Gender and Public Finance from a Care Perspective

Workshop on Gender Budgeting, Vienna, November 2014

Susan Himmelweit
Open University
s.f.himmelweit@open.ac.uk

Plan of talk

- The importance of care to gender budgeting
- How different types of care are provided – care systems
- Arguments for public financial support for care
- Gender impacts of care policies and how to assess them
- Some difficulties
- Care-budgeting
- Challenging gender and care blind assumptions
- How gender and care budgeting could change the world

Gender budgeting and care

- Gender budgeting requires assessing impact of (spending) policies on existing ***gender inequalities***
  - not just of policies designed to impact on gender equalities but all policies
  - involves also critiquing gender-blind assumptions used in standard budget analysis (eg that "work" = paid employment)
- Gender budgeting can be used not just to reduce gender inequalities but knowing about gender effects also makes for more efficient policy more generally ie can help meet other objectives
- Requires knowing about structure and causes of existing gender inequalities in order to assess impact on them
- ***How care is provided is crucial to gender inequalities throughout society***

Care and the Economy

- The traditional view of the economy focuses on the processes of material production and consumption
  - and so side-lines/ignores care-giving
- Feminist economists have insisted that any account of the economy needs to encompass all "provisioning" including:
  - provision for care needs as well as for material consumption

- Women have traditionally been the care providers
- Economic analysis that ignores care is based around an inaccurate androcentric myth:
  - the fiction of "independence" as the norm

What is care? Care norms

- Care services are those that help people do what others can do unaided
  - a socially agreed set of capabilities
- Care is the hands-on provision of such services ***to those who would otherwise lack those capabilities***

So:

- Care consists of physical hands-on services to meet by socially defined care needs
- Norms about these needs vary across societies and across time
  - eg be able to carry water vs being able to read
- And also vary across groups within societies following wider societal expectations:
  - eg for men being able to earn a living vs for women looking after children
- Norms about care needs ***can and do change***

How is care provided? Care practices

- Care is provided both *paid* and *unpaid*
  - Only paid care is counted in GDP
  - Unpaid therefore easily seen as “free”

- But unpaid care still has opportunity costs
  - constrains development of paid economy
  - constrain individual opportunities

- In most economies:
  - quantity of unpaid care much larger than of paid care
    - even in Sweden, paid care is estimated to constitute only one third of total care
    - value of unpaid care equivalent to a large proportion of GDP (ONS estimates about 1/3 GDP in UK)

- Can see combination of norms about care needs and care practices as constituting a society “care system”

Care provision is highly gendered

- Unpaid care: allocated within households or communities by gender norms
  - Where women are available they do the majority of unpaid care
  - Women more likely to reduce their employment to care
  - Societies/communities vary in the acceptability of using paid care to substitute for (women's) unpaid care

- Paid care: majority of workers at lower ranks are women
  - Skills used in paid care seen as feminine characteristics and tend to be undervalued
  - Jobs designed for women often more compatible with domestic care responsibilities than other employment
  - Pay and conditions often worse than in equivalent non-care work (not universally)

Gender differences in care structure other gender inequalities:

- Employment rates
  - Unpaid care responsibilities structure availability for employment
- Pay
  - Those with care responsibilities pay for the “special treatment” they need from their employers
- Occupational segregation
  - Paid care work highly gendered too. Low wages in paid care important constituent of gender pay gap.
- Pensions
  - Women’s lesser incomes when old due to less earnings due to earlier caring responsibilities
- Time-use
  - Time spent on unpaid care leaves less time not only for employment, but also training, networking and leisure
- Need for public support for their own care
  - Women more likely to end up poor and living on their own
  - And are therefore the majority of recipients of publically supported are

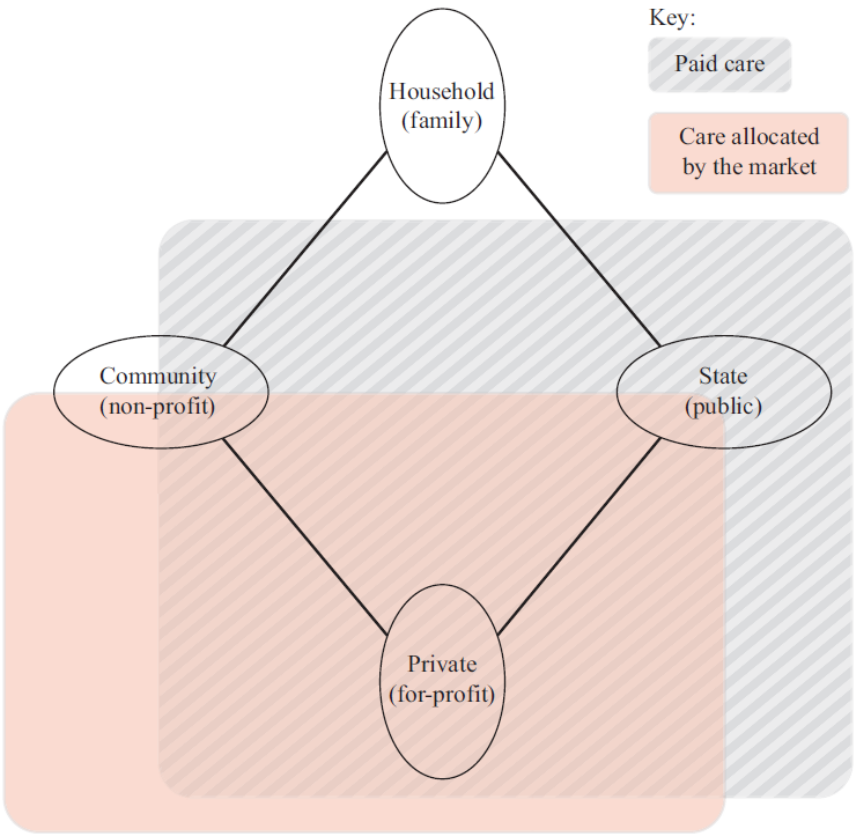
Four different types of care and their requirements

