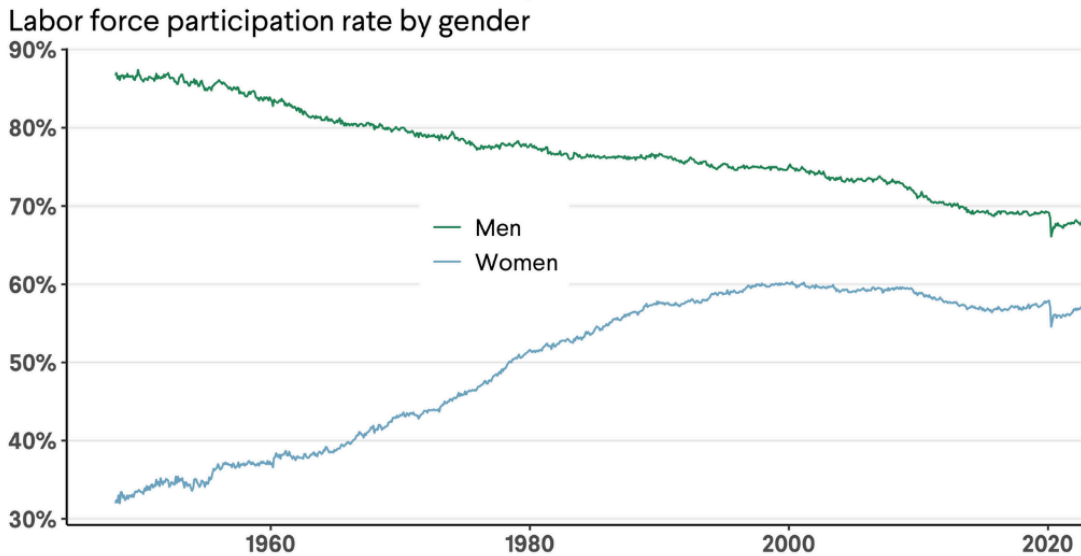
Done right, investing in an industrial strategy for the care sector would have significant economic benefits. In job creation terms, the care sector is a particularly good investment: Because it is a labor-intensive industry often requiring minimal construction of new physical infrastructure (in the case of in-home care, for example), investments in care can be deployed quickly and widely ([Kalipeni and Kashen 2022](#)). An industrial strategy for the care sector would also foster equity and inclusion across the economy.

If a new industrial strategy ensured high quality of new jobs, the benefits would redound to a workforce dominated by women and people of color. Almost 80 percent of workers in the paid care sector are women, and 32 percent of workers in the sector are people of color ([Wedenoja 2022](#)). In direct care, the numbers are even more striking: 87 percent of direct care workers are women and 61 percent are people of color ([McCall and Scales 2022](#)). Most care work jobs pay under \$18 an hour, only a little over half of the average hourly wage in the US today ([Kos, Sastri et al. 2022](#)). Given the importance of the sector to women, and particularly to employment of women of color, raising wages across it would help narrow the overall wage gap in the economy.



Women's labor force participation in the US peaked in the late 1990s around 60 percent, well below the rates seen in peer countries with more robust care infrastructures ([Konczal 2023](#)). Since then, it has declined slightly. Strengthening and stabilizing the care workforce will further equity in the economy not just by improving the wages of care workers themselves but also by helping women enter the workforce more fully.

## Women's Labor Force Participation Rate Has Stalled



Source: [Konczal 2023](#)

We know that when it is not an option to hire caregivers—either because they are unavailable or prohibitively expensive—women are more likely to step away from the paid labor force than men to take on care responsibilities ([Athreya and Latham 2022](#)). Indeed, during the pandemic, disruptions in care led women to report significantly more expanded caregiving responsibilities than men. Notably, Black and Latinx women were more than twice as likely to take time out of the paid workforce due to unpaid caregiving duties than white women ([Pinto et al. 2021](#)).

