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Public awareness campaign launches to educate Nebraskans about new child care tax credits

[Lincoln, NE] – [August 27, 2024] – First Five Nebraska (FFN) today kicked off a public education campaign promoting the Child Care Tax Credit and School Readiness Tax Credit. The refundable and nonrefundable tax credits are designed to help address key challenges facing child care providers and the families, employers and communities who depend on them. They are the result of LB754, legislation introduced last year by State Senator Eliot Bostar (Dist. 29) and passed with significant bipartisan support. FFN worked closely with Senator Bostar to develop and advance the tax credit package, which goes into effect with the 2024 tax year.

At a morning press event, FFN Deputy Director Elizabeth Everett was joined by Senator Bostar and Bryan Slone, President of the Nebraska State Chamber of Commerce & Industry, to review the rationale for the tax credits, how they work and the statewide messaging initiative now underway.

Access to affordable, quality child care is crucial for parents working to provide for their families' basic needs and supply the labor requirements of Nebraska employers. As much as 74% of our state's children under age 6 have all available parents in the workforce. As the costs of raising young children increase, so do the challenges facing child care providers struggling with low wages and the prohibitive cost of operating financially viable programs. Since 2019, Nebraska has seen a 12% decrease in licensed child care programs, while 30% of the total early childhood workforce turned over between 2022 and 2023.

The new tax credits include:

- Child Care Tax Credit-Refundable (CCTC-R): Helps offset some of the financial pressures on families with young children under age 5 by offering either a \$1,000 or \$2,000 credit per child depending on the family's annual household income and other eligibility requirements.
- Child Care Tax Credit-Nonrefundable (CCTC-NR): Encourages private sector contributions to help grow child care availability, especially in economically challenged areas. Taxpaying individuals or organizations can apply for a nonrefundable credit equal to either 75% or 100% of a qualifying contribution if the recipient of the contribution operates a child care program in a Nebraska Opportunity Zone or serves children on the Child Care Subsidy.
- School Readiness Tax Credit-Refundable (SRTC-R): Offers a refundable tax credit between \$2,300 and \$3,500 to individual child care staff members or self-employed child care providers (such as licensed Family Child Care Home providers). Intended to encourage career development for child care professionals; the amount of the credit is based on professional classification criteria set by the Nebraska Department of Education.
- School Readiness Tax Credit-Nonrefundable (SRTC-NR): This credit encourages providers to grow the quality and availability of child care programs serving families in greatest need. The amount of the credit is determined by the program's Step Up to Quality rating and the average monthly number of children enrolled in the Nebraska Child Care Subsidy program and served during the tax year, ranging between \$400 and \$1,200 per child.

Senator Bostar reflected on the importance of a robust child care industry to keep Nebraska's economy strong. "We're counting on Nebraska's working parents to build strong families, workplaces and communities. And those parents are counting on Nebraska's child care providers to have their backs," he said. "The Child Care Tax Credit and School Readiness Tax Credit can ease financial burdens on families with young kids while helping to grow our state's supply of quality child care and the skilled workforce needed to deliver it."

Slone says the nonrefundable tax credits present an opportunity for businesses to make a difference in addressing challenges in their own communities. "Our members are committed to collaborative efforts that strengthen our state's workforce, and these credits help businesses to take on an enhanced role in supporting access to quality child care, a crucial industry that keeps Nebraskans productive and engaged in their jobs."

First Five Nebraska has launched separate websites for the Child Care Tax Credit (NebraskaChildCareTaxCredit.org) and School Readiness Tax Credit (SchoolReadinessTaxCredit.org) explaining the eligibility requirements and how to apply. The sites link directly to additional information available from the Nebraska Department of Education, as well as application forms and resources available from the Nebraska Department of Revenue. Messaging partners can also access social media toolkits, fact sheets and other materials through a free print-on-demand service. In November, radio and television public service announcements will begin airing statewide through the Nebraska Broadcasters Association's Public Education Program (PEP) and on certain streaming services. All messaging resources will be available in English and Spanish.

While First Five Nebraska is coordinating the campaign with Nebraska Children and Families Foundation, Everett stresses the need for a wide array of messaging partners. This includes nonprofits and service providers, community centers, schools, tax preparation and accountancy services, employers and chambers of commerce, community and economic development organizations, public libraries and other municipal entities.

"Creating the tax credits was just the first step," said Everett. "No matter how urgently these supports are needed in our state, their impact depends entirely on how widely they are understood and used by those they are meant to help. We look forward to collaborating with our partners to get the word out."

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