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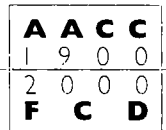
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**Barbara R. Bergmann
UNIVERSITY OF MARYLAND AND AMERICAN UNIVERSITY, EMERITA**

September 1999

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SUBSIDIZING CHILD CARE BY MOTHERS AT HOME

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ABSTRACT

Child care on a do-it-yourself basis by a parent would seem to be just as worthy of subsidization by government as non-parental care is. However, subsidies for care by a stay-at-home parent raise serious issues of equity between families with and without an adult at home full time. They also have the effect of reinforcing traditional gender roles, thus setting back the advances women have made in the workplace and society generally. Efficiency problems and administrative difficulties can also be cited. Long paid parental leaves have similar disadvantages associated with them.

This paper is an excerpt from the forthcoming book, *What Should We Do About Child Care?*, by Suzanne Helburn and Barbara R. Bergmann (St. Martin's Press, 2000). Susan Himmelweit, Suzanne Helburn, Harriet Presser, and Ruby Takanishi made valuable suggestions. Financial assistance with this project was provided by the Foundation for Child Development.

INTRODUCTION

When a government subsidizes childcare by providing places in childcare facilities, or by reimbursing parents for their childcare expenditures, the question arises as to whether mothers (and atypically, fathers) caring for their own children at home should also receive subsidies. Countries differ considerably in the subsidies they provide for nonparental care and for care by the child's own parent. Sweden subsidizes both heavily, subsidizing the latter by offering paid parental leaves of long duration available to mothers and fathers, financed by the government.¹ The French state spends heavily for public childcare facilities, and for preschools, and subsidizes care by at-home parents to a far smaller extent.² Germany and the Netherlands have been giving generous government benefits for care by a parent (in the form of a benefit available on condition that the parent does not hold a job) and little or nothing for nonparental care.³ The United States modestly subsidizes paid-for nonparental care through tax credits for the middle-class,⁴ and dispenses vouchers covering most of the costs of nonparental care to a small proportion of the poor and near-poor families eligible to receive them.⁵ When a child's own mother or father is the caregiver, no payment for the service is deemed to occur, and no subsidy is offered under current U.S. rules. In the past, an exception was made in the case of single parents. They were eligible to receive "welfare" payments - which provided funds for a below-the-poverty-line living standard - provided they refrained from earning substantial sums, and cared for their own children at home. Welfare thus had the effect of subsidizing the care of children at home by a parent. "Welfare reform" legislation in 1996 sharply curtailed the right to receive such benefits.

At first blush, it seems inconsistent and unjust to give help to families which place their children in nonparental care, and deny equivalent help to families in which a parent provides care on a do-it-yourself basis. One might argue that parents who buy care and parents who give care themselves have the same very burdensome problem to deal with, and are just handling it in somewhat different ways. Whichever way it is handled, providing care for young children is financially stressful, and both sets of parents might be thought to deserve some government-provided relief from that financial stress.

Yet reflection shows that there are substantial reasons for treating them differently - for limiting child care subsidies (although not necessarily other kinds of subsidies) to families that use nonparental child care. First,

because of the homemaker's productive activities, a one-earner couple has a higher standard of living than a two-earner couple or a working single parent with the same cash income from wages, even if the nonparental child care is totally paid for by government. That has to be taken into account in considering the equity of extending child care subsidies to cover at-home care by a parent. Second, in cases where one of the parents refrains from taking a paid job so as to care full-time at home for a child, it is almost always the mother who does so. Payments to at-home parents will overwhelmingly go to at-home mothers, and will encourage mothers to refrain from or leave paid jobs. This would reinforce traditional gender roles, and might well contribute to reversing the advances that have been made in women's status, independence, respect. There are also quality and efficiency considerations to be taken into account.

COMPARING FAMILIES' NEED FOR HELP

Let us start with an illustration of a subsidy scheme for child care that provides subsidies only for nonparental care, and then proceed to observe what the consequences of extending subsidies to mothers at home might be. The subsidy scheme we will use as an illustration is similar, particularly in its schedule of copayments, to the child care subsidy programs currently in existence in many states.⁶ Such a scheme, if provided with funding sufficient to reach all eligible families, rather than the fraction of eligibles the current state programs reach, could form the basis for a system of government support that would provide affordable care for all children of working parents.