Women's Budget Group

	Who needs it?	Needs and time scale predict-able?	Continuous presence needed?	Can unpaid care can be combined with employment?
Childcare	Children (of employed parents)	yes	yes	not at same time
Rehabilitative care	After events	short-term	Not usually	often
Care for disabled	Long-term disabled (children and adults)	sometimes	Not necessarily	often
Aged care	Older people, most are women living on their own.	No – usually increasing then ceases	Not usually	Yes usually

The Care Diamond

- Four Sectors of care provision:
  - Family
  - Private firms
  - Public Sector
  - Community/ non-profits
- Sectors differ by whether:
  - they use paid or unpaid work
  - the market is involved in allocating care
- Balance of different sectors varies:
  - by country
  - by type of care (elder/child etc)



NB Care diamond is for **provision of care**

- financing can be different
- e.g. state can ***finance*** provision by any of the three other sectors

Arguments for public financial support for care

Women's Budget Group

- Safety net
  - For when the family could not or did not provide:
- Human rights
  - That those with disabilities had rights to equal, or sufficient, capabilities
  - Introduces idea of care quality
    - Extends rights to public support to where provision is considered not good enough, not just where it's absent
- Social Investment
  - That state spending on care is an investment with financial pay-offs:
    - a more educated, more productive future workforce; less crime
    - enabling unpaid carers to combine care with employment to both contribute to the economy and support themselves financially (more taxes/less spending on benefits)
  - Argument used more for childcare and rehabilitative care than long-term disabled or elder care

Arguments for public financial support for care (cont.)

- Prevention
  - That more investment in care now will prevent need for greater care in the future
    - A version of social investment but with the financial pay-off being in terms of needing to pay for less care
    - Includes recognition of state obligations
    - May hold where general social investment argument does not eg for people who are unlikely ever to being able to take employment
- Social infrastructure
  - Caring system of a society important in itself
    - Determines social framework in which we all live our lives as well as individual well-being
    - Applies to all forms of care
- Promote gender equality

Public financial support of care promotes gender equalityin general benefits women particularly

Women's Budget Group

Women are more likely to:

- be recipients of publically funded care
  - partly because poorer - often due their own previous histories as carers - also live longer on their own)
- live in households that include children or other adults with disabilities needing care
  - NB not true of pensioners - older men more likely to be carers
- within such households to be the providers of unpaid care (and seem to be more likely to be the purchasers of paid care)
- provide unpaid care to those outside their household
- be employed in paid care

Care policies have significant gender impacts

Care policies have significant gender impacts

Women's Budget Group

- Not just when they are designed to impact on gender inequalities *but all care policies*
- In particular cuts in care spending will exacerbate gender inequalities in:
  - Care received and/or its quality
  - Pay and working conditions (paid care sector major contributor to gender pay gap and unequal working conditions)
  - Household living standards (to which public services, including care, contribute)
  - Amount of unpaid care given and individual disposable income both across society and within households
- Conversely increased spending on care should reduce those gender inequalities
- Care policies could be specifically designed to change their gender impact
  - Eg to enable/incentivise men to care more

Assessment of the gender effects of care

- Qualitatively no doubt about the direction of effects, but how do we assess them quantitatively?
- Is it just expenditure that matters? What about quality?

- Baumol: care is among those industries "in which the human touch is crucial"

- For such industries:
  - using less labour just reduces output or its quality
  - there is little scope for raising productivity through introducing labour-saving techniques
  - labour costs are proportional to wages

Women's Budget Group

Care is like playing a string quartet

In playing a string quarter, neither cutting the number of players nor playing faster can raise the productivity of labour because quality just goes down

- This provides a good argument that :
  - spending on care remains a ***good quality invariant measure of provision***

- ***Gross spending*** can be reduced only by
  - reducing numbers receiving care
  - cutting amount of time each receives
  - reducing staffing levels
  - employing cheaper less well-trained staff
  - paying same staff less or reducing their working conditions

- All result in reduced quantity or quality.

- NB ***Net spending*** can be reduced by increasing user fees/stricter means-testing, but this will appear as cuts elsewhere (in “disposable” income)

Assessing who is affected by any changes in spending on care services?

