
STATEMENT FOR THE RECORD
BEFORE THE COLORADO GENERAL ASSEMBLY EDUCATION COMMITTEE ON
HB 19-1005: EARLY CHILDHOOD EDUCATOR TAX CREDIT

January 22, 2019

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Dear Chairman McLachlan, Vice Chair Buentello and members of the Committee:

Thank you for allowing me to share comments with you regarding the importance of access to affordable child care for our state's small business owners and entrepreneurs.

HB 19-1005 will create the Early Childhood Educator Tax Credit, providing additional compensation to child care providers tied to the level of the provider's credential. This tax credit addresses the critical need to improve both quality and access to child care throughout Colorado, an industry currently facing considerable instability. Improving child care access in Colorado will encourage entrepreneurship, increase formation of home-based child care facilities and benefit small employers by lowering turnover, boosting productivity and enhancing employee morale.

We know from our scientific opinion polling that small business owners face barriers in accessing affordable child care, and that a lack of access to child care can impact their bottom line. Indeed, more than 1 in 3 (36%) small business owners who are also parents said a lack of access to affordable, high-quality child care was a barrier to starting their business. Conversely, a similar percentage of 29% stated that a lack of access to child care was a major reason for starting their own business due to the need for increased flexibility in their work schedules. It's no surprise then that small business owners support policies that will expand access to child care—in fact, 7 in 10 small business owners support policies that expand and improve federal child care tax credits to allow working parents to receive a refund for child care expenses.

Lack of access to child care also greatly affects employees of small businesses, which in turn can hurt productivity for these business owners. More than 3 in 10 employers said their employees' family and child care issues have affected their job performance or productivity. Additionally, 4 in 10 report they've had an employee experience unplanned work absences in the past year due to child care issues. We found that many small business owners want to give their employees flexibility when they need to make changes to their work schedules to address child care needs, but a lack of access to providers is hurting both employees and employers.

While HB 19-1005 is not a direct tax credit for parents, it will provide critically needed resources to incentivize child care providers, including home-based providers. The tax credit is tied to credential levels, encouraging improvements in quality among providers. What's more, the credit is targeted at providers offering care in the areas of highest need and is refundable, putting money back in the pockets of child care providers. This will encourage more entrepreneurs to form home-based child care facilities and support small businesses throughout Colorado.

Small business owners understand how important it is for their employees who need to balance their work and family responsibilities to have reasonable, affordable options for doing so, which is why small businesses' support expanded access to affordable, high quality child care. We urge you to support HB 19-1005.

Thank you.

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