

Few companies found to take child care credits [US] ^[1]

Author: Rosenbaum, David E.

Source: New York Times

Format: Article

Publication Date: 18 Nov 2002

AVAILABILITY

See text below.

EXCERPTS

Most states allow companies tax credits to offset part of the cost of helping their employees pay for child care, but few companies take advantage of these credits by providing such benefits, a new study shows.

In a report to be published on Tuesday, the National Women's Law Center said it had studied 20 states in which data about child care credits were readily available. In five of these states, no companies applied for the credit. In 11 others, fewer than five companies did so.

Even in the states where more companies took the credit, the number was only a minuscule fraction of the total number of corporations there: only 164 in California, 21 in Oregon, 20 in Connecticut and 8 in Ohio. (New York and New Jersey do not have corporate tax credits for child care.)

Beginning with 2002 taxes, companies can also claim a federal income-tax credit for having a child care center or subsidizing their workers' child care expenses. But the law center, a nonprofit organization that works to advance the legal rights of women, speculated that given the history of the state programs, not many companies would use it.

Deron Zeppelin, director of governmental affairs for the Association of Human Resource Professionals, said the main reason companies did not apply for the credit was that they did not know about it. Governments, Mr. Zeppelin said, do a poor job of advertising benefits like this, and most companies do not have sophisticated professionals who pay attention to such matters.

The cost of child care is an increasing burden for many families. The Children's Defense Fund estimates that the average cost for a 4-year-old in an urban area is \$4,000 to \$6,000 a year and that the cost for an infant is \$1,100 more.

The tax credits were pushed by politicians who wanted to help families meet those costs but did not want to spend money directly.

The federal tax credit for employers, enacted as part of the big tax cut bill last year, is expected to cost \$48 million in lost revenue in the current fiscal year and more than \$100 million annually in subsequent years. Total state spending for the credits is less than \$6 million a year.

There are also other, more expensive child care programs. In one, taxpayers can claim a federal income tax credit of up to \$1,400 a year to offset the expense of child care, costing the government \$2.8 billion in lost revenue in 2000.

-Reprinted from The New York Times

Region: United States ^[2]

Tags: affordability ^[3]

funding ^[4]

workplace child care ^[5]

Source URL (modified on 27 Jan 2022): <https://childcarecanada.org/documents/child-care-news/03/07/few-companies-found-take-child-care-credits-us>
Links

^[1] <https://childcarecanada.org/documents/child-care-news/03/07/few-companies-found-take-child-care-credits-us> ^[2]

<https://childcarecanada.org/taxonomy/term/7865> ^[3] <https://childcarecanada.org/category/tags/affordability> ^[4]

<https://childcarecanada.org/category/tags/funding> ^[5] <https://childcarecanada.org/category/tags/workplace-child-care>