What Is the Value of the Child and Dependent Care Credit?

Gabrielle Pepin

DISCUSSION PAPER SERIES

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Gabrielle Pepin
Upjohn Institute for Employment Research and IZA

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ABSTRACT

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The Child and Dependent Care Credit (CDCC) subsidizes child care costs for working families. In response to the Covid-19 pandemic, the American Rescue Plan Act of 2021 increased the CDCC's generosity during 2021 only. I find that while the CDCC is of relatively little value in its current form, increases in eligibility rates and conditional benefits under the pandemic expansion increased the credit's value dramatically. Conditional on CDCC eligibility, higher-income households experienced the largest increases in benefit levels under the expanded CDCC, but lower-income households benefited disproportionately when measuring benefits as a share of income or child care spending.

Corresponding author:
Gabrielle Pepin
W.E. Upjohn Institute for Employment Research
300 S. Westnedge Avenue
MI 49007-4686
Kalamazoo
USA

E-mail: Pepin@upjohn.org

Child care in the United States is expensive, with median prices for one child ranging from 9–16 percent of median family income (Poyatzis and Livingston 2024). High child care costs may lead parents to exit the labor force, jeopardizing their long-term earnings trajectories (Angelov et al. 2016; Kleven, Landais, and Søgaard 2019; Kleven, Landais, Posch, et al. 2019; Kleven et al., forthcoming), or to place their children in less expensive, lower-quality child care arrangements that could hinder human capital development (Cunha and Heckman 2007; Havnes and Mogstad 2011; Cornelissen et al. 2018).

Currently, the Child and Dependent Care Credit (CDCC) subsidizes child care costs for working families. The federal CDCC, a nonrefundable tax credit based on income and child care expenses, is available to households with children younger than 13 in which all parents have positive annual earnings. In previous work, I find that CDCC benefits increase paid child care use, suggesting that the credit assists at least some working parents in paying for care (Pepin, accepted). Nonetheless, the CDCC is not particularly generous, does not keep pace with inflation, and fails to reach low-income families who do not have positive tax liability after deductions.

In light of an increased need for child care during the Covid-19 pandemic, the American Rescue Plan Act of 2021 (ARPA) expanded the CDCC and made it fully refundable during 2021 only. This increased the maximum annual benefit for most families with two or more children from $1,200 to $8,000 and allowed low-income families to receive a tax refund. In this paper, I estimate CDCC eligibility and benefits among families with young children from 2009–2023, giving particular attention to changes that occurred under the ARPA expansion.

I. Institutional Details

The CDCC can help to defray child care expenditures for working parents. In every year since 2003 except 2021, households have been able to claim up to $3,000 worth of work-related care expenses

per year for each of up to two qualifying individuals. Qualifying individuals include children younger than 13, as well as spouses and other dependents who are "incapable of self-care." Households may claim almost any out-of-pocket care expenses for the credit, with the exception of care provided by a noncustodial parent. After listing those expenses, along with their earnings and the child care provider's tax identification or Social Security number, on their tax forms, households can receive a tax credit worth up to 35 percent of expenditures. However, if any parent's earnings are less than child care expenditures, the CDCC is calculated as a percent of that parent's earnings, rather than their child care spending.

While the CDCC benefit schedule implies that, in theory, taxpayers may receive up to $2,100 in benefits, this does not happen in practice. Taxpayers with less than $15,000 in adjusted gross income (AGI), who face the maximum 35 percent benefit rate, do not have positive tax liability after taking the standard deduction and, therefore, do not benefit. Among taxpayers with more than $15,000 in AGI, the benefit rate decreases until it remains at 20 percent for those with $43,000 or more in AGI, who can receive up to $600 per child.

The red line in Figure 1 displays maximum effective CDCC benefits for households with two or more children as of 2020, by federal AGI.[1] The figure shows that because the CDCC is nonrefundable, taxpayers' incomes must exceed the tax filing threshold of about $19,000 to be eligible for benefits. For taxpayers with incomes above this threshold, benefits increase with income before reaching a peak of about $1,500 at about $34,000 in AGI. As expected, those with $43,000 or more in AGI receive up to $1,200. The blue line shows that taxpayers with one child face a less generous but otherwise similar CDCC benefit schedule.

The green and yellow lines in Figure 1 document how ARPA—which made the CDCC refundable,

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[1]Among low-income households, I assume that all income comes from earnings. Results are similar for low-income taxpayers with unearned income, though benefits are less generous. Additionally, at low-income levels where benefits are a function of earnings, I display maximum benefits for single households. Results are similar for married households, though benefits are less generous.

Figure 1: Maximum CDCC Benefits
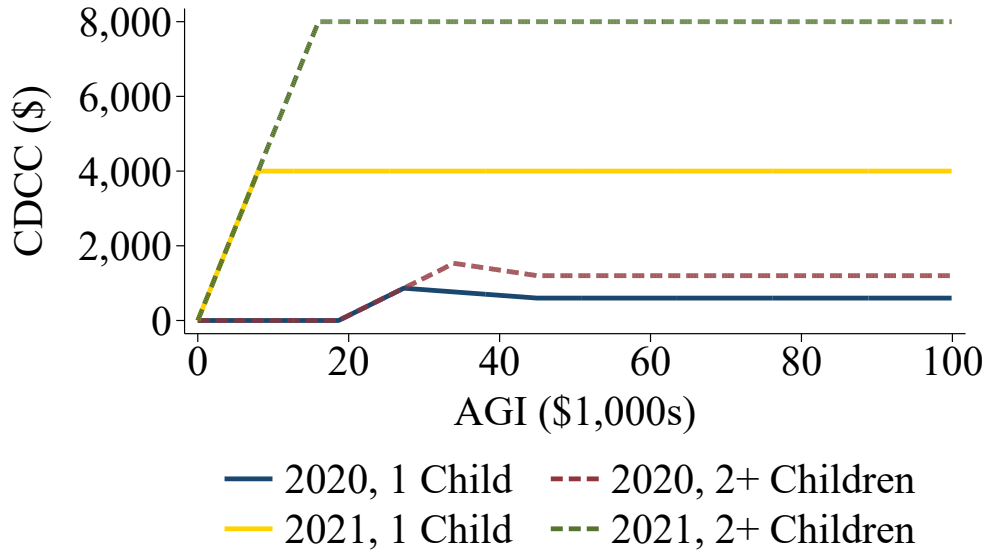
Notes: Maximum effective federal CDCC benefits for households with one or two or more qualifying individuals after accounting for income tax liability, by federal AGI as of 2020 and 2021.
Source: Author's calculations using federal tax forms and TAXSIM.

