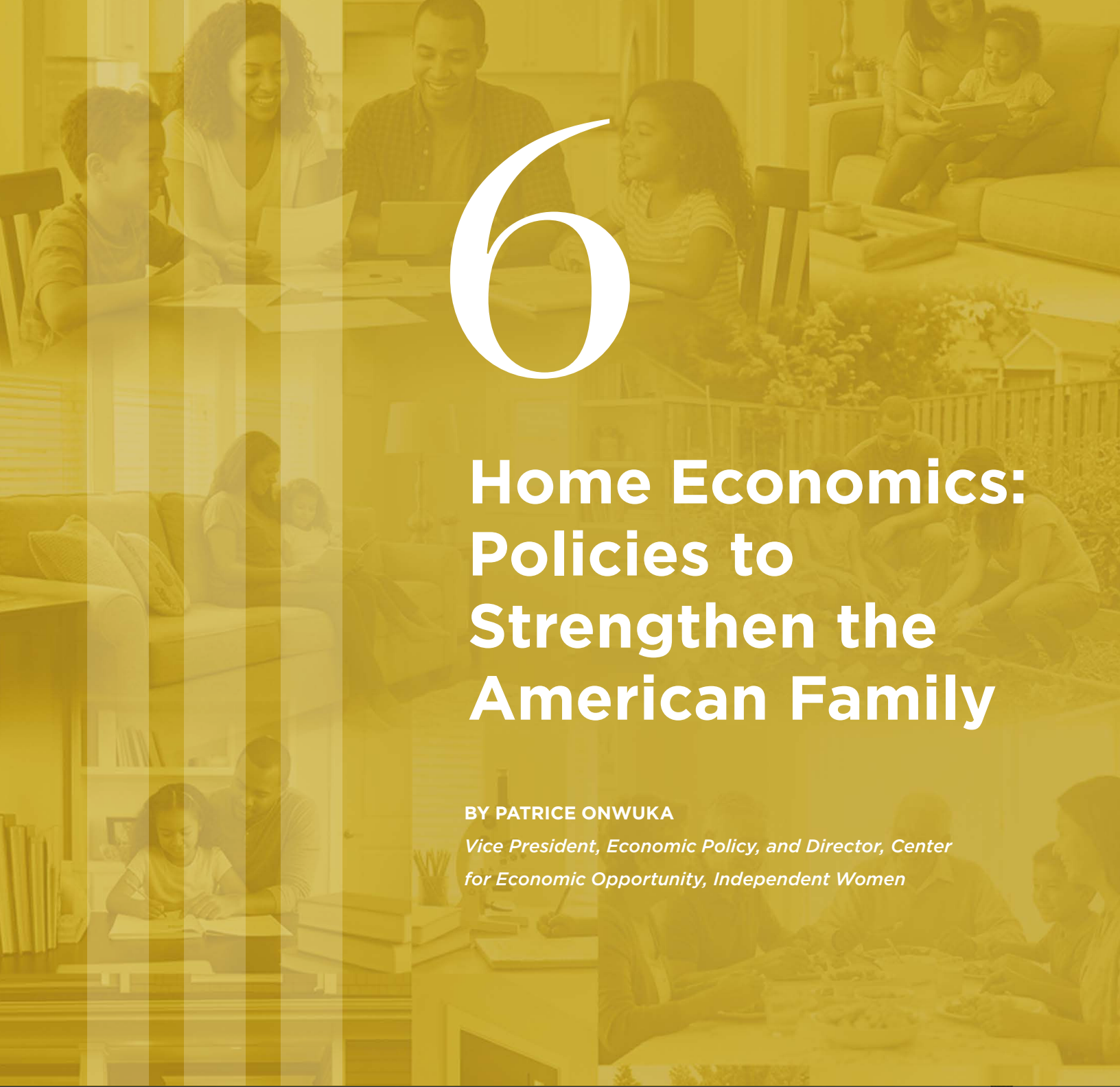




# 6

## Home Economics: Policies to Strengthen the American Family

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## PRICED OUT

How Big Government Made Life  
Unaffordable and How to Fix It

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## INTRODUCTION

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The American family unit is resilient, despite years of coping with elevated prices and greater restrictions on their ability to earn and retain their earnings. The spotlight on household financial health has only grown brighter as policymakers look for solutions to provide short-term relief and long-term opportunities for upward mobility.

