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Talking Points -- Childcare, 2/9/89

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TALKING POINTS

CHILD CARE

The President has proposed a comprehensive child care initiative to strengthen families and expand the ability of parents to choose the child care that is best for them.

1. The President's proposals include:

- o Creating a new Child Tax Credit of up to \$1000 per child under age four in low-income families in which one or both parents work.
- o Making the Dependent Care Tax Credit refundable.
- o Providing a \$250 million increase for Head Start funding.
- o Examining barriers to employers obtaining necessary child care liability insurance.

2. Fundamental principles:

- o Child care assistance should not discriminate based on the type of care selected.

Parents should be free to select care from relatives, neighbors, churches, schools, employers or other sources, without having Federal aid dependent on a particular choice.

The President believes that a family's choices for their children should be broadened with a tax credit and enhanced Head Start Program -- not constricted by Federal licensing or standards that raise child care costs and limit options like reliance on grandmothers or other relatives or neighbors.

- o Child Care assistance should not discriminate against any families with young children.

Assistance should be available to families where both parents work and to families where one parents stays home to care for children.

- o Child care benefits should be directed to the most needy.

Lower income families should receive more benefits than wealthy families. Tax credits must be fully refundable if at least one parent is employed so that poor people who pay no income tax will still receive weekly or bi-weekly benefits. As deficit pressures reduce, however, the credit will be expanded to other income groups as well.

- o All child care funds should be paid directly to parents.

Using tax credits and deductions eliminates the need for unnecessary administrative expense.

The President will look to the Secretary of Labor, Elizabeth Dole, to take the lead on implementing his plan of broadening choices for families.

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