

How Much Do We Spend Caring for Family?

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Most of the [middle-class tax benefits](#) that President Obama proposed last week in his State of Union address have something in common. By increasing public support for child care, elder care, and saving for retirement (elder care in advance), they would reduce the burden of family care.

Increases in this burden over time may be intensifying the economic anxiety caused by persistently high unemployment and declining family income. Yet we don't systematically measure either the value of time or the level of cash expenditures devoted to dependents, treating these as just another form of personal consumption.

Individuals can choose to spend their money raising a child or feeding a cat. They can choose to care for a sick spouse or move out and file for divorce. They can look after their aging mother — or not. Rational economic actors maximize their own happiness.

Sometimes the choices they make don't affect the rest of us. But our economic system relies on a steady supply of family care, much as it relies on natural resources and ecological services like a stable climate.

When the cost of family care goes up, people don't necessarily supply less care. But if they don't, they are forced to reallocate time and money away from other activities in ways that reduce their own consumption and leisure time — and that may affect their future care commitments.

Of course, the welfare of loved ones is part of one's own standard of living. But when the cost of producing the welfare of those loved ones goes up — particularly when it goes up unexpectedly — we notice.

The aging of the baby boom generation, combined with increases in average life expectancy, has [increased the likelihood](#) that a family member will eventually suffer a debilitating injury or illness. Medicare and Medicaid pay some of the bills, but they don't adequately cover [long-term care](#).

Similarly, [child care is costly](#), and early childhood education is now widely considered a necessity for children, with [high enrollment rates](#) regardless of maternal employment. The incidence of some childhood disabilities, such as [autism](#) and [asthma](#), has increased in recent years.

The [importance of sending children to college](#) has become more apparent over time, even as the [costs of higher education](#) have escalated.

Women's increased participation in [paid employment](#) has reduced the time they devote to [unpaid work](#), partly by making the costs of such work (such as forgone wages) more visible. It has also led to increases in men's unpaid work, perhaps enhancing their appreciation of both its benefits and costs.

Many social scientists, myself included, are struggling to quantify and analyze these trends. We need to develop a more systematic and unified approach.

Trends in real wages are typically adjusted for changes in the cost of living, as measured by the consumer price index. While this index [needs improvement](#), no economist I know would ignore the need for it.

Trends in family income, however, are never adjusted for changes in the cost of caring for dependents, because we have not developed a comprehensive Dependent Price Index. The Department of Agriculture regularly estimates [family expenditures on children](#), but ignores both the costs of college and the [value of parental time](#).

Most estimates of trends in family income — such as a recent [Pew Foundation report](#) on the middle class — take household size into account, measuring per capita income. But the standard per capita adjustment ignores changes in the costs of children and the elderly relative to working-age adults, as well as transfers to family members who are not living in the same household.

Furthermore, per capita adjustments often place a lower weight on children than on adults, because children eat less. This assumption is conspicuously out of date. Food is now a relatively

small portion of family budgets compared to the costs of services such as child care and education.

While President Obama's proposals represent a constructive response to the anxieties highlighted by Vice President Joseph R. Biden Jr.'s Middle-Class Task Force, the economic pressures described above are not unique to the middle class.

Development of a Dependent Price Index could provide a more accurate picture. But even without such detailed information, it seems obvious that low-income and unemployed families are particularly vulnerable.

Responsibility for the care of dependents — as well as dependency itself — tremendously increases both the risk and the burden of poverty.