**Federal leadership over the past two consecutive presidential terms has taken diametrically opposite approaches to affordability.** Left-leaning policymakers view government policy as the equalizing force in society by redistributing wealth, punishing success, increasing government dependency, and forcing behavioral change. Despite rhetoric about shared responsibilities and creating a decent life for all, the Left's solutions are untethered from real outcomes—which end up worse than envisioned or create unintended consequences that harm those they should help.

**Increased government control through burdensome regulations, high taxes, and market-distorting subsidies has reduced competition and driven prices higher.** This common thread is consistent across issues—from housing and childcare to education and healthcare.

**Right-leaning policymakers have been on a course correction.** Reducing the size, scope, and influence of government at every level allows the private sector to innovate better options. Decision-making is moving from federal buildings in Washington to kitchen tables, home offices, and factory floors. Reducing tax burdens leaves resources in the hands of individuals and small businesses to determine how best to meet their needs now and plan for the future.

The outcomes of the shift in policy are evident in buoyant household balance sheets, robust consumer spending, small-business growth, and an economy reorienting away from a government-supported model toward one bolstered by the private sector.

**The following chapter examines household affordability issues, what creates and sustains them, and the policies that can address the structure and underlying causes.** By reducing costs, encouraging independence, and fostering prosperity, policymakers can expand the horizons of everyday Americans to achieve their full potential.

## I. Rising Cost of Living

**America's prosperous society, grounded in a free-market system, has delivered high standards of living for generations and is worth celebrating during America 250.** However, rapid inflation over the past five years has eroded the quality of life for many Americans. Rising costs for shelter, food, energy and utilities, and healthcare outpaced incomes for several years, leaving little room for the discretionary experiences that individuals and families value, such as trips to visit family, vacations, dining out, and hobbies. Low-income households have faced acute financial strain as a greater proportion of their income is spent on mandatory expenses.

**Over the past two years, median income growth has finally outpaced inflation, easing some of the burden on households, but financial strain persists.** One quarter of American households live paycheck to paycheck, and less than half of Americans can cover a \$1,000 emergency expense with savings.<sup>1</sup> Americans grow pessimistic about their ability to access economic mobility. According to a New York Times poll in early 2026, 65% of voters indicated that the middle-class lifestyle is out of reach, and one-third said they are falling behind financially.<sup>2</sup>

**Housing is the biggest financial pressure on households.** Americans are increasingly home burdened, and that crowds out resources for other daily expenses and priorities such as saving for children's education and retirement. In 2024, 23 million renter households (half) and 21 million homeowners (a quarter) spent above the recommended 30% of their income on housing costs.<sup>3</sup>

Housing costs, including rent, mortgage payments, utility bills, or home maintenance, ranked as the most concerning expense for Americans in late 2025. By focusing policy solutions primarily on housing costs, we can address the biggest factor in unaffordability for Americans.<sup>4</sup>

**The housing crisis is essentially an issue of demand and supply.** The inadequate production of new homes and limited inventory of existing homes for sale have failed to meet growing housing demand, driving up prices. Large-scale illegal immigration during the Biden years added to housing demand in a market already constrained by inadequate supply.

**During the Great Recession (2007-2009), construction of new single-family homes plummeted to a low of barely over 500,000 units, a third of the average each year since 1970.** Despite home construction steadily recovering, chronic underbuilding has left our nation with between 1.5 million and 5.5 million fewer homes.<sup>5</sup>

**New construction has been restricted due to onerous housing regulations that are often unrelated to public safety and arduous, uncertain permitting processes.** Land-use regulations and zoning restrictions make it difficult for builders to pursue new construction opportunities—pushing prices for homes higher in affected areas. Many local jurisdictions prohibit or limit secondary multigeneration living units, such as multifamily homes and living spaces on single-family residential lots (ADUs).

**Costly home-building regulations at every level of government account for 23.8% of the final price of**

<sup>1</sup> Bank of America Institute, "Paycheck to Paycheck: Slowing but Growing," November 2025, <https://institute.bankofamerica.com/content/dam/economic-insights/pay-check-to-paycheck.pdf>; Bankrate, "Emergency Savings Report," <https://www.bankrate.com/banking/savings/emergency-savings-report/>.

<sup>2</sup> New York Times, "Times/Siena National Poll Crosstabs," January 26, 2026, <https://www.nytimes.com/interactive/2026/01/26/polls/times-siena-national-poll-crosstabs.html>.

<sup>3</sup> Eye on Housing, "Where Renters and Owners Face the Highest Cost Burdens," November 2025, <https://eyeonhousing.org/2025/11/where-renters-and-owners-face-the-highest-cost-burdens/>.

