

**United States Senate Committee on Finance
Subcommittee on Taxation and IRS Oversight
Hearing on “Assessing 25 Years of the Child Tax Credit (1997-2022)”
July 13, 2023**

Questions for the Record for Indivar Dutta-Gupta

Senator Warren

Question 1

The *American Rescue Plan Act* expanded the Child Tax Credit in 2021, helping slash child poverty nearly in half.¹ However, the 2017 Republican *Tax Cuts and Jobs Act* excluded children with Individual Tax Identification Numbers instead of Social Security Numbers from receiving these benefits, harming an estimated one million children from immigrant households.²

Can you speak to what the repercussions of that exclusion have been?

A primary goal of the Child Tax Credit (CTC) is to address child poverty and help families raise children in the United States—any exclusion results in harm to children as they develop and grow up here. Excluding a child from this basic support that allows them to access opportunities as adults thrive throughout their lives is both immoral and inefficient. We know that the American Rescue Plan Act CTC expansion would pay for itself many times over and that the benefits stem disproportionately from supporting the most marginalized children and families. Often families with children with ITINs face higher poverty rates, since immigrant parents are more likely to have low-wage jobs and have access to fewer employer benefits and work protections.ⁱ

Nationally, up to one million children a year have been barred from receiving this critical support since the passage of the Tax Cuts and Jobs Act, simply because they use ITINs.ⁱⁱ These children call the U.S. home and their parents file taxes, just like other families who benefit from the CTC do. Everyone living in the United States pays state and local sales taxes and many pay state and local property and incomes taxes as well. Many ITIN-holder children are part of mixed-status immigrant families—which means that targeted exclusions will harm U.S. citizen children as well.ⁱⁱⁱ

For many, the pandemic exacerbated the rate of children in extreme poverty^{iv}, and children with ITINs have experienced additional hardship and less support. Children in mixed-status families were particularly impacted by the pandemic, with immigrants making up 1 in 5 essential workers as well as being overrepresented in industries like hospitality and child care, which were hit hard by unemployment.^v ^{vi}In addition, many mixed status families were denied access to stimulus

¹ United States Census Bureau, “Child Poverty Fell to Record Low 5.2% in 2021,” Kalee Burns, Liana Fox, and Danielle Wilson, September 13, 2022, <https://www.census.gov/library/stories/2022/09/record-drop-in-child-poverty.html>.

² Center for the Study of Social Policy, “A Permanent Child Tax Credit Must Include Immigrant Families,” Valery Martinez, May 4, 2021, <https://cssp.org/2021/05/a-permanent-child-tax-credit-must-include-immigrant-families/>.

payments under the first two COVID relief packages, and it was not until passage of the American Rescue Plan Act that stimulus payments were made more widely available to children in mixed-status families. ITIN-holding children were denied access to these critical stimulus payments as well as the CTC throughout ^{vii} This was in addition to other harms experienced by mixed-status families during the pandemic and beyond, such as limited access to health care and reluctance to seek out other critical supports, like nutrition assistance or housing assistance, due to immigration-related concerns.^{viii}

Excluding ITIN children for CTC eligibility hurts us all. Estimates show that child poverty exacts a societal cost of between \$800 billion to \$1.1 trillion in lost economic output annually.^{ix} Because a disproportionate share of ITIN children experience child poverty, restoring access to the expanded CTC passed under the American Rescue Plan Act for the up to one million children currently being excluded is estimated to have a net impact of \$3.3 billion.^x Failing to ensure CTC access for children holding ITINs would be both discriminatory and pennywise and pound foolish.

ⁱ Galen Hendricks and Lorena Roque., *An Expanded Child Tax Credit Would Lift Millions of Children Out of Poverty*. Center for American Progress, 2021. <https://www.americanprogress.org/article/expanded-child-tax-credit-lift-millions-children-poverty/>

ⁱⁱ United States Census Bureau, “Child Poverty Fell to Record Low 5.2% in 2021,” Kalee Burns, Liana Fox, and Danielle Wilson, September 13, 2022, <https://www.census.gov/library/stories/2022/09/record-drop-in-child-poverty.html>.

ⁱⁱⁱ Approximately 4.4 million U.S. citizen children live in a mixed-status family with at least one undocumented parent. Randy Capps, Julia Gelatt, Ariel G. Ruiz Soto, and Jennifer Van Hook., *Unauthorized Immigrants in the United States: Stable Numbers, Changing Origins*, Migration Policy Institute, 2020.

<https://www.migrationpolicy.org/research/unauthorized-immigrants-united-states-stable-numbers-changing-origins#:~:text=As%20of%202018%2C%20there%20were,U.S.%20Department%20of%20Homeland%20Security>.

^{iv} *The State of America’s Children 2023*, Children’s Defense Fund (2003). <https://www.childrensdefense.org/the-state-of-america-children/soac-2023-child-poverty/>

^v *Immigrant Essential Workers are Crucial to America’s COVID-19 Recovery*, FWD.US, (2020). <https://www.fwd.us/wp-content/uploads/2020/12/FWD-essential-worker-report-FINAL-WEB.pdf>

^{vi} Julia Gelatt., *Immigrant Workers: Vital to the U.S. Covid-19 Response, Disproportionately Vulnerable*, Migration Policy Institute, 2020. https://www.migrationpolicy.org/sites/default/files/publications/COVID-19-EssentialWorkers-FS_Final.pdf

^{vii} American Rescue Plan Act of 2021, Pub. L. No. 117-2 (2021).

^{viii} Hamutal Bernstein, Dulce Gonzalez, and Michael Karpman., *Adults in Low-Income Immigrant Were Deeply Affected by the COVID-19 Crisis yet Avoided Safety Net Programs in 2020*. Urban Institute, 2021.

<https://www.urban.org/research/publication/adults-low-income-immigrant-families-were-deeply-affected-covid-19-crisis-yet-avoided-safety-net-programs-2020>

^{ix} This estimate is for 2018 dollars. Marco Guzman, “Inclusive Child Tax Credit Reform Would Restore Benefit to 1 Million Young ‘Dreamers’,” *Institute on Taxation and Economic Policy*, April 27, 2021, <https://itep.org/inclusive-child-tax-credit-reform-would-restore-benefit-to-1-million-young-dreamers/>

^x This calculation assumes that the expanded version of the Child Tax Credit passed under the American Rescue Plan Act would be extended – meaning the credit would be fully refundable, increased to \$3,600 per child under age 6 and to \$3,000 per child ages 6 through 17, and available to 17-year-olds, among other provisions. The calculation also is a maximum estimate that assumes all undocumented children have a parent who files taxes with an ITIN, and that they do not receive the \$500 non-refundable credit available under current law. Marco Guzman, *Inclusive Child Tax Credit Reform*