



To the Economic Affairs Interim Committee,

Thank you for your interest in learning more about Montana's complex child care system. The issues surrounding child care affordability and accessibility touch every corner of our state and almost everyone knows someone who has had a difficult time finding care for their young children.

We recognize it is a complicated issue and the legislature cannot solve the problems with one simple fix. However, there are effective strategies working in other states, and we recommend considering the following policies:

1. **Child Care Subsidy Increase (i.e. Montana's Best Beginnings Scholarship)**

Recommendation to increase the income guidelines to ensure more working families qualify for assistance. For example, New Mexico's income threshold is 350% FPL and South Carolina's is 300% FPL (Montana is 185% FPL).

(Montana will be deploying a child care cost of care study Spring 2024. Recommendations could be drawn from this study).

2. **Comprehensive Tax Credit Strategy**

Recommendation to offer a tax credit package that include credits for employers offering child care benefits, child care workers, and working families utilizing child care services.

Examples include:

- [Nebraska's](#) Child Care Tax Credit Act & School Readiness Tax Credit Act
- [Louisiana's](#) School Readiness Tax Credits

**It is important to note that tax credits may not benefit those on our tribal lands that do not file state taxes.*

3. **Child Care Cost Sharing**

Recommendation to adopt a public/private child care cost sharing model. Generally, this includes cost to be shared among the employer, parent, and state department. Examples include:

- [North Dakota's](#) Working Parents Child Care Relief Program
- [Kentucky's](#) Employee Child Care Assistance Program
- [Michigan's](#) Tri-Share Program

4. **Child Care Business Start-Up Grants (including business advising technical assistance and consultation)**

Recommendation to provide support in areas that are often barriers to starting and operating a child care business including startup cost and general knowledge on how to operate a viable business. Some states have appropriated a dedicated fund for these supports. Examples include:

- [Minnesota's](#) Child Care Community Partnerships Program
- [New Mexico's](#) Early Education and Care Fund
- [Tennessee's](#) Child Care Improvement Fund

5. **Child Care workforce incentives**

Recommendation to provide incentives to the child care workforce to increase recruitment and retention. Some examples include tax credits and wage supplement programs.

- [Kentucky](#) child care workers automatically qualify for child care subsidy for their own children ([Montana](#) is piloting this using PDG B-5 grant funding).
- Offer a child care workforce wage supplement. Examples include:
 - [Washington DC's](#) Pay Parity Program
 - [Minnesota's](#) Great Start Compensation Support payments

Thank you again for your interest in this topic. Please let us know if there's anything else we can help with at this point.



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