

October 6, 1988

## THE “ABC” CHILD CARE BILL: AN ATTEMPT TO BUREAUCRATIZE MOTHERHOOD

### INTRODUCTION

The Senate this week is to vote on a major day care bill, the Act for Better Childcare, or “ABC” bill (S. 1885) introduced by Senator Christopher Dodd, the Connecticut Democrat. Companion legislation (H.R. 3660) has been introduced in the House by Representative Dale Kildee, the Michigan Democrat. The \$3 billion per year measure would provide federal grants to states to finance an expansion of the regulated professional day care industry.

Touted as a “pro-family” measure by its sponsors, the bill in fact amounts to a direct attack on the traditional American family. It would tax families with children, where the mother stays at home to care for the child, to subsidize day care centers for children of two-earner families. For those families choosing professional day care, however, it would deny funds to centers that try to reinforce traditional religious values. The overall effect would be to discourage American parents from raising their own children, turning the government into a “substitute parent” for future generations of infants.

The ABC bill would increase the tax burden of all American families to build a government day care industry. This strategy conflicts with the interests of American families for a number of reasons. Among them:

1) **ABC discriminates against traditional families.** The ABC legislation would hurt low-income, traditional families in which the father works while the mother remains at home to care for the children. Such traditional families are among the lowest income families in the United States. Under ABC, these families would receive no assistance, since they do not buy services from the day care industry, but they would be taxed to pay day care subsidies for affluent professional couples.

**2) ABC discriminates against most low-income families in which the mother is employed.** Only about one pre-school child in 20 is enrolled in the nonprofit or government day care centers that would be subsidized by the ABC bill. Most pre-school children whose mothers are employed are cared for by relatives, by informal day care providers, or by for-profit or religious day care centers. The parents of these children would receive little or no aid under the ABC bill. Instead, they would be taxed to pay for day care for more affluent families.

**3) The ABC bill restricts parental choice in child care.** Parental preferences in child care are ignored by the bill, which would subsidize only a narrow range of day care options. Assistance would be provided only to families using government or nonprofit day care centers.

**4) ABC funds would go to professionals, not parents.** The ABC bill provides funds to bureaucrats and institutions, not parents. In contrast, under proposed tax credit alternatives, funds would go directly to parents, who would determine how they should be used to meet family needs.

**5) ABC would impose federal regulations on day care providers nationwide.** Although the putative goal of the bill is to expand the supply of day care, these regulations would tend to restrict rather than expand day care operations. In many states, ABC could result in fewer, not more, day care centers.

**6) ABC would “crowd out” the private sector.** Under ABC, private sector day care centers would receive little or no funding. However, they could be subject to federal regulations, which would significantly raise their costs at the same time they were forced into stiff competition with heavily subsidized government day care. Many private sector day care providers would be forced out of business to be replaced by government centers.<sup>1</sup>

**7) ABC would undermine religion.** Any day care center that actively sought to teach religious values to young children would be denied funds under the ABC bill. Thus parents who want to reinforce traditional religious values would receive no help from ABC. Many of the church-based centers likely would be driven out of business by heavily subsidized secular day care centers.

Moreover, advocates of the bill admit that the \$3 billion annual price tag to build a new government day care system is merely the tip of the iceberg: the full costs of creating a

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<sup>1</sup> This applies mainly to the House version of ABC; the Senate version was amended so that day care providers who do not receive federal funds are not subject to federal regulations.

