In the wake of welfare reform efforts, the government is willing to provide or finance a wide range of services for working parents and help them purchase child care and child health insurance. Taken together, these services represent a significant attack on child poverty. Based on a basic needs' budget for families and the high proportion of a basic budget taken up by child care and health insurance, a "Help for Working Parents" program would assist all low-wage parents, not just those exiting a welfare program. The key of such a program is to lower child poverty rates by helping all parents in low paying jobs without discouraging working or marriage, as did the Aid to Families with Dependent Children (AFDC). The reasons why little progress has been made against child poverty are: (1) the structure of the U.S. system of benefits to families with children; (2) the failure of the "War on Poverty" program of the Kennedy-Johnson era; and (3) the additional government expenditure and enlarged government activity required by such programs. A Help for Working Parents program would provide the following benefits to lower and middle income families with children: (1) health insurance for all children and their parents; (2) child care for preschool children and after-school care for children in elementary school; (3) income supplementation for low-wage families through the Earned Income Tax Credit and Food Stamps; (4) child support payment and vouchers for goods and services for parents between jobs; and (5) improved social services programs.
REDUCING POVERTY AMONG AMERICAN CHILDREN THROUGH A "HELP FOR WORKING PARENTS" PROGRAM

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Professor Emerita of Economics
American University and University of Maryland
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REPORT OF A MEETING

Sheila Smith, Editor
REDUCING POVERTY AMONG AMERICAN CHILDREN THROUGH A "HELP FOR WORKING PARENTS" PROGRAM

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This paper includes an updated summary of proposals made in the book, Saving Our Children From Poverty: What the United States Can Learn From France, by Barbara R. Bergmann (Russell Sage Foundation, 1996). Work on the paper was supported by the Foundation for Child Development. Views expressed in this paper are the author’s. The purpose of the Working Paper Series is to share ideas and potential solutions about how all American families can meet the basic requirements for the healthy development of their children.
ABSTRACT

There appears to be a new willingness to provide government help for big-ticket items like child care and health insurance to low-income, working parents, especially those coming off welfare, but others as well. This willingness creates the opportunity for a significant attack on child poverty. A close look at what families with children realistically need for decency shows that a single mother with two pre-school children working full-time even in a minimum wage job can achieve that level, provided she has government help in paying for child care and health care, and gets some help on housing costs in high-rent areas. Indeed, a HELP FOR WORKING PARENTS program that would give all lower-wage parents, not just those coming off welfare, assistance with their child care and health care needs would have the potential to reduce child poverty in the United States to a significant degree.
INTRODUCTION

The welfare legislation of 1996 was a response to the anger many American voters had come to feel about having to support with tax money "nonworking" single mothers. Paradoxically, the welfare reform which arose out of this anger has had the effect of highlighting the practical problems that job-holding single mothers face. The projected movement of millions of mothers into jobs has concentrated attention on the fact that the wages most of them will earn will be low, and that many will lack ability to finance health insurance and child care. Without public help to pay for such services, many of the parents moved off welfare would essentially be forced to neglect their children. The debate that preceded the passage of the welfare reform bill reflected an understanding on the part of both Democrats and Republicans of the need that such parents would have for help with health insurance and child care.

There has been remarkably little questioning of the idea that mothers entering the workforce from welfare should get "the support services they need," at least on a transitional basis. Politicians at the federal and state levels are currently devising programs to help with expenses of child care and health insurance to families moving off welfare; opposition to such provision has not been heard, and the public apparently supports the provision of such services.

Even more remarkably, there have been moves both in the U.S. Congress and in a small but growing number of the state
governments to extend help with health insurance and child care to all lower-income parents, not just those making the transition from welfare. Judged by both rhetoric and appropriations, there is far less hostility to spending public money to buy services for the children of job-holding mothers than there is to sending cash payments to at-home mothers.

This new willingness to have government provide or finance services for a wider range of working parents, and to help them by buying them big-ticket items like child care and health insurance, creates the possibility of a broad-based attack on child poverty. A close look at what families with children realistically need for decency shows that a single mother with two pre-school children working full-time in even the lowest-wage job can achieve that level, provided she has government help in paying for child care and health care, and gets some help on housing costs in high-rent areas. Indeed, a HELP FOR WORKING PARENTS program that would give all lower-wage parents, not just those coming off welfare, assistance with their child care and health care needs would have the potential to reduce child poverty in the United States to a significant degree. Programs of this type help keep child poverty low in other advanced countries. In France, for example, the child poverty rate is 6 percent, as contrasted with the American child poverty rate of 22 percent.

