

The Village Common of Rhode Island

Aging Better Together

HOUSE COMMITTEE ON FINANCE

The Honorable Marvin L. Abney, Chair

Testimony by H. Philip West Jr on May 9, 2024,
in support 24-H 7490 by Rep. Susan R. Donovan

FAMILY CAREGIVER TAX CREDIT ACT

Thank you, Chairman Abney and members of the House Committee Finance for this hearing and for your painstaking work on the State Budget. **The Village Common of Rhode Island hereby urges you to recommend 24-H 7490 by Rep. Susan R. Donovan, the Rhode Island Family Caregiver Tax Credit, for passage.**

My name is H. Philip West, Jr. I serve as a volunteer lobbyist on behalf of The Village Common of Rhode Island, a statewide non-profit that helps older adults live safely and independently in their homes. In communities across Rhode Island, our locally organized and operated villages deploy hundreds of helpful volunteers. Our volunteer-centered approach enhances lives, strengthens communities, and saves money. Our motto is "Aging Better Together."

Rep. Donovan's Family Caregiver Tax Credit Act legislation: (1) creates sound legislative findings, including that roughly 80% of home care is provided by family members who typically incur more than \$7,000 each year in out-of-pocket costs, (2) defines carefully the needs of home care patients whose care would be eligible for tax credits, (3) specifies the familial relationships that would qualify, (4) establishes a maximum tax credit of \$1,000 for expenses incurred by family caregivers, (5) sets standards for implementing the credits, and (6) directs the Department of Revenue to promulgate rules and regulations to administering this tax credit. These are simple first steps toward addressing a major need in Rhode Island.

The Long Term Care Coordinating Council's report (April 26, 2023, pp. 20-21) estimated that 2,000 Rhode Islanders between ages 18 and 40 have intellectual or developmental disabilities that leave them living with their families. The report also counted 468 patients from the age of 40 to more than 70 residing with family members. The report warns that many family caregivers may soon be too old or infirm to continue: "increasing numbers of semi- or barely-independent adults with disabling conditions... may suddenly find themselves struggling to find the housing and support they currently receive from loving, but aging, family members."

A 2020 report from the Office of Healthy Aging shows that more than 240,000 Rhode Island residents are 60 or older (*Healthy Aging Data Report*, pg. 1). They account for 23% of the state's population, and their numbers will increase steadily. Without question, the number of older adults who serve as family caregivers or who need caregivers will grow exponentially in the coming decades. Meanwhile, the percentage of adults older than 65 who report working in the past year climbed from 16.3% in 2016 to 21.9% in 2020 (pg. 7), a clear indicator that many are feeling financial pressure.

The Family Caregiver Tax Credit proposed in Rep. Donovan's legislation will not reverse this emerging demographic crisis, but it will lessen the financial pressure on many family caregivers and will probably postpone their need to place loved ones in nursing homes.

A 2023 AARP survey noted that family caregivers, on average, spend \$7,200 each year on out-of-pocket costs related to caregiving (*Long-Term Services and Supports State Scorecard 2023 Edition*, pg. 79) Nearly 60% of those caregivers must work outside their homes to cover their costs. The AARP report proposes federal legislation to provide a nonrefundable federal tax credit of up to \$5,000 for family caregivers.

With or without action from Congress, states must help. Last year, Oklahoma enacted a "Caring for Caregivers Act," which allows unpaid family caregivers who report a federally adjusted gross income below \$50,000 (below \$100,000 for joint filers) to claim up to \$2,000 in tax credits for out-of-pocket costs.

A special report in the Providence Sunday Journal (*DANGER ZONE: Why violence among nursing home residents is so common and sometimes even deadly*, by Antonia Noori Farzan, May 5, 2024) reminds us why Rhode Island has a vital interest in encouraging family care of infirm and disabled individuals. The murder of a frail, bedridden man by an agitated and unstable roommate offers a tragic example of why nursing homes should be a last option for care of those who are disabled or infirm.

We in the Village Common see at least three reasons Rhode Island should encourage family caregiving rather than placements in nursing homes:

- 1. Family caregivers provide personalized care:** Family members know the disabled individual's needs, preferences, and routines. Families provide a more personalized level of care, tailored to their specific comfort and well-being. Their familiarity with the individual's personality and history fosters emotional connection — a sharp contrast to the isolation and loneliness that are common in institutional settings.
- 2. Family caregivers preserve patients' autonomy and independence:** There is no way to quantify the value for disabled individuals who remain in their own homes, surrounded by familiar surroundings and personal belongings. This sense of control and autonomy is crucial for maintaining a sense of dignity and well-being. Family members may also be more flexible in accommodating individual preferences and schedules.
- 3. Family caregivers save taxpayer dollars:** Family caregiving is reliably more cost-effective option than full-time nursing care, whether at home or in an institution. This can be especially true if the family provides a significant portion of the care themselves. Financial support from government programs designed to assist family caregivers reduces the overall cost burden.

A Family Caregiver Tax Credit will not suddenly end the pressure on caregivers, but it will delay the desperate decision many families face to move a loved one into a nursing home. On behalf of the Village Common, and I urge you to approve 24-H 7490 by Rep. Susan R. Donovan for passage.

Respectfully,



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