increased the maximum qualifying expenditure amount to $8,000 per child, and increased the benefit rate to 50 percent of qualifying expenditures—affected benefits during 2021. As expected, low-income taxpayers become eligible for benefits, which phase in at low income levels, where they are a function of earnings. Benefits then hold steady at $8,000 for taxpayers with two or more children and $16,000 or more in AGI and at $4,000 for taxpayers with one child and $8,000 or more in AGI. Under the expansion, taxpayers with $125,000 or more in AGI (not shown in Figure 1) faced lower benefit rates, and the credit phased out completely among taxpayers with more than $400,000 in AGI.

The CDCC is one aspect of a patchwork of supports available to families with child care expenses. In addition to the CDCC, this patchwork includes free or subsidized child care services via Child Care and Development Fund subsidies, Head Start, and Early Head Start and dependent care flexible spending accounts (FSA). Child care subsidies and Head Start and Early Head Start serve

low-income families, but access is limited. For example, in some states, there are more eligible applicants for subsidies than available funds can reach, and, as of 2023, 14 percent of Head Start classrooms were closed due to staffing shortages (National Head Start Association 2023; Schulman 2024). Additionally, child care subsidies often do not fully cover families' care expenses.

Turning to programs that are not means-tested, the CDCC and dependent care FSA directly subsidize families' out-of-pocket child care expenditures. Employees whose employers offer FSAs may set aside up to $5,000 of earnings before taxes for child care. The employer deducts this income from employees' paychecks, but employees receive reimbursement for care spending. As the FSA has not been updated since 1986, its benefits remain limited. Less than half of civilian workers have access to an account, and maximum annual benefits sum to only $1,200 for households with up to $100,000 in AGI.[2] While taxpayers may receive benefits from both dependent care FSAs and the CDCC, they may not double count expenses across the two programs.

II.   CDCC Eligibility and Benefits across the Income Distribution over Time

I use data from the 2010–2024 Current Population Survey Annual Social and Economic Supplements (CPS ASEC) to estimate CDCC eligibility rates and benefits among households with children younger than six years old. The CPS ASEC is an annual, state-representative survey that captures demographics, prior year income, and prior year work-related child care expenditures for nearly 100,000 households.[3] I use the CPS ASEC data, along with the National Bureau of Economic Research's TAXSIM program, to simulate households' CDCC benefits as of the previous calendar year.[4] In doing so, I assume that taxpayers tax-minimize and claim all child care expenditures

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[2]Bureau of Labor Sttistics, Employee Benefits in the United States, March 2024, https://www.bls.gov/ebs/publications/employee-benefits-in-the-united-states-march-2024.htm.

[3]Regarding child care spending, each reference person living with a child younger than 15 years old is asked, "Did (you/anyone in this household) PAY for the care of (you/their) (child/children) while they worked last year? (Include preschool and nursery school; exclude kindergarten or grade/elementary schoool)?"

[4]Details regarding the simulation procedure can be found in the appendix.

for the CDCC. This may lead to overestimates of eligibility and benefits if households claim child care expenditures under dependent care FSAs or are reluctant to report payments made to child care providers "under the table" on their federal tax forms. I therefore estimate upper bounds on these measures but note that, as the CDCC increases in value, the relative benefits of tax evasion behavior and FSAs decrease.

Figure 2 displays CDCC eligibility rates by income quintile from 2009–2023. The figure shows that, for all years in the analysis period, eligibility rates increase with income, with economically significant differences across income quintiles. Specifically, in years outside of 2021, 0–3 percent of the lowest-income households are eligible for the CDCC, while 43–49 percent of the highest-income households are eligible for the credit. In the appendix, I show that higher-income households are more likely to meet all three of the CDCC's eligibility requirements: They are more likely to have child care expenditures, all parents working, and positive tax liability after deductions and other tax credits.

Figure 2: CDCC Eligibility Rates by AGI Quintile
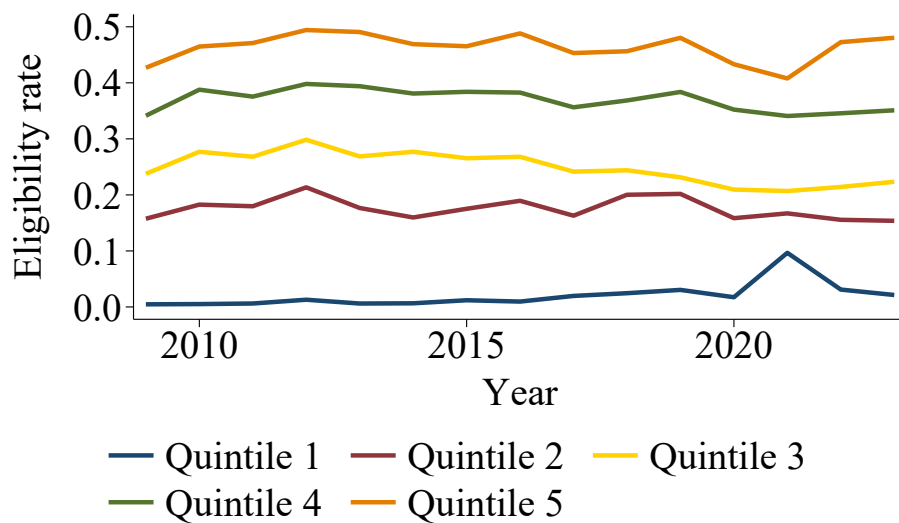
Notes: CDCC eligibility rates among households with children younger than six years old from 2009–2023, by AGI quintile.
Source: Author's calculations using 2010–2024 CPS ASEC with household weights and TAXSIM.

