

Caring for loved ones can create  
some of the most special and meaningful  
moments of life.

Yet, gaps in our care infrastructure leave many  
families struggling to both work and provide  
care.

# Why has the care risk become salient now?

Today's families need all adults' earnings to make ends meet

64%

of mothers bring in at least one quarter of family earnings; 41% bring in half or more.

– Center for American Progress

A national shortage of elder caregivers is approaching

7:1→3:1

is the projected decline between 2015 and 2050 in the ratio of people aged 45-64 to each person 80+.

– AARP

Care costs are out of reach for many

\$50,336

is the annual cost for a Home Health Aide, while the average cost of childcare ages 0-4 is nearly \$10,000 .

– Genworth; New America

FMLA

CCDBG

A patchwork of disparate programs leaves many of us with costly bills and anxieties about caring for our loved ones - at every stage of life, and growing older ourselves.

CCRC

Medicaid HCBS  
waivers

Paid leave

Head Start

Medicaid nursing  
facility services

The number of paid caregivers won't meet demand, and  
care jobs are poorly compensated, limiting the quality and growth of the care workforce and the quality of care.

Families bear the burden of care.

And an increasing number of us are  
“sandwiched” between caring for both  
our children and our parents.

But improving our **care infrastructure** is possible.

Long-term services and supports, paid family and medical leave, and early childcare and education are **insurable** risks.

Our families experience these needs and risks as **interconnected**.

There are **synergies** to addressing them together.

And **states** have an important role to play.

# Academy Study Panel Overview

## Task

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Design policy options for state-based social insurance programs for Early Childcare and Education (ECCE), Paid Family and Medical Leave (PFML), Long-Term Services and Supports (LTSS), and Universal Family Care (UFC)

## Purpose

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- 01 Create roadmap for state policymakers considering social insurance programs
- 02 Highlight implications and tradeoffs for key decision points related to:
  - a. Structure
  - b. Financing
  - c. Integration
  - d. Implementation

## Timeline

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December 2017 through June 2019

Funded by the Ford Foundation and Caring Across Generations

## People

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01 Panel Co-Chairs:  
Marc Cohen and Heidi Hartmann

02 Panel Members:  
29 experts in three working groups

03 Project Staff:  
Benjamin Veghte (Project Director),  
Alexandra Bradley

## ECCE/PFML Working Group Members

**Heidi Hartmann**, Working Group Chair; President and CEO, Institute for Women's Policy Research; Economist in Residence, American University; MacArthur Fellow

**Indivar Dutta-Gupta**, Co-Executive Director, Economic Security and Opportunity Initiative, Georgetown Center on Poverty and Inequality

**Kathryn Edwards**, Associate Economist, RAND Corporation; Professor, Pardee RAND Graduate School

**Joan Entmacher**, Senior Fellow, National Academy of Social Insurance

**Jocelyn Frye**, Senior Fellow, Center for American Progress

**Jeffrey Hayes**, Program Director, Job Quality and Income Security, Institute for Women's Policy Research

**Elaine Maag**, Principal Research Associate, Urban-Brookings Tax Policy Center, The Urban Institute

**Aparna Mathur**, Resident Scholar, Economic Policy, American Enterprise Institute; Co-Director, AEI-Brookings Project on Paid Family and Medical Leave

**Michelle McCready**, Chief of Policy, Child Care Aware of America

**Ray Pepin**, Temporary Disability Insurance (TDI) Administrator, Rhode Island Department of Labor & Training

**Erik Rettig**, Senior Manager, SMB/Economic Policy, Intuit

**Christopher Ruhm**, Professor of Public Policy and Economics, University of Virginia

**Marci Ybarra**, Associate Professor, School of Social Service Administration, University of Chicago

## LTSS Working Group Members

**Marc Cohen**, Working Group Chair; Co-Chair, Professor, McCormack Graduate School of Policy and Global Studies, University of Massachusetts, Boston