- Statistics are collected on numbers using different types of care
  - Can make rough estimates of the impact of changes on users by dividing up gross spending according to existing patterns of use

- Simulation models can take account of more factors predicting who uses different types public services
  - Based on household surveys (eg FRS)
  - Predicts service use based on household/individual characteristics

- An then quantify effects on benefits at household/individual level in monetary terms, using spending as measure of benefit, either
  - In absolute terms or
  - As proportion of household income

- Currently always done at household level
  - Could be done at individual level
  - Good arguments for doing both

An example: the Landman Economics public spending model

Women's Budget Group

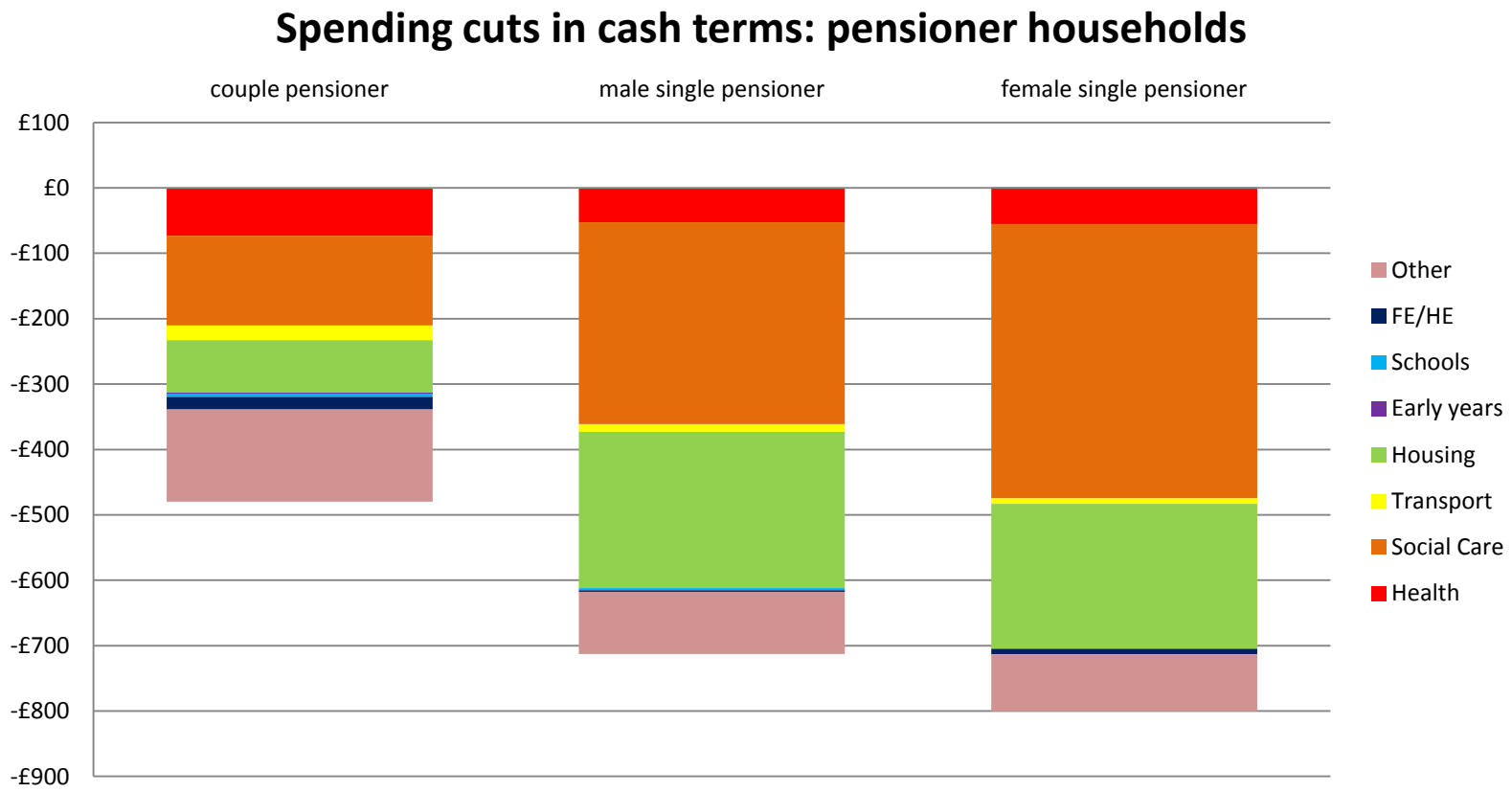
Combines two types of data:

- Aggregate spending data (broken down by 'functional category' of spending) with
- Household data on public service use from several sources:
  - Family Resources Survey (education; social housing)
  - Living Costs and Food Survey (transport; certain categories of health expenditure)
  - General Household Survey (hospital/GP visits; museums and other cultural services)
  - British Household Panel Survey (social care, family social services)
  - British Crime Survey (policing)

Analyses patterns of service use according to various observable characteristics by ***households***, including

