

## **AGF Statement on the Partial Report of the Independent Advisory Council on the Reconciliation of Care and Work: 'Recommendations on Family Care Leave and the Family Care Allowance'**

September 2022

The partial report of the Independent Advisory Council on the Reconciliation of Care and Work was submitted to Minister for Families Lisa Paus in August 2022. The AGF welcomes the measures proposed as a major step towards relieving the burden on families with relatives in need of care. The introduction of a 36-month family care leave scheme for caregiver relatives, which includes appropriate monetary compensation for reductions in working hours, would be a milestone along the way towards reconciling family and work and a big step towards recognition of the care services provided by families. Therefore, the federal government is now called upon to take up the proposals and to implement them accordingly – especially since the introduction of such a care leave is already embedded in the coalition agreement.

### **Need to improve the situation of caregiving relatives**

Most care in Germany is undertaken informally by family members. More than half of the 4.1 million people in need of care in Germany are cared for exclusively by relatives. Even among those who receive professional support, families make a large contribution to the care. The Independent Advisory Council on the Reconciliation of Care and Work assumes that, in view of the continuing increase in the number of people in need of care, the importance of family caregivers will increase even further.

The issue of reconciling care and work is of utmost relevance for families, as the majority of carers are of working age. Moreover, the issue is highly relevant from a societal point of view, as about one in ten employees cares for relatives. Caring for family members is often very time-consuming and inevitably leads to time conflicts with the demands of employment.

This time dilemma is often resolved individually by the caregiving relatives, especially women, by reducing their working hours or even leaving employment completely. However, the direct and indirect costs of these individualised 'solutions' are enormous. Caring women and men forgo all or part of their income and have to settle for lower wages (if they return to work) and lower pension benefits in the long run. This exacerbates the risk of female old-age poverty in particular. However, for other caregiver relatives, the time conflict is not resolved at all, which leads to sometimes extreme physical and psychological stress. At the same time, there is a danger that the relatives in need of care do not receive the adequate attention and care that are necessary and that both sides desire.

### **Introduction of new family care leave as a tax-financed wage replacement benefit**

The current laws on caregiver leave and family caregiver leave, which are intended to support a reconciliation between care and professional work, are not effectual. To better support the caregivers, a whole bundle of measures is needed, among which the introduction of a well-functioning family care leave scheme with adequate financial compensation is pre-eminent.

To this end, the Advisory Council Report provides for the introduction of a tax-financed wage replacement benefit for care periods as well as measures to support the flexibility of work time for family caregivers. The Council was guided, among other things, by the principle that the required measures should contribute to a more gender-equal division of family care tasks and that employed men should undertake a greater share of the family care. Another principle was that employment should in principle be maintained during the period of caregiving. Any measures should promote a balance between care and employment, rather than providing benefits for those who leave the labour market and thus increase the risk of poverty for caregiver relatives in old age.



The family organisations emphasise that the special challenges for families in providing care often arise suddenly and unexpectedly and that the duration and intensity of care usually cannot be planned. Therefore, the report's proposals for supporting a temporary complete withdrawal from work are appropriate. They are highly significant in ensuring the necessary flexibility that a care relationship demands from families.

### Extending the definition of the term 'relatives'

The AGF very much welcomes the proposal to expand the concept of 'relatives', non-core relatives who take on care responsibilities for 'elective relatives' will also get support for their care activities. Care relationships are not always linked to direct family relationships. Support for informal care must do justice to the diversity of modern family life.

Families increasingly do not live in one place. This makes it more difficult for many families to take on care obligations that go beyond purely organisational matters. Therefore, the report rightly defines carer relatives as people who either have a kinship relationship in the sense of the former definition of a close relative in the Caregivers Law (PflegerZG) or who take over significant parts of the care because they have a special relationship with the person in need of care. The decision about who is a 'close relative' or by whom a person in need of care would like to be cared for must be the decision of the person in need of care or his/her legal representative.

