Nygaard Notes

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What It Looks Like to Care for Families

On June 24th a truly remarkable document was released by the National Academy of Social Insurance, or NASI. The book-length (310 pages!) proposal is called "Designing Universal Family Care: State-Based Social Insurance Programs for Early Child Care and Education, Paid Family and Medical Leave, and Long-Term Services and Supports."

Since this remarkable report received virtually no media coverage, the next couple of issues of Nygaard Notes will offer some information on it in the hopes that it will inspire some of you to contact your state's elected representatives and encourage them to press for this approach to supporting families. The proposal would move us away from our current, and wholly inadequate, means-tested safety net system of family "support" and towards an approach based on Social Insurance, of which solidarity is the moral infrastructure.

The NASI approach, which they call Universal Family Care, or UFC, would be an integrated, holistic set of proposals to support family caregiving in the 21st Century. The proposal integrates systems and programs in the three areas listed in the proposal's subtitle: Early Child Care and Education (ECCE), Paid Family and Medical Leave (PFML), and Long-Term Services and Supports (LTSS). NASI explains that "UFC would offer families a single point of access to ECCE, PFML, and LTSS benefits, under the umbrella of one social insurance program."

(Remember those three areas and their initials—ECCE, PFML, and LTSS—as I'll be using those 4-letter shortcuts a lot.)

The "umbrella" idea resembles the umbrella social insurance program that we know as Social Security, which provides three different benefits: Retirement benefits, disability benefits, and survivors benefits (which go to widows, widowers, and to the dependents of eligible workers).

For some reason, the concept of social insurance appears to be difficult for USAmericans to understand. I've written quite a bit about Social Insurance in these pages, but for those who haven't been reading Nygaard Notes for the past 15 years, the next couple of essays discuss the unique nature of the concept. ◆

Understanding Social Insurance

First of all: What is "Insurance"? Insurance, even in its most commercial form, is a social program. That is, it is paid for by a group of people to protect the members of that group. And it is based on what we know, as opposed to what we don't know. What we know are aggregate numbers, or social statistics. Consider home insurance. What we know is roughly how many houses are going to burn down in a given year. What we don't know is which ones they will be. So, we insure the group. Everybody pays in, and the ones with bad luck draw the benefits.

That's the social aspect, but commercial insurance is also individualized. That is, it relies on individuals to choose and pay for insurance. There's a whole industry geared toward getting individuals to choose *this* plan over *that* plan. Or, for that matter, to choose *any* plan. Private insurance companies exist in a competitive marketplace, which means they compete with other companies as they attempt to make money by taking in more in premiums than they pay out in benefits.

Social Insurance, in contrast, is a social program through

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Greetings,

This issue and the next issue of Nygaard Notes are all about a major, and very exciting, proposal put out last month by one of my favorite think tanks, the National Academy of Social Insurance, or NASI. They propose a social insurance program that they call "Universal Family Care," and I'll let them summarize it:

"Universal Family Care is a proposal for a new, integrated social insurance program to support families in coping with the risk of needing to provide or receive care across generations. Family members would contribute to this program from their first job onward and receive ECCE, PFML, or LTSS benefits when they need them."

Those initials stand for three categories of caregiving: Early Child Care and Education (ECCE), Paid Family and Medical Leave (PFML), and Long-term Services and Supports (LTSS).

As anyone who has had caregiving responsibilities knows, our "system" for supporting families with children or with short- or long-term disabilities or illnesses isn't working very well. The NASI proposal spells out an exciting, practical way forward that is based on the principle of solidarity.

This issue of the Notes re-introduces the concept of Social Insurance (I've talked about it before in these pages), the moral infrastructure of which is solidarity. The next issue or two of the Notes will offer some details as to how Universal Family Care might work, and why the need for it is particularly great at this point in history.

So, sit back, start reading, and allow yourself to imagine a United States that is a little less "dog-eat-dog" and a little more "All for one and one for all." Another world IS possible.

