Empowering Care Workers: The Key to a Better Care Economy

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Key Takeaways

- Care work is among the fastest-growing sectors of our economy, yet many care jobs are characterized by long hours, low pay, and exploitative conditions. Without meaningful change, the sector will continue to experience workforce shortages, high turnover, and reduced care quality while entrenching racial and gender inequities and further eroding worker wellbeing. Building worker power is foundational to changing this trajectory.
- The major cost driver of care is compensation for the workers who provide it.[1] Over the next decade, employment in the care sector will grow twice as fast as any other industry, adding hundreds of thousands of jobs each year.[2] Because care is labor-intensive, worker compensation is necessarily a significant share of its cost—but today's low wages are not an inherent feature of that cost structure. They reflect a profit-driven care industry that suppresses pay to preserve margins. Our policy choices on the ways and amounts we invest in these jobs will determine both the quality of the good that is provided and the strength of the constituencies that shape the political economy of care.
- If, instead, policymakers extend basic labor protections that build power for care workers and invest public dollars in care at the necessary scale, the sector will deliver quality jobs, dignified work, and better care for families. This, in turn, will strengthen the economy and increase the economic and political power of Black and brown workers.
- Some state and local governments have already begun to adopt policies that expand labor rights, treat care as public infrastructure the government has a role in shaping, set sectoral standards, and invest more deeply in care. These policies are establishing higher quality care for families, more equitable outcomes for Black and brown communities, and a more sustainable and robust economy.
- When paired with policies that support care worker power, policies that invest in care create policy feedback loops that strengthen our care infrastructure for the better and ensure it endures into the future.

Introduction

The need to invest in care at scale is urgent. In that urgency, policymakers cannot overlook the importance of designing policy that ensures that care jobs are good jobs and that care workers have power on the job. Doing so is key to ensuring that the care provided is the quality that the public and the economy needs, and that the investment endures over time.

By investing in care infrastructure and adopting policies that build the power of care workers, we can: (1) increase the care supply and expand the number of care jobs available in the labor market; (2) improve the quality of care; (3) ensure that historically marginalized workers have a democratic voice in the workplace; and (4) establish a constituency with a direct stake in defending investments in care.

This explainer begins by providing background information important for understanding the care worker context before exploring why building power of care workers would impact the supply and quality of care and create new policy feedback loops. It concludes with examples of policies that can achieve these goals.

Background

What Is Care Work?

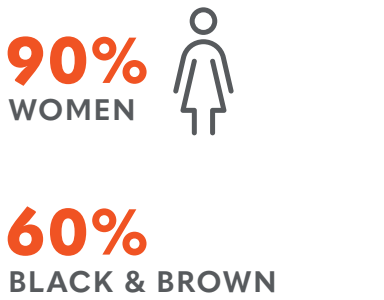
Care work covers a wide range of activities, from looking after children and supporting people with disabilities to helping with daily living activities like cleaning, doing laundry, preparing meals, and administering medication.[3] Child care workers look after young children in child care centers, home-based care settings, or private homes. Direct care workers support older adults and people with disabilities in private homes, community-based residential care facilities, nursing homes, and hospitals.[4]

What Is Job Quality Like for Care Workers?

Child care and direct care work are physically and emotionally demanding,[5] and the combination of low wages and poor working conditions has led to high turnover rates in the care workforce.[6] Recent studies show that many child care workers earn so little that they need public assistance to support their families, and that wages are rising more slowly than other low-wage industries, like fast food and retail.[7]

Who Makes Up the Care Workforce?

