THE WORKFORCE INFRASTRUCTURE INSTITUTE
Research Report No. 1 • April 2026

Workforce Stability Infrastructure in a 24/7 Economy

Reframing Dependent Care as Economic Infrastructure

The Workforce Infrastructure Doctrine advances seven interlocking propositions:

- Care systems are economic infrastructure, not personal consumption
- Households employing caregivers are taxed on revenue, not income — unlike every other employer in America
- The navigation gap is a distinct, measurable cause of workforce participation loss
- The care desert is a financing structure failure, not a supply shortage
- Care infrastructure failure produces a human cost cascade: mental health deterioration, workforce exit, relationship strain, and compounding social cost
- Employer-tied care benefits create mobility lock that penalizes professional dynamism
- The FSA and Child Tax Credit are misclassified instruments — credits where the problem requires deductions

Executive Summary

If a working parent earns $100,000 but spends $50,000 on the care required to earn it, her taxable income is $50,000 — not $100,000. This is arithmetic. The IRS applies it to every income-producing activity in the American economy. Except this one.

American employers increased women's and family health benefits by an average of 39% — yet employee experience of those benefits declined by 10% [Maven, 2026]. Sixty percent of parents who miss out on paid family leave do so because they didn't know it existed [Moms First & McKinsey, 2024]. Child care instability costs businesses an estimated $53 billion annually. And despite $648 billion spent on care in the U.S. every year, venture capital has invested only $26 billion in care economy solutions over an entire decade — the signature ratio of an infrastructure market that private capital alone cannot solve [Beyond Ventures et al., 2025]. These are not separate problems. They are symptoms of the same structural failure: the absence of Workforce Stability Infrastructure.

This report introduces the Workforce Infrastructure Doctrine: the proposition that dependent-care systems function as participation-enabling infrastructure within a 24/7 economy, and that the tax code, benefits architecture, and policy frameworks that govern those systems have systematically misclassified care as personal consumption rather than economic infrastructure. That misclassification is not neutral. It has produced the care desert, the mobility trap, the navigation gap, the informal care market, and the human cost cascade that this report documents.

Seven Propositions of the Workforce Infrastructure Doctrine

- Care systems meet every accepted criterion for economic infrastructure: economy-wide relevance, market underinvestment, network effects, and positive externalities that accrue broadly rather than to individual transactions.
- Households employing caregivers are legally employers, regulated as employers, but taxed unlike any other employer in America: on gross income rather than net income after labor costs. No corporation, partnership, or sole proprietor faces this treatment.
- The Navigation Gap — the systematic failure of workers to connect to available care and benefits support — is a distinct and measurable cause of workforce participation loss, independent of whether care and benefits exist.
- The care desert is not a supply shortage. It is the downstream product of a financing structure that makes formal household employment economically irrational, driving informality, precarity, and the high provider turnover that families experience as unstable care.
- Care infrastructure failure produces a human cost cascade: the precarious care worker, the isolated stay-at-home parent, the strained marriage, the working parent operating at diminished capacity, and the mental health system absorbing downstream costs that were never its to bear.

• Employer-tied care benefits create care lock — the care-economy equivalent of job lock — that penalizes professional mobility, entrepreneurship, and career dynamism at the moment they are most economically valuable.

• The Dependent Care FSA, capped at $5,000 since 1986 against actual care costs that have increased 400-700%, and the Child Tax Credit, a family subsidy that does not recognize the relationship between care expenditure and income generation, are not solutions to the care financing problem. They are credits applied to a problem that requires deductions.

$53B

Annual employer cost from care-related turnover and absenteeism [NAC/ReAL Link, 2023]

88%

Of a $50,000 care bill left unaddressed after the $5,000 FSA cap — paid with fully taxed dollars

Why These Findings Converge

The Workforce Infrastructure Doctrine is not a single organization's proposition. It is the framework that organizes an emerging empirical consensus building simultaneously across management consultancies, employer benefit researchers, capital markets analysts, tax economists, and workforce practitioners. Four independent bodies of evidence describe the same structural failure from different vantage points.

Maven's 2026 survey of 7,035 workers and HR leaders across four countries finds that a 39% increase in employer benefits availability produced a 10% decline in employee experience of those benefits. The sharpest drops occurred in LGBTQ+ health care (down 19%), adoption support (down 15%), and preconception care (down 14%). This is not a communication failure. It is a navigation infrastructure failure [Maven, 2026].