<sup>4</sup> YouGov, "A Growing Share of Americans Say Their Household Income Is Falling Behind Their Expenses," <https://yougov.com/en-us/articles/53633-a-growing-share-of-americans-say-their-household-income-is-falling-behind-their-expenses>.

<sup>5</sup> Eye on Housing, "The Size of the Housing Shortage," December 2022, <https://eyeonhousing.org/2022/12/the-size-of-the-housing-shortage-2021-data/>; National Association of Realtors, "Housing Is Critical Infrastructure," June 15, 2021, <https://www.nar.realtor/sites/default/files/documents/Housing-is-Critical-Infrastructure-Social-and-Economic-Benefits-of-Building-More-Housing-6-15-2021.pdf>.

**a new single-family home and 40% for multifamily homes, according to the National Association of Home Builders.**<sup>6</sup> On a dollar basis, that amounts to \$93,870 of the final house price for an average price of \$394,300. Biden-era green energy regulations also contributed to new home construction costs. Mandates on 15 consumer appliances contributed up to \$31,000 to the price of a new home.<sup>7</sup>

**The inventory of existing homes for sale has also been limited by two factors.** First, the Federal Reserve raised interest rates beginning in early 2022 to combat rising inflation. Homeowners who obtained historically low mortgage interest rates before and during the pandemic were hesitant to sell their homes and risk losing those favorable rates. Second, high inflation has lifted asset values on property, creating nominal gains, but real losses and the potential for large tax burdens. In 2025, the National Association of Realtors® found that nearly 29 million households, or roughly one in three homeowners, will experience increased taxable gains when they sell their primary home.<sup>8</sup> To alleviate this, some policymakers have proposed eliminating capital gains taxation on the sale of residential property.

**But millions of homeowners are locked in place due to the status quo regulatory and tax policies of the current housing environment.** These are people who might downsize or move into senior facilities, freeing up larger homes for growing families.

### *Solutions:*

To bring down housing costs in the short- and long term, we must expand the housing supply by encouraging the building of new homes through deregulation and unfreezing the existing home market through smart tax policy changes.

**Massive deregulation in home building.** Governments at all levels must reform or eliminate regulations that make the home-building process protracted, complex, and costly. The federal government cannot preempt state and local laws governing zoning regulations and permitting processes, but it can eliminate costly federal regulations, update outdated programs, remove regulatory roadblocks, increase local flexibility, and incentivize states and localities to regulate. In 2025, Congress took steps to roll back Biden-era energy mandates on homes and appliances through the Congressional Review Act.<sup>9</sup> Congress can now defund the enforcement of any holdover burdensome regulations that remain.

**Rental housing supply can be expanded by enacting reforms that encourage the development of smaller living units on lots with single-family homes:** outlaw prohibitions on ADUs, relax zoning and land use regulations, pass permitting reform to allow developers and entrepreneurs to build ADUs, and incentivize construction projects through grants or low-interest loans for adding an ADU to a property.

**Index capital gains for inflation.** Congress can break the lock-in effect for seniors and encourage sales of existing homes by, at a minimum, indexing capital gains for inflation and updating the exclusion limits to reflect the rapid expansion of home values. Currently, property sellers can exclude up to \$250,000 of gain (and married couples filing jointly up to \$500,000) from taxes. The federal government has not increased these amounts since 1997. Congress has adjusted different tax provisions in response to rising prices in the past, including income tax brackets, income thresholds for some tax credits, and standard deductions.

6 National Association of Home Builders, "Government Regulation in the Price of a New Home," May 2021, <https://www.nahb.org/-/media/NAHB/news-and-economics/docs/housing-economics-plus/special-studies/2021/special-study-government-regulation-in-the-price-of-a-new-home-may-2021.pdf>; National Association of Home Builders, "Regulation: 40 Percent of the Cost of Multifamily Development," June 2022, <https://www.nahb.org/-/media/NAHB/news-and-economics/docs/housing-economics-plus/special-studies/2022/special-study-regulation-40-percent-of-the-cost-of-multifamily-development-june-2022.pdf>.

7 National Association of Home Builders, "Homeowner Energy Freedom Act," August 2025, <https://www.nahb.org/blog/2025/08/homeowner-energy-freedom-act>.

8 National Association of REALTORS, "The Capital Gains Cliff Is Coming: How Reform Can Unlock Housing Supply," 2025, <https://narfocus.com/file/7576.pdf>.

