NATIONAL ACADEMY OF SOCIAL INSURANCE

Caregiving

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Background

Every advanced industrial country except the United States has enacted social insurance programs to protect against the risk of lost earnings due to caregiving responsibilities.

Every advanced industrial (OECD) country except the United States has enacted social insurance programs to protect against the risk of lost earnings due to caregiving responsibilities.[1] Caregiving responsibilities can take various forms, including caring for children, family members with illnesses or disabilities, sick or aging parents, or an individual's own medical needs. All other OECD countries provide paid maternal leave,[2] three-quarters cover any paid leave specific to the father or co-parent,[3] and just over half cover some form of paid leave to care either for adult family members or partners.[4] These countries insure the risk of caregiving through a range of different programs and to differing extents. In the United States, despite decades-long growth in female labor market participation, and a large and growing population of children with all parents in the workforce and of seniors requiring assistance with medical needs and/or the activities of daily living, we have yet to develop a national program to address even one of these caregiver risks.

In addition to the lack of supports for working caregivers, an affordable care infrastructure is unavailable for young children and persons with physical or cognitive impairments. The United States compares quite poorly to other advanced industrial nations in terms of public spending to support a system of affordable child care and early education.[5] While there are supports in place through Social Security Disability Insurance (SSDI) for individuals experiencing a serious disability that prevents them from working for at least one year or is anticipated to be fatal, there are no national programs in place to support workers who need time off to address shorter-term medical conditions. Additionally, the nation currently lacks an effective, affordable system of financing and providing long-term services and supports (LTSS), which is discussed in Section 4 of this *Report*. Such programs hold promise to

[1] OECD Family Database, 2016, PF2.5. Trends in parental leave policies since 1970, http://www.oecd.org/els/family/PF2_5_Trends_in_leave_entitlements_around_childbirth.pdf.
[2] Ibid.
[3] OECD, 2016, Parental leave: Where are the fathers?, Policy Brief, https://www.oecd.org/policy-briefs/parental-leave-where-are-the-fathers.pdf.
[4] Peter Moss, 2015, International Review of Leave Policies and Research 2015, http://www.leavenetwork.org/lp_and_r_reports/; OECD Family Database, 2016, PF2.3: Additional leave entitlements for working parents, https://www.oecd.org/els/soc/PF2_3_Additional_leave_entitlements_of_working_parents.pdf.
[5] OECD Family Database, 2016, PF3.1. Public spending on childcare and early education, http://www.oecd.org/els/soc/PF3_1_Public_spending_on_childcare_and_early_education.pdf.

help alleviate financial burdens on caregiving families, contribute to higher workforce retention rates, give workers with disabilities supports that might enable them to remain in the workforce, and give families the peace of mind that long-term services and supports will be available if they or a family memeber require them.

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Why is action needed?

The lack of financial support for family caregivers in the United States has both obvious and hidden costs for families and the American economy.[6]

First, as the Boomer generation ages and the smaller birth cohorts of Generation X succeed them into their prime caregiving years, the caregiver-to-care-recipient ratio will worsen dramatically.[7] Many families will face a financial and personal dilemma: the choice between forgoing pay and benefits by scaling back or leaving work to provide care for a loved one, or leaving their loved one in the hands of paid caregivers so that they can continue working to afford the high cost of care. Other families may be forced to accept substandard care or forgo care altogether due to cost or employment limitations.

With the dramatic reduction in the availability of a full-time family caregiver, families now face a much greater risk of having to compromise either work or caregiving responsibilities.

American families have also been steadily moving away from having a primary stay-at-home caregiver, relying increasingly on either dual incomes or a single working head of household; 89.3 percent of families have at least one working parent,[8] and 72.3 percent of families have no full-time stay-at-home parent – that is, they consist of both partners or a single parent working.[9] As more women have entered the workforce over the past half-century, they have become a linchpin of the economic security of low- and moderate-income families.[10] While women still spend far more

[6] United States Department of Labor, 2015, The Cost of Doing Nothing, https://www.dol.gov/featured/paidleave/cost-of-doing-nothing-report.pdf.
[7] Donald Redfoot, Lynn Feinberg, and Ari Houser, 2013, The Aging of the Baby Boom and the Growing Care Gap: A Look at Future Declines in the Availability of Family Caregivers, AARP Public Policy Institute, Insight on the Issues: 85, http://www.aarp.org/content/dam/aarp/research/public_policy_institute/ltc/2013/baby-boom-and-the-growing-care-gap-insight-AARP-ppi-ltc.pdf.
[8] Bureau of Labor Statistics, 2016, Table 4. Families with own children: Employment status of parents by age of youngest child and family type, 2014-2015 annual averages, United States Department of Labor, Accessed December 21, 2016, https://www.bls.gov/news.release/famee.htm.
[9] Houser and Vartanian, 2012.
[10] Heather Boushey and Kavya Vaghul, 2016, Women Have Made the Difference for Family Economic Security, Washington Center for Equitable Growth, http://equitablegrowth.org/research-analysis/women-have-made-the-difference-for-family-economic-security/.

