



Save the Children
Action Network™

Working Families Relief Act

All Kids Deserve A Strong Start

In the U.S., fewer than one in three children have a full-time, stay-at-home parent. Almost one-quarter of children under the age of five are in organized child care arrangements. For these families, the average cost of center-based child care in the United States is at least \$12,000 per year, according to Child Care Aware. For infant care, the cost is even higher.

According to the Economic Policy Institute¹, in 33 states and Washington, D.C., a family will pay more annually for infant care than for full-time, in-state public college tuition.



Many parents know that without high-quality learning programs, their children could fall behind and never catch up. Families want to provide their children with this kind of quality care. However, for many it's simply unaffordable. Reforming the Dependent Care Assistance Program is one way to help these parents ensure their children are able to make the most out of their early years.

Dependent Care Assistance Program (DCAP)

The Dependent Care Assistance Program (DCAP) is an employer sponsored program that provides reimbursements for up to \$2,500 annually (\$5,000 for married couples) to employees who pay for dependent care. Employees are allowed to deduct dependent care expenses from their paycheck on a pre-tax basis. Employees who use DCAP are not eligible to claim the Child and Dependent Care Credit (CDCCTC) on their tax return.

New Legislation

The Working Families Relief Act (H.R. 4867) would help more families utilize the DCAP and increase the benefits for these families. Specifically, this legislation would:

1. Increase the maximum amount the employee can exclude from income to \$10,500 and index for inflation;
2. Allow a tax credit for Small Employer Dependent Care Assistance Program start-up costs for employers; and
3. Provide a tax credit to employers who match Dependent Care Assistance Program contributions by employees up to \$1,000.

¹ <http://www.epi.org/publication/child-care-affordability/>





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These changes will make the DCAP more beneficial to families, less expensive for employers and provide employers with tax benefits for offering additional assistance to their employees. Additionally, by removing costly barriers to setting up these programs, employers will be able to provide greater benefits to their employees and better compete for workforce talent.

