

# Would a Surge in Spending on Children and Families Be an Investment or a Liability?

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## KEY TAKEAWAYS

Lawmakers claim a plan to spend up to \$164,000 on each child would pay for itself—but it would require those children to earn an extra \$746,000 over their lifetimes.

The plan caters to the preferences of the wealthy and affluent, would push children into government-approved childcare, and limits choices and opportunities.

Rather than creating one-size-fits-all unfunded entitlement programs, lawmakers should provide greater flexibility within existing resources for families in need.

**M**assive new spending and entitlement programs aimed at children and families are a key part of President Joe Biden’s agenda and congressional Democrats’ \$3.5 trillion spending package. Supporters of monthly child payments, widespread childcare subsidies, universal Pre-K, and “free” community college claim that such programs will be investments, yielding positive returns. Senator Elizabeth Warren (D–MA) cited early childhood programs as producing between \$4.00 and \$9.00 dollars in returns for every \$1.00 of spending, stating that, “In other words, these programs pay for themselves by the time children become adults. This is not just a nice thing to do. It is a smart investment that will yield positive returns for our country’s future.”<sup>1</sup> At best, this assertion is unsupported speculation; at worst, it is negligent and will cause widespread harm.

This paper, in its entirety, can be found at <http://report.heritage.org/bg3656>

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While it is possible for spending focused on particularly at-risk or disadvantaged children to yield high returns, there is zero evidence that spending up to \$164,000 on every middle-income child in America would provide positive returns.<sup>2</sup> In order for such massive taxpayer spending to be worthwhile, every child who is a recipient of those taxpayer dollars would have to earn an extra \$18,600 per year over a 40-year career, meaning an additional \$746,000 over a lifetime.

In fact, at least one of these programs—taxpayer subsidies for government-directed childcare—could yield negative impacts on children and families. While it is almost impossible that these massive, near-universal taxpayer subsidies will pay for themselves, it is certain that they will result in significantly higher tax burdens, and they could harm the children and families they aim to help.

## Putting a Price Tag on Children

The best way to help families is by providing opportunities for them to flourish as they seek to raise and provide for their children. Since every family has unique circumstances and ideals, family supports should not come through one-size-fits-all government programs, but rather through policies that keep their taxes low so that more of what parents earn can go toward providing for their children; by minimizing regulations that unnecessarily restrict families' opportunities; and by giving parents choices for their children's education.<sup>3</sup>

Progressives instead want to raise taxes in ways that will reduce workers' incomes, and then redistribute those taxes to provide \$3,600-per-year worth of monthly payments for children ages five and under, and \$3,000-per-year worth of payments for children ages six through 17. These payments would be distributed to parents in monthly amounts of \$300 and \$250 per child, regardless of whether parents work.<sup>4</sup> Since work is the only long-term path out of poverty, removing work requirements would revert to the failed welfare policies that increased single-parent households and exacerbated the cycles of poverty prior to the bipartisan 1996 welfare reforms.<sup>5</sup> Instead of focusing on families in need, these child payments create a new, nearly universal, entitlement with the smaller portion of the total payments (\$1,000 or \$1,600 per child per year) not phasing out until a married couple with two children earns between \$190,000 and \$214,000 per year, and the larger portion (\$2,000 per child per year)<sup>6</sup> not phasing out until a family with two children earns more than \$480,000 per year.<sup>7</sup>

TABLE 1

## Total Proposed Taxpayer Investments in Children: \$164,000

Child Payments	\$55,800
Childcare Subsidies	\$59,900
Pre-K	\$12,700
Community College	\$35,600
<b>TOTAL</b>	<b>\$164,000</b>

**NOTE:** Estimates are for a median-income family of four (\$90,700) with two children.

**SOURCE:** Author's calculations based on proposals in the most recent draft text of the \$3.5 trillion reconciliation package. Estimates are for a median-income family of four with two children, and they assume that the proposed policies would be made permanent. All values are expressed in present discounted values using the CBO's estimated 10-year-average 2.79 percent interest rate for 10-year Treasuries. Figures have been rounded to the nearest 100.