time caring for both children[11] and adult care recipients,[12] men's role as caregivers has been steadily growing over time, as well.[13] With the dramatic reduction in the availability of a full-time family caregiver, families now face a much greater risk of having to compromise either work or caregiving responsibilities. The costs of extensive long-term services and supports[14] and full-time child care exceed the resources of most American families. In the vast majority of states, the cost of both center-based care (49 states and the District of Columbia) and licensed family care (45 states and the District of Columbia) for children fails to meet the Department of Health and Human Services standard of affordability, which is set at a maximum of seven percent of family income.[15] Yet, few families are able to access child care assistance programs that subsidize the cost of care. Only 15 percent of children eligible to receive assistance were served in 2012; federal and state government spending on such programs hit a 12-year low in 2014.[16]

Policy Challenges

Workforce participation among caregivers

Engagement in the paid workforce is extremely common among family caregivers, which can include parents or guardians caring for children and individuals caring for an aging, disabled, or sick family member. Over half of individuals providing care for an aging family member, for instance, are also employed, and those numbers are predicted to increase over time.[17] However, adults who have lower levels of education and income are less likely to be employed while caring for an aging senior.[18]

Some caregivers – particularly parents – leave the workforce by choice, either temporarily or permanently, to care for their families. But many caregivers are forced to reduce their workforce participation due to a lack of support for their family responsibilities, and this can have myriad repercussions. Employers lose skilled workers who must then be replaced and retrained. Families suffer a decline in income, both over the short and long term; even small amounts of time out of the workforce can impact pay and advancement

[11] Kim Parker and Wendy Wang, 2013, Modern Parenthood: Roles of Moms and Dads Converge as They Balance Work and Family, Pew Research Center, http://www.pewsocialtrends.org/2013/03/14/modern-parenthood-roles-of-moms-and-dads-converge-as-they-balance-work-and-family/.
[12] National Academy of Science, Engineering, and Medicine, 2016, Families Caring for an Aging America, https://www.nap.edu/catalog/23606/families-caring-for-an-aging-america.
[13] Parker and Wang, 2013, National Alliance for Caregiving and AARP Public Policy Institute, 2015, Caregiving in the U.S.: 2015 Report, http://www.caregiving.org/wp-content/uploads/2015/05/2015_CaregivingintheUS_Final-Report-June-4_WEB.pdf
[14] Judy Feder and Harriet L. Komisar, 2012, The Importance of Federal Financing to the Nation's Long-Term Care Safety Net, Georgetown University, http://www.thescanfoundation.org/sites/default/files/georgetown_importance_federal_financing_ltc_2.pdf.
[15] Child Care Aware of America, 2016, Parents and the High Cost of Child Care, http://www.usa.childcareaware.org/costofcare/.
[16] Hannah Matthews and Christina Walker, 2016, Child Care Assistance Spending and Participation in 2014, CLASP, http://www.clasp.org/resources-and-publications/publication-1/CC-Spending-and-Participation-2014-1.pdf.
[17] National Academy of Science, Engineering, and Medicine, 2016.
[18] National Academy of Science, Engineering, and Medicine, 2016.

opportunities.[19] The worker also frequently loses access to the benefits associated with employment, including critical years of work for retirement savings, Social Security eligibility and benefit accumulation, and employer life and health insurance coverage. Some may lose access to public benefits such as Temporary Assistance for Needy Families (TANF). For families receiving child care assistance, loss of employment may lead to temporary or permanent loss of assistance, which may in turn lead to further disruptions for the child, the family, and future employment opportunities.

If U.S. women in their prime working years participated in the labor force at the same rates as Canadian or German women, the result would be more than $500 billion of additional economic activity per year.

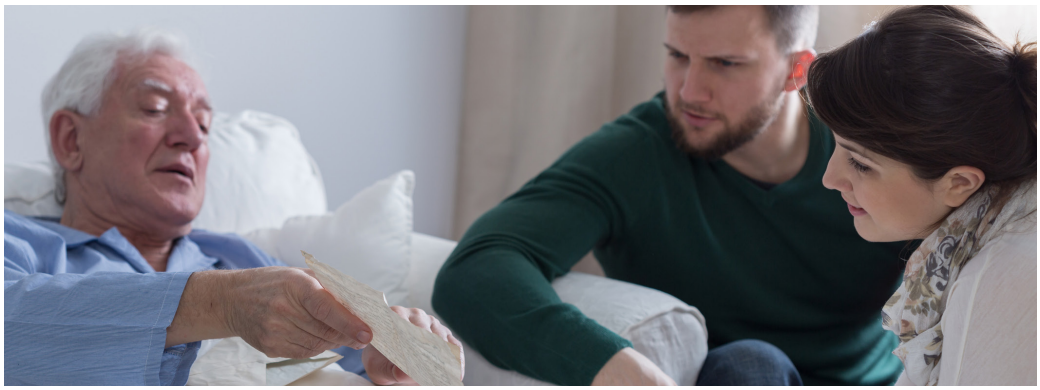
The consequences of reduced labor force participation among caregivers go beyond the economic security and wellbeing of individual families. Between 1990 and 2010, the United States' ranking of female labor force participation relative to other OECD countries fell from 6th to 17th place, and research suggests that 29 percent of that decrease can be attributed to a lack of work-family policies, including access to paid family and medical leave.[20] The U.S. Department of Labor estimates that if U.S. women in their prime working years participated in the labor force at the same rates as Canadian or German women, the result would be more than $500 billion of additional economic activity per year.[21]