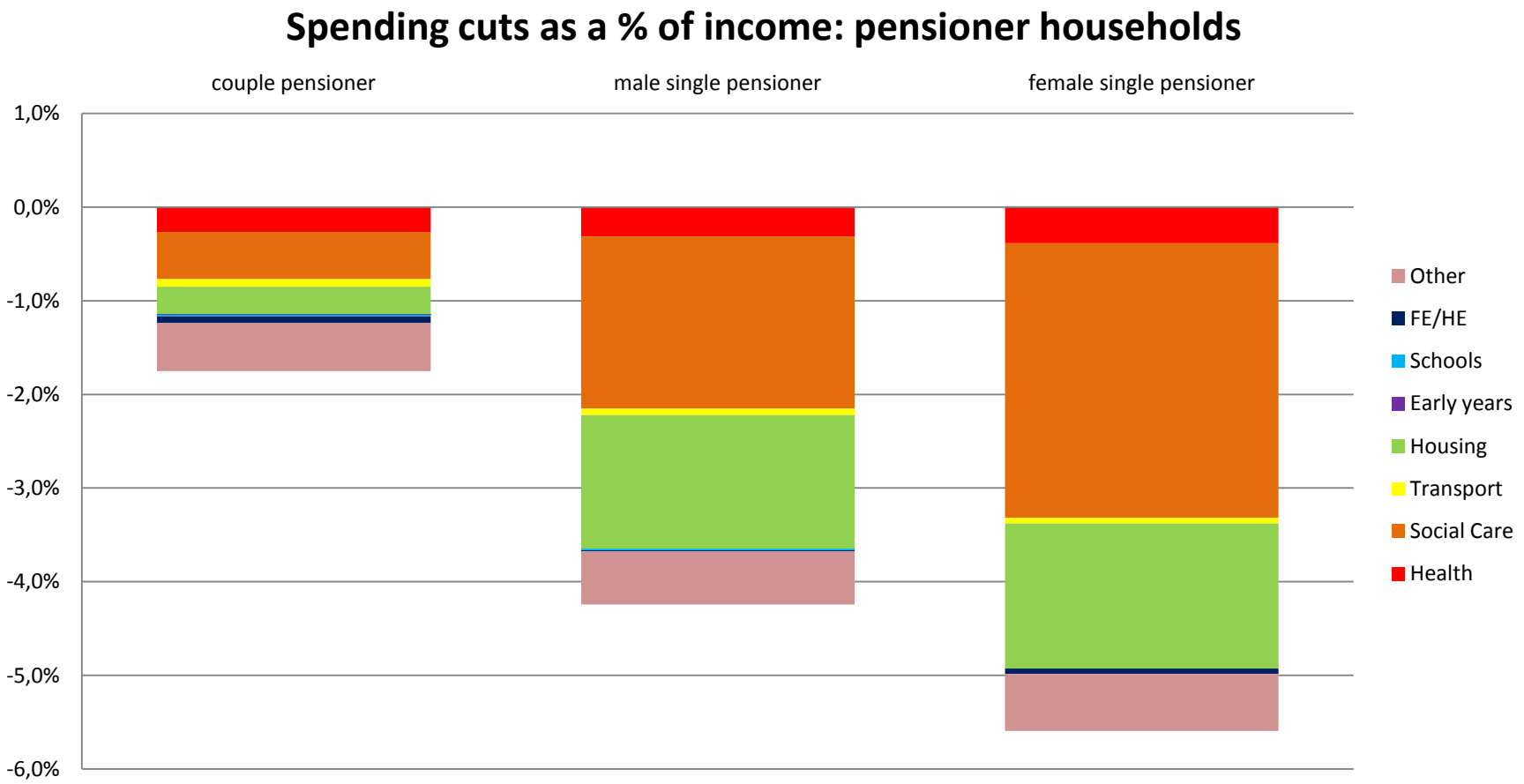
- their overall gender composition
- the gender pattern of earnings in the household
- Can also break households down further eg by income decile, age, number of children etc.

An example using Landman Economics model:
The impact of UK spending cuts, from 2010 up to and including 2015-16 tax year, in real terms:



- Cuts in social care impact strongly on the "living standards" of pensioners, particularly female single pensioners
- Cuts in childcare ("early years") do not

The impact of UK spending cuts, from 2010 up to and including 2015-16 tax year, as % of household income:



