

State advocates warn that window to expand federal Child Tax Credit is closing

BY: LAINA G. STEBBINS - DECEMBER 10, 2022 6:00 AM



Getty Images

Michigan-based child advocates who came together for a virtual panel Friday say it will be much more difficult to pass an expanded Child Tax Credit (CTC) by Congress if it doesn't happen by the end of this year.

Since federal monthly advance child tax credits expired on Jan. 15, research has found that food insecurity in Michigan and elsewhere has increased substantially. This means that about 554,000 Michigan children now do not receive the full \$2,000 CTC because their families' earnings are too low, potentially pushing those families further into poverty.

“Getting those monthly payments meant that they were able to afford those necessities. It gave them a boost to their income that helped to put them not just over the poverty level, but also for many of them, [to] help them get over what we call the ALICE survivability threshold — or that bare minimum you need to be earning to be able to meet all your monthly needs,” said Cassie

Thierfelder, director of advocacy and government relations for United Way for Southeastern Michigan, citing the changing makeup of Congress, with Republicans regaining control of the House.

Thierfelder said that this is despite widespread support of a permanent CTC generally by members of Congress, because some of the specifics — like the refundability portion of the credit — do not have as much support.

Saying that the CTC is “refundable” means that families do not need any income or need to owe any taxes in order to receive the full credit amount. Normally a tax credit would only benefit people who make enough to pay some taxes.

If the CTC is not refundable, families that make the lowest incomes do not receive the full credit because their tax liability is not high enough.

“Getting these expansions that we know had the greatest impact, especially on our lowest income children and on significantly reducing childhood poverty, will be far more difficult as we move into the new session,” she said.

“Sometime in December this needs to happen,” added Matt Gillard, president and CEO of Michigan’s Children.

Thierfelder, Gillard and Alex Rossman, external affairs director of the Lansing-based Michigan League for Public Policy (MLPP), emphasized the “pivotal” nature of the CTC expansions that were done as part of the American Rescue Plan.

“It really did have a concrete positive impact during the pandemic. We saw it reduce child poverty, which is definitely a focal point of all our organizations,” Rossman said. “And again, both politically and policy-wise, the window to revisit that is closing.”

During the pandemic, Congress had increased the base level of the credit from \$2,000 to \$3,000, and to \$3,600 for children under six years old, while addressing the refundability portion of the CTC that otherwise would prevent the lowest-income families from receiving the full credit.

Both of these aspects need to be reinstated permanently in order to tackle poverty and help families, the advocates said.

“We know that nearly 40% of households in the state of Michigan are not able to afford that basic monthly budget,” Thierfelder said, “and we know that the child tax credit made a huge difference for those households.”

As the lame duck session in Michigan and Congress continues, time is running out for the program to be pushed through. A coalition of CTC expansion advocates including MLPP, Michigan’s Children and United Way for Southeastern Michigan have paid for billboard and digital advertising on the issues throughout the state in the coming weeks, including in Detroit, Flint, Grand Rapids and Lansing.

The next Congress is scheduled to convene on Jan. 3, 2023.

