

December 7, 2017

The Honorable Mitch McConnell  
Majority Leader  
United States Senate

The Honorable Paul Ryan  
Speaker of the House  
United States House of Representatives

The Honorable Orrin Hatch  
Chairman  
Committee on Finance  
United States Senate

The Honorable Kevin Brady  
Chairman  
Committee on Ways and Means  
United States House of Representatives

Dear Conferees,

We are writing to urge you as Conferees to H.R. 1, the Tax Cuts and Jobs Act, to include language to bolster the Child and Dependent Care Tax Credit (CDCTC) which is a critical credit to working families across America. As you've heard from your constituents, and even perhaps from your own experience, the cost of child care is one of a working family's biggest expenses, yet this credit has not been updated in decades nor is it refundable which would make it accessible to those low and middle-income families who need it the most.

Just last week, Senator Collins filed a bipartisan revenue-neutral amendment that would expand the credit similar to that of the PACE Act (H.R. 3632/S.208). That legislation, among other things, would update the CDCTC expense cap to reflect today's costs; make the credit refundable for children ages 0-6, allowing low-income families with limited tax liability to benefit; and index the expense thresholds to inflation. It is not too late to pick up on this bicameral support and adjust the CDCTC in the conference report.

Quality child care plays a crucial role in helping parents both obtain and retain employment, enabling parents to earn a living while their children are in healthy and safe learning environments. In addition to providing increased opportunities for women in the workforce, we also know that access to high-quality birth-to-age-five early childhood programs for low-income families can yield significant economic advantages for children. Nobel Laureate economist James Heckman found that participating in such programs resulted in a 13 percent per child, per year return on investment through better outcomes in education, health, social behaviors, and employment.

In many states, full time child care is higher than the price of in-state tuition at a four-year public college or average cost of rent. Child care costs are one of the biggest expenses for families, especially for lower-income working families. The U.S. Census Bureau estimates that the cost of child care represents an average of 30% of total income for families below the poverty level. The result is that families are forced to choose between paying for child care and paying for other necessities. The inability to afford child care prevents some of these parents from working, compounding their poverty and limiting upward mobility.

Despite these significant and rising costs, the tax preferences to support child care and early childhood education have been frozen in place for almost two decades. The CDCTC is a crucial tax incentive that is designed specifically to offset the cost of child care. Unfortunately, because of its current structure, many families are unable to take advantage of this valuable credit.

As we embark on an historic overhaul of our nation's tax code, we have a unique opportunity to ensure that this newly designed code supports working families and incentivizes quality care for our most vulnerable citizens. Please add this critical language to the conference report for H.R. 1.

Sincerely,

The First Five Years Fund  
Save the Children Action Network  
AdvancED  
Early Care and Education Consortium  
Kaplan Early Learning Company  
Goddard Systems  
Minnesota Child Care Association  
National Association for the Education of Young Children  
New Horizon Academy  
Primrose Schools  
Teachstone Training, LLC

**CC:**

Senator Mike Enzi  
Senator Lisa Murkowski  
Senator John Cornyn  
Senator John Thune  
Senator Rob Portman  
Senator Tim Scott  
Senator Pat Toomey

Representative Rob Bishop  
Representative Diane Black  
Representative Kristi Noem  
Representative Devin Nunes  
Representative Peter Roskam  
Representative John Shimkus  
Representative Greg Walden  
Representative Don Young