



Caregiving in Crisis: Understanding the U.S. Care Economy Shortage

Center Forward Basics

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Overview

The care economy plays a crucial role in U.S. society by providing essential support to vulnerable populations, including the elderly, children, and individuals with disabilities. In recent years, the U.S. has confronted a growing care crisis marked by an increasing demand for caregiving services and a significant shortage of professional caregivers. This crisis poses far-reaching consequences for both the economy and society at large if left unaddressed. Understanding the nature of the care economy and the factors contributing to the current crisis is therefore essential for identifying effective solutions and mitigating the potential impacts on individuals and the broader economy. This Basic will explore the current state of the care economy, outline the significance of the care crisis, and discuss potential solutions to strengthening the care economy in the U.S.

The Care Economy and Care Crisis

The care economy encompasses both paid and unpaid services provided to individuals who are unable to support themselves independently, covering elder care, childcare, disability services, and more. In 2023, the care economy was valued at \$6 trillion, with almost 10 million individuals employed in the direct care and childcare sectors. The direct care workforce consists of personal care aides, home health aides, and nursing assistants who assist older adults and individuals with disabilities in their daily tasks. The childcare workforce includes early care and educational professionals who care for children under the age of five. An additional 100 million U.S. adults act as caregivers for a child, parent, or other relative, many of whom have other part-time or full-time employment alongside caregiving responsibilities.

The U.S. is facing a care crisis, which refers to the exhaustion of social care resources, resulting in an unmet demand for caregiving services. This crisis is characterized by two key factors: the shortage of workers available to meet the growing demand for caregiving jobs and the increasing number of employees leaving the workforce to fulfill unpaid caregiving duties. In 2023, 1.8 million vacancies existed in care professions, while demand for caregiving services continued to rise due to several factors, including an aging population and the rising number of people with chronic illnesses. Currently, 56% of U.S. workers have care responsibilities outside their full-time jobs. However, this demand also strains caregivers, requiring them to work increasingly long hours and provide more intensive care. Consequently, the direct care workforce faces a substantial turnover rate, with estimates ranging from 40% to 60%. This means that approximately half of the workforce leaves their jobs each year, further exacerbating the shortage.

The Significance of the Care Crisis

The care crisis places an additional strain on caregivers and has significant implications for the broader economy and society. A report from the Boston Consulting Group projects a loss of \$290 billion annually in GDP by 2030 if the caregiving crisis is

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Center Forward brings together members of Congress, not-for profits, academic experts, trade associations, corporations and unions to find common ground. Our mission: to give centrist allies the information they need to craft common sense solutions, and provide those allies the support they need to turn those ideas into results.

In order to meet our challenges we need to put aside the partisan bickering that has gridlocked Washington and come together to find common sense solutions.

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not adequately addressed. Approximately 40 million caregivers rely on paid care providers to maintain their employment, with 61% of family caregivers working full-time or part-time. If the shortage within the care sector continues, many of these workers will be driven out of the workforce, causing further economic decline.

The impact of the care crisis will likely be further amplified by the country's aging population, with adults aged 65 and older projected to outnumber children under 18 by 2034. This demographic shift will reduce the share of potential caregivers relative to the number of older adults needing long-term care, additionally straining care services. Furthermore, the childcare crisis, characterized by high costs and limited availability, compounds the issue, hindering labor force participation, particularly for women, and exacerbating income inequalities. Childcare costs often range between 10-20% of family household income, significantly higher than the affordability baseline of 7%. Additionally, just over half of Americans live in so-called "childcare deserts" where access to childcare services is severely limited. Challenges such as these further intensify the overall care crisis.

Potential Solutions

To effectively address the care crisis, action is required to increase the supply of professional care workers and relieve the care burden of those in other professions. Firstly, the government could employ several strategies to fill the increasing number of unfilled care positions. Increasing wages, as well as the improvement of training and recruitment programs, are common ways to attract more individuals to these professions. Other countries, such as Canada, have also opted for selective immigration programs through which qualified care workers can apply for permanent residence. As more caregiving jobs are filled, the burden on existing workers will likely ease, improving working conditions and potentially reducing high turnover rates in these professions.

The government could also ease the care burden on full-time and part-time workers through multiple measures. Current efforts, such as grants and tax credits to help cover caregiving costs, can be scaled up to meet the growing demand for care services. More long-term solutions include reforms such as improving Social Security benefits and expanding childcare facilities nationwide. Employers can further support their workers with caregiving responsibilities by providing paid family and medical leave, offering greater work flexibility, including remote work options, and ensuring more predictable work schedules. These measures can help employees manage their care duties, enabling them to continue their employment in the long term.

Towards a Stronger Care Economy

The U.S. is facing significant shortages in caregiving amidst a rapidly increasing demand. The country will likely face significant societal challenges and economic consequences if these issues are not addressed. However, a range of potential solutions can be adopted by both government entities and employers to alleviate these burdens. By implementing measures such as wage increases, improvement of training programs, more significant support for caregivers, and greater work flexibility, it is possible to mitigate the problems causing the care crisis. Therefore, the U.S. can develop a more resilient and sustainable care economy that benefits individuals, families, and the broader society.

Links to Other Resources

- AARP – [AARP Family Caregiver Support and Advocacy](#)
- AARP – [Valuing the Invaluable 2023 Update: Strengthening Supports for Family Caregivers](#)
- BCG – [Solving the \\$290 Billion Care Crisis](#)
- First Five Years Fund - [2024 Child Care and Early Learning State Fact Sheets](#)
- First Five Years Fund - [Bipartisan Child Care Legislation Addressing Supply, Cost, Accessibility, and Quality](#)

- Guardian – [Standing Up and Stepping: In A modern look at caregivers in the US](#)
- KPMG – [Crisis in childcare and the state of work in America](#)
- PHI – [Understanding the Direct Care Workforce](#)
- Uber - [Caregiver- Coordinated Transportation and Delivery Services | Uber Health](#)