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If the child payments are made permanent,<sup>8</sup> taxpayers are being asked to provide \$55,800 worth of monthly payments for nearly every child in America<sup>9</sup> without a clear notion of how these payments will affect the well-being of children, parents, or society. Although payments are conditional on the presence of children in the home, there is no requirement that households use the payments to benefit children.<sup>10</sup>

Economic studies show that additional income generally leads to improved child outcomes—but the effects are modest, sometimes negligible or even negative, for middle-income and upper-income households. An extra \$3,000 per year is unlikely to lead to safer housing, an improved diet, or a better school for a child in a family that already has a six-figure income. Moreover, the fact that the government already spends \$1.1 trillion on welfare benefits that aim to meet lower-income families' food, housing, health care, and childcare needs means that additional child payments, which can act as a disincentive to work, will be of limited value.<sup>11</sup>

## Pushing Children into Government-Approved Childcare and Pre-K

Finding the childcare that parents want, at a cost they can afford, can be a struggle, especially for single parents and lower-income families.

The high cost of childcare is often cited as a primary problem, with the average price of center-based licensed childcare in the U.S. equal to \$15,900 per year for infants, \$13,200 per year for toddlers, and \$10,700 per year for preschool-age children.<sup>12</sup>

If the proposed childcare and Pre-K programs were made permanent,<sup>13</sup> taxpayers would spend a total of \$73,100 on childcare<sup>14</sup> and Pre-K<sup>15</sup> costs during the first five years of a child's life.<sup>16</sup> Taxpayer spending would vary significantly by state, with taxpayers financing up to \$108,600 worth of childcare and Pre-K for children in a family with a median income of \$125,000 in a high-cost state, such as Massachusetts, compared to \$49,200 worth of childcare and Pre-K costs for a family with a median income of \$66,600 in a low-cost state, such as Mississippi.

Such large subsidies would be available only to parents who send their children to government-approved childcare providers that would have to comply with a new set of government standards. Yet, only 14 percent of parents prefer to send their children to full-time, center-based childcare. The subsidies would not provide assistance to the 70 percent of parents who prefer parental or relative care.<sup>17</sup> Parents who prefer center-based care tend to have higher incomes and higher levels of education while lower-income families and Hispanic families have the least preferences for center-based care.<sup>18</sup>

Nevertheless, by making childcare low cost or no cost for many families, the proposed childcare subsidies would shift many children from family-based childcare to government-directed, center-based childcare and Pre-K.<sup>19</sup> Advocates of subsidies for government-directed childcare argue that it provides large benefits to children and families and could even “pay for itself” through higher government tax revenues. Those claims are based on two boutique preschool programs that provided wrap-around services to the households of a few dozen highly at-risk African American children five decades ago.<sup>20</sup> The Nobel Prize-winning author of economic studies on those programs, James Heckman, explained why such high returns are not applicable on a wide-scale basis:

I have never supported universal pre-school. The benefits of public preschool programs are the greatest for the most disadvantaged children. More advantaged children generally have encouraging early family lives. The “intervention” that a loving, resourceful family gives to its children has huge benefits that, unfortunately, have never been measured well. Public preschool programs can *potentially* compensate for the home environments of disadvantaged children. No public preschool program can provide the environments and the parental love and care of a functioning family and the lifetime benefits that ensue.<sup>21</sup> (Emphasis in original.)