McKinsey and Moms First document the same pattern from the paid leave side: 60% of parents who miss out on paid family leave do so because they were unaware it existed. The Foundational Workers report establishes that without reliable child care, employees cannot work, and businesses absorb the loss [Moms First & McKinsey, 2024]. Workers are leaving earned benefits unclaimed because the infrastructure connecting them to available support does not function.

Capital markets data reveals the structural explanation. Americans spend $648 billion on care annually. Venture capital has invested $26 billion in care economy solutions over a full decade — averaging $2.6 billion per year, or 0.4% of annual care spending. Consumer markets attract private capital proportionate to spending. Infrastructure markets do not. The investment ratio of care confirms its infrastructure character [Beyond Ventures et al., 2025].

The tax code provides the fourth confirmation. A business aircraft used for commercial purposes can be fully depreciated. The Child and Dependent Care Tax Credit is capped at $3,000 for one child — approximately two weeks of actual infant care cost in most American cities. The FSA allows $5,000 in pre-tax savings against care costs that routinely exceed $30,000-$50,000 annually. The tax code has classified capital asset deployment as an economic activity and human labor participation requiring care as a personal preference. The Workforce Infrastructure Doctrine challenges that classification on empirical grounds.

These four bodies of evidence — employer benefits data, paid leave utilization research, venture capital market analysis, and tax policy structure — are not describing different problems. They are describing the same problem from different angles: the systematic misclassification of care as personal consumption rather than the prerequisite for workforce participation that it demonstrably is.

I. INTRODUCTION: THE INVISIBLE INFRASTRUCTURE PROBLEM

When a bridge fails, freight stops moving. When the power grid goes down, factories shut. When a care arrangement collapses — a provider gets sick, a facility closes, a shift changes without notice — a worker misses a day, a week, or sometimes leaves the workforce entirely. The economic disruption is real, the productivity loss is measurable, but our analytical frameworks treat it as a personal problem rather than an infrastructure failure.

The tax code encodes this misclassification with precision. A private jet used for business can be depreciated. The childcare that allows a parent to generate earned income is capped, limited, and paid with post-tax dollars. One is classified as a business operating cost. The other is framed as a lifestyle choice. If a parent must secure care in order to work, how is that not an operating cost?

This report proposes a corrective. The Workforce Infrastructure Doctrine holds that care systems are prerequisites for sustained workforce participation, not personal lifestyle choices. Their misclassification in tax policy, benefits architecture, and analytical frameworks has produced the care desert, the mobility trap, the navigation gap, the informal care market, and a human cost cascade that runs from the care worker to the marriage to the mental health system. None of these downstream effects are inevitable. They are the predictable consequences of a structural choice that can be made differently.

II. THE MODERN WORKFORCE CONTEXT

2.1 The 24/7 Economy and Schedule Volatility

A significant and growing proportion of U.S. workers operate outside traditional 9-to-5 structures. Healthcare, transportation, warehousing, hospitality, and retail — collectively employing more than 40 million workers — operate across evening, overnight, and rotating shifts [BLS, 2023]. Algorithmic scheduling has introduced new forms of unpredictability: shift assignments confirmed within 24-48 hours, variable weekly hours, and on-call requirements that resist care planning. The McKinsey and Moms First Foundational Workers report identifies hourly and shift workers as disproportionately affected by care instability because their schedules are least compatible with standard care provider hours [Moms First & McKinsey, 2024]. A worker required at 5:00 a.m. for a warehouse shift cannot rely on a child care center that opens at 7:00 a.m. This is not a personal scheduling failure. It is a structural gap between two systems that have evolved independently.

2.2 Dual-Earner Households and the Utilization Gap

Dual-earner households now represent the dominant household structure among families with children [Census Bureau, 2022]. The shift has not been accompanied by proportionate expansion of care infrastructure — creating persistent compression of unpaid caregiving labor that falls disproportionately on women. The utilization gap compounds the availability gap. Research from Moms First and McKinsey finds that 60% of parents who miss out on paid family leave do so simply because they were unaware it existed [Moms First & McKinsey, 2024]. Dependent-Care Volatility is not solely a function of care supply. It is also a function of benefits infrastructure that fails to connect workers to available support.

