



## **OBC POVERTY TASKFORCE STATEMENT ON THE CONSOLIDATION AND EXPANSION OF CHILD CARE TAX CREDITS**

The Oregon Business Council's Poverty Taskforce has been charged with identifying actions that would support the business community's goal of reducing the poverty rate to below 10 percent by 2020. Poverty reduction of that magnitude requires a range of initiatives that stretch across education, work force development, job creation, and safety net reform.

The nature of U.S. safety net shifted fundamentally with the passage of federal welfare reform in 1996. The creation of the Temporary Assistance to Needy Families (TANF) program signaled an expectation that able-bodied parents of young children are expected to work. For many parents, a transition from welfare-to-work is economically practical only with access to, and assistance with, quality childcare.

To improve affordability, Oregon operates two highly related tax credits designed to offset the costs of childcare for low- and middle-income families: the federal Child and Dependent Care Credit and the Oregon Working Families Childcare Credit.

The OBC Poverty Taskforce strongly supports legislative efforts to consolidate the two credits into a single credit that piggybacks off of the federal Child and Dependent Care credit. If built off the existing federal credit, the federal government bears the auditing cost. If Oregon didn't have to audit its state-only program, the state could save up to \$1 million biennially—resources that could be redirected to the credit itself. Moreover, on-going operation of two credits with similar names and purposes is confusing to taxpayers. Funding for the resulting credit should be increased to expand coverage and ensure no family is made worse off by the consolidation.