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Kansas Action for Children
Testimony for House Bill 2615
House Taxation Committee

Chair Johnson and Members of the Committee:

Thank you for the opportunity to provide supportive testimony regarding House Bill 2615. Kansas Action for Children's vision is to make Kansas the best state to raise a child and to be a child, and our organization shapes health, education, and economic policies that benefit Kansas children and their families. The 2017 Legislature's passage of comprehensive tax reform set our state on a path to financial recovery that will benefit Kansas children. However, policies implemented since 2012 seriously undermined the financial well-being of working families and the fiscal health of our state. **For that reason, we support restoring important credits and deductions for Kansas families gradually and responsibly, as state policymakers continue to repair the Kansas tax code.** It is critical that policymakers bring back provisions that help working families as a part of a broader plan for tax policy, to ensure restoration does not come at the expense of other policies that benefit low- and moderate-income Kansans.

Child care is an expensive necessity for Kansas families. Families need child care so that parents can work. Children need safe, stimulating early learning environments to help prepare them to succeed in school and in life. In Kansas, the average annual cost of one infant's care in a child care center is \$11,911 – which represents nearly half of a Kansas single parent's median income and 15% of the median income for a married couple.¹ Public investments can help parents afford the cost of care and help child care providers improve the quality of the care they provide.

Kansas could do more to meet the needs of children and families:

- The 2012 and 2013 changes to the state's tax code weakened the financial well-being of families with modest incomes. These changes include the elimination of key tax policies – such as

¹ "Parents and the High Cost of Child Care: 2017," Child Care Aware of America, <http://www.usa.childcareaware.org/advocacy-public-policy/resources/reports-and-research/costofcare/>

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the refundable food sales tax rebate and the homestead property tax refund for renters – as well as increases in the state sales tax. Fortunately, last year the Legislature reinstated the state child and dependent care credit as one part of a comprehensive tax reform package.

- Previous tax policy risked Kansas' early childhood system. Nine consecutive rounds of budget cuts reduced both the number of children who receive high-quality child care and the programs available to strengthen the Kansas early learning infrastructure. Due to last year's tax policy changes, the state is now positioned to begin restoring previous cuts.
- The Kansas child care assistance program, which subsidizes the costs of child care tuition for working families with modest incomes, could reach many more children. In January 2018, child care assistance reached just 9,337 Kansas kids – far fewer than 10% of all the children whose families are income-eligible.

A state child and dependent care credit is one tool to improve high-quality learning opportunities for Kansas children. Child care is one of the first early learning environments in an infant's or a toddler's life, and ensuring all Kansas children can access high-quality child care will help them succeed once they enter school and the workforce. A **refundable** state credit would most effectively reach all working Kansas families, because it would allow families to get the full credit even if they earn too little to owe much income tax.

We urge policymakers to ensure that enhancements of tax credits and deductions are part of a larger tax policy that continues the restoration of the state's financial health. Thank you for passing comprehensive tax reform that ended a cycle of fiscal crisis that jeopardized early learning opportunities for Kansas children. As you continue to repair the state's finances, please do not hesitate to contact me (amanda@kac.org) if Kansas Action for Children can help you craft policies that will support Kansas children and their families.