



October 17, 2024

The Honorable Senator Jeff Irwin, Chair  
The Michigan Senate Committee on Housing and Human Services  
P.O. Box 30036  
Lansing, MI 48906

Chairman Irwin and Members of the Senate Housing Committee:

On behalf of the Michigan Catholic Conference (MCC), I am pleased to offer testimony for this hearing regarding the childcare shortage in Michigan.

The Catholic Church supports policies that prioritize the well-being of families and that allow individuals to provide for themselves and those they take care of.

According to the ALICE report from the Michigan Association of United Ways, it costs the average Michigan family roughly \$72,000 a year to support a household with two parents and two preschool-aged children with basic necessities. The average salary for a Michigan worker is \$60,000. This economic reality poses challenges for working parents starting a new family. A working family with children at home either risks trying to make ends meet on one source of income, or both parents seek work, which necessitates childcare in the early years of life. Single parent households often don't have a choice to stay home and must find a way to pay for childcare.

If more parents who want to work stay home, it has a significant impact on the economy. According to the U.S. Chamber of Commerce, families struggling to access childcare results in lost economic activity of over \$3 billion annually in Michigan alone.

On the other hand, families send a huge portion of their paycheck toward paying for the necessary cost of childcare. In Michigan, on average, childcare costs more than \$11,000 annually.

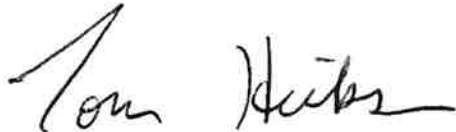
With that in mind, MCC encourages lawmakers to adopt the Working Parents Tax Credit (WPTC), which we believe will be the most effective policy to help address the childcare shortage by providing a targeted refundable credit to parents of young children. Based on the tax eligibility of the Earned Income Tax Credit, this policy will require almost no new government bureaucracy and provides targeted, significant tax relief for parents of children between birth and the age of six.

The WPTC is designed to offset the cost of childcare or any cost associated with raising a family. One version of the WPTC would provide a \$5000 refundable credit, per child, to parents of any child under the age of 3. It also offers a \$2500 refundable credit for parents of children between the ages of three and under 6. One of this policy's most appealing features is that the WPTC empowers parents to make the decision on how to spend these credits in a way that best fits with their family's needs.

This issue also polls very well, with nearly 70 percent of Michiganders in support. It helps generate economic activity in local communities and can assist in helping families decide for themselves how best to raise their children and continue to work.

Currently there are three bills in the legislature that would enact a Working Parents Tax Credit. I commend Senator McDonald Rivet and Representatives Neeley and Fitzgerald for championing this important legislation. MCC will be working to promote the passage of the WPTC in the coming months.

Sincerely,

A handwritten signature in black ink that reads "Tom Hicks". The signature is written in a cursive, flowing style.

Thomas M. Hickson, Jr.  
Vice President of Public Policy and Advocacy  
Michigan Catholic Conference

Cc:           Members of the Senate Housing and Human Services Committee



# The Working Parents Tax Credit: Helping Families Afford Childcare

The Catholic Church supports policies that prioritize the well-being of families and promote sufficient opportunities for individuals to provide for themselves and those dependent on them.

Many low-income working families in Michigan struggle to afford childcare and must forgo work to care for young children at home, at a time when many households need two full-time incomes to make ends meet.

**\$72,792**

The estimated annual cost of basic necessities for a two-parent, two preschool-aged children household.<sup>1</sup>

**\$60,000**

The average annual salary of a Michigan worker.<sup>2</sup>

**\$3 billion**

What Michigan loses annually in economic activity due to families struggling to access childcare.<sup>3</sup>

**As a solution for low-income working families to offset the costs of childcare and keep parents in the workforce, Michigan Catholic Conference encourages lawmakers to adopt the Working Parents Tax Credit (wptc) as proposed in House Bill 5731.**

## How it would work:

- Provide refundable tax credit payments on a per-child basis, for up to three children, to help families with annual earnings of \$10,000 to about \$60,000—in other words, the families who are most in need.
- Pay **\$5,000 per child** for kids who are age 2 and under, and **\$2,500 per child** for kids between the ages of 3 and 6.
- Offset a substantial portion of the cost of childcare, which costs on average \$11,309 annually in Michigan.<sup>4</sup>

## What it would do:

- Help working families with young children who are most in need.
- Provide immediate impact in the form of a refundable tax credit payment.
- Keep parents in the workforce by helping offset the costs of childcare.
- Stimulate local economies by allowing families to keep and spend more of their earnings.
- Be easy to administer, as eligibility is automatic for recipients of the Earned Income Tax Credit who have children under age 6 and make at least \$10,000 annually.
- Represent a significant investment in early childhood development, which improves health and education outcomes and can help improve public safety.

Nearly 70% of Michiganders support adoption of the wptc, including a majority of people who identified themselves as Republicans, Democrats, and Independents.<sup>5</sup> Nearly two-thirds of Michigan voters said they would be more likely to vote to re-elect their state lawmaker if he or she supports the wptc.

**The wptc is a fair, efficient, and simple tax policy that would help Michigan parents who are raising small children to help themselves in providing for their families.**

1. Michigan Association of United Ways, "ALICE in the Cross Currents," [catholic.org](http://catholic.org)

2. U.S. Bureau of Labor Statistics, [catholic.org](http://catholic.org)

3. U.S. Chamber of Commerce Foundation, "How Childcare Impacts Michigan's Workforce and the State Economy," [catholic.org](http://catholic.org)

4. Annie E. Casey 2023 Kids Count Data Book, pg. 8; [catholic.org](http://catholic.org)

5. Poll conducted by Michigan Future! [catholic.org](http://catholic.org)