**Eddie Armentrout**, Consulting Actuary, Actuarial Research Corporation

**Brian Burwell**, VP, Health Policy and Data Analytics, IBM Watson Health

**Henry Claypool**, Policy Director, Community Living Policy Center, UCSF

**Robert Espinoza**, VP of Policy, PHI

**Judith Feder**, Professor of Public Policy, McCourt School of Public Policy, Georgetown

**Howard Gleckman**, Senior Fellow, The Urban Institute

**David Grabowski**, Professor of Health Care Policy, Harvard Med School

**Michael Miller**, Director, Strategic Policy, Community Catalyst

**Rebecca Owen**, Consulting Actuary, HealthCare Analytical Solutions, Inc.

**Heinz Rothgang**, Professor of Health Economics, SOCIUM Research Center on Inequality and Social Policy, University of Bremen

**Allen Schmitz**, Principal and Consulting Actuary, Milliman, Inc.

**Mary Sowers**, Executive Director, National Association of State Directors of Developmental Disabilities Services (NASDDDS)

**David Stevenson**, Professor, Health Policy, Vanderbilt University Medical Center

**Eileen J. Tell**, President and CEO, ET Consulting, LLC

**Anne Tumlinson**, CEO, Anne Tumlinson Innovations ,LLC



# Early Childcare and Education

**Benjamin Veghte, Ph.D.**

Director,  
Academy Study Panel on Universal Family  
Care

Research Director,  
Caring Across Generations

# Early Child Care and Education

## **Why include ECCE in a UFC program?**

- Preparing for the success and development of our future workers, caregivers, and broader communities.
- ECCE is not currently treated on par with K-12 education
- High developmental value for children
- High cost-benefit value for families + society

## **The existing patchwork of federal + state ECCE programs is hard to navigate for families and the state alike**

- Only very low-income families are eligible for most benefits
- Eligibility requirements are strict and confusing

# Context and Considerations - ECCE

## Improving quality of care

- High-quality early care and education benefits children
- Time of rapid development for children
- Improvements to educational achievement
- High return on investment socially

## Building up the care provider workforce

- Compensation
- Training and workforce development

## Improving equity and access to care

- Regional distribution to lessen current regional limitations
- Diversity + cultural competence to lessen achievement gap + disparities in socio-emotional development, which are often in place prior to a child's entry into formal education
- Nonstandard hours

# Policy Options for States - ECCE

## **Comprehensive universal program**

- All children eligible
- Essentially an expansion of existing public education
- High up-front public investment

## **Employment-based contributory program**

- Targets resources specifically to working families
- Coverage is not universal – expanded coverage would require additional provisions
- Determining eligibility could be administratively challenging

## **Universal subsidy program**

- All children eligible
- May or may not cover full cost of care, or even a sufficient amount, depending on the generosity of the program
- Greater flexibility for state and families

# Tradeoffs of ECCE Policy Options

**Universal** programs better positioned to **improve equity in child development outcomes than employment based ones**

**Employment-based approach leaves many children out** while shifting others in and out of coverage

**Benefit adequacy (share of cost subsidized) critical**

- If family share of cost after public subsidy exceeds affordability threshold for low-income households, an ECCE program could exacerbate inequality (be utilized mostly by middle- and upper-income families)

# **Paid Family and Medical Leave**

# Oregon's Family & Medical Leave Insurance Program

## Timetable of Enactment and Implementation

- FAMILI enacted 2019, effective January 2022 (premiums) and January 2023 (benefits)
- 8<sup>th</sup> state (plus DC) to enact paid family and medical leave

## Reasons for Taking Paid Leave

- Conditions related to own pregnancy or serious health condition
- Bonding with new child
- Care for family member with serious health condition
- Issues related to domestic violence, harassment, sexual assault, or stalking

## Eligibility

- Employees must have contributed based on earnings of at least \$1,000 in base/alternative-base year
- Self-employed and independent contractors may opt in

# Oregon's New Paid Family and Medical Leave Law

## Benefits

- Up to 12 weeks (14 if issues related to pregnancy or childbirth) of paid leave
- Wage replacement related to OR Average Weekly Wage (AWW): currently \$1,044.40
  - Employees who earn <65% of OR AWW (about \$679) will receive 100% of their own AWW replaced
  - Employees who earn >65% of OR AWW will receive:
    - 100% wage replacement up to 65% of OR AWW + 50% of their wages above OR AWW
    - Benefits capped at 120% of OR AWW

## Financing

- Funded jointly by employee (60%) and employer (40%) payroll contributions
- Same tax base as Social Security: first \$132,900 in wages (2019)
- Combined rate cannot exceed 1% of worker's earnings up to cap
- Contribution rate adjusted annually based on program cost