2.3 Population Aging and the Mid-Career Care Collision

Between 2025 and 2035, the population aged 65 and older will increase by approximately 21 million [U.S. Census Bureau, 2023]. Workers aged 45 to 64 are now the most likely to face competing caregiving demands during peak earning years. One in five reports adjusting work hours or leaving a job to provide elder care [AARP, 2023], with estimated lifetime earnings losses exceeding $300,000 for those who exit early. Maven's 2026 survey finds that only 32% of HR leaders report all or nearly all employees returning to work after parental leave — and this figure does not capture elder care exits among the 45-64 cohort, for whom no equivalent measurement currently exists [Maven, 2026].

2.4 The AI Navigation Gap

Only 6% of employees turn to employer resources first when they have a health question. Instead, 81% have used AI to find health information, and 33% have taken health action based on AI-generated information [Maven, 2026]. Workers turn to consumer AI tools not because those tools are superior, but because employer-provided benefits are harder to find, harder to use, and less responsive to real-time need. The AI navigation gap is a workforce stability problem, not a technology problem.

2.5 The Human Cost Cascade

Policy analysis of care infrastructure failure typically stops at GDP impact and employer cost. The actual cost runs through every dimension of human life simultaneously — and the dimensions are causally connected, not parallel.

The Care Worker

At the foundation of the entire system is a worker who is almost certainly a woman, almost certainly a woman of color, almost certainly paid informally, and almost certainly earning wages that don't reflect the skill, emotional labor, and irreplaceable trust her work requires. Because she is paid informally, she has no unemployment insurance when the arrangement ends — and it ends frequently, because the household employer has no retention infrastructure. She has no workers' compensation, no professional credential that travels with her, no pathway to a living wage or career advancement. She is providing the service that makes the entire economy above her possible. She is paid as if she is invisible to it. The chronic economic instability of informal care employment is one of the most reliable predictors of anxiety, depression, and physical health deterioration in the public health literature.

The Stay-at-Home Parent

When formal care is economically inaccessible — when the post-tax cost of in-home care exceeds the post-tax income of the lower-earning partner — one parent exits the workforce. This is framed as a choice. In most cases it is a constrained optimization: the math doesn't work, so someone stops working. The parent who exits does not simply pause a career. She exits a professional identity, a social network built around work, a structure of daily purpose, and an economic independence foundational to psychological wellbeing. The labor she performs — valued at $50,000-$80,000 annually if purchased in the market — is economically invisible: unpaid, uncredited, and unprotected.

The Marriage

When care infrastructure fails, the cost doesn't disappear. It transfers into the marriage. Couples in which one partner has reduced hours or exited for caregiving report significantly higher rates of conflict, resentment, and marital dissatisfaction [Dew & Wilcox, 2011]. The resentment runs in both directions: the partner who exited resents the loss of professional identity and economic independence; the partner who remained resents the disproportionate financial pressure and the domestic management burden. This is not a relationship failure. It is an infrastructure failure displaced into the most intimate unit of social organization.

The Working Parent

The parent who remains employed while managing care instability operates under a cognitive and emotional load invisible in productivity statistics. The constant background anxiety of an unreliable care arrangement is a form of chronic stress that accumulates over months and years. It shows up not in turnover statistics but in the emergency room, in the therapist's office, in the performance review that notes someone seems distracted, in the promotion she didn't receive because she couldn't take on additional responsibility while managing a care crisis at home.

The Mental Health System

Mental health services are the system Americans turn to when care infrastructure fails and human costs become unmanageable. Therapists, psychiatrists, social workers, and crisis services are absorbing the downstream consequences of a care financing structure that makes stable arrangements economically unsustainable. Every dollar not invested in care infrastructure is not a dollar saved. It is a dollar transferred — to mental health services, to emergency rooms, to relationship dissolution proceedings, to retirement support for women who exited the workforce without savings.

The absence of care infrastructure doesn't produce a line item in a budget. It produces a cascade: the care worker trapped in precarity, the stay-at-home parent pushed into isolation, the working parent managing a crisis at a fraction of their capacity, the marriage strained by burdens that were never supposed to be personal. None of this is private. All of it is the predictable consequence of treating care as a lifestyle choice rather than the infrastructure it is.

III. DEPENDENT-CARE VOLATILITY AS A WORKFORCE VARIABLE

3.1 Dependent-Care Volatility (DCV)

Dependent-Care Volatility refers to variability or disruption in care arrangements that affects an individual's ability to sustain employment. DCV events include provider turnover, illness, regulatory changes causing facility closure, cost fluctuations, schedule misalignment, and informal arrangement breakdown. Research documents persistent supply constraints, provider turnover estimated at 26-40% annually [Whitebook et al., 2018], and geographic variation in access disproportionately affecting rural and low-income communities [Herbst, 2017; National Academies, 2018]. The divergence between a 39% increase in employer benefits offerings and a 10% decline in employee experience — documented across 7,035 survey respondents in four countries [Maven, 2026] — is DCV operating at scale. Workers are experiencing care instability that benefits portfolios are not reaching.

