

"I'm a single parent and I work six days... Sometimes, let's say the school is closed. You've got to find a babysitter. You can't find a babysitter? You got to call out from work. You can't go to work if you don't have nobody to watch your child."

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FEDERAL FACT SHEET

# The American Families Plan

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On April 28, 2021, President Biden introduced the American Families Plan, which is the second half of his administration's "build back better" infrastructure initiative.<sup>1</sup> (The first half of the initiative, the American Jobs Plan, was introduced on March 31, 2021.<sup>2</sup>) The American Families Plan proposes a \$1.8 trillion federal investment that will "grow the middle class, expand the benefits of economic growth to all Americans, and leave the United States more competitive." The plan's key tenets—affordable childcare, universal preschool, expanded higher education access, individual and family tax credits, and comprehensive paid leave—would make a meaningful difference to the lives of direct care workers, who have struggled for too long without the employment benefits and protections that every worker deserves. This fact sheet explains why the American Families Plan matters for direct care workers and their families.



## Did You Know?

More than a quarter of direct care workers (27 percent) have children under the age of 18 living at home—including just over one in 10 (12 percent) who live with a child or children under the age of five.<sup>3</sup> Many direct care workers manage other caregiving responsibilities as well: 17 percent of direct care workers live with someone who has long-term care needs.<sup>4</sup> Affordable childcare and paid leave are two vital employment benefits that these workers—who often earn poverty-level wages—need in order to sustain and succeed in their jobs.

# Why It's Needed

## Direct care workers' economic security relies on livable wages and comprehensive employment benefits.

Higher wages in direct care are desperately needed: the median wage for these workers is \$12.80 an hour, and median annual earnings are just \$20,300. However, better access to employment benefits and protections—including free or low-cost childcare, affordable health insurance, and paid leave, among others—would help offset low wages, enable direct care workers to meet their basic needs, and improve economic security across the workforce.

## The COVID-19 pandemic revealed the startling lack of paid leave for direct care workers.

Direct care workers served on the frontlines of the COVID-19 pandemic, providing essential care for older adults and people with disabilities across settings. Yet most workers couldn't afford to take time off when needed, for example to quarantine due to exposure or illness—and as a result, many left their jobs altogether.<sup>5</sup> With a national program of paid sick leave and paid family and medical leave in place, these workers would not need to choose between keeping their jobs or safeguarding their own (and their families' and clients') health and lives.

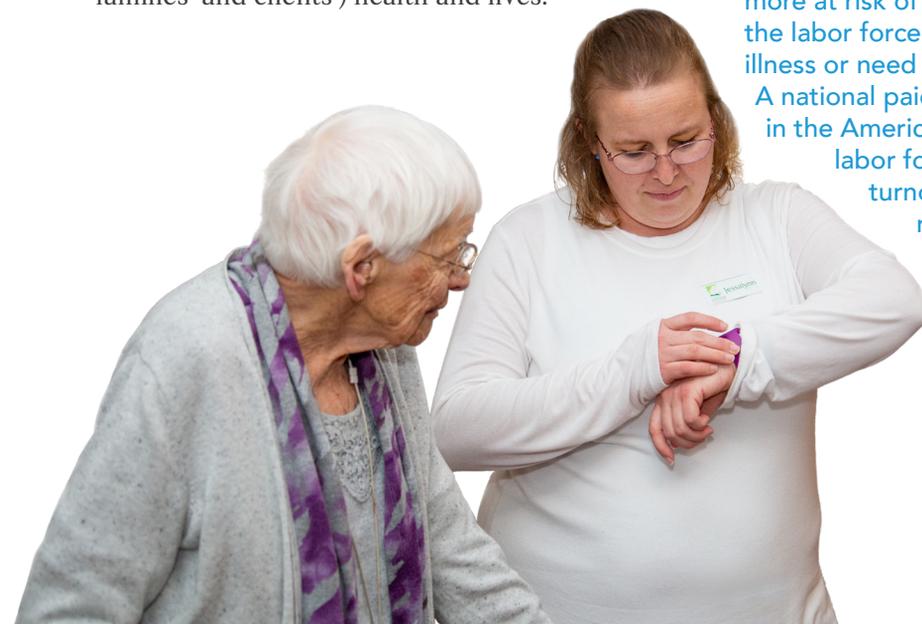
## The supports for workers provided through the American Rescue Plan Act will soon expire.