“quality” government day care system have been estimated at between \$75 billion and \$100 billion per annum.<sup>2</sup>

The ABC bill would increase the taxes on already overtaxed American families to provide them with government-approved day care centers. In contrast, a variety of alternative proposals would address child care worries while strengthening families. These would provide parents with greater choices in child care through tax relief to low-income families with young children.<sup>3</sup> In this way, the financial pressures on parents with young children would be eased. Bills to provide such tax relief have been introduced by Senator Pete Domenici, the New Mexico Republican, and Representative Richard Schulze, the Pennsylvania Republican. In addition, a comprehensive family tax credit plan has been proposed by Vice President George Bush. The Bush plan would provide families earning less than \$20,000 with a \$1,000 tax cut for each child under age four. Very low-income families, which pay little or no taxes, would receive equivalent cash supports through an expansion of the earned income tax credit.<sup>4</sup>

**Family Priorities.** Such tax relief proposals recognize that the key to helping families with young children is to reduce the current tax assault on the family’s weekly paycheck. In contrast to the ABC bill, these plans would not discriminate against working class families willing to make an economic sacrifice so that the mother can remain at home to care for her young children. Parents would be free to use the income from the tax cuts to meet family priorities which they, not the government, determine. The funds could be used to pay for more and better day care, for instance, or to enable the mother to work less and spend more time with her children.

If Congress genuinely wishes to help families with children, it will stop taking away so much of their money in taxes, and will allow them to use this money to make their own child care decisions. It will not pass legislation that increases the family tax bill and aids only parents who use professional, secular, government-approved day care centers.

## IS THE TRADITIONAL FAMILY OBSOLETE?

ABC advocates contend that the “traditional family,” in which the mother remains at home to care for children while the father is employed, is a thing of the past — even among families with pre-school children. Thus the contention that ABC may undermine such families is not a significant objection. It now takes two salaries, ABC supporters maintain,

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2 Edward Zigler, "A Solution to the Nation's Child Care Crisis: the School of the Twenty-first Century," paper delivered at the tenth anniversary of the Bush Center in Child Development and Social Policy, September 18, 1987.

3 Among tax credit policies for families with children are H.R. 4434, "The Toddler Tax Credit" by Representative Richard Schulze, the Pennsylvania Republican, and S. 2620 by Senator Pete Domenici, the New Mexico Republican. Other tax credit bills include H.R. 3944 by Representative Clyde Holloway, the Louisiana Republican; S. 2187 by Senator Malcolm Wallop, the Wyoming Republican; and H.R. 4768 by Representative Thomas Tauke, the Iowa Republican.

4 The earned income tax credit provides cash supports to parents as percentage of their earned income; families where there is no employed parent receive no benefits. The Bush tax cut proposal would be phased in over a four-year period.

to provide the same standard of living that a husband's income alone could bring in the 1950s. This is simply untrue. Over 40 percent of American families with young children follow the traditional pattern of child rearing with one parent remaining at home with the children. The median income of husbands today, moreover, is more than 40 percent higher, after adjustment for inflation, than the median income of traditional families in 1955. Families where the husband and wife both work full-time actually have a median income 270 percent higher than the median income of traditional "Ozzie and Harriet" families in the 1950s.

**Necessity vs. Luxury.** A related myth advanced by ABC proponents is that families with young children who use day care do so out of economic necessity, while other families have the economic luxury of the mother staying at home to raise an infant. This also is untrue. Single working mothers with young children certainly do use day care out of economic necessity. But over 80 percent of pre-school children with employed mothers in day care come from two-parent/two-earner families. The median income of these families is around \$36,000. Moreover, the average husband's salary in a two-earner family is very close to the average husband's salary in a traditional family.<sup>5</sup>

It is simply untrue that families where the mother is employed are driven by overwhelming economic necessity while other families have the luxury of choice. The reality is that different families have different priorities: some families choose to increase family income through the mother's employment, while others choose to make an economic sacrifice so that they can provide what they believe is the best possible care for their children, care by the mother. Traditional families, in which the father works and the mother remains out of the labor force, are among America's least affluent families. Among families with children under six years of age, there are more traditional families with incomes less than \$15,000 per year than there are families headed by employed single mothers.