Nearly 90 percent of direct care workers are women, and direct care workers are disproportionately Black and brown people, making up more than 60 percent of the industry.[8] Stark racial inequities define the industry: Black and Latina child care workers earn less than white child care workers, with Black workers receiving $8,000 less annually than white child care workers on average.[9] Direct care workers are one of the lowest paid occupational groups in the country, and Black and Latino direct care workers are more likely than their peers to live in especially



precarious economic situations with lower median incomes than white direct care workers.[10] Though it is one of the fastest growing job sectors in the economy, more than half of direct care workers lack access to employer or union provided health insurance.[11] Workers without paid leave or sufficient health insurance must shoulder these expenses themselves, covering health care, child care, and unexpected costs out of wages that are already inadequate.[12]

With a history rooted in slavery up through Jim Crow-era segregation, many care sector jobs in the United States were classified as "'domestic work"' and primarily performed by Black women. This legacy of racism and sexism produced policies that devalued much of care work, labeling it as low-skilled and low-status, excluding the vast majority of child care and direct care workers from basic standards and legal protections. Because the domestic labor workforce was overwhelmingly Black, and to secure support from segregationist Southern lawmakers, domestic workers were specifically excluded from certain protections under the New Deal, like the minimum wage and the right to organize and collectively bargain.[13]

How Many Care Workers Are There in the United States?

There are more than one million child care workers and more than five million direct care workers in the United States.[14] The number of child care workers and direct care workers has grown significantly over the past decade.[15] Even with this growth, there are persistent child care, disability care, and elder care deserts, particularly in rural areas.[16] While the number of child care jobs is projected to level off or even slightly decline over the next ten years, the number of direct care workers is likely to increase by 17 percent.[17] Without action to close this gap, there could be a direct care workforce shortage of 151,000 by 2030 and a shortage of 355,000 by 2040.[18]

How Do We Fund Care in the United States?

In the United States, more than $31 billion in federal funds go to programs that support care and education for children under five years old, and states spend another $13 billion.[19] Federal funds are mainly distributed through federal block grants to states, and the largest source of those block grants is the Child Care and Development Fund (CCDF), which allocated more than $12 billion for fiscal year 2024-2025.[20] Combined with programs like Head Start and various tax credits, these resources primarily provide subsidies to support low-income working families and are administered by designated state agencies.[21] Funding for direct care ("long-term services and supports" or LTSS) comes primarily from Medicaid, a program jointly funded by the federal government and the states.[22] The combined federal and state Medicaid LTSS spending in 2023 was $257 billion, with the federal government paying roughly two-thirds of Medicaid costs (though this percentage varies state to state).[23] Even so, families spent $81 billion out of pocket on long-term care in 2023; costs that public programs did not cover.[24]

Public funding for care is under attack in the United States today. The Trump Administration has slashed the already inadequate funding for direct care programs with more than $1 trillion in budget cuts to Medicaid,[25] the primary funding source for many forms of direct care.[26] President Trump recently attempted to freeze funding that would have affected 339,000 children before a court blocked the funding freeze from going into effect.[27] The administration has also begun a rulemaking process to roll back minimum wage and overtime protections for many care workers.[28]

Ensuring Care for All Through Public Investment

Investing in care is a necessary first step to expanding the number of workers who enter the care workforce. Improving working conditions is a key way to address worker shortages and reduce turnover.

How Can We Increase the Number of Child Care Workers?

The private market is not meeting families' child care needs. Underinvestment has led to limited capacity within existing programs that serve working families and limited how much providers are able to pay their workers.[29] The low pay for workers contributes to higher turnover, discussed in the next section, but it also means the care industry pays too little to attract new workers.[30] When Washington, D.C. adopted a policy to increase wages for child care workers, it led to a seven percent increase in employment of child care workers.[31]

New Mexico recently passed a universal child care policy that includes wage increases for child care workers. The wage increases have only recently been put into effect and funded through the state's budget, so it remains to be seen how much the raises will reduce workforce turnover. But the investments in child care infrastructure and improvements in job quality have already led to a 44 percent increase in the number of families that have now enrolled in the state's child care program because of expanded eligibility, and the state has added 269 new child care providers all in the first six months of the program.[32]

How Can We Increase the Number of Direct Care Workers for Older Adults and People with Disabilities?