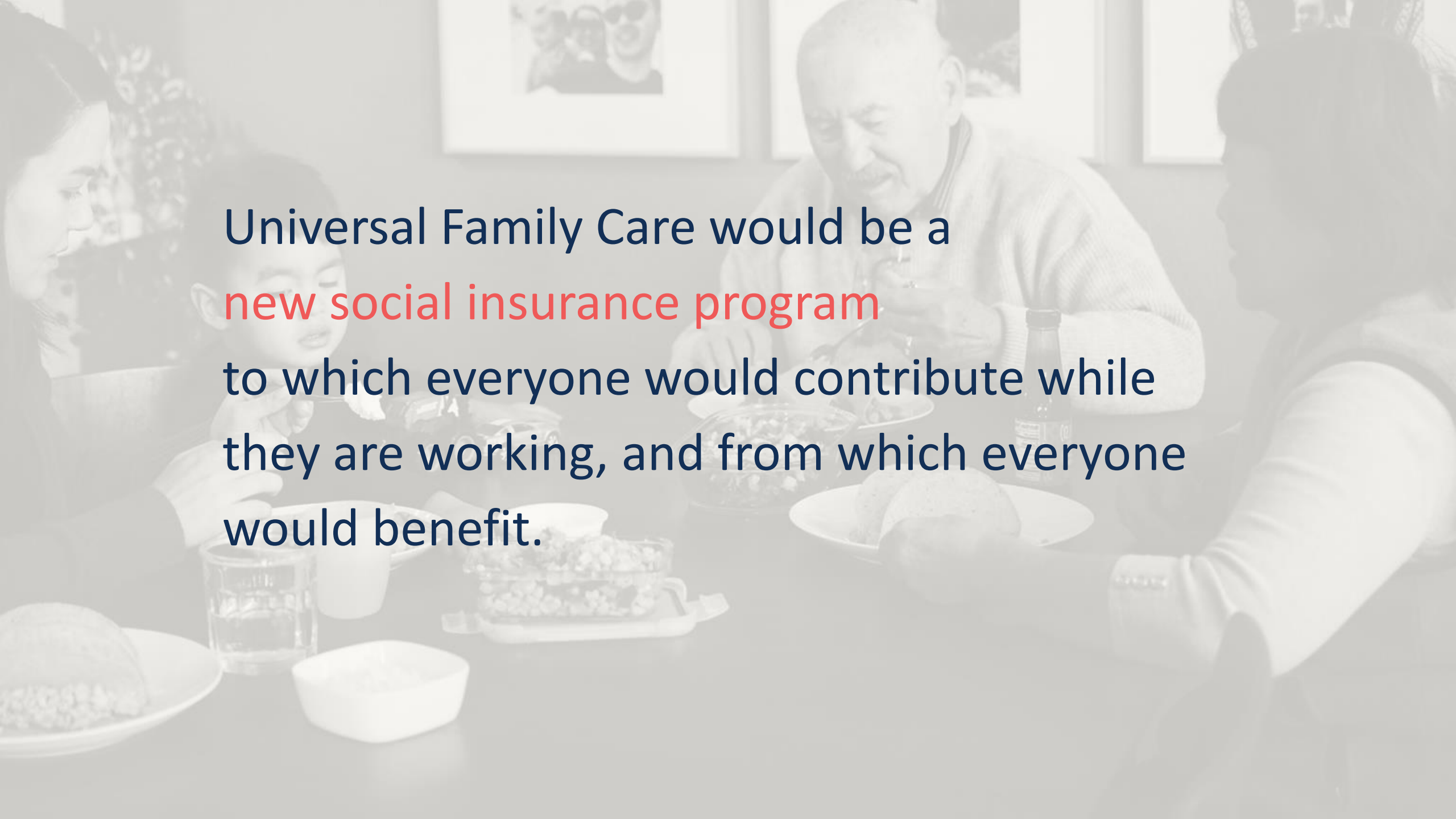
# Universal Family Care

An Integrated Approach

**Benjamin Veghte,  
Ph.D.**

Director,  
Academy Study Panel on Universal  
Family Care

Research Director,  
Caring Across Generations



Universal Family Care would be a  
**new social insurance program**  
to which everyone would contribute while  
they are working, and from which everyone  
would benefit.

