



with



Child Care and the Tax Code

A Conversation on Realities, Opportunities, Action

January 2025



Today's Speakers



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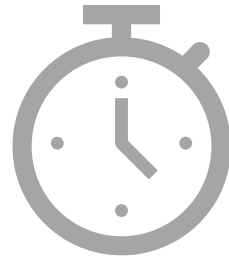


Daniel Hains
Managing Director
NAEYC

Today's Goals



The issue is
urgent.



The timing is
now.



The goal is
specific.

Where are we today?

Recent announcements from the Administration have caused questions and concerns.

We must simultaneously work on multiple fronts to:

- protect programs that have an impact on children and;
- seize any opportunities to build on programs and policies where available.



The Tax Opportunity



Congress: I urge you to protect and expand the Child and Dependent Care Tax Credit (CDCTC)—the only tax credit that helps working parents keep more of what they earn to pay for child care.

Families need child care.

Families need this tax credit.

Why Taxes?



The **TAX CUTS & JOBS ACT**

WHAT YOU NEED TO KNOW

Parts of the 2017 Tax Cuts & Jobs Act will expire at the end of 2025.

Congress will take action with a new tax package this year.

This gives us the opportunity to protect and enhance child care-related tax provisions like the Child and Dependent Care Tax Credit, the only tax credit that directly helps low- and middle-income working parents pay for child care.

A Look At Our Role

This is a chance to help families with their child care needs.

What This Means

- Follow a “Yes, and...” and “All Of The Above” strategy.
- Seize opportunities to make provide more support for families with young children.
- Protect the CDCTC from elimination or cuts while urging expansion to help more families.

And What It Doesn't

- We are working on multiple fronts.
- Fighting for CDCTC doesn't mean unconditionally supporting the full bill.
- It doesn't mean we've "solved" child care – we still need stronger funding, policies.
- Improving the CDCTC won't negate other harmful policies that impact the same families.

The Power of the CDCTC

In 2021, the CDCTC was temporarily strengthened for one year, with a larger credit and reaching more families.

In 2022, the credit reverted to previous levels.

2020

5.1 million families helped
* with a *
\$500-600 average credit

2021

6.3 million families helped
* with a *
\$2,100 average credit

Two Tracks in 2025

CDCTC: 2025

CDCTC CUT OR IGNORED

- Less support for families
- Harder to afford child care
- Missed piece of the overall solution

CDCTC EXPANDED

- More support for more families
- Supports children, families, work
- Important piece of overall child care solution

Deeper Dive: CDCTC



- What is the CDCTC?
- CDCTC and the CTC...Why Families Need Both
- Realities and Opportunities

A Few Numbers

23 Million

Number of children ages 5 and under in the United States

65%

Percent of these children have all adults in their household in the workforce

\$11,582

Average annual cost of child care in 2023

What Is The CDCTC?



The Child and Dependent Care Tax Credit is the only tax credit that directly helps low- and middle-income working parents keep more of what they earn to pay for child care.

How It Works (Simplified Version)

- Parents claim a portion of their child care expenses on their taxes;
- They receive a percentage back as a tax credit;
- The average credit – between \$500-600.

CDCTC:

Last updated in 2001

Strengthen It By:

- Expanding the value to better support families.
- Indexing credit to inflation – as prices rise, so does the benefit!
- Making it “refundable” – if a portion of the benefit reduces your tax bill to zero, you can get the rest as a refund.



The CDCTC and the CTC

The Child & Dependent Care Tax Credit and the Child Tax Credit support families in very different ways. **Families Need Both.**

The Child and Dependent Care Tax Credit (CDCTC) specifically helps working parents keep more of what they earn to pay for child care.

Families Use For:



Child care expenses
(100%)

The Child Tax Credit (CTC) can be used to defray any costs associated with raising a child.

Families Use For



Food (52%)



Education (40%)



Utilities (52%)



Vehicle (19%)



Housing (45%)



Debts (19%)



Clothes (44%)



Child Care (16%)



Child Care Tax Provisions: Working Together


The Child and Dependent Care Tax Credit, the only tax credit that directly helps low- and middle-income working parents offset the cost of child care;

The Dependent Care Assistance Plan, or DCAP, a flexible spending account that allows working parents to set aside pre-tax dollars to pay for child care expenses;

And the Employer-Provided Child Care Credit (known as 45F), which supports businesses who want to help locate or provide child care for their workforce.



