



# The New, Unconditional Child [Tax] Credit

*“Goodbye, Clinton welfare reform. Hello, child tax credit.”*

*-- Washington Post*

Douglas J. Besharov

Secretaries' Innovation Group

August 4, 2021

# 93% of All US Children Eligible

## In 2021

Year	Maximum nonrefundable amount	Maximum refundable amount	Minimum required earnings for refundable	Maximum income threshold
1999	\$500	\$0	N/A	\$75,000 single/ \$110,000 married
2001	<i>\$1,000</i>	\$0	N/A	Same as above
2003	\$1,000	<i>\$1,000</i>	<i>\$12,000</i>	Same as above
2009	\$1,000	\$1,000	<i>\$3,000</i>	Same as above
2017	<i>\$2,000</i>	<i>\$1,400</i>	<i>\$2,500</i>	<i>\$200,000 single/ \$400,000 married</i>
2021	<i>\$3,600 (0-5) \$3,000 (6-17)</i>	<i>\$3,600 (0-5) \$3,000 (6-17)</i>	<i>\$0 \$0</i>	\$75,000 single/ \$150,000 married
	<i>\$2,000</i>	<i>\$2,000</i>	<i>\$0</i>	\$200,000 single/ \$400,000 married

# “Tax Cuts for Working Families”

--- Joe Biden

## IRS begins sending monthly checks to millions of American parents in crucial test for Biden

The Biden administration has launched the biggest U.S. anti-poverty program since Lyndon Johnson’s ‘war on poverty’ in the 1960s



**Oh, and NBC!**



# The Washington Post

From Washington.

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Democracy Dies in Darkness

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MELINA MARA/THE WASHINGTON POST

Elizabeth Elias and Jose Espinoza, seen at home with their children in California's Central Valley, received \$1,000 from Save the Children during the pandemic as their bills piled up. The initiative offers a preview of the expanded child tax credit's impact.

## Can a tax credit help students in poverty learn?

BY MORIAH BALINGIT

POPLAR-COTTON CENTER, CALIF. — There are some days when 16-year-old Alexa Martinez struggles to focus. Even when she's immersed in classwork, her lingering anxiety over her family, and everything

Advocates hope \$100 billion program expansion gets to the root of classroom inequities

could watch her dad and younger siblings.

"I used to always be concentrated at school, do all my work," Alexa said. "After [his stroke], I was still trying to concentrate. But it was a little bit more difficult because I had that at the back of my mind."

Educators and policymakers have spent decades — and billions of dollars — trying

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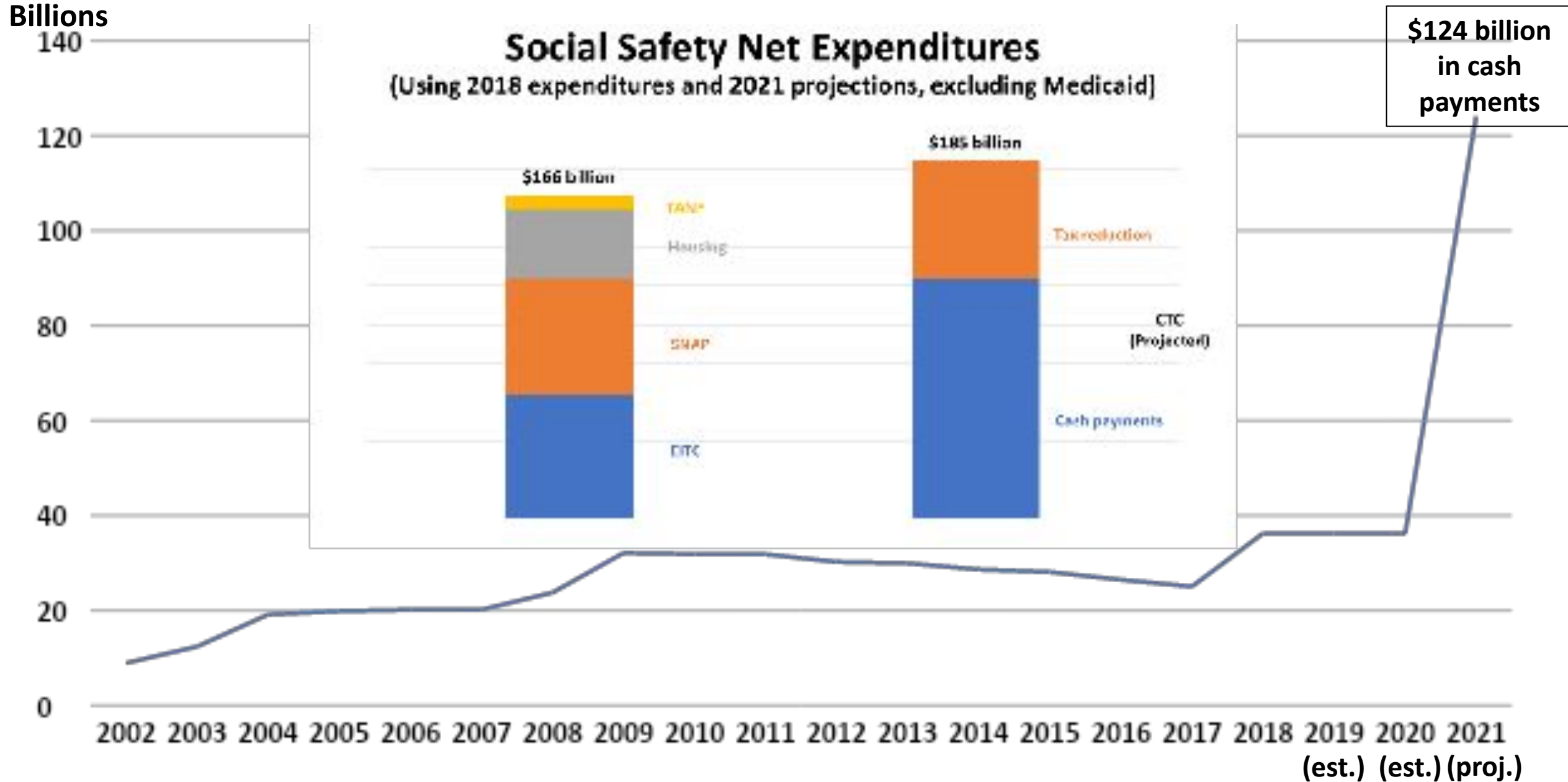
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# CTC is Larger than the Rest of the Safety Net COMBINED



