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Guest Opinion –

CHILD TAX CREDIT A HUGE DEAL FOR IOWA'S CHILDREN AND FAMILIES

The Child Tax Credit [CTC] changes in the American Rescue Plan Act of 2021 represent a huge deal for Iowa's children – the biggest effort to reduce poverty since the War on Poverty in 1964 and the biggest effort ever to reduce child poverty. Nearly all of Iowa's 727,000 children will benefit, and over 20,000 Iowa children will be lifted out of poverty. The reduces Iowa's child poverty rate (using the supplemental poverty index) from 7.2 percent today to 4.3 percent, a 40 percent reduction.

This change was included as an economic stimulus in response to the economic impacts of COVID-19 and also will bring in over \$800 million dollars to families with children, benefiting main street businesses and local economies as well as the children and families themselves. Putting more money into the hands of working families with children has one of the highest stimulus effects on economic activity and recovery that any action the federal government can take.

Championed by Representative Rosa DiLauro (D-Connecticut) and Senator Michael Bennet (D-Colorado), the changes and improvements to the Child Tax Credit much better recognize the cost of raising children in the federal income tax code. The income tax should not tax income needed to meet basic living needs, and families with children have greater living needs than those without children. The CTC recognizes those essential costs.

Because the American Rescue Plan Act was focused on immediate rescue and recovery from COVID-19, the CTC changes only apply to the 2021 tax year, but President Biden has committed to making them permanent and Congress now must act to do so.

This can and should be a bipartisan action. Senator Senator Marco Rubio (R-Florida) led successful efforts to provide a significant expansion of the CTC in the Tax Cuts and Jobs Act in 2017, and Senator Mitt Romney (R-Utah) has proposed a child allowance that is based upon such increases in the CTC.

In making the case for increasing the CTC to Republican members of Congress to support Senator Rubio's efforts, former Senator and Presidential Candidate Rick Santorum asked them to think about families as small businesses investing in raising their children to succeed. He rightly called the CTC a critical investment in the future, enabling families then to make needed investments in their children's safety, nutrition, education, and security so their children will succeed.

The Columbia University Poverty and Social Policy Center has estimated that the improvements to the CTC have a return-on-investment of ten times their cost – in improved health and education and productivity as children grow to adulthood. A good share of these returns are direct benefits and cost-offsets in public programs and increased tax collections due to higher incomes as adults. Nobel Laureate economist James Heckman has concluded that the best investments governments can make, from a return-on-investment percent, are in children and their healthy development.

The American Rescue Plan Act is a huge, but currently temporary, step in securing Iowa's and the nation's future – through investing in our children. Now, Congress needs to make those provisions permanent. Iowa's Congressional delegation can and should be leaders in doing so, and Iowa voters should hold them accountable to doing so. While children do not vote, their parents, grandparents, and aunts and uncles do. We need to make our voices heard.

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(now Common Good Iowa)