

The Joint Economic Committee ECONOMIC FACT SHEET

Chairman, Senator Charles Schumer
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THE HIGH COST OF ELDER CARE ON FAMILIES, BUSINESSES AND THE ECONOMY

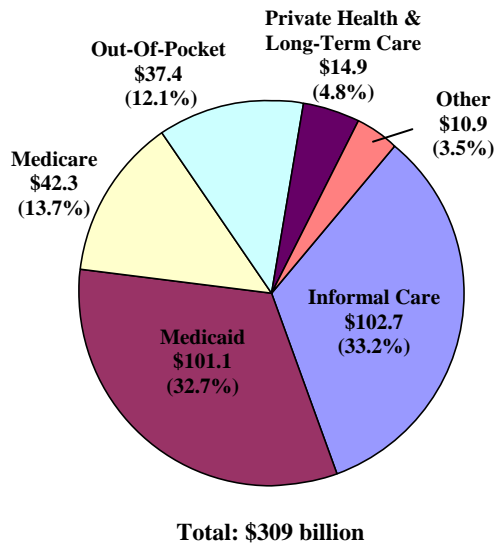
Just over 10 million Americans, or nearly one-third of the elderly population, need some type of long-term care. Of the nearly nine million frail elderly living at home, the vast majority has modest financial resources, lacks private long-term care insurance, and thus relies on help from family caregivers.¹ Although informal elder care is unpaid, it comes at a significant cost—to the individual caregivers, their employers, and the economy.

Adult children are the most common elder care providers (53 percent). Spouses account for 28 percent of elder caregivers.² Nearly 60 percent of all caregivers ages 35 to 49 also have a dependent child.³

The average caregiver provides about 25 hours of care each week. Primary caregivers provide nearly 50 hours per week, or more than a full-time job.⁴

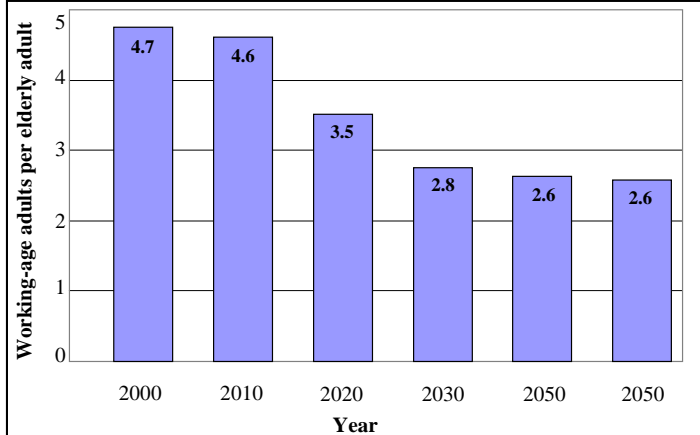
Figure 1. Informal Elder Care is the Greatest Source of Long-Term Care “Spending”

National Spending for Long-Term Care 2005, Billions of Dollars



Sources: National Spending for Long-Term Care, Georgetown University Long-Term Care Financing Project, February 2007; Unpublished estimates from the Urban Institute, May

Figure 2. The Number of Potential Caregivers For Each Elderly Adult Will Shrink In Coming Decades



Note: Working-age adults are ages 20-64; elderly adults are ages 65 and older. Source: U.S. Census Bureau, "U.S. Interim Projections by Age, Sex, Race, and Hispanic Origin," March 2004.

Informal elder care is the greatest source of “spending” for long-term care.

Although unpaid, informal elder care has enormous economic value, enabling millions of older Americans to live at home rather than in nursing homes. In 2005, the value of informal elder care was about \$103 billion, or one-third of the roughly \$309 billion spent for long-term care that year (Figure 1).⁵

Caregivers pay a price for informal elder caregiving.

