

Child Tax Credit (HB19-1164)

Testimony to the House Finance Committee

Amanda Valenta, Policy Analyst

February 25, 2019

Madame Chair and members of the committee, thank you for this opportunity to testify on behalf of House Bill 19-1164. My name is Amanda Valenta and I'm a policy analyst on work and learning at the Bell Policy Center. We provide policymakers, advocates, and the public with reliable resources to create a practical policy agenda that promotes economic mobility for every Coloradan.

The cost of living has risen sharply over the last few years and Colorado families feel squeezed. Families with young children are especially burdened, because child care has become unaffordable. Colorado is consistently [ranked as one of the least affordable states](#) in the country when it comes to family child care costs. Unfortunately, the cost of care has increased while government support for [child care](#) has increased only slightly in recent years. Additionally, wages have seen limited real growth, meaning child care costs [eat up a substantial portion of most families' budgets](#). The [average cost of child care](#) for one 4-year-old in Colorado is about \$11,000 per year, while infant care is closer to \$15,000 — about [19.5 percent of median family income](#). As evident in our [middle class report](#), many families see child care costs as a major budget stressor.

Families cope with constrained incomes by working more, borrowing, or making tradeoffs among spending priorities, like delaying saving for college or retirement. Another method to cope with tightening budgets is to increase the number of adults contributing to family income. Unfortunately, the pressure for families to have two working adults is often coupled with limited support in many workplaces for extended or paid family leave, making quality child care even more critical for working families with children.

As we pointed out in our [Guide to Economic Mobility](#), nearly 64 percent of Colorado children under the age of six live in a home where all primary caregivers work, underscoring the magnitude of the need and highlighting the importance of child care as a lever that promotes opportunity for Colorado families. High-quality child care is the ultimate two-generation strategy, as it prepares children for [academic and social success](#) (and [boosts their future earnings](#)) while allowing their parents to work and [advance economically](#), so alleviating these costs is vital to reinvigorating Colorado's middle class. The child tax credit will give about 200,000 Colorado families crucial financial support that can be used to help offset these costs.

Colorado will begin collecting sales tax this year, due to the outcome of the Wayfair case. Therefore, the original intention behind the trigger for Senate Bill 13-001 has been met. This new revenue from internet sales tax collection should go toward funding the child tax credit. House Bill 1164 will help Colorado families — who are squeezed by the high cost of living in the state — make ends meet. This bill may not be specifically targeted at child care, but policies like this one can help relieve the financial burden that necessities like child care place on our working families with young children. Thank you, and thank you to the sponsors for bringing this bill forward. I'm happy to answer any questions.