As expected, Figure 2 implies that the ARPA expansion, which made the CDCC refundable during 2021 only, increases the lowest income quintile's eligibility rate by eight percentage points to 10 percent. The policy change also is associated with a dip in the highest-income quintile's eligibility rate, as four percent of households in Quintile 5 have incomes that exceed the 2021 credit's limit. Eligibility rates in the other income quintiles hold relatively steady during 2021.

In the appendix, I find that, across all years, eligibility rates are highest among demographic groups with relatively high average incomes, including married, white, and college-educated households. In general, eligibility gaps across demographic groups with different average incomes shrink— but do not close completely—when the CDCC becomes refundable. For example, the pre-pandemic 6.9-percentage-point gap between married and single households' eligibility decreases to 2.4 percentage points during 2021.

Next, I turn to estimating households' CDCC benefits, conditional on eligibility. Figure 3 displays CDCC benefits (2023 dollars) for eligible households by income quintile over time. As with eligibility rates, benefits tend to increase with income, and average benefits are substantially lower among households in the lowest income quintile, whose nonrefundable benefits are limited by their tax liability. In particular, the figure shows that benefits average less than $200 in the lowest income quintile and more than $900 in the highest income quintile before the pandemic. Increases in child care spending as income increases, which I document in the appendix, drive differences in benefits across the top four income quintiles.

Results shown in Figure 3 imply that the ARPA expansion leads to dramatic increases in CDCC benefit levels for all income groups. However, changes in benefit levels are regressive, as the expansion exacerbates differences in benefits across the income distribution. Higher-income quintiles experience larger average benefit increases, with the exception of the top quintile, which includes households with incomes at which benefits phase out. Specifically, the figure shows that, relative to

Figure 3: Conditional CDCC Benefits by AGI Quintile
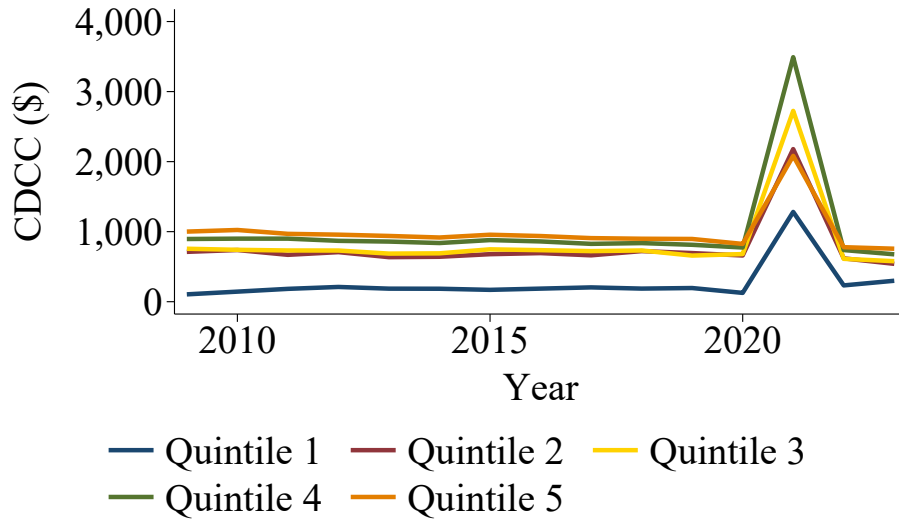
Notes: Average CDCC benefits among eligible households with children younger than six years old from 2009–2023, by AGI quintile, in 2023 dollars.
Source: Author's calculations using 2010–2024 CPS ASEC with household weights and TAXSIM.

2019, average benefits increase by about $1,100 so that they sum to about $1,300 in Quintile 1 and increase by about $2,700 to reach about $3,500 in Quintile 4.

III.   Equity in the Value of Conditional CDCC Benefits

Relatively low conditional benefit amounts among low-income households under both the current and expanded CDCC may be discouraging for policymakers who would prefer equity—or even progressivity—in benefit levels across the income distribution. While this is a valid concern, another way to assess the value of the CDCC is to examine the degree to which it reduces families' child-care-related financial strain. In this section, I estimate alternative measures of CDCC generosity—namely, benefits as a share of child care spending and AGI.

I document the extent to which the CDCC covers eligible households' child care expenditures in the top panel of Figure 4. The figure shows that, in most years, the CDCC offsets the smallest share of child care expenditures for households in the lowest income quintile, where average benefits

as a share of spending hover around nine percent. For the other four quintiles, benefits as a share of income decrease as income—and child care spending—increase. Pre-pandemic benefits as a share of income are therefore greatest in Quintile 2, where they cover 17 percent of child care expenditures on average.