### Limitation of eligibility by company size

For the family organisations, it is important that as many people as possible should be equally entitled to the benefits. Therefore, the AGF would have favoured a recommendation in the report that treated employees in small and large companies equally. The AGF is aware that the planned regulations can pose great challenges for small companies. However, a regulation that the 'entitlement to partial time off [...] does not normally apply to employers with 15 or fewer employees' would continue to exclude a significant number of employees from the legal entitlement to a temporary care-related reduction of working hours. The Council therefore proposes that if small companies voluntarily offer those measures, they should be treated the same as companies with more than 15 employees. This is a sensible step in the right direction. In addition, when implementing a new family care leave scheme, it is imperative that measures are taken to support the take-up by employees in small companies.

The AGF welcomes the Advisory Council's proposal that self-employed individuals should also be included among the beneficiaries of a new family care leave system. To date, the self-employed have not been included in the two respective laws (PflegerZG and the FPfZG). They should also be entitled to a benefit comparable to the tax-financed paid carers leave in order to make it possible or easier for them to care for relatives.

### Designing the paid carers leave – reconciling social and equality policy goals

As a member of the independent Advisory Council, the AGF participated in drawing up the proposal. It strongly supports the demands of the Council. However, on the specific question of the amount and calculation of tax-financed family care leave, the AGF differed from the majority of the Council and lodged a dissenting opinion, in which it emphasised that a socially just design of paid family care leave is of great importance. A direct parallel with the design of paid parental leave, as proposed by the Advisory Council, will not achieve this aim. Therefore, it seems reasonable to design the paid care leave as a lump-sum benefit of an appropriate amount or at least to give a higher value to social criteria than is the case with parental leave payment. This means, for example, that if assessment for family care leave is to be based on the applicant's previous income, in groups with low incomes a higher percentage of the previous income is taken into account than for parental leave or the upper income limit for full wage replacement benefit is set higher.

The AGF sees the need for a better gender-equal distribution of care work and supports measures that are aligned with this goal. However, the design of family care leave should also be subject to consideration of social factors. Especially for families with low incomes, care services that are not covered by care insurance become unaffordable, so that they (have to) take on care tasks themselves.

The AGF doubts that the same gender-equality effects can be expected with planned family care leave as are fortunately evident with parental leave. When it comes to elderly care, we are dealing less with male-female pairs than in parental care, where the majority are parents, who freely (or in response to economic incentives) decide among themselves which parent takes on which share of the care work.



Therefore, the AGF questions the efficacy of the use of funds in the family care allowance with regard to the equality policy goal. At the same time, however, it seeks to avoid a socio-politically unfair distribution that will disadvantage persons with low incomes if family care leave is calculated in exactly the same way as parental leave. Weighing up these points, the AGF therefore considers an appropriately high lump-sum family care allowance that favours social equality to be a more urgent need and also more effective in relation to gender equality than the wage-equivalent benefit preferred by the majority of the Advisory Council. The AGF doubts that the latter will achieve anything like the gender equality effect of parental leave, so that the redistribution 'from bottom to top' associated with it is not warranted.

### **Inclusion of transnational families in the group of beneficiaries**

A new regulation on family care leave must also take into account the situation of families with a migration history. Here, there can be various particularly challenging transnational care arrangements that make intra-family care necessary across long distances and national borders. The current legal regulations do not take these family constellations into account. Germany is actively recruiting new workers and, especially in view of the shortage of skilled workers, the country benefits from qualified immigrant workers. In most cases, they leave behind close family members such as their parents in their countries of origin, who often develop a need for assistance and care simply owing to increasing age. The same applies to all other families with a migration history and who have close relatives in their country of origin, both from other European countries and third-country nationals. Here too, opportunities must be created to improve a reconciliation between professional work and transnational care and support tasks. A new family care leave scheme must therefore include regulations that also effectively provide relief to transnational families with their specific needs and guarantee equal access.

### **Information on the Independent Advisory Council for the Reconciliation of Care and Work**

The Independent Advisory Council was established in 2015 by the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth. As a non-public expert body, it deals with questions on the reconciliation of care and professional work, follows and monitors the implementation of the relevant legal regulations and advises the Ministry on their effects. A report is submitted to the BMFSFJ every four years. The section of the report dating from September 2022 was submitted ahead of time, owing to the high topicality of the subject for legislation. The AGF has been a member of the body since its creation and has since contributed to the conception of the proposal.