Senator Grohoski, Representative Cloutier, and members of the Joint Standing Committee on Taxation, my name is Cate Blackford and I am the public policy director for the Maine People's Alliance. MPA is Maine's largest community action organization with over 32,000 members across the state. Our mission is to create a world where everyone has what they need, contributes what they can, and no one is left behind.

I am here to testify in opposition to LD 203 and LD 1555. While these bills are well-intentioned attempts to address our child care crisis, we ultimately believe that they would invest significant resources in ways that would have a limited impact.

The main issue affecting our lack of child care is that the cost of providing high quality care is far out of line with what families are able to afford, driving low wages and the resulting challenge to attract and retain workers in this sector. Eighty-five percent of child care centers in Maine are experiencing staffing shortages, with low wages overwhelmingly identified as the biggest barrier to recruitment. This bill does not address that barrier and its extremely high expected cost could crowd out other more urgent and cost-effective investments.

Extending tax credits to employers as an incentive for supporting their employees with free or reduced-price care is an inefficient use of resources. The main problem is that it is not targeted, applying to all employers across the state, including those who already have the resources to offer child care benefits to their workers. Another issue with a credit like this is that businesses would be reimbursed after the fact. The large businesses that can already afford to provide child care would have no problem with that. However, the truly small businesses that are unable to afford child care in the first place would also be unlikely to front the costs for child care. They would also likely struggle to navigate the system to access the credits. Additionally, this benefit is structured as a reimbursable credit, meaning employers could access it even if they are paying little to no taxes in Maine.

However, the biggest issue with this bill is that it would transfer significant resources that could be targeted to lower- and middle-income families to our state's most prosperous employers. This would make it even harder for small employers to compete with large employers on recruitment and retention, it makes employees more beholden to their employer and less likely to change jobs, and it potentially comes at the expense of other critical child care resources for families and providers.

While we agree that resolving our child care challenges will require much greater public investment,we believe that untargeted corporate subsidies are not the right approach. Instead, we would urge this committee to support investments to raise the wages of child care workers and improve and expand our child care subsidies as a much more promising and equitable path forward. Thank you.