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**Testimony of Jen Jenkins
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**Before the Committee on Business and Economic Development
Council of the District of Columbia**

Public Hearing Regarding:

**Bill 25-0190
“District Child Tax Credit Amendment Act of 2023”
January 24, 2024**

Legal Aid DC¹ submits the following testimony supporting the intent of B25-0190, the District Child Tax Credit Amendment Act of 2023. This bill would provide a refundable \$500 tax credit to households for each qualifying child, up to three children under the age of 17. The proposed credit is more beneficial to DC’s poor residents than the current federal child tax credit (“CTC”). The credit received would not be considered income to determine eligibility for public assistance and would be available to qualifying non-citizens. While this bill would be a positive economic boost for DC residents, it can and needs to do more.

¹ Legal Aid of the District of Columbia (now Legal Aid DC) was formed in 1932 to “provide legal aid and counsel to indigent persons in civil law matters and to encourage measures by which the law may better protect and serve their needs.” Legal Aid is the oldest and largest general civil legal services program in the District of Columbia. Over the last 92 years, Legal Aid staff and volunteers have been making justice real – in individual and systemic ways – for tens of thousands of persons living in poverty in the District. The largest part of our work is comprised of individual representation in housing, domestic violence/family, public benefits, and consumer law. We also work on immigration law matters and help individuals with the collateral consequences of their involvement with the criminal justice system. From the experiences of our clients, we identify opportunities for court and law reform, public policy advocacy, and systemic litigation. More information about Legal Aid can be obtained from our website, www.LegalAidDC.org.

A targeted and robust child tax credit would meaningfully improve the lives of DC parents and their children and contribute to their ability to escape poverty. Research shows that cash payments, such as a child tax credit, resulted in parents overwhelmingly staying at their place of work.² In fact, child tax credits made it easier for parents to work and enabled them to work more if needed.³ In marginalized and immigrant households in particular, the receipt of cash had minimal to no effect on their ability or desire to continue to work.⁴ Further, abundant evidence also shows that cash transfer programs and robust welfare systems are highly effective policies for reducing homicide, assault, property crime, overdose deaths, and intimate partner violence.⁵ While individual level interventions are often offered as violence prevention, cash assistance such as a child tax credit address root causes of violence, including concentrated poverty and the targeted deprivation of resources of particular racial and class groups.⁶

Legal Aid strongly supports the creation of a permanent local child tax credit, but we would like to see it implemented in a more robust manner so that DC's most vulnerable residents can benefit. Last year, Legal Aid assisted approximately 4,085 households, the majority of which included children who would likely qualify for the proposed child tax credit. Our clients typically live at or below 200% of the federal poverty line, and a child tax credit would help alleviate some of the burdens of poverty that they, and particularly

² See Sarah Baird, David McKenzie, Berk Ozler, IZA A Journal of Development and Migration, The Effects of Cash Transfers on Adult Labor Market Outcomes, (Dec. 12, 2018) <https://izajodm.springeropen.com/articles/10.1186/s40176-018-0131-9>.

³ Megan A. Curran, Center on Poverty and Social Policy at Columbia University, Research Roundup of the Expanded Child Tax Credit: The First 6 Months, (Dec. 21, 2022) <https://static1.squarespace.com/static/610831a16c95260dbd68934a/t/61f946b1cb0bb75fd2ca03ad/1643726515657/Child-Tax-Credit-Research-Roundup-CPSP-2021.pdf> at 15.

⁴ Sarah Baird, David McKenzie, Berk Ozler, IZA A Journal of Development and Migration, The Effects of Cash Transfers on Adult Labor Market Outcomes, (Dec. 12, 2018) <https://izajodm.springeropen.com/articles/10.1186/s40176-018-0131-9>.

⁵ Lea Hoefler, Eric Reinhart, Tanya L. Zakrison, Slate, The Little-Known Violence Prevention Tool Cropping Up in Cities Across the Country, (Mar. 2, 2022) <https://slate.com/news-and-politics/2022/03/how-cash-transfer-programs-prevent-violent-crime.html>; Oklahomans for Criminal Justice Reform, How Poverty Drives Violent Crime, <https://www.okjusticereform.org/blog/how-poverty-drives-violent-crime>.

⁶ *Id.*

their children, experience, such as the increased risk of poor mental health, inadequate housing conditions, and reduced access to grocery stores and nutritious foods.⁷ Perhaps most pertinent is that the cost of childcare in the District is approximately \$24,000 annually.⁸ In consideration of the racial wealth gap and the reality that Black DC residents earned a median income of \$54,401 per household in 2023, it becomes clear that Black residents are the most cost-burdened and therefore would benefit immensely from a targeted and robust local child tax credit.⁹ DC's impoverished residents, like our clients, will continue to face economic hardship unless the District government intervenes and invests thoughtfully in cash assistance programs that are inclusive of our most vulnerable neighbors.

The Child Tax Credit Should Be Targeted and Robust

With the expiration and reduction of federal CTCs, DC residents, particularly children, will continue to be burdened by rising living costs without a comprehensive local child tax credit. In addition to stagnant wages and growing costs of living affecting DC families, the federal child tax credit increase, which was doubled to \$2,000 (from \$1,000) under the Tax Cuts and Jobs Act of 2017, will expire on December 31, 2025.¹⁰ This is in on top of the expiration of the more expansive CTC that was increased through the federal

⁷ See U.S. Dep't of Health and Human Services, Poverty, <https://health.gov/healthypeople/priority-areas/social-determinants-health/literature-summaries/poverty#:~:text=Across%20the%20lifespan%2C%20residents%20of,mortality%2C%20and%20lower%20life%20expectancy.>

⁸ Cuneyt Dil, Axios DC, Child Care Can Cost As Much As College, Burdening D.C. Families (June 22, 2023), <https://www.axios.com/local/washington-dc/2023/06/22/child-care-washington-dc-costs>.