# What Happens to TANF?

(@1 million families on TANF vs. 3.8 million nonworking families to receive CTC)

**2020**

TANF: \$5,400

SNAP: \$6,420

CTC: \$0

**Subtotal: \$11,820**

Housing: \$10,000

Child care: \$8,975

School meals: \$785

**Possible total: \$31,580**

+Medicaid



**2021**

TANF: \$5,400

SNAP: \$6,420

CTC: \$7,200

**Subtotal: \$19,020**

Housing: \$10,000

Child care: \$8,975

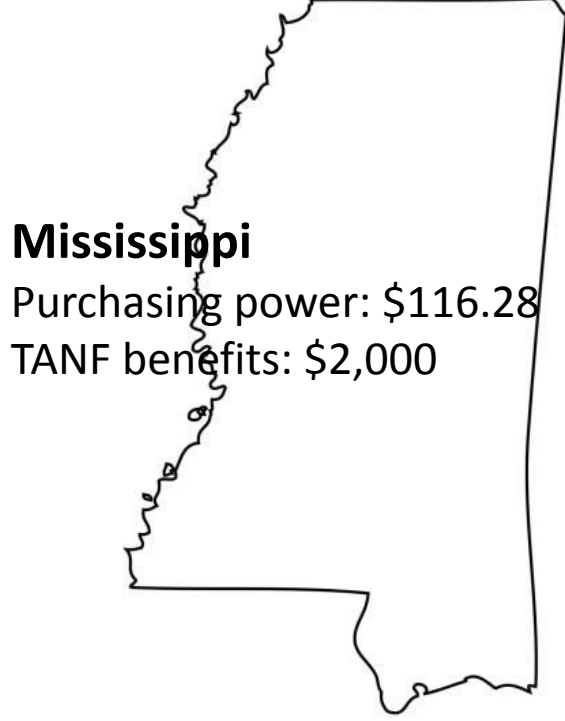
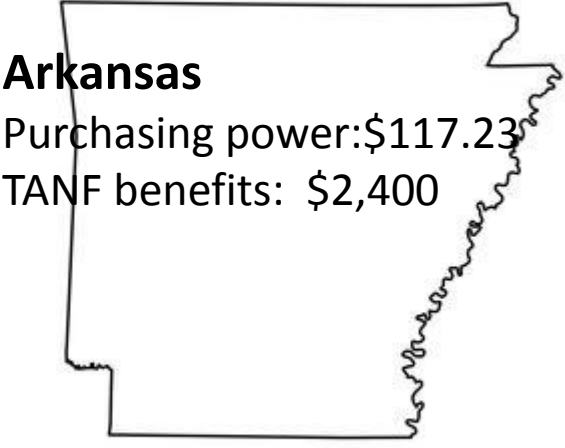
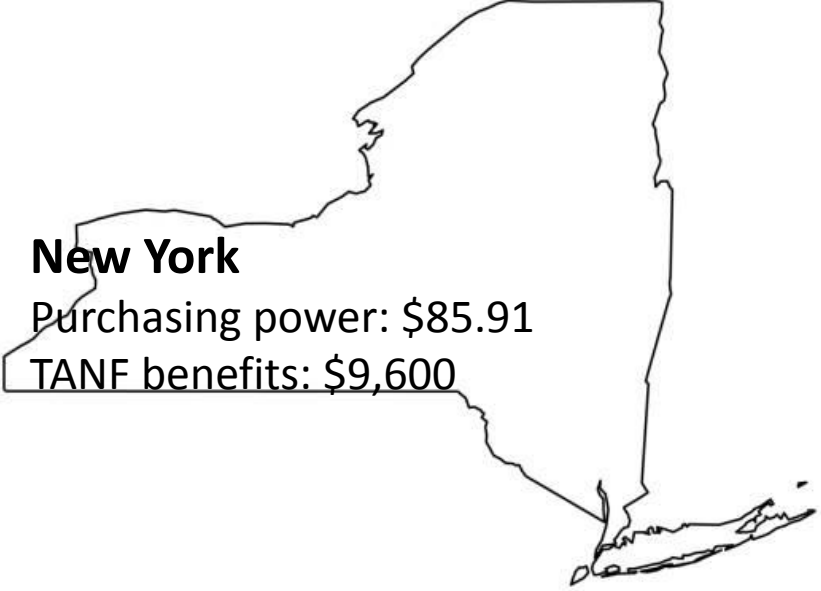
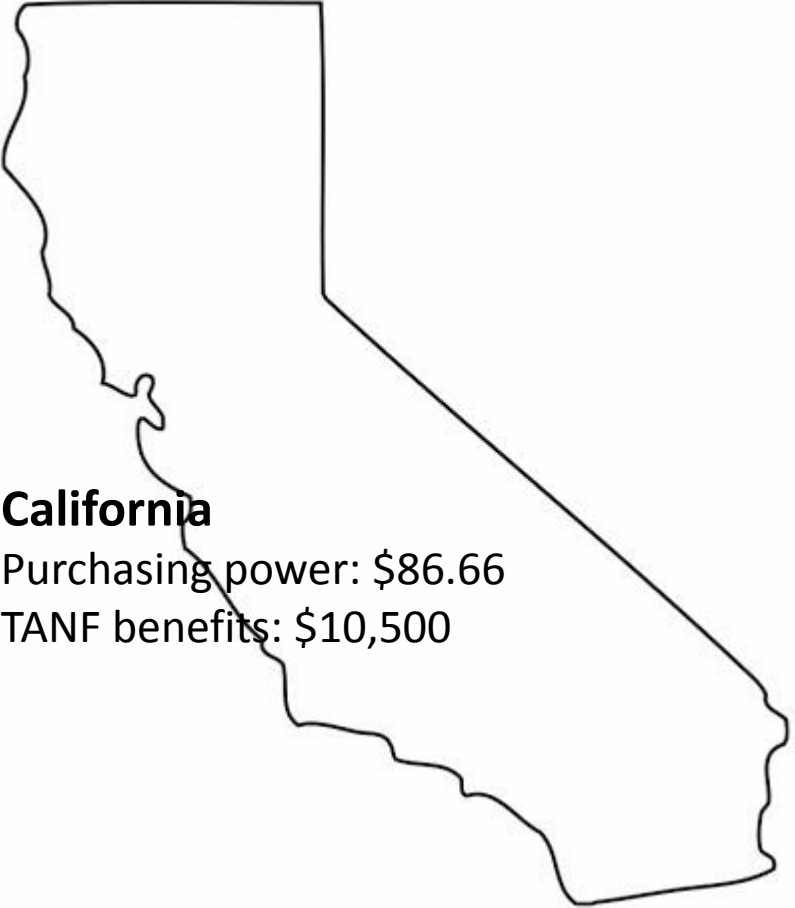
School meals: \$785