Lack of access to paid family and medical leave

Despite strong evidence of a public policy gap that has substantial impacts on working people, children, older adults, employers, and the economy, little has been done at the federal level to alleviate the burdens experienced by working caregivers. A notable exception occurred with the passage of the Family and Medical Leave Act (FMLA) in 1993. The FMLA offers job-protected, unpaid time off to some qualifying workers experiencing the birth or adoption of a child, a personal medical emergency, or the illness of a close family member. However, while FMLA leave is a critical support for eligible families, these benefits are realistically unattainable for a large share of the workforce. Over 40 percent of employees are not eligible for coverage under the law due to strict requirements in terms of the duration of a worker's employment history and numerous employer criteria, such as the size of an employer.[22] Moreover, those who are not white, highly educated, and of

[19] White House Council of Economic Advisers, 2015, Gender Pay Gap: Recent Trends and Explanations, Issue Brief, https://www.whitehouse.gov/sites/default/files/docs/equal_pay_issue_brief_final.pdf.
[20] Francine Blau and Lawrence Kahn, 2013, Female Labor Supply: Why Is the United States Falling Behind?, The American Economic Review, 103(3), 251-256.
[21] U.S. Department of Labor, 2015.
[22] Jacob Alex Klerman, Kelly Daley, and Alyssa Pozniak, 2014, Family and Medical Leave in 2012: Technical Report, U.S. Department of Labor, https://www.dol.gov/asp/evaluation/fmla/fmla-2012-technical-report.pdf.

higher socio-economic status are less likely to be able to afford to take unpaid leave, even if it is offered to them.[23] As of 2016, only 14 percent of civilian employees had access to paid family leave through their employer to care for new children or seriously ill relatives; just 38 percent had employer-sponsored temporary disability insurance to care for their own serious health issue; and close to one-third of workers (32 percent) did not have a single paid sick day for their own illness, with even lower access rates among low-wage workers.[24] Even for those who have access to some form of paid leave, take-up rates have been relatively low for myriad reasons including low wage replacement rates, fear of job loss or being passed up for promotions and raises, and lack of awareness of paid leave policies.[25]



Effects of paid leave (or lack thereof) on the economy, health, and businesses

The dearth of access to paid leave for family caregiving has a profound effect on both the economic and health security of working families. Research on paid leave for new parents has shown that, one year following the birth of a child, mothers who use paid leave are more likely to remain in the workforce and have higher wages than women who do not.[26] Paid leave also affects infant health as rates of breastfeeding, immunization, and routine check-up participation increase[27] while post-natal mortality

Mothers who use paid leave are more likely to remain in the workforce and have higher wages than women who do not.

[23] Christopher J. Ruhm, February 2016, What Americans Can Learn from California about the Advantages of Paid Parental Leave, Scholars Strategy Network, http://www.scholarsstrategynetwork.org/brief/what-americans-can-learn-california-about-advantages-paid-parental-leave.

[24] Bureau of Labor Statistics, 2016, National Compensation Survey, Table 32. Leave benefits: Access, civilian workers, March 2016, https://www.bls.gov/ncs/ebs/benefits/2016/ownership/civilian/table32a.htm; and Table 16. Insurance benefits: Access, participation, and take-up rates, civilian workers, March 2016, https://www.bls.gov/ncs/ebs/benefits/2016/ownership/civilian/table16a.pdf.

[25] For an analysis of low take-up rates, see: Aparna Mathur, 2016, The Problem With Paid Family Leave: Access Is Not The Same As Take-Up, Forbes, http://www.forbes.com/sites/aparnamathur/2016/03/04/the-problem-with-paid-family-leave-in-the-u-s-access-is-not-the-same-as-take-up/#44fb8edb608a.

[26] Houser and Vartanian, 2012.

[27] Lawrence M. Berger, Jennifer Hill, & Jane Waldfogel, 2005, Maternity Leave, Early Maternal Employment and Child Health and Development in the US, The Economic Journal, 115(501), F44, doi: 10.1111/j.0013-0133.2005.00971.x.

decreases[28] when new parents have access to sufficient paid time off to care for their newborn. And because women are more likely than men to reduce their labor force participation in order to provide elder care, they are more likely to experience negative economic effects as a result. Women age 55 to 67 who provide elder care to their parents reduce their work hours by 367 hours per year, or 41 percent, on average.[29]

Despite initial fears that paid leave would burden employers, businesses overwhelmingly report neutral or even positive effects from paid family and medical leave on employee productivity, profitability/performance, turnover rates, and morale, according to research in California – one of the few states that offers paid family and medical leave, and the one that has done so longest.[30]

Public budgets could also find some relief from a paid family and medical leave system self-funded through social insurance. Where paid family and medical leave is available, both mothers and fathers who return to work after taking paid leave have been found to be less likely to utilize public assistance programs than those who do not take leave.[31] Additional support to facilitate family-provided care where appropriate would likely result in significant health-care cost savings by preventing costly illnesses and accidents, improving health outcomes, and potentially reducing unnecessary institutionalization of family members who are sick, aging, or living with a disability.