Our illustrative subsidy program for supporting nonparental care would allow parents to place their child in a childcare facility charging \$9,000 a year, and would require that parents who do so make a copayment equal to 20 percent of the excess of their income over the poverty-line income for a family of their size and composition. Under such a scheme, families at or under the poverty line would pay nothing for child care. Above the poverty line, as a family's income increased, the required copayment would increase, and so the help it would receive through the subsidy program would diminish. Families with one child and an income below about \$58,000 would receive help from this program.⁷

Such a scheme could be administered by providing places in public or private facilities entirely financed by public funds, and requiring the parents to pay fees depending on their incomes. Or vouchers or certificates might be given

to parents which they could take to whatever child care providers they wished, provided those providers met a quality standard. The value of the voucher would vary depending on the family's income, and parents would pay that part of the cost of the care not covered by the voucher. (The exact nature of the subsidy scheme and the details of its administration do not affect the general outline of the argument.)

Table 1. Illustration of child care subsidy scheme for families with one preschool child whose purchased care would cost \$9,000.

	A. Two- earner couple	B. One- earner couple	C. One- earner couple	D. Single mother	E. Two- earner couple
Father's wage	\$18,000	\$36,000	\$18,000	-	\$9,000
Mother's wage	18,000	-	-	18,000	9,000
Required copayment (20% of income above poverty line)	4,616	-	-	1,387	1,016
Childcare subsidy	4,384	-	-	7,613	7,984
Income remaining for expendi- tures other than child care	31,384	36,000	18,000	16,613	16,984

Table 1 shows how this scheme of subsidies would affect five different families, each with one preschool child. They are A) a two-earner couple, B) a one-earner couple with the same income as couple A, and three families with half that income: C) a one-earner couple, D) a single-parent family, and E) a two-earner couple. Families A, D, and E, which have no adult full-time in the home, and whose children are not in parental care, receive child care subsidies. Their required copayment under this scheme, and the amount of the subsidy they get (equal to \$9,000 less the copayment) are shown in the table.⁸ In families B and C, the mother takes care of the child, and so under this scheme they get no subsidies.

Let us now consider the consequences of extending subsidies to Families B and C, in effect giving cash payments to "pay" in part or in total for the parent's care of the child, just as the subsidies to working couple A would pay for the nonparental care they used. (Unlike paid parental leave, which is

discussed below, these subsidies to caretaking parents would presumably be available whether or not the parent was on leave from a job). Comparing the incomes of Families A and B, it might seem reasonable to give to B the very same subsidy given to A, which amounts to \$4,384 per year. The inequity in doing so, however, is revealed by the last line of Table 1, which gives the amount of family income remaining to buy food, clothing, shelter, transportation, etc., after any expenses for childcare are taken care of. Family B, with the mother at home, is already better off than Family A in terms of cash resources, even though Family A gets a large subsidy and Family B gets nothing. (If the subsidy scheme provided child care that was free to the parents regardless of income, the cash resources of A and B would be equal.)

There are other ways, besides cash resources, in which Family B is better off than Family A, without the infusion of childcare subsidies to B. The at-home mother usually performs more household services (other than child care) than the members of the two-earner couple do, and those extra services enhance the standard of living of the one-earner couple. In some cases, they take the place of services the family would otherwise purchase, allowing cash to be diverted to other expenditures.

There is also a difference in the use of time to take account of. Members of a two-earner couple will as a rule have less leisure time - the amount of time in the day apart from time spent on the job and time devoted to household tasks - than members of the one-earner couple. The amount of leisure is surely to be counted as a major component of the living standard. So, taking all this into consideration, we can conclude that sending subsidies to Family B would enhance still further its advantage over Family A, and would not serve the purposes of equity.

The advantage of Family B over Family A derives from the value of the services for the family that the mother at home works to provide (to the extent that it exceeds the value of the family service work done by the two-earner couple). That extra service work is not reimbursed in cash. However, it is reimbursed in kind. Her childcare work, for example, can be thought of as producing an "income," which is immediately "spent" for child care. That income is not taxed, either. If we were to value her work in dollars, and add it on to her husband's wage, the value of their joint income would be above \$36,000 by a considerable amount.