The American Rescue Plan Act includes a range of provisions benefitting direct care workers, including individual stimulus payments; targeted tax credits; food, housing, and utilities assistance; and expanded health insurance and unemployment coverage.<sup>6</sup> However, these supports will not last beyond the COVID-19 emergency period, leaving workers unprotected once more—unless they are extended and made permanent through new legislation.

## PAID LEAVE PROMOTES PRODUCTIVITY AND EQUITY

The United States is one of the only countries in the world that does not have national paid family and medical leave protections in place—and only nine states and DC have passed their own paid leave laws.<sup>7</sup> (The federal Family and Medical Leave Act requires employers to provide up to 12 weeks of job-protected *unpaid* leave only, and only applies to certain employers and workers.) This policy gap disproportionately impacts women and people of color, who are more at risk of taking unpaid leave or exiting the labor force if they experience a serious illness or need to care for a family member.<sup>8</sup>

A national paid leave program—as outlined in the American Families Plan—would boost labor force participation, reduce turnover among workers, and address racial and gender inequities in access to paid leave.



# What It Includes

## A historic investment in America's workers.

The American Families Plan proposes to invest \$1 trillion new dollars and \$800 billion in tax credits in “policies to make life easier for American families... inclusive of gender, race, or place of residence.” The provisions, all of which have relevance for direct care workers, include: free or low-cost childcare; free, high-quality preschool for all children; national paid sick leave and paid family and medical leave programs; reduced health insurance premiums and expanded health care coverage; extended tax credits for families with children and for all low-wage workers; investments in childcare workers and teachers; free community college education; and more.

## A clear focus on supporting working parents.

A key premise of the American Families Plan is that “many workers struggle to both hold a full-time job and care for themselves and their families.” In response, the plan proposes that low- and middle-income families should spend no more than seven percent of their income on childcare—thus addressing a major financial burden and barrier to full-time work for direct care workers, among other low-wage workers. The plan also proposes a paid family and medical leave program that would enable workers to take up to 12 weeks off to bond with a new child, care for a family member, recover from an illness, or for other reasons—and encourages the passage of a national short-term sick leave policy, as well.<sup>9</sup>

“The American Families Plan is going to provide access to quality, affordable childcare ... helping parents go back to work, providing a lifeline and benefits for children as they do better in school throughout their lives. [There are] millions of women out of work today not because they're not qualified for the jobs they have, but—they can't take care of their children and do their job.”

## PRESIDENT BIDEN

May 3, 2021<sup>10</sup>

## Tax credits for low-wage workers, including direct care workers.

Given that Medicaid is the primary payer of long-term services and supports, Medicaid reimbursement is the main lever for raising wages for direct care workers. However, tax credits are also an important strategy for increasing workers' total compensation. The American Families Plan would extend and/or make permanent several tax credits for low- and middle-income earners, including the Child Tax Credit, the Child and Dependent Care Tax Credit, and the Earned Income Tax Credit—toward the goal of “rewarding workers who work hard every day at modest wages to provide their communities with essential services.”



# What Should Happen Next

- **Advocates from every sector should reach out to their members of Congress and encourage the enactment of the American Jobs Plan and the American Families Plan.** The two halves of the Biden administration’s infrastructure plan represent a historic investment in the U.S. economy overall, the care economy in particular, and the labor force—including direct care workers. One key message: While these short-term investments might seem costly, the need is significant and profound, and they will result in a stronger, more equitable economy in the future.
- **Congress should enact the American Families Plan to support America’s families, stabilize the labor force, and improve opportunities for future generations.** By pairing employment supports and protections such as paid leave with investments in childcare and education, the American Families Plan will improve workers’ opportunities to succeed and help offset intergenerational poverty and inequity. For direct care workers, this comprehensive approach could be a lifeline.
- **State leaders should prepare for the impact of the American Families Plan’s provisions on the long-term care field.** The American Families Plan will have a significant impact on payers, providers, workers, and consumers across long-term care settings. Medicaid reimbursement formulae, managed care contracts, and employment practices will all require adjustments, and workers and consumers will need information about their new rights and protections. And that’s just the beginning. States should begin planning how to tackle these changes if the plan is enacted.

## NOTES

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Read about the American Families Plan here:  
<https://tinyurl.com/2hrhybzc>



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