



RHODE ISLAND KIDS COUNT
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Testimony Re: H-7338 An Act Relating to Taxation – Revenue for Rhode Island
House Finance Committee
May 2, 2024
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Rhode Island KIDS COUNT, as a leader in the Right from the Start Campaign, strongly supports Representative Alzate’s Revenue for Rhode Island Bill, H-7338. This bill would raise the state income tax on the very top earners in Rhode Island, those households with income at or above \$1 million. This legislation would make our tax system more equitable, by making sure our highest earners are paying their fair share.

This bill would raise new state revenue that is needed to adequately fund child care, education, and transportation services. **Rhode Island desperately needs additional state revenue to help families access reliable, affordable, and high-quality early care and education programs.**

- **Rhode Island spends \$46 million less in state general revenue on child care than in 2005** and we are **currently serving less than half as many children as we did in 2003.** If we had kept state general revenue funding level at \$56 million for child care instead of cutting it to \$9 to \$10 million (the minimum federal match required), Rhode Island would have been able to use all the federal child care funding increases over the years to maintain and expand access for families and children, raise wages for child care educators, keep our commitment to pay rates at or above the federal equal access standards which we used to do before the child care cuts.
- **Rhode Island has the lowest family income cut off in the Northeast for Child Care Assistance.** In fact, currently a family with two working parents and one child earning the minimum wage of \$14/hour does not qualify for Child Care Assistance in Rhode Island.

State	Family Income Limit 2023
Vermont*	\$142,945
Maine*	\$103,860
New York	\$89,180
Connecticut	\$69,090
Massachusetts	\$67,124
New Hampshire	\$57,093
Rhode Island	\$49,720

- **Both Maine and Vermont set family income eligibility limits at or above the federal benchmark (85% of State Median Family**

Income). **A total of 12 states meet or exceed the federal benchmark for family income eligibility.** In addition to Maine and Vermont, they are California, Georgia, Louisiana, Mississippi, New Mexico, North Dakota, Oklahoma, South Carolina, and Tennessee. Virginia also meets this benchmark but only for families that have at least one child under age 5.

- **We know that 9 out of 10 families cannot afford the cost of child care.** Using the federal affordability standard, families need to earn at least \$197,000/year to pay the average cost of care for one infant enrolled in an average center that pays staff close to minimum wage.
- **There continues to be a statewide staffing crisis with many child care classrooms closed due to lack of staff** and other child care programs scrambling to meet staffing requirements which can create safety problems. I just heard this week that the JCC on the East Side of Providence has four closed child care classrooms right now because they cannot find staff. Many child care programs cannot find qualified staff because they can only afford to pay wages that are a little bit above the minimum wage.

Thank you for this opportunity to testify. We urge passage of this important legislation so that the state can help more families access child care and early learning programs.