3.2 Participation Stability (PS)

Participation Stability refers to sustained engagement in the labor force: continuity of employment, consistency of hours worked, and uninterrupted earnings progression. Only 32% of HR leaders report all or nearly all employees returning to work after parental leave [Maven, 2026]. The paid leave awareness gap — 60% of eligible workers unaware of available benefits [Moms First & McKinsey, 2024] — means that PS is undermined not only by care breakdown but by navigation failure.

3.3 The Navigation Gap

The Navigation Gap is a distinct dimension of Dependent-Care Volatility: the failure of workers to connect to available care and benefits support, not because that support doesn't exist, but because the infrastructure connecting workers to it has broken down. It operates across multiple systems: the 60% paid leave awareness gap [Moms First & McKinsey, 2024], the 6% employer resource utilization rate [Maven, 2026], and the 28% of high-risk pregnancy patients surprised by their classification [Maven, 2026]. The Navigation Gap is measurable, addressable, and causally linked to workforce participation outcomes independent of benefits availability.

3.4 The Informality Problem

A significant share of dependent care is delivered through informal domestic labor arrangements. Informality creates structural fragility: no notice obligations when arrangements end, no unemployment insurance for workers, no training pathways, no professional credentials. The economic implications extend to the public sector: unrecorded payroll represents foregone Social Security contributions and tax revenue that partially fund the social insurance systems workers rely on when care fails. Section IV.5 establishes that informality is not a cultural preference — it is the rational economic response to a tax structure that makes formal household employment prohibitively expensive.

IV. THE INFRASTRUCTURE CASE: SEVEN ARGUMENTS

4.1 The Infrastructure Threshold

Economic infrastructure is conventionally defined as capital-intensive systems providing essential services facilitating productive economic activity [Aschauer, 1989; Gramlich, 1994]. Infrastructure is distinguished by: broad access relevance; long-term capital structures that markets underinvest in absent intervention; network effects generating economy-wide productivity spillovers; and public goods characteristics producing positive externalities beyond the direct transaction. Dependent-care systems exhibit all four characteristics. Care availability affects workforce participation rates economy-wide — when aggregate care supply contracts, as it did during the COVID-19 pandemic, labor supply contracts across entire sectors.

4.2 The Capital Markets Signal

Americans spend $648 billion on care annually. Venture capital has invested $26 billion in care economy solutions over the decade from 2015 to 2024 — just 1-2% of the U.S. VC market annually [Beyond Ventures, Pivotal & The Holding Co., 2025]. This ratio — roughly 4 cents of private investment per dollar of annual care expenditure — is characteristic of infrastructure markets, not consumer markets. Venture investment in care has grown — up 45% from 2015-2019 to 2020-2024 — and has produced 13 billion-dollar companies. But capital concentrates in later-stage proven models, and the largest funding category — household management at $11.6 billion — reflects convenience services rather than care stability systems. The $1.5 billion invested in Caregiver Supports & Benefits over a full decade is a fraction of what the participation stability problem warrants. The market is not solving this. That is the infrastructure argument in capital markets form.

4.3 The Tax Code as Infrastructure Policy

Infrastructure investments receive preferential tax treatment because the tax code encodes assumptions about what constitutes productive economic activity. Capital assets — equipment, vehicles, real estate, and business aircraft — are depreciable because the tax code recognizes their role in generating output. The deduction scales with asset value. The Child and Dependent Care Tax Credit is capped at $3,000 for one qualifying individual — roughly two weeks of actual infant care cost in most American cities. It does not scale with actual care costs. It has not been meaningfully updated in decades. And unlike capital asset depreciation, it is non-refundable in its base form, providing no benefit to the lowest-income workers for whom care costs represent the highest proportion of earnings.

A private jet used for business can be depreciated. The childcare required for a parent to work is capped, limited, and paid with post-tax dollars. One is classified as a business operating cost. The other is framed as a lifestyle choice. If a parent must secure care in order to generate earned income, how is that not an operating cost?