An affirmative industrial strategy of care should not only foster equity and inclusion in our economy but also strengthen democratic institutions of governance. As Steph Sterling and Todd Tucker wrote in a 2021 paper, “Industrial policy and planning can play an important role in changing the distribution of power between firms, between labor and capital, and ultimately in our democracy itself” ([Tucker and Sterling 2021](#)). Care workers have been so systematically disempowered in our economy and polity that



building their voice in the governance of care industries and in the economy overall would represent a significant power shift.

The care industry is particularly fractured—filled with many small employers and individual contractors. This structure is disempowering to workers who are often isolated. An industrial strategy that empowers organizations to bring care workers together to bargain collectively with employers or with the state—as unions already do in some areas—would foster more democratic governance of the economy in general, and the sector specifically.

An affirmative industrial strategy of care would both strengthen our economy and democracy overall and serve as a vital complement to the other investments that the Biden administration has made as a result of its embrace of industrial strategy.

## II. Levers for an Industrial Policy of Care

The government’s current involvement in care markets means that there are many existing levers available for structuring a robust industrial policy of care. At the same time, that involvement is significantly less than what it should be even in comparison to similarly situated countries. Care industries have been persistently underfunded because for so long, policymakers have held racist and sexist ideas about who can best provide care, with their preferred solution being women providing it for free. This preference led to policies that encouraged women who could afford the choice to stay out of the workforce to provide family care and drove down pay for women who offered care professionally. The most marginalized workers—especially women of color—were pushed into these industries with very low wages ([Dill and Duffy 2022](#)).

This has not led to stable or consistently high-quality care industries. A successful industrial strategy for care must increase both the scale and stability of care industries by bringing more funding into them, and specifically, to the workforce. The government can deploy new funds—industrial policy “carrots”—to either directly increase the supply of care workers or incentivize private firms to do so. The funding could take the form of any number of carrots, from grants and loans to direct procurement and provisioning to the creation of public-private partnerships to offer care ([Estevez 2023](#)).

This section examines where those carrots might be deployed given existing government involvement in the care industries. After outlining the case for new investments, perhaps the most important lever, this section considers the different existing policies and programs that offer the government leverage into the care industries.



## ***New Money***

While the United States famously spends significantly more on health care than other OECD countries, the same cannot be said for long-term care or childcare spending ([OECD 2022](#)). When it comes to spending on early childcare, the US is a famous outlier among OECD countries, spending only a small fraction of what similarly situated countries do on childcare on a per-capita basis ([Miller 2021](#)). Our spending on long-term care is not quite so bleak, but still hovers around the OECD average and well below that of the UK, France, and Germany, for example ([OECD 2020](#)). We are also one of the only developed countries that does not offer some version of universal long-term care benefits ([Sammon 2020](#)). Thus, in contrast to health care, where progressives are used to arguing that the US is spending the money but spending it poorly, the question in these care industries is not how to redistribute where the money in them flows, but how to get more money into them period.

Public funding is essential to grow and maintain these industries because by nature those benefiting from their services have little. The disabled and elderly frequently rely on fixed and low incomes and young parents are typically at the lowest earning points in their careers ([Bruenig 2019](#); [Tatem and Morton 2024](#); [Li, Davies, and Myers 2023](#)). Much of what drives the insufficient supply of both childcare and long-term care is low wages, but increasing wages without public subsidies is difficult because family budgets are already stretched to the breaking point at current prices. A limited Child and Dependent Tax Credit helps “partially offset working families” care expenses, but in an amount so low that it provides little leverage ([Crandall-Hollick 2021](#)).

Thus, expanding and creating a more stable supply of care will require an infusion of long-term, public funds into the care industries. Unlike in some industries in which we have recently seen industrial strategies deployed (e.g., clean energy), a care strategy should not rely on a short-term public investment to crowd in private funders. This is not about helping companies get off the ground or investing in new technologies that take time to turn a profit. Over the long term, the challenges of privately funding these industries will remain because of who they serve. The question then becomes: What is the best way to structure a long-term public investment to get the outcomes we desire—a care system in which workers make a sustainable wage, care is available where and when families need it, and the quality of care provided is high?