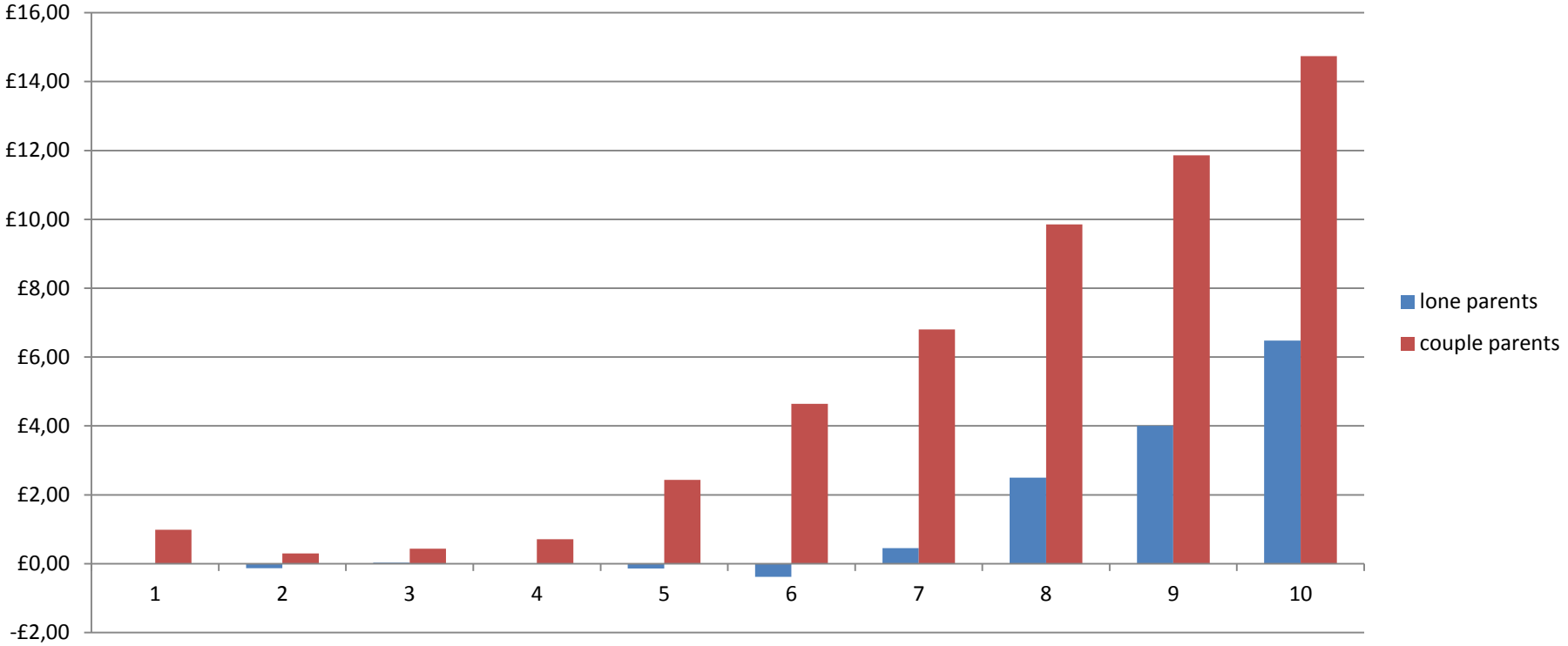
- This is even more apparent if look at cuts as % of household income:
  - because female single pensioners have lower household incomes

Who is affected by any changes in care-related benefits and allowances?

Women's Budget Group

- Can do similar analysis using tax/benefit models to look at effect of changes care-related benefits and allowances on disposable income
- Really do need a model here in order to see the effect of existing tax/ben system on disposable incomes of households (individuals?)
  - Then can see the effect of any change in benefits for carers, disability benefits, or childcare subsidies that work though the tax/benefit system, even paid parental leave
  - Need to make assumptions about take up
- A number of such models exist, including Euromod that covers all EU countries
- Average effect of total population of any specific measure, or even of all care-related payments together, even for women, may be small
  - So may be better to look at who are the winners and losers from a policy change and the size of impacts on their household's disposable income
- Can look at effects of spending cuts and tax/benefit changes together

An example using Landman Economics model: Average weekly gains for UK lone and couple parents from all childcare measures implemented by current government upto 2016, by income decile



- Childcare support has been increased
- Benefits in real terms appear greatest strongest for couples and for those in higher deciles
  - Because most likely to be using childcare to start with
  - To make this gender analysis need to point out % of lone parents that are women
- NB this model assumes no behavioural change
  - Severe limitation in analysing policies designed to incentivise change

Assessing effects on time-use/ unpaid care

Women's Budget Group

- Models of distributional effects on household income/living standards assume no behavioural change
  - except perhaps in take-up

- What households ***do*** as a result of cuts in service provision or changes in allowances is much harder to assess :
  - do they buy services or do more unpaid care,
  - and/or does someone give up employment as a result of cuts?
- No existing models assess this.

- Time-use surveys not done frequently enough to be useful in assessing whether any changes are due to policy

- Could perhaps build a model based on a time-use survey using variation in local authority spending to assess how people react to changes in spending on services – a future project!