**Freedom to Choose.** These low-income traditional families are America's forgotten families; few politicians and commentators recognize that they even exist. Tax relief proposals, such as those advanced by Senator Domenici and Vice President Bush, would help all low-income families with young children. Parents, moreover, would be free to choose; some families would use the tax cuts to help pay for day care. But families that chose to have the mother remain at home also would receive tax relief. On the other hand, the ABC plan would tax low-income traditional families to provide day care subsidies to affluent two-earner couples earning up to \$48,000 per year.

## IS THERE A SHORTAGE OF DAY CARE?

Advocates of ABC also claim that the legislation is needed to solve a "shortage of day care" in the U.S. They argue that the current day care system of for-profit, nonprofit, and government day care centers has failed to expand rapidly enough to meet parental demand.

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<sup>5</sup> In husband and wife families where only the husband is employed, the median husband's salary is \$29,556. In husband and wife families where both spouses are employed, the median husband's salary is \$27,074. Thus there is an 8 percent difference in the husbands' incomes. Source: unpublished census data for 1987.

There is a chronic economic bottleneck in the day care industry, they say, which prevents expansion. Direct federal subsidization thus is needed to create a government day care "infrastructure."

But the day care industry already is expanding rapidly. Between 1960 and 1986, the number of children in formal group care centers increased by 1,500 percent, from 141,000 to 2.1 million. The number of centers grew from 4,400 to 39,929. In addition, there are at least another 1.65 million unlicensed neighborhood day care providers.<sup>6</sup>

If the demand for day care did greatly exceed the supply, as the proponents of ABC claim, then the price of day care would have been increasing rapidly. But the costs of both formal day care centers and smaller neighborhood day care providers have remained the same or increased only slightly in real terms over the last ten years.<sup>7</sup>

**No Evidence of Shortage.** Some day care centers do have waiting lists, but this does not necessarily prove a "supply shortage." In most instances, other day care centers in the same communities have vacancies. Centers with waiting lists generally are those providing subsidized care at below market rates, a practice which makes waiting lists inevitable, regardless of supply elsewhere in the industry. The national day care chains, such as Gerber and Kindercare, have an average vacancy rate of 30 percent. A preliminary survey by the National Childcare Association, which represents private sector day care providers, has found average vacancy rates of between 15 and 30 percent in various states across the country. In some states it would be fair to say that currently there is a day care "glut," rather than a day care shortage. The recent report of the Labor Department, *Childcare: A Workforce Issue*, reached the same conclusion:

Considerable concern has been raised that a "shortage" of child care exists. This report finds no evidence in support of the contention that there is a general, national shortage of available care.<sup>8</sup>

However, there is a "shortage" of day care in the sense that many parents would like to have more or better quality day care for their children than their family budget will currently permit. In this sense, of course, there is a "shortage" of most goods and services in the economy. The way to assist these families is not to construct a new government day care "infrastructure," but simply to cut their taxes, giving them greater disposable income to purchase the day care they want.

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6 Susan Rose-Ackerman, "Unintended Consequences: Regulating the Quality of Subsidized Day-Care," *Journal of Policy Analysis and Management*, Vol. 3. No. 1 (1983), p. 15. Sandra L. Hofferth and Deborah A. Phillips, "Child Care in the United States, 1970 to 1995," *Journal of Family and Marriage*, August 1987, p. 565.

7 Sandra L. Hofferth, statement before the Select Committee on Children, Youth, and Families, July 1987, p. 9.

8 U.S. Department of Labor, *Child Care: A Workforce Issue*, Executive Summary, Report of the Secretary's Task Force, p. 10.

## RESTRICTING PARENTAL CHOICE

American parents care for their children in a wide variety of ways. Over half the nation's pre-schoolers are cared for at home by their parents.<sup>9</sup> Nearly one-quarter of pre-school children are cared for by grandparents and other relatives while the mother works. Another 13 percent are cared for by small, informal neighborhood providers, who in general provide good quality care. Only slightly more than 10 percent of pre-school children in the U.S. are cared for in formal day care centers: roughly half of these are in for-profit private day care centers; the other half are in government or nonprofit day care centers.<sup>10</sup>

ABC advocates contend that the bill offers parental choice by supporting a wide variety of child care options. In reality, ABC would subsidize care only in formal government or nonprofit day care centers.

