

Support Thriving Families and Increase Equitable Access to the Improved Child Tax Credit

Thursday, September 9
1:00 - 2:00 pm DST

Presented in Partnership with:



Working Together to Achieve Economic Security for All

As the leading national grantmaker membership organization focused on advancing economic security, the Asset Funders Network engages philanthropy to confront inequities and advance equitable wealth building and economic mobility.

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AGENDA AND SPEAKERS

WELCOME



ANNETTE CASE
ASSET FUNDERS NETWORK

WHAT, WHY, STRATEGY IDEAS



AMI NAGLE
ETC FUNDERS
NETWORK



KIT JUDGE
ANNIE E. CASEY
FOUNDATION



DEBORAH SCHACHTER
NEW HAMPSHIRE
CHARITABLE
FOUNDATION

AUDIENCE IDEAS, RESOURCES, QUESTIONS

WEBINAR CONTROL PANEL

PARTICIPATE

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Type your question in the
Q&A BOX
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discussion breaks or
during Q/A



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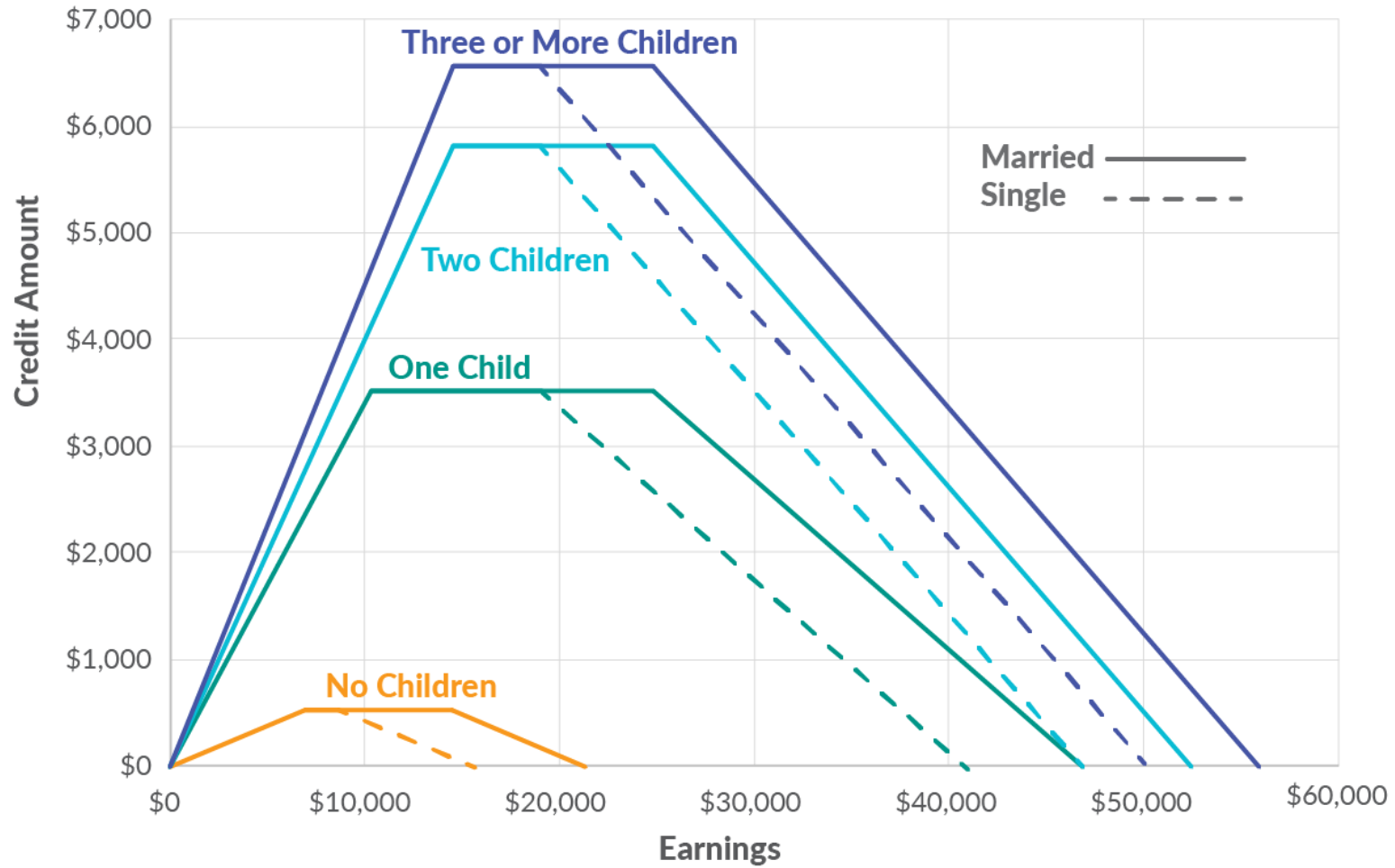
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The Phase-In and Phaseout of the EITC