# Universal Family Care Insures for 3 Care Needs



**EARLY CHILD CARE AND EDUCATION (ECCE)**



**PAID FAMILY AND MEDICAL LEAVE (PFML)**



**LONG-TERM SERVICES AND SUPPORTS (LTSS)**

# The case for an integrated, universal approach

We all juggle work and care

Not just those with low income

More efficient way to pay for care

Families pay a little from each paycheck rather than a lot during time of crisis

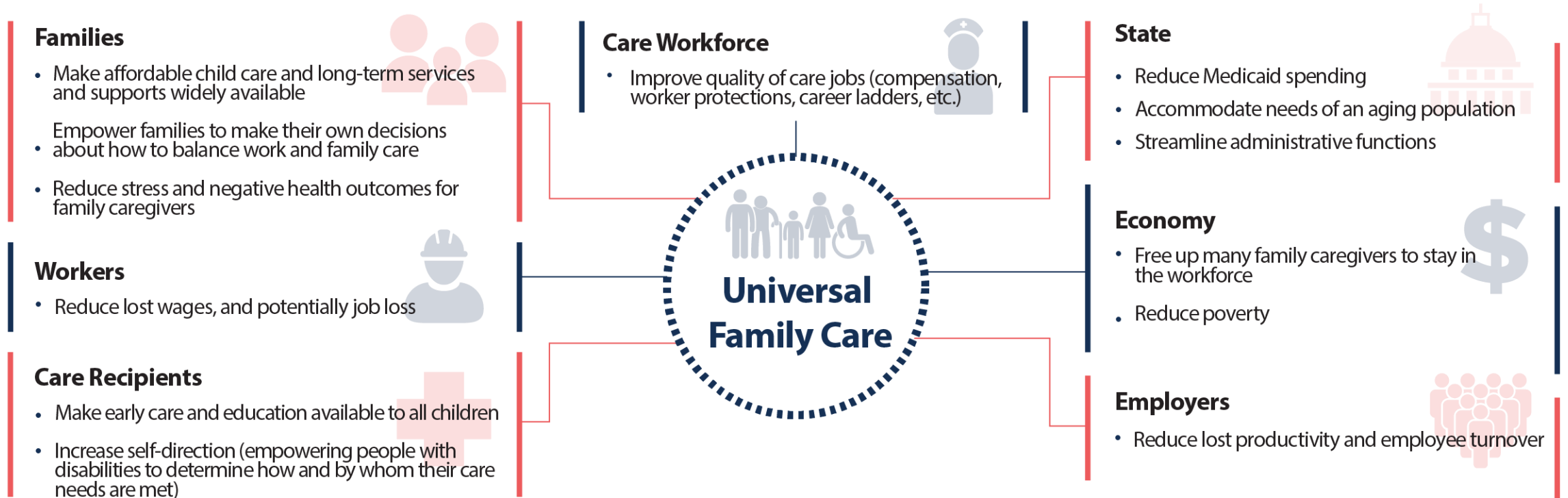
More family friendly

Allows families to focus on one other during care episodes

One stop shop

Less red tape for families and states due to single access point, lack of means testing

# How Could UFC Benefit Society?







**As Leah begins to explore her options, UFC offers her an integrated approach to care supports grounded in her specific family care situation:**

**First, it asks what she needs.**

**Then, it suggests a personalized set of supports she may be eligible for.**



☰ UFC



# Welcome.

Universal Family Care supports  
American families with benefits  
and resources for quality care  
across every stage of life.

BENEFITS GUIDE





BENEFITS GUIDE

## Assess your care needs.

To learn about benefits you  
could be eligible for, answer a  
few simple questions about your  
situation.

Then, you'll be guided through  
an application tailored to your  
family's needs.

Start

☰ UFC



**First, who are  
you looking for  
benefits for?**

Myself

A family member

☰ UFC



**Which family  
member?**

My Child

My Parent

Someone Else



☰ UFC



**Tell us their full,  
legal name.**

Harold

Reyes

Next

☰ UFC



**What sorts of activities do you think Harold needs help with?**

- ☐ Getting in or out of bed
- ☒ Transfer
- ☒ Household mobility
- ☐ Eating
- ☐ Toilet use

☰ UFC



**Is Harold currently  
enrolled in any  
other benefits or  
health insurance  
programs?**

Medicare



Select



Complete



# UFC can help.



Based on your answers, you  
and your family may be eligible  
to receive the following types  
of benefits:

POSSIBLE BENEFITS:

Over the course of Leah's lifetime, there will be multiple moments when she might need Universal Family Care...

