

Testimony Neither For Nor Against: LD 258 - Governor's Change Package

May 2023

Senator Rotundo, Representative Sachs, and Members of the Committee on Appropriations and Financial Affairs. I am Peter Lindsay and I am testifying neither for nor against **LD 258 The Governor's Change Packet**.

I am writing concerning support for our child care system across Maine. There are a number of great efforts to support our workforce that supports the workforce in Maine, and that supports parents and their young children. I appreciate that the Governor has included in this Change Package an increase in the child and dependent care tax credit for families. However, this proposal does not adequately address the critical needs in our state to help children and families utilizing early care and education settings.

The proposed tax credit increase is limited in its potential use and many families will not be able to benefit from this increase, including many lower income families that especially need supports at this time.

I was so pleased that, while dealing with the incredibly challenging pandemic, Maine and the United States saw a significant drop in child poverty. Why? The research shows that the federal Child Tax Credit law was the one major change that affected poverty rates across the country!

Research backs the claim that the Child Tax Credit directly caused the drop in poverty rates. A Brookings Institution report concluded, "The 2021 expansion of the Child Tax Credit (CTC) led to a historic reduction in poverty in the United States, particularly for children." The report continues, "Specifically, transfer programs that provide cash and near-cash supports have been shown to promote stronger educational, emotional, and health outcomes (Akee et al. 2018; Hardy 2022; Hardy, Hill, and Romich 2019; Hoynes, Schanzenbach, and Almond 2016; Rothstein and Wozny 2013).¹

The Governor's proposal is totally different than the federal Child Tax Credit. The proposed child and dependent care tax credit is available to a limited number of families, to families who use high quality child care programs (that are not available in all areas of Maine and most often have long waiting lists), and, while helpful to certain families, still does not address the child care crisis and expense of child care for most families.

LD 1726 An Act to Build Maine's Economy by Supporting Child Care for Working Families is not before you yet (Health and Human Services Coimmittee members are reviewing this bill at this time.) This bill would raise child care wages that will help increase availability of

¹ The antipoverty effects of the expanded Child Tax Credit across states: Where were the historic reductions felt? Sophie Collyer, Bradley Hardy, and Christopher Wimer Wednesday, March 1, 2023, Brookings Institution, <https://www.brookings.edu/research/the-antipoverty-effects-of-the-expanded-child-tax-credit-across-states-where-were-the-historic-reductions-felt/>

slots across the state, expand child care subsidies, and broaden Head Start eligibility. These proposals would reduce the cost burden on families across the state and include all lower income families who are working and needing child care for their precious children.

I strongly urge you on the Committee to look to how to help lower the child poverty rate by extending as best you can the federal Child Care Tax credit that has sunset at the national level, and by supporting the funding to implement the changes proposed in the bipartisan-sponsored LD 1726 that specifically address the challenges facing Maine's child care system.

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