

Save the Children Action Network (SCAN) is pleased that both Presidential campaigns have now outlined their plans to address the increasing cost of child care. The average cost of full-time child care nationally is more than \$17,000 for an infant and more than \$12,000 for a 4-year-old, according to Child Care Aware of America. For families making the minimum wage, this cost can deplete 30% or more of their monthly income. In 23 states, the cost of child care is higher than in-state college tuition. Here is what Donald Trump has offered to do to help families afford child care.

Donald Trump's plan

- 1) Parents could write off the average cost of child care in their state for their child's age. Anyone with child care expenses who ends up owing income tax could take this benefit, even if they do not itemize their deductions.
- 2) Low-income filers, who often end up owing nothing in income tax, could instead take their deduction against their payroll taxes for Social Security and Medicare.
- 3) Allow parents who stay at-home to provide care for their children to also deduct the average cost of child care from their taxes.

Cost and Pay For

Early estimates are that this plan could cost up to \$25 billion a year. No details have been provided on how this would be paid for or how the government might address lower revenues from Social Security and Medicare payroll taxes.

Conclusion

While SCAN is pleased that Donald Trump has initiated discussion of early childhood education, we agree with the many tax experts who have pointed out that the tax deductions suggested may not benefit lower income parents very much for at least two reasons.

- 1) Because families pay for child care throughout the year, a year-end tax deduction only provides relief once a year.
- 2) Low-income filers payroll taxes are typically much lower than what they owe in child care costs. For example, an individual earning \$20,000 a year would owe about \$1,500 in

payroll taxes. \$1,500 would be the maximum benefit of a payroll tax deduction for an expense that averages around \$12,000 a year.

Additionally, this plan does not directly address the increasing cost of child care or the critical issue of quality standards. Finally, allowing parents who stay home to deduct costs would be a step backward, encouraging low-income families to stay out of the workforce instead of pursuing employment opportunities which could lift them out of poverty. SCAN would like to see more details from the Trump campaign on how his child care initiative would improve access for the most at-risk and lowest-income families and their children.