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Understanding SI *from page 1*

and through. Social Insurance comes about when we agree to confront certain risks "as a society, rather than as individuals," as the National Academy of Social Insurance puts it. With Social Insurance, NASI explains, "citizens have decided, through the political system, that we need financial protection against some of life's difficulties that are hard to face as individuals. These include old age, ill health, unemployment, disability that makes it impossible to work, injury on the job, and the death of a family breadwinner. For all these conditions, we rely on help from social insurance programs, which are financed by workers and employers."

Here is the simplest definition of Social Insurance I can think of:

Social Insurance is when we figure out how much it will cost to protect everyone in our society against some of life's difficulties that are hard to face as individuals. Then we have everyone chip in their share to a common fund that is big enough to cover each and every individualin their time of need. Everyone pays in, everyone is eligible for benefits. There are no means tests, and benefits are based on what the recipient needs, not on what they paid in.

The fundamental principle of Social Insurance is solidarity. This "One for all and all for one" principle calls for a system that is Universal, Compulsory, and Comprehensive. A Social Insurance system would impose costs on all of us in order to finance protection for each one of us.

Well, that's my attempt to briefly explain a concept that is basically simple but at the same time is unfamiliar to people in this USAmerican context, which makes it a little difficult to wrap our heads around.

To broaden and deepen our understanding of Social Insurance, the following essay is composed largely of a collection of quotations from the June 24th NASI report "Designing Universal Family Care." ◆

Key Concepts in Social Insurance

The NASI report is filled with explanations and examples that, taken together, give the reader a real sense of how Social Insurance works, or could work, in the real world. Preceding each paragraph is my suggestion of the most important point in the paragraph, along with the page number where it appears, should you wish to go a little deeper into any of the points. All of the italics are mine.

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➔➔ The full report can be found online HERE ***https://universalfamilycare.org/wp-content/uploads/2019/06/Designing-Universal-Family-Care_Digital-Version_FINAL.pdf***

NO MEANS TEST Page 2: "Social insurance is a policy approach designed to achieve universal, affordable coverage for risks that are often expensive and sometimes infrequent. Typically, when financed by workers (and/or their employers), there is a statutorily defined share of each paycheck that is contributed throughout their careers in return for a benefit in times of need. *Everyone contributes, and everyone is eligible to benefit, without a means test.* Social Security and Medicare Part A (Hospital Insurance) are examples of this."

EVERYBODY IN, NOBODY OUT Page 3: "Social insurance programs are designed to achieve affordability by including the entire workforce under the coverage umbrella and collecting modest contributions from each paycheck for the duration of a worker's career. *This model contrasts dramatically with the status quo for child care and elder care*, where a family faces tens of thousands of dollars of ECCE and LTSS costs, typically over a period of only a few years, and often at a time when they are least able to afford it, because too often, when the need arises, breadwinners must reduce their work hours or leave the workforce entirely."

CONTRIBUTORY Page 29 (footnote): "Social insurance programs are by design expansive in reach and typically financed through broad-based, contributory funding streams." You'll see the word "contributory" a lot. It just means that people eligible for benefits pay taxes specifically to pay for the program; they are dedicated funds, used only to meet program requirements and not subject to budget negotiations. Benefits are thus earned, not granted.

DESIGNING FOR MAXIMUM POLITICAL SUPPORT Page 42: "To enhance equity and promote accessibility for those with the greatest need, family contributions might be determined based on each family's means, through either a sliding scale design or a fixed percentage rate proportional to family earnings (e.g., no more than *seven percent of a family's total income, which is the amount recommended by the Department of Health and Human Services for family contributions for child care*). A state might consider requiring families earning above a certain income to pay the entirety of their child care costs, but such a program would likely exclude many middle- and upper-income households from receiving benefits, *which would limit its universality and long-term political viability*. An alternative option more in the spirit of social insurance would be to have even higher-income households still receive a modest benefit from the program, *which would increase the program's universality and, in tandem, broaden its base of support.*"

ALL CHILDREN ARE IN Page 43 "Universal, comprehensive early child care and education program would cover all children, regardless of parent/guardian employment status. The program could supply early care and education to children through the public school program (essentially extending public K-12 education to younger ages), subsidies for qualified center- and/or home-based care (or even FFN care), or some combination of the two. [FFN = Family, Friend, and Neighbor child care.] Since many states are already providing access to pre-K programs for some or all three- and four-year-olds, policymakers might consider expanding the public education system to all older children first while relying on and supporting the private market to provide care services for younger children (ages 0-2). A comprehensive social insurance program would be primarily publicly funded, but could require contributions for families accessing these services to supplement public funds."

