The Role of a Connecticut Child Tax Credit (CT CTC) in Eradicating Poverty and Advancing Racial and Ethnic Equity

Establishing a permanent CT CTC will reduce child poverty, bolster economic stability for families with children, and mitigate racial and ethnic income and wealth disparities.

Alleviating Child Poverty with a CT Child Tax Credit

Reducing Child Poverty: Connecticut’s child poverty rate has risen to 11.1% (based on the Supplemental Poverty Measure) from 3.8% in 2021, a significant increase of 7.3 percentage points in 2022. This rise is attributed in large part to the expiration of the expansion of federal tax credits. It is probable that Connecticut’s poverty data in 2023 will show growth due to the discontinuation of Connecticut’s one-time Child Tax Rebate.

The creation of a permanent CT CTC will help ensure our state’s child poverty rate stabilizes in the short term and reduces over time.

Enhancing Family Economic Stability with a CT Child Tax Credit

Assisting with Household Expenses and Rent Payments: Last year in Connecticut, 17.7% of all households reported extreme difficulty in paying usual expenses, increasing to 27.6% among low- and middle-income households with children. By race and ethnicity, 18% of white, 38.9% of Black, and 32.2% of Hispanic households with children find it "very difficult" to meet expenses. More than 15 percent of renter households in Connecticut report that they are not caught up on their housing payment, and the rate increases significantly for low- and middle-income renter households with children (22.6 percent) and Black and Hispanic renter households with children (33.5 percent and 20.7 percent).

Connecticut’s low- and middle-income families need financial support to meet basic needs and to make life a little easier. We can do this together through the creation of a CT CTC.

Addressing Income Disparities with a CT Child Tax Credit

Reducing Racial and Ethnic Income Gaps: The creation of a CT CTC would target income disparities where Black households earn $0.63 and Hispanic households earn $0.61 for each dollar earned by white households.

Increasing Median Household Income: Currently, the median incomes of Black ($62,500) and Hispanic households ($60,500) in Connecticut lag behind white households ($99,000).

By providing flexible financial support per child, the creation of a CT CTC would boost the annual income of low and middle-income families, especially for households of color.

Addressing Wealth Disparities with a CT Child Tax Credit

Closing Racial and Ethnic Wealth Gaps: Black and Hispanic households in the Northeast possess only $0.05 in wealth for every dollar of wealth for the median white household. Additionally, wealth poverty in the Northeast is substantial, as 14.2% of households have zero or negative wealth, including 30.6% of Black households and 24.1 percent of Hispanic households.

By supplementing family incomes, the creation of a CT CTC can contribute towards gradual wealth accumulation, especially for households of color.