



March 1, 2023

John Wilson, President & CEO
Kansas Action for Children
Proponent Testimony on SB 164
Senate Committee on Assessment and Taxation

Chairperson Tyson and members of the Committee,

Thank you for the opportunity to discuss SB 164, which would provide an income tax credit for workers in the child care field. Kansas Action for Children is a nonprofit, nonpartisan advocacy organization working to make Kansas a place where every child has the opportunity to grow up healthy and thrive.

Child care is essential infrastructure for thousands of Kansas families. Around 150,000 Kansas children under the age of six have all available parents in the work force,¹ making child care an issue not just for families, but for our state as a whole. Current desired capacity (the number of children a provider wishes to take) only meets 44%² of the potential demand. With this discrepancy between supply and demand, child care businesses should be opening all over the state, but Kansas is not seeing business growth in this market.

Child care businesses receive funds in three primary ways:

1. Collecting payments from parents for providing care.
2. Accepting child care subsidies, which are accessed by low-income families. However, only 38% of providers accept this subsidy.³
3. Limited state grants to purchase new materials or make necessary upgrades. Most of these grants are only temporarily available because of COVID relief funding.

Most child care centers and providers blend and braid funding to keep their doors open. Because of the lack of adequate funding for the child care system, the median hourly wage for a child care worker in Kansas is just \$10.90. In theory, providers could raise their rates to pay employees more, but child care is already unaffordable for many families, with average monthly rates in Kansas ranging from \$500 to more than \$1,200 per child.

The problem is clear: Parents can't afford to pay more and providers can't afford to charge less.

¹ American Community Survey DP03: 2021. 5-year estimates. www.census.gov

² Kansas State Point-In Time Child Care Data - <https://stage.worklifesystems.com/Kansas?county=all>

³ [DCF Child Care Provider Quarterly Report](#)

With the low wages of child care providers and the lack of refundability of the tax credit, Kansas Action for Children is concerned many child care providers will not be able to benefit as greatly from the tax credit as intended.

Child care is a complex problem that cannot be fixed by one bill. However, SB 164 offers a potential piece of the solution. Child care is not a viable career option for many adults, especially among those providing for families of their own, due to low wages, long hours, and high stress. This credit would be a small step in the right direction, working to treat the industry as a profession, not a part-time job. By offering an income tax credit to child care workers, the state is investing in this critical industry.

We support the sunset provision, as it gives the child care field an opportunity to evaluate the effectiveness of the credit and the impact it has on the child care system. Also, it is important lawmakers evaluate tax credits to ensure they are fulfilling their desired purpose. In the next few years, lawmakers can partner with state agencies to complete the work that is already in progress to identify long-lasting solutions to support this critical infrastructure.

Thank you for the opportunity to share information with you today. Feel free to reach me if you have any questions at john@kac.org.