4.4 The Gross Income Problem: Households Taxed as No Business Ever Is

Every business in America operates on the same fundamental tax principle: you are taxed on profit, not revenue. You earn revenue, deduct your operating costs — including employee wages, payroll taxes, benefits, and administrative expenses — and pay taxes on what remains. The IRS would never tell Google to pay taxes on all of its revenue and then pay its 180,000 employees from whatever is left. That would be recognized immediately as confiscatory, economically irrational, and structurally incompatible with how businesses function. But that is precisely what the tax code tells every household that employs a caregiver.

A household earns income. The IRS taxes that income first. Then — with whatever post-tax dollars remain — the household pays the wages of the worker who makes it possible for that income to be earned. The caregiver is not a personal luxury purchased after taxes. The caregiver is the operational prerequisite that allows the income to be generated. But the tax code treats the wage as consumption, not as a cost of production.

A corporation that employs workers gets to deduct every dollar of employee wages, payroll taxes, health insurance contributions, and HR administration costs before calculating taxable income. A household that employs a caregiver gets a non-refundable credit capped at $3,000 and pays every remaining dollar from post-tax income. The household is legally an employer, regulated as an employer, and bears all the obligations of an employer. The tax code treats its labor costs as personal consumption rather than business operating expenses. No economic justification exists for this asymmetry.

NEW ADDITION

THE HOUSEHOLD EMPLOYER'S POSITION — IN PLAIN TERMS

When you hire a nanny and pay her $50,000 a year, the IRS requires you to pay an additional 7.65% in employer FICA taxes on top of her wages — approximately $3,825 — from your own after-tax income. You receive no deduction for her wages. You receive no deduction for the payroll taxes you pay on her behalf. You must issue a W-2, file Schedule H with your federal return, register with your state, maintain workers' compensation coverage in most states, and comply with state unemployment insurance requirements. Every one of these obligations is identical to the obligations of a business employer. Not one of them comes with the tax treatment a business employer receives. You are a legal employer in every obligation. You are a consumer in every tax classification. No other category of employer in the United States occupies this position.

The practical consequence is direct. A family paying $60,000 annually for full-time in-home care — a realistic figure in major metropolitan areas — pays approximately $4,590 in employer FICA taxes on top of that figure, entirely from post-tax income. A business paying $60,000 in wages to any other employee deducts the full $60,000 plus employer payroll costs as operating expenses. The household employer's effective tax rate on care expenditure is higher, in structural terms, than any business employer's tax rate on equivalent labor costs. This is not a policy nuance. It is the central economic fact of household employment — and the primary reason the Workforce Infrastructure Institute exists.

4.5 The Household Employer Problem: How Post-Tax Financing Produces the Care Desert

The care desert is typically framed as a supply problem: not enough licensed centers, not enough slots, not enough providers. Policy responses focus on building more supply. But this framing misidentifies the cause. The care desert is the downstream product of a financing structure that makes formal household employment economically irrational. When formal employment adds 10-15% in payroll taxes plus administrative compliance costs to a care bill already exceeding $25,000-$50,000 per year in post-tax dollars, rational households choose informal payment. Not because they want to circumvent labor law, but because the tax code has made compliance economically unsustainable.

The consequences cascade predictably. Caregivers paid informally cannot build professional credentials, access unemployment insurance, accumulate Social Security credits, or demonstrate work history for career advancement. This makes the care workforce structurally precarious — high turnover, low retention, limited professionalization — which produces exactly the supply volatility families experience as a care desert. The IRS estimates that only 200,000-300,000 household employers file Schedule H annually, against an estimated 2-3 million household employment arrangements — suggesting informality rates approaching 85-90% in the domestic care labor market. This is not a compliance failure. It is a rational response to an irrational tax structure.

4.6 The FSA and Child Tax Credit: Credits Where the Problem Requires Deductions

The Dependent Care FSA allows households to set aside $5,000 pre-tax annually for care expenses. The cap was set in 1986, when median annual center-based childcare cost approximately $3,000. In 2026, median annual infant care cost exceeds $15,000 nationally and $25,000-$40,000 in major metropolitan areas. The FSA addresses approximately 10-20% of actual care costs — 88% of the operational cost of workforce participation remains paid with fully taxed post-tax dollars.

The FSA is also use-it-or-lose-it — penalizing care volatility it is designed to address. It is employer-administered — excluding the self-employed, entrepreneurs, and gig workers whose care needs are most unconventional. The Child Tax Credit is a family subsidy, not an income measurement correction. It is available whether or not a parent works. It does not scale with care costs. Treating the Child Tax Credit as a response to the operational cost of care is like treating a housing voucher as a response to commercial real estate costs. They address different problems. Conflating them allows policymakers to declare the problem addressed when it has not been addressed at all.

