

CONNECTICUT CHILD TAX CREDIT (CTC)

More than 250,000 families in Connecticut applied for and received the 2022 Child Tax Rebate, making more of their income available to manage the rising costs of household essentials and child care.

NOW is the time for Connecticut to join with the rest of the nation to support families with the high cost of raising children with a permanent, refundable Child Tax Credit (CTC).

Our Ask: Create a permanent, refundable CT Child Tax Credit at \$600 per child for up to three children.

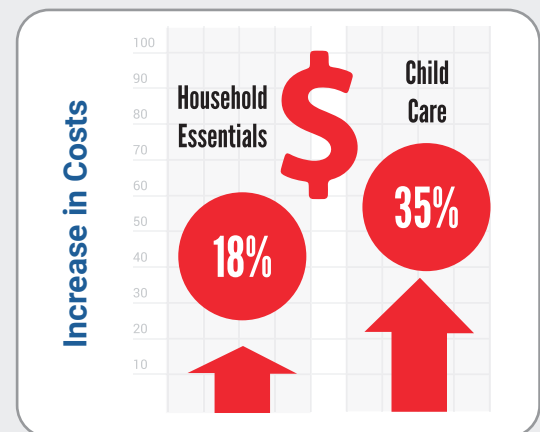
- A permanent CTC fills a critical gap—CT does not have state-level tax policy that offers any tax break, such as a child exemption or deduction, specifically designed to ease the financial burden of raising children.
- A permanent credit gives families what they need: flexible-income that they can depend on to meet their most pressing needs including child care, rent, food, transportation, and medical expenses.
- For every CTC dollar CT residents earn, they return \$1.38 to the economy, supporting not only their families but also their local economies and communities.¹
- The CTC supports families earning up to \$100,000 (single filers) and up to \$200,000 (joint filers).
- The estimated cost of the CT CTC is \$300 million per year.

¹Moody's Analytics estimate of financial multiplier

²United For ALICE, ALICE in Focus: Children, 2022

The Real Costs of Raising Children in CT

- **Both working, still struggling.** Even in households with two working adults, more than 1 in 5 children in CT were living in **ALICE** homes before the pandemic.²
- **The cost of basic needs rises faster than non-essentials and wages.** The 2020 ALICE Survival Budget, conservatively adjusted for inflation to reflect 2022 buying power, experienced an 18% increase in household essentials, except child care, which increased by 35%.



Cuts to Families Add Up

Connecticut is 1 of only 2 states with an independent state-level income tax that does not offer any tax break, such as a child exemption or deduction, specifically designed to ease the financial burden of raising children.

Loss of \$1,600

Enhanced Child Tax Credit:
Expired, Narrowed eligibility, A loss of \$1,600/child for eligible families with young children or \$1,000/child for school age children.

Loss of \$5,900

Enhanced Child and Dependent Care Credit:
Expired, A loss of up to \$5,900 for eligible families.

Loss of \$1,140

Enhanced SNAP benefits:
Expired, a minimum loss of \$1,140 for eligible families.



Families Juggle to Make Ends Meet

Source: Internal Revenue Service

Out of Reach: The Cost of Raising a Family in Connecticut

ALICE is a data-driven approach to provide reliable and realistic information on the cost of living specific to each state. Updated to include inflation, a family of four needs to earn \$55.43/hour working 40 hours per week, or \$27.71/hour if both adults are working, to support the ALICE Household Survival Budget.



2020 ALICE Survival Budget

	Two Adults, 1 Infant, 1 Preschooler (2018 Data)	Family's Expenses in 2022*
Housing	\$1,310	\$1,549
Child Care	\$1,857	\$2,498
Food	\$936	\$1,108
Transportation	\$826	\$977
Health Care	\$742	\$878
Technology	\$75	\$89
Miscellaneous	\$687	\$813
Taxes	\$1,122	\$1,327

Monthly Total	\$7,555	\$9,239
Annual Total	\$90,660	\$110,868
Hourly Wage	\$45.33	\$55.43

*Based on the US Bureau of Labor Statistics CPI Inflation Calculator; adjusted child care expense calculated using CT Office of Early Childhood, 2022 Early Care and Education Market Rate Survey



If you have questions or would like to discuss this policy agenda, please contact:
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