



JOINT ECONOMIC COMMITTEE
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**JOINT ECONOMIC COMMITTEE HEARING:
“ARE THE EXPLOSIVE COSTS OF ELDER CARE
HURTING FAMILY FINANCES AND BUSINESS
COMPETITION?”**

Senator Charles E. Schumer

Opening Statement

May 16, 2007

I want to thank my colleague, Senator Amy Klobuchar, for taking the initiative to hold what we believe to be the **first hearing dedicated to the issue of eldercare**, its impact on the personal finances of middle-class families and productivity of our nation’s businesses.

We should all recognize that a growing number of American families are going through a challenging role reversal – obligated to take care of the parents who once cared for them.

And this obligation is coming at a time when middle-class families are walking a tightrope between balancing work and taking care of their own children, while struggling to save for their own retirements.

The statistics are alarming, and will swell dramatically as our population ages:

Today, about 10 million older Americans require some type of in-home care.

By 2022, that is, in just 15 years, it’s expected that the demand for long-term care will have increased by 30 percent. And by 2050, the need for long-term care will have doubled.

Overwhelmingly, the vast majority of aging Americans turn to friends and family for help. **Help that costs them over \$100 billion each year and growing**—more than Medicaid, and almost 2 ½ times more than Medicare. That’s a staggering number.

This situation is only going to get worse. Even as the need for care explodes, the supply of professional long-term care providers won't come close to keeping up. Because baby boomers have had fewer children than previous generations, the overall labor force relative to the elderly population will shrink, making it even more difficult than it is today to attract and retain nursing aides and other long-term care workers.

Families have always cared for the elderly. But as middle-class families are finding it more and more difficult to afford the rising costs of child care, health care, college and gas prices, the time and financial demands of caring for elderly family members can force a difficult decision.

It's estimated that the average caregiver loses more than **\$650,000 in lifetime earnings and retirement savings** as a direct result of their caregiving responsibilities. **\$650,000!**

This price tag means that more and more families are being forced to choose between sacrificing either their own financial security or the comfort and care of their elderly loved ones. That is a decision that no one should have to make.

The financial impact of informal elder caregiving doesn't stop with the caregivers, but also matters for the economy as a whole. Over one-third of all workers provide informal eldercare, another number that will only grow in the coming decades. To take care of their parents and grandparents, American workers end up curtailing their work hours, conducting care activities at work, taking unpaid leave, and making other adjustments to accommodate their caregiving responsibilities.

The lost productivity to U.S. business amounts to over \$33 billion annually. We can't afford to take this hit to our productivity at a time when our economic growth is slowing, with more obstacles to come from an increasingly competitive global economy.

The helpers need our help. Without it, more and more families will be unable to shoulder the burdens of caregiving. I am looking forward to learning from our witnesses today how we can best ease the strain on families being "sandwiched" by the competing demands of taking care of their parents and their children.