



February 21, 2024

To: Chairperson Linehan and Members of the Revenue Committee

From: Anahi Salazar, Policy Coordinator for Voices for Children in Nebraska

RE: Support for LB 1324, Adopt the Child Tax Credit Act

319 S 17th St. Suite 212
Omaha, NE 68102

(402) 597-3100
www.voicesforchildren.com

BOARD OF DIRECTORS

Michael Beverly, Jr., MBA
President

Jill Batter, Esq.
Vice President

Tim Hron, MA, LIMHP
Secretary

Daniel Gutman, J.D.
Christina Kahler
Keegan Korf
Shawntal Mallory, J.D.
Emily Mwaja
Juan Padilla
Patty Pansing Brooks
Kelley Peterson
Kate Noble Weitz

Juliet Summers, J.D.
Executive Director

Our state benefits when every child in Nebraska has the opportunity to reach their full potential. The Child Tax Credit (CTC) helps working families by offsetting part of the cost of child rearing. This tax credit would help families with children escape poverty and achieve self-sufficiency. Nebraska, like most of the country, has faced growing child poverty rates since the end of the federal Rescue Plan, and households are having to pay more each month compared to years past as cost of living rises. Voices for Children supports LB 1324 because it supports Nebraska's working households and children.

Child tax credits are an effective means to bring working families needed economic relief. In 2021, poverty fell 46 percent across the country with the federal Child Tax Credit expansion.¹ The money helped decrease the child poverty rate (5.2 percent) below that of adults for the first time.² With the federal CTC expansion, households were able to provide for their children by paying for food, utility bills, housing, clothing, and cover education costs.

Families with young children also have the cost of child care. Child care annual costs for a young child in Nebraska in 2021 averaged about \$11,000.³ LB 294 would provide additional support to families with young children who require child care to remain in the workforce.

By instituting a state-level child tax credit, LB 1324 would help maintain and hopefully push our child poverty rate even lower. Additional income such as the CTC can improve children's health, educational, and economic outcomes. It would work in tandem with our state Child & Dependent Care credit and any action taken by the federal government to enhance tax credits for working families.

Finally, there is a growing body of evidence that shows a relationship between family income and academic achievement. Increases in tax credits for working families have been shown to positively impact educational outcomes. This impact extends beyond the economic. Additional research found that income from policies such as the CTC improve the health, educational achievement, future earnings, and lifelong prospects of children.⁴

¹ Burns, Kalee. "Expansions to Child Tax Credit Contributed to 46% Decline in Child Poverty since 2020." *Census.Gov*, 13 Sept. 2022, www.census.gov/library/stories/2022/09/record-drop-in-child-poverty.html.

² Id.

³ 2022 Kids Count Report. *Education*.

⁴ "Policymakers Should Expand Child Tax Credit in Year-End Legislation to Fight Child Poverty." *Center on Budget and Policy Priorities*, www.cbpp.org/research/federal-tax/policymakers-should-expand-child-tax-credit-in-year-end-legislation-to-fight#:~:text=The%20Child%20Tax%20Credit%20expansion.

Enacting a state-level child tax credit will help Nebraska children flourish. We thank Senator Conrad for her leadership on this issue and we respectfully urge the committee to advance this bill. Thank you.