Similarly, there is a direct care worker shortage in services for older adults and people with disabilities. In order to increase the number of direct care workers in the country, increased public investment is required.[33] Investment at the scale that is needed would generate large-scale job growth. For example, the investment proposed under the Biden Administration would have generated hundreds of thousands of direct care jobs each year for a decade.[34]

Smart investment, like the one proposed under the Biden Administration, also raises wages for the care workforce that has long been underpaid and undervalued.[35] This strategy is important for recruiting and retaining workers at scale. One case study found more than 40 percent of newly hired direct care workers reported that a $2.50 per hour wage increase incentivized them to take their jobs, while 55 percent of care workers who had been working for more than a year reported that the increased wages influenced their decision to stay in their jobs.[36]

INVESTMENT IN THE CARE WORKFORCE

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Strengthening Care by Improving Job Quality

Increasing the number of care jobs alone, however, is not sufficient to meet the population's care needs. Equally important as supply of care is quality of care. Public investments must create high-quality care options that will meet the needs of families and communities. High-quality child care supports children's cognitive, social, and emotional development, laying the foundation for long-term educational and economic success. Similarly, high-quality direct care ensures safety, dignity, and better health outcomes for seniors and people with disabilities, enabling them to live more stable and fulfilling lives.

How Does Job Quality for Care Workers Affect the Quality of Care They Provide?

Improving job quality for care workers can improve care quality for recipients by attracting and retaining job candidates whose skills match the needs of care recipients, and reducing both absenteeism (when an employee misses work) and presenteeism (when an employee goes to work despite an illness that will prevent them fully functioning at work).[37]

When care workers' job quality is low and they are significantly underpaid relative to the rest of the labor market, it makes it more likely that they will leave for a higher paying job if and when they have that option. Since most other jobs pay better than care work, this leads to high turnover. A tighter labor market further exposes the impact of poor job quality for care workers. A study of child care workers in Massachusetts found that 35 percent of center-based child care programs reported being unable to operate at full capacity because they were unable to fill staff openings.[38] High turnover and longer job vacancies lead to chronic staffing shortages and work intensification for the remaining workers, which reduces the quality of care. Studies have shown that inadequate staffing "often eroded job quality, undermined teamwork, and contributed to job dissatisfaction, turnover, presenteeism, and adverse physical and psychological health outcomes" for care workers.[39]

But, when care workers' wages do rise, those workers experience greater economic stability and job satisfaction, making them more likely to stay in their roles and invest in their work.[40] This improves quality of care in several ways:

- **Greater Experience:** Care workers who stay in the job longer gain experience, more on-the-job learning, and greater skill in providing care, which increases care quality.
- **Attracting More Experienced New Hires:** Higher wages attract more experienced care workers with higher levels of education and relevant certifications, making it easier for new hires to take on complex responsibilities more quickly.
- **Reducing Absenteeism and Presenteeism:** When paired with strong leave policies, higher pay gives care workers the flexibility to stay home when they are sick or managing family responsibilities, allowing them to return to work healthier and more focused, which leads to better care.[41]

One case study of more than 5,000 care workers found that even modest pay increases improved caregivers' financial security, mental health, and willingness to remain in their jobs, directly strengthening retention and reducing turnover. Lower turnover is critical because frequent staff changes disrupt relationships with care recipients and weaken service quality, while better compensation has been linked to a more stable and reliable workforce and improved quality of care.[42]

In short, raising pay for care workers makes employees more productive, reduces turnover, and delivers more reliable and higher quality services.[43]

What Policies Could Improve Job Quality for Care Workers?

The policy solutions for improving job quality for child care workers and direct care workers are fairly straightforward and involve a combination of stronger employment protections, better pay and benefits including paid time off,[44] and clearer career pathways. Beyond investing in care infrastructure, policymakers can start by halting efforts to roll back workers' basic legal protections,[45] raising the minimum wage,[46] preserving and strengthening minimum staffing requirements,[47] and establishing career ladders (like those recently enacted in New Mexico) that attract and retain skilled workers.[48]

Many of these policy solutions have been known for decades but have not been adopted. Others have been implemented with some success, only to be watered down or stripped away over time, highlighting how difficult it is to sustain progress without stronger institutional support. Building collective worker power can provide a stronger, more durable foundation for passing and preserving these policies. Without greater worker power and collective voice, gains remain especially vulnerable to being reversed or eroded.

