

In March 2017, the U.S. Child Poverty Action Group (CPAG) released the report [*Family Tax Policy: A Path Forward to Lifting Children out of Poverty*](#) which offers lawmakers a blueprint for using tax reform to improve the standard of living for children in the United States.

At a time when nearly half the nation’s children – and more than three in five children of color – live in poor or low-income households, the paper is both a stirring call to action and a roadmap to help Congress use tax reform to address this problem, which stifles America’s growth and prosperity.

As the debate on the expansion of the Child Tax Credit (CTC) continues to grow, we have expanded on our recommendations in the CPAG report and as well as outlined red lines that may not be crossed regardless of the ultimate policy.

CTC PRINCIPLES

The white paper provides various suggestions for improving the CTC so that it better offsets the skyrocketing costs of raising a child and lifts more families out of poverty. They include:

- Making the CTC more accessible to the lowest earning families by starting refundability at the first dollar of earnings, as opposed to the current \$3,000 earnings floor;
- Creating increases in the credit (which currently maxes out at only \$1,000) that prioritize low-income families while maintaining or improving refundability—without doing so at the expense of other programs that provide crucial resources to vulnerable children;
- Creating a young child tax credit that concentrates extra assistance to low income families during critical years of early childhood, in which families bear the burden of increased and intensive costs related to necessities such as diapers, doctor’s visits and formula;
- Indexing the credit to inflation so that its value does not erode over time;
- Protecting the CTC eligibility of millions of children (most of them citizens) with taxpaying immigrant parents who lack a Social Security Number. Specifically, the paper advises no further legislative action until the effects of 2015’s additional rules for ITIN filers are understood;
- A universal child allowance: a partially refundable CTC prevents needier families from accessing the maximum credit. A fully refundable credit would function like a child allowance and be a much stronger anti-poverty tool

CTC REDLINES

The Child Poverty Action Group will not support any CTC proposal which:

- Is paid for by consolidating, eliminating, or reducing other benefits that support children and their families in the tax code, such as the Child and Dependent Care Tax Credit (CDCTC) & Earned Income Tax Credit;

- Is intended to be framed as a substitute for, or alternative to, direct investments or tax credits that help families afford child care; increase the quality of child care; or expand access to paid leave policies;
- Is part of or associated with a legislative proposal that requires or permits changes in the tax code and mandatory programs that take significant benefits from low-income children and their families;
- Includes language restricting ITIN filers from accessing this credit for their children

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