The ABC bill would provide grants to states. States would then provide day care subsidies in two ways: 1) direct grants to governmental and nonprofit day care centers; and 2) vouchers to be given to parents to spend on a variety of licensed, non-religious day care services including for-profit day care centers. State governments could choose to provide direct grants or vouchers or both.

**Few Funds for Vouchers.** Private sector day care operators assert, however, that little of the ABC money would be made available as vouchers. They note that day care funds under the existing Title XX Social Service Block Grant Program may, according to current federal law, be provided to parents as vouchers. But virtually all of Title XX funds are provided as direct grants to day care centers; few funds, if any, are diverted to vouchers. There is little reason to believe the pattern will differ under ABC. Moreover, private sector day care providers assert that there is a deliberate strategy to exclude them from receiving ABC funds. They say that the same political forces that led, at the federal level, to for-profit day care centers being made ineligible to receive direct state grants will ensure that very few ABC funds are channelled into vouchers that could be spent in for-profit day care centers. States William Tobin, a representative of the National Childcare Association:

For-profit day care centers can receive ABC only through vouchers, but little or no money will be devoted to voucher programs. Private sector, for-profit day care programs expect to get very little if any of the ABC funds.<sup>11</sup>

In theory, neighborhood "family day care" providers, who care for six children or fewer, also are eligible for ABC funding. But in practice, they too will receive little or no funding. The average family day care provider is a young mother who, in her own home, cares for

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9 U.S. Bureau of the Census, *Current Population Reports*, Series P-20, No. 423, "Marital Status and Living Arrangements: March 1987," (Washington, D.C.: U.S. Government Printing Office, 1988), p. 43.

10 See Robert Rector, "The American Family and Day-Care," Heritage Foundation *Issue Bulletin* No. 138, April 6, 1988, pp. 16-17.

11 Interview with William Tobin, October 1, 1988.

her own child as well as one or two other children from the neighborhood. It would be naive to believe that such mothers would be successful in obtaining a direct grant from a state government. If states were to offer a voucher program, family day care providers could be paid with vouchers from parents. But under ABC, family day care providers would be eligible to receive vouchers only if they were licensed and had received state training. Only about 10 percent of family day care providers are licensed.<sup>12</sup>

ABC proponents respond that the availability of ABC funding will entice family day care providers to obtain a license in order to become eligible for ABC vouchers. But family day care providers currently may receive federal funds through the Child Care Food program if they become licensed. Few have chosen to do so, chiefly because of the cost and complexity of the licensing procedure. Thus, given the reality of family day care, little if any ABC funding actually will reach family day care providers, despite the fact that they provide a substantial portion of the day care in the U.S.

**Licensing Grandparents.** Children cared for by grandparents and other relatives could also, in theory, receive support through an ABC voucher program. But just like family day care providers, the grandparents would have to be licensed and trained by the state to be eligible to receive such vouchers. Clearly few, if any, children who are cared for by grandparents while their mother works will receive support through the ABC bill.

Other day care providers excluded from ABC funding include church-based day care centers that actively promote religious values to the young. Under ABC, these centers are barred from receiving both direct state grants and vouchers. Yet nearly one-third of the day care centers in the U.S. are church-affiliated and many include a significant element of religious instruction in their programs.<sup>13</sup> Parents who wished religious values to be a part of their children's pre-school care thus would be ineligible for help from ABC — but they would pay the taxes to subsidize secular care for other parents.