9 Congressional Review Act, H.J.Res. 20, 119th Congress, <https://www.congress.gov/bills/119th-congress/house-joint-resolution/20>.

**Cut taxes to leave households with more of their own resources.** To better afford essential goods and services and achieve life goals, consumers must retain more of their income. Congress and President Donald Trump deserve commendation for enacting the historic One Big Beautiful Bill Act (OBBBA). This historic law reduced taxes for middle-class families through lowered rates and popular, permanently enhanced tax credits, removed the penalty for hard work among blue-collar workers through a new deduction for tipped and overtime income, and increased take-home pay. Benefits that will expire at the end of 2028 should be made permanent to provide guaranteed relief in the future. While these deductions are not pro-growth in nature, they deliver meaningful, targeted relief to specific categories of workers, such as those earning tips or overtime.

## II. Education/School Choice

**A good primary and secondary education is unaffordable due to a lack of competition in education funding.** Many parents feel left out of the decision-making over their children's education. Households with means can afford to purchase homes in neighborhoods with high-performing schools, while others pay for private education. Poor, working- and middle-class families who are unable to afford private options are forced to accept what their money can buy or take on homeschooling, which isn't necessarily the best educational option for every parent or student. Consequently, many children have been sentenced to an academic career in poor-performing schools.

**A common misconception about education in America is that increasing federal funding will solve the nation's academic problems.** Yet, despite decades of federal

investment in the education system, student outcomes have worsened. We pour vast sums into the K-12 system (an average of \$17,619 in 2023-2024).<sup>10</sup> Yet, according to the National Assessment of Educational Progress (NAEP) for 2024, 69% of fourth-grade students and 70% of eighth-grade students are not proficient in reading, while 61% of fourth-grade students and 72% of eighth-grade students aren't proficient in math.<sup>11</sup> Furthermore, children are indoctrinated with content that is in conflict with—even hostile to—what parents teach at home.

**School choice empowers parents to find the school environment that best suits their children and aligns with their family's values.** By taking the public funds dedicated to their child, families of all means are free to send their children to the school of their choice, including public schools. This creates market force competition in education that will improve educational opportunities. Schools are incentivized to drive innovation, sharpen priorities, better steward resources, be more responsive to parents, and shift the focus from bureaucratic compliance to providing improved academic instruction.

Data show that as public schools face increased competition, even students remaining in traditional public schools achieve higher test scores and stronger outcomes, in part due to increased accountability for teachers and school administrators.<sup>12</sup>

**States are leading the charge in school choice reforms, and the federal government is aiding these efforts.** By empowering parents to direct funding to better options and leaving families with more of their resources to spend on education, parents can better afford to give their children the education they deserve.

10 U.S. Census Bureau, "Public School System Finances," press release, 2026, <https://www.census.gov/newsroom/press-releases/2026/school-system-finances.html>.

11 National Assessment of Educational Progress, "The Nation's Report Card 2024," Reading Grade 4: [https://www.nationsreportcard.gov/reports/reading/2024/g4\\_8/?grade=4](https://www.nationsreportcard.gov/reports/reading/2024/g4_8/?grade=4); Reading Grade 8: [https://www.nationsreportcard.gov/reports/reading/2024/g4\\_8/?grade=8](https://www.nationsreportcard.gov/reports/reading/2024/g4_8/?grade=8); Mathematics Grades 4 and 8: [https://www.nationsreportcard.gov/reports/mathematics/2024/g4\\_8/](https://www.nationsreportcard.gov/reports/mathematics/2024/g4_8/).

12 EdChoice, "The 123s of School Choice: What the Research Says About Private School Choice Programs in America," <https://www.edchoice.org/wp-content/uploads/2022/04/123-of-School-Choice.pdf>.

## Solutions

Policymakers should free states and districts to direct resources in a student-centered way and encourage innovation in education. Federal and state tax changes can also help families afford educational expenses as their children grow.

**Empower parents to direct government funds to different educational options through ESAs and vouchers.** Education savings accounts are government-funded accounts that parents can allocate toward the K-12 education of their children.<sup>13</sup> Parents and students can use funds to pay for a wide range of educational expenses, including tuition, tutoring, textbooks, curriculum, test fees, therapies for students with special needs, and educational technology. ESAs are considered the gold standard among school choice options because of their flexibility. Currently, 21 ESA programs in 18 states serve nearly half a million students.<sup>14</sup> These programs operate in Alabama, Arizona, Arkansas, Florida (2), Georgia, Indiana, Iowa, Louisiana, Mississippi, Montana, New Hampshire, North Carolina, South Carolina, Tennessee (3), Texas, Utah, West Virginia, and Wyoming. Other states should get on board.

