INTRODUCTION

DAY CARE: THE NEW SURROGACY

Douglas J. Besharov

In the last presidential campaign, almost every day seemed to bring a photo opportunity with either George Bush or Michael Dukakis visiting a day-care center. My personal favorite was a thirty-second short of a visibly uncomfortable Dukakis singing a nursery rhyme with an equally uncomfortable two-year-old on his lap.

Both candidates clearly thought that they needed to be on the "right side" of the child-care debate. But what is the right side?

On one side are those who want to create a national infrastructure of federally funded child care. They see families with working mothers straining to pay for quality child care and want the federal government to help by providing financial assistance (through grants to agencies) and by imposing higher standards of care (through heightened state licensing and inspection).

On the other side are those who want to provide tax benefits to low-income families with children, whether or not the mother works. This group believes that any assistance directed solely to working mothers discriminates against mothers who stay home to care for their children—many at substantial financial hardship—and will create a financial incentive for more mothers to work outside the home.

Last year, Congress and the administration agreed on the first major child-care legislation in a decade. But instead of choosing between support for programs versus tax-based aid for families, they compromised. They provided substantial tax relief for low-income families, including a refundable tax credit for working families that owed no taxes, and, at the same time, added over a billion dollars a year to child-care programs.

On the services side, they created the Child Care Development Block Grant, with authorized spending of $750 million in 1991, $825 million in 1992, $925 million in 1993, and, in subsequent years, "such sums as may be necessary." The grant will help states expand their child-care services for children from families earning under 75 percent of their states' median income. They also created a special $300 million-per-year program to support child-care services for children "at risk" or receiving public assistance. Fi-

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nally, a $50 million-a-year program to improve child-care licensing and registration was established.

The compromise increased tax-based aid even more. The basic Earned Income Tax Credit (EITC) was substantially expanded, a special adjustment was made to reflect family size, and the Supplemental Young Child Credit was added. In 1991, the maximum credit for a qualifying family with one child will be $1,192. The credit targets low-income families; for families that do not earn enough to owe taxes, the credit takes the form of an outright cash grant. Benefits are gradually reduced as family income rises above $11,250 and are phased out entirely at $21,242. In 1991, over eleven million families are projected to receive benefits under the EITC. By 1995, the total annual cost of these expansions is projected to be $5.9 billion.

Last year's bill seems to have merely whetted appetites on both sides. Just last month, for example, Democrats on the Senate Labor and Human Resources Committee voted to make Head Start an entitlement for all poor children. This would require an additional $5.8 billion in annual spending for Head Start by 1997, more than three and a half times the current expenditure. At the same time, both Republicans and Democrats have introduced various bills to provide additional tax relief for families with children. The $1,000 per child proposal of the National Commission on Children, under the leadership of Senator Jay Rockefeller (D-W.Va.), would cost over $40 billion a year.

The articles that follow help us to understand the issues underlying both approaches to child care. They deserve careful reading, for the stakes are high. The debate begins with the question of whether—and how—to spend additional billions of tax dollars on child-care programs. On a deeper level, though, it is about how the next generation will be raised. What could be more important than that?■