

# TAX CREDITS ARE CRUCIAL FOR SAFE AND THRIVING FAMILIES



Major tax legislation will be part of Congress's legislative agenda as the temporary provisions of the Tax Cuts and Jobs Act of 2017 (TCJA) expire at the end of 2025. Futures Without Violence (FUTURES) strongly supports a tax code that is fair and benefits all low- and moderate-income families, including survivors of intimate partner violence and their children. We urge lawmakers, as they consider legislative provisions, to enhance and expand the Child Tax Credit (CTC) and the Earned Income Tax Credit (EITC) to ensure that families are safe and have the resources to thrive.

## **Tax Credits Provide Crucial Life-saving Support for Survivors of IPV**

For survivors of Intimate Partner Violence (IPV)<sup>1</sup> and their children, safety and economic security are inextricably linked. The primary obstacle to safety for most survivors is financial security. An abusive partner often maintains power and control over the family resources. In many instances, an abusive partner takes the survivor's money and identification cards, monitors the family's bank accounts, and sabotages the survivor's education and employment opportunities, as a means of preventing them from leaving. When the abused partner does try to leave it can be extremely difficult to support themselves and a family on their own, often leading to homelessness. Without access to financial means, leaving and not returning to an abusive relationship becomes all but impossible.<sup>2</sup>

The CTC and EITC can help survivors and their children be safe. They provide important financial resources to address survivors' emergent needs and their near/long-term goals.<sup>3</sup> For example, they can help a survivor of IPV leave an abusive partner and secure temporary or permanent housing. They also can help survivors pay for food, clothing, utilities, repairs on a car, classes and courses to advance their careers, and counseling and other medical services to heal from violence.

## **Tax Credits Help Prevent IPV and Child Welfare Involvement and Help Families Thrive**

Additionally, the CTC and the EITC can help prevent IPV and child welfare involvement by strengthening a family's financial stability.<sup>5</sup> Research indicates that improving families financial well-being and strengthening supports for families may reduce IPV because, among other things, they can help lift families out of poverty, which can be a risk factor for IPV.<sup>6</sup>

EITC and CTC payments are associated with immediate reduction in state-level child maltreatment reports. Each additional \$1,000 in per-child EITC and CTC refunds is associated with **a decline in state-level child maltreatment reports of 2.3% in the week of the payment and 7.7% in the 4 weeks after payment.**<sup>4</sup>

Strengthening household financial security also can reduce instances of child abuse and neglect. Comprehensive research compiled by Chapin Hall at the University of Chicago shows that economic and concrete supports, like the EITC and CTC, help to prevent child welfare involvement.<sup>7</sup> With financial means and without financial stress, parents can satisfy children's basic necessities, obtain child care, and ensure their children's overall well-being.<sup>8</sup>

## Widespread Benefits

The benefits of the CTC and EITC are widespread and not limited to survivors of IPV or families at risk of child welfare involvement. These credits, especially when they are expanded and enhanced, can dramatically improve the lives of children and families by reducing child poverty and food insecurity.<sup>10</sup> In addition, they can provide long-term benefits by improving children's education and future earnings. The

Urban Institute calculated the effect of a permanent expansion of the CTC on children from low-income backgrounds. Researchers found that the CTC has the ability to boost high school and college graduation among childhood recipients and increase their adulthood earnings by as much as 10 to 17 percent. Along with helping children and families, the CTC and the EITC have positive economic effects on communities as they put money in the hands of families who can use it to support their own businesses or purchase goods and services from local retailers.<sup>12</sup>

In her op-ed, Kali Daugherty, a mother and advocate, describes the critical role that the CTC and other social supports played in her life.<sup>9</sup>

**“They helped me get a college education, serve my community, get a better job, escape a bad relationship, and get my child the care he needed.”**

## Recommendations

### Child Tax Credit

- Make the CTC permanent and fully refundable without a minimum income limit, allow families to choose whether to obtain the credit monthly or in a lump sum, and annually adjust the CTC for inflation.
- Ensure that all children under 18 years of age, including immigrant children with ITINs, are eligible to receive the child tax credit.
- Increase the credit amount to at least \$300 a month (\$3,600) for children ages 6 to 17 and to at least \$360 a month (\$4,320 a year) for children ages birth to 5 and provide a one-time credit (baby bonus) to all newborns regardless of the month the newborn is born.
- Include “hardship” and “freedom from penalty” provisions in the legislation for survivors of IPV in the event an abusive partner inappropriately claims the credit.

### Earned Income Tax Credit

- Increase the credit amount for both workers with and without children, raise the income limit to qualify for the credit, let workers choose to obtain the credit monthly or in a lump sum, and annually adjust the credit for inflation.
- Extend the EITC to both younger and older works who are currently ineligible for the credit.
- Ensure that youth who are in the foster care system and youth who are homeless are eligible for the EITC at age 18.
- Include a minimum credit for unpaid caregivers who are taking care of young children (12 years old and under), aging relatives, or family members who are unable to care for themselves.

For additional information about how the CTC and EITC can help survivors of domestic violence and reduce child maltreatment, please contact Karen Herrling at [kherrling@futureswithoutviolence.org](mailto:kherrling@futureswithoutviolence.org) or Kiersten Stewart at [kstewart@futureswithoutviolence.org](mailto:kstewart@futureswithoutviolence.org).

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