While new efforts to attack child poverty would not be easy to enact, the welfare reform of 1996, essentially a decision to end a mother's entitlement to remain home with her children, changes the political situation, and may provide an opening for such efforts. The key to lowering the child poverty rate, now that many at-home mothers will presumably be joining the labor force, will be to help all parents working at low wages in a way that will not discourage working or marriage, as AFDC did, and will not be unpopular, as AFDC was.

A NEW "WAR ON POVERTY"?

Since the 1960s, there has been little discussion in the United States about the possibility and desirability of a drastic reduction in child
poverty. As a result, most people in the country and most politicians do not even aspire to such a goal, and there has been little discussion of which policies might achieve it. It is easy to identify a set of reasons that have made progress against child poverty so difficult in the United States, as compared with countries like Sweden and France.

One is certainly the structure of the U.S. system of benefits to families with children. Its centerpiece was the recently-repealed Aid to Families With Dependent Children (AFDC), which never worked as an antipoverty system, and was not really intended as one. Its very limited purpose was to keep a particular sub-group of the poor -- non-jobholding single mothers and their children -- from starving and homelessness. It was not designed to achieve the rescue from poverty of those children or of American children generally. Moreover, the help that AFDC gave was plausibly portrayed as abetting its beneficiaries in irresponsible behavior -- an avoidance of work, disorderly family relations, the feckless procreation of children the public must support. That made AFDC and those it helped easy targets of disdain, even hatred. Sadly, the fact that those beneficiaries were disproportionately African-American -- people who have had the cards stacked against them by racial discrimination in housing and jobs -- increased the unpopularity of the program among whites. Helping poor children through government action became identified with enabling bad-acting parents to continue their bad behavior.

A second reason for our poor progress against child poverty was the failure of the "War on Poverty" of the Kennedy-Johnson era. Its leaders concentrated on improving the availability of low-wage jobs and on training programs which were probably of low efficacy. Those running the "War" never questioned the desirability of a mother staying home with her children, and they offered little help to single mothers of a sort that would make them better off if they made the transition from AFDC to jobholding. Thus the War on Poverty did little to diminish the AFDC rolls. In fact, as single parenthood mushroomed, probably for other reasons, the numbers supported by AFDC grew. With mordant accuracy, conservatives summed up the
result by saying "We declared war on poverty and poverty won." The failure of the War on Poverty has served to discourage and discredit large-scale government efforts at social engineering, and will make a new effort more difficult to sell.

A third reason for our lack of progress and even aspiration to progress is that a new offensive against poverty would require considerable additional government expenditure, and involve much-enlarged government activity. A HELP FOR WORKING PARENTS program of the type advocated here would involve additional expenditures on the order of $60 billion per year for child care and $30 billion a year for health insurance. Advocates for such a program would have to face the anti-tax and anti-government rhetoric that has become an increasingly influential part of our political discourse. They would face the now widely accepted conservative claim that the activities government undertakes are generally performed poorly, and that money devoted to government is largely wasted.

Finally, we cannot make significant progress against child poverty without public debate of the means to do so. There has been little discussion of any plan with the potential to dramatically reduce child poverty. Formulating, explaining, and advocating such a plan and having it (and alternatives) debated is a first, necessary step to its accomplishment.

COSTING OUT A FAMILY BUDGET THAT WOULD PROVIDE DECENCY

If we want to design a set of programs that will enable American children to live in decency, we must do an accounting of the resources we deem the family to need. The assessment of needs is frequently equated to setting a poverty line. Unfortunately, the United States' official method for setting poverty lines is not useful for our purposes. It was drawn up with the two-parent, single-earner type of family in mind, makes no explicit allowance for the child care needs, ignores tax obligations, and pays no attention to whether or not the family is being provided with health insurance. Instead we can use the "Basic Needs Budget" (BNB) approach, which specifies an
adequacy standard for each of the major groups of goods and services that families consume, and adds on an appropriate amount for direct taxes'.

