

FACT SHEET: DONALD J. TRUMP'S NEW CHILD CARE PLAN

*Today Donald J. Trump Will Unveil An Innovative Plan To Bring Federal Policies
In Line With The Needs Of Today's Working Parents*

Proposals Contained In Mr. Trump Child Care Plan

PROPOSAL: The Trump plan will rewrite the tax code to allow working parents to deduct from their income taxes child care expenses for up to four children and elderly dependents.

- The deduction is available for taxpayers who take the standard deduction as well as itemize deductions, and will be capped at the average cost of care for the state of residence. Individuals earning more than \$250,000 (or \$500,000 if filing jointly) will not be eligible for the deduction. For a family earning \$70,000 per year in the 12 percent tax bracket with \$7,000 in child care expenses, the deduction would reduce taxes by \$840 per year.
- The plan will offer child care spending rebates to lower-income taxpayers through the existing Earned Income Tax Credit (EITC). This could mean almost \$1,200 per year per eligible family.
- Mr. Trump's plan will ensure stay-at-home parents will receive the same tax deduction as working parents, offering compensation for the job they're already doing, and allowing them to choose the child care scenario that's in their best interest.

PROPOSAL: The Trump plan would create new Dependent Care Savings Accounts (DCSAs) so that families can set aside extra money to foster their children's development and offset elder care for their parents or adult dependents. These new accounts are available to everyone, and allow both tax-deductible contributions and tax-free appreciation year-to-year-unlike current law Dependent Care Flexible Spending Accounts (FSAs), which are

available only if it is offered by an employer and does not allow balances to accumulate.

- When established for a minor, funds from a DCSA can be applied to traditional child care, after-school enrichment programs and school tuition-contributing to school choice. To help lower-income parents, the government will match half of the first \$1,000 deposited per year.
- When established for an elderly dependent, a DCSA can cover a variety of services, including in-home nursing and long-term care.

PROPOSAL: Mr. Trump's plan will provide regulatory reform to promote new family-based and community-based solutions, and also add incentives for employers to provide child care at the workplace. The ability to set aside funds will be particularly helpful to women, low-income workers and minorities, who are statistically more likely to reduce time working outside the home in order to provide unpaid care.

PROPOSAL: The Trump plan will guarantee six weeks of paid maternity leave by amending the existing unemployment insurance (UI) that companies are required to carry. The benefit would apply only when employers don't offer paid maternity leave, and would be paid for by offsetting reductions in the program so that taxes are not raised. This enhancement will triple the average paid leave received by new mothers.

Frequently Asked Questions About The Trump Child Care Plan

Q: How Will The Plan Be Paid For?

The child care plan is part of the comprehensive tax, trade, energy and regulation reform plan proposed by Donald Trump at the Detroit Economic Club. More details about his tax plan will be discussed later this week at the

New York Economic Club. The child care plan itself can more than be offset by additional growth. About two-thirds of the entire Trump tax reform program will offset by the increases in economic activity that accompany pro-growth tax reform, better trade deals, regulatory and immigration reform, and unleashing American energy. The remaining one-third will be offset by minor changes in the current trajectory of spending for federal agency operations, excluding Defense, Veterans, Social Security and Medicare.

Q: Will The Benefits Already Provided For Child Care Expenses, Like The Dependent Care Flexible Spending Account And Child Tax Credit, Be Eliminated Under The Trump Plan?

No, the benefits provided by the Trump child care plan are in addition to the benefits available under current law. Current programs do not serve the large numbers of families that would benefit from the Trump plan, but if a family finds that it benefits more from existing programs, they would still be available. The only restriction would be that the same child care spending cannot be used for multiple benefits programs—no double-dipping.

Q: Will Same-Sex Couples Receive The Benefits?

The benefits would be available in the same way that the IRS currently recognizes same-sex couples: if the marriage is recognized under state law, then it is recognized under federal law.

Q: Will The Maternity Leave Policy Cause Employers To View Women As Less Desirable Employees Because Of Paid Leave?

No. The cost to an employer of hiring should not be affected by this fully-offset policy, so the employer should not view hiring women as adding to their costs of Unemployment Insurance. Further, employers in a competitive marketplace should not eliminate existing maternity care benefits to instead take advantage of the UI system. The UI benefit would only equal what would be paid to a laid-off employee, which is much less than a workers' regular

paycheck. This should prevent abuse while providing a safety net for the sake of the health of mother and child.

Donald J. Trump's Plan Is More Complete Than Hillary Clinton's Plan

Point One: Hillary Clinton does not have a plan to provide relief to most Americans faced with high child care costs. She claims she wants to cap a family's child care expense at 10 percent of income, but provides no details. The Trump plan would provide relief to every working- and middle-income earner who has child care expenses. For example, the Trump plan would reduce taxes by \$840 per year a family for earning \$70,000 per year in the 12 percent tax bracket with \$7,000 in child care expenses; Hillary Clinton's plan would provide no relief to this family.

Point Two: Hillary Clinton prefers institutional child care that does not meet the needs of workers in rural areas or who have schedules that require working on a night shift or on call. The Trump plan would give states the flexibility to establish standards that fit the needs of state residents without compromising quality.

Point Three: Hillary Clinton would force businesses to pay for 12 weeks of fully-paid family leave at their expense. The Trump plan proposes 6 weeks of partial pay through the existing Unemployment Insurance system, fully paid for within the program.