MECEP

Figures in Focus:

181,000
Estimated number of Mainers who provide unpaid family caregiving each year

$2,000
Refundable tax credit available to low- and moderate-income family caregivers under LD 1919

$303,000
Average loss of income, benefits, and retirement for people age 50 and older who leave the workforce to provide care to a family member

Fact Sheet: LD 1919: The Caregiver Credit

Proposed credit would recognize, pay family caregivers for their hard work

by Sarah Austin, Policy Analyst | January 2020

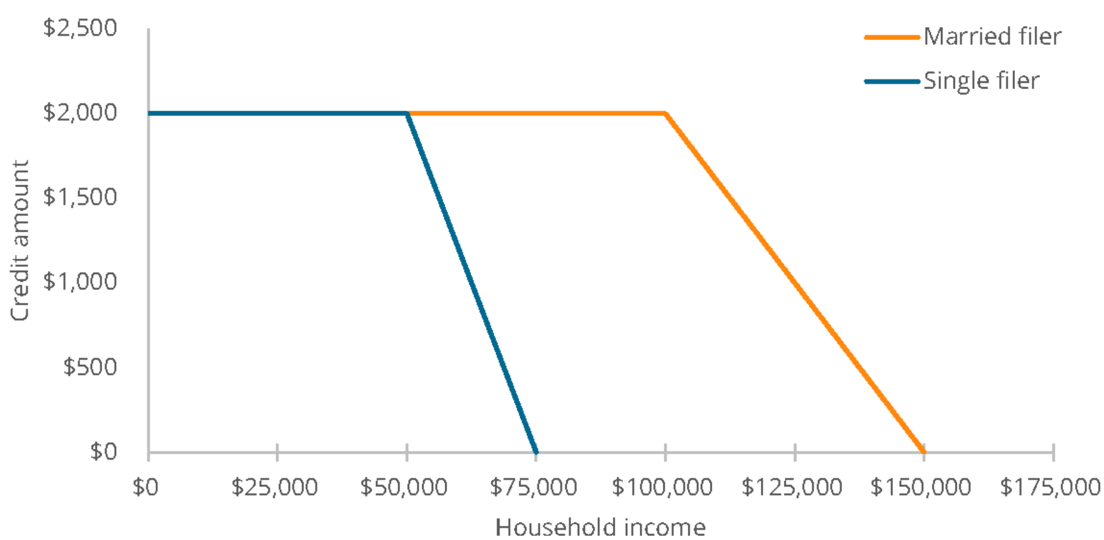
Summary: Roughly 181,000 Mainers work to help family members with their daily activities — things such as eating, bathing, and dressing. This work is valuable and important, but most family caregivers are paid nothing for their labor. Many even sacrifice earned income to provide needed care for their loved ones. LD 1919 would create a new Caregiver Credit, which would put cash in the pockets of unpaid caregivers, compensating those with low- to moderate incomes for their hard work and the important role they play in meeting the state's unmet need for care.

How it works: The Caregiver Credit established in LD 1919 would provide a refundable Maine income tax credit of up to $2,000 for low- to moderate-income households that provide at least 150 hours of unpaid care to eligible family members annually. The credit would be available to single filers with annual incomes up to $75,000 and married households with annual incomes up to $150,000. The credit would phase out as income increased. Because the credit would be refundable, most eligible families with low incomes would receive a cash refund when they file their state income taxes.

Unpaid caregivers and the economy

Maine's current patchwork system of professional caregivers is inadequate to meet the needs of every resident who needs long-term care. To fill the unmet need, Mainers with elderly or disabled adult family members often step in to care for their loved ones.

Chart 1: Caregiver Credit worth $2,000 for low- to moderate-income Mainers



Source: MECEP calculations based on language of LD 1919.

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In 2017, roughly 181,000 Maine family caregivers provided over 152 million hours of uncompensated care to family members age 18 and older.[1]

Family caregivers often have a harder time making ends meet because of their caregiving duties. Research shows family caregivers are more likely to reduce hours, quit a job, retire early[2], and delay a job search because of caregiving responsibilities[3]. A September 2019 survey by MECEP indicated that 14 percent of private-sector workers in Maine had quit their jobs or reduced their hours for more than two weeks in order to provide care for a loved one.[4]

These challenges don't only lead to reduced income. Family caregivers can also see reductions in retirement security and benefits, such as health insurance. One study estimates that caregivers age 50 and older who leave the workforce to care for a parent lose an average of $303,000 in income, retirement savings, and benefits. Women are more likely to take on care responsibilities,[5] and therefore more likely to suffer the financial repercussions of unpaid caregiving.

Who is eligible?

Under LD 1919, the new Caregiver Credit would be available to Maine residents who provide 150 hours of qualifying care to an eligible family member.

- **Qualifying care** means unpaid time spent assisting the eligible family member with acts of daily living. These acts include dressing, preparing and consuming meals, bathing, routine bodily functions, and mobility.
- **Eligible family member** includes a spouse, registered domestic partner, parent, or other relative by blood or marriage, or tax-dependent of the family caregiver. The family member is eligible if they are certified by a health care provider to need assistance with one or more acts of daily living.

How much is the credit worth?

Single filers with incomes under $50,000 would receive a credit worth $2,000. The credit would be reduced by $40 for every $500 of additional income up to $75,000, at which point the credit would phase out to zero.

Married filers with incomes under $100,000 would receive a credit worth $2,000. The credit would be reduced by $40 for every $1,000 of income up to $150,000, at which point the credit would phase out to zero.

See Chart 1.

Endnotes:

1 While this figure represents the most recent estimate of total family caregivers in Maine, some of those would be ineligible for the credit as described in LD 1919, either as a result of income or the type of care provided. More specific data to determine eligibility is not available. Reinhard, Susan C., et. al. "Valuing the Invaluable: 2019 Update." *AARP*. November 2019. https://www.aarp.org/content/dam/aarp/ppi/2019/11/valuing-the-invaluable-2019-update-charting-a-path-forward.doi.10.26419-2Fppi.00082.001.pdf.

2 MetLife. "The MetLife Study of Caregiving Costs to Working Caregivers." June 2011. https://www.caregiving.org/wp-content/uploads/2011/06/mmi-caregiving-costs-working-caregivers.pdf

3 Vega, William A., Maria P. Aranda, and Fancisca S. Rodriguez. "Millennials and Dementia Caregiving in the United States." *USC Suzanne Dworak-Peck School of Social Work*. December 4, 2017. https://www.usagainstalzheimers.org/sites/default/files/Dementia%20Caregiver%20Report_Final.pdf

4 Myall, James, and Mario Moretto. "State of Working Maine 2019." *Maine Center for Economic Policy*. December 18, 2019. https://www.mecep.org/state-of-working-maine-2019/

5 MetLife. "The MetLife Study of Caregiving Costs to Working Caregivers." June 2011. https://www.caregiving.org/wp-content/uploads/2011/06/mmi-caregiving-costs-working-caregivers.pdf