**Similarly, states can also implement voucher programs that give parents a portion of the public funding set aside for their children's education to choose private schools.** Nearly two dozen (23) voucher programs in 15 states serve about 350,000 students nationwide, including in states not served by ESAs such as Maine, Maryland, Ohio, Oklahoma, Vermont, and Wisconsin, as well as Washington, D.C., and Puerto Rico.<sup>15</sup>

*Expand school choice through tax credit scholarships and tax credits.*

**Tax-credit scholarships invite businesses and communities to fund children's potential. Individuals and businesses receive full or partial tax credits when they donate to nonprofits that provide private school scholarships.** The One Big Beautiful Bill Act secured a massive victory for school choice nationwide through the creation of a new \$1,700 federal tax credit for donations to scholarships for K-12 students. This is a 100% non-refundable scholarship tax credit for contributions to scholarship-granting organizations (SGOs). SGOs can award scholarships to eligible students for a variety of education expenses, including tuition, tutoring, transportation, and therapies for students with disabilities. Families can use this credit to pay for their child to attend the best school that fits their needs, including religious and private institutions.

**Each state can “opt-in” to the tax credit policy, and even Democratic-led states like New York are choosing to adopt this benefit for their students beginning in 2027.**<sup>16</sup> This federal effort substantially increases the number of students served beyond the current 217,000 in 22 tax-credit scholarship programs across 18 states.<sup>17</sup>

**Empower parents to save for their children's education.** Additionally, Congress and states should provide tax credits, deductions, and savings accounts that provide parents with income tax relief for approved educational expenses. These can include private school tuition, books, supplies, computers, tutors, and transportation. 529 savings plans are state-sponsored, tax-advantaged savings accounts designed for education expenses that allow investments to grow tax-deferred. Tax-free withdrawals for a wide range

<sup>13</sup> Independent Women, “Policy Focus: Education Savings Accounts,” September 2023, <https://www.independentwomen.com/wp-content/uploads/2023/09/Policy-Focus-Education-Savings-Accounts.pdf>.

<sup>14</sup> EdChoice, “Education Savings Account Programs,” <https://www.edchoice.org/school-choice/education-savings-account/>.

<sup>15</sup> EdChoice, “Voucher Programs,” <https://www.edchoice.org/school-choice/voucher/>.

<sup>16</sup> Alex Zimmerman and Erica Meltzer, “New York Gov. Hochul Plans to Opt into Federal Tax-Credit Scholarship,” Chalkbeat, May 8, 2026, <https://www.chalkbeat.org/newyork/2026/05/08/kathy-hochul-opts-into-federal-tax-scholarship-school-choice/>.

<sup>17</sup> EdChoice, “Tax-Credit Scholarship Programs,” <https://www.edchoice.org/school-choice/tax-credit-scholarship/>.

of education expenses at elementary and secondary schools (K-12) are permitted. The OBBBA expanded 529 use beyond tuition to include books, materials, testing fees, educational therapies, and tutoring costs, and raised the limit on total expenses. In addition, 7 states—Illinois, Indiana, Iowa, Louisiana, Minnesota, Ohio (2), and Wisconsin—offer 8 individual tax credit and deduction programs that serve over 300,000 students.<sup>18</sup>

### III. Childcare & Eldercare

**Millions of households today are raising children. Others are caring for aging parents.** Both responsibilities can be costly and place financial demands on household finances for long periods of time. For nearly three-quarters of so-called “sandwich generation” caregivers, supporting both their parents and children, the strain has forced them to adjust their retirement goals.<sup>19</sup> Policies that expand choices for parents and adult children and reduce regulations on providers can bring down costs, which increasingly consume a larger share of household budgets.

#### *Childcare*

**Childcare is tremendously important for families, businesses, and our society.** Parents desire plentiful, high-quality choices for caring for their children. Our nation has an interest and moral obligation to ensure that all children are cared for in a safe, supportive environment when their parents are at work.

