

May 7, 2024

**RE: In support of - An Act Relating to Taxation - Personal Income Tax - Child Tax Credit**

Chairman Abney, Vice Chairpersons Slater and Marszalkowski, and Members of the House Finance Committee,

Thank you for the opportunity to provide testimony on behalf of our 43 nonprofit members who provide and advocate for family strengthening and support, comprehensive child and family services including: behavioral health, special education, juvenile justice, and healthcare services; foster care and residential treatment programs, homelessness prevention, shelter, and affordable housing, and a strong and effective human services workforce. RICCF is pleased to join with the Economic Progress Institute in advocating for this critical initiative to provide financial relief to taxpayers with children in our state.

**Economic and Equity Benefits**

The Child Tax Credit is one of the nation's strongest policy tools to provide families with some support and breathing room while raising children. It has also been shown to be one of the most effective tools ever for lowering child poverty. Economic inequality, low wages, and child poverty are defining challenges in the U.S. Systemic racism causes these problems to disproportionately weigh on Black families and other families of color. The federal CTC – particularly the expanded version in place in 2021 – helps address these challenges.<sup>i</sup> The federal credit currently provides up to \$2,000 per child to about forty million families every year. According to research by the Institute on Taxation and Economic Policy, a combination of the existing federal child tax credit and a state credit would slash child poverty rates.

**Family Poverty and Child Welfare Involvement**

Child tax credits provide direct financial support to parents, are associated with immediate reductions in child welfare involvement, and help alleviate chronic stress.<sup>ii</sup> The issue of child tax credits is particularly important to the members of RICCF because a growing body of research shows that family poverty plays a key role in many cases of reported child neglect. Seventy percent of child maltreatment reports nationally are not for physical or sexual abuse but for child neglect. Studies also suggest that when families' incomes are boosted -even modestly- child maltreatment reports for those areas have declined. Therefore, child tax credits can play an important role in helping to keep children safe and families together.<sup>iii</sup>

**State Action on Child Tax Credits**

Rhode Island offered a one-time child tax rebate in 2022, recognizing the value of direct investments in families. At the time, Governor McKee stated <sup>iv</sup>Our Administration is committed to

delivering targeted tax relief to Rhode Islanders as we continue to build on our state's economic momentum. Supporting parents and their children with Rhode Island's new Child Tax Rebate is a sensible and critical way to keep our economy growing.”<sup>v</sup>

Analysis released by the Urban Institute projects that permanent expansion in of the Child Tax Credits would result in children of all racial and ethnic groups earning between 7 and 12 percent more annually by the time they are 30 years old (an additional \$2,000 to \$3,400). Because of structural racism and discrimination in the labor market, these children's families experience barriers to opportunities for high-quality, high-paying jobs. High school graduation rates would increase modestly, by around 1 to 3 percentage points, while college graduation would increase around 2 to 6 percentage points. The analysis uses the [Social Genome Model](#), which accounts for the long-term links between childhood income, test scores, behavior, and adult outcomes.<sup>vi</sup> Proportionate results would be incurred with smaller increases, including complementary state tax credit initiatives.

Fourteen states provide Child Tax Credits to reduce poverty, boost economic security, and invest in children. States with fully refundable Child Tax Credits in 2024 are California, Colorado, Maine, Maryland, Massachusetts, Minnesota, New Jersey, New Mexico, New York, Oregon, and Vermont. Idaho, Oklahoma, and Utah offer nonrefundable credits.<sup>vii</sup> Connecticut has a child tax credit proposal under consideration. With S2575 and its companion in the House, Rhode Island has the opportunity to make an investment in its families. A Rhode Island Child Tax Credit will support and stabilize our families and directly benefit our children.

We thank you for your consideration of these issues and urge your support of S2575.

Respectfully,



Tanja Kubas-Meyer  
Executive Director

---

<sup>i</sup> <https://itep.org/states-are-boosting-economic-security-with-child-tax-credits-in-2023/>

<sup>ii</sup> <https://www.ncsl.org/human-services/policy-levers-for-preventing-child-maltreatment>

<sup>iii</sup> Conversation with Lenette Azzi-Lessing, Professor, Boston University School of Social Work

<sup>iv</sup> [ilegislature.gov/pressrelease/\\_layouts/RIL.PressRelease.ListStructure/Forms/DisplayForm.aspx?List=c8baae31-3c10-431c-8dcd-9dbbe21ce3e9&ID=372989&Web=2bab1515-0dcc-4176-a2f8-8d4beebdf488#:~:text=State%20of%20Rhode%20Island%20General%20Assembly&text=NEWPORT%20-%20Governor%20Dan%20McKee%20today,by%20the%20Governor%20in%20June.](https://legislature.gov/pressrelease/_layouts/RIL.PressRelease.ListStructure/Forms/DisplayForm.aspx?List=c8baae31-3c10-431c-8dcd-9dbbe21ce3e9&ID=372989&Web=2bab1515-0dcc-4176-a2f8-8d4beebdf488#:~:text=State%20of%20Rhode%20Island%20General%20Assembly&text=NEWPORT%20-%20Governor%20Dan%20McKee%20today,by%20the%20Governor%20in%20June.)

<sup>v</sup> <https://itep.org/states-are-boosting-economic-security-with-child-tax-credits-in-2023/>