## ***Medicare/Medicaid***

The vast majority of spending on home health care (care provided in the home related to a specific health need, with the aim of recovery) and long-term care (care for individuals who need ongoing assistance because of age, disability, or illness) is paid for through Medicaid and other public programs. Seventy-one percent of home health care is paid for by public programs ([Zhang 2023](#)), and over 72 percent of long-term care





services are paid for by public funds ([Colello and Sorenson 2023](#)). As a result, almost all home care workers receive at least some of their paycheck from public sources. This means that even if we don't conceptualize it this way, these programs are already setting industrial policies for the care industries.

Medicaid is the single largest funding source for long-term care, paying 42 percent of the expenditures. Medicare makes up another 18.2 percent of spending on long term-care, although it will only cover short-term uses of long-term care ([Sammon 2020](#)). About 62 percent of Medicaid's long-term care spending goes to home care ([Zhang 2023](#)). Medicare spending on long-term care is spread more evenly across home care and nursing homes (skilled nursing facilities) ([Colello and Sorenson 2023](#)).

Medicare and Medicaid's existing outsized role in the long-term care industry gives the federal government substantial leverage in these industries. On the patient side, it determines the kinds of care patients are eligible for; on the provider side, it sets not only reimbursement rates but also minimum staffing ratios, training requirements, and wages ([Musumeci, Childress, and Harris 2022](#)).

Viewing its role through an industrial policy lens can help open up how the federal government should use its leverage in these care industries. Combined with increased funding for long-term and home health care specifically—which still only make up 34 percent of Medicaid spending and 5.3 percent of Medicare spending—the federal government could direct the necessary expansion of this critical industry to encourage an increase in not-for-profit providers, raise care standards, stabilize the workforce, and increase pay, among other benefits ([Zhang 2023](#); [Van Houtven and Dawson 2020](#)).

## ***Private Insurance***

Medicaid and Medicare pay for such a large share of the long-term care and home care industries because we lack both public options for long-term care and a working private long-term care insurance market. As a result, the primary existing levers for executing an industrial policy in these industries are Medicaid and Medicare, but it's worth considering how the private insurance market, such as it is, also creates points of entry.

While we can expect half of all Americans over 65 to need long-term care, only 10 percent of people over 65 have long-term care insurance ([Mnuchin and Faulkender 2020](#)). Worse, many believe they have access to long-term care insurance that they don't actually have. The Affordable Care Act originally contained a provision to create a public long-term care insurance program, but it was repealed with little fanfare in 2012 ([Sammon 2020](#)).

The private long-term care insurance market was already in decline when the ACA's public long-term care insurance program was formally killed. A market for these



insurance products had existed since the 1970s, but they had come under more significant regulation through HIPAA in 1996, which mandated that long-term care insurance policies be treated like health insurance policies under the tax code ([Indiana State Government n.d.](#)). HIPAA also regulates the kinds of services that must be covered by these insurance products and how the payout of the insurance is determined, but it does not provide the kind of regulations that help stabilize the insurance market itself. For example, neither HIPAA nor any other legislation mandates purchase (as in car insurance) or provision of coverage despite preexisting conditions (as in health care after the ACA) ([American Association for Long Term Care Insurance 2013](#)). As a result, high premiums and likely denials have weakened the market for long-term care insurance policies, and the industry has declined steeply since the 1990s ([Mnuchin and Faulkender 2020](#)).

The failing long-term care insurance market makes it essential for the federal government to enter and grow the space through an active industrial policy. The elderly's current reliance on Medicare and Medicaid for long-term care services leaves much to be desired. Medicaid requires the elderly to spend down most of their assets to become eligible for the means-tested program, and Medicare has stringent limits on the length of long-term care for which it will pay ([Colello and Sorenson 2023](#)). Fostering a long-term care insurance market through the creation of a true public option or the introduction of significant regulation and investment would create new levers for the federal government to exercise in the industry.