The proposed subsidies for full-time, center-based childcare would arguably subtract from the benefits of a “loving, resourceful family” by reducing parenting and increasing paid time in the labor force, particularly for mothers.<sup>22</sup> With children’s home and family environments, the greatest determinant to their well-being and outcomes, shifting kids from family-based care and into center-based care is more likely to impose a burden on children than to serve as an investment in them.<sup>23</sup> That has been the case in Quebec, where highly subsidized childcare led to children experiencing greater aggression, reduced motor and social skills, more hostile and less consistent parenting, lower-quality family relationships, and increased rates of crime and anxiety in children’s teenage years.<sup>24</sup>

Universal government Pre-K programs, such as Head Start<sup>25</sup> and Tennessee’s Voluntary Pre-K<sup>26</sup> initiative, have also produced little, if any, lasting positive results, and have sometimes had adverse effects on children.<sup>27</sup> Considering the weak evidence of positive impacts from large-scale government childcare and Pre-K programs, it is highly unlikely that the very costly proposed programs could pay for themselves, especially considering that the proposals would drastically drive up the costs of childcare.

Imposing new requirements on childcare providers—such as mandated wage requirements, encouraging the hiring of childcare workers with college and teaching degrees, and likely reducing child-to-staff ratios—and capping family payments is likely to cause childcare costs to explode, just as the price of cars would soar if the federal government were to give families taxpayer dollars to pick out any luxury vehicle they want while paying only a small, fixed fee.<sup>28</sup>

## Childcare Subsidies Skewed Toward Affluent Families

In contrast to existing means-tested welfare benefits and programs, the proposed investments in childcare would likely skew toward affluent families that have stronger preferences for center-based childcare, and that are more likely to live in high-cost areas.

The examples below show that taxpayers would spend \$31,100 per year in childcare subsidies for a two-earner family with \$200,000 of income that lives in Massachusetts with two young children. Taxpayers would spend \$17,500 per year in childcare subsidies for a similar two-earner family with \$50,000 of annual income that lives in Mississippi with two young children. Meanwhile, taxpayers would provide no childcare subsidies to that same Mississippi family if one parent were to stay home with the children. Considering the different preferences of families based on income and

TABLE 2

## Taxpayer Childcare Subsidies Likely to Skew Toward High-Income Families

	Massachusetts	Mississippi	Mississippi
Income Level	\$200,000	\$50,000	\$30,000
Family Description	<ul style="list-style-type: none"><li>• Married couple</li><li>• Two children</li><li>• Two earners</li></ul>	<ul style="list-style-type: none"><li>• Married couple</li><li>• Two children</li><li>• Two earners</li></ul>	<ul style="list-style-type: none"><li>• Married couple</li><li>• Two children</li><li>• One earner</li></ul>
Total Potential Taxpayer Subsidies	\$31,100	\$17,500	\$0

**SOURCE:** Author’s calculations based on taxpayer subsidies specified in the most recent draft legislative text for the proposed \$3.5 trillion reconciliation package, and family incomes and childcare costs as detailed in this Heritage Foundation report. Figures have been rounded to the nearest 100.

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education level as discussed above, the childcare and Pre-K subsidies are likely to disproportionately benefit more affluent families.

## “Free” Community College

President Biden’s and progressives in Congress want to provide two years’ worth of “free” community college to all young adults. Education can be a very profitable investment that leads to significantly higher future earnings, but it depends on the quality of the education; its relevance to students’ future work; and students’ aptitude, effort, and commitment to their studies.

Although the current cost to students of community college is low, around \$3,000 per year, the actual cost is \$17,900 per year per student after including existing taxpayer subsidies and other non-tuition revenues. Thus, the total cost to taxpayers of two years of community college would equal nearly \$36,000 per student.<sup>29</sup> In order to make such investments in young adults worthwhile, they would not only have to graduate from community college, but their earnings would have to be significantly higher in the future.

Community colleges have very poor track records for success, with only 28 percent of students who begin community college completing their two-year degrees within three years.<sup>30</sup> In large part, these poor metrics reflect the fact that federal, state, and local taxpayers already heavily subsidize community colleges. More than 80 percent of community college enrollees

currently receive financial aid, and many students pay nothing, and are even receiving money to cover their living expenses.<sup>31</sup>

The problem with the “free tuition” proposal is that its provisions would almost certainly exacerbate lackluster outcomes and drive up community college costs. Without any “skin in the game,” students will have less incentive to succeed. As an extension to current K–12 public education, the addition of “free” community college would further weaken incentives in the K–12 public school system to produce college-ready students. Moreover, the proposal would incentivize states to increase their costs by replacing state and local governments’ current funding of community colleges with a federalized, flat-rate, cost-sharing fee regardless of whether a state implements cost-savings measures or significantly drives up their costs.

