



The Biden Administration's “American Families Plan”

Undercutting the Family, Holding Back Children

The Biden Administration has released an outline of the [“American Families Plan,”](#) a massive and far-reaching proposal that purports to help American families deal with the economic uncertainty of today. While there are some positive aspects of this plan, like an overall increase to the Child Tax Credit, this plan misses the mark in providing real solutions for working families and instead proposes a government takeover of major aspects of family life, including childcare, education, and family economic policies. Below is an overview of some key sections in the plan.

Provides Massive Funding for Public Education

Instead of empowering parents with the opportunity to find the best education situation for their children, the American Families Plan focuses exclusively on public education. Evidentially, President Biden wants all children—from age three through their early twenties—to be educated at public institutions. Biden’s plan takes children away from their parents at a young age and tells students the only way to succeed is to spend four years in college. The following provisions would help achieve these ends:

- \$200 billion in funding for free preschool for three and four-year-olds.
 - A federal-state partnership in order to create federally subsidized preschool programs.
 - All participants in the federal childcare program will earn at least \$15 minimum wage.
- \$109 billion for free two-year community college for all Americans, including Dreamers.
 - 5.5 million students would be eligible.
 - This funding can be used for up to three or four years in order to complete a degree.
 - An additional \$1,400 per student in Pell grants will be made available.
- Massive spending on more teachers.
 - The plan doubles teacher's scholarships from \$4,000 to \$8,000, with specific access for teachers of color.
 - \$1.6 billion for teacher certification programs.

Incentivizes the Growth of Childcare

- The American Families Plan makes a \$225 billion investment into overhauling the childcare system into a federally run system that takes children out of the home and provides less flexibility for families to choose the best childcare for them.
- It caps childcare costs at no more than seven percent of a family's income. Parents will have a range of options (childcare centers, family childcare providers, the Early Head Start program, and public schools). It makes no mention of faith-based providers or religious schools.
- Childcare providers will be subsidized to cover the cost of "quality early childhood care and education," including "culturally and linguistically responsive environments."
- It provides for a \$15 minimum wage for some childcare staff.

Expands Paid Leave

While paid leave policies run by employers are good for incentivizing family creation and helping working families care for their children, a federally mandated program that directly incentivizes all parents to return to the workforce full-time after having a child is problematic. Also, the paid leave program terms in the American Families Plan are so broad that employers would be mandated to provide paid leave for almost any reason. Among other things, Biden's plan:

- Creates a national paid family and medical leave program costing \$225 billion.
- Provides workers with up to \$4,000 a month, with a minimum of 2/3 wage replacement.
- Allows for leave to be taken to:
 - Bond with a new child.
 - Care for a sick loved one.
 - Deal with a military deployment.
 - Find safety from sexual assault.
 - Heal from your own serious illness.
 - Take time off for the death of a loved one.

Expands Abortion

- The American Families Plan makes the extended Affordable Care Act (ACA) subsidies permanent.
 - Creates a public option (would allow non-Medicaid recipients to buy into health plans that cover abortion).
 - Provides \$200 billion to make the extended ACA premium reductions, which cover ACA plans with abortion, permanent.

- Invests in maternal health and supports families of veterans receiving health care services (this could include more abortion funding).

Expands the Child Tax Credit and Related Measures

While certain child tax credit policies are advantageous, the American Families Plan would take away the incentive to work and not incentivize family growth.

- Locks in an expanded Child Tax Credit (CTC).
 - Increases the CTC from \$2,000-\$3,000 (plus an extra \$600 for children under six).
 - Makes 17-year-olds eligible.
 - Makes it fully refundable.
 - Makes the payments sent out on a monthly basis instead of at tax filing time.
 - Takes away the work incentives that currently exist in the CTC.
- Expands the Child and Dependent Care Tax Credit
 - Provides a tax credit for childcare expenses worth \$4,000 for one child or \$8,000 for two children.
 - Makes it 50 percent refundable for low-income earners.
- Makes the Childless Earned Income Tax Credit expansion permanent and incentivizes low-wage workers not to start a family.

How Will This Plan Be Funded?

The government will:

- Increase the tax rate for the highest earners from 37 percent to 39.6 percent (where it was before the 2017 tax cuts).
- Revise the capital gains and dividends tax.
- Eliminate the tax loophole when wealth is passed down to an heir (except for family-owned businesses and farmers).
- Go after hedge fund partners.
- Increase the Medicare tax for those with an income of over \$400,000.