Testimony in Support of S.51: Vermont Unpaid Caregiver Tax Credit
February 21, 2025

Thank you for the opportunity to testify today. My name is Caroline Hoff. I am a student at Middlebury College, and I am here to speak about the importance of S.51, an act relating to the Vermont unpaid caregiver tax credit.

I first encountered this issue in the early fall when a similar bill was proposed during my course's mock Senate session. Over the semester, I listened to 22 bills–many on topics more familiar or personally relevant to me. Yet, this is the one that has stayed with me, and I am still thinking about months later. First, because of the numbers–the hours, the toll, and the scale of unpaid caregiving. But also because I've come to understand that how we support caregivers directly impacts how well they can care for others.

Recognizing that the purpose of this bill is to provide financial support for Vermonters who spend significant time providing uncompensated care for family members, I want to begin by highlighting the financial strain caregiving imposes. Forty-five percent of caregivers in the U.S. have experienced at least one negative financial impact as a result of their caregiving, whether through unpaid bills, being forced to borrow money from friends or family, or cutting back on basic expenses. Further, one in four caregivers have taken on additional debt due to their caregiving responsibilities, and 28% have stopped saving money entirely. These financial sacrifices are not just temporary setbacks–they have long-term consequences, affecting caregivers' financial stability, retirement savings, and overall well-being.[1]

Beyond its impact on personal finances, unpaid caregiving also limits Vermonters' ability to remain active in the workforce. Sixty-one percent of employed caregivers need to make workplace accommodations, such as shortening their hours, taking time off to handle care situations, or stepping down into inferior roles at their place of work.[2] This burden is only exacerbated for caregivers aged 50 and older. Seventy-five percent of this demographic who have retired early to provide care without compensation would have remained in the workforce if they had access to support–financial or otherwise.[3] S.51 could offer caregivers critical financial relief to help offset the economic pressures that often push individuals out of the workforce. Moreover, unpaid caregivers being forced to reduce their time in the workforce doesn't just affect them through lost income, missed career advancements, and subsequently lower Social Security and retirement benefits; their reduction in time in the workforce affects the whole economy.

---

[1] AARP Family Caregiving and National Alliance for Caregiving, *Caregiving in the U.S. 2020* (2020).
[2] U.S. Department of Health and Human Services, *Economic Impacts of Programs that Support Caregivers: Final Report* (2021).
[3] AARP, *The Economic Impact of Supporting Working Family Caregivers* (2021).

As noted in the findings section of this bill, the AARP's *Longevity Economy Outlook* estimates that U.S. GDP could grow by $1.7 trillion (5.5%) by 2030 if caregivers aged 50 and older received more workplace support. By 2050, experts predict that figure could rise to $4.1 trillion, with even the most conservative estimates projecting a $3.4 trillion increase.[4] It's important to note that more than half of caregivers in the US are 50-plus, highlighting the significance of this population. Demographic shifts in the US–namely the upward trending age of the population–which is inflated in Vermont–means that the 50-plus population will have more family caregiving responsibilities in the next few decades.[5] Additionally, when employers lose experienced 50-plus workers to caregiving responsibilities, they incur high costs of hiring and training replacements, who are often less skilled or familiar with the role. Employees aged 50 and older, on average, bring greater experience and expertise, making their premature departure from the workforce an economic loss for both businesses and the broader economy.[6]

I would now like to address the concerns regarding the statistic stating there are 70,000 unpaid family caregivers in Vermont and the way it's being used to estimate the financial impact of this bill. That number, cited on many government program websites and other reports, comes from the AARP report "Valuing the Invaluable: 2023 Update." Taking a look at that report, one finds that their definition of "family caregiver" reads "Any relative, partner, friend, or neighbor who has a significant personal relationship with, and who provides a broad range of assistance for, an older person or an adult with a chronic, disabling, or serious health condition,"[7] which we can recognize as different from the qualifying definition of a family caregiver used in this bill. Under S.51, an unpaid caregiver would only be eligible for the tax credit if the individual they are caring for is related to them "by blood, civil marriage, or adoption," excluding the friends, neighbors, and people of significant personal relationships that the AARP includes. According to the Family Caregiver Alliance, 15% of unpaid caregivers in the US are caring for a friend, neighbor, or another non-relative.[8] Similarly, according to a statewide survey of ADRD Caregivers in VT published on the Vermont Adult Services Division website, only 81% of ADRD caregivers in the state are providing care for a parent or spouse, meaning the other 19% would likely not qualify.[9] Further, the same AARP report includes individuals caring for parents who recently underwent surgery, which illustrates how the 70,000 unpaid caregiver estimate includes people who would not actually qualify for the full extent of this tax credit. Not only could this raise questions about whether the care recipient meets the bill's requirement of having "a medically diagnosed disability or health condition," but temporary post-surgery care is also unlikely to meet the bill's threshold of 20 hours per week or extend over 12 months. As a result, many caregivers included in the AARP's broader estimate would not receive the tax credit under

[4] AARP, *The Economic Impact of Supporting Working Family Caregivers* (2021).
[5] U.S. Census Bureau, *Population Estimates and Characteristics* (2023).
[6] AARP, *The Economic Impact of Supporting Working Family Caregivers* (2021).
[7] AARP, *Valuing the Invaluable: 2023 Update* (2023).
[8] Family Caregiver Alliance, *Caregiver Statistics: Demographics* (2023).
[9] Vermont Adult Services Division, *ADRD Caregiver Report* (2017).

S.51, or only a portion of it, reinforcing the need for a more precise assessment of the bill’s fiscal impact.

Ultimately, a tax credit for unpaid caregiving is a crucial step in recognizing caregivers’ economic and social contributions while easing the financial strain they face. By providing this support, Vermont can help caregivers remain stable, stay in the workforce, and continue their essential role in both families and the broader economy. Thank you for your time and consideration.