## Is the Proposed Spending on Children and Families an Investment or a Liability?

In total, President Biden’s proposals would “invest” up to \$164,000 (in today’s dollars) in every child in America.<sup>32</sup> Some policymakers have suggested that such “investments” will “pay for themselves.” For that to be true—for the spending to yield a positive result—a child would have to earn an additional \$18,600 per year (in today’s dollars), or \$746,000 total over a 40-year working career in order for the additional taxes they pay to cover the cost of previous taxpayers’ “investments” in them.<sup>33</sup>

In contrast, if the additional spending had no impact on children’s future earnings, other than to create an additional tax liability to pay off the past “investment” costs, a child would have to pay an additional \$4,100 (in today’s dollars) of taxes every year over a 40-year career, meaning that a married-couple household would have \$8,200 less in disposable income each year.

There are public investments that yield positive returns, but there is no credible evidence that the proposed investments—the largest amounts made on behalf of children in middle-income and upper-income households—will yield positive returns. Moreover, evidence from large-scale government childcare programs shows that policies that cause more children to be in environments that do not reflect their parents’ primary preferences can have significant and lasting negative consequences on children and families.

## Conclusion

Progressive policymakers are poised to pass a massive \$3.5 trillion spending package. Among that proposal’s many provisions are significant so-called



TABLE 3

## “Investments” in Children Unlikely to “Pay for Themselves” Through Future Tax Revenue

Total Value of “Investments” in Children	\$164,000
Additional Annual Earnings Needed to “Pay for” Investments	\$18,600
Additional Lifetime Earnings Needed to “Pay for” Investments	\$745,500

**SOURCE:** Author’s estimates based on proposed subsidies contained in the most recent drafts of the \$3.5 trillion reconciliation package, with figures in present discounted values based on the CBO’s estimate 2.79 percent 10-year Treasury rate. Figures have been rounded to the nearest 100.

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investments in families that would—if made permanent—amount to spending up to \$164,000 on every child in America. In order for such additional spending to be an investment, each of those children would have to earn an additional \$18,600 during every year of a 40-year career, or \$746,000 in total (in today’s dollars), to make current taxpayers’ “investments” in them worthwhile.<sup>34</sup> The proposed subsidies would also disproportionately flow to middle-income and upper-income families.

Rather than create a multitude of one-size-fits-all unfunded entitlement programs, policymakers should focus on providing greater flexibility within the existing resources provided to families in need. For example, Congress should allow families to use existing childcare subsidies—including the roughly \$10,000 per year spent on each child in Head Start—at a childcare provider of their choice.<sup>35</sup> Moreover, lawmakers should pare down—instead of pile on—unhelpful childcare regulations that are currently restricting the supply of more flexible and affordable childcare options.

Finally, rather than raising taxes in ways that will lead to lower incomes and higher prices for everyone, and then redistributing those taxes based on what politicians believe is best for children and families, lawmakers should enact policies that increase income opportunities and that allow everyone to keep more of the money they earn to spend on what they decide is best for them.

