



KANSAS COALITION *for* SCHOOL READINESS
PLANTING THE SEEDS FOR SUCCESS

April Holman, Executive Director
Kansas Coalition for School Readiness
SB 106 Testimony
Senate Committee on Assessment and Taxation
March 20, 2013

Chairman Donovan and Members of the Committee:

Thank you for the opportunity to testify in support of SB 106, restoring the Kansas Child and Dependent Care Credit.

The Kansas Coalition for School Readiness is a partnership of early learning educators, business leaders, child advocates, parents, law enforcement officials, military leaders and other citizens who have come together to support investments in early childhood education so that Kansas children will be better prepared for success in school and in the workforce.

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.

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 workforce.
- *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.

How Does the Credit Work?

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.

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 Credit?

The Child and Dependent Care Credit is used by nearly all families with child care expenses. In calendar year 2011, the most recent year that information is available, more than 66,000 Kansas households utilized the state Child and Dependent Care Credit. However, the cost to the state was relatively low at \$8.7 million. The fiscal note for SB 106 estimates that SB 106 would decrease State General Fund revenues by \$9.1 million in FY 2014 and in each future fiscal year.

Support SB 106

Kansas families had long relied on the state Child and Dependent Care Credit before it was eliminated last year. We urge your support for SB 106, restoring the credit. This will help Kansas families of all incomes and provide benefits for employers and the community.