⁹ DC Health Matter, 2023 Demographics, https://www.dchealthmatters.org/demographicdata?id=130951§ionId=936#sectionPiece_73.

¹⁰ Reference Table: Expiring Provisions in the "Tax Cuts and Jobs Act" (TCJA, P.L. 115-97), <https://crsreports.congress.gov/product/pdf/R/R47846> at 3 (2023); Legal Aid understands that Congress is currently negotiating to expand the federal Child Tax credit by \$100 for families on their 2025 returns, but this remains an unfolding and precarious decision, see Jeff Stein, Washington Post, (Jan. 15, 2024) <https://www.washingtonpost.com/business/2024/01/15/child-tax-credit-increase-2024/>.

government's COVID relief funds.¹¹ The COVID funds increased the amount of the CTC so significantly that it reduced child poverty by a historic 5.2%.¹²

The positive impacts of a robust CTC are clear. Therefore, this Committee should incorporate the following changes in the bill:

- The CTC should be targeted at children ages six and under. Children 6 and under in DC should receive a 20% increase in addition to the base amount per child because they have greater financial needs.¹³ This will improve socioeconomic outcomes for children at their most vulnerable point in their lives.¹⁴

¹¹ See American Rescue Plan Act of 2021; The White House, What is Child CTC?, <https://www.whitehouse.gov/child-tax-credit/childctc/#:~:text=For%20every%20child%206%2D17,until%20the%20end%20of%202021.>

¹² See American Rescue Plan Act of 2021; The White House, What is Child CTC?, <https://www.whitehouse.gov/child-tax-credit/childctc/#:~:text=For%20every%20child%206%2D17,until%20the%20end%20of%202021>; Center on Poverty and Social Policy, Children Left Behind by the Child Tax Credit in 2022, <https://www.povertycenter.columbia.edu/publication/2023/children-left-behind-by-the-child-tax-credit-in-2022#:~:text=In%202021%2C%20the%20child%20poverty,income%20families%20form%20left%20behind> ("Prior to the 2021 Child Tax Credit expansion, approximately one in three children nationwide were left out of the full Child Tax Credit because their family incomes were too low to qualify. This disproportionately excluded children of color, young children, children in single parent families, children in larger families, children in rural areas, and more.").

¹³ See Jamie Cattanach, Annual Costs to Raise a Small Child Increased By 19.3% Nationwide to \$21,681 Between 2016 and 2021, <https://www.lendingtree.com/debt-consolidation/raising-a-child-study/> (The District of Columbia ranks second highest among all states for the annual cost to raise a small child).

¹⁴ See Aidan Davis, Institute on Taxation and Economic Policy, State Child Tax Credits and Child Poverty: A 50-State Analysis, Key Findings, (Nov. 16, 2022) <https://itep.org/state-child-tax-credits-and-child-poverty-50-state-analysis/#:~:text=In%202019%2C%20California%20became%20the,and%20phased%20Out%20by%20%2430%2C000.>

- The CTC should be targeted for lower income families, i.e., for those making under \$100,000 for single and joint filer households.
- The child tax credit amount should be increased beyond the \$500 limit per child. Even if the amount needs to be phased in to account for budget realities, the amount per child should be more than \$500. The amount per child should account for living expenses in DC.¹⁵
- Finally, the amount delivered to DC families should be tied to the rate of inflation to ensure the money is not devalued over time. In almost all states, a refundable state Child Tax Credit of \$2,000 or less – with a 20 percent credit boost for young children under 6 – would achieve a 25 percent reduction (or more) in the child poverty rate.¹⁶ This Committee should not ignore the data and should account for the undeniable impact of the rate of inflation on DC’s poorest families.

The Council must pass and fund this child tax credit bill and other forms of “guaranteed income” that will meaningfully raise the income of DC’s poorest families in order to keep pace with rising costs. As such, we also recommend that this Committee hears, expands, and passes B25-0232 - Financial Support for Families with Children Amendment Act of 2023.¹⁷ While DC lacks any child tax credit, many states are expanding their existing child

¹⁵ See Jamie Cattanach, Annual Costs to Raise a Small Child Increased By 19.3% Nationwide to \$21,681 Between 2016 and 2021, <https://www.lendingtree.com/debt-consolidation/raising-a-child-study/> (The District of Columbia ranks second highest among all states for the annual cost to raise a small child).

¹⁶ See Aida Davis, Institute on Taxation and Economic Policy, State Child Tax Credits and Child Poverty: A 50-State Analysis, (Nov. 16, 2021) <https://itep.org/state-child-tax-credits-and-child-poverty-50-state-analysis/#:~:text=In%202019%2C%20California%20became%20the,and%20phased%20out%20by%20%2430%2C000.>

¹⁷ Financial Support for Families with Children Amendment Act of 2023, as introduced on March 21, 2023 (B25-0232 (This measure targets lower income households by limiting the amount of the tax credit for incomes to \$10,000 for single filers and \$20,000 for all other types of filers).

tax credits.¹⁸ This Committee should change this reality by moving this bill forward and including the above recommendations to ensure the measure is as effective as possible.

Conclusion

Legal Aid appreciates this Committee's consideration of our perspective and recommendations on this bill. We look forward to working with you to move this measure forward in a manner that more fully addresses the needs of poor and Black District residents.

¹⁸ See Aidan Davis, Neva Butkus, Institute on Taxation and Economic Policy, States are Boosting Economic Security with Child Tax Credits in 2023, (Sept. 12, 2023) <https://itep.org/states-are-boosting-economic-security-with-child-tax-credits-in-2023/>.