It is worth noting here that whether we are talking about Medicare and Medicaid, regulating and growing the private insurance industry, or creating a new public option for long-term care insurance, the levers discussed above have all been insurance products, not direct public provisioning of care. But it is possible to imagine a different world of federally run long-term care facilities. About 6 percent of spending on long-term services and supports comes from public funds outside of Medicare and Medicaid ([Colello and Sorenson 2023](#)). These funds include spending that follows noninsurance models, including the 134 long-term care facilities operated directly by the Department of Veterans Affairs across the country and a relatively small number of long-term care facilities directly operated by states ([US GAO 2021](#)).

## **Childcare**

In 1971, the United States almost created a national system of federally funded public childcare centers across the country, but President Nixon vetoed the bill, explicitly stating that he believed childcare should be handled by family and community ([Waxman 2021](#)). Since 1971, a patchwork system of subsidies has grown, giving the federal government only a small amount of leverage within the system ([US Department of HHS Office of Child Care 2014](#)). In comparison to the well-over two-thirds of the national long-term care budget covered by public spending, only about one-third of childcare spending comes from the federal government ([US Department of the Treasury 2021](#)).



The majority of federal childcare funding flows through the Child Care and Development Fund (CCDF). The fund gives \$11.6 billion per year in grants to states to provide financial assistance to low-income families so they can access childcare and also allows states to invest directly in childcare providers to improve quality and accessibility of programs ([US Department of HHS Office of Child Care 2016](#); [Department of HHS 2024](#)). Through the fund, the federal government sets some basic eligibility requirements for children (primarily an income level at which they are eligible for subsidies) and quality requirements for providers, but states have flexibility in how they structure their programs. Some states use the funds to create vouchers for families while others fund childcare providers directly to create slots for eligible children ([First Five Years Fund 2023](#)). The fund is consistently underfunded; one study found that only 15 percent of income-eligible families were able to use CCDF funds to support their childcare needs ([Fillion 2023](#)).

When CCDF funds are used as vouchers, they provide less leverage for an industrial policy than when they are used to fund providers directly. But the vast majority of CCDF funds take the form of vouchers. As of 2020, only 12 states have non-voucher programs using funds, leaving 92 percent of children accessing childcare with CCDF funds doing so through vouchers ([US Department of HHS Office of Child Care 2022](#)). This extremely dominant consumer-side intervention leaves little room for the government to do anything but set basic standards and hope the market provides the required spots. More supply side-oriented interventions have been available in which states and localities have found ways to combine CCDF funds with others to build out the childcare system more directly. In these cases, such as in New York City's universal pre-K program, government officials have been able to do more to ensure adequate supply, increase workers' wages, and set curriculum ([Wallack 2023](#)).

The one supply-side intervention that the federal government regularly makes in the childcare market is the Head Start program. The Department of Health and Human Services (HHS) awards Head Start funding directly to childcare providers—public agencies, nonprofits, tribal governments, and school systems—to offer means-tested childcare ([US Department of the Treasury 2021](#)). The relatively small scale of this program, however, means it does not currently shape the childcare market, although an expansion could change that.

In addition, for almost three years—from April 2021 until September 2023—the nation ran an experiment of sorts in expanded supply-side investment. In the wake of the start of the COVID-19 pandemic—when the nation lost almost 10 percent of its childcare programs—the American Rescue Plan gave states \$40 billion in childcare relief funds, including \$24 billion specifically in the form of stabilization grants paid directly to providers. This money not only significantly stabilized the industry but also raised wages for childcare professionals ([US Department of HHS Administration for Children and Families 2021](#)). But since the money expired in September 2023, many childcare



providers have struggled. A recent survey found that over half of childcare owners were under-enrolling, mostly because of staff shortages when they were unable to pay staff. Further, almost half of providers had been forced to raise tuition, shutting out families who were already struggling ([Miller 2024](#)).

The struggles childcare centers have faced with the expiration of American Rescue Plan dollars is instructive. And it's also mirrored by what happened in New York City in recent years. After the successful build out of a universal pre-K system through a supply-side industrial strategy under Mayor Bill De Blasio, the city's universal pre-K program has faced massive funding cuts under the Adams administration and is struggling to survive ([Akinibi 2023](#)). Together, these two cases suggest that a successful, sustainable childcare system requires sustained public investment—not simply start-up dollars. This is meaningfully different from the experience of, for example, developers of electric cars ([Juhász, Lane, and Rodrik 2023](#))—but does not signify that industrial strategy is not the right path. Rather, it suggests other tools to turn to: Direct public provision, not just supply-side subsidies, must be part of the conversation.