Employment incentives

Women's Budget Group

- Can work out effects of benefits/tax rate changes on "employment incentives":
  - The net gain from taking/leaving a job, taking account of taxes, loss of means-tested benefits
  - often highly gendered – through big difference between incentives of first and second earners
    - With joint taxation and/or means-tested benefits
- Policies that not are explicitly care-related can also have gender effects on employment incentives due to gendered care responsibilities
  - Introduction of any new means-tested benefit
- Could expand these models to include childcare and other costs of employment
  - Then could evaluate impact of changes in childcare support, fiercer or steeper means testing etc.
  - Likely to be strong gender effects
  - Another future project
- Some dynamic econometric models are being developed to predict behavioural change as benefits/tax rates change.
  - Again might be able to be expanded to include childcare and other costs of employment

Paid care workers

- Changes in spending on care will have important effects on pay and working conditions in paid care
  - with significant gender effects
  - for economy as a whole, since care industry major and fastest growing employer of women
- These effects can be assessed by industry studies
  - need to look at total remuneration/working conditions too not just pay gap
  - eg zero-hours contracts can save employers a lot of money even if wage rates unchanged.
- Methods of gender budgeting common to other sectors, so will omit here

- Again policy changes that are not specifically care-related may be more significant in the gender effects, eg:
  - Minimum wage
  - General employment rights (eg rise of zero-hours)
- So these need assessing too

Gender budgeting for care is possible but there are some difficulties:

1) finding it in the public finances

Forms of public financial support for care

- Direct provision of services
- Direct support of other providers (for-profit or non-profits)
- Buying of services from other providers (eg through competitive tendering)
- Giving care recipients personal budgets
- Direct payments to care recipients or parents
- Income replacement benefits for carers
  - Paid parental leave
  - Specific benefits for carers
  - Exemption from job search conditions for receipt of income support for those with caring responsibilities
- Tax allowances for partners of carers
  - ??? Includes tax allowances for dependents/transferable tax allowances???
- Tax breaks for employers
  - For setting up childcare facilities/ subsidising childcare costs
  - Structure of national insurance may or may not be care friendly

Expenditure on care found in many different places

- Public services may be provided by central government or (more usually) local authorities.
- Even if local may (partially) depend on central government funding
- Services may come under “social”, “health” or “education” expenditure
- May need to look in different place in (LA) accounts for:
  - Spending on public services
  - Direct grants to providers
  - Purchases of outsourced services
  - Personal budgets
- Direct payments may be paid by local authorities and/or part of national benefit system
- Income replacement benefits usually national but likely to be under a variety of different headings
- Exemptions for care responsibilities are expenditures too

In theory should not look at any one type of expenditure in isolation since there is likely to be movement between categories

Gender budgeting for care is possible but there are some difficulties:

2) catching it in a changing policy context

Changing policy context:

Growing use of market to provide long-term and other types of social care ***in three forms***:

- State contracting out care to private sector providers

- State allocating publicly-funded care budgets to those judged to have care needs to spend buying their own care:
  - Either from corporate provider or employing own care assistants;
  - Either in the form of direct cash payments or by giving control of personal budget administered by state (local authority)
  - Sometimes with restrictions on use (eg can only employ from approved list of suppliers; sometimes recipients free to use their money as they choose)

- More of those with care needs and their families having to use their own funds to buy care
  - either to pay full costs of care or to top-up state provision

All three forms of marketisation increasing throughout Europe:

Women's Budget Group

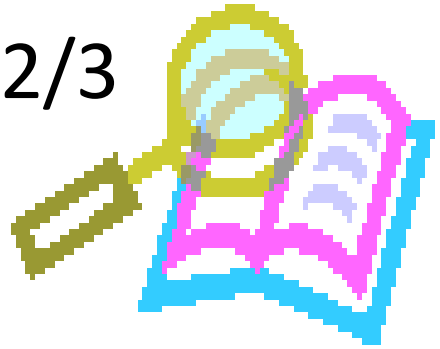
- All can be seen as connected to ***attempts reduce/contain/shift care costs paid by state***
  - By using competitive tendering to reduce unit costs/increase value for money
  - By using direct payments to reduce unnecessary spending/shift costs onto care recipients
  - Make failing to uprate/cuts invisible

- Though with a variety of ***ideological justifications***
  - choice/effective use of market
  - only way to meet increasing demand without raising costs

