



TESTIMONY BY KIM RUSSELL, DIRECTOR OF SPECIAL PROJECTS,
EDUCATE MAINE

BEFORE THE TAXATION COMMITTEE

In Support of L.D. 203 An Act to Provide an Income Tax Credit for Employer-supported Child Care

1 P.M. Wednesday April 16, 2025

Taxation Committee, State House Room 127

Chairs Grohoski and Cloutier, and distinguished member of the Members of the Joint Standing Committee on Taxation, I am Kim Russell, Director of Special Projects at Educate Maine. Educate Maine is a business-led education organization which champions career readiness and education attainment of Maine people by supporting education along the full continuum of life – from early childhood through adulthood. We also offer research and Maine-specific data to help inform your decisions on key education issues.

I am testifying in support of LD 203 An Act To Provide an Income Tax Credit for Employer-supported Child Care and thank Senator Stewart for bringing this proposal forward.

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. Maine employers know the economic impact of these child care challenges, that will only worsen as the child care crisis continues.

In 2023 ReadyNation's national [study](#) found that America's infant-toddler child care crisis now costs the nation \$122 billion in lost earnings, productivity, and revenue every year. In Maine the economic cost of our child care crisis is estimated to be \$403 million annually. This staggering economic toll impacts working parents, their employers, and the nation's taxpayers.

Productivity challenges affect both employers and employees. Almost two-thirds of parents of infants and toddlers 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 primary caregivers said problems with child care hurt their efforts or time commitment at work. These challenges had predictable impacts: more than one quarter of caregivers said they've been reprimanded at work, and nearly one quarter have been fired. As a result, families lose \$78 billion per year in forgone earnings and job search expenses. Meanwhile, productivity problems cause employers to 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.

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 and non-profits that help pay for child care for their employees. It deserves your support. Maine has many quality provisions already in law and we support further improvement to those. Policymakers must also continue to address child care access and I encourage members for this Committee to also reject the proposed biennial budget cuts to the wages stipends for Maine's child care workers. With the current wage stipends, Maine child care workers earn, on average, \$16.40 an hour. If these wages are rolled back to an average of \$15.15 per hour, as proposed in the budget draft, the challenge to find child care workers may be insurmountable. Without providers, there is no child care. Without child care, parents cannot go to work.

Maine's child care is complex and multifaceted. This child care tax credit proposal before you will help more Maine families afford high-quality child care for their children, and is an important piece of this complex puzzle.

A failure to strengthen our still fragile child care infrastructure will lead to more and more economic damage to employers, workers, and taxpayers. It is my hope that you and your colleagues will support the availability and affordability of high-quality child care. With wise investments, policymakers can improve life outcomes for Maine 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 203.