Figure 4: Alternative Measures of CDCC Benefit Generosity by AGI Quintile
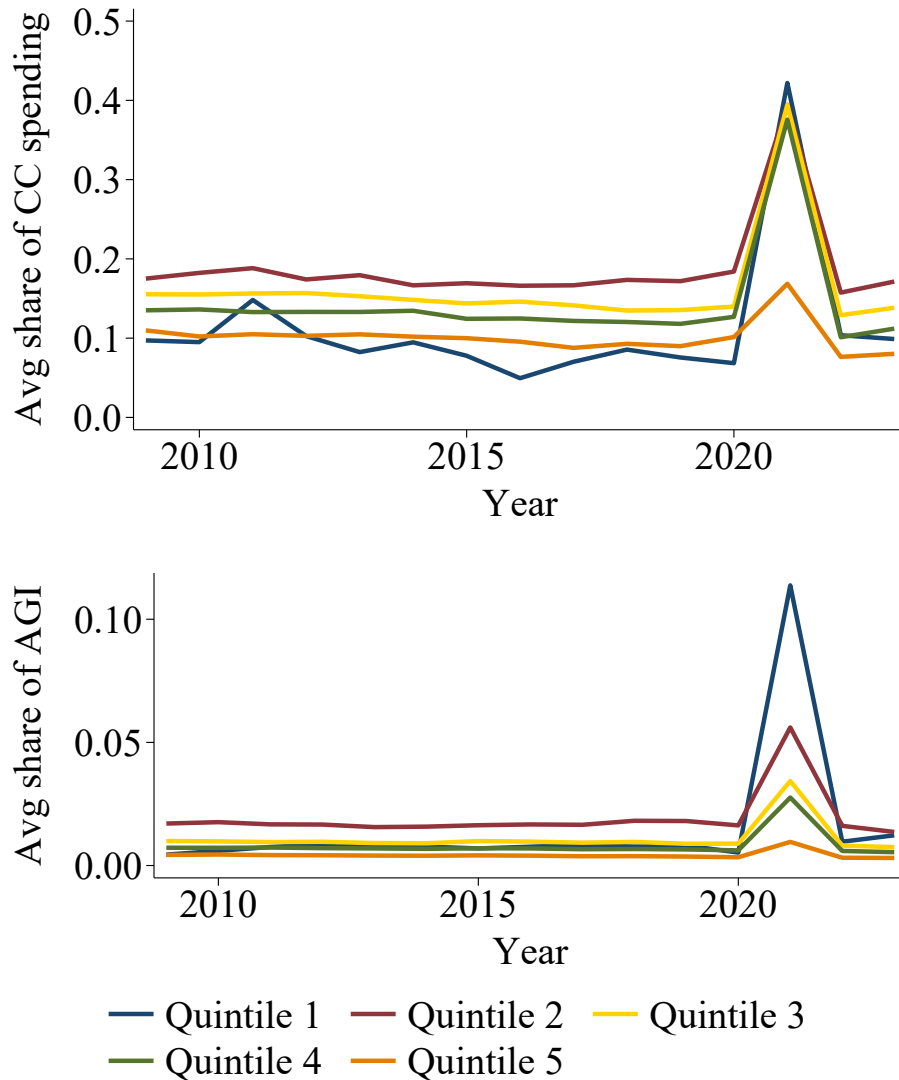
Notes: Alternative measures of CDCC benefit generosity among eligible households with children younger than six years old from 2009–2023, by AGI quintile. Top panel: CDCC benefits as a share of work-related child care expenditures on average. Bottom panel: CDCC benefits as a share of AGI on average.

Source: Author's calculations using 2010–2024 CPS ASEC with household weights and TAXSIM.

Results displayed in the top panel of Figure 4 indicate that, consistent with the increases in benefit levels documented in Section II, ARPA generates large increases in benefits as a share of child care spending. Impacts on spending shares are much more progressive than impacts on benefit levels, as the expanded CDCC comprises remarkably similar portions of child care expenditures across the bottom four income quintiles. Specifically, it comprises around 40 percent of child care spending in Quintiles 1–4 and 17 percent of spending in Quintile 5. Hence, in addition to making the CDCC a much more valuable tax benefit, ARPA minimizes differences in benefits as a share of spending across all but the highest-income households, who benefit less from the policy change.

The bottom panel of Figure 4 displays CDCC benefits as a share of households' AGI. Across all income quintiles and years outside of 2021, the CDCC comprises less than two percent of AGI on average. Under ARPA, benefits constitute a much larger share of AGI, with lower-income quintiles experiencing the largest changes. I find that the 2021 CDCC comprises 11 percent of AGI in Quintile 1, six percent in Quintile 2, three percent in Quintiles 3 and 4, and one percent in Quintile 5.

IV. Discussion

Child care is notoriously expensive in the United States, and supports to defray families' costs remain limited. In this paper, I examine the value of one such support—the CDCC, an income tax credit intended to help working families pay for child care. I find that, in its current form, the CDCC's value is relatively low, especially for low-income households who do not tend to benefit from a nonrefundable tax program. However, I find that a temporary expansion of the credit during the Covid-19 pandemic increased its value dramatically through large increases in eligibility rates and conditional benefits. Conditional on CDCC eligibility, higher-income households experienced the largest increases in benefit levels under the expanded credit, but lower-income households benefited disproportionately when measuring benefits as a share of income or child care spending.

9

Evidence points to a tension between CDCC generosity and equity in conditional benefit levels across the income distribution. By increasing the maximum qualifying expenditure amount to $8,000 per child, the ARPA expansion generated relatively large benefit increases among households spending the most on child care, who tend to have higher incomes. In theory, increasing the progressivity of the benefit schedule would increase equity in benefit amounts. However, even if households in the lowest-income quintile had faced CDCC benefit rates as high as 100 percent of qualifying expenditures during 2021, their average benefits would have fallen short of those in the top three quintiles. Moreover, differences in eligibility rates will continue to persist under a more progressive benefit schedule unless low-income households' work and child care spending decisions are very responsive to changes in CDCC policy.

Despite challenges in achieving equity in terms of CDCC benefit levels, results suggest that increasing the credit's value would reduce the financial strain that child care expenses place on all working parents and low-income parents especially. As I find that the 2021 CDCC covered around 40 percent of child care spending for all but the highest-income households, increasing the credit's generosity on a permanent basis would help to fill large gaps in the meager patchwork of supports available to families with young children in need of care.