**Possible total: \$38,780**

+Medicaid

***Full-time employment at federal minimum wage = @\$30,000 (minus FICA)***

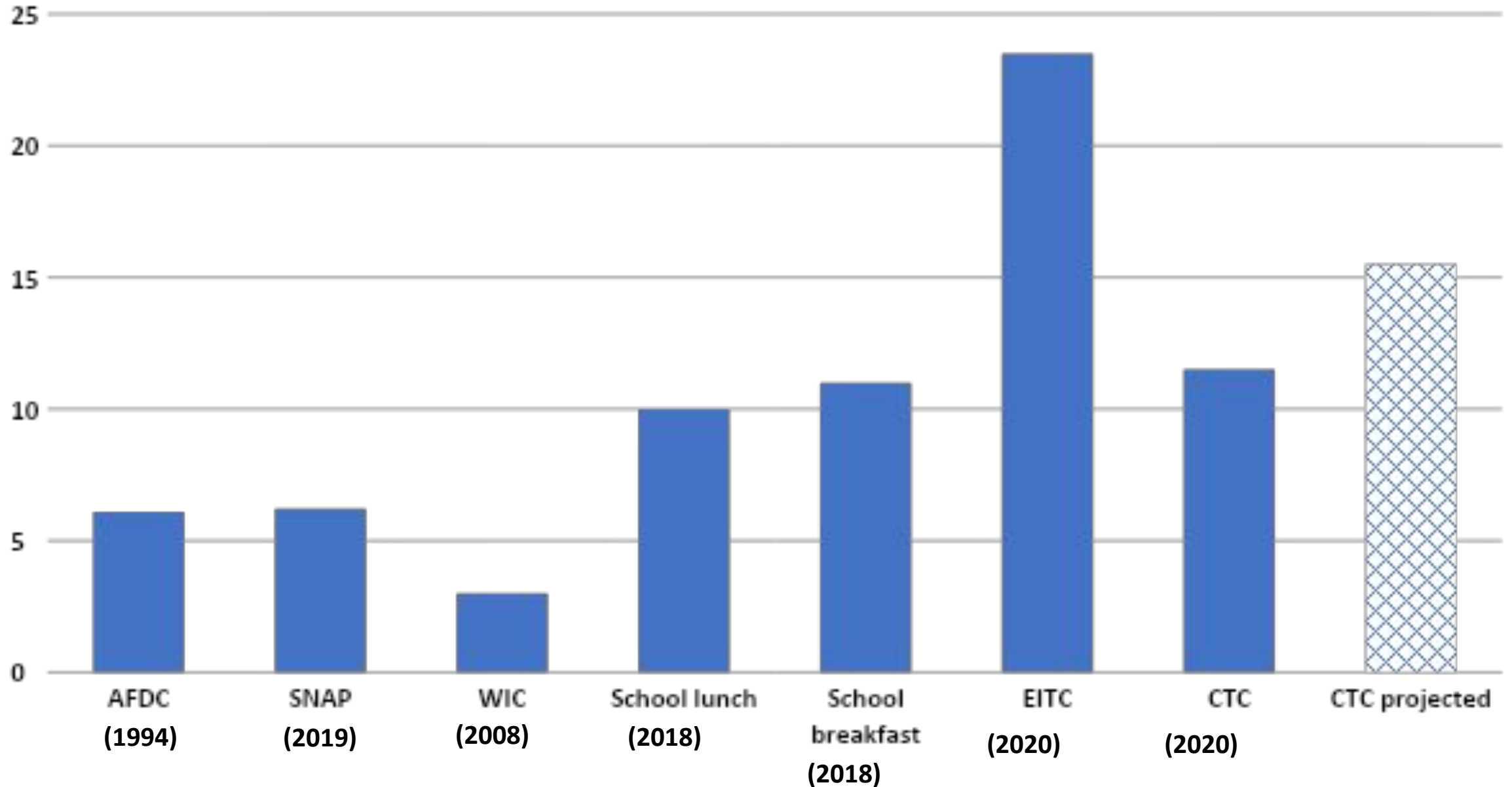
# Is a National Benefit Level Fair/Sustainable?





# Overpayment (“error”) Rates

Percent “Safe harbor” of 2,000/child, individuals to \$40,000; and families to \$60,000