Impact of caregiving on long-term financial security

Some working caregivers make significant sacrifices to care for loved ones, leaving their jobs or cutting down on hours to provide care. Roughly half of caregivers who leave the workforce to care for an aging family member do so not by true choice, but rather because limitations in the flexibility of their workplace prohibited them from providing sufficient support to their family member. One study estimated that adult caregivers over age 50

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[28] Christopher J. Ruhm, 2000, Parental leave and child health, Journal of Health Economics, 19(6), 931-960, http://libres.uncg.edu/ir/uncg/f/C_Ruhm_Parental_2000.pdf.
[29] Richard W. Johnson and Anthony T. Lo Sasso, 2006, The impact of elder care on women's labor supply, INQUIRY: The Journal of Health Care Organization, Provision, and Financing, 43(3), 195-210.
[30] Eileen Appelbaum and Ruth Milkman, 2011, Leaves that Pay: Employer and Worker Experiences with Paid Family Leave in California, http://cepr.net/documents/publications/paid-family-leave-1-2011.pdf.
[31] Houser and Vartanian, 2012; U.S. Department of Labor, 2015.

who leave the workforce to care for an aging parent will lose over $300,000 in lifetime earnings and benefits.[32] In most cases, caregivers who leave the workforce or reduce their hours and earnings also suffer a decline in their future Social Security benefits, since benefits are based on the average of a worker's top 35 years of earnings. (For further discussion of this topic, see Section 1.c of this *Report* on Women's Retirement Security.)

Lack of access to affordable, quality care

Child Care: The years prior to a child's introduction into the American formal education system lay the foundation for their cognitive, social, emotional, and linguistic development. Yet, many children are subjected to factors that harm or limit their development. These factors range from poverty[33] to exposure to adverse childhood experiences – the potentially traumatic childhood experiences that can have a long-lasting negative impact on health and well-being[34] – to exposure to highly limited vocabularies and social interactions.[35]

Only one in six eligible children receives assistance under the Child Care and Development Block Grant program.

While many of these problems originate within the home, they are often compounded by the lack of affordable, quality child care. Particularly in the earliest years prior to entry in the formal educational system, many families are faced with a difficult, and often painful, choice when it comes to arranging care for their children: exit the workforce, potentially sacrificing income and career development, or commit substantial family resources to paying for child care, often putting other family necessities in jeopardy for care that may or may not provide the enrichment that children need to succeed. Given that the average price for full-time, center-based care for a child under five years old is $9,589,[36] families with fewer resources often struggle significantly to pay for child care. Additionally, the existing subsidies for child care – while critical for those receiving them – cover less than half of children eligible for the services.[37] Fewer than 1.4 million children received federally funded child care assistance through the Child Care and Development Block Grant (CCDBG) in an average month in 2015; this is the smallest number of children served in the program

[32] Peter Arno, Deborah Viola, and Quihu Shi, 2011, The MetLife Study of Caregiving Costs to Working Caregivers: Double Jeopardy for Baby Boomers Caring for Their Parents, Westport, CT: MetLife Mature Market Institute; Center for Long Term Care Research and Policy, New York Medical College; and National Alliance for Caregiving, http://www.caregiving.org/wp-content/uploads/2011/06/mmi-caregiving-costs-working-caregivers.pdf.
[33] Godwin S. Ashiabi and Keri K. O'Neal, 2007, Children's Health Status: Examining the Associations among Income Poverty, Material Hardship, and Parental Factors, PLOS ONE, http://journals.plos.org/plosone/article?id=10.1371/journal.pone.0000940.
[34] Vincent J. Felitti, Robert F. Anda, Dale Nordenberg, David F. Williamson, Alison M. Spitz, Valerie Edwards, Mary P. Koss, and James S. Marks, 1998, Relationship of Childhood Abuse and Household Dysfunction to Many of the Leading Causes of Death in Adults: The Adverse Childhood Experiences (ACE) Study, American Journal of Preventive Medicine, 14, 245–258.
[35] Adriana Weisleder and Anne Fernald, 2013, Talking to Children Matters: Early Language Experience Strengthens Processing and Builds Vocabulary, Psychological Science, 24(11), http://journals.sagepub.com/doi/full/10.1177/0956797613488145.
[36] Brigid Schulte and Alieza Durana, September 2016, The New America Care Report, New America/Better Life Lab, https://www.care.com/media/cms/pdf/FINAL_Care_Report_09-27-2016.pdf.
[37] United States Government Accountability Office, 2016.

in 17 years. Only one in six eligible children receives assistance under the program.[38] Furthermore, only 11 percent of child care establishments nationwide have been accredited, and there is substantial variation among states in terms of both quality and availability of care.[39] Recognizing the importance of quality child care to children's development, federal CCDBG and state policies are increasingly raising the bar on child care quality. The ongoing tension between the need for high-quality care to benefit children and families and eroding access to child care assistance have left child care providers, families, and children in a challenging place.