The Basic Needs Budget allows for spartan adequacy. It includes an allowance for non-dilapidated housing, public transportation to work, and for generic disposable diapers if infants are present. It allows minimal expenses for new clothing and nothing for recreational expenses, educational costs, or alcoholic beverages. The level of decency contemplated in the Basic Needs Budget requires that a family have pre-paid health care. For single mothers with jobs, the standard of life envisioned in the BNB includes safe, licensed, full-day care for their pre-school children and after-school care for their elementary-school children. This recognizes the fact that a considerable proportion of all single mothers do not have relatives capable of giving free high-quality child care, who could provide it at little or no sacrifice to themselves.

For a job-holding single mother with two pre-school children, living in an area with average housing costs, the Basic Needs Budget would require that $26,000 be expended annually, exclusive of direct taxes:

<table>
<thead>
<tr>
<th>category</th>
<th>amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food, Clothing, Shelter, Transportation, Services</td>
<td>$12,000</td>
</tr>
<tr>
<td>Health Insurance</td>
<td>4,000</td>
</tr>
<tr>
<td>Licensed Child Care</td>
<td>10,000</td>
</tr>
</tbody>
</table>

Money for these sums could come from her wages, or from her employer in the form of fringe benefits, or from government. For example, our single mother would be able to maintain the standard of living called for in the Basic Needs Budget if her employer provided fully paid health insurance for her family, and paid her a wage of $23,900. That would cover the sums listed above plus about $1,900 in taxes she would owe on her earnings.
If most mothers who moved from welfare got a job with health benefits that paid $23,900, the child poverty problem would be in large part solved. However, the median salary for single parents already working is considerably below that, and many of the jobs available to them do not carry health benefits. Thus getting a high proportion of children into a decent standard of living would not be achieved even if a high proportion of single parents on welfare got jobs. Most of those making the transition would simply be joining the working poor. And millions of the latter would remain poor as well.

The high proportion of the Basic Needs Budget taken up by child care and health insurance costs suggests, however, that even a modest job might allow life at a decent standard if government help with the costs of those items were available. The HELP FOR WORKING PARENTS program supplies precisely such assistance.

A “HELP FOR WORKING PARENTS” PROGRAM (HWP): COVERAGE AND FEATURES

Specifically, the HELP FOR WORKING PARENTS (HWP) program would contain the following provisions:

- Health insurance would be guaranteed to all children and their parents. For families that did not get health insurance through employers, this would mean providing access to health insurance, and paying all of the cost for the least affluent families and some of the cost for the rest.

- Child care for pre-school children and after-school care for children in elementary school would be provided free for lower-income families and subsidized for middle-income families. Families with pre-tax earnings of $15,000 or less would be given vouchers allowing a 100 percent child care subsidy, with diminishing help to families up the income scale. The vouchers would be usable at licensed private and public care facilities which met certain quality standards, including those on the premises of religious institutions.
Income supplementation for low-wage families, through the Earned Income Tax Credit (EITC) and Food Stamps would continue to be available at 1996 levels. Housing assistance would be provided to lower-income families with children in higher-rent areas as an entitlement.

The establishment and enforcement of child support orders would become a federal function, to be administered by the Internal Revenue Service. The amount to be paid would be a legislatively-set proportion of the payee's current income. For mothers who voluntarily help in establishing paternity, the government would guarantee a minimum monthly child support payment, even if less were collected.

Parents who remained out of the labor force or who were in the labor force but between jobs would be supported by a combination of child support payments and by vouchers for goods and services - a "low-cash fallback".

Improvements would be made in social services programs to produce a more timely rescue of children from dangerous situations, and more programs and facilities for people needing help in dealing with addiction, alcoholism, and mental disorders would be established.

The child care and health care benefits of the HWP program would go to married as well as to non-married parents, so that marriage would not be discouraged. Extending benefits beyond the very lowest income groups into the middle class increases the cost, but also avoids harsh reductions of benefits to those who make an extra effort to increase their earnings beyond some low minimum. It also increases the chance that the program would have politically active beneficiaries who would press for good administration and high quality services.
The adoption of the HWP program would allow a drastic reduction in child poverty. As Table 1 shows, a single mother with two pre-school children who had a full-time job paying the minimum wage with no health benefits would have enough resources to provide the standard of living called for in the Basic Needs Budget. With the rise in the minimum wage to $5.15 an hour such a family would have $2,858 a year over and above the amount called for in the BNB. This would allow the family to pay for items not included in the BNB, such as a higher grade diet, and school and recreational expenses.