IT'S LIKE PUBLIC SCHOOL Page 43 again: "Such a program [covering all children] would entail significant costs, but would put early care and education on par with traditional public elementary and secondary education, which has been essentially universally available for more than a century. An increasing number of states and localities are already expanding their existing public education programs for preschoolaged children."

UNIVERSAL = STABLE Page 48: "A contributory social insurance model offers a relatively stable option for states, as the funding and benefits are less likely to change significantly from year to year when spread across an entire state's workforce. This stability would be enhanced by ensuring that reserves are available in the program's trust fund to cushion against fluctuations in [the economy] and employment rates from year to year."

REPEAT: UNIVERSAL = STABLE Page 110: "Like all insurance plans, a universal social insurance program is designed to provide stability by sharing costs and benefits as broadly as possible. A state's entire workforce comprises a large pool of funders and beneficiaries, thus reducing the likelihood of dramatic swings from year to year." ➔➔➔

SI *from page 3*

CATCHING UP WITH THE REST OF THE WORLD
Page 109 "A universal, contributory model is a classic social insurance program design. Other programs at the national level (e.g., Social Security) that have used this model for decades offer valuable experience. It is also *the prevailing design choice among the vast majority of paid leave programs in industrialized nations across the world.* With this policy option, workers contribute to an exclusive state social insurance fund throughout their careers in return for an earned benefit should the need arise. Social Security and Unemployment Insurance operate in similar fashion, and Rhode Island and the District of Columbia (effective 2020) use an exclusive state fund approach for their PFML programs."

NASI's report is aimed at the state level rather than the federal level, in part because they think states are more likely to be creative in these areas than is the federal government. The report encourages state leaders to take a Social Insurance approach to any of the three areas that are the focus of the report: Early Child Care and Education, Paid Family and Medical Leave, and Long-Term Services and Supports. For more ambitious states they offer the idea of "an integrated approach to care supports, Universal Family Care [which] would offer families a single point of access to ECCE, PFML, and LTSS benefits, under the umbrella of one social insurance program."

In the next Nygaard notes I'll go into some of the exciting details in each of the three caregiving areas, and I'll see if I can succinctly summarize NASI's "Case for Rethinking Our Fragmented, Means-Tested Approach to Care Policy." ◆

"Quote" of the Week: *"To Provide Peace of Mind to an Aging Population"*

This week's "Quote" is taken from the conclusion to the recently-released proposal from the National Academy of Social Insurance that is the subject of this edition of Nygaard Notes. The following words appear on page 297 of the report, entitled "Designing Universal Family Care."

Many states are now weighing how to better equip families to cope with the challenges of managing work and family. We face a series of challenges: most families need the income of all working-age adults to make ends meet, yet the care infrastructure to enable family caregivers to work is fragmented and limited; female labor force participation is much lower in the U.S. than its peer nations; our birthrate is at a 32-year low; care jobs are poorly compensated, often resulting in low-quality care; and the next generation of seniors is ill-prepared to pay for their expected [long-term care] costs. Universal Family Care holds the potential to address these challenges in a holistic way: to make high-quality early care and education available to all children, thereby providing a solid foundation for our country's next generation; to empower family caregivers to flexibly manage work and care in ways they consider most efficient and beneficial; to facilitate the growth of quality jobs for the care workforce; to provide peace of mind to an aging population regarding the ability to age in place; and to make it easier for younger people with [long-term care] needs to work if they are able to do so.

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