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Supplemental Appendix

What Is the Value of the Child and Dependent Care Credit?

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Analysis Sample and Assumptions in Simulating Households' CDCC Eligibility and Benefits

The analysis sample includes tax units with children younger than six years old in which the child has a parent, foster parent, or grandparent present in the household. I assume that (foster) parents claim coresident children younger than 18 years old as dependents (unless they have their own children) and that effects of any other dependents on tax liabilities are negligible. If no parent is present in the household, I assume that grandparents also claim coresident grandchildren as dependents.

I do not include taxpayers who are married, living separately in the analyses. Taxpayers who use the married, filing separately filing status generally are ineligible for the CDCC. I do not observe income and other characteristics for both spouses among taxpayers who are living separately but who use the married, filing jointly filing status. I also do not include households in which a child has two coresident unmarried parents in the analyses, as I cannot identify which parent claims the child as a dependent. Finally, I do not include households in which at least two children share a coresident parent and each has a different second coresident parent.

The final analysis sample is representative of 88 percent of children younger than six years old in the United States. I split the analysis sample into AGI quintiles based on real AGI levels across all years in the analysis period.

In the CPS ASEC, I observe some household characteristics, including marital status, number of children, and child age, as of March of a given year. I therefore proxy for certain characteristics of tax units with children aged 0–12 as of December 31st of a given year using the sample of tax units with children aged 0–12 from March of the following year.

In simulating taxpayers' CDCC eligibility and benefits, I assume that married taxpayers file as

married, filing jointly and that single taxpayers file as head of household. I also assume that capital gains or losses, real estate taxes paid, certain types of property income, some tax deductions, and dependents' income have negligible impacts on tax liabilities.

Regarding qualifying child care expenditures, I assume that, up to the qualifying expenditure cap, all work-related child care spending is allocated toward the care of children younger than six years old. Among households with two or more children, I also assume that, up to the qualifying expenditure cap, all work-related child care expenditures are claimed for the CDCC. This assumption could lead to overestimates of benefits if child care expenditures are disproportionately allocated toward a particular child. For example, if a household with two children younger than six spent $4,000 on care for one child and $2,000 on care for the other child during 2023, I would overestimate their CDCC benefits. For households with three or more children younger than six, I assume that all possible qualifying expenditures are allocated toward two of the children. This could lead to overestimates of benefits for the one percent of households in the analysis sample that have child care expenditures and three or more young children.

Tables and Figures

Table A.1: Summary Statistics

	Single	Married
One child < 6	0.80	0.68
	(0.402)	(0.466)
Two or more children < 6	0.20	0.32
	(0.402)	(0.466)
White	0.39	0.61
	(0.487)	(0.487)
Black	0.32	0.07
	(0.465)	(0.253)
Hispanic	0.20	0.19
	(0.403)	(0.389)
Asian or Pacific Islander	0.02	0.09
	(0.137)	(0.289)
Other race	0.07	0.04
	(0.262)	(0.194)
Bachelor's degree or more	0.14	0.48
	(0.343)	(0.500)
Any mother or single father earnings	0.75	0.66
	(0.434)	(0.474)
Conditional mother or single father earnings ($)	37,978	60,489
	(57,309)	(71,902)
Any father earnings		0.94
		(0.229)
Conditional father earnings ($)		92,996
		(106,052)
Any child care expenditures	0.29	0.33
	(0.453)	(0.469)
Conditional child care expenditures ($)	6,047	10,807
	(6,550)	(15,634)
Adjusted gross income ($)	29,322	131,804
	(53,066)	(137,168)
Observations	32,675	110,131

Notes: Characteristics of households with children younger than six years old from 2009–2023. Race and educational attainment are for the mother or single or same-sex father. If no parent is present in the household, results are based on the race and educational attainment of the first person in the following list who appears in the household: female foster parent, male foster parent, grandmother, grandfather. "White" is defined as white alone, non-Hispanic; "Black" is defined as Black alone, non-Hispanic; "Hispanic" is defined as white alone, Hispanic; and "AAPI" is defined as Asian or Pacific Islander alone, non-Hispanic. "Other race" captures all other racial groups. Earnings, child care expenditures, and AGI are in 2023 dollars.
Source: Author's calculations using 2010–2024 CPS ASEC with household weights.

Table A.2: Share of Households in AGI Quintile 1 by CDCC Eligibility Status

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Eligible	0.00	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.02	0.02	0.03	0.02	0.10	0.03	0.02
Ineligible	1.00	0.99	0.99	0.99	0.99	0.99	0.99	0.99	0.98	0.98	0.97	0.98	0.90	0.97	0.98
No CC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.34	0.00	0.00
No earnings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.00	0.00
No tax liability	0.10	0.13	0.12	0.13	0.13	0.15	0.14	0.13	0.13	0.11	0.11	0.08	0.00	0.09	0.08
No CC, no earnings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.54	0.00	0.00
No CC, no tax liability	0.31	0.27	0.30	0.31	0.32	0.30	0.33	0.31	0.30	0.34	0.33	0.33	0.00	0.32	0.33
No earnings, no tax liability	0.03	0.03	0.03	0.03	0.02	0.04	0.03	0.04	0.04	0.04	0.04	0.04	0.00	0.04	0.04
No CC, no earnings, no tax liability	0.56	0.56	0.54	0.51	0.52	0.50	0.49	0.51	0.51	0.49	0.49	0.54	0.00	0.52	0.53
High income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Observations	2,573	2,608	2,525	2,479	2,296	2,239	1,979	1,851	1,610	1,504	1,132	1,364	1,084	972	905

Notes: Share of households with children younger than six years old in AGI quintile 1 from 2009–2023, by eligibility status for the CDCC. "No CC" indicates that the household is ineligible because they do not have any child care expenditures, "no tax liability" indicates that the household is ineligible because they do not have tax liability after deductions and tax credits, "no earnings" indicates that the household is ineligible because at least one parent does not have strictly positive annual earnings, and "high income" indicates that the household is ineligible because their AGI exceeds the income limit.
Source: Author's calculations using 2010–2024 CPS ASEC with household weights and TAXSIM.