A move of a family of this size from AFDC to a full-time minimum wage job with HWP benefits would cost the Treasury about $8,250 more per year than the government would have laid out for AFDC payments, food stamps, and Medicaid. This additional public expenditure (plus the additional work effort from the mother in a full-time job) would buy a higher standard of living for the family, a high-quality developmental day care program for the children in place of home care, and the status of a worker for the parent.

The additional costs of an HWP program would be substantial even if the major new benefits -- free or highly subsidized child care and health insurance -- were restricted to those moving from welfare into jobs. However, a solution to the child poverty problem requires a substantial increase in help to those non-welfare families with low or modest wages, and much of the cost increase that the HWP would entail would be attributable to the rise in that group's benefits. Those working at low wages currently get no government benefits beyond a low allotment of food stamps and the Earned Income Tax Credit. The net additional cost of providing a two-child non-AFDC single-parent family with child care and health insurance (assuming that the parent's job does not provide health insurance) would be $14,000. For this, the taxpayers would be buying the family access to health care, a movement of the children to high-quality care, and a rise in the family resources equal to the amount the family currently spends on child care and health insurance. It would also be buying a system that made job-holders with low wages better off than non-jobholders.
TABLE 1

Illustrative financial situation of a single mother with two pre-school children in a full-time job at the minimum wage under the HELP FOR WORKING PARENTS program.

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BEFORE TAX-WAGES</strong></td>
<td>$10,300</td>
</tr>
<tr>
<td><strong>FEDERAL &amp; STATE INCOME TAXES</strong></td>
<td>-0-</td>
</tr>
<tr>
<td><strong>EARNED INCOME TAX CREDIT</strong></td>
<td>3,556</td>
</tr>
<tr>
<td><strong>SOCIAL SECURITY TAXES</strong></td>
<td>(788)</td>
</tr>
<tr>
<td><strong>FOOD STAMPS</strong></td>
<td>1,790</td>
</tr>
<tr>
<td><strong>AFTER-TAX CASH FLOW</strong></td>
<td>14,858</td>
</tr>
</tbody>
</table>

**WHICH WOULD FINANCE**

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FOOD, CLOTHING, SHELTER, TRANSPORTATION, SERVICES IN THE THE BASIC NEEDS BUDGET</strong></td>
<td>$12,000</td>
</tr>
<tr>
<td><strong>GOODS AND SERVICES NOT IN THE BASIC NEEDS BUDGET</strong></td>
<td>2,858</td>
</tr>
<tr>
<td><strong>HEALTH INSURANCE</strong></td>
<td>PAID BY HWP</td>
</tr>
<tr>
<td><strong>CHILD CARE</strong></td>
<td>PAID BY HWP</td>
</tr>
</tbody>
</table>

* Assumes work of 40 hours per week, 50 weeks per year at the September 1997 minimum wage of $5.15.
### TABLE 2

MAXIMUM VALUE* OF THE CHILD CARE TAX CREDIT AND THE PROPOSED HWP CHILD CARE VOUCHERS TO A SINGLE PARENT WITH TWO PRE-SCHOOL CHILDREN.

<table>
<thead>
<tr>
<th>WAGE INCOME</th>
<th>VALUE OF CHILD CARE TAX CREDIT</th>
<th>HWP CHILD CARE VOUCHER</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1997</td>
<td>after 1997</td>
</tr>
<tr>
<td></td>
<td>33% PHASEOUT</td>
<td>50% PHASEOUT</td>
</tr>
<tr>
<td>12,000</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>13,000</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>14,000</td>
<td>68</td>
<td>0</td>
</tr>
<tr>
<td>15,000</td>
<td>218</td>
<td>0</td>
</tr>
<tr>
<td>16,000</td>
<td>368</td>
<td>0</td>
</tr>
<tr>
<td>17,000</td>
<td>518</td>
<td>0</td>
</tr>
<tr>
<td>18,000</td>
<td>668</td>
<td>0</td>
</tr>
<tr>
<td>19,000</td>
<td>818</td>
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<tr>
<td>20,000</td>
<td>968</td>
<td>0</td>
</tr>
<tr>
<td>21,000</td>
<td>1,118</td>
<td>118</td>
</tr>
<tr>
<td>22,000</td>
<td>1,152</td>
<td>268</td>
</tr>
<tr>
<td>23,000</td>
<td>1,104</td>
<td>418</td>
</tr>
<tr>
<td>24,000</td>
<td>1,104</td>
<td>568</td>
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<tr>
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<td>1,008</td>
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<tr>
<td>29,000</td>
<td>960</td>
<td>960</td>
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<td>41,000</td>
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<td>44,000</td>
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<td>960</td>
</tr>
<tr>
<td>45,000</td>
<td>960</td>
<td>960</td>
</tr>
</tbody>
</table>

