RISE together

March 5, 2018

The Honorable Autumn Burke
Chair, Assembly Revenue and Taxation Committee
State Capitol, Room 5150
Sacramento, CA 95814

Re: AB 2023 (Caballero) Child and Dependent Care Expenses Credit – SUPPORT

Dear Chairwoman Burke,

Rise Together supports AB 2023 (Caballero), which would provide low- and moderate-income working families with a small but critical tax refund to help with the rising cost of child care. California has become one of the most unaffordable states for child care in recent years. Across the state, families are struggling to make ends meet and an alarming number of children live in poverty. AB 2023 will alleviate the economic hardships of families living in poverty by offsetting some of their child care expenses, supporting these families' basic economic wellbeing.

Rise Together is a multi-sector initiative to disrupt the cycle of poverty by advancing equity and shared prosperity for all. We're leveraging the power of 9 Bay Area counties to create economic opportunity and prosperity for all through collective action, shifting systems that are no longer working and redefining what is possible for Bay Area residents.

The cost of child care in California is considerably expensive. For many families, child care expenses are the second most significant expense, exceeded only by housing costs. According to recent data, the state's average annual cost of care in a child care center for an infant is $13,327 and $8,462 for in-home care. From the most urban to the most rural counties, child care costs continue to soar and are starting to exceed college tuition. Many low- and moderate-income families in California struggle to afford child care and may be unable to work due to the high cost of care.

In 2011, the state made the credit nonrefundable due to budget shortfalls. Currently, the nonrefundable credit only provides benefits to families that owe state income tax, which means low- and moderate-income families are excluded from the current credit even though they face rising child care expenses. Making the credit refundable again will allow working families who do not owe state income taxes, but who do pay other taxes like sales and property tax, to benefit from a tax refund to offset some of their child care expenses.

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Refundable credits make a significant difference for poor working families that struggle to provide the best care for their children. It is of vital importance to move children out of poverty while they are young. Raising a family's income when a child is young not only improves a child's immediate well-being, but is associated with better health, more schooling, more hours worked, and higher earnings in adulthood. A refundable state Child and Dependent Care Expenses Credit will help low-income families by putting money back in their pockets for the things they need, like food, housing or medical care.

For these reasons, Rise Together respectfully asks for your "Aye" vote.

Sincerely,

Megan Joseph, MA
Executive Director
Rise Together

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