

# Reforming the Child and Dependent Care Credit (CDCC)

## *A Fair Tax Credit for All Families*

### A Credit That Doesn't Reflect Real Family Life

The Child and Dependent Care Credit (CDCC) is designed to help offset childcare costs—but it leaves many families out. At first glance, the policy seems straightforward. The CDCC covers between 20% and 35% of qualifying expenses, up to \$3,000 for one child or \$6,000 for two or more.

#### **However, under current law, families only qualify if:**

- *Both parents work (or are looking for work), or it is a single-parent family*
- *AND Childcare is paid to a non-related adult aged 19 or older*

This structure explicitly excludes what many would consider a traditional family arrangement—where one parent works outside the home, and the other stays home to care for the children.

**In effect, the tax code discriminates against the traditional family model in favor of others.**

### Real Families with Real Childcare Needs

Even if one parent is at home, real childcare needs still exist within traditional families:

- Managing multiple children's needs across different ages
- Medical appointments, therapies, or special needs care
- Caring for foster children, adoptive children, or extended family members
- Temporary childcare to handle essential responsibilities

For large families especially, these needs add up—financially and logistically. **But under current law, these situations are discriminated against in the tax code.**

### A Needed Reform for Today's Families

There is discussion in Congress to modernize the CDCC to bring it up to date with how families actually live today.

The possible reforms could:

- Expand eligibility to include the traditional family
- Recognize legitimate childcare needs in single-income families
- Remove bias against parents who prioritize care in the home

**The goal is simple: ensure the tax code does not favor one family structure over another or pressure parents into decisions that may not serve their children.** This proposal isn't about removing benefits. It's about eliminating a structural inequity that disadvantages families who make the intentional choice to prioritize care in the home.

**The tax code should not penalize families for that choice. Reforming the CDCC would better support families, strengthen communities, and reflect the value of raising the next generation.**