Family C would seem to represent a more sympathetic case for being given

the kinds of childcare subsidies our scheme gives to Family A. Family C is in the position that Family A would be if it had decided to keep the mother in the home. It clearly has a considerably smaller amount to spend for food, clothing, etc., than Family A does. However, giving child care subsidies to Family C on account of parentally-supplied care would create an inequity with Family D, the working single-parent family. Again, comparing the situation of C and D, the family with the at-home mother is better provided for in dollars, in services, in leisure time, than the family with no adult at home full time, despite the large subsidy the latter receives.⁹ In addition to whatever payments for child care she is required to make, the single parent will be disadvantaged by having nobody with whom to share the household tasks. Her leisure time is even more severely constrained than that of the adults in the two-earner families. Thus her cash income considerably overstates her standard of living.

If we were to send subsidies to Family C to make up part of its loss of wage income, and so move it closer to the situation of Family A, it would be grossly unfair not to send cash payments to Family D, in addition to the near-total subsidy that family already receives for child care. It would also be inequitable to omit additional cash payments to two-earner Family E, with total income \$18,000. If we were to make cash payments to Families C, D, and E (while maintaining the subsidies to paid care already received by A, D, and E), they would best be characterized as income supplements to families with children rather than child care subsidies. We would be saying in effect that one-earner and two-earner families with children who have low incomes should get their income supplemented, not because they have a mother at home taking care of a child, and not because they are lacking two earners, but because their income is low.

On the basis of this reasoning, we can see that a program of subsidies restricted to at-home mothers caring for children, and leaving out other kinds of families in similar or worse circumstances with no mother at home, would be inequitable. If the inequity is eliminated by including families that do not have mothers at home, like D and E, the benefit-for-mothers-at-home mutates into an income supplementation program. An income supplementation program for families with children has much to recommend it, as an addition to, but not as a substitute for a nonparental childcare subsidy program as exemplified in Table 1. (See below for a discussion of income supplementation as a substitute for childcare subsidies.) But such a program needs to be considered separately, and in its own right. If we run such a program, taking into account considerations of equity outlined above, and in

addition to a child care subsidy program of the type shown in Table 1, it becomes a far more expensive proposition.

CHILDCARE SUBSIDIES AND GENDER ROLES

The battles over childcare policy obviously involve disagreements about the proper way to care for children. But they are also to a great extent battles over the proper role and behavior of women. The changes in women's status since the end of the baby boom are largely based on women's increased and more continuous participation in paid work. Women's greater job-holding has brought with it increased respect for women's capabilities, increased ability to leave bad personal relationships, increased ability to enjoy the independence previously reserved for men alone. The ability and willingness of mothers of very young children to work at jobs has been central to the changes in women's status. In many careers, a long absence is highly destructive of advancement. But more fundamentally, employers shy away from hiring for nonroutine jobs workers they view as more likely than other workers to quit or take long leaves. All women workers have better job opportunities when the custom is for most new mothers to return to work very soon after the birth of a child. Employers no longer assume that all women workers under forty are in essence temporary workers.

A childcare policy that sends large stipends to parents caring for their own children at home, or that provides years of paid parental leave, may engender social disapproval toward the woman who keeps working through her child's early years. If she can receive substantial monetary benefits by staying home, the excuse that she "has to work" will no longer be accepted as valid. It becomes obvious that if she does stay at work she is doing it for her own gratification, something the more socially conservative part of the population still considers off-limits for women. The provision of significantly large benefits to mothers caring for their own children thus puts social pressure on all mothers to stay home. It threatens the advances women have made in achieving parity with men in status through their willingness to work continuously, whether or not they have young children.

In the current state of the culture, if children are cared for at home, in almost all cases it will be the mother who stays home and does it. The social pressure resulting from even gender-neutral parental leave will put social pressure on mothers, but not fathers, to do so. Anything that increases the social pressure for having children cared for full time by their own mothers is a step back toward rigid gender roles, with each gender limited to sex-

appropriate activities.¹⁰ Sweden, which provides long parental leaves, has attempted to encourage fathers to share them, but with limited success.¹¹ The long leave, taken almost exclusively by Swedish mothers, appears to have reinforced a highly gender-segregated occupational structure, with a relatively high proportion of women workers in paid jobs in caregiving roles, and a very limited penetration of women workers into the more prestigious professions.

Of course, how one reacts to these considerations depends on one's attitude toward the changes in gender roles that have occurred. Those who wish to preserve male supremacy, those who believe that the changes in gender roles have been the cause of uncontrolled and neglected children, family instability, loss of community activities, and other social pathologies, and those who think these changes go against God's will, or against nature, will lean against subsidies for nonparental care, and lean in favor of subsidies for maternal care exclusively. Substantial numbers, including many self-styled feminists, favor subsidies for both kinds of care, on the grounds that women (and presumably men also) should have the choice of lifestyle. But the changes in opportunities and independence for women have been the direct result of the emergence of most women from being full-time housewives. Those of us who believe that such changes should be cherished and carried further, and who place a higher value on women's equality than we do on offering women a choice of life style, have strong reasons to favor subsidies for nonparental care exclusively.

