

# FACT SHEET | Making Child Care More Affordable

*2015 Budget for a Better Minnesota*

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Because of the high cost of child care, many parents are forced to leave the workforce because it makes more financial sense to care for their children at home, than to keep their jobs. To make child care more affordable for working families, Governor Dayton has proposed expanding the Child and Dependent Care Credit to help provide families more economic security – and to provide more flexibility for families with small children, aging parents, and family members with disabilities.

## The Rising Cost of Care

- **\$901 Per Month.** On average, child care in Minnesota costs \$901 per month, or \$10,812 per year, for one child in a child care center. Those high costs often force families to make a difficult choice between high payments for quality child care, or leaving the workforce altogether.
- **3<sup>rd</sup>-Most Expensive in the Nation.** According to a recent New York Times article, Minnesota is the third-most expensive state in the nation for child care, based on the cost of infant care as a share of median income (15.5 percent).

## Making Care More Affordable

- **Expanding the Child Care Tax Credit.** Under current law, only 38,000 Minnesota families are eligible to receive tax credits for child care. The Governor's proposal would expand eligibility for these tax credits to a total of 130,000 Minnesota families – making child care more affordable for a lot more Minnesotans.
  - **More Families Would Qualify.** Under current law, families with household incomes of more than \$39,000 do not receive a tax credit. The Governor's plan would raise that limit to \$112,000 for families with one child, or \$124,000 for families with two or more children.
  - **Saving Up to \$2,100 Per Year.** Under the Governor's plan a family could receive a maximum of \$2,100 per year through the Child and Dependent Care Credit.
- **Saving Families Hundreds of Dollars.** The average eligible family would see a \$429 increase in their Child Care Tax Credit, with some families seeing an increase of as much as \$1,200 – making child care more affordable for an estimated 130,000 Minnesota families.
- **Financial Savings and Flexibility.** Child care is expensive, and sometimes forces parents to make difficult financial decisions. The Governor's plan to expand the Child Care Tax Credit would provide thousands of Minnesota families with financial savings, and more flexibility, as they make decisions about their child care and employment.
- **Total Tax Relief.** The Child and Dependent Care expansion will provide \$99.9 million in tax relief in the 2016-17 biennium and \$108.9 million in tax relief in the 2018-19 biennium.