**Aiding One Child in 20.** Far from maximizing parental choice in child care, the bill thus does exactly the opposite. For all practical purposes, ABC denies support to low-income children who are cared for by: mothers, fathers, "family day care" providers, for-profit day care centers, and actively religious day care centers. Overall, it is likely that no more than one pre-school child in 20 currently attends the type of government or secular nonprofit day care center that would be directly subsidized through ABC. The forms of child care excluded from support under ABC, moreover, are those most likely to be used by lower income working class families. Example: 57 percent of pre-school children whose mothers are blue collar workers are cared for by grandparents or other adult relatives; in contrast only 24 percent of children whose mothers are professionals are cared for by grandparents or other adult relatives.

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12 Karen Lehrman and Jana Pace, "Day Care Regulation: Serving Children or Bureaucrats?" *Cato Policy Analysis* No. 59, September 25, 1985.

13 Dr. Robert L. Maddox, Executive Director of Americans United for Separation of Church and State, "Americans United Press Release," dated July 29, 1988.

## TAXING THE POOR TO SUBSIDIZE THE RICH

The stated goal of ABC is to help low-income families obtain day care. But families earning up to \$48,000 per year would be eligible for subsidized day care under the bill. These subsidies take two direct forms: 1) vouchers, and 2) reduced fees in day care centers receiving direct assistance grants from the states. Since most low-income families do not use institutional day care, however, they would be ineligible to receive assistance.

The ABC bill states that low-income families should be given “priority” in receiving day care and that subsidies should be provided on a “sliding scale” with low-income families receiving higher subsidies. But these terms are left deliberately undefined and the bill does not really require that day care funds be directed toward low-income families. It does not even require that states report what percentage of the funds have gone to assist low-income families. An amendment to limit subsidies to families earning less than 200 percent of the poverty threshold, offered in committee to the House version, was defeated.

Proponents of ABC claim that middle class families have been made eligible for ABC assistance merely to expand political support for the bill. But this argument is paradoxical since the bill’s principal opponents favor limiting assistance to low-income families. The argument that subsidies must be provided to the middle class in order to muster political support is clearly untrue; it is merely a fig leaf to camouflage ABC’s real goal: to set the cornerstone for a vast new middle class entitlement program.

## THE IMPACT OF ABC’S DAY CARE REGULATION

There is general acceptance that the states, not the federal government, should set standards for the operation of primary and secondary schools. State or local authorities determine appropriate classroom size, staff/pupil ratios, and teacher qualifications. While states thus apparently can be entrusted with the regulation of schools, when it comes to the regulation of day care, ABC advocates insist that only the federal government will suffice.

The ABC bill would impose federal day care regulations on the states, including federal standards for day care workers. The two most important regulatory requirements would: 1) mandate that no state may ever make its current day care regulations less stringent, even if its regulations exceed federal standards; and 2) require all states to establish staff/child ratios at least equal to the current median staff/child ratios nationwide.

**Displacing 800,000 Children.** While the ABC bill is supposed to expand the availability of day care, such regulations would increase day care costs for many parents and force many day care centers to close. A recent study in *Child Care Review* found that the proposed ABC regulations would increase the cost of providing day care nationwide by \$1.2 billion per year.<sup>14</sup> These increased costs would drive out of business many of the private sector day

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14 "The Impact of the Federal Regulations in the ABC Bill," *Child Care Review*, April/May, 1988, pp. 5-8.



care centers that were not eligible for ABC subsidies.<sup>15</sup> Parents with children in those private sector day care centers that did remain open would face significantly higher day care prices. The study concluded that 12,600 day care centers, or roughly 20 percent of all the day care centers in the U.S., would be forced to close as a result of the ABC regulations' cost increases. In many states this would not mean an overall decline in day care provided, because the private sector day care centers forced to shut down would be replaced by new government day care centers directly subsidized by the ABC bill. However, close to 800,000 children would be displaced, moving from a decimated private sector day care industry into a new government day care system.