QUALITY AND EFFICIENCY ISSUES

Even those advocating government subsidies for the direct provision of services to children by their own parents have not generally suggested that such subsidies are appropriate when the children reach school age, or even kindergarten age. In the United States, a growing number of parents are home-schooling their children,¹² but no one seriously suggests that parents should be given cash payments on condition that they keep their children home from school. Cash subsidies for keeping children out of school would motivate some hard-pressed or irresponsible parents to sacrifice their children's education in a school and replace it by an inferior or nonexistent education at home for the sake of an addition to their cash income.

Thus, where the nonparental childcare service is deemed to be in most cases of better quality than the service provided by a parent, anything that encourages the latter is to be avoided. Those countries, such as Sweden,

which subsidize parental care through paid parental leave do so only up to age three. After that age, the benefits of interacting with other children and the development of skills the child will need to be successful in school come to the fore.

It is frequently assumed that for the youngest children, mother-care is best. A recent study based on a large sample of newborns failed to detect any difference in the behavior of young babies cared for at home and those in nonmaternal care, after accounting for the characteristics of the parents.¹³ This finding does not negate the possibility that some babies would do better in nonmaternal care. That would occur if babies whose mothers have low parenting skills were given high quality care from caregivers trained to act in ways that help the baby to develop.

Another reason for a policy of denying subsidies to mother-care is its relative inefficiency. By the time children are three, it is possible to give high-quality care with ratios of seven to ten children to one adult. For infants and toddlers, high-quality care can be attained with a ratio of three or four children per adult.¹⁴ Paying a mother to spend full time caring for one or two children (particularly a single mother, who would have to be entirely supported by government to be able to give the care) is inefficient. In the United States, it has been cheaper for the government to support single mothers on welfare than to pay for child care, but this is true only because the single mothers were being supported at a level far below the poverty line. If children and their parents are to live at a decent standard, it is inefficient to support parental care, at least in the case of families that have two children or fewer.

If we were to have a program that gave benefits both to working parents and to at-home parents, some administrative difficulties might be foreseen. The working parents would get their benefits in the form of governmentally-provided childcare services or vouchers usable in facilities that met certain quality standards, and that were licensed. The at-home parents would get cash, under the assumption that parental care is almost always of acceptable quality. The cash payments going to at-home parents would presumably be made on condition that the parents refrain from job holding, and personally give the care themselves. The verification that they are doing so (rather than collecting a subsidy that would finance good quality care, yet placing the child in cheap, low-quality care) might be difficult.

PAID PARENTAL LEAVE

In many countries, people who are employed and who have or adopt a baby are allowed paid parental leave for periods ranging from a month to several years, so as to care for their baby at home. Like the pay during sick leave and vacations, the idea is to maintain income while some beneficial activity temporarily takes the worker away from the job, and to give the worker the right to return to the same job. The payment during the leave is figured as a fraction of the salary of the caregiving parent. The extent of income from other workers in the family is ignored when setting the benefit, and those with a higher wage, and therefore a higher customary standard of living, get higher subsidies.

In foreign countries, paid parental leave is usually financed by government, rather than by employers, so as to reduce the danger that employers might avoid hiring women likely to give birth. In the United States, benefits connected to employment are traditionally paid for by employers. The 1993 Family Leave Act requires employers with more than 50 workers to provide up to 12 weeks of unpaid leave to employees at a child's birth or adoption, as well as to employees who need to care for ill family members. U.S. law also requires that employees who give birth to a child be allowed to use any employer-provided paid sick leave they have accrued to cover a period of physical disability resulting from the birth. However, beyond such a period, no paid parental leave is mandated, and American employers generally do not provide any.