Precedent exists for more extensive publicly funded and administered childcare programs. During World War II, the Lanham Act funded both childcare centers run directly by federal agencies and by private employers involved in the war effort ([Cohen 1996](#)). The government's involvement in childcare was driven by the need to bring women into the war effort; similar reasoning is behind the CHIPS and Science Act requirement that companies receiving at least \$150 million in federal subsidies ensure the availability of quality childcare for their workforce. Given the difficulty of making the childcare market work, however, if it wants to succeed at its goal, the government may have to take a more active hand in shaping the market than is provided for by the CHIPS Act rule.

## ***State-Level Levers***

To the extent that the federal government has built out its public care infrastructure in the US, this has overwhelmingly been through means-tested programs aimed at the lowest-income people. As a result, states actually hold a large share of the existing leverage in care policy. Historically, means-tested programs designed for the least advantaged have been more likely to be organized as federal-state partnerships, while broader, more universal programs have been organized at the federal level. In large part, this is the legacy of racist governing compromises that allowed southern states to manage and thereby exclude Black people from social safety net programs (Katznelson 2023). More recently, some more progressive states have begun to use their power over care programs to experiment with improving access and quality of care.

For example, states have multiple points of leverage over long-term care industries: Nearly all nursing homes and residential care facilities have to be certified by the state;



about half of states license home care agencies; and all states get to set further Medicaid standards ([Campbell et al. 2021](#)). Oregon took advantage of this in 2021 to introduce a program that raised wages for workers in the long-term care field by increasing Medicaid reimbursement rates for nursing facilities and home care services. This increase allowed for a mandated wage for home and nursing care workers between \$15 and \$17 an hour ([Kos, Sastri et al. 2022](#)).

Similarly, states and localities have begun to try and raise wages for childcare providers and in some cases implement their own universal childcare programs. Many states used federal stimulus dollars from the pandemic to enact new childcare legislation ([Goldstein 2022a](#)). For example, Minnesota has invested millions of dollars a year in increasing wages and benefits for childcare workers specifically to address worker retention issues that lead to a lack of access to care ([Miles 2023](#)).

The racist history behind the choice to administer care programs through states speaks to the important equalizing role a strong, federal industrial policy for care could play. More recently, while some states responded to the childcare crisis during the pandemic by improving the quality of care jobs, others took decidedly less worker-friendly action. Montana, for example, increased the legal ratio of children to caregivers, a move opposed by child advocacy organizations ([Goldstein 2022a](#)). Strong federal involvement could increase the universality of programs in ways that would foster equality for workers, caregivers, children, and patients.

### III. Conditionalities for an Industrial Policy of Care

A conscious industrial policy requires attention not only to investment but also to the standards and guardrails put on those investments. We will not solve our care crisis over the long term if new public spending gets funneled to and extracted by for-profit corporations. We need to not only use public funds to expand these markets but do so in a way that crafts these markets to be more equitable.

Because the federal government is already practicing a light (and often unseen) industrial policy in the care industries, we have ample evidence of what can go wrong when for-profit actors siphon federal government funds. For example, studies show that private equity-owned nursing homes provide lower-quality care and have higher mortality rates ([Gupta et al. 2021](#)). This seems to be partially driven by decreased staffing rates as private equity firms try to cut costs and squeeze profits from facilities. Since the majority of funding flowing through nursing homes comes from Medicare and Medicaid, private equity firms are squeezing these profits out of public dollars ([Atkins 2021](#)).

Over the past few years, private equity firms have begun to invest more heavily in childcare as well, seemingly anticipating an influx of federal dollars into the struggling

system that would make these investments more profitable. During the Build Back Better fight, for-profit childcare chains got deeply involved in lobbying for the childcare legislation that ultimately got cut, pushing for increased federal dollars in the system ([Goldstein 2022b](#)). While these dollars are needed, private equity's interest in them serves as a warning that public investments must come with standards and guardrails to ensure the funds go where they are intended.