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## Endnotes

1. Senator Warren's opening statement at the Subcommittee on Economic Policy, Committee on Banking, Housing, and Urban Affairs, U.S. Senate, "The Role of Child Care in an Equitable Post-Pandemic Recovery," Washington, DC, June 23, 2021.
2. Author's estimates based on present-value (2021) costs of providing the proposed: monthly child payments equal to \$3,600 between the ages of zero and five, and \$3,000 between ages six and 17 as detailed in Sec. 137101 of the Ways and Means Committee's reconciliation markup including an annual Consumer Price Index (CPI) adjustment; childcare subsidies for ages zero through four-and-a-half, provided on a sliding scale as specified in the Committee on Education and Labor's September 8 markup, Subtitle D—Childcare and Universal Pre-Kindergarten, including a sliding scale of taxpayer subsidies so that families making less than 200 percent of the median income for their family size and state pay no more than 7 percent of their income for childcare, and one year of universal Pre-K; and "Tuition-Free Community College" as specified in Part II of the Education and Labor Committee's September 8 markup. Child payments increase with the CPI inflation and childcare Pre-K, and community college costs increase with the rates of childcare and education inflation (2.76 percent) as documented in Federal Reserve Bank of St. Louis FRED, "Consumer Price Index for All Urban Consumers: Tuition, Other School Fees, and Childcare in U.S. City Average (CUSR0000SEEB)," updated September 14, 2021, <https://fred.stlouisfed.org/series/CUSR0000SEEB> (accessed September 24, 2021), and Federal Reserve Bank of St. Louis FRED, "Consumer Price Index for All Urban Consumers: Education in U.S. City Average (CUSR0000SAEI)," updated September 14, 2021, <https://fred.stlouisfed.org/series/CUSR0000SAEI> (accessed September 24, 2021). All dollar amounts are discounted into present-value figures using the Congressional Budget Office's projections for 10-year Treasury rates, which are estimated to average 2.79 percent from 2022 to 2031.
3. Marie Fishpaw et al., "Being a Parent Is Hard Enough: It's Time for Congress to Help Families Thrive," Heritage Foundation *Backgrounders* No. 3647, August 12, 2021, <https://www.heritage.org/sites/default/files/2021-08/BG3647.pdf>.
4. President Biden's American Families Plan calls for monthly payments equivalent to \$3,600 per year for children up to five years of age, and \$3,000 per year for children ages six through 17. Under current law, families receive up to \$2,000 in annual tax credits for children up to ages 16 for the period 2022 through 2025, and \$1,000 per year for 2026 and beyond. The current tax credits are partially contingent on parents' work as only \$1,400 of the current \$2,000 total is refundable if the family owes no federal taxes.
5. Robert Rector and Jamie Hall, "Biden 'Child Allowance' Is a Bait and Switch That Offers Zero Long-Term Tax Relief: Instead, It Permanently Eliminates Work Requirements," Heritage Foundation *Backgrounders* No. 3636, July 8, 2021, <https://www.heritage.org/sites/default/files/2021-07/BG3636.pdf>.
6. The current \$2,000 credit that is in place through 2025 is primarily a tax credit contingent on parents' working and paying taxes, and secondarily includes a partially refundable portion that represents a welfare payment. By eliminating the work component, the proposed changes would effectively convert it into a non-means-based, non-work-based child payment.
7. The American Families Plan's "tax credits" are referred to here as child payments as they are not related to taxes. These payments mimic the temporary expansion in child tax credits in 2021 enacted under the American Rescue Plan. Those additional \$1,000 and \$1,600 payments begin to phase out for married couples with \$150,000 or more of modified adjusted gross income. The \$2,000 of existing tax credits begin to phase out for married couples with \$400,000 or more of modified adjusted gross income. Thus, a family with two children would have their \$1,000 or \$1,600 per child payments fully phased out at income levels between \$190,000 and \$214,000 per year, and their \$2,000 per child tax credits fully phased out at income levels of \$480,000 or more.
8. Proponents of converting the current \$2,000 child tax credit into a fully refundable child payment (not contingent on work) and adding an additional \$1,000 or \$1,600 payments advocate making such payments permanent, but the current text of the legislative proposal only provides the expanded payments through 2025. This is presumably because of the enormous cost of making the credits permanent, which the Tax Foundation estimated would cost nearly \$1.6 trillion over 10 years, compared to the Joint Committee on Taxation's \$556 billion 10-year score for the credits expiring after 2025. Erica York and Huaqun Li, "Making the Expanded Child Credit Permanent Would Cost Nearly \$1.6 Trillion," The Tax Foundation, March 19, 2021, <https://taxfoundation.org/expanded-child-tax-credit-permanent/> (accessed September 19, 2021).
9. \$55,800 is rounded up from \$55,772, which represents the present discounted value of the \$3,600 and \$3,000 proposed payments over a child's first 18 years, if made permanent.
10. Converting from an annual child tax credit to monthly child payments reconciled annually upon tax filing will initially result in most recipients facing larger tax bills or smaller refunds when they file their taxes, and in future years, tax withholding schedules would be changed in ways that result in recipients of the monthly payments having more in taxes withheld from their paychecks.
11. Robert Rector and Vijay Menon, "Understanding the Hidden \$1.1 Trillion Welfare System and How to Reform It," Heritage Foundation *Backgrounders* No. 3294, April 5, 2018, <https://www.heritage.org/sites/default/files/2018-04/BG3294.pdf>.
12. Simon Workman, "The High Cost of Child Care Across the United States," Center for American Progress, June 28, 2021, <https://www.americanprogress.org/issues/early-childhood/reports/2021/06/28/501067/true-cost-high-quality-child-care-across-united-states/> (accessed September 19, 2021). Figures rounded to nearest hundredth.
13. The draft legislation appears to create new childcare and Pre-K entitlements, but for limited time periods, and likely without adequate funds to pay for the benefits, meaning that future Congresses would either have to ration benefits, or raise taxes or debt to fund the benefits.