It might be argued that paid parental leaves are different from subsidies for which all at-home parents would be eligible, because they are temporary, and go to parents who maintain a commitment to continuous participation in the labor market. Short paid leaves, such as 1-2 months, obviously do not entail the disadvantages cited above for subsidies to parental caretakers, or do so only in a minor way. It is long leaves that are problematic. The longer the leave that is taken, the less firm the ostensible commitment, the less continuous the participation, and the less cogent the distinction between paid parental leave and subsidies for all at-home parents.¹⁵

If the stipend is full pay, or close to full pay, almost all mothers will choose to take a long leave, if it is available. Such a system is hugely more expensive than extending the subsidy scheme of Table 1 to families with an at-home parent. Families A and B, instead of getting a subsidy of \$4,384 a year would be getting \$18,000, and higher-paid employees might get even more. Lengthy paid parental leave is subject to the objection that it is inefficient,

and that it is regressive, helping the well-off more. In the likely event that fathers (where they are present in the family) are not required to take half of the total leave, it is also subject to the objection that it is a step backwards toward adherence to stereotypical gender roles. If the stipend is low, only some mothers will take it, especially if subsidies are given for nonmaternal care. In this case, the equity issues raised above are pertinent.

Paid parental leaves going on for years would also provide support for non-job-holding single mothers, very like the welfare program the United States has recently begun dismantling.

Some, perhaps most, feminists currently favor generous paid parental leave on the grounds that it would help some women, and that most women would welcome it. Some advocates of universal preschools, which could provide both care and education to most children above two or three years old, as they do in France,¹⁶ seem drawn to paid parental leave as the preferred solution to the problem of care for the first few years of a child's life. However, parental leaves that were long enough to care for children until they could go into a preschool would, as we have seen, have big disadvantages with respect to equity, equality, and efficiency. For the years before preschool, a program of government subsidies for nonparental care such as the one described above and exemplified in Table 1, avoids these disadvantages.

Some proponents of paid parental leave, cognizant of the strong American tradition of employer-financed fringe benefits, would like to see employers provide it and pay for it. Some hold out the hope that unions, even in their present weakened condition, would be able to negotiate such benefits from employers, or that tax breaks could induce employers to grant them. The increasingly obvious debacle of employer-financed health insurance in the United States should warn us away from these ideas. The American system of employer-provided health insurance unfairly leaves large numbers of people out in the cold. We should not want to repeat this experience in the field of childcare finance.

If the day were ever to arrive when male employees would take paid parental leave for as long and as often as female employees do, the damage that long paid parental leave would do to gender equality would disappear. However, the cost problem would remain.

UNEARMARKED CASH BENEFITS

Conservatives who wish to encourage maternal care and discourage

nonmaternal care tend to resist providing subsidies to paid care, advocate instead cash benefits "for child care" that are not conditional on or earmarked for childcare expenses.¹⁷ The standard argument for them is that they give parents freedom to choose how they wish to care for their children. These unearmarked benefits are helpful to family budgets, and therefore useful in providing for a better living standard for children. However, if they are set up as a total replacement for subsidies earmarked for nonmaternal childcare, they are harmful, because they lack a major characteristic of earmarked subsidies: the latter encourage parents to upgrade the quality of the care their children get. A family getting an extra cash payment worth several thousand dollars, labeled "for child care," but which they can spend any way they want, may spend some of it to improve their child's care. But they are unlikely to spend all of it, or even most of it in this way. This is particularly true if the family has a low income, and is lacking many of the goods and services commonly thought necessary to a decent lifestyle. By contrast, a voucher worth several thousand dollars that can only be used to purchase licensed care may succeed in shifting a child from unlicensed care to licensed care.¹⁸

To drive the point home, we can draw the analogy to methods of giving health care benefits. If we wish certain children to be covered by health insurance, the only sure way to bring that about is to have their families signed up for health insurance, with the government payment going to the providers. Nobody would imagine that a \$3,000 unearmarked payment "to help families buy their children health insurance" would have as much impact on the number of children covered, or on the quality of the coverage, as would the presentation of a noncashable voucher for the health insurance itself. Similarly, a \$3,000 cash benefit that was sent in an envelope marked "to help the family pay its child care bills" would have much less impact on the quality or type of care that was bought by the family for the child than a voucher worth \$3,000, which could only be used to pay part of childcare bills.

CONCLUSION

Childcare benefits for mothers at home create serious inequities, since they would go to families that are considerably better provided for than families with similar income but no adult at home, such as working single parents. Further, they are likely to seriously set back gender equality in employment, on which the improvement in women's status has rested. Quality and efficiency considerations may further argue against benefits for mothers at home, particularly after a child reaches age of three. Finally, benefits for

at-home mothers, if they are given at all, should be given in the form of income supplementation payments which are available to families both with and without mothers at home, taking account of the availability of family funds after childcare expenses are met. Lengthy paid parental leave is both expensive and subject to all of the objections against other kinds of payments going solely to mothers at home. Abolition of subsidies for nonparental care, and their replacement by unconditional cash benefits for families with children, would be likely to cause a degradation of the quality of care that parents buy, as well as being subject to all of the other objections raised.

