

## **Coburn #2832 – Limit federal grants and tax expenditures for those making over \$250,000**

While the national debt soars over \$17 trillion and families nationwide work hard to afford quality childcare, Congress has left some childcare subsidies open to those who hardly need assistance.

This amendment would prohibit any federal program – either through grants or tax expenditures – from providing anyone having an income over \$250,000 with a subsidy for childcare. While the Child Care and Development Block Grant (CCDBG) itself has income limits (at 85 percent of state median income), other federal programs do not.

For example, high-earners are eligible to have the cost of their childcare offset by the Dependent Care Tax Credit (DCTC) and the Dependent Care Assistance Program (DCAP). The DCTC allows for a dollar-for-dollar reduction in tax liability up to \$6,000 in expenses. DCAP, on the other hand, allows employers to contribute to or provide childcare for an employee's dependents without being taxed on the extra income, up to \$5,000.

About 234,000 high-earners claimed the DCTC in 2011.<sup>1</sup> They received \$131 million in benefits.<sup>2</sup> At the same time, over 250,000 children were on state waiting lists nationwide for subsidized childcare.<sup>3</sup>

States are able to use a variety of other federal grants – such as the Community Development Block Grant or the Social Services Block Grant – for child care. Yet, neither of these programs has strict income limits.

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<sup>1</sup> Internal Revenue Service, Statistics of Income, Table 3.3 All Returns: Tax Liability, Tax Credits, and Tax Payments, by Size of Adjusted Gross Income, Tax Year 2011.

<sup>2</sup> Internal Revenue Service, Statistics of Income, Table 3.3 All Returns: Tax Liability, Tax Credits, and Tax Payments, by Size of Adjusted Gross Income, Tax Year 2011.

<sup>3</sup> "Number of Children on Waiting Lists for Child Care Assistance," Child Care Aware of America, [http://www.naccrra.org/sites/default/files/default\\_site\\_pages/2013/waiting\\_lists\\_nwlc\\_2012.pdf](http://www.naccrra.org/sites/default/files/default_site_pages/2013/waiting_lists_nwlc_2012.pdf).