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LD 1891

TESTIMONY BY KIM RUSSELL, MAINE STATE DIRECTOR, READYNATION
BEFORE THE TAXATION COMMITTEE

In Support of L.D. 1891 An Act To Support Maine Businesses Through a Child Care
Tax Credit and a Pass-through Entity Tax

1 P.M. Thursday January 25, 2024, Taxation Committee, State House Room 127

Chairs Grohoski and Perry, and distinguished members of the Joint Standing Committee on Taxation, I am Kim Russell, Maine State Director of ReadyNation and co-leader of the Right from the Start Coalition, which is a diverse and large group of partner organizations dedicated to ensuring that all Maine children have equal opportunity for healthy development. We know that means providing early care and education that is affordable, accessible and of high quality, from birth to age eight, no matter where families live in our state.

ReadyNation is a national nonprofit organization of more than 2,000 business leaders, including 100 here in Maine, committed to working to strengthen our state and our economy through evidence-based investments focused on our youngest children.

I am testifying in support of LD 1891 and thank Representative Terry and the bill's cosponsors for their bi-partisan approach to this issue. I also appreciate that Rep. Terry has identified in her proposal a unique funding source to support this child care tax credit, and I thank her for this innovation.

Working parents and their employers know how difficult it is to find child care that's accessible, affordable, and high-quality. This problem is particularly acute in rural Maine and for parents of very young children, as infant and toddler care is typically the least available and most expensive. Further, children under age 3 are experiencing one of the most crucial periods of brain development.

Last year ReadyNation's reported the findings of a new national study we commissioned, which found that America's infant-toddler child care crisis now costs the nation \$122 billion in lost earnings, productivity, and revenue every year. This staggering economic toll impacts working parents, their employers, and the nation's taxpayers. The report data estimates that here in Maine that economic loss is about \$400 million annually.

Productivity challenges affect both employers and employees. The survey data shows that almost two-thirds of parents facing child care struggles reported being late for work or leaving work early, and more than half reported being distracted at work or missing full days of work. An overwhelming 85 percent of parents said problems with child care hurt their efforts or time commitment at work. These challenges had predictable impacts: more than one quarter of parents said they've been reprimanded at work, and nearly one quarter have been fired. As a result, nationally families lose \$78 billion per year in forgone earnings and job search expenses. Employers lose \$23 billion annually due to child care challenges faced by their workforce. Taxpayers, in turn, lose \$21 billion each year in lower federal and state/local tax revenue. These three figures add up to the \$122 billion toll.

Accessibility, affordability and quality are the three-legged stool of our child care industry. The bill before you addresses affordability by offering a tax credit to businesses that help families pay for child care. It deserves your support. In recent years policymakers have also begun to address child care access by supporting wage stipends for Maine's child care workers. Thank you for your support of these initial steps. More needs to be done and this proposal before you is a piece of this very complex puzzle. We know that without child care workers, there is no child care. And without child care, parents cannot go to work.

With wise investments, policymakers can improve life outcomes for millions of

children today and strengthen the workforce and economy both now and in the years to come.

I encourage the Committee's unanimous support of LD 1891 and to work with sponsor Senator Trey Stewart and cosponsors of a like proposal heard by this Committee last April and held over to this session, LD 1222 An Act to Expand Child Care Services Through an Employer-Supported Tax Credit.