*After 1997 and the passage of the $500 per-child tax credit, a family that had enough tax liability to take advantage of the child care tax credit would still be entitled to it, technically speaking. However, a family with two children that is entitled to $1,000 in child care credit and $1,000 in child tax credit, but that owes only $1,000 in tax before figuring either credit, would not be able to benefit from both. Thus, the family would in effect lose any subsidy for child care expenses because their tax would be zero whether or not they had child care expenses.
Table 2 compares child care subsidies offered by the income tax code with subsidies that might be offered by the HWP program through vouchers. Even before the 1997 passage of the $500 per child tax credit, the credit for child care expenses in the tax code gave little or no help to lower-income families. After 1997, the child care subsidies derived from the tax code became even more concentrated on families with higher incomes. Families with incomes between under $14,000 and $20,000 who had previously been able to get a modest subsidy for child care expenditures lost that subsidy when the $500 per child tax credit was passed in 1997. Families with incomes between $20,000 and $27,000 lost part of their subsidy. The subsidy for child care expenditures of families with incomes over $27,000 remained intact.

By comparison, the child care vouchers proposed as part of the HWP concentrate subsidies on those with the lowest incomes and give far more help. Such subsidies are typically phased out rather than abruptly cut off at some income level, so as to avoid inequity. Table 2 shows a phaseout of 33 percent, and a faster phaseout at 50 percent. The faster phaseout, while costing less budget money, would still leave a mother earning $33,000 paying child care expenses equal to 27 percent of her pre-tax income for the services of a high-quality licensed center.

If child care subsidies for each child were phased out at a rate of 33 cents for each dollar of family wage income above $15,000, the mother of two young children earning $23,900 referred to above would now be substantially out of the deprivation zone instead of on the borderline: she would get vouchers worth $7,100, or about 71 percent toward the child care expenses of her two pre-school children. Families with income above $42,100 would not get a benefit increase from the child care subsidies of the HWP, but would continue to get the $960 they now receive from the income tax credit.
The cost of instituting the HELP FOR WORKING PARENTS program would also depend on the number of parents moving into the labor market, and the number who would take advantage of the free or subsidized child care. Under the assumption that about 60 percent of those currently on AFDC become labor force participants, and that child care benefits would be phased out at 33 percent, the net additional cost is on the order of $90 billion per year, an increase of 71 percent over what is currently being spent for families with children.

The bulk of the additional costs are, of course, for increased child care and health care benefits. There would be some saving on support now going to families with nobody in the labor force, but the cost of the Earned Income Tax Credit would increase significantly as more families became eligible. On the other hand, an improved flow of child support payments would assume a greater part of the burden of providing for the expenses of those not in jobs. On net, better child support flows would reduce public costs. The cost estimates do not reflect this or additional spending on improved social services called for under the HWP program.

If the government started to provide health care for those low-income workers who did not get it through their job, some of the employers providing workers with health care on a voluntary basis would stop providing it. This would accelerate the shedding of health care benefits by employers that is already occurring, and would bring nearer the day when the country would be forced to adopt a health-care system that was not employment-based. However, in the course of this process, the cost to the government of providing health insurance to uncovered families with children grows over time. (If President Clinton had succeeded in his efforts at establishing a system of universal health insurance, we would not be counting the cost of additional health care benefits for families with children as part of the cost of a program to end child poverty.)
WHY HEALTH AND CHILD CARE BENEFITS ARE BETTER THAN CASH BENEFITS

Most economists have taken the position that government benefits to households are best given in the form of cash, rather than in the form of goods, services, or vouchers. The rationale for this position is that the family will get the maximum utility out of the dollars the government spends if the family, rather than the taxpayers, chooses what the dollars are to be spent on. The program proposed here for families with children violates that economists' "wisdom" since a high proportion of the proposed government expenditure would go to purchasing health care and child care for them.

