



National Guard Child Care Tax Credit

The Enlisted Association of the National Guard of the United States (EANGUS), representing over 440,000 Guardsmen across the 50 states, three territories, and the District of Columbia urges Congress to pass legislation to provide a child care tax credit for the National Guard and all other reserve components.

I. Introduction

This section of the white paper focuses on the detailed economic impact of implementing the National Guard Child Care Tax Credit. By addressing the child care challenges faced by National Guard members, this legislation not only supports military personnel but also stimulates local economies, reduces public expenditure on social services, and enhances workforce participation.

II. Economic Benefits for National Guard Members

- **Reduced Absenteeism:** The lack of accessible child care significantly contributes to absenteeism during mandatory drills. By providing local child care options, this tax credit could decrease absentee rates, directly improving military readiness and efficiency. Research suggests that each percentage point reduction in absenteeism can save millions in operational costs and increase the effectiveness of training sessions.
- **Increased Retention:** High-quality, accessible child care can be a deciding factor for service members considering whether to continue or leave service. Better retention rates mean less expenditure on recruitment and training of new personnel, which can run into billions annually for the military.

III. Economic Stimulus for Local Child Care Businesses

- **Revenue Increase:** The tax credit would encourage child care providers to expand services or improve quality to meet the demand from National Guard families. This could lead to increased revenue through both military and civilian clientele due to enhanced reputation and capacity.
- **Job Creation:** With increased demand, child care facilities might hire additional staff, contributing to local job creation. Each new job in child care can have a multiplier effect, boosting local economies through increased consumer spending.
- **Business Sustainability:** The tax benefit would help stabilize child care businesses, many of which operate on thin margins. This could lead to fewer closures, ensuring a stable supply of child care services in the community.

IV. Broader Economic Impacts

- **Economic Growth:** By supporting local businesses, the legislation indirectly fosters economic growth in areas where National Guard members live, which are often in rural or less economically developed regions. This could lead to increased local tax revenues and economic activity.



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- **Reduction in Public Costs:**
 - **Child Poverty:** Studies show that accessible child care can reduce child poverty rates by allowing more parents to work or work more hours. This, in turn, reduces the need for public assistance programs, thereby lowering government expenditure. For instance, the expanded Child Tax Credit has demonstrated significant poverty reduction effects, suggesting similar benefits from targeted child care credits.
 - **Education and Health:** Providing stable child care can lead to better educational outcomes and health for children, reducing long-term societal costs related to education and health care services.
- **Workforce Participation:**
 - **Parental Employment:** The availability of child care directly impacts parents' ability to engage in employment. Data from various studies, including those on the Child Tax Credit, indicate that parents, especially mothers, are more likely to enter or increase their workforce participation when child care is affordable and accessible.
 - **Economic Productivity:** Increased workforce participation translates into higher economic productivity, potentially leading to a GDP increase. The Center for American Progress has highlighted that reducing child poverty through such measures can have macroeconomic benefits, potentially adding hundreds of billions to the economy annually.

V. Cost-Benefit Analysis

- **Initial Cost vs. Long-term Savings:** While there's an initial cost associated with the tax credit, the long-term benefits, such as reduced welfare costs, lower military recruitment expenses, and increased local economic activity, could outweigh these costs. A detailed cost-benefit analysis, considering state-specific data, would be necessary for a precise estimate but generally, investments in child care have shown a positive return on investment.
- **Inflation and Tax Revenue:** The economic activity stimulated by this credit could contribute to increased tax revenues from both income and sales taxes, potentially offsetting the costs of the credit over time.

VI. Conclusion

The National Guard Child Care Tax Credit would not only alleviate immediate child care issues for Guard members but also stimulate economic development, reduce public spending in various sectors, and enhance workforce participation. This detailed economic impact analysis supports the need for Congress to consider this resolution as a strategic investment in both military readiness and community welfare.

For more information regarding this issue or any other issues concerning the National Guard, contact the EANGUS legislative team at legislative@eangus.org.