

EPISODE 1252

“RC: This is really significant as you mentioned with the pandemic, a lot of families have seen changes to their income and some families have lost jobs and weren’t able to fully recover. Families will be able to benefit from the child tax credit still.”

[INTRODUCTION]

[00:00:57]

FT: Welcome to So Money, everybody. I’m your host, Farnoosh Torabi. Right now, over sixty-five and a half million children nationwide are eligible for the child tax credit and monthly checks have already started to go out to eligible families, but many are still unaware that they qualify.

Welcome to So Money. I’m your host, Farnoosh Torabi. As we are still in the midst of a pandemic and many families are struggling to put food on the table, to get back to work, to afford childcare for their children. The newly expanded child tax credit may be able to help many families offset these high costs of raising kids. Today, our guest, Roxy Caines, from the Center on Budget and Policy Priorities, will share more about this expansion and how families can qualify, how we can benefit from the credit and how to sign up if you think are eligible but have yet to sign up or receive them.

Under the American Rescue Plan, almost every family now can get money from the child tax credit and this includes, very importantly, families that have yet to file a tax return and those without recent income, anyone who has a child with a Social Security number is eligible, even if they themselves don’t have a Social Security number. Our guest, Roxy Caines is the earned income credit campaign director at the Center on Budget and Policy Priorities. There, she provides technical assistance, leads training and develops outreach materials to help organizations all over the country as they conduct local outreach campaigns that promote the earned income tax credit, the child tax credit and many other free tax filing assistance programs.

Two of these child tax credit payments have already gone out and another is set to arrive on September 15th. The rest are going to be coming out direct deposit on October 15th, November

15th and December 15th. Important information in this podcast. If you are interested in this, know a family who would benefit, stick with us. Here is Roxy Caines.

[INTERVIEW]

[00:03:03]

FT: Roxy Caines, welcome to So Money.

[00:03:05]

RC: Hi! Thank you so much for having me.

[00:03:08]

FT: I am really looking forward to this conversation. Up until now, I haven't really addressed this expanded child tax credit to the extent where we're going to really talk about what is it, who can qualify, how those of us families and caregivers who may not be receiving it can still perhaps if we are eligible and also just a bigger conversation with you as the director of the Get It Back Campaign for the Center on Budget and Policy Priorities. What you think and what your colleagues think of what this country really needs at a federal and state level in terms of supporting families. We talk about that on the show a lot, is that universal childcare one would be great.

While we have many advancements in this country when it comes to supporting families, I think that there's a lot that's lagging, economically speaking. Looking forward to hearing your thoughts and ideas around that. But first, for listeners who might be arriving to this podcast, they've seen headlines about the expanded child tax credit even if they're not parents, but maybe they have children in their lives. What is this expansion of the tax credit? We know that for many years, families who qualify could get some sort of tax credit when they file their taxes but with the pandemic, we know that President Biden on March 11th, he signed the American Rescue Plan. With that came an expansion in the child tax credit. Tell us what this is and what it will mean for families that qualify.

[00:04:43]

RC: Yes. What expanded child tax credit means is that more families will qualify for more money. The child tax credit is not new, it was first enacted in 1997. There's been some changes to the tax credit over the years. What has happened this year as a result of the American Rescue Plan represents the largest expansion. For the child tax credit in 2021, first, nearly all families will be eligible to receive the money from the child tax credit. This includes families that don't normally file taxes and families that don't have recent income. This is really significant as you mentioned with the pandemic, a lot of families have seen changes to their income and some families have lost jobs and weren't able to fully recover. Families will be able to benefit from the child tax credit still.

This expansion also increases the value of the credit. Previously, the credit was worth a maximum of \$2,000 and \$1,400 of that \$2,000 was considered refundable. Meaning, someone could actually get that money back. Now, the child tax credit is worth a maximum of \$3,000 and that is for children between the ages of 6 and 17. Then, families that have a child under 6 can get a little bit more money. They can get a credit worth \$3,600. These credit amounts are per child and there's not a maximum number of children that can be claimed. Already, we can see how this can benefit a lot of families.

Important to know is, as you mentioned, this can also benefit people that have children in their lives that aren't necessarily parents. The child tax credit has always been available to different types of families. This includes someone that is raising their grandchild or they have a step child. They may be raising their sibling or at step sibling. Also, if someone is a foster parent or an adoptive parent, then they can also claim this child tax credit.

[00:07:33]

FT: Yes. Just some other bullets related to this. People who qualify, your child has to have a Social Security number that's important even if the parent themselves don't have a Social Security number, but the child needs to have a Social Security number. That's what I understand about it. Is that correct? Is that also – you understand?

[00:07:49]

RC: Yes, that's correct.

