

# FGA An Expanded Child Tax Credit = *Dependency Disaster*

The proposed change under the American Families Plan to the Tax Cuts and Jobs Act's Child Tax Credit (CTC) is just the latest Democrat dependency disaster.

## MYTH:

Democrats claim that converting the Child Tax Credit into a new welfare program would 'greatly reduce poverty.'



## REALITY:

The Democrats' plan would have no effect on deep poverty and likely lead to long-term negative consequences as kids watch their parents leave the workforce.<sup>1</sup>



## WHAT'S PROPOSED:

- ✗ Transform the Child Tax Credit to a **monthly welfare check**
- ✗ **Eliminate the work requirement** by making the credit fully refundable
- ✗ **Increase the credit from 50% to 80%**, depending on the child's age\*
- ✗ **Expand the credit to illegal immigrants** by repealing Social Security number requirements
- ✗ **Exempt the new monthly checks** from child support collection



## WHAT IT WOULD DO:

- ✗ **Cost nearly \$1.6 trillion** over the next decade<sup>2-3</sup>
- ✗ **Cause 1.5 million workers to exit** the labor force<sup>4-6</sup>

**3.3 million Americans** are still missing from the workforce with labor force **participation near its lowest level in 45 years**—a time when most women weren't in the labor force at all.<sup>4\*\*</sup>

\*\*Compared to pre-pandemic participation rates. Source: Hayden Dublois, "Fixing What Wasn't Broken: Why Biden's Child Tax Credit Scheme Is a Recipe for Failure, Foundation for Government Accountability (2021)." 

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**A NO to an Expanded Child Tax Credit Is a YES to:**



✓ **TAMING  
INFLATION**



✓ **FISCAL  
RESPONSIBILITY**



✓ **PROGRAM  
INTEGRITY**



✓ **ANTI-FRAUD  
MEASURES**



✓ **AMERICAN FAMILIES  
AND TAXPAYERS**



**Say NO to this latest  
Dependency Disaster and NO  
to an expanded Child Tax Credit**

## SOURCES

1. Kevin Corinth, "The Anti-Poverty, Targeting, and Labor Supply Effects of the Proposed Child Tax Credit Expansion," Becker Friedman Institute (2022).
2. Congressional Research Service, "Tax provisions in the 'Build Back Better Act': The House Ways and Means Committee's legislative recommendations," Congressional Research Service (2021), <https://crsreports.congress.gov/product/pdf/R/R46923>
3. Phillip L. Swagel, "Letter Response on Budgetary Effects of Making Specified Policies in the Build Back Better Act Permanent," Congressional Budget Office (2021).
4. Kevin Corinth, "The Anti-Poverty, Targeting, and Labor Supply Effects of the Proposed Child Tax Credit Expansion," Becker Friedman Institute (2022).
5. Bureau of Labor Statistics, "The Employment Situation- November" U.S. Department of Labor (2022).
6. Bureau of Labor Statistic, "A century of change: the U.S. labor force, 1950-2050," U.S. Department of Labor (2002).