How Worker Power Sustains Care Policy

History shows that even well-designed reforms can be weakened, underfunded, or dismantled without a durable base of support. For improvements in care access, workforce stability, and service quality to endure, they must be backed by an organized constituency with both the capacity and the incentive to defend and strengthen them.

Why Are Investments in Care Supply and Care Quality Vulnerable to Rollbacks?

Because investments in care supply and quality rely on sustained public funding and a stable workforce, both of which have historically been inconsistent and underprioritized, they are vulnerable to rollbacks. The care sector has long been shaped by patchwork financing and underinvestment, leaving programs exposed to cuts and limiting their ability to deliver consistent, high-quality services over time.[49] Even when new investments are made, they can be undermined by political shifts or market pressures that prioritize cost-cutting over long-term system building. Without an organized and engaged constituency to defend these policies, the erosion of care infrastructure can lead to reduced political support for these policies from the broader public.[50]

How Does Worker Power Protect and Promote Investment in Care?

Care workers need collective power to win durable improvements in care jobs. Policies that expand bargaining rights for workers and recognize the essential financial role government must play in the care sector can make this possible. This creates an important "policy feedback loop" where initial change in public policy can produce knock-on effects with consequences for subsequent policymaking.[51]

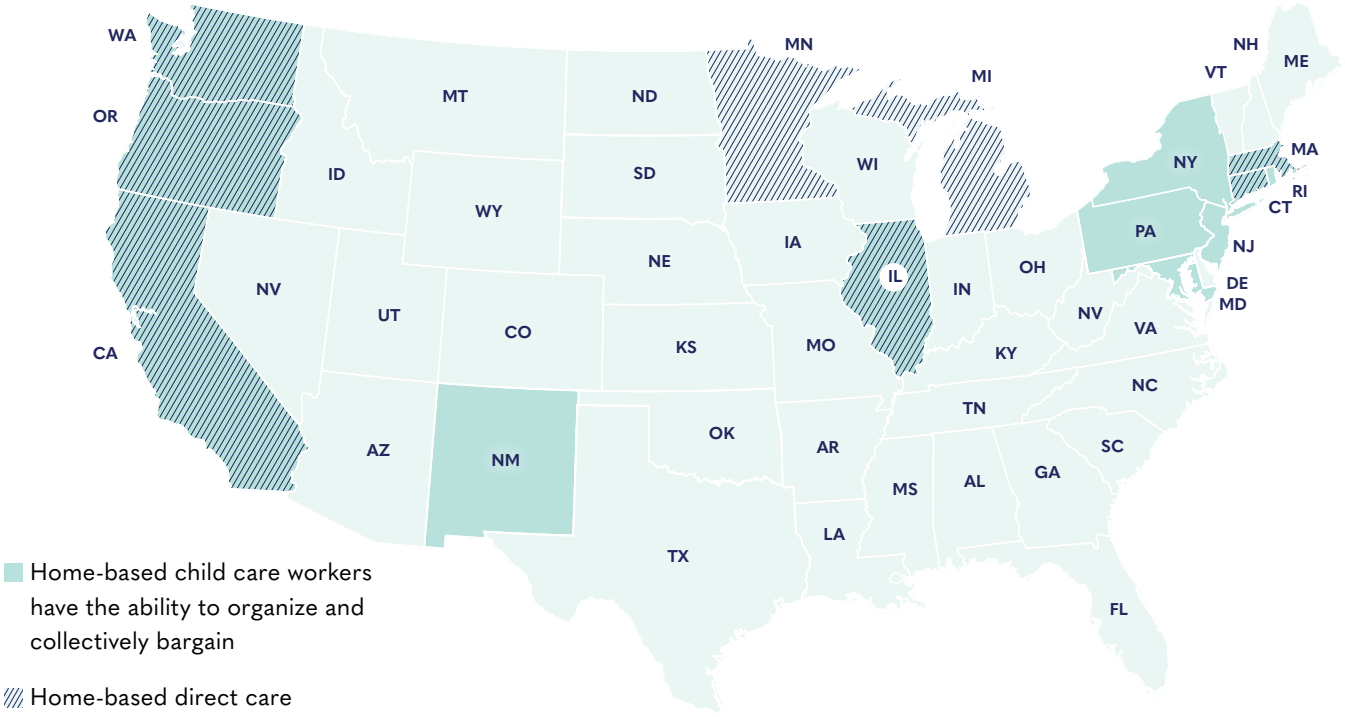
Passing policies that center care workers and build their collective power would improve millions of peoples' lives in the short term with wage gains, more humane working conditions, and higher quality of life. Importantly, it would also establish a constituency that could fight for, and win, the maintenance of major investments in care infrastructure as well as new investment.[52] When a constituency has access to good jobs or good care, they are motivated to fight for those jobs and that care. When they are organized, they are positioned to exert the power necessary to win those fights.[53] With greater opportunity for collective action under power building policies, care workers and care recipients will have a greater ability to counter-balance employers' power in the workplace and hold elected officials accountable in policy spaces.