Table A.3: Share of Households in AGI Quintile 2 by CDCC Eligibility Status

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Eligible	0.16	0.18	0.18	0.21	0.18	0.16	0.18	0.19	0.16	0.20	0.20	0.16	0.17	0.16	0.15
Ineligible	0.84	0.82	0.82	0.79	0.82	0.84	0.82	0.81	0.84	0.80	0.80	0.84	0.83	0.84	0.85
No CC	0.01	0.02	0.04	0.04	0.04	0.03	0.04	0.05	0.06	0.02	0.03	0.00	0.42	0.05	0.06
No earnings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.00	0.00
No tax liability	0.03	0.03	0.03	0.03	0.04	0.03	0.03	0.04	0.02	0.00	0.00	0.00	0.00	0.00	0.00
No CC, no earnings	0.00	0.00	0.02	0.02	0.02	0.01	0.01	0.01	0.01	0.00	0.00	0.00	0.37	0.02	0.02
No CC, no tax liability	0.37	0.32	0.31	0.29	0.31	0.33	0.32	0.32	0.32	0.34	0.37	0.45	0.00	0.39	0.36
No earnings, no tax liability	0.02	0.04	0.03	0.03	0.03	0.04	0.04	0.04	0.04	0.05	0.05	0.05	0.00	0.05	0.05
No CC, no earnings, no tax liability	0.41	0.41	0.39	0.38	0.37	0.40	0.38	0.35	0.37	0.38	0.34	0.33	0.00	0.33	0.37
High income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Observations	2,482	2,477	2,397	2,334	2,255	2,227	2,074	1,899	1,882	1,761	1,439	1,416	1,360	1,204	1,150

Notes: Share of households with children younger than six years old in AGI quintile 2 from 2009–2023, by eligibility status for the CDCC. "No CC" indicates that the household is ineligible because they do not have any child care expenditures, "no tax liability" indicates that the household is ineligible because they do not have tax liability after deductions and tax credits, "no earnings" indicates that the household is ineligible because at least one parent does not have strictly positive annual earnings, and "high income" indicates that the household is ineligible because their AGI exceeds the income limit.
Source: Author's calculations using 2010–2024 CPS ASEC with household weights and TAXSIM.

Table A.4: Share of Households in AGI Quintile 3 by CDCC Eligibility Status

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Eligible	0.24	0.28	0.27	0.30	0.27	0.28	0.27	0.27	0.24	0.24	0.23	0.21	0.21	0.21	0.22
Ineligible	0.76	0.72	0.73	0.70	0.73	0.72	0.73	0.73	0.76	0.76	0.77	0.79	0.79	0.79	0.78
No CC	0.29	0.26	0.32	0.30	0.33	0.33	0.32	0.31	0.34	0.27	0.26	0.01	0.42	0.34	0.33
No earnings	0.01	0.02	0.02	0.03	0.02	0.02	0.03	0.03	0.03	0.02	0.03	0.00	0.04	0.03	0.03
No tax liability	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
No CC, no earnings	0.15	0.18	0.22	0.22	0.21	0.22	0.21	0.22	0.23	0.13	0.15	0.00	0.33	0.20	0.20
No CC, no tax liability	0.14	0.13	0.07	0.06	0.07	0.06	0.07	0.08	0.06	0.16	0.16	0.43	0.00	0.09	0.09
No earnings, no tax liability	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.03	0.02	0.04	0.00	0.03	0.02
No CC, no earnings, no tax liability	0.16	0.13	0.08	0.09	0.09	0.09	0.09	0.08	0.09	0.16	0.15	0.31	0.00	0.10	0.11
High income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Observations	2,602	2,368	2,335	2,265	2,215	2,150	1,951	2,033	1,890	1,994	1,668	1,606	1,448	1,432	1,296

Notes: Share of households with children younger than six years old in AGI quintile 3 from 2009–2023, by eligibility status for the CDCC. "No CC" indicates that the household is ineligible because they do not have any child care expenditures, "no tax liability" indicates that the household is ineligible because they do not have tax liability after deductions and tax credits, "no earnings" indicates that the household is ineligible because at least one parent does not have strictly positive annual earnings, and "high income" indicates that the household is ineligible because their AGI exceeds the income limit.
Source: Author's calculations using 2010–2024 CPS ASEC with household weights and TAXSIM.

Table A.5: Share of Households in AGI Quintile 4 by CDCC Eligibility Status

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Eligible	0.34	0.39	0.38	0.40	0.39	0.38	0.38	0.38	0.36	0.37	0.38	0.35	0.34	0.35	0.35
Ineligible	0.66	0.61	0.62	0.60	0.61	0.62	0.62	0.62	0.64	0.63	0.62	0.65	0.66	0.65	0.65
No CC	0.43	0.37	0.38	0.36	0.36	0.39	0.37	0.38	0.40	0.37	0.40	0.25	0.45	0.44	0.41
No earnings	0.02	0.03	0.03	0.03	0.03	0.03	0.02	0.04	0.03	0.04	0.03	0.02	0.05	0.03	0.04
No tax liability	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
No CC, no earnings	0.21	0.21	0.21	0.21	0.22	0.20	0.22	0.20	0.21	0.21	0.18	0.09	0.16	0.18	0.20
No CC, no tax liability	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.17	0.00	0.00	0.00
No earnings, no tax liability	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.00	0.00	0.00
No CC, no earnings, no tax liability	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.11	0.00	0.00	0.00
High income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Observations	2,567	2,537	2,272	2,301	2,209	2,142	2,030	1,991	1,930	1,950	1,693	1,627	1,575	1,517	1,466

Notes: Share of households with children younger than six years old in AGI quintile 4 from 2009–2023, by eligibility status for the CDCC. "No CC" indicates that the household is ineligible because they do not have any child care expenditures, "no tax liability" indicates that the household is ineligible because they do not have tax liability after deductions and tax credits, "no earnings" indicates that the household is ineligible because at least one parent does not have strictly positive annual earnings, and "high income" indicates that the household is ineligible because their AGI exceeds the income limit.
Source: Author's calculations using 2010–2024 CPS ASEC with household weights and TAXSIM.

