

To: Interested Parties

Re: The Big Ugly Bill is Devastating for our Child Care System, Workers, Families and Kids

Date: August 4, 2025

Congressional Republicans that voted for the “Big Ugly Bill” are trying to paper over their cruel and devastating cuts to health care and food assistance by claiming the bill makes progress on child care. Don’t buy their spin. This bill does far more harm than good for families struggling to afford child care.

Families Will Pay More for Everyday Expenses

The Big Ugly Bill rips health care away from [15 million Americans](#), including [10 million people](#) that rely on Medicaid. It also made the largest cut to SNAP ever, impacting benefits for more than [40 million people](#), including 16 million children.

The cuts to basic needs programs made in this bill far exceed the minor changes made to child care provisions. For example, the average family with children that receives the Child and Dependent Care Tax Credit could see their [credit](#) increase by about [\\$265](#), but may also see their [ACA health care premiums](#) spike by 75 percent. That’s still less money in their bank account at the end of the month. Giving someone a penny while taking a dollar ([or hundreds of dollars](#)) away from them isn’t progress.

The Child Care “Benefits” Barely Scratch the Surface—And Exclude Millions of Families

The Big Ugly Bill modestly increased the contribution limits for Dependent Care Assistance Programs (DCAPs). These are workplace benefits that provide tax savings for employees who can afford to put money aside out of their paychecks for child care expenses. Even the expanded accounts still would not come close to covering the high cost of child care. As reported in [USA Today](#), for a married mom of two in San Antonio who pays about \$34,000 per year for child care, the \$7,500 of her own income that she can now put into a DCAP at work would not scratch the surface of her costs. As she put it, “the full cost of my child care is, like, more than three times that...” And to be clear, families have to contribute the \$7,500 out of their own paychecks. The only benefit they get is not having to pay taxes on that amount.

The bill also slightly increased the Child and Dependent Care Tax Credit. Because the credit is not refundable, almost no one receives the maximum credit amount. A [recent analysis](#) found that in 2026, when the law goes into effect, families with children who receive the CDCTC will get an average benefit of \$890, even though the credit is theoretically worth a maximum of \$3,000. In comparison, in 2023, the average [benefit amount was \\$625](#). Families with lower incomes get [little or no benefit](#) from the credit now, or the expansion. What’s more, the increase in the amount families can contribute to DCAPs offsets how much a family can claim for the tax credit – so

families effectively cannot benefit from both. It is a shell game, and the bottom line is that the families who need the most help paying for child care will continue to receive no benefit at all from these tax provisions.

The other child care provision in the Big Ugly Bill, the employer-provided child care tax credit (45F), has [not been widely used](#) by businesses over the past 20 years, and has not been shown to increase the supply of child care. Not to mention that employees have serious concerns about using employer-provided child care: namely that if they lose their job, they also lose child care. And employers who have offered child care have often stopped or taken away those benefits when leadership or their financial status changes. The Big Ugly Bill did not solve any of these issues with this tax credit.

Most notably, these tax provisions do nothing to increase the availability of child care or make it more accessible for families. [Child care deserts](#) continue to plague communities across the country, and without meaningful investments in supply, some parents may receive a nominal credit but remain limited in where they can use it.

The Big Ugly Bill Hurts Already-Struggling Child Care Workforce

The child care system is already fragile and was made worse by the pandemic. The system heavily relies on early educators and care workers, the majority of whom are Black, brown, and immigrant women barely making enough to support their own families.

[Nearly 28 percent](#) of early educators are covered by Medicaid, which is higher than the national average. [Forty-three percent of early educator families rely on one or more public safety nets](#) such as Medicaid or SNAP to make ends meet. The massive cuts to these programs included in the Big Ugly Bill will push them further into poverty, leading to a more severe workforce shortage as providers seek jobs with higher compensation and benefits. The law also increases funding for immigration enforcement activities, which will put immigrant early educators, who make up [20 percent](#) of the sector's workforce, at risk.

For years, early educators have been forced to leave a job they love for higher wages elsewhere. This bill will put an even greater strain on the child care system by forcing workers to find higher-paying jobs if they can no longer afford health care or are deported by the administration's cruel deportation policies.

The Big Ugly Bill Was Passed Amid Continuous Trump Administration Attacks on Child Care and Head Start

The Trump Administration has relentlessly attacked child care and Head Start via executive actions, and Congressional Republicans have done very little to push back. To date, the Administration has withheld child care and Head Start dollars, sought to bar immigrant children from Head Start, and

proposed eliminating federal programs like the Child Care Means Parents in School (CCAMPIS) program and Preschool Development Grants (PDG).

Conclusion

The help that the child care tax policies in the reconciliation bill will provide to working families has been wildly overblown. We can't tax credit our way out of the child care crisis—certainly not with these provisions. And examining the impacts of this bill cannot be done piecemeal. The bill must be considered in its entirety, taking into account the overall impact it will have on working families and the actions of the Administration that championed it. Regardless of what its supporters may claim, this bill will leave working families with less money in their pocket for everyday expenses and further strain the entire child care system.

In order to meaningfully address the child care crisis, we need bold action that treats child care as the essential public good that it is, not a luxury for the few. That includes making major investments to make child care more affordable, particularly for low-income families; dramatically increasing the amount of child care supply available so families have options within their community; and finally paying child care workers wages that reflect the crucial work that they do. The Big Ugly Bill does none of that.

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The memo was signed by:

All Our Kin
Campaign for a Family Friendly Economy
Caring Across Generations
Center for American Progress
Center for Law and Social Policy (CLASP)
The Child Care for Every Family Network
Coalition on Human Needs
Community Change Action
Family Values @ Work
Institute for Women's Policy Research
MomsRising
Mother Forward
National Women's Law Center Action Fund
Service Employees International Union (SEIU)
United Parent Leaders Action Network (UPLAN)
Alabama Institute for Social Justice
Alliance for Quality Education
BANANAS, Inc.

California Child Care Resource & Referral Network
Child Care Law Center
Family Forward Oregon
Institute for Child Success
ISAIAH
Maine People's Alliance
Marin Child Care Council
Marin County Child Care Commission
NJ Communities United
Parent Voices, California
Parent Voices Oakland
Partnership for Children & Youth
The Children's Agenda
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