

February 7, 2017

Annie McKay, President and CEO
Kansas Action for Children
Testimony for House Bill 2237
House Taxation Committee

Chairman Johnson and Members of the Committee:

Thank you for the opportunity to provide testimony on House Bill 2237.

Kansas Action for Children's vision is to make Kansas the best state to raise a child, and our organization shapes health, education, and economic policies that benefit Kansas children and their families. State tax policies implemented since 2012 have compromised Kansas' ability to meet the needs of children and have undermined the financial well-being of working families. **For that reason, we support the comprehensive tax reform proposed in HB 2237.**

Tax policy has wreaked havoc on the lives of Kansas children and their families. Changes made since 2012 have had disproportionate impacts on low and middle-income families. Key credits and deductions that have been important tools for working Kansas families' ability to make ends meet were eliminated over the last four years as the state sought ways to "pay for" unaffordable and ineffective tax policy. What started with undoing the child and dependent care credit, then the tax credit for low-income renters, and the refundable credit for sales tax paid on food soon grew to include other important deductions for middle-income families. Two increases in sales tax landed Kansas near the top of the list for highest food sales tax rate in the nation. The combined impacts of the tax changes resulted in the poorest 40 percent of Kansans walking away with an average net increase. According to KIDS COUNT Data Center there are nearly 300,000 Kansas kids living in those same families.

Tax policy put Kansas' entire early childhood infrastructure at risk. The significant damage to the state's revenue stream has robbed Kansas children of opportunities to benefit from a robust, high-quality early care and education system. Since tax changes went into effect, over \$100 million has been taken from children's health and education programs. We have almost completely emptied an endowed fund established for children's programs and are backfilling the state's budget hole with half of the revenue dictated by statute to support the Children's Initiatives Fund.

As devastating as these cuts to our early childhood programs have been, there's now even more at risk. After nine rounds of cuts, the Governor



720 SW Jackson | Suite 201
Topeka, KS 66603

P: 785-232-0550 | F: 785-232-0600
kac@kac.org | www.kac.org

Shaping policy that puts children first

President & CEO
Annie McKay

Board of Directors
Prisca Barnes
Jeffrey Colvin, MD
Ximena Garcia, MD
Terrie Huntington
Susan Jack
Lt. Kelvin Johnson
Angie Knackstedt, BSN, RN-BC
Melinda Lewis, LMSW
Stephanie Makalous
Francis Mascarenhas
Sarah Mays
Chad Moore, JD, MHA
Christina Ostmeyer
Marty Rombold
Jamie Schmitz
Dale Walker, PhD

has exhausted almost all of the temporary, “short gap” options available to balance the budget. He is now aggressively pursuing efforts to permanently dismantle the Children’s Initiatives Fund and sell its revenue stream to the highest bidder for pennies on the dollar. This would result in a temporary influx of cash to temporarily keep Kansas above water, but it would permanently dismantle our state’s premier early childhood infrastructure forever. We will have sacrificed a Kansas legacy that has been thriving for 20 years in exchange for a quick payday loan that fails to solve our fiscal problems.

Studies prove that every dollar invested in high-quality early care and education programs generates an \$11 return on investment. We must not destroy a system that works merely to pay for tax policy that failed. We respectfully ask the committee to pass comprehensive tax reform – and to do so in 2017 – so that we may end this cycle of crisis, restore the state’s financial health, and end the practice of balancing unaffordable tax policy on the backs of Kansas’ children.