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## TESTIMONY IN SUPPORT OF SB 104

### Income Tax – Credit for Individuals Residing With and Caring for Elderly Parents

#### *Budget and Taxation Committee*

January 15, 2025

**Social Work Advocates for Social Change strongly supports SB 104**, which provides a refundable tax credit of \$3,000 to family caregivers who are residing with, and caring for, an elderly parent. This credit may be claimed for more than one parent, and promotes economic stability for Maryland families caring for their elderly parents.

**SB 104 supports working families already struggling to make ends meet.** Nearly two-thirds of Maryland’s family caregivers work full or part-time (60%), and more than half are in hourly positions (54%).<sup>1</sup> Maryland ranks as the 13<sup>th</sup> most expensive state for elderly care needs.<sup>2</sup> In 2021, the average family spent \$4601 monthly on in-home care services, representing over a quarter of their income (26%).<sup>3</sup> Affording in-home services is a significant factor in deciding to stay in the workforce, and providing a refundable tax credit to family caregivers can be the difference between employment and unemployment.

**Working family tax credits have demonstrated the powerful benefits of increasing economic security for families, women, and people of color.** According to The Center on Budget and Policy Priorities, in 2020 and 2021, expanding tax credits was one of the five major legislative initiatives that lowered the number of families in poverty during the economic crisis of the pandemic.<sup>4</sup> Moreover, in Maryland, three in five family caregivers are women (60%), and approximately 40% are from African American, Hispanic, or Asian communities.<sup>5</sup> Women in Maryland earn 86% of what men do, African American women two-thirds, and Hispanic women only half.<sup>6</sup> SB 104 is an opportunity to provide significant financial support to Maryland caregivers who might otherwise struggle to make ends meet living in or near poverty.

**SB 104 promotes public fiscal responsibility by potentially lowering the state’s Medicaid expenditures.** In Maryland, market rates for a semi-private room in a nursing home are over \$130,000 annually.<sup>7</sup> Consequently, Maryland Medicaid has pushed to reduce long-

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<sup>1</sup> *Valuing the Invaluable: 2023 Update*. (2023). AARP.

<https://aarp-states.brightspotcdn.com/51/fe/17ad80e7466086534f3240af9466/marylandcaregiverfactsheet.pdf>

<sup>2</sup> *Cost of Care Survey*. (2024). Genworth.com. <https://www.genworth.com/aging-and-you/finances/cost-of-care>

<sup>3</sup> Taylor, S. (2022, March 10). *How Much does Maryland in-home senior care Cost?* Family Choice

Healthcare. <https://familychoicehealthcare.com/blog/how-much-does-maryland-in-home-senior-care->

<sup>4</sup> Center on Budget and Policy Priorities:

<https://www.cbpp.org/research/poverty-and-inequality/governments-pandemic-response-turned-a-would-be-poverty-surge-into>

<sup>5</sup> *Valuing the Invaluable: 2023 Update*. (2023). AARP.

<https://aarp-states.brightspotcdn.com/51/fe/17ad80e7466086534f3240af9466/marylandcaregiverfactsheet.pdf>

<sup>6</sup> Brown, D. J. (2024, March 13). *Women earn less than men throughout Md.; lawmakers say wage transparency may help*. Maryland Matters.

<https://marylandmatters.org/2024/03/13/women-earn-less-than-men-throughout-md-lawmakers-say-wage-transparency-may-help/#:~:text=While%20Maryland%20tends%20to%20have,by%20county%2C%20the%20report%20shows.>

<sup>7</sup> *Cost of Care Survey*. (2024). Genworth.com. <https://www.genworth.com/aging-and-you/finances/cost-of-care>

term nursing placement by investing in Home and Community-Based Services (HCBS).<sup>8</sup> This tax credit will help produce additional savings by helping working families better afford in-home and other care services without sole reliance upon Medicaid. This will significantly help Maryland's Medicaid expenses by helping to delay entry into HCBS programs and long-term nursing care facilities.

**SB 104 promotes financial retirement viability.** Nearly two-thirds of family caregivers in Maryland are over 50 (64%), and approximately 9 in 10 are over 44 (87%).<sup>9</sup> Most people's peak earnings happen between the ages of 45 and 54, with the second highest levels between 55 and 64.<sup>10</sup> Caring for your elderly parent(s) during this time can lead to lost earnings, decreased retirement income, and fewer social security credits.<sup>11</sup> Lost retirement and social security income, combined with decreased savings, will put more significant pressure on Maryland Medicaid in the future.

Aging is a part of life, and elder care is often expensive. SWASC members – through internships at the MedStar Montgomery Center for Successful Aging – have witnessed families making difficult daily decisions about caring for their elderly parents. Often, finances are one of the most pressing issues in these decisions. Most of these families want to care for their elderly parents at home, but the high cost of living combined with the high cost of elder care in Maryland makes it challenging. Pursuing Medicaid options of care for their parents is often their only viable choice. **SB 104 will help many working families, families of color, and women better afford to care for their parents at home.**

**Social Work Advocates for Social Change urges a favorable report on SB 104.**

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*Social Work Advocates for Social Change is a coalition of MSW students at the University of Maryland School of Social Work that seeks to promote equity and justice through public policy, and to engage the communities impacted by public policy in the policymaking process.*

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<sup>8</sup> Maryland Department of Health. (2023). Medical Care Programs Administration. In *Maryland General Assembly*.

<https://mgaleg.maryland.gov/pubs/budgetfiscal/2023fy-budget-docs-operating-M00Q01-MDH-Medical-Care-Programs-Administration.pdf>

<sup>9</sup> *Valuing the Invaluable: 2023 Update*. (2023). AARP.

<https://aarp-states.brightspotcdn.com/51/fe/17ad80e7466086534f3240af9466/marylandcaregiverfactsheet.pdf>

<sup>10</sup> Satov, T. (2024, May 7). *7 Money Management Tips for Your Peak Earning Years*. Synchrony.

<https://www.synchrony.com/blog/banking/peak-earning-years#:~:text=What%20Are%20Peak%20Earning%20Years,ages%20of%2045%20and%2054.&text=These%20peak%20earning%20years%20are,hone%20your%20money%20management%20strategies>

<sup>11</sup> Mudrazija, S., & Johnson, R. W. (2020). Economic Impacts of Programs to Support Caregivers: Final Report. In Office of the Assistant Secretary for Planning and

Evaluation. <https://aspe.hhs.gov/reports/economic-impacts-programs-support-caregivers-final-report-0#:~:text=Lost%20earnings%20can%20also%20reduce,substantially%20reduces%20paid%20work%20hours>