This assault on private sector day care is not inadvertent. ABC proponents believe that child rearing can best be entrusted to the public sector; their long-term vision calls for extending the public school system downward until the vast majority of children are enrolled in public schools at age two or three. Replacement of a large segment of the current private sector day care industry with public sector day care is in accord with this long-term strategy.<sup>16</sup>

**Costs Exceeding Subsidies.** Southern states would be particularly hard hit by the ABC regulations, according to the *Child Care Review* study. Example: Texas day care costs would be increased by over \$300 million and 3,100 day care centers would be forced to close. In many southern states the extra day care costs imposed by federal regulation would exceed the value of ABC subsidies entering the state. These states would experience an increase in average day care costs and likely a net reduction in day care supply. Ironically, the states that would be hardest hit nationwide are the very states with largest supply of licensed day care relative to their population.

## DISCRIMINATING AGAINST RELIGION

Another controversial aspect of the ABC bill is that it discriminates against pro-religious day care centers. Under the ABC bill, a day care center that actively sought to promote religious values to young children, through Bible stories, prayers, songs, and similar activities, would be barred from receiving federal funds. These centers would be forced either to purge their programs of religious content or to compete without the benefit of subsidies against heavily subsidized secular centers. Many, if not most, would be driven out of the day care market.

Even if they did not take one dime of federal money, moreover, many of these church-based centers would be forced to comply with federal rules. Among other things, these rules would control their staff selection. The regulations could force them, for example, to replace a director with a degree in Christian education with one holding a

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<sup>15</sup> The impact of regulation would be much less severe in the Senate version of ABC, which exempts centers that do not receive government funds from federal regulations.

<sup>16</sup> Zigler, *op. cit.*

degree in child development. The ABC regulations also would raise the costs of day care in the religious centers.<sup>17</sup>

**Combatting Crime and Drugs.** This discrimination against religious-based child care not only would be disturbing in principle, it would be a particular tragedy in the inner city, where many minority parents wish to have their children raised in a religious environment to combat the pressures of crime and drug use. A deep rooting in religious values appears to be crucial. Comparing black male teenagers who have religious values with those who do not reveals some startling differences: teenagers with religious values are 40 percent less likely to drop out of school; 50 percent less likely to abuse alcohol; and 50 percent less likely to engage in criminal activities.<sup>18</sup>

The ABC plan would make it difficult if not impossible for inner city minority parents to put their children in a religious day care setting if they so wished. If they were granted a tax credit, however, parents who wished to use the funds to pay for religious day care would be free to do so.

## ENDING THE OVER-TAXING OF AMERICAN FAMILIES

The reason that day care funding has become an issue in recent years is that many families with children feel themselves under financial strain. But the reason for this has nothing to do with an alleged insufficiency of day care. It is the result of over-taxation. Federal government policy once protected families with children from excessive taxation, recognizing that those families were literally building America's future. But that policy has long since disappeared.

In 1948, a family of four at median family income paid about 2 percent of its income to the federal government in taxes. Today that same family pays roughly 24 percent. In far too many cases this excessive taxation means that mothers are forced into the work force to compensate for the loss of family income when they would prefer to remain at home to care for their infant children. Over 80 percent of mothers state that they would prefer to remain at home with their children if they could afford it. And young mothers overwhelmingly feel that the increase in the number of children in day care centers in recent years has not been a good thing.<sup>19</sup>

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17 Amendments to ABC have diminished federal regulatory control over church child care somewhat. The Senate version exempts day care providers who do not receive federal funds from federal regulation. The House version permits states that currently exempt religious day care centers from regulation to continue to do so.

18 Richard B. Freeman, "Who Escapes? The Relation of Churchgoing and Other Background Factors to the Socio-Economic Performance of Black Male Youths From Inner-City Poverty Tracts," in Richard B. Freeman and Harry Holzer, eds. *The Black Youth Employment Crisis* (Chicago: University of Chicago Press, 1986).