LTSS: Despite the efforts of family members, many people who require LTSS go without the care they need. Almost three-quarters of severely impaired older people – with limitations in three or more basic tasks of daily living – report soiling themselves, going without bathing or eating, having to stay in bed or indoors, or experiencing other hardships because a task is too difficult for them or because no one is available to help them.[40] Although data are less readily available, younger people with LTSS needs undoubtedly face similar problems. Many younger adults with disabilities also face challenges in receiving sufficient supports to facilitate their participation in the labor force.

Lack of sufficient training and support for family caregivers

Support systems for families providing care are lacking in the U.S. Availability of such supports could improve health and developmental outcomes. For example, numerous home visiting programs that assist new parents with providing engaging, supportive care for their infants have been tested and proven lastingly effective for improving children's outcomes.[41] Similarly, with

[38] Christina Walker and Hannah Matthews, January 2017, CCDBG Participation Drops to Historic Low, http://www.clasp.org/resources-and-publications/publication-1/CCDBG-Participation-2015.pdf.
[39] Schulte and Durana, 2016; for an extensive analysis to the U.S. landscape for child care, please see Chapter 3 of: Ajay Chaudry, Taryn Morrissey, Christina Weiland, and Hirokazu Yoshikawa, 2017, Cradle to Kindergarten: A New Plan to Combat Inequality, Russell Sage Foundation; as well as Schulte and Durana, 2016.
[40] Vicki A. Freedman and Brenda C. Spillman, 2014, Disability and Care Needs Among Older Americans, Table 8: Percentage of 65 and Older Population With Any Adverse Consequence in the Last Month Related to Unmet Need, by Demographic Group, The Milbank Quarterly, 92(3), 509-541, http://www.ncbi.nlm.nih.gov/pmc/articles/PMC4221755/table/tbl8/.
[41] Sarah Avellar, Diane Paulsell, Emily Sama-Miller, and Patricia Del Grosso, 2014, Home Visiting Evidence of Effectiveness Review: Executive Summary, Mathematica Policy Research, http://homvee.acf.hhs.gov/HomVEE_Executive_Summary_2013.pdf#exec_summary.

the proper training and support, families caring for aging family members or those with disabilities could provide better care tailored to the recipient's needs. Since access to such services is limited, research on their effectiveness is sparse; however, the limited evidence suggests such programs could reduce costs by reducing re-hospitalizations, delaying institutionalization, and shortening the length of hospital stays.[42] Additionally, these caregivers are frequently excluded from the clinical space. Yet care recipients, caregivers, and the clinical care team alike could benefit immensely from enhanced engagement with caregivers, as they are often responsible for managing the treatment plan laid out by the medical team.

Policy Options

One of the most expensive and inefficient policy approaches available would be to continue the status quo, with a lack of policies to address the nation's need for paid family and medical leave and affordable care options.[43] A range of policy options is available, however, to address these needs, which fall into several categories: paid family and medical leave, affordable child care, modernizing America's existing social insurance infrastructure to better include caregivers, and providing supports to family caregivers.

Paid Family and Medical Leave

Universal social insurance program for paid family and medical leave
In other advanced industrial nations and in the existing state-level programs in the U.S., nearly all systems of paid family and medical leave are structured as social insurance programs funded by payroll taxes. Utilizing a social insurance approach has several important advantages:

- **Universality**: Social insurance programs are designed to cover a broad risk pool: nearly everyone subject to the risk contributes either directly and/or through their employer, and all those who contribute benefit from the insurance protection. This universality garners social insurance programs strong

Social insurance programs are designed to cover a broad risk pool: nearly everyone subject to the risk contributes either directly and/or through their employer, and all those who contribute benefit from the insurance protection. This universality garners social insurance programs strong public support.

[42] For an extensive discussion of this subject, please see Chapter 5 of Families Caring for an Aging America (National Academy of Science, Engineering, and Medicine, 2016).
[43] U.S. Department of Labor, 2015.

public support. Workers of all backgrounds face a variety of potential care risks over the course of their careers, such as: needing to take time from work to care for a new child; caring for a family member dealing with a medical condition or being moved into a nursing home; or caring for oneself while recovering from an illness or injury. To achieve true universality and to meet the needs of modern families, gender-neutral benefits would reduce gender-based employment discrimination and improve economic outcomes for families.[44] It is important to note, though: the more risks covered, the higher the employee and/or employer contribution required.

- **Portability:** Workers do not lose social insurance coverage when they change jobs; contributions and benefits are portable across jobs and available even for those who work part-time or are self-employed.
- **Self-funding:** Most paid family and medical leave systems are financed by payroll contributions by employees, employers, or both.[45] The level of contributions that fund the program are determined based on the expected costs paid out in benefits and administration. Such a financing structure does not burden public budgets, because spending on benefits does not exceed program revenue.
- **Efficiency:** A universal, public social insurance program for paid leave would be far more efficient to administer than a private one, which employers would have to administer. Consider the example of retirement provision: Social Security has administrative costs of less than one percent, whereas the administrative costs in private 401(k) plans are up to 30 times higher when marketing, advertising, profit, fees, etc. are taken into account.