Scenario	Tax Treatment	Policy Classification
Real estate investor earns $100K, spends $50K on operating costs	Taxed on $50K net income	Full deduction — operating costs recognized
Freelance consultant earns $100K, spends $50K on business expenses	Taxed on $50K net income	Full deduction — operating costs recognized
Medical practice earns $100K, spends $50K on staffing and overhead	Taxed on $50K net income	Full deduction — operating costs recognized

Scenario	Tax Treatment	Policy Classification
Working parent earns $100K, spends $50K on care required to work	Taxed on $100K gross income	No deduction — $5K FSA cap only (10% of actual cost)

4.7 The Mobility Trap and the High-Capacity Professional

When care benefits are tied to employment, the care problem has not been solved. It has been transferred. Care lock operates identically to job lock. A parent who has found a stable employer-subsidized care arrangement faces a significant hidden cost when evaluating a new job, a promotion requiring relocation, a startup opportunity, or a career pivot. The care arrangement that makes professional life possible is attached to the employer they are considering leaving. This is a structural tax on professional mobility that falls most heavily on working parents at precisely the career stage when mobility is most economically valuable.

Physicians operating on rotating hospital schedules, pilots on international routes, first responders on overnight shifts, entrepreneurs whose companies demand unpredictable availability, and executives managing global operations — these professionals have care needs categorically incompatible with what employer-sponsored benefits or licensed childcare centers can address. They need in-home care operating on their schedule. But the tax code treats every dollar they spend on it as personal consumption — taxed at marginal rates with no deduction, no depreciation, no business expense treatment of any kind.

> **THE CORRECT POLICY INSTRUMENT**
>
> Credits reduce tax liability by a fixed amount regardless of actual costs. They are appropriate tools for social policy — distributing benefits to families with children. Deductions reduce taxable income. They recognize that certain expenditures are costs of earning income rather than uses of income. They are appropriate tools for income measurement. Care is not a credit problem. It is a deduction problem. A deduction for care expenses incurred as a prerequisite for workforce participation — structured identically to the business expense deductions that apply to every other operating cost of every other income-generating activity — is the correct policy instrument.

V. ANALYTICAL FRAMEWORK AND CAUSAL MECHANISM

5.1 The Six-Variable Framework

The proposed framework integrates labor economics and systems analysis around six measurable variables. The Navigation Index has been added to the original five-variable framework in response to the convergent evidence that navigation failure is a distinct and measurable cause of workforce participation disruption, independent of whether care and benefits exist.

Variable	Full Name	Definition
DCVI	Dependent-Care Volatility Index	Frequency/severity of care arrangement disruptions per household per year
PSR	Participation Stability Rate	Sustained labor force engagement: continuity, hours, earnings progression
WCM	Workforce Continuity Measure	Employer-level retention linked to caregiving transitions
PFR	Payroll Formalization Rate	Share of domestic employment with formal payroll documentation
SAV	Schedule Alignment Variable	Match between worker shift patterns and care-provider available hours
NI	Navigation Index	Worker ability to successfully connect to available care and benefits support

5.2 The Four Causal Pathways

Pathway 1: Volatility to Participation (Direct)

Higher DCVI reduces PSR through three mechanisms: financial stress from unplanned care costs; logistical disruption from missed shifts; and psychological load from chronic uncertainty that reduces workers' capacity to commit to employment demands.

Pathway 2: Formalization to Volatility (Supply-Side)

Lower PFR increases DCVI by reducing provider retention incentives, eliminating unemployment insurance access, and preventing training and credentialing that support service quality. The post-tax financing structure documented in Section IV.5 is the primary driver of low PFR.

Pathway 3: Schedule Misalignment to Continuity (Structural)

Lower SAV reduces WCM by creating structural incompatibility between labor demand patterns and care availability. The McKinsey and Moms First Foundational Workers report provides empirical grounding for this pathway among hourly and shift workers [Moms First & McKinsey, 2024].

Pathway 4: Navigation Failure to Participation Loss

Lower NI reduces PSR independently of whether care and benefits are available. The 60% paid leave awareness gap [Moms First & McKinsey, 2024] and the 39% benefits availability / 10% experience decline divergence [Maven, 2026] provide empirical grounding for this pathway.