In each of these moments, UFC offers Leah guidance, resources, and relief she needs to care for her family. Let's take a look at how she manages her UFC dashboard.



☰ UFC



Hello Leah



Joshua



Harold



Camila

Notification:



Harold has a new active benefit



Applications



Documents

# Pillars of a Universal Family Care program

## Work is the foundation

Everyone who is working contributes and the program enables people to work

## Flexible and portable

Covers people across jobs, including 1099 income, across the life course as needs change

## Single access point for variety of supports

Supports change as care needs change

## Invests in care workforce

Compensation, labor protections, career ladders

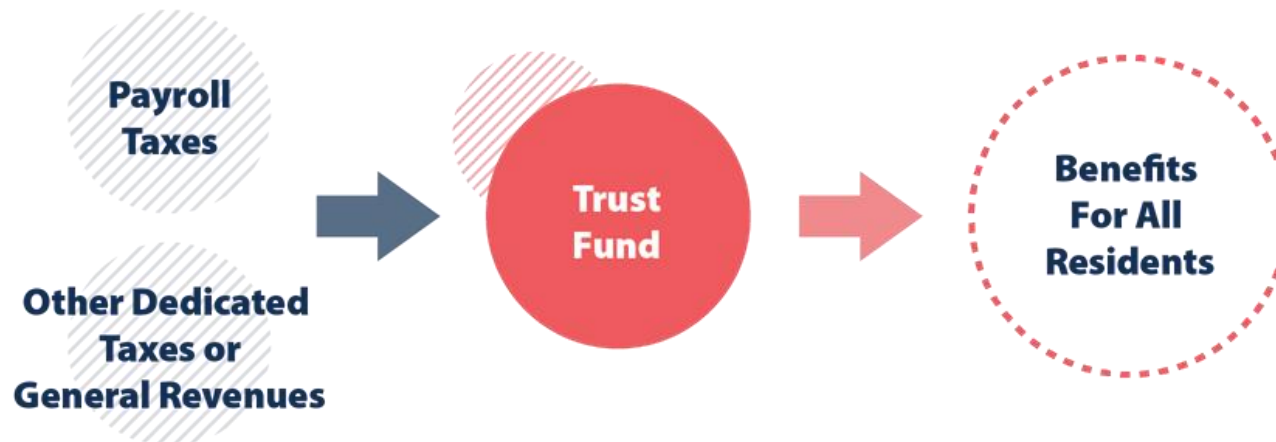
# UFC Design Elements and Considerations

Two structural approaches:

- I. Contributory social insurance approach



- II. Comprehensive approach



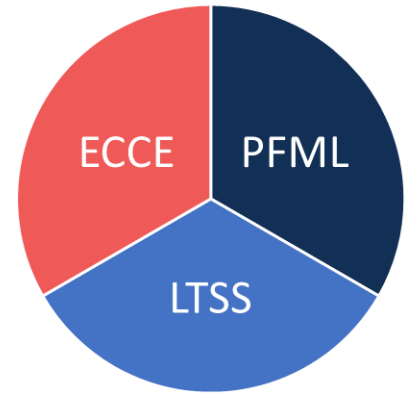
## What Level of Financing Would be Required?

## Preliminary ballpark estimate:

UFC Program	Social Security Payroll Tax Rate	Income Tax Rate	Medicare Tax		Medicare Tax		
			(if payroll tax only)		(if payroll & investment income tax)		
			Payroll tax rate	Additional rate on earnings > \$200k/\$250k	Payroll tax rate	Additional rate on earnings > \$200k/\$250k	Investment income tax rate
ECCE: NAS Illustrative Package	2.02%	1.48%	1.55%	0.66%	1.44%	0.61%	2.56%
PFML: Family Act							
LTSS: Front-End Coverage							

# Financial Integration

- Highly integrated: **One care insurance fund**
- Moderately integrated: **Two funds**



ECCE/PFML: 1-2 Year Horizon

LTSS: 75 Year Horizon