Funding through general revenues

Another possible financing mechanism would be earmarked general revenues. This financing structure would only provide sufficiently stable funding if a dedicated funding stream were established to finance benefits. While this is a less commonly used mechanism for funding a paid leave program, there have been a few notable examples in other policy domains, such as gas taxes dedicated to funding highway construction and repairs, or The Passenger Fee that taxes airline travel to provide funding for the Transportation Security Administration (TSA).[46] It is unclear, however, what type of tax would be best suited to this earmarked use.

[44] In one study, for each month that a father stayed on leave, mothers' earnings increased by 6.7%. See: Elly-Ann Johansson, 2010, The Effect of Own and Spousal Parental Leave on Earnings, Working Paper, IFAU: Institute for Labour Market Policy Evaluation, https://www.econstor.eu/bitstream/10419/45782/1/623752174.pdf.

[45] The currently functioning programs in California, Rhode Island, and New Jersey, as well as the program passed but as yet to be implemented in New York state, are all funded through a payroll tax on employees, with some employers also making contributions in New Jersey. The program just recently passed in Washington, D.C., will be funded through an employer-sponsored payroll tax.

[46] For more information, please refer to the TSA's security fees page: https://www.tsa.gov/for-industry/security-fees.

Administration by the Social Security Administration

Successful administration of a paid leave program requires advanced technology and skilled staff. A national program will require the capacity to track wage data, as well as some method of verifying the need for benefits to be paid out to workers. Rather than developing a brand new program, many recent proposals have suggested attaching a paid family and medical leave benefit onto the established infrastructure of Social Security, to be administered by the Social Security Administration (SSA).

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The trust fund for paid leave would be separate from the Old Age and Survivors Insurance and Disability Insurance trust funds. It would fund paid family and medical leave administration, and not add unfunded mandates to SSA. There are several advantages to this approach. First, by leveraging SSA's existing administrative structure, the new paid leave program could hit the ground running and ramp up quickly. Second, SSA already has field offices designed to be accessible by every community across the country; this would be extremely expensive and inefficient to replicate. Third, as a wage replacement program, SSA already collects data on the wages of all working Americans. Finally, incorporating paid leave within Social Security could strengthen intergenerational solidarity and public support for both programs.

Other federal agencies could also administer a national paid family and medical leave insurance program given the time and resources to do so; however, properly funding SSA to administer this new program is likely the most efficient option.

Reform Unemployment Insurance to cover paid family leave

Another option for creating a paid family and medical leave program would be to apply Unemployment Insurance (UI) protections to workers who leave the workforce temporarily to provide care for a family member. This option would be better targeted towards workers who have shorter-term family commitments (e.g., the birth of a child or a family member recovering from surgery) to stay consistent with the intended short-term nature of UI protections.

The downside of implementing paid leave through UI would be that it runs counter to the purpose of UI, which is to insure some wages for workers who are involuntarily unemployed but who remain able and available to return to work. In the UI system, employers who lay off more workers typically pay higher contributions to the system. This "experience rating" serves to discourage employers from taking advantage of the UI system, and also helps balance the system's finances. If workers could take leave for reasons unrelated to employer layoffs, that would complicate the system's financial operation.

Given the current landscape of UI benefits, it is likely that the wage replacement rate of paid family and medical leave through UI would be too low to adequately support lower-income families. Moreover, there is considerable variance between states, both in terms of benefits as well as in the technology and capacity in state information technology; this would render paid leave administered through UI extremely uneven across the country. Finally, UI data is incomplete; data for state and local workers, some federal workers, and nonprofit employees are not automatically included in UI files, making the calculation of program costs and benefits very difficult. (For more on Unemployment Insurance, see Section 3 of this *Report*.)

Proposed alternatives to a national paid family and medical leave program

Several alternatives to a government-sponsored paid leave program have been proposed, including tax-exempt parental leave savings accounts, tax credits to businesses voluntarily offering paid leave to their employees, and compensatory time (also known as "comp time") to allow workers to earn time off that could be used in the future. These alternatives present a number of challenges, and are less likely to result in widespread access to paid leave when compared to a social insurance program.

The creation of tax-exempt savings accounts, which facilitate individual cash contributions that could be withdrawn when taking family leave, would help some families. It is unlikely, however, that low-income workers – who are the least likely to currently have access to employer-sponsored paid leave – would be able to take advantage of such a program. Similarly, there is little evidence to suggest that tax credits intended to partially offset the

costs to businesses that choose to create their own paid leave programs would change employer behavior. Current comp time proposals also have limited coverage, and limit the amount of time that can be accrued to four weeks. These approaches, while intended to address the underlying concerns outlined in this chapter, would not have the same reach or potential impact as a social insurance program.