**Finding accessible, quality, affordable childcare can be a significant challenge for some families.** Childcare can be expensive and scarce. The average cost of childcare for one child now approaches \$14,000 per year, varying significantly by state.<sup>20</sup> Infant care is even more expensive. Childcare impacts the workforce. Surveys consistently show that high childcare costs push many mothers to leave the workforce or reduce their hours.<sup>21</sup>

**Over several decades, childcare regulations at the federal, state, and local levels have expanded tremendously beyond core health and safety standards, adding costs to care without demonstrable improvements in well-being.** Health and safety training in specific areas, adherence to building, fire, and health codes, and comprehensive background checks, including fingerprinting, are reasonable. However, strict and complex rules about work-child ratios, rigid staffing mandates, and regulations on facility specifications, including equipment requirements and zoning classifications, increase operating costs without demonstrable improvements in child well-being. A review of childcare regulations around the country revealed rules that dictated the minutiae of daycare facilities were unconnected to safety, such as specific art supplies, the number and size of balls and other toys.<sup>22</sup>

**Childcare providers that are unable to meet those requirements are forced out of business, leaving fewer options.** For over a decade, the number of licensed home-based childcare providers (family childcare homes) has declined steeply, plummeting by over 50% from 2005 to 2017 and continuing to fall by 12%

18 EdChoice, “Individual Tax Credit and Deduction Programs,” <https://www.edchoice.org/school-choice/individual-tax-credit-deduction/>.

19 Athene, “Athene Survey Finds Sandwich Generation’s Retirement Plans Affected by Intergenerational Caregiving,” April 2025, <https://www.athene.com/news/annuities-news/2025/athene-survey-finds-sandwich-generations-retirement-plans-affected-by-intergenerational-caregiving.html>.

20 ChildCare Aware, “The Price Landscape 2024,” <https://www.childcareaware.org/price-landscape24/>; U.S. Department of Labor, Women’s Bureau, “Childcare,” <https://www.dol.gov/agencies/wb/topics/featured-childcare>.

21 Valeska Araujo, Linden McBride, and Danielle H. Sandler, “The Impact of Childcare Costs on Mothers’ Labor Force Participation,” U.S. Census Bureau Center for Economic Studies Working Paper CES-WP-25-25, April 2025, <https://www2.census.gov/library/working-papers/2025/adrm/ces/CES-WP-25-25.pdf>.

22 Heritage Foundation, “Government Regulation of Child Care,” September 2020, <https://www.heritage.org/sites/default/files/2020-09/BG3526.pdf>.

between 2019 and 2023.<sup>23</sup> This decline only serves to drive up costs. Childcare centers typically operate with slim margins, placing them in a particularly vulnerable position.

**Federal aid for poor parents raising children at home can be traced back to social support programs in the New Deal.** Over time, aid shifted toward state block grants providing working parents with funding for childcare and other supports through Title XX of the Social Services Amendments in 1974. To receive federal funding grants, childcare facilities must be licensed by the state. Due to the costs associated with the licensing process and compliance with those regulations, licensing consumed 40% of the federal grant money, rather than supporting the provision of care.<sup>24</sup>

**Families need relief, but affordability will not come from layering new mandates onto an already constrained system.** Often, parents are forced to choose formal daycare centers, but that is not necessarily their preference. According to a 2022 report by the Bipartisan Policy Center and Morning Consult, nearly six in ten parents preferred informal childcare over formal childcare centers, even when formal care was free and conveniently located.<sup>25</sup> Policymakers should seek to help families who need it, not disrupt arrangements that are working for parents.

**Increased public spending on childcare through subsidies or tax credits for formal or institutional day care does not bring costs down either.** Directing

dollars to families that choose paid childcare over family-based care fails to address structural constraints from overregulation and staffing shortages. Instead, it incentivizes price inflation, discourages innovative and diverse childcare providers, and undermines faith-based childcare centers.

**Unaccountable federal spending on childcare subsidies also invites additional problems, such as abuse.** The spotlight on childcare providers billing federal programs billions of dollars that are susceptible to fraud, such as for children who do not attend, falsifying enrollment records, or misusing funds intended for childcare services, has been amplified by egregious cases in Minnesota and California.<sup>26</sup>

**Subsidized early learning programs and childcare also fail to deliver strong educational outcomes for children.** Head Start, the most well-known childcare program, is a \$12 billion U.S. Department of Health and Human Services initiative that provides early childhood education, health, nutrition, and parent involvement services to low-income children and families.<sup>27</sup>

**However, the program offers limited hours that often don't align with working parents' schedules and costs more than other private options.** Concerningly, Congressionally-mandated studies of Head Start have failed to show lasting benefits for participants.<sup>28</sup> In Tennessee, a recent study of state-run pre-K revealed long-term negative effects on low-income children's achievement and behavior.<sup>29</sup>

23 National Association for Family Child Care, "Family Child Care Research Data," <https://nafcc.org/public-policy/family-child-care-research-data/#:~:text=That%20includes%2086%2C309%20small%20family.costs%2C%20and%20aging/retirement>; ChildCare Aware, "The Child Care Standstill," <https://www.childcareaware.org/thechild-carestandstill/>.

