The House Republican Tax Plan Could Help Address Child Care Affordability – But It's Falling Short

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The National Association for the Education of Young Children (NAEYC), along with our tens of thousands of members across the country, welcomes a national conversation about tax policy. Research shows that efforts to make child care affordable and high-quality should be a key part of this conversation, as well as a national priority, as doing so is important both for the strength of our current economy, and the success of our future one. While comprehensive solutions are critical, thoughtfully-structured tax reform could present a meaningful path to address one element of the early childhood education landscape: the very real challenge of affordability. Our system requires investments—and parents need relief.

The House Republican tax plan openly acknowledges the challenges of child care affordability, but its current solutions fall far short. Although it takes an important step to preserve the Child and Dependent Care Tax Credit (CDCTC), it neither strengthens nor expands it ensure the credit reaches the families who need it most. The bipartisan, bicameral PACE (Promoting Affordable Childcare for Everyone) Act should be prioritized in tax reform because it helps more families, taking the important steps of making this child care tax credit fully refundable, increasing its value, and indexing it to inflation. NAEYC urges support of the PACE Act, which is sponsored by Rep. Kevin Yoder (R-KS) and Rep. Stephanie Murphy (D-FL) in the House, as well as Senator Richard Burr (R-NC) and Senator Angus King (I-ME) in the Senate.

NAEYC's concerns about the lack of improvements to the CDCTC are reflective of our concerns about the entirety of the bill, which in its current form negatively impacts access to higher education, the cost of college, and efforts to develop a highly skilled workforce. It also lacks the fiscal responsibility necessary to ensure that taxes, mandatory, and discretionary funding are all best positioned to support investments in our country's greatest assets—our children, their families, and the professionals who dedicate their lives to promoting their success. Tax reform must not make it harder for current and future early childhood professionals to pursue higher education, nor can it impede the short- and long-term funding available for foundational and successful federal early childhood education programs like the Child Care and Development Block Grant, Head Start, Medicaid and SNAP, each of which are critically important to children, families, and educators.

Yet we remain hopeful that Congress, working together, can devise a tax plan that would earn our support, because despite the geographic, demographic and ideological differences that can divide our nation, we believe that helping families through the tax code and working to deliver on the promise of early learning can and should be an issue on which we can come together, for the benefit of us all.