



Giving Every Child A Chance

To: Honorable Valerie Vainieri Huttle, Chair
Members, Assembly Human Services Committee

From: Cecilia Zalkind, Executive Director

Date: March 7, 2016

RE: ACNJ Support for A331 to Establish a Child Care Tax Credit

Advocates for Children of New Jersey (ACNJ) strongly supports A331, which establishes a child and dependent care tax credit in New Jersey. It is time for New Jersey to join the majority of states that provide a child and dependent care tax credit for its families and we welcome this proposal.

ACNJ has consistently advocated for high-quality, accessible, affordable child care for children and families in our state. With 68 percent of parents of children under age 5 in the workforce, child care is a critical issue – and a significant part of a family’s budget. As we reported in our 2013 Special Report, *Meeting New Jersey’s Child Care Challenge*, New Jersey families spend a significant percentage of their income on child care. For families with both an infant and a preschooler, child care costs can consume 44% of a low-income household budget, and 88% of the household budget of a family in poverty.

The tax credit proposed in A331 is a first step towards addressing the broad problem of the high cost of child care in New Jersey and the meager resources for families to address that cost. With the average cost of care for one infant at almost \$11,000 in New Jersey, ACNJ welcomes any support that families can receive to help alleviate these costs.

ACNJ hopes that A331 can be a foundation for additional proposals that can help to support quality child care as well as affordability. New Jersey’s ongoing efforts to build a high-quality child care system could be bolstered by financial support through the tax code. Other states have developed some interesting approaches to improving quality by extending credits to child care programs, staff and businesses that support child care. We would be happy to provide information on these initiatives in the future. The first step is to approve the child and dependent care tax credit proposed in A331.

Thank you for the opportunity to present testimony today.