24 D. Phillips and E. Zigler, "The Checkered History of Federal Child Care Regulation," Review of Research in Education 14 (1987): 3-41, <https://doi.org/10.2307/1167308>.

25 Bipartisan Policy Center and Morning Consult, "Understanding Employed Parents Using Informal Child Care," June 2022, <https://bipartisanpolicy.org/article/survey-results-what-keeps-employed-parents-out-the-child-care-system/>.

26 U.S. Department of Health and Human Services, Press Release, "HHS Freezes Child Care and Family Assistance Grants in Five States for Fraud Concerns" January 2026, <https://www.hhs.gov/press-room/hhs-freezes-child-care-family-assistance-grants-five-states-fraud-concerns.html>. Office of the Inspector General Report, "Minnesota Could Better Ensure That Childcare Assistance Providers Comply With Attendance Requirements," May 2025, <https://oig.hhs.gov/documents/audit/10320/A-05-24-00001.pdf>. U.S. Attorneys Office of the Southern District of California, Press Release, "President of UMI Learning Center Sentenced to 27 Months in Prison, Ordered to Pay \$3.7 Million back in Stolen Childcare Benefits," August 2024, <https://www.justice.gov/usao-sdca/pr/president-umi-learning-center-sentenced-27-months-prison-ordered-pay-37-million-back>.

27 National Head Start Association, "Statement on FY26 Appropriations for Head Start," <https://nhsa.org/about-nhsa/newsroom/statements/nhsa-statement-on-fy26-appropriations-for-head-start/>.

28 U.S. Department of Health and Human Services, Administration for Children and Families, Head Start Impact Study: Final Report (Washington, DC, January 2010), <https://journalistsresource.org/wp-content/uploads/2011/08/1108HeadStartImpact.pdf>; U.S. Department of Health and Human Services, Third Grade Follow-up to the Head Start Impact Study: Final Report, OPRE Report (2012), [https://acf.gov/sites/default/files/documents/opre/head\\_start\\_report\\_0.pdf](https://acf.gov/sites/default/files/documents/opre/head_start_report_0.pdf).

29 Dale C. Farran et al., "Experimental Impacts of a Statewide Pre-K Program," Developmental Psychology, 2022, <https://psycnet.apa.org/doiLanding?doi=10.1037/dev0001301>.

## Eldercare

**Caring for aging adults is increasingly a difficult financial responsibility for households.** Adults 65 and over comprise about 18% of the U.S. population. By 2050, nearly 1 in 4 Americans will be over 65.<sup>30</sup>

**Many older adults require assistance with daily activities such as meals, light chores, and transportation, and others have greater care needs.** Caring for aging parents is common but costly. Home care costs are rising at twice the rate of overall inflation.<sup>31</sup>

**Currently, more than 40 million Americans provide unpaid care for aging relatives.**<sup>32</sup> However, caregivers have to make difficult trade-offs that impact their household resources, such as reducing work hours or quitting work, thereby depleting savings to provide support. In-home care is an option most seniors prefer, but the median cost hovers around \$80,000 a year for full-time assistance.<sup>33</sup> The alternative of moving aging adults into managed care is worse. Nursing home care often exceeds \$100,000 annually.<sup>34</sup>

Proposals to expand Medicare to subsidize in-home, long-term care would be extremely expensive and divert resources from those who truly depend on the Medicare program.

**Meanwhile, the regulatory framework governing in-home support has been tightened, raising costs for caregiving families.** In 2013, the U.S. Department of Labor reinterpreted the “companionship exemption” under the Fair Labor Standards Act. Live-in companions and those hired through home care or staffing agencies were previously exempt from rigid overtime and wage

provisions. After this exemption was narrowed, it led to additional costs to families and introduced new compliance burdens.

## Solutions

**Remove excessive regulations unrelated to safety or outcomes.** Burdensome regulations do not improve the quality of care, but do raise costs, and become a hurdle for small, informal providers to start or remain in business. Policymakers should streamline licensing processes, modernize zoning rules, and recognize alternative credential pathways for early childhood educators to reduce barriers for new providers—especially small and home-based providers.