14. This analysis is based on children attending government-subsidized childcare from the ages of less than one through 4.5 (upon which they transition to Pre-K). Childcare costs are based on: ProCare, "Child Care Costs by State 2020," <https://www.procaresoftware.com/child-care-costs-by-state-2020/> (accessed January 29, 2021). Costs are then increased to account for the proposal's requirement that providers receiving subsidies provide a "living wage," which is assumed to be at least \$15 per hour. See Rachel Greszler, "The Impact of a \$15 Federal Minimum Wage on the Cost of Childcare," Heritage Foundation *Backgrounders* No. 3584, February 22, 2021, <https://www.heritage.org/sites/default/files/2021-02/BG3584.pdf>. All childcare costs are then increased by an additional 20 percent to account for the bill's specifications that grants will reflect the costs of working toward the required "top tier" of quality childcare for all eligible children by 2026. Potential recommendations and requirements include hiring childcare workers with the equivalent of kindergarten teacher qualifications, significantly reducing child-to-teacher ratios, and adding new classroom and building infrastructure requirements. Moreover, the flat-fee structure for families would virtually eliminate providers' incentives to control costs, and they likely could rise by far more than an additional 20 percent.
15. This analysis is based on a child attending one year of Pre-K, from age 4.5 to age 5.5. Although the Pre-K proposal calls for up to two years of Pre-K, it is assumed that most working parents who opt for subsidized childcare will keep their children in childcare until age 4.5, as Pre-K will likely not provide full-day or full-year services. Pre-K costs are \$12,700 per year in 2021 dollars as estimated in Lynn A. Karoly, Jill S. Cannon, Celia J. Gomez, and Anamarie A. Whitaker, "High-Quality Publicly Funded Pre-Kindergarten Programs: How Much Do They Cost," The RAND Corporation *Research Brief*, 2021, [https://www.rand.org/pubs/research\\_briefs/RBA252-1.html](https://www.rand.org/pubs/research_briefs/RBA252-1.html) (accessed September 19, 2021).
16. Estimated \$73,100 costs are for a child in a household with two parents and two children and a median income of \$90,657. Costs assume that the parents choose to use the government-provided childcare subsidies for 4.5 years, and the government Pre-K program for one year. State median family income by family size data from the Administration for Children and Families, "State Median Income (SMI) by Household Size for Mandatory Use in LIHEAP for FFY 2021," U.S. Department of Health and Human Services, [https://www.acf.hhs.gov/sites/default/files/documents/ocs/comm\\_liheap\\_im2002smiattachment\\_fy2021.pdf](https://www.acf.hhs.gov/sites/default/files/documents/ocs/comm_liheap_im2002smiattachment_fy2021.pdf) (accessed September 19, 2021).
17. According to the survey, another 14 percent of families prefer that one parent stays home part time and uses some other kind of childcare part time, and 2 percent prefer full-time nanny care. Wendy Wang and Jenet Erickson, "Homeward Bound: The Work-Family Reset in Post-COVID America," Institute for Family Studies *Research Brief*, August 2021, <https://ifstudies.org/ifs-admin/resources/final-ifsparentsreport.pdf> (accessed September 14, 2021).