It is sometimes argued that the political support necessary to provide generous government subsidies to help families with the expenses of nonparental child care will not be forthcoming unless government benefits are also sent to parents who care for their own children at home. (We are not talking here of parental leave paid for by employers, which would be violently opposed by employers and unlikely of passage. Rather, we are talking of help to parents caring for their own children in the form of governmental cash benefits, as a sort of "fee" for giving the care.) If so, it might be wise to accept the losses in gender equality, so, it might be wise to accept the losses in gender equality, efficiency, and equity that providing benefits to people caring for their own children would entail. Government help to families that need nonparental childcare is vitally necessary if their children are to be decently cared for and if childcare fees are not to make huge inroads into the standard of living of millions of families. If the political realities dictate that we can provide such help to employed parents only on condition that we also provide benefits to nonemployed parents caring for children at home, then it would be counterproductive to resist also subsidizing the latter.

ENDNOTES

¹ For Swedish practices, see Rianne Mahon (1997).

² See Barbara Bergmann (1996).

³ For Germany, see Lynn Duggan (1995); for the Netherlands, where policy has recently swung somewhat more in favor of state-subsidized nonmaternal care, see Trudie Knijn and Monique Kremer (1997) and Jet Bussemaker (1998).

⁴ Job-holding parents are able to subtract a fraction of their child care expenditures from the amount they must pay as income tax. The benefit is capped at \$1,008 per year as of 1998, and is not "refundable" – it cannot be greater than the amount of income taxes owed. So low-wage parents owing no income tax get nothing from this benefit

⁵ Appropriation of funds for these subsidies run far below the amount that would be necessary if all eligibles were to receive benefits. The allocation of benefits is done by state bureaucracies who take care to restrict knowledge of the program, so that long waiting lists do not develop. For a description of a more-or-less typical state's program, see Bergmann (1999).

⁶ Childcare subsidies are administered by the states in part out of their own funds and in part out of the federal Child Care and Development Block Grant. In fiscal 1997, about \$5 billion was spent for them. They are commonly said to reach about one in ten eligible families.

⁷ Perhaps the current dependent care tax credit would be continued for families in this income range.

⁸ The 1997 official U.S. poverty line is \$12,919 for all of these families, with the exception of the single-mother family (D), which has one less family member and consequently a poverty line of \$11,063.

⁹ If Family D has to make childcare copayments, it is about on a par with Family C, cashwise, without counting the other services performed by the wife in Family C.

¹⁰ It might be argued that although paid parental leave tends to reduce the number of women who work without significant interruption, it also encourages at least some women who might otherwise never take jobs to take them intermittently, and that this latter effect reduces women's segregation in the home. Both of these effects would increase the proportion of women labor-force participants who work noncontinuously, and therefore strengthen the image of women as intermittent workers.

¹¹ According to Mahon (1997, p. 390), Swedish fathers take less than 10 percent of the parental leave.

¹² Those families who home-school their children appear motivated principally by a desire to shield them from the nonreligious and sexually permissive culture that predominates today. It is possible that they are also motivated by the desire to keep mothers occupied in the home and out of paying jobs.

¹³ NICHD, Child Care Research Network (1997)

¹⁴ This is the standard set for purposes of accreditation by the National Association for the Education of Young Children (1998, p.47).

¹⁵ These days, it is not common for women to dedicate themselves to lifelong abstention from the job market. There are very few women who do not work at a job prior to the birth of their first child, and who are not back in a job by the time their youngest child enters first grade. If the paid parental leave is long enough, there are very few "stay-at-home moms" who would be ineligible. The validity of the distinction between those temporarily refraining from working at jobs and all the rest of the women staying home and taking care of children loses meaning in that case.

¹⁶ See Bergmann (1996).

¹⁷ This kind of counter-proposal was made, for example, by President George Bush, when the Democratically controlled Congress made childcare subsidy proposals during his administration.

¹⁸ Undoubtedly, some unlicensed care is of high quality. If some forms of care, such as relative care, cannot be licensed, or are unlikely to be licensed, then there will be cases where giving a subsidy causes a child to be shifted from higher to lower quality care. However, licensed care has been found on average to be superior to unlicensed care, relative care included.

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