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Opinion: American Families Plan would attend to child care, boosting the workforce behind the workforce

Biden plan makes case for child care over capital gains tax breaks

Peter Fisher, Guest columnist

President Joe Biden's [American Families Plan](#) would commit to major new investments in child care, while boosting the economy and paying for itself.

It would add hundreds of thousands of new child care and preschool jobs, raise the compensation of the child care workforce to at least \$15 per hour, and ensure working families do not need to pay more than 7% of their income for child care.

These are benefits to millions of families and millions of young children, improving the quality of child care and enabling those in the field to make it a career. These investments also benefit business and the economy by enabling more people to work and boosting the purchasing power of people who work in child care.

The plan would be financed by eliminating a variety of tax preferences for those with incomes over \$400,000. The child care investments in the bill, amounting to \$40 billion annually, would be largely offset by the increased revenue from two important reforms ending special tax treatment for capital gains income for the wealthiest in society:

- Taxing capital gains for individuals making over \$1 million per year at the same rate as wage income.
- Taxing unrealized capital gains at death.

The special treatment of capital gains means income from selling stock or real estate, for example, is currently taxed at a lower rate than income from wages and salaries, rewarding speculation over work. The second reform closes a huge loophole where some such income is never taxed at all — which happens when the wealthy leave an asset to heirs.

Consider what happens with a stock purchase of \$1 million that is now worth \$10 million. The \$9 million income gain already is taxed preferentially — at a lower rate than salary income — if the investor sells it. But if that were not enough special treatment, the tidy gain goes totally tax-free if the stock is passed to an heir.

The business community and advocates for working families agree on the importance of increased federal investments in child care, which have strong bipartisan support. Child care workers are the workforce behind the workforce, and quality child care produces long-term benefits to children and to the economy.

The positive economic effect of the American Families Plan derives in large part from the impact of creating hundreds of thousands of new jobs, paying child care workers better and increasing their consumer spending, enabling more people with children to work, and increasing the productivity of the workforce that needs child care services.

The American Families Plan sets priorities on how to invest in a prosperous economy. With respect to child care and capital gains preferences, its priority is investing in working families, including those providing child care, and the benefits of doing so to local businesses — and not on continuing tax breaks for the wealthiest Iowans and Americans. The public needs to hold those in Congress accountable for the choices they make at this critical time.



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