Protect leave-takers from retaliation

Regardless of what type of paid family and medical leave system is adopted, it is critical that it support the job security of those meeting the eligibility requirements.[47] Even when paid family and medical leave is available to employees, many are afraid to utilize the benefits to which they are entitled out of fear of retaliation from their employer.[48] Such retaliation could come in the form of being directly fired, or through more subtle means such as being passed up for promotion or a pay raise. A national paid leave program would need to address the issue of job security to make sure that workers felt safe taking qualifying leave. This could be achieved either by providing explicit job protection for all workers who utilize paid leave, or through an anti-retaliation clause. For example, the paid family and medical leave program in Rhode Island ensures job protection for workers taking leave to care for a new child or family member, as will New York's policy once implemented. An additional strategy for protecting workers could include outreach campaigns to increase visibility and educate employees and employers on the rights of and benefits available to workers.

Tax and Social Security Reforms to Support Caregivers

Caregiver tax credit

For families paying for care for a child or an adult family member who is ill, aging, or living with a disability, some relief could be offered through a caregiver tax credit. While the impact of such a measure would be small in comparison to many of the other, larger-scale policy options, a tax credit could work in collaboration with those other policies to reduce the financial burden of caregiving. Since many families do not make sufficient income to pay taxes, in order to help low-income families, such a credit would need to be refundable.

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[47] Eligibility criteria under the existing state paid leave programs differ by location. In California, workers must have earned a minimum of $300 during the base period (first four of the last five completed quarters). In New Jersey, a worker must have completed at least 20 calendar weeks of covered New Jersey employment and earned at least $168 per week, or have earned at least $8,400 through covered employment in the base period. In Rhode Island, a worker must be employed in Rhode Island and have earned at least $11,520 in the base period, or have earned at least $1,920 in at least one quarter of the base period, with total base period taxable wages of at least 150 percent of their highest quarter of earnings, and with total taxable wages during the base period of at least $3,840. In New York, to be eligible for temporary disability, a worker must have been employed with a covered employer for a minimum of four consecutive weeks (or 25 days of employment for part-time employees), and to be eligible for paid family leave a worker must be currently employed by a covered employer and have been employed for at least 26 consecutive weeks (or 175 days of employment for part-time employees).

[48] Applebaum and Milkman, 2011.

Social Security credits for caregiving

When care can be provided by a family member, it removes the family's cost burden of paying for professional child care, institutionalization, or home care workers. In many cases, it also reduces the federal and state government cost burden on programs such as Medicaid or child care subsidies. Yet, caregivers often face a double risk when they exit the workforce or reduce their hours to care for a family member, first from lost wages and benefits, and second from a decline in their retirement security. Therefore, one policy option for enhancing the retirement security of caregivers – and acknowledging the many sacrifices that they make for their family and society – would be to institute a caregiving credit under Social Security. This credit would count years spent outside of the workforce providing care for children and/or family members as years contributing to the caregiver's future Social Security benefits.

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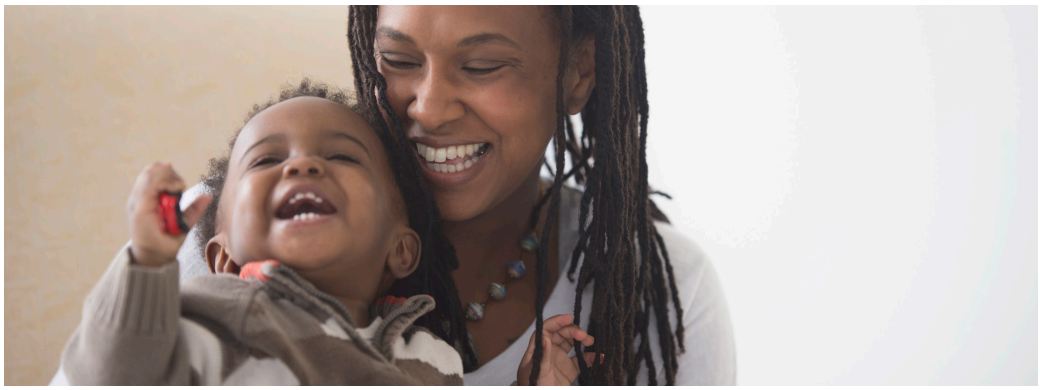
Affordable Child Care

Child care subsidies for lower-income families

One option for addressing the child care crisis in the U.S. would be a policy to guarantee that low- and middle-income parents would have to pay no more than a certain maximum percentage of their income on child care services. The current federal benchmark for affordability in child care is seven percent of a family's income – well below the average share that families are currently paying in some states. Building on our current child care assistance programs, public subsidies could expand to finance the difference between what families can afford to pay and the actual price of such care, as is currently done in many other advanced industrial countries.[49] This would ensure that the cost of child care does not exceed what is affordable and affect the ability of families to pay for other necessities such as rent, food, and health care. One potential risk with this approach is that providers might take advantage of the subsidies to artificially inflate the cost of care, as many universities have arguably done in response to student loans, and that taxpayers would end up subsidizing not just needy families but providers as well. However, this is far from the reality of the child care sector currently, as many providers who accept subsidies are often unable to break even, and the child care workforce is largely composed of low-wage jobs.

[49] OECD Directorate of Employment, Labour and Social Affairs, 2014, "PF3.4: Childcare Support," https://www.oecd.org/els/soc/PF_3_4_Childcare_support_May2014.pdf.

