

TALKING POINTS ON CHILD CARE RELATED TAX PROVISIONS IN TRUMP'S "BIG UGLY BILL"

- **To label Trump's "Big Ugly Bill" a win for child care is deeply misleading.** While the law includes modest child care tax benefits, taken overall, the bill will do far more harm than good for children and the people who care for them.
- In the context of the larger bill, which raises costs on families and rips away basic need support for children, the value of the modest child care tax benefits are limited.
 - In reality, **few families are able to benefit from the credits, and those that do are overwhelmingly families with higher earnings.**
- There are three measures in this law that could provide modest child care benefits to families, an expanded 45F Tax Credit for Employer-Provided Child Care, an expanded Dependent Care Assistance Programs (DCAPs), and a modest increase to the Child and Dependent Care Tax Credit.
- The **expanded Employer-Provided Child Care** does not fix any of the issues that already exist within this credit, including that it is [not widely utilized](#), falls [far short](#) of the tremendous cost of establishing an on-site child care center, and largely benefits big corporate employers who can afford or already provide child care services to their employees.
 - Employer-provided child care also [has its own risks](#): namely, that if you lose your job, or the employer takes away those benefits, you also lose your child care.
- **Dependent Care Assistance Programs (DCAPs)**, which provide tax savings for employees who can afford to put money aside for child care expenses, are mostly available to [high-income earners](#) in [specific industries](#).
 - Even after the law's expansion, these tax savings are largely not useful for families with low incomes, who cannot spare income to put aside in these accounts.
 - Tax-free money for child care also only helps if you can find child care that works for your family – and the prevalence of [licensed child care deserts](#) makes this a challenge nationwide.

- The increase in **Child and Dependent Care Tax Credit**—which helps offset families’ out of pocket caregiving cost—still does not come close to covering the high cost of child care or allow families with extremely low incomes to benefit
 - Because the credit is not refundable, families receive much less than the theoretical maximum credit amount.
 - For example, in 2023, families received an average [benefit of \\$625](#), despite the fact that the credit was theoretically worth \$2,100.
 - Another reason that the value is undermined is that families can’t both take advantage of the Dependent Care Assistance Programs and get the full amount of the Child and Dependent Care Tax Credit.
- **Along with not providing meaningful support to most families, and virtually none to early educators, these modest benefits also do not outweigh the law’s historic cuts to basic needs programs**, including Medicaid and SNAP, which will raise costs on families and disproportionately hurt child care providers.
 - [43 percent of early educator families](#) rely on one or more public basic need programs such as Medicaid or SNAP to make ends meet.
- The law also increases funding for mass detention and deportation, which will put immigrant families and early educators at risk and undermine the child care system that relies on their work.
 - Immigrants make up [21 percent of the early educator workforce](#).
 - [One in four children](#) under the age of six has at least one foreign-born parent.
- **Not to mention that the Trump administration has relentlessly attacked child care and Head Start via executive actions—all while Congressional Republicans did nothing.**
 - To date, the Trump Administration has withheld child care and Head Start dollars, sought to bar immigrant children from Head Start, and proposed eliminating federal programs like the Child Care Means Parents in School (CCAMPIS) program and Preschool Development Grants (PDG).
- **To call this a win is akin to watering one plant while burning the forest around it.** This was nothing more than a token gesture and ultimately falls far short of what is needed to effectively resolve the larger destruction.