

Detroit Free Press Editorial - March 26th, 2009

Added relief on child care

U.S. Rep Gary Peters' freshman status shouldn't blind his colleagues to the value and urgency of his first bill, which would increase the federal child care tax credit for the first time in 28 years.

Workers remain the backbone of the nation's economy, and child care is many working parents' greatest expense after food and shelter. The National Association of Child Care Resource and Referral Agencies says increases in the cost of child care have outpaced inflation. The weakening value of the current tax credit is obvious in the average child care costs of a Michigan family -- between \$6,300 and \$9,300 a year, according to the association.

Parents at every rung on the income ladder must decide whether it's cheaper to stay home or stitch together a string of part-time jobs that barely cover the cost of child care and render them nearly invisible to their children.

The nation's current child care tax credit allows a family earning more than \$43,000 a tax credit worth up to 20% of its income on child care expenditures -- up to \$3,000 for one child or \$6,000 for two or more kids. Families earning less than \$43,000 qualify for credits on a sliding scale. Those earning \$15,000 or less can claim as much as 35% of their child care expenses in tax credits.

The Peters proposal would allow families earning \$43,000 or more to claim a tax credit of as much as \$6,000 for one child's care and \$12,000 for two. Lower-income households would get a bigger credit -- up to 50% for those earning less than \$20,000 a year. Even that would hardly be a free ride; it's more of a commonsense acknowledgment that if you increase parents' ability to afford child care, you increase their employment options. What's the point of Congress scurrying to create jobs if parents can't afford to take them?

Parents who work hard to put food on the table shouldn't have to watch their earnings wiped out by babysitting fees. Peters' proposal to make work an affordable proposition for more low-income families should be near the top of Congress' economic recovery agenda.

Detroit Free Press - March 12th, 2009

Peters to introduce his first bill: Increased tax credit for child care

*By TODD SPANGLER
FREE PRESS WASHINGTON STAFF*

WASHINGTON -- U.S. Rep. Gary Peters said today he's introducing his first bill, a piece of legislation that increases the tax credit families can use to offset the cost of child care, preschool and dependent care costs from \$3,000 a year to \$6,000 per child.

Peters, a freshman congressman and Democrat from Bloomfield Township, will outline the bill at a news conference at 10:45 Friday morning at the Troy Cooperative Preschool at the First United Methodist Church, 6363 Livernois, Troy.

"Child care costs are rising rapidly and are squeezing family budgets," Peters said today. "For many households, child care is a family's biggest expense behind only food and shelter. ... Congress and the

administration have been focused on taking action to create jobs. We need to make sure that parents not only have jobs but can also afford child care so they can afford to work.”

Under the child care tax credit enacted in 1981, a family earning more than \$43,000 can take a tax credit of up to 20% of its income on child care expenditures up to a total of \$3,000 for one child or \$6,000 for two or more kids. People making below \$43,000 received a tax credit on a sliding scale down to \$15,000 in annual income, where the credit was worth 35% of child care expenditures up to the total.

By way of example, then, a family making \$50,000 a year spending \$1,000 a year on child care would pay \$200 less in taxes -- 20% of the amount they had spent.

But the cost of child care has increased faster than inflation -- Peters’ office cited a report by the National Association of Child Care Resource and Referral Agencies that the average Michigan family spends between \$6,300 and \$9,300 a year for child care -- meaning the credit has lost much of its value over time.

According to Peters’ office, the legislation -- if approved in the House and Senate and signed into law -- would allow families earning \$43,000 or more to receive a 35% credit for up to \$6,000 for the care costs of one kid and \$12,000 for two. And as income goes down, that credit would increase from 35% to as high as 50% for families earning \$20,000 or lower.

If you make more than \$43,000 a year now and pay, for example, \$9,000 in child care for one child, you currently get a credit of \$600 (remember, it’s 20% of the amount spent up to \$3,000 in expenditures). But under Peters’ bill, with a cap of \$6,000 for one child, the credit would be worth \$2,100 -- or 35% of the cost up to the cap.

One question certain to be raised about the bill is cost. Peters’ office said the Joint Committee on Taxation hasn’t scored the bill yet to determine the exact cost but its internal estimate is \$2.5 to \$3 billion.

“Child care costs have risen every year, but the amount of the child care tax credit has not risen with them,” Peters said. “Because the credit has not kept pace with inflation, it is now worth less than half of its original value. This is a necessary, common sense tax cut that provides much needed relief and will stimulate the economy.”

Detroit News - March 13th, 2009

U.S. Rep. Peters proposes child-care tax credit

Jennifer Chambers / The Detroit News

TROY -- Ninety percent of Chenelle Grant's income goes into child-care costs for her three children.

"I pay \$100 per child per week and \$150 a week for the youngest, who isn't in school yet," said Grant, of Royal Oak, who is taking online classes to become a nurse.

To help parents like Grant get to work and afford the rising cost of child care at the same time, U.S. Congressman Gary Peters, D-Bloomfield Township, introduced legislation Thursday that would create a tax credit of up to \$4,200 for child-care costs.

The Helping Families Afford to Work Act would help families offset not only child care but preschool and dependent care costs.

Peters, who gathered parents from Oakland County on Friday to talk about his proposal in a Troy church where day care is provided, said that while Congress must continue to create jobs, it also must be possible for parents to afford to take a job.

"The middle class is just being squeezed. Day care is the biggest expense outside food and rent. This plan means people can afford to work, and more people in the day care industry can keep working," Peters said.

According to a recent report by the National Association of Child Care Resource and Referral Agencies, the average price of full-time center care in the United States increased almost twice the rate of inflation over the course of a year.

The group says that the average Michigan family spends between \$6,300 and \$9,300 a year for child care.

The Dependent Care Tax Credit has not been increased since it was set in 1981. Under Peters' proposal, the tax credit would increase from \$600 for one child to \$2,100 for families spending \$6,000 a year and up for care, and from \$1,200 for two children or more to \$4,200 for families spending \$12,000 a year and up for care.

You can reach Jennifer Chambers at (248) 647-7402 or jchambers@detnews.com.

Oakland Press - March 15th, 2009

Peters hopes to boost child care tax credit

By CHARLES CRUMM Of The Oakland Press

Citing the cost of child care as a barrier to people working, U.S. Rep. Gary Peters has introduced the Helping Families Afford to Work Act.

The Bloomfield Hills Democrat wants to boost the federal tax credit from its current maximum of \$3,000 for one child to \$6,000, and from the current \$6,000 for two or more children to \$12,000.

"We need to make sure that parents not only have jobs but can also afford child care so they can afford to work," Peters said.

Peters met with parents in Troy on Friday.

He said child care costs continue to rise every year but the amount of the Dependent Care Tax Credit, passed in 1981, has not.

The congressman quoted statistics that the average family spends between \$6,300 and \$9,300 a year for child care, and those costs are high enough to be a barrier for parents to take a job.

Peters' district includes Waterford, West Bloomfield, Bloomfield and Oakland townships plus part of Orion Township and the communities of Pontiac, Auburn Hills, Rochester, Rochester Hills, Troy, Clawson, Royal Oak, Berkley, Birmingham, Beverly Hills, Bingham Farms, Franklin, Bloomfield Hills, Farmington, Farmington Hills, Sylvan Lake, Orchard Lake, Keego Harbor and Lake Angelus.