



Connecticut United Ways



Child Tax Credit

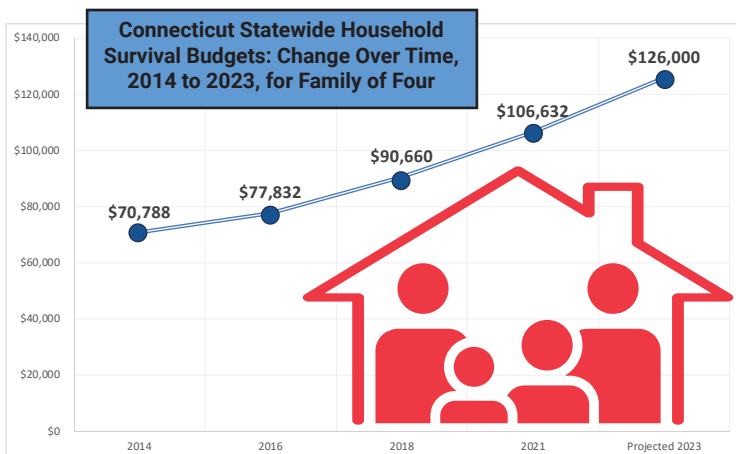
Create a permanent, fully refundable Connecticut Child Tax Credit (CTC).



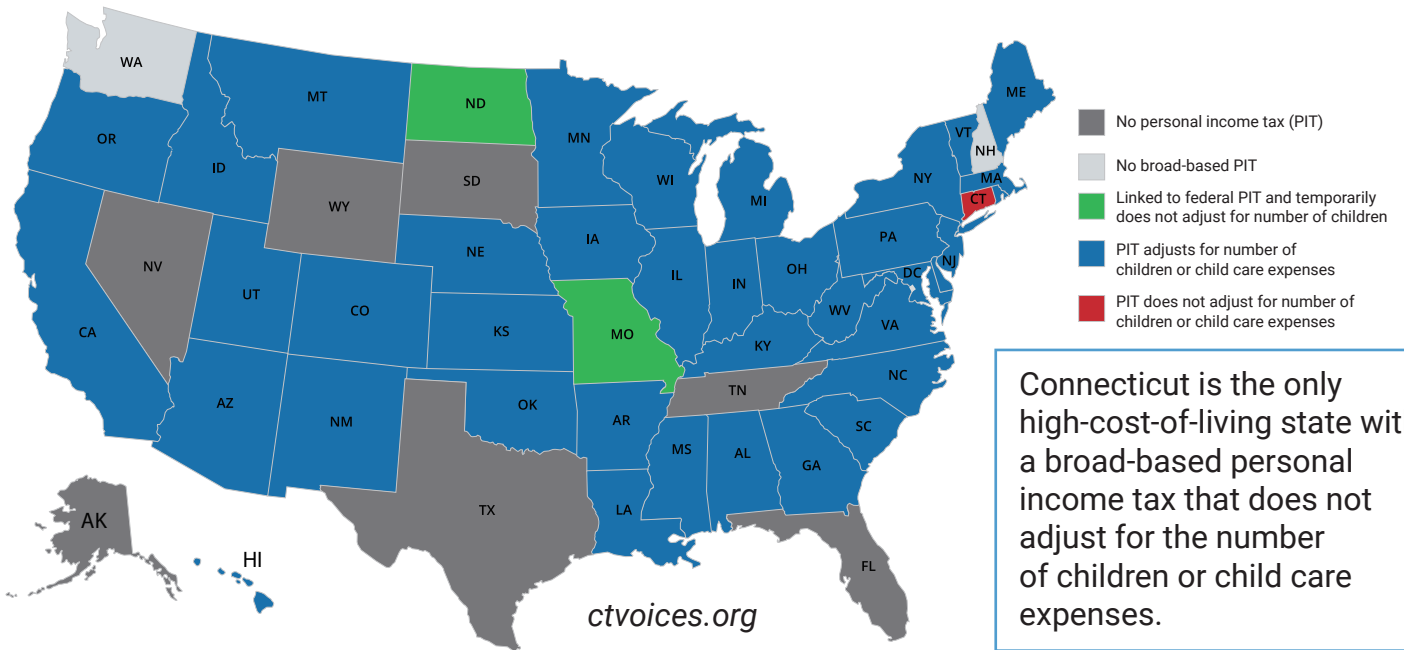
- The situation is urgent. Since 2021, the ALICE Essentials Index shows 18% inflation in the cost of household basics. This blow is combined with the loss of pandemic-era federal benefits that supported ALICE families.
- A 100% refundable credit means that families who do not have a tax liability would receive the full value of the credit.
- Eligibility: up to \$100,000 annual income for a single filer, \$200,000 for joint filers.
- Estimated cost of a child tax credit of \$600 per child up to three children: \$300 million per year (*individual family benefits and total policy cost depend on income phaseout schedule*).

A permanent CT CTC of \$600/child would provide dependable, flexible income to approximately 250,000 CT households and 350,000+ children.

- A permanent CTC fills a critical gap for working families to ease the financial burden of raising children.
- A permanent CTC gives families what they need: flexible income 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 their families, local economies and communities.



Creating a state CTC would bring CT tax policy in line with the vast majority of states AND help offset the cost of raising children.



Connecticut is the only high-cost-of-living state with a broad-based personal income tax that does not adjust for the number of children or child care expenses.

Connecticut United Way's 2023 ALICE Report is a data-driven, comprehensive research report that provides a look at financial hardship for households across Connecticut that are **ALICE** -- **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed.



The report shows that the total number of households living paycheck to paycheck or falling behind rose by 11% between 2019 and 2021.

The ALICE Essentials Index, which measures change over time in the cost of household essentials, projects an **18.2% increase statewide** in basic costs from 2021 to 2023. For the average Connecticut household, depending on available tax credits, **basic costs could be as high as \$39,000 annually for a single adult and \$126,000 for a family with two adults and two young children.**

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Connecticut Household Survival Budget 2021		
Monthly Costs	Single Adult	2 Adults 1 Infant 1 Preschooler
Housing – Rent	\$801	\$1,111
Housing – Utilities	\$154	\$292
Child Care	-	\$2,188
Food	\$499	\$1,360
Transportation	\$357	\$834
Health Care	\$241	\$815
Technology	\$75	\$110
Miscellaneous	\$213	\$671
Tax Before Credits	\$420	\$1,505
Monthly Total	\$2,760	\$8,886
ANNUAL TOTAL Before Credits	\$33,120	\$106,632
Full-Time Hourly Wage*	\$16.56	\$53.32
Tax Credits (CTC and CDCTC)	-	(\$15,204)
ANNUAL TOTAL with Credits	\$33,120	\$91,428
Full-Time Hourly Wage	\$16.56	\$45.71

*Hourly wage needed, for one worker or for two workers, to cover the Household Survival Budget working full-time (40 hours per week, 50 weeks per year).

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

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