

Tuesday, January 30 at 2 p.m.

House Policy Committee Public Hearing on Family Childcare Tax Deduction Legislation, West Goshen Township Building, 1025 Paoli Pike, West Chester, PA 19380.

Testimony on House Bill 2035

Submitted by Bill Shoffler, PreK for PA Campaign Coordinator, Bucks County, PA, Public Citizens for Children and Youth

Thank you for this opportunity to speak with you today about the needs of middle income families and the lack of access to Quality Child Care. I am Bill Shoffler, the Bucks County PreK for PA Campaign Coordinator at Public Citizens for Children and Youth, a child advocacy and policy organization working on behalf of children in southeast Pennsylvania.

I have 2 children who have attended quality early childhood education programs in Bucks County and I still remember the difficulty of making ends meet while paying for a quality child care program.

During the last 3 years the Commonwealth has made progress at expanding the availability of quality Early Childhood Education especially for 3 and 4 year old children from lower income families. That's a good thing, but we must do more.

We have a problem here. Middle income earners are losing the ability to participate in quality child care in Chester County and 3 and 4 year olds from middle income families are missing out. There are over 12,000, 3 and 4 year olds in Chester County and at current eligibility levels only about 4,000 are eligible for PreK and subsidized child care. Instead of squeezed out the middle income earner, your bill begins the conversation of how we can expand these important benefits to more families to need help affording quality early childhood programs for their children.

In Chester County 61% of children under 5 have all parents in the workforce and even with 2 incomes many families struggle to pay the high cost of full time quality child care. In 2014 the median cost of full time care was \$11,596 for a preschooler and \$25,376 for both an infant and a preschooler, the highest in the region. That is 11.5% or 25% of a \$100,000 household income.

Using median Chester County costs the benefit of the tax deduction provided for in your bill, for a Chester County family filing jointly and earning \$100,000/yr would be \$307. Combined with the Federal Tax credit of \$600, this family would benefit by \$907, on their tax bill. This is a savings for a middle class family. Nonetheless, this benefit does not fully address the issue of quality.

PCCY would suggest that the bill could be improved if it was a tax credit of \$2,000, per child in any single year and up to \$4,000 per child over the course of that child's enrollment in a high-quality program with a Keystone Star 3 or 4 rating. We would suggest such a credit be available to families earning at 250% of state wide median income or about \$134,000 a year. This limit on income will save state resources by making sure the money gets to families with that need it the most. Families would pay the provider directly. Further to make the proposal more powerful, we urge you to consider shifting from a deduction credit to a tax credit. Such a shift would give working and middle income families an even greater benefit.

Currently 26 states offer relief through either tax deductions or tax credits and offer a range of value from \$200 in Montana to about \$2,300 in New York State. There are elements of the Louisiana School Readiness Tax Credits model that you might want to consider. That model offers two possible credits for families. The first is for child care of any type and the second is tied to quality. Parents choosing higher quality receive higher credits. The Louisiana package also offers credits to higher quality providers and credits for staff development.

BENEFITS OF REDUCING COSTS AND EXPANDING AVAILABILITY OF QUALITY EARLY CHILDHOOD EDUCATION

Of course you know that children, families, tax payers, schools, communities and businesses benefit from increased participation in quality early childhood education programs. Expanding participation options to middle class families increases the benefits which is why we urge to advance a proposal that ensure working and middle class families are the beneficiaries of such a tax credit.

It has been well documented that participation in quality early childhood education supports increased enrollment in college and technical programs, reduces incarceration and interaction with the criminal justice system, reduces social services costs, reduces remediation and special education costs in K12, and produces sound, life long socialization skills while preparing children for K12.

A benefit not talked about often is workforce stability. Before the last recession Forbes listed lack of stable child care as a major cause of work place instability adding a cost of up to \$3,000/yr to employers of hourly wage workers and \$2,600/yr for salaried workers.

Lost wages also have a profound impact on poverty and local economies. A study by the Center for American Progress indicates that when a typical female worker leaves the workforce for 5 years to care for children the full time caregiver could lose over \$400,000 in lifetime earnings. And a 2017 Brief by the Commonwealth's own Independent Fiscal Office finds that every dollar spent on early child education adds over \$2.00 to the local economy.

CONCLUSION

Middle class working families believe quality early childhood programs are a good idea. They choose not send their children because they can't afford it. By expanding availability to quality early childhood education programs through tax relief families, communities, and businesses in

Chester County and throughout the Commonwealth all benefit. PCCY commends you Representative Comitta for advancing this important discussion aimed at ensuring every child gets the early foundation of high quality early learning programs that fortunately are proven to have a positive life long impact.