VI. ELDER CARE AND THE MID-CAREER PARTICIPATION CRISIS

Workers aged 45 to 64 face elder-care responsibilities during peak earning years. Skira (2015) estimates women providing intensive elder care experience 35% earnings reductions during caregiving periods. Johnson & Lo Sasso (2006) find elder caregiving reduces weekly hours by 3.4 on average. AARP (2023) puts lifetime earnings losses for elder caregivers at $303,880.

Maven's 2026 survey finds only 3.5% of employees correctly identify all conditions that make a pregnancy high-risk, and 28% of high-risk pregnancy patients were surprised by their classification [Maven, 2026]. The same pattern — late identification, inadequate navigation, inconsistent support — operates identically in elder care, with analogous consequences for workforce continuity and healthcare cost escalation.

THE RETIREMENT SECURITY DIMENSION

Elder-care-related workforce exit is a retirement security crisis in formation. A three-year caregiving exit at age 55 can reduce retirement income by 18-22% [Center for Retirement Research, 2022], through lost Social Security credits, suspended 401(k) contributions, and forfeited employer matches. Workforce stability policy and retirement security policy are the same policy.

VII. DOMESTIC EMPLOYMENT FORMALIZATION AS A STABILITY LEVER

The domestic employment sector employs an estimated 2.5-4.5 million workers in the United States, with informal arrangements comprising approximately 85-90% of all arrangements by IRS filing data. This informality is not a cultural preference. It is the rational economic response to a tax structure that makes formal household employment prohibitively expensive.

Formalization affects stability through five pathways: predictable compensation reducing provider turnover; unemployment insurance access enabling providers to weather placement gaps; training and credentialing pathways improving service quality; legal frameworks creating notice obligations; and payroll records enabling career continuity. Research on labor formalization in other sectors documents consistent associations between formalization and productivity, retention, and service quality [La Porta & Shleifer, 2014].

The paid leave utilization gap — 60% of eligible workers unaware of available benefits [Moms First & McKinsey, 2024] — establishes that formalization is necessary but not sufficient. Workers must also navigate and activate their entitlements. Addressing the formalization gap requires simultaneously reducing the compliance cost premium that drives informality and building the navigation infrastructure that connects formally employed workers to the benefits their employment relationship provides.

VIII. PRELIMINARY IMPLICATIONS FOR POLICY DESIGN

This report does not propose specific legislation. The empirical foundation for prescriptive recommendations requires the research program in Section IX. However, the doctrine yields directional implications that may inform policy design as evidence accumulates.

For Federal Tax Policy

The correct policy instrument for the care financing problem is a deduction, not a credit. A deduction for care expenses incurred as a prerequisite for workforce participation — scaling with actual care costs, available to the self-employed and entrepreneurs, treating household care employment costs consistently with every other employer's labor cost deduction — would correct the income measurement distortion that produces the care desert, the informal care market, and the mobility trap simultaneously. The FSA cap of $5,000, unchanged since 1986 against care costs that have increased 400-700%, should be examined not as a benefits question but as an income measurement question.

For Benefits Architecture

Employer-tied care benefits create care lock that penalizes the professional mobility the economy most needs. Portable care benefits — attached to the worker rather than the employer, scaling with actual care costs, available across employment relationships and periods of self-employment — would serve working parents, high-capacity professionals, and care workers more effectively than any employer-administered program. Moms First has developed practical employer toolkits including a Paid Family Leave Toolkit and child care benefits roadmap that provide implementation pathways consistent with this analysis [Moms First, 2024].

For Federal Statistical Agencies

Current labor force surveys misattribute constrained exits as voluntary — an error with implications for unemployment measurement, labor supply modeling, and fiscal projections. Integration of care volatility, navigation, and household employer modules into the Current Population Survey and American Time Use Survey would represent a high-value improvement to the statistical infrastructure underlying workforce policy.

For Employers and HR Practitioners

Maven's finding that 57% of benefits leaders report increased healthcare costs from high-risk pregnancies despite 93% taking steps to manage them [Maven, 2026] establishes that investment alone is insufficient. Organizations that measure their Navigation Index — the degree to which workers can connect to available support — may find greater returns than those that expand benefits portfolios without addressing the navigation gap.

For State and Local Governments

If PFR is validated as a lever on DCV, formalization incentive programs — household employer tax credits, streamlined registration systems, portable benefit frameworks — may generate workforce stability returns beyond their direct labor standards benefits. State-level variation in formalization rates provides natural experimental conditions for testing.