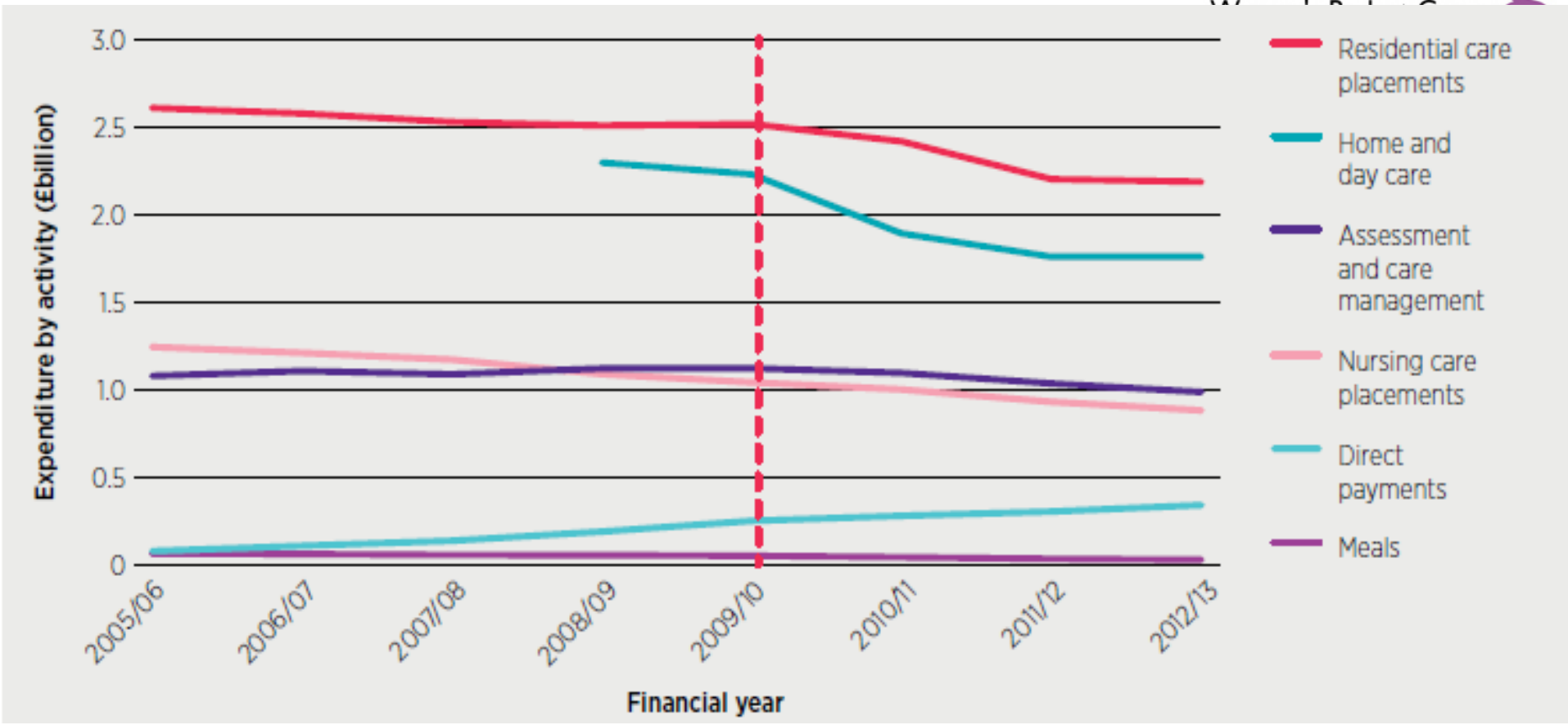
- Cost reduction largely through ***impact on workforce***:
  - reductions in numbers/time
  - less-unionised/casualised workers
  - employment of disadvantaged workers including immigrants
- Or use of ***unpaid care*** or ***shifting costs onto families***
  - eg in keeping care recipients at home as long as possible

But using other people's analysis can help put together different sources of finance

- For example: analysis by QualityWatch (2014) of cuts to spending on social care for older adults in England 2009/10 – 2012/3



Change in real net spending on older people's services in England: 2005/6 – 2012/3



- By 2009/10 public expenditure on most services for older people (whether provided by public or private sector) was already falling;
  - But counteracted by an increase in spending on direct payments
- Between 2009/10 and 2012/3 spending on such services fell much faster:
- But expenditure on direct payments rose only at a similar rate to before 2009/10

- Cuts were implemented by
  - tightening eligibility criteria to concentrate resources on those with the greatest needs
  - reducing fees paid to providers
  - reducing administrative costs

- Thus:
  - on residential care spending fell less by 13%:
    - Implemented through cuts in fees paid to residential care providers, numbers receiving services unchanged
  - on home and day care by more 23%;
    - By cutting numbers of recipients as well as payments per hour

- And unit costs overall fell by 5% raising concern with Care Quality Commission about quality sustainability

