

PROMOTING High-Quality Care *for* KANSAS KIDS

Access to high-quality child care enables parents to work and helps children succeed in school and beyond. Incentives like the Child and Dependent Care Credit help families afford high-quality care. While the federal credit is still in place, the long-standing Kansas credit was eliminated as part of tax legislation passed in 2012. Restoring the Child and Dependent Care Credit will facilitate access to high-quality care and support families with working parents across the state.

THE BENEFITS OF HIGH-QUALITY CHILD CARE

ACHIEVEMENT › Research shows that high-quality child care helps children gain the cognitive and social skills that they need to perform well in school and, ultimately, make a positive contribution as part of our state's work force.

PUBLIC SAFETY › Students participating in after-school programs demonstrate improved school attendance and test scores and grades. They also are less likely to participate in criminal activities or in risky behaviors such as alcohol or drug use or smoking.

PARENT PRODUCTIVITY › Reliable child care allows parents to get and keep a job and gives them the peace of mind they need to be productive at work.

Families need child care for their school-aged children as well. This includes after school, during breaks in the school year and over the summer. After-school programs can cost as much as \$3,300 a year.

ENCOURAGING FAMILIES TO USE HIGH-QUALITY CARE

Higher-quality care costs families more money. The additional costs go toward making facilities safe and providing activities, equipment and staff ratios that promote children's development. These payments also help child care programs pay the wages needed to attract and retain well-qualified staff. The federal government and 24 states have made the decision to offer families with working parents a tax incentive for their child and dependent care expenses.

THE COST OF HIGH-QUALITY CARE

Child and dependent care expenses eat up a significant portion of families' budgets. In Kansas, the average cost of full-time child care in a center for a 4-year-old is \$8,305 a year. The cost is higher for an infant, at \$11,023 a year. This means that a two-parent Kansas family with median income and an infant in child care can spend almost 15 percent of its income on child care costs.

Until 2012, Kansas was one of the states providing a state Child and Dependent Care Credit. The Kansas credit was revoked as part of a larger tax package in 2012 with little attention given to the merits of the credit in the larger policy debate. This decision needs to be reconsidered and the Child and Dependent Care Credit reinstated to promote high-quality child care and its benefits in Kansas.

WHAT IS THE CHILD AND DEPENDENT CARE CREDIT?

The Child and Dependent Care Credit is a non-refundable individual income tax credit provided at the federal level and by many states. The credit ranges between 20 to 35 percent of the first \$3,000 of child care expenses for children under age 13 whose parents work or go to school. The credit is capped so that families with more than two children in care can only receive a credit for up to \$6,000 in costs.

HOW DOES THE STATE CREDIT WORK?

The state credit piggybacks on the federal credit. Until the tax legislation of 2012, the Kansas credit was 25 percent of the federal credit. The credit is easy to administer at the state level because it uses the federal structure and requirements.

WHO USES THE KANSAS CREDIT?

The Child and Dependent Care Credit is used by nearly all families with child care expenses. In calendar year 2010, the most recent year that information is available, almost 72,000 Kansas households utilized the state Child and Dependent Care Credit. However, the cost to the state was relatively low at \$9.6 million.



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