18. These figures, representing the views of parents with children up to age 18, are similar but not identical to the figures above that represent the views of parents with children up to age four. Wendy Wang, Margarita Mooney, and Patrick T. Brown, "Familia Sí, Guardería, No: Hispanics Least Likely to Prefer and Use Paid Child Care," Institute for Family Studies, May 26, 2021, <https://ifstudies.org/blog/familia-si-guarderia-no-hispanics-least-likely-to-prefer-and-use-paid-child-care> (accessed September 14, 2021).
19. Rachel Greszler, "The Role of Childcare in an Equitable Post-Pandemic Economy," testimony before the Subcommittee on Economic Policy, Committee on Banking and Urban Affairs, U.S. Senate, June 23, 2021, <https://www.banking.senate.gov/imo/media/doc/Greszler%20Testimony%206-23-21.pdf> (accessed September 24, 2021).
20. Lindsey M. Burke and Salim Furth, "Research Review: Universal Preschool May Do More Harm than Good," Heritage Foundation *Backgrounders* No. 3106, May 11, 2016, <https://www.heritage.org/education/report/research-review-universal-preschool-may-do-more-harm-good>.
21. Archbridge Institute, "Nobel-Prize Winning Economist Dr. James Heckman on Social Mobility, the American Dream, and How Covid-19 Could Affect Inequality," Medium, April 23, 2020, <https://medium.com/archbridge-notes/nobel-prize-winning-economist-dr-5550dald5c3> (accessed September 20, 2021).
22. Jenet Erickson and Katharine B. Stevens, "Universal Child Care: A Bad Deal for Kids?," The American Enterprise Institute, February 2, 2021, <https://www.aei.org/articles/universal-child-care-a-bad-deal-for-kids/> (accessed September 20, 2021).
23. Alan E. Gutmacher, "The NICHD Study of Early Child Care and Youth Development: Findings for Children Up to Age 4 ½ Years," National Institutes of Health, National Institute of Child Health and Human Development, 2006, [https://www.nichd.nih.gov/sites/default/files/publications/pubs/documents/seccyd\\_06.pdf](https://www.nichd.nih.gov/sites/default/files/publications/pubs/documents/seccyd_06.pdf) (accessed September 20, 2021).
24. Michael Baker, Jonathan Gruber, and Kevin Milligan, "Universal Childcare, Maternal Labor Supply and Family Well-Being," National Bureau of Economic Research *Working Paper* No. 11832, December 2005, [https://www.nber.org/system/files/working\\_papers/w11832/w11832.pdf](https://www.nber.org/system/files/working_papers/w11832/w11832.pdf) (accessed April 29, 2021).
25. In 2012, the Department of Health and Human Services conducted a scientifically rigorous evaluation of the Head Start program's effects on children through the third grade, and found that it had little or no impact on parenting practices, and little impact on the cognitive, social-emotional, and health outcomes of participants. See Lindsey M. Burke and David B. Muhlhausen, "Head Start Impact Evaluation Report Finally Released," Heritage Foundation *Issue Brief* No. 3823, January 10, 2023, <https://www.heritage.org/education/report/head-start-impact-evaluation-report-finally-released>.
26. A Vanderbilt University evaluation of Tennessee's Voluntary Pre-K initiative—considered a model of government-funded preschool—found no significant differences between the control group and the preschool group on any achievement measures by the end of kindergarten, and some negative performance and behavior effects for Pre-K participants beyond kindergarten. Mark W. Lipsey, Dale C. Farran, and Kelley Durkin, "Effects of the Tennessee Kindergarten Program on Children's Achievement and Behavior Through Third Grade," *Early Childhood Research Quarterly* (2018), <https://cdn.vanderbilt.edu/vu-my/wp-content/uploads/sites/1147/2018/05/14112750/Effects-of-the-Tennessee-Prekindergarten-Program-on>