States Advancing Worker Power in Care

Across the country, states like Michigan, California, and Minnesota are making innovative policy decisions that build the power of care workers and as a result, they are seeing care supply grow and both job and care quality improve. Examples of these types of policies include the expansion of collective bargaining rights, the allowance of collective bargaining with government entities, and the establishment of sectoral standards.

Care workers are best situated to know and advocate for what they need on the job, but many care workers lack collective bargaining rights or face steep challenges to exercising their rights.[54] Some states have taken the direct approach of passing laws that extend organizing and collective bargaining rights to care workers. At least 12 states have passed collective bargaining policies for child care workers, and eight states have passed similar policies for home care workers.[55]

STATES EXPANDING COLLECTIVE BARGAINING RIGHTS FOR CARE WORKERS



MICHIGAN

Restoring Collective Bargaining Rights for Home Care Workers

A natural experiment that occurred in Michigan illustrates the power of bargaining collectively to secure job quality improvements. In 2012, Michigan Republicans passed a law to reclassify thousands of state home care workers as private employees, effectively stripping them of their collective bargaining rights.[56] Subsequently, Michigan care workers barely saw their wages increase in the next decade.[57] As public employees, Michigan home care workers were able to collectively bargain with the state over wages and conditions; after being reclassified as private employees, they could only try to advocate for better conditions with their individual direct client.[58]

After nearly a decade of organizing and advocacy, Michigan's Democratic governor signed into law in 2024 a bill that cleared the path for more than 32,000 Michigan home care workers to unionize once again as public employees.[59] Those workers voted to unionize in 2025 specifically because they saw a union as the "vehicle" they needed in order to meet their needs for better training, access to health care, and improving wages.[60] One worker noted how critical a union would be for improving conditions for care workers: "[The union] is a voice for us. […] Negotiating with the state, we can't do that alone."[61]

Prior to the recent unionization effort, studies found that low wages were a significant driver of high turnover in Michigan's direct care workforce and that many workers did not earn enough to support themselves individually, let alone a family.[62] The studies recommended raising wages in order to reduce turnover and improve staffing levels, two key aspects of improving quality of care for patients.

While the newly formed Michigan home care workers union is still negotiating a first contract, they have already shared their demands for increasing wages and fully funding home care programs in the state.[63] It remains to be seen whether they will secure wage improvements that will translate to greater workforce retention and improvements in quality of care, but the union's demands would address key concerns highlighted by the studies on Michigan's home care industry and improve job quality, which other research shows is crucial to improving the quality of care.[64]

CALIFORNIA

Enabling Direct Bargaining with the State over Reimbursement Rates

Even when care is properly funded, there is still the question of whether the government entity providing the funding recognizes its economic relationship with the care workers who are dependent on that funding. Pay, staffing levels, and job quality are largely determined by reimbursement rates, accreditation and safety regulations, and public funding decisions set by insurers and government agencies.[65]