Some standards and guardrails that will be particularly important in the care industries are strict performance, labor, corporate governance, and antitrust regulations:

- **Performance requirements:** We know the quality of care offered matters immensely to outcomes in both long-term care and childcare, and in both cases, quality is deeply related to staffing ratios. For example, evidence from numerous studies suggests that lower staffing ratios in nursing homes increase negative outcomes—from higher rates of ulcers to higher mortality rates ([Harrington et al. 2020](#)). At the same time, staffing is a major cost in the care industries, so cost savings often come from reducing the workforce. To ensure the opposite happens with new government investments, strict staffing ratios should be maintained for those receiving government funds and outcomes should be closely tracked.
- **Labor regulations:** Care jobs are some of the lowest-compensated jobs in the labor force, but as we grow the sector it is essential that we improve the pay and quality of jobs. Doing so is not just fair; it also improves the quality of care substantially by reducing turnover. Government funding for the care industries should include strict minimum wages and benefits packages set at family-sustaining levels, as well as protections for workers' ability to organize.
- **Corporate governance regulations:** As we've observed, corporations and private equity see real profit opportunities in the care industries. But as long as they are making profits from federal funds, we should limit excessive extraction by banning practices such as stock buybacks. We should also require the most democratic governance structures possible, by demanding that corporate boards receiving significant federal care funds include both recipients of the care and caregivers as representatives.
- **Antitrust regulations:** For years, the childcare industry has been dominated by small providers (often Black and brown women). An influx of federal money into the childcare industry should not displace these providers in favor of large corporations that might be better able to mobilize to access new funding. New federal investments into the care industries can include conscious efforts to foster and invest in a wide range of providers so that different sizes and forms of care are available to families.



## Care Industry Standards and Guardrails

<b>Performance Requirements</b>	<ul style="list-style-type: none"><li>● Maintain strict staffing ratios to prevent understaffing</li><li>● Track outcomes to ensure quality of care</li></ul>
<b>Labor Regulations</b>	<ul style="list-style-type: none"><li>● Implement strict minimum wages and benefit packages at family-sustaining levels</li><li>● Protect workers' right to organize</li></ul>
<b>Corporate Governance Regulations</b>	<ul style="list-style-type: none"><li>● Ban stock buybacks</li><li>● Require corporate boards to include caregivers and care recipients as representatives</li></ul>
<b>Antitrust Regulations</b>	<ul style="list-style-type: none"><li>● Use federal money to foster a wide range of diverse providers</li><li>● Prevent the displacement of small providers</li></ul>

These conditionalities assume a continued public-private partnership on care, even as we shift to more supply-side rather than consumer-side interventions. That said, one of the most effective guardrails on public funds is likely the direct public management of these industries in the form of a robust public option. Democratically governed public programs can prioritize equitable provisioning and stewardship of public funding. Competition with public options can exert a regulatory effect on private providers ([Darity, Hamilton, and Mabud 2019](#)). An industrial strategy approach to the care industries demands we ask what forms of government intervention best foster needed industries for public benefit. As we've seen, in the care industries, different kinds of public options—from public insurance to direct provision—may be the answer.

## IV. Conclusion

The care industries' exclusion from the suite of industrial strategies pursued in the Biden administration's first term does not mean that these industries would not be well served by this approach or that these industries are any less essential to growing an equitable economy. Indeed, as we have seen, the care industries make up a large and growing sector of the economy and are essential to the functioning of other sectors, as well as to human well-being. Furthermore, the government already plays a significant role in shaping these industries, even as it invests far less in them than our peer countries do. State-level experimentation also has important lessons to teach us for how to execute industrial strategies for care at the federal level. The care industries are ready for a true industrial strategy intervention aimed at stabilizing and growing the



equitable availability of services. This strategy must look at a full range of tools: not just investment, but also direct public provisioning.





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