



IMPACT OF CHILD TAX CREDIT ON CHILD POVERTY

JONAH CHILD POVERTY TASK FORCE

EAU CLAIRE, WI



JONAH CHILD POVERTY (CVCPC) TASK FORCE MISSION STATEMENT

“To build support for the state-wide End Child Poverty campaign by raising awareness of the crisis of child poverty and its adult outcomes in Wisconsin and garner public support and pressure for evidence-based solutions locally and state-wide”¹

JONAH DESCRIPTION²

- Joining Our Neighbors, Advancing Hope (JONAH) works to make communities healthier, safer, and better places for everyone
- JONAH was established in 2007
- Build community and capacity to address root causes of poverty and other injustices
- Non-partisan group
- Seeks to collaborate with existing structures in the community, like schools, government, public health, and labor

PROJECT PLAN – CHILD TAX CREDIT REPORT

- Research impact of child tax credit and direct cash payments
- Write report summarizing CTC and child outcomes
- PowerPoint presentation summarizing CTC and child outcomes

OVERVIEW TO POVERTY^{3,4}

- Measures of poverty:
 - Official poverty measure (OPM)
 - Supplemental poverty measure (SPM)
 - United Way Asset Limited, Income Constrained, Employed (ALICE)
 - Free and reduced lunch
- Mainly OPM used, however, not accurate today as measures were defined in 1950s

CHILD POVERTY⁵⁻⁹

- 13.2% children were in poverty in US in 2020
- Poverty is the most common adverse childhood experience in the US
- 42% of US households live below federal poverty level or are ALICE households
- 1 year into COVID-19, additional 2.5 million kids were forced into poverty
- US has higher rate of child poverty than many other OECD countries

POVERTY IN WISCONSIN AND EAU CLAIRE COUNTY⁸⁻¹¹

- Wisconsin has fourth worst racial disparity in the US for child poverty
- Black children 3x more likely to live in poverty than white children in WI
- 35% of Eau Claire County households live below ALICE threshold
- Almost 50% of Eau Claire Area School District students live at or below poverty level

CHILD TAX CREDIT (CTC)^{12, 13}

- Expanded CTC automatically provided most families with \$250-\$300 monthly per child
- Proposed to pull one million children out of deep poverty
- Associated with improved health outcomes
 - Higher birthweight, lower maternal stress levels, improved nutrition, improved academic outcomes

IMPACT OF CHILD TAX CREDIT AND DIRECT CASH PAYMENTS¹⁴

- After 6 months of payments, over 60 million children were reached
- Reduced child poverty by almost 30%
- Expiration of CTC resulted in 40% increase in child poverty rates in one month
 - December 2021 to January 2022
- Black and Latino children were most impacted by payment expiration

IMPACT OF CHILD TAX CREDIT AND DIRECT CASH PAYMENTS CONT. ¹⁴

- CTC reduces food insecurity and insufficiency
 - 24% reduction in hunger among families (STEIN)
- Baby's First Years study shows strong benefits on child development

COUNTER ARGUMENTS TO CHILD TAX CREDIT^{12, 14}

- Concerns with:
 - Negative impact on employment
 - Negative impact on marriage
 - Wasting or abusing money
- No evidence of these behaviors has been found!

COST/BENEFIT ANALYSIS OF CHILD TAX CREDIT^{3, 4, 7, 15}

- US spends less than half GDP percentage on child poverty compared to other nations
- Child poverty costs US over \$1 trillion annually (5% GDP)
- Expanded CTC costs about \$100 billion annually (0.5% GDP)

COMPARING CHILD POVERTY REDUCTION LEGISLATION¹⁶⁻¹⁹

	Biden's Build Back Better Child Tax Credit	Romney's Family Security Act	End Child Poverty Act (Universal Child Benefit)	Canada's Child Benefit
Benefit Rate per Child?	<ul style="list-style-type: none"> \$300/month for kids under 6 \$250/month for 6-16 year old 	<ul style="list-style-type: none"> \$350/month for kids under 5 \$250/month for 6-17 year old 	<ul style="list-style-type: none"> \$393/month 	<ul style="list-style-type: none"> \$533 CAD/month \$450 CAD/month
Advantages?	<ul style="list-style-type: none"> After 6 months of payments, child poverty reduced by almost 1/3 Addressed racial disparities in child poverty 	<ul style="list-style-type: none"> Estimated to bring 3 million kids out of poverty Creates bridge to middle class 	<ul style="list-style-type: none"> Automatically enrolls children and reaches the poorest families Social Security Administration already sends checks to seniors, can be extended to parents easily 	<ul style="list-style-type: none"> Tax-free monthly payments
Do Parents Need to Apply?	<ul style="list-style-type: none"> Yes 	<ul style="list-style-type: none"> Yes 	<ul style="list-style-type: none"> No 	<ul style="list-style-type: none"> Yes

RECOMMENDATIONS

- CTC payments highly beneficial
- Critiques of CTC:
 - Excludes children without SSN
 - Difficult for families below income threshold required to file taxes
- Issues with CTC must be addressed so that child poverty can be reduced in ALL communities

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