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27. Burke and Furth, "Research Review: Universal Preschool May Do More Harm than Good."
  28. This analysis includes the estimated costs of raising the minimum wage for childcare workers to \$15 per hour as detailed in Greszler, "The Impact of a \$15 Federal Minimum Wage on the Cost of Childcare," and an additional 20 percent increase to account for the proposals goal to make top-tier childcare available to every child in America.
  29. National Center for Education Statistics, *Digest of Education Statistics*, "Table 333.10 Total revenue of public degree-granting postsecondary institutions, by source of revenue and level of institution: Selected years, 2007-08 through 2018-19," [https://nces.ed.gov/programs/digest/d20/tables/dt20\\_333.10.asp?current=yes](https://nces.ed.gov/programs/digest/d20/tables/dt20_333.10.asp?current=yes) (accessed September 15, 2021).
  30. The 28.2 percent figure represents individuals at two-year public institutions who entered school in 2016. National Center for Education Statistics, *Digest of Education Statistics*, "Table 326.20. Graduation rate from first institution attended within 150 percent of normal time for first-time, full-time degree/certificate-seeking students at 2-year postsecondary institutions, by race/ethnicity, sex, and control of institution: Selected cohort entry years, 2000 through 2016," [https://nces.ed.gov/programs/digest/d20/tables/dt20\\_326.20.asp](https://nces.ed.gov/programs/digest/d20/tables/dt20_326.20.asp) (accessed September 16, 2021).
  31. National Center for Education Statistics, "Financial Aid: What Is the Percent of Full-Time, First-Time Students Awarded Financial Aid?" Trend Generator, 2018–2019, <https://nces.ed.gov/ipeds/TrendGenerator/app/answer/8/34> (accessed September 19, 2021), and College Board, "Trends in College Pricing and Student Aid 2020," Trends in Higher Education Series, <https://research.collegeboard.org/pdf/trends-college-pricing-student-aid-2020.pdf> (accessed September 16, 2021).
  32. Total investments are over the first 21 years of children's lives and do not include other taxpayer spending on existing means-tested welfare benefits or on public K–12 education. This amount reflects a child who receives the full child payments, attends 4.5 years of childcare, one year of Pre-K, and two years of community college. The estimated investment total is for a child in a two-parent, two-child household with a median household income of \$90,657 (median for a family of four). The total in nominal dollars would equal \$208,516, which has a present discounted value of \$164,014 in current 2021 dollars. Subsidies would vary by family income level and by state, based on median income levels, and the costs of childcare, Pre-K, and community college.
  33. These estimates assume a 22 percent federal income tax rate, which applies to single individuals earning between \$40,126 and \$85,525, and to married couples earning between \$80,251 and \$171,050 in 2021. The necessary income gains would be larger for lower-income individuals subject to lower marginal tax rates, and smaller for higher-income individuals subject to higher marginal tax rates.
  34. Figures are in present discounted values. The \$746,000 in total additional earnings needed to compensate for taxpayers' investments in each child amounts to over \$2.5 million in nominal dollars.
  35. Rachel Greszler, "Why President Biden's Government Solutions Would Actually Weaken the Infrastructure of American Families," Heritage Foundation *Backgrounders* No. 3616, May 3, 2021, <https://www.heritage.org/sites/default/files/2021-05/BG3616.pdf>.