[00:07:51]

FT: It's going to be paid in installments, which is also sort of a new-ish development. When we think of credit, we think of a lump-sum credit. Do you like that it's being paid in installments? You think that's helpful to families to be able to budget more?

[00:08:05]

RC: The advanced payments of the child tax credit with option for it to be paid in installments and still receive a lump sum at tax time is a very new development. We are starting to see some of the benefits of that. The advanced payments can help support people with budgeting. It can also help support needs in the moment not having to wait several months if you have an issue with your car that needs to be addressed but you don't have the money to take care of it right then.

We've seen that since the first round of payments in July were issued, many families are using it to address those immediate needs. About 25% of families reported a decrease in food insufficiencies. They're using money for food. I mean, you can't wait to be able to feed yourself and feed your family adequately. Additionally, families are spending money on household expenses. Right now, we're in that back-to-school time, so getting ready for school with clothes **[inaudible 00:09:28]** and school supplies. Also, paying bills, paying for utilities. Some families are also reporting that they're using the money to pay off debt or for savings.

There's definitely benefits to the monthly installments of the credit. One of the great things about the design of this expansion is that you receive half of the credit in advance in 2021. Then the other half, you will get at tax time when you file a tax return in 2022. Because the credit has been increased, it is worth more than previously. Families will still get a significant refund at tax time.

[00:10:19]

FT: Yeah. It's an incentive to file your taxes earlier, as soon as possible, I suppose. In terms of who is eligible, we talked earlier about how this impacts most families. But specifically, it's joint filers making up to \$250,000, single-head of households making up to \$112,500 and then other single filers making up to \$75,000 qualify for the full advanced monthly payment, these installments of the child tax credit.

Still, people are not maybe receiving this. They are unaware or they may not have been properly informed of this. What is the advice? What is the recommendation for those families and parents that haven't gotten their credit but should?

[00:11:16]

RC: Yes. If families haven't gotten their credit and they believe that they're eligible based on what we've talked about. They know that they have a child who is eligible. For a child, in addition to having a Social Security number, the child must be 17 years old or younger by the end of the year. If someone knows that they have a qualifying child, then they can go to getctc.org to learn more about how to get their credit. That website includes a link to a place that has a, what would be considered a simplified tax return. You have to submit your information to the IRS in order to get the credit. You can either use this simplified tool to send your information to the IRS or some people – maybe they shouldn't use that tool, because they may be eligible for other tax credits as well. In that case, someone would want to file a full tax return so that they can get all of the money that they're eligible for. That's the way that someone would get the credit.

[00:12:40]

FT: I know that the IRS, although not my favorite website to visit, but the IRS website does have a portal for updates on the child tax credits. If you're looking to find out when your next one will be more or less delivered and a lot of people are getting these automatically deposited into their bank accounts, which makes it a lot easier for families. I was reading to Roxy that with anything

that is involving a tax credit. There are scams, there are possible people out there, fraudsters posing as the IRS, posing as not-for-profits, asking for people's information with regard to getting this credit. What's the advice around that and what to look out for? Have you come across any of this in your work?

[00:13:28]

RC: Yes, absolutely. Scams pop up a lot in my work. When we're talking about money, people can get very creative and trying to get their hands on money even if it's not really meant for them. The thing that is important to know related to the child tax credit is that, number one, the IRS is not going to reach out directly to you. The IRS will not send you an email, will not call you, will not send you a message through social media. If the IRS needs to contact you directly about something, they do that through written correspondence. Only the ways that I've shared to get your credit that you must submit your information to the IRS. If you see something that is directing you to another place to send your information, if someone is promising that they can get you a larger child tax credit, or get you your child tax credit sooner, then be skeptical. I would pause on that and again, go to the trusted places for information. The IRS website and the getctc.org website.

[00:14:55]

FT: What do we think of this expansion and do we think that it's sufficient in the grand scheme of where we are in the world? We discussed, it's very difficult for families right now for many reasons. It was before the pandemic. The pandemic made finances even more difficult managing the monthly budget. Childcare is a huge expense. Sometimes more than rent for some families. It's nice to have some credit and some acknowledgment really from our lawmakers that this is important. We need to prioritize this. But from where you stand and given the work that you do at the Center on Budget and Policy Priorities. Is this sufficient? What else would you like to see happen in this realm?

[00:15:42]

RC: The child tax credit expansion is a significant staff and there is certainly space to do more. This child tax credit expansion, just this one-year expansion, it is temporary right now and it is projected to reduce child poverty by more than 40% and even larger reductions will be seen for families that include children who are black Native American and Latino. That in itself is very significant. Because this is a temporary expansion, it's not enough, it's not sufficient, so there is legislation, that is being worked on to extend the benefit longer. The child tax credit alone is, it's one aspect. It's one aspect of what we would like to see and the opportunities to help make sure that there is more income available to people so that people can build well.

