

Mrs. BURNS. That is right. You see, all families under this system would get the children's allowance. So all families would then lose the right, according to what we would suggest, would lose the exemption and the standard deduction. The allowance would be taxable. And furthermore, some of these proposals which are included in that report which I think has been sent to you of our conference on children's allowance have provided for additional recoupment features so that the cost, if you use one of the proposals Dr. Brazer suggested, would drop to about \$12 billion.

Senator PROXMIRE. If you did what again?

Mrs. BURNS. If in addition to the two things, dropping the exemption and taxing the allowance, and you put in further refinements in the income tax which Dr. Brazer has a series of suggestions on, you could, by one of his proposals, reduce the cost to about \$12 billion.

Senator PROXMIRE. The further refinements would not mean a fundamental change in something that has nothing to do with children's exemptions, would it?

Mrs. BURNS. No.

Senator PROXMIRE. If you reformed the income tax to provide for a reduction of the oil depletion allowance, for instance.

Mrs. BURNS. No, we leave all those other horrible things to somebody else to figure out. This is just a refinement which would relate specifically to an additional tax you would have to pay, related to your children's allowance—a certain percentage, in other words, that you would be adding to your tax once your income exceeded a certain level.

Senator PROXMIRE. I notice on welfare payments for children, they vary by age in some jurisdictions. A smaller child might be somewhat less expensive than an older child. They eat less for one thing. Would you allow for that?

Mrs. BURNS. Senator, at the present time, there is a very large number of alternative proposals available. For example, you could say that you do not pay it for the first child—Britain, for example, does not pay it for the first child. You can say that you pay more for the older child than the younger child, which is what Canada does. You can say conversely that you pay less for the older child than for the younger child, because there are more children in the family. At the moment, the Citizens Committee is investigating a number of these alternative possibilities.

Mr. Brazer, for example, has a grant at the present time to explore the variety of alternatives, but in each case, what you have to remember is each alternative will change the numbers of children you will bring out of poverty. So what you have to do is a balancing up job. You have to say if we did it this way, this would happen. Another way would be to say we just reduce them all down the line with the numbers of children regardless of ages. There are all kinds of possibilities.

In each case what we are trying to do, and we shall hope to send the material to you when we get it done, is to work out how many children would you move out of poverty if you had this kind of system and what would it cost? How many children would you move out of poverty if you had another kind of system. We feel that the idea is sufficiently important at the present time so that the next stage, to get