19 In a 1987 poll, 88 percent of mothers with children under age 18 agreed with the statement that "If I could afford it, I would rather be at home with my children." By nearly a two-to-one margin, women under age 44 said that they did not regard the increase in children in day care as positive. Source: "Opinion Roundup" in *Public Opinion*, July/August 1988.

**Ignoring Blue Collar Families.** The impact of excessive taxation is particularly severe on low-income working class families. For instance, a blue collar worker struggling to support a wife and two young children on \$14,000 per year currently pays \$2,260 in federal taxes.<sup>20</sup> ABC would provide no assistance at all to this family. Tax reduction proposals, on the other hand, help such families directly, by reducing their tax bill and so freeing family income to pay for day care or other family needs.

Critics argue that tax cut policies fail to meet the needs of modern families and fail to provide real parental choice in child care. They argue, for example, that a \$1,000 per child tax cut would not be enough to allow the average mother to quit her job and remain at home with her children. This may be true, but such a tax cut would enable many low-income mothers to work fewer hours, and spend more time with their children. Even more important, such plans would give desperately needed tax relief to hundreds of thousands of low-income traditional families struggling to live on one heavily-taxed salary, while the mother remains at home to care for infant children. The ABC bill ignores the needs of these families entirely, providing support only if the mother leaves her children in the care of strangers and enters the work force.

**Substantial Current Subsidies.** ABC proponents also contend that a \$1,000 tax cut would be insufficient to pay for the full cost of day care in a formal day care center. This averages about \$2,500 per year. But this criticism ignores substantial current federal day care subsidies, ostensibly for low-income families. Under the Title XX Social Service Block Grant, for instance, \$660 million is available to states to pay for day care. Another \$746 million in support for day care is provided through programs such as the Child Care Food program. State government contributions to Title XX day care programs approach \$500 million.

Instead of providing assistance to low-income families, however, much of the money is diverted into day care subsidies for the middle class. In Massachusetts, for example, “low-income” families earning up to \$28,000 per year are eligible for day care subsidies under the Title XX program. Rather than creating a new spending program, Congress should redirect these funds to assist “working poor” families. Assistance under the Title XX and Child Care Food program, for instance, could be limited to working families earning less than 150 percent of the poverty threshold (roughly \$17,000 for a family of four). If existing programs were redirected in this manner, their funds combined with a tax relief proposal of \$1,000 per child would provide such families over \$3,000 in tax credits and day care subsidies for each child under age four in paid day care.

## CONCLUSION

The Act for Better Child Care represents the industrialization and bureaucratization of child rearing. ABC is based on a belief that the family as an institution for raising infant children is obsolete and inefficient. ABC proponents regard the entry into the labor force of mothers with infant children as an inevitable and desirable part of modern “progress.”

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<sup>20</sup> The calculated tax liability of the family equals income tax owed, plus employee and employer share of Social Security less credit received through the earned income tax credit.

The tax cut policies, on the other hand, recognize that different families have different priorities; the tax cut policies seek to give parents the greatest possible choice in determining how their children will be raised. While these policies would provide needed tax relief to help low-income families pay for day care, they would not discriminate against low-income families that make an economic sacrifice so that mother can remain at home to raise her young children.

The ABC bill transfers income from the poor to the rich. It would provide subsidized day care for few low-income families, and it would ignore the needs of the most low-income families in order to provide subsidized day care to the middle class. In contrast, tax cut proposals would focus assistance exclusively on low-income families.

**Confronting the Real Crisis.** ABC seeks to address the alleged shortage of day care: a problem which does not, in fact, exist. The tax cut policies directly confront the real crisis facing families today: the crushing burden of overtaxation which makes it difficult for parents to raise families.

The tax cut approach recognizes that the key to helping families with children is to stop taking so much of their hard-earned money. It is rooted in the belief that parents, not bureaucrats, should determine what type of childcare is best for the children they love.

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