A lot of times in looking at closing the wealth gap, the child tax credit is shared as an opportunity and it represents a building block because it does provide more money for families to spend as they need. This can help reduce poverty as I mentioned, but this alone and other similar tax credits alone can actually close the wealth gap. There are other things that will need to be addressed as well.

You just mentioned the very high cost of childcare. Thinking about closing the wealth gap, it is really important to look at how to narrow gaps in access to necessities like childcare, or food, or housing and education. All of these things play a role as well. When we look at the tax system, the child tax credit looks at how to provide more income for people with lower incomes. We also want to look at the income of higher earners, and look at the incomes of people who are wealthy.

Many wealthy families are able to continue to grow well because they have their money passed down generation to generation without it being taxed. There must be policies in place that require people with these higher incomes to pay their fair share of taxes. If this doesn't happen as well, then the wealth gap will persist. That's another important aspect of looking at the whole picture.

[00:18:58]

FT: Are you and your colleagues hopeful that we are finally in a place where we're prioritizing the needs, the economic needs of families really? The pandemic, for as devastating as it was and continues to be, there were some silver linings in that, it was an abrupt awakening to what

our bare bone necessities are and how we should really pay attention to those things. Like healthcare, and the impact of not having childcare, our school systems. At the end of the day, I feel like of our school systems are broken, nothing can work, right? Nobody can actually go to work, let alone, children aren't learning and socializing, which is detrimental to their lives.

Are you and your colleagues optimistic that we are finally in a place where the wheels are really grease and turning. Yes. We are optimistic that we are in a space to see real change that can be lasting and make a difference in that long-term way that we are looking for and that we know is so important. This is a very important time and opportunity, and there's a lot of work that's being done partially because there is this recognition of this being such a critical time and opportunity.

[00:20:28]

FT: Roxy, what drew you to this space of work. I know you've been with the institute for many years. I'm just curious, what inspires you to continue working in this field? Well, a big inspiration for me and doing the work that I do comes from my childhood and my upbringing. I experienced that I was able to really enjoy being a child. I had my basic needs met plus more and did not have to think about making choices of what I'm going to eat. My family didn't have to think about making choices of which bill will be paid and which one won't and I did not experience a lot of stress as a child and I did not witness that among my parents either. As I got older and I learned more that what I experience was not everyone's reality. That really sat with me and it really made me think about, "Okay. What can I do?"

I know that the way that I grew up is not necessarily the standard, but it is something that I would like for others to have a similar experience and even better. Knowing and recognizing that what I experienced and what I thought was a common childhood is not is what drew me to this work and part of what continues to motivate me to continue to work in the space.

[00:22:20]

FT: Yeah. It's such an important work and we're so grateful that you're at the helm there, working on these important initiatives. I think it's important that we keep our legislators accountable. We have parties like the Center on Budget and Policy Priorities evaluating policy

and adding their extra layers of thought and analysis. It's so important to sort of keep everybody in check. Let's remind everybody how they can get this credit. As we close the conversation, I just want to remind people of the website, if you can share that. And also, any last thoughts on advice or thoughts on this child tax credit and for families to make sure that they're getting what they deserve.

[00:23:05]

RC: Families can learn more about the child tax credit by visiting getctc.org. Here, you can review all of the eligibility requirements as well as get connected to how you can send your information to the IRS so that you can start receiving the advance payments. Some people decide that they don't want the advanced payments. If they don't get them, you can still get the full amount of the credit by filing a tax return in 2022. It's really important for people to know that even if you are getting the credit automatically already, you have to file a tax return next year to get the full benefit of the credit.

Everyone can play a role in helping people get the credit. Again, even if you're getting it automatically, think about those in your life that have children and check in with them, ask them, are they getting the child tax credit. You can share with them where they can go, because there are many organizations that are doing outreach to make sure that families that aren't getting the payments automatically can get them. And the efforts of organizations, as well as the government and even media, that alone is not enough. Everyone can play a role in helping make sure that people get the credits that they are eligible for. When we do have more families that have this money available to support themselves, that means more families will thrive and then when more families thrive, we have more communities thrive. We can thrive collectively as a society.

[00:25:07]

FT: Yes. A rising tide lifts all boats. Roxy Caines, thank you so much for joining us and sharing this important information as the second installment of the credit is coming into many people's bank accounts hopefully this month. If you're not, please check out getctc.org. Thanks, Roxy.

[00:25:27]

RC: Thank you.

[END OF INTERVIEW]

[00:25:31]

FT: Thanks to Roxy for joining us. Again, if you like to learn more about the credit and how to qualify and how to get it, please visit getctc.org and of course, the IRS has all the information at irs.gov. Thanks for tuning in everybody. I'll see you back here on Wednesday. I hope your day is so money.

[END]