

Employer-Provided Child Care Tax Credit (45F)

How Employers Are Expanding Access to Child Care

OVERVIEW

Reliable child care is essential for today's workforce: two-thirds of young children in the U.S. live in households where all available parents are working. But too often, families struggle to find or afford care. **The Employer-Provided Child Care Tax Credit (45F) helps employers expand access to affordable, reliable child care for their employees with young children.** The credit allows businesses to offset a portion of the costs associated with providing child care, including operating or partnering with licensed child care providers. Recently made permanent and expanded in the 2025 Tax Reconciliation bill, 45F encourages sustained private-sector investment in child care while reducing employers' tax liability.

45F In : Hudl and Primrose School

The Background: Hudl, a Nebraska-based company that provides tools for coaches and athletes, used the 45F credit to partner with Primrose School to open an early education center at its headquarters in Lincoln. The center is open to the public, but Hudl employees receive priority enrollment and a reduced tuition rate. 37 Hudl employees enrolled their children in the Primrose School partnership, directly benefiting dozens of young children and their working parents.

The Benefits: The 45F credit lowered Hudl's tax liability by up to \$150,000 per year, reducing operational costs and allowing the company to offer substantially lower tuition rates for employees compared to the public rate. Parents consistently reported higher job satisfaction and stronger attachment to Hudl, citing both tuition savings and reliable access to high-quality early education as key factors. Hudl also noted improvements in employee retention and progress toward a secondary goal of revitalizing in-office culture, with participating parents reporting that they now work almost exclusively from the office.

How Employers Use 45F

Employers can use the 45F child tax credit in several ways, including:

- Contracting with a local provider to offer child care for employees' children;
- Building or operating an on-site child care center for employees;
- Partnering with third-party intermediaries to contract with qualified child care providers.

The Corporate Bottom Line

45F offers a direct reduction of a tax bill for businesses.

- A large business can reduce their tax bill by up to \$500,000 (or 40% of eligible expenses up to the maximum claim.)
- A small business can reduce their tax bill by up to \$600,000 (or 40% of eligible expenses up to the maximum claim.)
- Businesses large and small report improved employee recruitment and retention, increased productivity, and overall employee satisfaction when child care support is offered to employees.



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information on 45F.
<https://www.ffyf.org/policy-priorities/45f/>

About First Five Years Fund

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