Such a child care subsidy for low- and middle-income families could be coupled with a benefit for those who exceed the threshold for guaranteed subsidies, such as a tax credit for child care payments and/or a dependent care savings account into which families could contribute pre-tax dollars to pay for child care.



Universal Family Care

Public policy proposals tend to address the various caregiving needs families face discretely, through separate programs for child care, paid leave, and long-term services and supports. But from the perspective of families, these needs are interrelated – they are all part of the larger challenge of reconciling work and family needs across generations and stages of life. A proposal designed to match families' holistic, intergenerational challenges is Universal Family Care (UFC).[50] UFC would be an integrated social insurance fund that would cover three key family needs: paid family and medical leave, child care, and long-term services and supports. By pooling risk for a diverse range of needs through contributions from all workers (with or without contributions from their employers), a self-funded UFC program could protect families from the often extremely high costs of care for children and adult family members with functional limitations, and would enable more caregivers to remain in the workforce throughout the desired length of their careers. A program such as UFC would allow workers to make contributions during their working years to help finance the care needs of their children (through paid leave and/or affordable child care) and family members (through long-term services and supports), as well as their own care needs in old age. This ambitious proposal is in its early stages of development, however, and more research and analysis needs to be done on how it could be successfully implemented.

[50] Universal Family Care was conceptualized by Caring Across Generations and the National Domestic Workers Alliance. As with any new program, the process of developing the details of such a policy would require collaboration from diverse stakeholders.

Supports to Family Caregivers

Including caregivers in the health care team

Under current policy and practice, caregivers are often excluded from the clinical space, particularly when caring for an ill or aging adult family member. Protecting a patient's privacy is an important goal, but a systematic policy of excluding caregivers from the clinical space represents a missed opportunity for improving the quality of care that patients receive. Caregivers may be managing the patient's medication, have knowledge about the side effects that a patient has been experiencing, or remember details and incidents that have been forgotten or overlooked by the patient. Additionally, it is often the caregiver who must implement the instructions given by a medical professional, but then they are not included in the conversation when those directions are given.

A systematic policy of excluding caregivers from the clinical space represents a missed opportunity for improving the quality of care that patients receive.

An expert panel of the National Academies of Science, Engineering, and Medicine recommends that caregivers be better supported and included by the clinical care team so that they can efficiently both give and receive critical health-related information.[51] This would improve the timeliness and appropriateness of the care patients – particularly those with functional limitations – receive. To encourage this change in practice, Medicare and Medicaid could reimburse medical professionals for time spent communicating with caregivers.

Provide and conduct research on training and support programs for caregivers

Congress and the Department of Health and Human Services (HHS), as well as state health departments and individual community health leaders, could consider scaling up interventions already known to be successful at improving health and other outcomes for either or both the care recipients and the caregivers themselves. Such programs could include home visiting programs for parents with newborns[52] and the National Family Caregiver Support Program (NFCSP) established under the Older Americans Act.[53]

In addition, HHS could conduct or finance research studies to test the effectiveness of new and innovative, or existing but under-evaluated,

[51] To read an extensive discussion of the supports that could better integrate caregivers into the health care team, please refer to: National Academy of Science, Engineering, and Medicine, 2016, Families Caring for an Aging America, https://www.nap.edu/catalog/23606/families-caring-for-an-aging-america.
[52] Avellar, Paulsell, Sama-Miller, and Del Grosso, 2014.
[53] National Academy of Science, Engineering, and Medicine, 2016.

programs for supporting caregivers. This could lead to a cataloguing of which programs are most effective and evidence-based, which in turn could determine their eligibility for federal or state funding. An evidence-driven list of effective programs would help the federal government and states to decide which programs could be considered for integration into the health care and long-term care infrastructures.

Improving labor practices supporting direct care workers

Often a critical piece of the caregiving team puzzle comes from direct care workers, who can either supplement or take the place of family caregivers. Unfortunately, these caregivers often receive very low pay and benefits, which in turn can harm their ability to provide care, whether for clients or their own families. Not until 2015 did home care workers become eligible for coverage under the Fair Labor Standards Act (FLSA), which provides workers with minimum wage and overtime protections. Still, many direct care workers struggle with erratic schedules, low wages, and a lack of inclusion in the benefits structure awarded to most employees.[54] With the aging of the Boomer generation, the need for paid care workers will only continue to grow sharply in the coming years. (For a detailed discussion of this issue, see Section 6 of this *Report*, which addresses the risks of nonstandard work.)

Conclusion

Providing support to workers caring for a child, an ailing loved one, or their own medical condition has the potential to strengthen labor force participation, protect the long-term economic security of families, and improve both the quality of care and the quality of life in caregiving families. The United States has not yet enacted effective national policies to address these needs. This *Report* offers a range of evidence-based policy options that can help guide policymakers as they look for ways to support families as they cope with the challenges of reconciling work and caregiving.

[54] Paraprofessional Healthcare Institute (PHI), 2016, U.S. Home Care Workers: Key Facts, http://phinational.org/sites/phinational.org/files/phi-home-care-workers-key-facts.pdf.