If workers remain unable to bargain directly with that government entity because they are considered to be technically employed by a care provider intermediary (e.g., a home care agency), it makes it extremely difficult for care workers to coordinate effectively or ensure their demands are delivered to the right target. This fissured structure leaves workers negotiating with direct employers who function more like franchisees, while the real sources of power sit upstream and outside the reach of traditional collective bargaining.[66]

California provides an example of how to solve this problem. The state passed a law in 2019 that allowed family child care providers—individuals who operate home-based child care programs—to unionize and collectively bargain with the state over the reimbursement rates that effectively set wages, as well as health care and other benefits.[67] Since then, more than 60,000 child care providers have unionized in California, and they have negotiated for significant wage increases for workers and even successfully pushed back on austerity efforts to cut the state's budget for child care.[68]

Without a direct bargaining relationship with the state, care workers would have lacked the ability to negotiate for higher wages and better working conditions. These are key elements of a workforce retention strategy, and the union negotiated for wages that would "be enough to stop providers from leaving the industry."[69] And without an organized and engaged constituency of child care workers and their allies, it is questionable whether the state would have made a $2.8 billion investment in its child care infrastructure, made progress on its goals of adding 77,000 more child care slots to the state's supply, or $90 million in stabilization payments to keep child care providers from closing.[70]

MINNESOTA

Establishing Sectoral Standards Boards for Nursing Homes

Collective bargaining usually occurs through unionization at the level of the worksite and subsequent negotiations with an individual employer. However, this can also be accomplished across a much broader group of workers and employers through policies that bring together representatives of workers, employers, and government to set standards across an entire industrial sector, which some states have started to explore. [71]

Take for example Minnesota's 2023 law to establish the Minnesota Nursing Home Workforce Standards Board ("Board").[72] Workers can still unionize and collectively bargain with their direct employer, as some nursing home workers have previously done in Minnesota, but the Board can raise the floor for conditions across the entire industry.

Under the Minnesota policy, worker representatives, employers, and government officials negotiate minimum standards that apply across all of Minnesota's nursing homes. Crucially, the Board empowers workers by giving them as strong a voice as employers in determining working conditions in the state's nursing homes, including pay, benefits, staffing, and training.[73] Workers, employers, and government officials each have three representatives on the nine-person Board.[74] The Board has already set a higher minimum wage with regularly scheduled increases in subsequent years, though the Trump Administration has temporarily delayed federal approval of funding for those increases, and the nursing home industry has filed lawsuits to end the new wage hikes.[75]

While it may still be too early to measure the direct effects of the Board's new sectoral standards, there is already some evidence of the potential sectoral impact of those standards based on the effect of similar improvements established through collective bargaining agreements between unions and nursing home employers in Minnesota. Wage increases under union agreements have helped those nursing home jobs remain competitive in the labor market and increased the pool of people willing to stay in the field. The timing of the most recent union contract with a nursing home employer is correlated with an increase in worker retention.[76] Reducing turnover is especially important for improving quality of care for people with disabilities and elderly people who need more intensive care to avoid potentially life-threatening mobility accidents.

Conclusion

Delivering high-quality care for all who need it calls for deep investments equitably and at a scale that government is designed to provide. To ensure that care infrastructure is high-quality and long-lasting, we need policies that build the power of care workers. It is time to correct the long history of racist and sexist exclusions that disproportionately disadvantage Black and brown communities to this day by supporting and empowering the care workers who serve as the backbone of our care economy. Policies that build the power of care workers lead to higher quality care jobs, higher quality care, and stronger care systems. Lastly, such policies will create the critical policy feedback loops that will underpin the long-term viability and integrity of care infrastructure. When workers and families benefit from strong jobs and care systems, they are motivated to safeguard them, and organized action gives them the leverage to achieve that goal.

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About Dēmos

Dēmos is a non-profit public policy organization working to build a just, inclusive, multiracial democracy and economy. We work hand in hand to build power with and for Black and brown communities, forging strategic alliances with grassroots and state-based organizations.

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