A Mercatus Center study found that increasing child-staff ratios by one infant could “reduce the annual cost of child care by between \$850 and \$1,890 per child across all states, on average.”<sup>35</sup>

Revisiting federal regulations that raise the cost of care, specifically the Department of Labor’s 2013 Home Care Rule, would restore flexibility for families and small providers while maintaining core worker protections.

**Innovate eldercare using proven work programs. Home-based care models, including live-in work relationships such as the federal au pair program, can provide a model for eldercare.** The existing au pair program allows young adults from abroad to live with U.S. families and provide childcare in exchange for housing and a modest stipend. Policymakers could pursue “American Caregivers” through community-based and entrepreneurial models that increase the

30 U.S. Census Bureau, “Older Americans,” <https://www.census.gov/topics/population/older-aging.html>.

31 Bureau of Labor Statistics, Consumer Price Index, May 2026. (Unadjusted Percentage Change May 2025 - May 2026, “All Items” and “Home Health Care”) <https://www.bls.gov/news.release/cpi.t02.htm>.

32 AARP Public Policy Institute, “Caregiving in the United States,” May 2020, <https://www.aarp.org/content/dam/aarp/ppi/2020/05/executive-summary-caregiving-in-the-united-states.doi.10.26419-2Fppi.00103.003.pdf>.

33 CareScout, “Cost of Care Survey” (in-home care), <https://assets.carescout.com/x/8fcb50422f/282102.pdf>.

34 CareScout, “Cost of Care Survey” (nursing home care), <https://assets.carescout.com/x/8fcb50422f/282102.pdf>.

35 Diana W. Thomas and Devon Gorry, “Regulation and the Cost of Child Care” (Mercatus Working Paper, August 2015), <https://www.mercatus.org/students/research/working-papers/regulation-and-cost-child-care>.



supply of in-home caregivers and provide families with a flexible, affordable alternative to institutional care.<sup>36</sup>

**Protect and promote workplace flexibility.** A strong, flexible labor market enables parents and relatives to provide care for children and aging adults. Nearly 73 million people freelanced in 2025, enjoying the flexibility of working on their own schedules.<sup>37</sup> For a plurality of freelancers, their situations, including caregiving for children and parents, prevent them from working in traditional employment. Instead of increasing restrictions on independent contracting, policymakers should codify a clear, consistent standard for worker classification under federal and state law.

**Unwind childcare subsidies and federal childcare programs.** Head Start and other federal childcare programs are costly and inefficient, providing limited hours of care while producing little to no lasting benefits for enrollees. The federal government should explore unwinding these programs and returning resources and oversight of care programs to states and localities, or directly to parents. The federal government continues

to fund childcare; states should, at a minimum, be allowed to make their Head Start dollars portable, allowing them to follow children to any preschool provider of their choice.

### Conclusion

**The future of the American family is not predetermined by forces beyond its control.** It is shaped, for better or worse, by the policy choices made on its behalf. The challenges outlined in this chapter—from housing and education to the rising cost of childcare and eldercare—share a common origin: government overreach that has crowded out competition, inflated costs, and narrowed the choices available to ordinary families.

**The corrective path is equally clear.** By deregulating, reducing barriers, and modernizing models, policymakers can restore the conditions under which families thrive — not because government has done more for them, but because it has gotten out of their way. The American family is resilient. With the right policy framework in place, its best years are ahead.

<sup>36</sup> Independent Women, “An American Caregiver Program,” October 2024, <https://www.independentwomen.com/wp-content/uploads/2024/10/An-American-Caregiver-Program.pdf>.

<sup>37</sup> MBO Partners, 2025 State of Independence in America (MBO Partners, September 2025), <https://www.mbopartners.com/state-of-independence/>.



## About the Author

Patrice Onwuka is vice president for economic policy and director of the Center for Economic Opportunity at Independent Women. Onwuka has worked in the advocacy and communications fields for more than a decade. Prior to joining Independent Women, Onwuka served as national spokeswoman and communications director at Generation Opportunity, and worked at The Philanthropy Roundtable and the Fund for American Studies in policy and media roles. She also held consulting roles as a speechwriter for a United Nations spokesman and a manager for a student travel program to South Africa.

Born in the Caribbean, Patrice immigrated with her family to Boston where she grew up and completed her education. She earned her bachelor's degree in economics and political science from Tufts University and a master's degree in international relations from Boston College. Patrice's unique background fuels her passion to defend freedom and faith in America.