Table A.6: Share of Households in AGI Quintile 5 by CDCC Eligibility Status

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Eligible	0.43	0.46	0.47	0.49	0.49	0.47	0.47	0.49	0.45	0.46	0.48	0.43	0.41	0.47	0.48
Ineligible	0.57	0.54	0.53	0.51	0.51	0.53	0.53	0.51	0.55	0.54	0.52	0.57	0.59	0.53	0.52
No CC	0.36	0.33	0.33	0.31	0.32	0.34	0.36	0.31	0.36	0.37	0.36	0.40	0.40	0.40	0.41
No earnings	0.02	0.03	0.03	0.03	0.02	0.02	0.03	0.04	0.04	0.04	0.04	0.03	0.03	0.03	0.02
No tax liability	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
No CC, no earnings	0.19	0.18	0.17	0.17	0.16	0.17	0.14	0.16	0.15	0.13	0.13	0.14	0.12	0.09	0.09
No CC, no tax liability	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
No earnings, no tax liability	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
No CC, no earnings, no tax liability	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
High income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.04	0.00	0.00
Observations	2,031	1,900	1,929	1,821	1,906	1,871	1,847	1,961	1,953	1,964	1,974	1,964	1,883	1,615	1,649

Notes: Share of households with children younger than six years old in AGI quintile 5 from 2009–2023, by eligibility status for the CDCC. "No CC" indicates that the household is ineligible because they do not have any child care expenditures, "no tax liability" indicates that the household is ineligible because they do not have tax liability after deductions and tax credits, "no earnings" indicates that the household is ineligible because at least one parent does not have strictly positive annual earnings, and "high income" indicates that the household is ineligible because their AGI exceeds the income limit.

Source: Author's calculations using 2010–2024 CPS ASEC with household weights and TAXSIM.
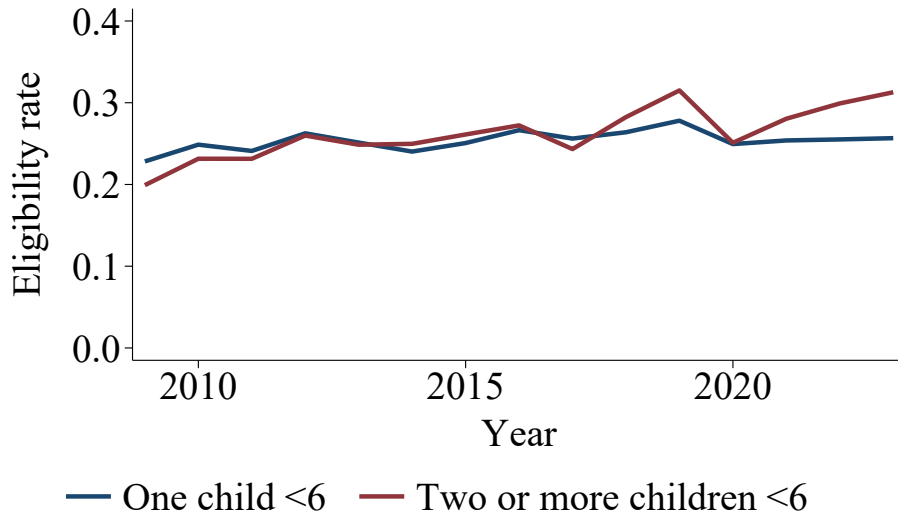
Figure A.1: CDCC Eligibility Rates by Marital Status
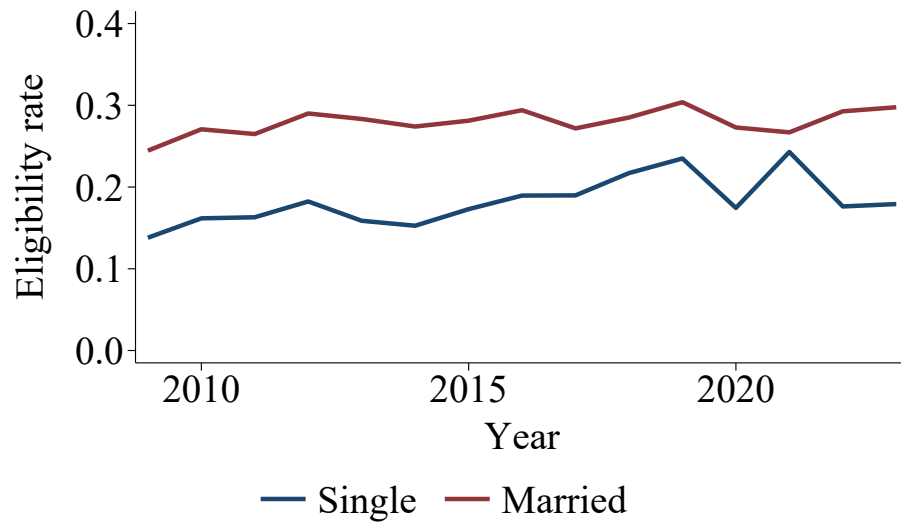
Notes: CDCC eligibility rates among households with children younger than six years old from 2009–2023, by marital status.
*Source*: Author's calculations using 2010–2024 CPS ASEC with household weights and TAXSIM.