The economists' seeming wisdom is routinely violated in the case of health insurance. It is always provided as an insurance policy at government or employer expense, and never by a cash grant. The reason for this is that most people have come to regard pre-paid health care as a "merit good" something that in our ethical judgement everybody should have, whether or not they are capable of or willing to buy it. A merit good has to be provided for by giving the good, rather than by increasing the family's cash budget.

It can be argued that high-quality child care is also a merit good. If we insist that single parents hold a job, there is a strong public interest in insuring that children are well cared for while their parents work. To a greater extent even than health care, child care cannot be avoided or provided in a stilted way without chancing severe and permanent damage to the child. Moreover, there is a positive benefit that children are arguably entitled to. Children, particularly those from less privileged backgrounds, would benefit from a safe, nurturing, and comfortable environment that might otherwise be unavailable to them, and that high quality out-of-home child care could provide. It could insulate them for most of their waking hours from dangerous neighborhoods, and could serve to acculturate them to mainstream values and habits. It should improve children's readiness for school. In public facilities, or publicly regulated facilities, children can receive preventive health care, the diagnosis and remediation of health and emotional problems, nutritious meals,
and enhancement of cognitive and behavioral development. There would be a greater chance of detecting abuse or neglect. Providing the high-quality child care through vouchers, or through the direct provision of services, is the only way to insure that the children actually receive it.

It should be far easier politically to provide services to children than to provide cash to parents. The provided services cannot, as cash can, be exchanged for items that do not benefit the child. Moreover, the accusation that parents are having children for the purpose of receiving government benefits cannot be made when the benefits are in the form of health insurance and child care.

ALTERNATIVE APPROACHES

Tax breaks for families with children have been popular with both the right and the left. The 1991 report of the National Commission on Children, a bi-partisan group commissioned by the Congress to make recommendations on American children's needs, proposed only one item that would be expensive to the Treasury — the equivalent of a child allowance of $1,000 per year for each child, paid to all parents whatever their incomes in the form of a tax credit. It advocated that the credit be “refundable” — any part of the credit not offset by taxes would be paid in cash to the family by the Treasury. The cost was estimated at $40 billion per year. The Children's Defense Fund has favored a somewhat more generous refundable tax credit, a grant of $1,200 - $1,300 per child. The budget passed in 1997 granted a nonrefundable tax credit of $500 per child.

The tax breaks proposed, and the one that has been granted, consume large sums of budget money, but have far less effect in reducing deprivation among the children of low-wage parents than would the HELP FOR WORKING PARENTS program. The HWP concentrates help in two ways: on low-income parents and on those with children under 12 years old. It would provide $14,000 of help for the lowest-earning parents with two children under 6, as compared with $1,000 from the recently passed tax credit.
Another approach to reducing deprivation, also emphasized by the Children's Defense Fund, has been labor market policies that would improve the employability and wages of young parents in the lower strata of the labor market -- skill training programs, the creation of public sector jobs, raising the minimum wage, improving the coverage of the unemployment insurance system. Robert Haveman suggests that the way to cure the child poverty problem is to increase the reward to low-skilled labor via wage rate subsidies that would halve the difference between the amount a person earned and a "target" of $8 an hour. These suggestions are constructive ones, but like the tax breaks are not as well targeted toward reducing child poverty as the HWP. We cannot assume that higher wages to men, who are the main target of this approach, would dramatically turn significantly larger numbers of them into loyal husbands and fathers, and that enough benefits would trickle down from men to women to children to make a big dent in child poverty. The HWP program, by contrast, gives major resources directly to the families who need it most -- those with pre-school children -- in a form that is tailor-made to meet the needs of children.

Finally, among alternative approaches we can mention the "cut 'em off" approach of the radical right. The idea that aid to poor families with children does more harm than good and should be discontinued has been adopted by a faction devoted to the ideas of Charles Murray. He professes to believe that abolishing welfare would significantly reduce the number of children in poverty by reducing the number of improvident births. Whether or not social habits would indeed change to a significant degree following a drastic cut-off of benefits, most families currently moving from welfare to the job market would not be able to earn enough to escape deprivation, in the absence of a program like HELP FOR WORKING PARENTS.