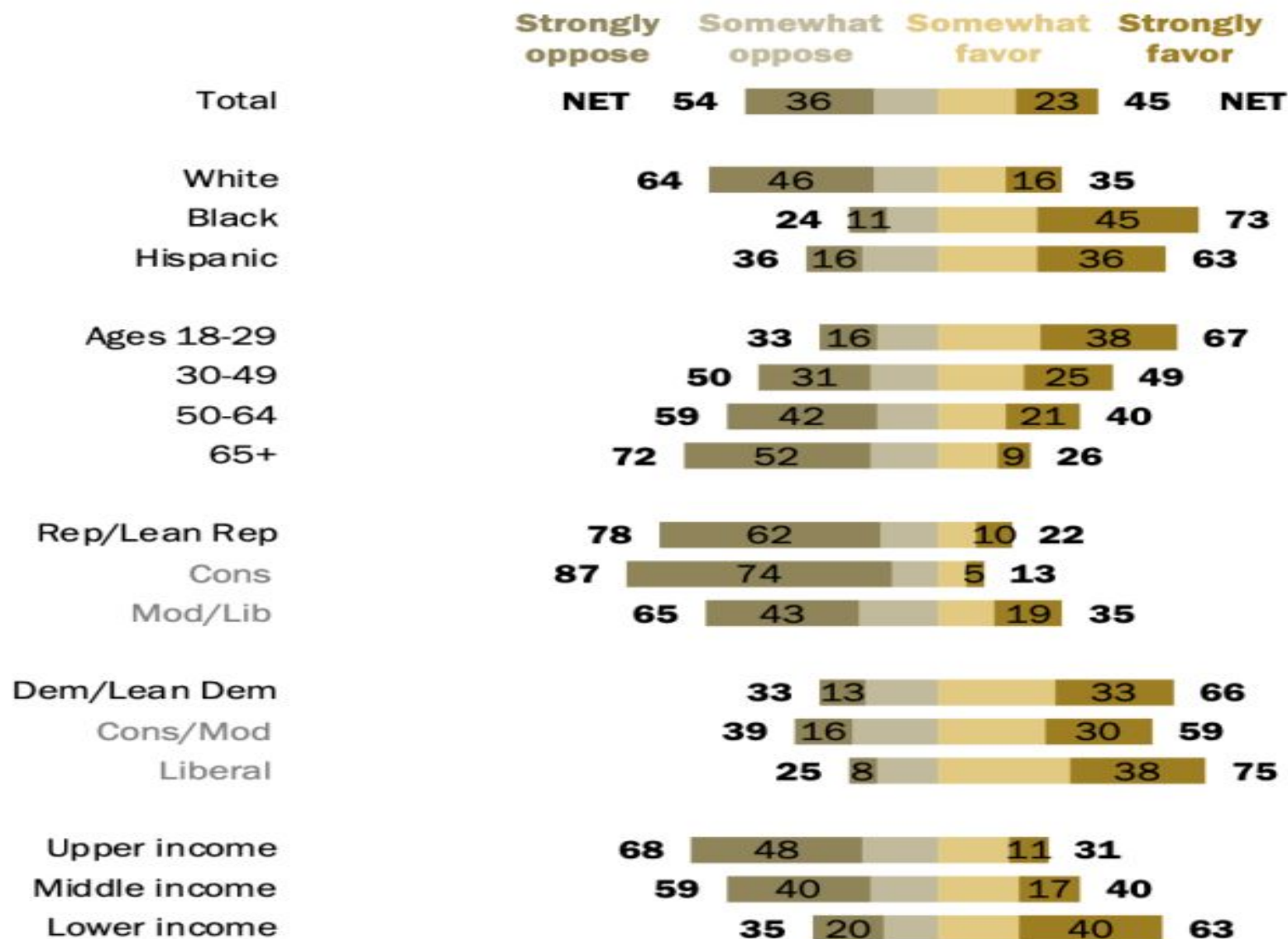


# Public Support?

- Americans have a long-standing preference for giving aid only to the “deserving poor” and to reward work.
- Advocates of the CTC claim that public attitudes have changed, citing polls that indicate public support for the “child care credit” as well as the ARP generally.
- The poll questions we have found, however, do not make it clear that the CTC is an unconditional cash grant, like welfare. Remember, President Biden called it a “tax break.”
- Also, poll questions tend to suggest that the credit is tied to what is presumably temporary COVID-19 relief.
  - A YouGov poll, for example, reports that 70 percent of respondents strongly or somewhat supported the initial one-year expansion of the CTC. The question, though, could easily confuse a respondent: “Do you support or oppose each of the following proposals for the \$1.9 trillion COVID-19 aid package? Expansion of the child tax credit for up to \$3,600 per child this year.”
- Poll responses were quite different when the welfare-like quality of the CTC is mentioned. In a 2019 American Family Survey, only about 30 percent of adults supported a credit that would “guarantee a set amount of money sent to each family every month, whether they pay income taxes or not.”

# Young people favor a universal basic income by about two-to-one; much less support among older adults

*% who say they would \_\_\_ the federal government providing a universal basic income of about \$1,000 a month for all adult citizens, whether or not they work*



# Is CTC Best Solution to Poverty and Income Inequality?

Erasing poverty would cost another \$224 billion a year

Billions

