

The best holiday gift for Utah kids this year: An improved federal Child Tax

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Written by: Matthew Weinstein



Every December Congress meets to try to pass all the urgent items they didn't manage to get done the rest of the year. Usually the list includes tax policy changes demanded by one well-heeled special interest or another. This year is no different. At the top of the lobbyists' wish list is reportedly "[extending soon-to-expire business tax breaks... affecting research and development costs, investment deductions and debt write-offs.](#)"

But what about the tax policy issues directly impacting Congress's youngest constituents? It's true that children don't have fancy lawyers and lobbyists and PACs making big campaign contributions. But they do have a few scrappy nonprofits speaking up for their interests and backed by millions of parents. And at the top of the children's wish list this month is [improvements to the federal Child Tax Credit.](#)

The federal CTC does a world of good every year for families all over Utah and across the nation. Well over a third of Utahns qualify for the CTC every year when they file their taxes. That's over half a million households! And the amount of the CTC received by these Utah families exceeds \$1.6 billion -- that's billion with a b. Wow!

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But there is a problem with the Child Tax Credit. *Tens of thousands of Utah families fail to qualify every year for the full credit of \$2,000 per child for a simple reason:* The parents work low-wage jobs -- often working long hours -- but their low hourly wages still leave their incomes below the minimum level required under current tax law to qualify for the full credit -- over \$29,000 of income for a single parent with two kids, for example. In other words, a single mom working full-time at \$12/hour makes too little to qualify for the full CTC under its current rules.

That means over 150,000 Utah kids every year are left out and left behind -- and these are the very kids who would benefit most from the proven positive impacts of refundable tax credits like the CTC -- including better educational outcomes and higher labor force participation rates years later when they become adults.

And it gets worse: While most of the kids excluded from the CTC are white, disproportionate numbers of them are from Utah's communities of color, including an estimated 50,000 Latino children, comprising 29% of Utah's Latino child population, as well as 6,000 Native American children, comprising 75% of Utah's Native American children. This means that a tax credit that has incredible potential to reduce societal disparities is instead making them worse.

That's a real shame, because the CTC does a lot to reduce child poverty already. National data from the Census Bureau's [Supplemental Poverty Measure](#) has found that refundable tax credits, including both the Child Tax Credit and Earned Income Tax Credit, reduced child poverty from where it would have been -- 18% or one-in-six children -- to 12.5% or one-in-eight children in 2019. *That's over 4 million children lifted out of poverty. And if we could make the full CTC available to all the lower-income kids now being left out, that would help an additional 19 million children who need the help most.*

Even if Congress lacks the political consensus to restore the temporary 2021 CTC boost that [cut child poverty last year by 36%](#), there are several more incremental ideas that would help a lot of kids:

- Implement a more rapid phase-in of the refundable credit, as proposed by Sen. Mitt Romney in his Family Security Act 2.0 proposal from earlier this year.
- Make the full credit available without a phase-in for families with children

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under the age of 6.

- Exempt from the phase-in grandparents acting as custodial parents and parents whose disabilities impact their ability to work.
- Institute a look-back policy that counts previous years' earned income in determining whether a work requirement has been met.
- Restore the pre-2017 status quo where all children in immigrant families could receive the CTC.

The role of Utah's Congressional delegation in any Child Tax Credit improvements passed this month is expected to be one of the keys to success. After all, it was Utah Senator Mike Lee who demanded that Congress include improvements to the CTC in the 2017 TCJA legislation (though that law also cut off an estimated 1 million immigrant children without Social Security numbers from the credit). And it is Senator Romney who has put far-reaching additional improvements on the table with his Family Security Act proposals.

If you agree that Congress should act this month to improve the Child Tax Credit, [let your Representative and our two Senators hear from you!](#) Lifting more kids out of poverty would truly be a wonderful holiday gift for Utah's children this year.