Over half (53 percent) of adult child caregivers work full-time, while an additional 10 percent work part-time.⁶ Many take time out of the work force, cut back hours, or lose out on opportunities for advancement.⁷ Overall, the average caregiver loses \$659,000 in lifetime wage and pension wealth due to caregiving.⁸

Employers and society also pay a price. In 2002, 35 percent of all workers reported providing informal care to a senior relative, compared with only 25 percent in 1996.⁹ In addition to curtailing their work hours, many employees conduct care activities at work and make other adjustments

to accommodate their caregiving responsibilities. Overall, caregiving is estimated to cost U.S. business over \$33 billion each year in lost productivity.¹⁰ Lost productivity has a direct impact on the rate of economic growth, and thus on the U.S. standard of living. Additionally, foregone earnings result in lower tax revenues, lower retirement savings, greater financial insecurity, and potentially greater reliance on government programs.

Table 1: Selected Characteristics of Informal Elder Caregivers, 2002

All Caregivers	
<i>Relationship of caregiver to care recipient (%)</i>	
Child/child-in-law	52.8
Spouse	27.6
Other	19.6
<i>Weekly hours of help provided</i>	
Average for all caregivers	25
Average for primary caregivers	48
Median for all caregivers	7
Median for primary caregivers	21
Adult Child Caregivers	
<i>Gender (%)</i>	
Female	69.5
Male	30.5
<i>Age (%)</i>	
> 30	1.1
30-39	11.3
40-49	32.2
50-59	36.2
60+	19.2
<i>Work status (%)</i>	
Full-time	53.1
Part-time	9.8
Not employed	37.1
Source: Richard W. Johnson and Joshua M. Wiener, "A Profile of Frail Older Americans and Their Caregivers," The Retirement Project, the Urban Institute, February 2006, Tables 5.1, 5.2, and 5.5.	

The burdens will intensify in the future. The aging of the baby boomers continued advances in medical technology that enable the frail elderly to live at home longer, and the difficulty in recruiting and retaining paid caregivers will increase the demand for informal caregiving even as the number of potential caregivers for each elderly adult will shrink, intensifying the pressures on those providing care (**Figure 2**). As women continue to delay childbearing and increase their labor force participation, a greater number of Americans will find themselves "sandwiched" between the competing demands of work, raising their own children, and caring for elderly parents.

Without adequate support, caregivers may cut back on work. Alternatively, caregivers may have to cut back on caregiving, which could lead to higher rates of nursing home care, greater reliance on public programs, and lower quality of life for seniors.

ENDNOTES

¹ Johnson, Richard W., and Joshua M. Wiener, "A Profile of Frail Older Americans and Their Caregivers," Urban Institute, Retirement Project Occasional Paper No. 8, February 2006.

² Ibid.

³ National Alliance for Caregiving and AARP "Caregiving in the U.S.," 2004.

⁴ Johnson, Richard W., and Joshua M. Wiener, "A Profile of Frail Older Americans and Their Caregivers," Urban Institute, Retirement Project Occasional Paper No. 8, February 2006.

⁵ Georgetown University Long-Term Care Financing Project, National Spending for Long-Term Care, February 2007; unpublished estimate from the Urban Institute, May 2007.

⁶ Johnson, Richard W., and Joshua M. Wiener, "A Profile of Frail Older Americans and Their Caregivers," Urban Institute, Retirement Project Occasional Paper No. 8, February 2006.

⁷ MetLife Mature Market Institute, "The MetLife Juggling Act Study: Balancing Caregiving with Work and the Costs Involved," November 1999.

⁸ MetLife Mature Market Institute, "The MetLife Juggling Act Study: Balancing Caregiving with Work and the Costs Involved," November 1999.

⁹ Bond, James T., Cindy Thompson, Ellen Galinsky, and David Protas, "Highlights of the 2002 National Study of the Changing Workforce," Families and Work Institute, 2002.

¹⁰ MetLife Mature Market Institute, "The MetLife Caregiving Cost Study: Productivity Losses to U.S. Business," July 2006.