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February 2, 2018

To: Senator Jim Smith and members of the Revenue Committee

From: Aubrey Mancuso, Executive Director

**Re: Support for LB 920 – Change provisions relating to a child and dependent care tax credit**

No challenge before the state is more critical than ensuring adequate care and support for our state's most valuable natural resource – our children. The job of supporting and nurturing the next generation of Nebraskans has profound implications for the future of our state. At Voices for Children, we believe the state must partner with parents and families to structure public policies and systems in ways that support families in raising our next generation.

LB 920 does exactly that by making important updates to a tax credit designed to help offset the high cost of caring for children so parents can work. This credit also helps support families caring for an individual with a disability which can place a significant strain on family finances. Access to affordable quality child care can also serve as a barrier that keeps individuals out of the workforce.

Nebraska continues to rank in the top 10 when compared to other states for the percentage of young children whose parents are working, with about 75% of kids under 6 having all available parents in the workforce. For families with young kids, child care is the most significant monthly expense in the family budget.

Attached to my testimony is a chart that looks at the average cost of basic household expenses for a family with two young kids living in different regions of Nebraska. The regions are based on the USDA rurality codes. Metropolitan counties are the larger counties and counties adjacent to large counties (like Lancaster County). Non-Metropolitan Urban counties have a population of at least 2,500 (like Adams County) and Rural counties are less than 2,500 in population (like Banner County). In every case, child care costs make up more than a quarter of the family's monthly budget and almost 30% for families in urban areas.

The current income levels set in statute have not been updated since the 1990s. Since that time, the number of working parents in Nebraska has continued to grow and the cost of child care has continued to increase. LB 920 would provide a critical update to our state investment in helping working families address the high cost of providing essential care for our next generation. We respectfully urge the committee to advance the bill. Thank you.