IX. RESEARCH AGENDA 2026-2029

The Workforce Infrastructure Institute will pursue a structured three-year research program designed to move from conceptual framework to empirical validation. Six integrated initiatives are planned.

The first and most critical task is developing instruments capable of capturing DCV and the Navigation Index as dynamic variables. Maven's 2026 methodology — 7,035 respondents across four countries — provides a model for scale and cross-sector reach [Maven, 2026]. The Institute's instrument will extend Maven's benefits experience measures to include volatility frequency, duration, and participation impact, and will add the Navigation Index as a separately measurable construct.

The Household Employer Tax Treatment Study represents a new addition to the original research agenda, directly responding to the gross income distortion documented in Section IV. This initiative will quantify the effective tax rate distortion faced by household employers, model the revenue and participation effects of treating household care employment as a deductible business operating cost, and develop legislative language for a corrective deduction mechanism.

Initiative	Timeline	Target Partners	Expected Output
Workforce Stability Index Development	2026	BLS, academic partners	Published index + pilot dataset
DCV & Navigation Measurement Tools	2026-27	Census Bureau, urban institutes	Validated survey instruments
State-Level Participation Comparisons	2027	State labor agencies	50-state comparison report
Employer Retention & FSA Utilization Analysis	2027-28	Corporate partners, SHRM	Peer-reviewed working paper
Household Employer Tax Treatment Study	2027-28	Tax policy researchers, IRS	Policy brief + legislative language
Payroll Formalization Data Initiative	2028-29	IRS, DOL, advocacy orgs	Harmonized federal dataset

X. CONCLUSION

Behind most successful people is support. Sometimes that's a stay-at-home partner. Sometimes it's grandparents. Sometimes it's paid care. Sometimes it's exhaustion. When access to care determines who can stay in the workforce, who can build companies, who can lead — we are no longer talking about personal preference. We are talking about infrastructure. The real question is: why do we structurally subsidize capital assets more efficiently than human labor participation?

The Workforce Infrastructure Doctrine is not a call for new government spending. It is a call for accurate accounting. If a working parent earns $100,000 and spends $50,000 on the care required to earn it, her taxable income is $50,000 — not $100,000. This is arithmetic. The IRS applies it to every income-producing activity in the American economy. Except this one.

The consequences of this misclassification are not abstract. They are the care desert, produced by a financing structure that makes formal household employment economically irrational. They are the mobility trap, produced by care benefits chained to employment relationships rather than workers. They are the informal care market, in which 85-90% of household employment arrangements operate outside formal payroll — not because employers are dishonest but because the tax code makes honesty economically unsustainable. They are the human cost cascade: the precarious care worker, the isolated stay-at-home parent, the strained marriage, the working parent operating at diminished capacity, the mental health system absorbing costs that were never its to bear.

Four independent bodies of evidence — Maven's survey of 7,035 workers and HR leaders, McKinsey and Moms First's documentation of the paid leave navigation failure, capital markets analysis showing $648 billion in annual care spending attracting $2.6 billion in annual VC investment, and the tax code's own asymmetric treatment of capital and care — now point to the same structural conclusion. The care systems that enable Americans to work are not personal arrangements. They are infrastructure. Treating care as infrastructure is not a political claim. It is an accounting correction. And it is long overdue.

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ABOUT THE WORKFORCE INFRASTRUCTURE INSTITUTE

The Workforce Infrastructure Institute is an independent, nonpartisan research organization focused on the systems and structural conditions that enable sustained labor force participation across the American economy. The Institute advances the Workforce Infrastructure Doctrine: the proposition that dependent-care systems are economic infrastructure whose misclassification as personal consumption has produced the care desert, the mobility trap, the navigation gap, the informal care market, and the human cost cascade this report documents.

The Institute is committed to methodological transparency, ideological independence, and actionable analysis. All research is subject to external peer review. Data, methodologies, and replication materials are made available to qualified researchers upon request.

Methodology Note

This report synthesizes peer-reviewed empirical research, federal statistical agency data, proprietary survey data from Maven Clinic (2026) and Moms First/McKinsey (2024), capital markets analysis from Beyond Ventures, Pivotal, and The Holding Co. (2025), and working papers from leading research institutions. Where new analytical constructs are introduced (DCV, PS, NI, DCVI, PSR, WCM, PFR, SAV), these are identified as proposed frameworks pending empirical validation.

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