Credit Amount by Marital Status and Number of Children



How the EITC Works

Pre-ARPA

EITC

- Primarily benefits low-income working households with children, with a small credit for very low-income workers without children

Post-ARPA

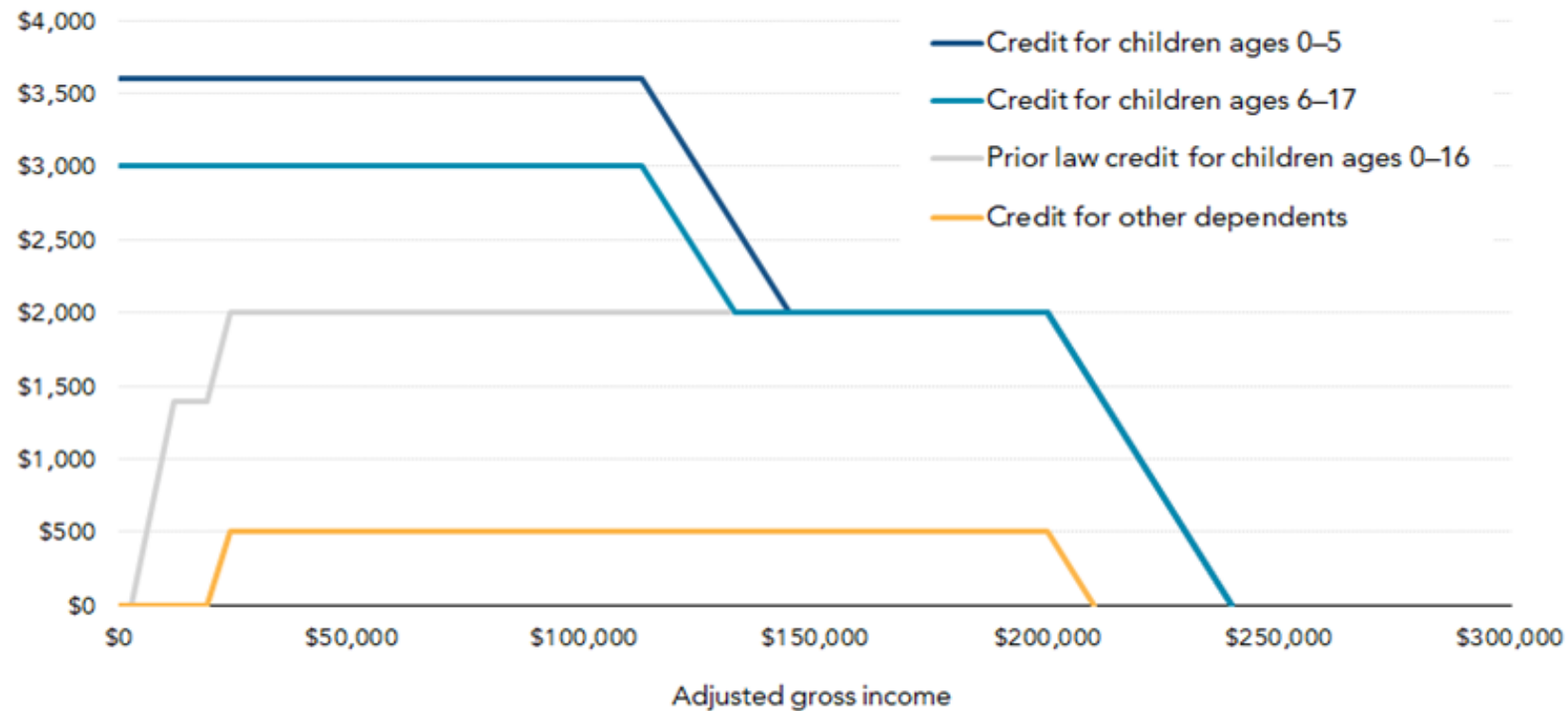
EITC

- Expansions start when taxpayers file taxes in 2022
- Expands the amount of the credit for low-income workers without children
- Expands the age of eligible to younger workers (19-24) as well as older workers (65+)
- Workers without SSN are excluded from the federal EITC

Tax Credit Changes in the ARPA Earned Income Tax Credit



FIGURE 1
Child Tax Credit, Single Parent
For one child, tax year 2021



Source: Urban-Brookings Tax Policy Center calculations.

Notes: Assumes all income comes from earnings, and child meets all tests to be a CTC-qualifying dependent. \$3,000 and \$3,600 credits are fully refundable; prior law limited refunds to \$1,400 out of the maximum \$2,000 credit. Credit for married parents first phases out at \$150,000 of income until credit reaches pre-2021 level; begins second phase out at \$400,000 of income. Only citizen children qualify for the \$3,000 and \$3,600 credits for children under 18. Noncitizens under age 18 who meet the dependency tests of eligibility can qualify other dependent credit.

How the CTC Works

Pre-ARPA

CTC

- Families with children, though lowest income families are left out

Post-ARPA

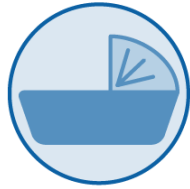
CTC

- Expansions started now (monthly) and applied to when file taxes in 2022.
- Expands the amount families will receive from \$2,000 to \$3,600 per child under age 6 and \$3,000 for children ages 6-17
- The full amount is now available to the poorest families
- Children must have an SSN to be eligible for the CTC. Parents are not required to have an SSN, but they must have an Individual Taxpayer Identification Number (ITIN) to claim the CTC for their eligible children.

Tax Credit Changes in the ARPA Child Tax Credit

Working-Family Tax Credits Help at Every Stage of Life

The Earned Income Tax Credit (EITC) and Child Tax Credit (CTC) not only reward work and reduce poverty for low- and moderate-income working families with children, but a growing body of research shows that they help families at virtually every stage of life:



Improved infant and maternal health: Researchers have found links between increased EITCs and improvements in infant health indicators such as birth weight and premature birth. Research also suggests receiving an expanded EITC may improve maternal health.



Better school performance: Elementary and middle-school students whose families receive larger refundable credits (such as the EITC and CTC) tend to have higher test scores in the year of receipt.



Greater college enrollment: Young children in low-income families that benefit from expanded state or federal EITCs are more likely to go to college, research finds. Researchers attribute this to lasting academic gains from higher EITCs in middle school and earlier. Increased tax refunds also boost college attendance by making college more affordable for families with high-school seniors, research finds.



Increased work and earnings in the next generation: For each \$3,000 a year in added income that children in a working-poor family receive before age 6, they work an average of 135 more hours a year between ages 25 and 37 and their average annual earnings increase by 17 percent, leading researchers have found.



Social Security retirement benefits: Research suggests that by boosting the employment and earnings of working-age women, the EITC boosts their Social Security retirement benefits, which should reduce poverty in old age. (Social Security benefits are based on how much one works and earns.)

Transformative Impact

Now what?

- **Near-term suggestions**
 - Outreach – multiple languages; trusted community partners/messengers; build on existing infrastructure
 - Navigators/Assisters/Helpers
- **Medium-term suggestions**
 - Data and story collection; communications
 - Advocacy capacity to promote federal expansions and modernizations of tax credits
 - Shore up capacity of free and non-predatory tax preparation sites

Thank you for attending today's
Asset Funders Network presentation

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AND YOUR RESPONSES WILL INFORM
OUR FUTURE PLANNING**