The time limits on public assistance that were enacted as part of the welfare reform of 1996 are an expression of this "cut 'em off" philosophy. It is too early to tell whether these time limits will result in significant numbers of destitute families, and if so whether an alternative public program for the relief of the destitute will be put into place. If we were to make progress in providing child care and
health insurance to low-wage parents, people now on welfare would have greater incentive and ability to enter the labor market in good faith and avoid the danger of destitution.

LONG RUN PROSPECTS FOR A SERIOUS ATTACK ON CHILD POVERTY

A policy likely to make serious inroads on child poverty would have to bring a large increase in public resources devoted to the raising of children, with a much higher share of those resources directed to families with parents in the low-wage labor market. Those resources would best be provided in the form of child care and health services if we are to facilitate the shift of large numbers from welfare to work, and provide a floor under the quality of health and child care that children receive.

The political difficulty of moving to a substantial government role in the provision of child care will probably be greater than the difficulty of providing child health insurance. There are few people with ideological objections to the proposition that people should have the right to go to the doctor. In the matter of paid child care, some have objections even to its private purchase, and even more vociferous objections to any public subsidy. A major roadblock in the way of enacting a sizeable child care program, especially one extending subsidies into the middle classes, is that such a program would constitute in the eyes of some an improper and unwise enticement for even more mothers to leave full-time care of their children at home. A publicly funded child care program, especially one that helped middle-class parents, would be declared unfair to mothers who wanted to stay home with their children. There are those who think that the use of non-mother care, whether through household purchase or government provision, has pernicious effects. Some are opposed to non-mother care mainly because they desire the return of women to the domestic sphere.

One difficulty in persuading the public to mount a large-scale program to fight child poverty is the widespread doubt that American governmental entities would be capable of doing a good job of
delivering high-quality services to children, or managing the purchase of such services from private providers. Organizing educational, health, police, and social services to provide for such needs takes more than just "throwing money at the problem." It requires public agencies to do skillful planning, experimentation, and execution of the programs for delivery of services. Americans in the nineteen-nineties have been imbued with skepticism about government's ability to exercise such skills. Perhaps a new corps of civil servants is need to organize this kind of service -- one that could carry on small-scale experiments, and then replicate the successes and terminate the failures.

A crucial roadblock in the way of a large-scale government program to reduce child poverty is the idea that, given the current budgetary situation, the U.S. "can't afford" to spend more on social welfare programs, even those that would be of high value. A U.S. politician who says we "can't afford" to provide child care and health insurance for lower-and middle-income families cannot mean that it would be impossible or imprudent. After all, such a program could be financed by a modest rearrangement of the budget.

The use of the word "afford" allows the politician to avoid saying that we have better things to do with our resources than mobilizing them to improve child well-being in this country, (through higher taxes, or reducing other expenditures, or borrowing), and that these better things include the B-2 bomber, farm subsidies, or spending for still more luxuries by the upper income groups. That wouldn't sound good or responsible.

A costly and activist program is really our only alternative if we are to make progress against child poverty. We do not have it in our power to create through government policy or through moral suasion or through religious revival a country and a society where some help to single mothers and their children would not be needed. We are unlikely to move anytime soon to a situation where all or almost all children are born within wedlock, where almost all marriages last until death, and where every child has a parent or parents who earn enough to keep him or her in decency without government help.
Such alternatives are closed to us, at least as the expected outcomes of any series of actions by government. If we are to make a serious attempt to design a government program to rescue millions of presently poor children whose predicament, in the words of the National Commission on Children, "cannot be countenanced by a wealthy nation, a caring people, or a prudent society", we must choose from the alternatives that are available. A move back to the social customs of the 1920's is not available to us, but a $90 billion program that would drastically reduce child poverty is available.

NOTES


2. The Federal child tax credit of $500 per child passed in 1997 would produce a zero federal tax liability. She would be entitled to an Earned Income Tax Credit of $962, pay state income taxes of $1,013 (in a high tax state), and Social Security tax of $1,828.

3. It is not strictly true that government provision of services cannot be converted to cash. For example, if vouchers for child care could be used to pay relatives for care they provide, some kickbacks to parents could be anticipated.

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