



PUT THE FRONTLINE FIRST!

Invest American Rescue Plan Funding in a State Child Tax Credit

Parents can't get back to work without child care. Until we establish universal child care, Massachusetts must use every resource available to keep families moving forward.

Care That Works calls for a **\$700 million** state Child Tax Credit. We recommend \$600 for each child ages 0-12, for families earning up to \$200,000 (one filer) or \$400,000 (two filers).

WOMEN, ESPECIALLY WOMEN OF COLOR, NEED CHILD CARE SUPPORT TO RETURN TO WORK

More than half of Massachusetts women surveyed last year reported child care challenges as a threat to their employment.^[1] In March, as our state was suffering the third highest job losses in the country, women accounted for 54% of unemployment claims.^[2] Nationally, unemployment rates and involuntary underemployment rates (part-time workers wanting full-time work) have been higher for Black, Latinx, and Asian women.^[3]

MASSACHUSETTS CAN BE A LEADER AMONG STATES IN ESTABLISHING A STATE CHILD TAX CREDIT

- As a complement to resources that expand access to licensed child care programs, a Child Tax Credit would help families meet additional or emergency care needs. Cash can pay for a few lost work hours; a relative stepping in when needed; food and activities at a neighbor's home; transportation to and from care; fees for extracurricular programs; and more. Over time these can mean the difference between keeping a job or losing it.
- Several states already have state Child Tax Credits. New York^[4] and Colorado^[5] provide credits of up to 33% of the federal credit, about \$600 for eligible children. Several states are considering expanding or creating new credits. A proposal in New York would increase the amount to \$1,000 for children under four.^[6] Proposals in Connecticut,^[7] Hawaii,^[8] and Louisiana^[9] would create credits of \$500 or \$600 per child.
- In the last state budget, Massachusetts legislators created a Child Tax Credit by converting existing deductions but did not allocate any new funding. The \$5 billion in ARPA state aid and last year's \$5 billion revenue surplus^[10] create an opportunity to fund a more substantial credit for families.

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A STATE CHILD TAX CREDIT WILL FILL IN THE GAPS IN THE FEDERAL CREDIT AND FURTHER REDUCE CHILD POVERTY

- The recent expansion of the federal Child Tax Credit was a historic achievement in reducing child poverty nationwide with concentrated benefits for low-income children of color. In Massachusetts, an estimated 355,000 children were not receiving the full federal child tax credit prior to the expansion, 14% of them Black and 40% of them Latinx.^[11] (In contrast, Black children make up 9% and Latinx children make up 19% of the child population in our state.)^[12]
- A Massachusetts Child Tax Credit could cover the nearly 30,000 children without Social Security numbers who are excluded from the federal Child Tax Credit. It would be a backstop for families if the federal expansion expires, and a bolster if it does not—the costs of living and child care in our state are among the most expensive in the nation.
- An estimated 58,000 children in Massachusetts may not get the federal Child Tax Credit despite being eligible.^[13] We must invest in multilingual outreach and assistance so all eligible families can receive the benefits due to them.

A STATE CHILD TAX CREDIT IS AN IMPORTANT PIECE OF A STATE UNIVERSAL CHILD CARE SYSTEM

In a universal child care system, ALL care work would be seen and supported—including the care work of parents. A child allowance to support parents is an essential plank of universal child care. With such a straightforward design, it is a plank our state can establish today.

1. <https://www.mass.gov/doc/mcsw-child-care-and-education-during-covid-19-report-october-2020/download>
2. <https://www.wvlp.com/news/massachusetts/women-are-majority-of-massachusetts-unemployment-assistance-claims/>
3. https://nwlc.org/wp-content/uploads/2021/06/May-Jobs-Day-Final_2.pdf
4. https://www.tax.ny.gov/pit/credits/empire_state_child_credit.htm
5. <https://www.taxcreditsforworkersandfamilies.org/state/colorado/>
6. <https://imprintnews.org/child-welfare-2/new-york-lawmakers-mount-last-minute-effort-to-permanently-expand-state-child-tax-credit/52973>
7. <https://ctexaminer.com/2021/03/29/scanlon-proposes-600-child-tax-credit-to-bolster-federal-aid/>
8. https://www.capitol.hawaii.gov/session2021/bills/HB437_.HTM
9. <https://www.labudget.org/wp-content/uploads/2021/03/Louisiana-needs-a-strong-families-tax-credit.pdf>
10. <https://www.wickedlocal.com/story/regional/2021/08/04/massachusetts-collected-5-billion-surplus-2021-taxes/5480890001/>
11. <https://www.cbpp.org/research/federal-tax/american-rescue-plan-act-includes-critical-expansions-of-child-tax-credit-and>
12. <https://datacenter.kidscount.org/data/tables/103-child-population-by-race>
13. <https://www.bostonglobe.com/2021/07/07/metro/money-could-transform-their-lives-thousands-eligible-kids-may-not-get-new-child-tax-credit/>