

**Testimony of Charles Sheketoff  
In Opposition to SB 594  
Senate Committee on Human Services  
February 20, 2017**

While it is commendable that the Committee has placed on its agenda the topic of making childcare more affordable for low- and middle-income families, SB 594 is not an appropriate course of action.

The bill amends the now former working family childcare credit that did sunset and was started anew with an enhanced subsidy when it was combined with the child and dependent care tax credit (which also sunsetted) in HB 2171 (2015). HB 2171 was approved by the Senate in 2015 with a lone dissenting vote.

The effort to combine the two tax credits into one, with enhanced provisions for families with young children, was led by Representative Alissa Keny-Guyer. Members from both sides of the aisle of the legislature saw that having two somewhat overlapping tax credits was inefficient, confusing and unnecessary. The Senate approved HB 2171 in 2015 with a lone dissenting vote. SB 594 does not repeal the new scheme, so should it pass we would be back to having two overlapping childcare tax credits.

Instead adding another tax credit, this committee ought to study and discuss the inadequacy of funding for the state's childcare subsidy program, the Employment Related Day Care (ERDC) program. What used to be known as one of the most misunderstood and underutilized DHS programs, it is now one of the most underfunded. It is so tragically underfunded that the department limits the opportunities to get on the waiting list to use the program, not just the program itself.

As part of that discussion, you should also discuss the general issue of tax credits vs. subsidy programs for addressing human services issues and how they are not mutually exclusive (think EITC and minimum wage, which are often wrongly pitted against each other) nor mutually addressing the same aspect of the problem. For instance, while the childcare tax credit is vital and its role ought to be preserved as was done in 2015, it does not help families meet month-to-month challenges of paying the expenses for childcare.

Thank you for addressing the issue of childcare affordability.

SB 594 is well intentioned but inappropriate for addressing the issue at this time.