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Proponent Testimony for SB 521
Senate Committee on Assessment and Taxation

Chairman Tyson and members of the Committee:

Thank you for the opportunity to provide proponent testimony in support of SB 521, which modernizes Kansas' employer child care tax credit to make it more accessible, more effective and more responsive to the needs of Kansas families and employers. Access to reliable, affordable child care is essential for the health and well-being of children and families, and it is also critical to maintaining a strong workforce and economy.

The United Methodist Health Ministry Fund is a 40-year-old, \$80-million non-partisan health philanthropy based in Hutchinson. Our mission is to improve the health of all Kansans through cooperative and strategic philanthropy guided by Christian principles. We focus on three strategic areas: access to care, thriving children, and engaged congregations and communities - a program aimed at addressing community health by engaging churches throughout Kansas.

A key component of our work is helping ensure all Kansas children have the support they need to grow up healthy and equipped for success throughout life. That includes ensuring families can access safe, affordable child care. When families cannot find or afford child care, parents are forced to reduce work hours or leave the workforce entirely, creating economic stress for families and workforce challenges for employers.

Kansas' existing Child Day Care Assistance Tax Credit has the potential to encourage employer investment in child care solutions, but it is significantly underutilized. Although employers routinely identify child care as a major barrier to hiring and retention, only a small number take advantage of the credit because the statute is overly complex, narrowly tailored and difficult to navigate.

SB 521 addresses these challenges by modernizing and expanding the employer child care tax credit to make it simpler, more generous and far more useful. By increasing the value of the credit, streamlining eligible expense categories and allowing employers to support broader community child care solutions, the bill creates a clear and meaningful incentive for employers to invest in the child care infrastructure Kansas families rely on.

We support this legislation for several reasons:

- **Employers need clear, actionable incentives to support child care.**
Today's statute contains overlapping categories, outdated provisions and inconsistent credit percentages. Employers frequently report they cannot determine which expenses qualify or whether the credit is worth pursuing. By simplifying the structure and clarifying eligible expenses, this bill creates a straightforward and accessible incentive for employers across the state.

- **Kansas needs more child care supply.**

Employers depend on a robust child care system to continue their operations. SB 521 encourages community-wide investments in child care, including partnerships among employers and support for local child care providers. These investments help expand capacity and stabilize the child care sector so that more Kansas families can find the care they need.

- **Increasing the credit makes participation more attractive.**

Raising the credit percentage significantly increases the return on employer investment and makes participation more realistic for businesses. Stronger incentives are necessary to encourage meaningful employer engagement in addressing our child care shortage.

Strengthening the child care system ultimately strengthens Kansas' economy. When families can access reliable care, parents are better able to participate in the workforce, employers are better able to recruit and retain employees, and children benefit from safe and supportive early learning environments.

SB 521 transforms an underperforming tax credit into a modern and flexible tool that encourages meaningful employer participation in solving Kansas' child care challenges. We appreciate the Legislature's attention to policies that support working families and help Kansas children thrive. Thank you for your consideration, and we respectfully encourage you to support SB 521.