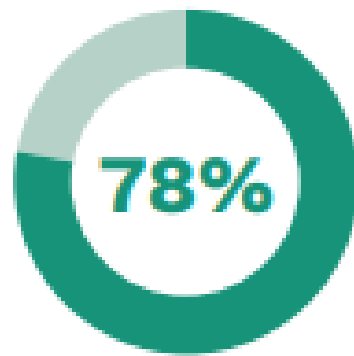
What We're Hearing from Congress

- 
- Reconciliation
 - Threat of Elimination
 - Opportunity for Enhancement
 - Need for Voices

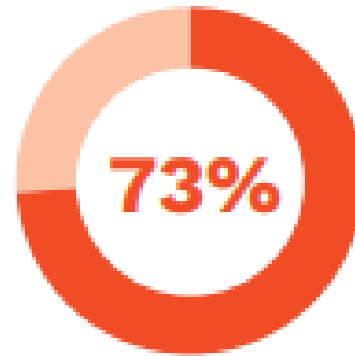
Strong Bipartisan Support

According to recent national polling, there is strong bipartisan support among voters for increasing the CDCTC.

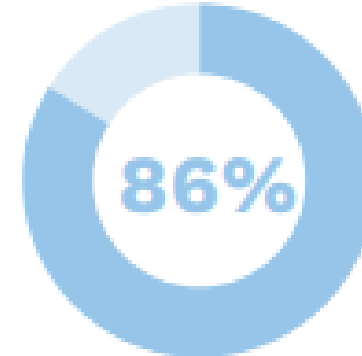
SUPPORT FOR INCREASING THE CDCTC



ALL VOTERS



REPUBLICANS



DEMOCRATS

Time For Action

- Every Voice Matters
- Contacting Congress
- Rallying Your People
- Making Change



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Take An Action...Or Three!

Tell Congress to Protect and Update the CDCTC

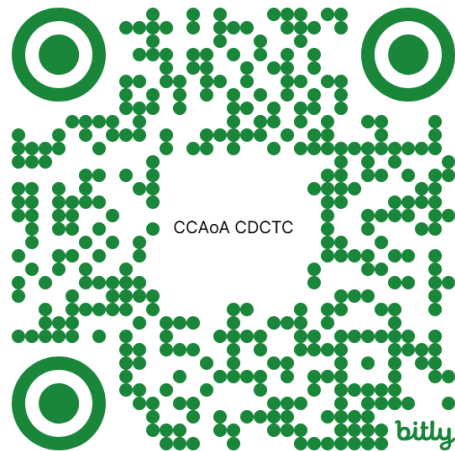
First Five Years Fund

<https://www.ffyf.org/take-action/>



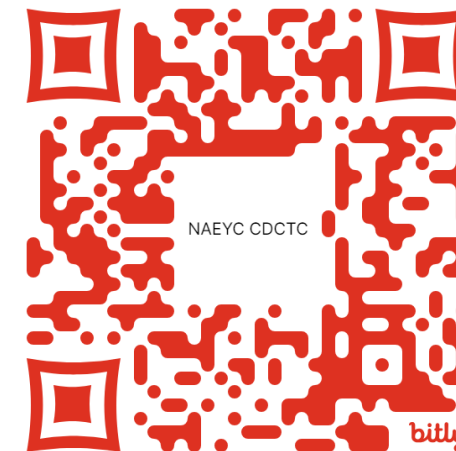
Child Care Aware
of America

<https://www.childcareaware.org/child-care-tax-policy/>



NAEYC

<https://www.votervoicenet.com/NAEYC/Campaigns/120537/Respond>



Get Social – Spread The Word

CONGRESS: EXPAND THE CDCTC

Help working families keep more of what they earn by protecting and expanding the Child and Dependent Care Tax Credit (CDCTC)

[FFYF.ORG/CDCTC2025](https://ffyf.org/cdctc2025)

THE CDCTC IS PRO-WORK & PRO-FAMILY

Congress can support working families by protecting the Child and Dependent Care Tax Credit (CDCTC)

[FFYF.ORG/CDCTC2025](https://ffyf.org/cdctc2025)

WORKING FAMILIES NEED THE CDCTC

Congress: Don't make it harder for working families to pay for child care. Protect the Child and Dependent Care Tax Credit.

[FFYF.ORG/CDCTC2025](https://ffyf.org/cdctc2025)

Rally Your People

Scan and share this QR code for www.ffyf.org/CDCTC2025 for:

- Updates
- A link to this webinar
- An action toolkit
- Talking Points
- And much more!



Scan me

Head To The Hill



February 23- February 25:
NAEYC's annual Public Policy Forum takes
advocates to the Hill

For More Information:

<https://www.naeyc.org/events/policy-forum>

February 25, 5-7PM

FFYF and others host the Child Care
Means Business reception on the Hill

RSVP: johern@ffyf.org

Any Questions?



THANK YOU