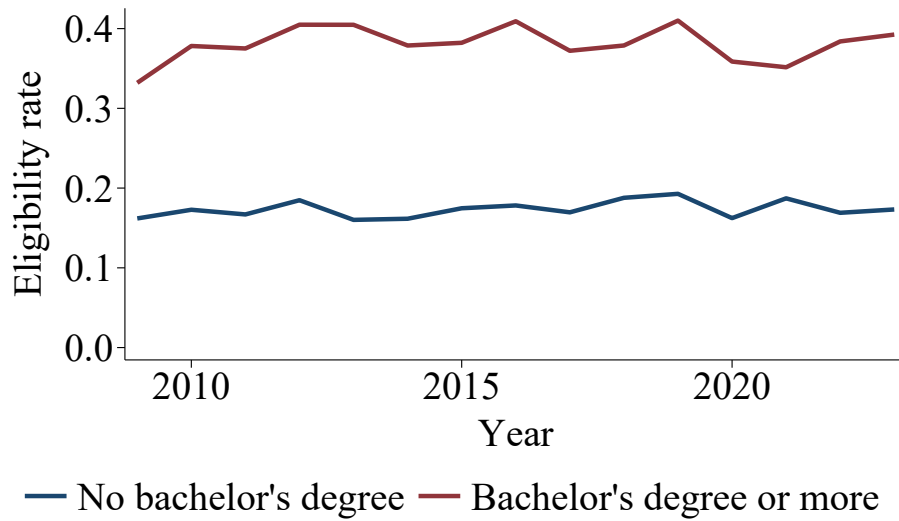Figure A.2: CDCC Eligibility Rates by Number of Young Children

One child <6   Two or more children <6

Notes: CDCC eligibility rates among households with children younger than six years old from 2009–2023, by whether the household has one or two or more children younger than six years old.
Source: Author's calculations using 2010–2024 CPS ASEC with household weights and TAXSIM.

Figure A.3: CDCC Eligibility Rates by Race
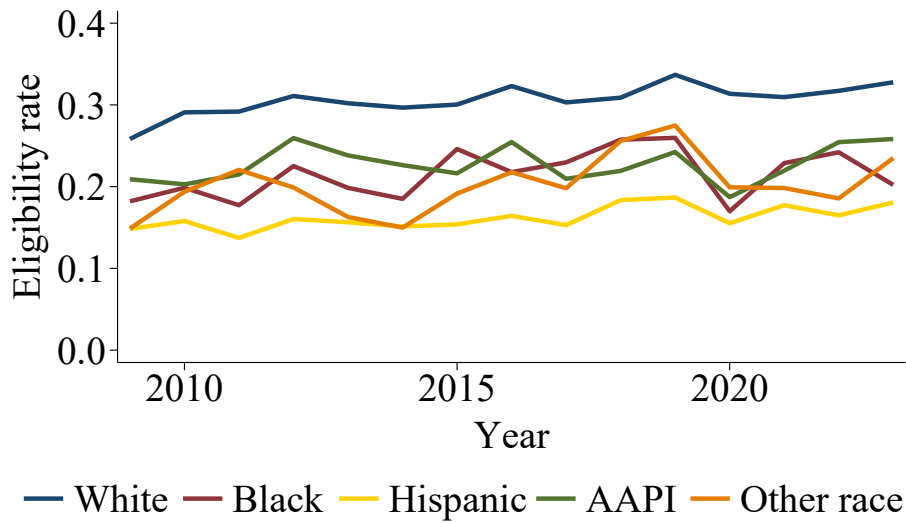
White   Black   Hispanic   AAPI   Other race

Notes: CDCC eligibility rates among households with children younger than six years old from 2009–2023, by the mother or single or same-sex father's race. If no parent is present in the household, results are based on the race of the first person in the following list who appears in the household: female foster parent, male foster parent, grandmother, grandfather. "White" is defined as white alone, non-Hispanic; "Black" is defined as Black alone, non-Hispanic; "Hispanic" is defined as white alone, Hispanic; and "AAPI" is defined as Asian or Pacific Islander alone, non-Hispanic. "Other race" captures all other racial groups.
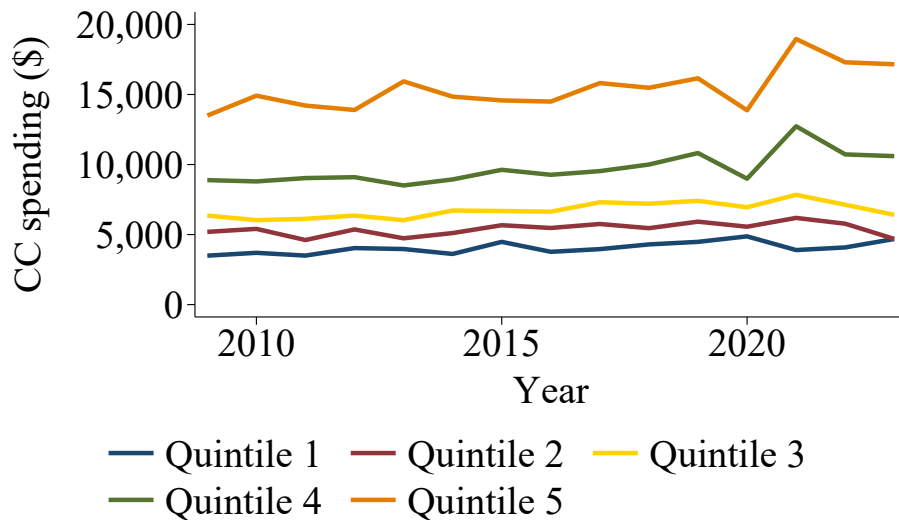*Source*: Author's calculations using 2010–2024 CPS ASEC with household weights and TAXSIM.

Figure A.4: CDCC Eligibility Rates by Educational Attainment

Figure A.5: Conditional Child Care Expenditures by AGI Quintile