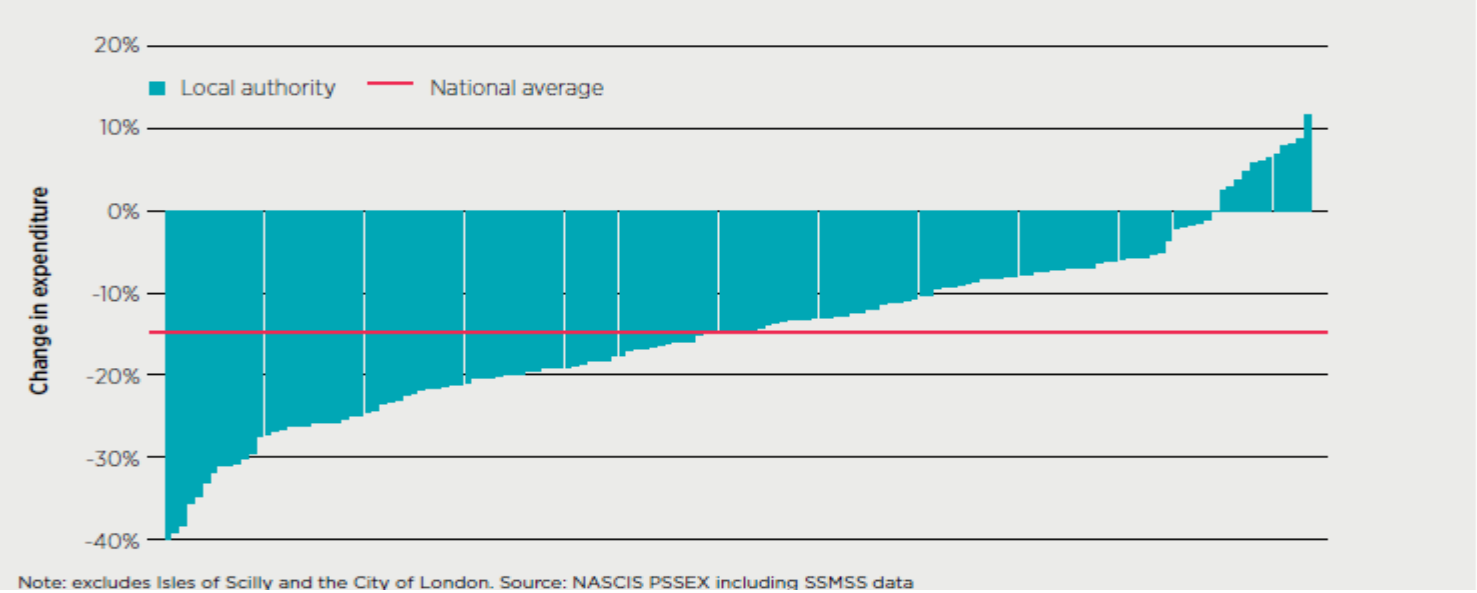
- These cuts took place against a backdrop of increasing demand for social care among older people, as
  - their numbers increased as a proportion of the population and
  - they themselves became on average older and in more need of care.

- Gross spending on social care for older adults fell by 9% but net spending by 15% on average (*difference made up by increased user fees*) in real terms between 2009/10 and 2012/13

- Expenditure on direct payments rose only at similar rate to before 2009/10

Care budgeting: central vs local government

- For example, UK government cut its allocation to local authorities by 26% in 2010



- But local authorities reacted very differently in terms of their spending on services for older people:
  - one third cut by 20 % or more,
  - a very few increased it
  - remainder implemented cuts of 0-20 %

For looking at full gender impact of care policy

Women's Budget Group

- Need to take into account:
  - effects on different funding streams
    - May be used differently by men and women (possibly since older people less keen on direct payments)
    - Including user fees
  - at both national and local authority levels
  - across health and social services (and education for children)
    - May be used differently by men and women (age related too)
  - across different types of care
    - May be used differently by men and women (age related too)
  - effects on quality/unit costs
    - May be different for men and women
  - changing needs of the population
    - Some evidence that older women have more physical problems, men more mental ones

- Luckily can get some picture by doing much less and can piggy back on more detailed analyses of others.

- Still need to consider impact of other policies *on* care

- Any policy that influences people's decisions about time-use/location can impact on care and therefore will have gender implications.

Care budgeting

Women's Budget Group

So I would argue for "care budgeting" by analogy with "gender budgeting":

- assessing impact of (spending) policies on existing ***care*** provision
- not just of policies designed to impact on care but ***all policies***
- Also involves critiquing ***care-blind assumptions*** used in standard budget analysis

Such care budgeting can be used

- not just to improve care, but
- knowing about effects on care also makes for more efficient policy more generally

Why for care specifically?

- Already done automatically for material production eg effects on GDP/personal incomes of budget proposals
- Should therefore do it for the other major component of provisioning too

Critiquing care-blind assumptions used in standard budget analysis

Women's Budget Group

- By analogy with refusing to see employment as the only type of “work”
- Recognise care as part of the “infrastructure” of society, as much as physical infrastructure if not more so
- Challenge idea that spending on physical expenditure is “investment”, while expenditure on care is seen as “current spending”.

- Because:
  - Idea of distinction is that investment has benefits beyond the current period
  - Care has such long-lasting benefits
  - Though prefer to stress that the investment is in ”social infrastructure” to include non-material benefits
  - And avoid the idea that care for children and those who will get better is an investment but not for the old

- This distinction has real effects: governments likely to favour investment over current spending
- Lead to equality and efficiency gains through investment in a “purple economy”

Equality and efficiency of investment in social vs physical infrastructure

Women's Budget Group

- Effects undoubtedly adds to well-being directly and in the longer-run
  - Particularly for women as both recipients and unpaid care givers
  - Physical infrastructure projects can be more dubious
- Has larger stimulus effects
  - Nearly all spent on wages, few material inputs
  - Low pay in sector implies more employment generated and larger proportion of wages spent
- More likely to employ women, given existing gender division of labour
- Employing women may have larger local stimulus effects since women more likely to have to spend money replacing their own unpaid care
- Should aid economy in the long-run with a better educated, more contented population
- Care is basically green as well as purple
  - Cannot go on producing and consuming more things
  - Will have to spend our time learning how to care for each other better.

Conclusion

Gender and care budgeting could change the world!