

Child Tax Credit Payments Begin Hitting Bank Accounts

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President Joe Biden announced over \$100 billion in expanded child tax credits will start flowing into parents' bank accounts Thursday as part of the American Rescue Plan passed in the spring.

“Nearly all working families, people making under \$150,000, who have children will receive their first monthly tax cut payment,” the president said at a White House press event Thursday. “It’s one of the largest ever single tax cuts for families with children and a reflection of our belief that it’s not the folks at the top who need a tax cut, it’s the people in the middle.”

The plan, passed without a single Republican vote as part of the larger coronavirus relief bill, increases the existing child tax credit from \$2,000 to as much as \$3,600 per child and raises the child age limit from 16 to 17.

Instead of the usual process of claiming the full credit on annual taxes, the new portion of the credit is set to be automatically deposited regularly for those who paid taxes in the last two years. Parents have the option to opt out and claim the credit all at once, otherwise as much as \$300 a month will go to about 39 million households through the end of the year, starting this week.

“This will reduce child poverty in the same way Social Security reduced it for the elderly,” Biden said, noting the program aims to cut child poverty in half and will support Black and brown children, who he argued were being left behind.

“Instead of families who need it the least, hard-working families will get this on a monthly basis,” the president added, calling it a middle-class tax cut.

The tax credit distribution is welcome news to needy parents, many of whom are still reeling from the coronavirus pandemic that caused record job losses and largely shuttered the economy for months.

Among those expecting the payment is Abbey Conley, who left her job at a Central Virginia veterinary clinic last March to stay home with her 3-year-old son full-time.

“It’s a little extra that will cover things to help my son meet other kids ’cause he hasn’t seen them in so long,” Conley said at a roundtable talk in Henrico, Virginia, on Tuesday, where she met with Virginia Congresswoman Abigail Spanberger, who has joined fellow Democratic lawmakers around the country in touting the new payments for parents.

“It’s incredibly important that when we’re looking at our economic recovery, families and homes with children across our country are part of that recovery,” Spanberger said after closed-door event, which gave a mix of families and child care providers the chance to offer feedback to the elected official.

Still, conservative groups have decried Biden’s enhanced child tax credit payments as another example of a Democrat’s willingness to spend taxpayer funds with little regard for its impact on the national debt or the efficiency of its distribution.

Chris Edwards, economist with the libertarian Cato Institute, pointed to the government’s own assessment that more than 20% of similar tax refund programs are distributed in error.

“It’s unfair to taxpayers that you have a government program with such a high error rate,” he said in an interview, before also questioning the program’s phased-out benefits; the more you earn, the less you get, he said, shifting the burden onto the country’s wealthiest Americans.

“At some point there should be skin in the game on households when it comes to government spending,” Edwards said.

But Spanberger disagrees and instead points to numbers from the White House and the Social Work Research Group that estimate existing child poverty costs the nation over a trillion dollars a year.

“I would make the economic argument to anyone about the cost of this program that an investment of approximately \$100 billion that has the capability to mitigate that trillion-dollar cost is an investment worth making and one I’m proud to have voted for,” the congresswoman said.

Down in Georgia, Democratic Congresswoman Nikema Williams, spent Wednesday in a Zoom press conference highlighting the estimated 171,000 children across her state who would be supported by the enhanced payments.

“This tax cut is a financial lifeline for middle-class parents all across Georgia,” Williams said, adding it would be felt for “generations to come.”

Shantrice Jones, an Atlanta-area single mom and public health professional who also appeared alongside Williams, said she plans to use the funds to pay for the “extremely challenging” mix of child care, bills and basic necessities for her 6-year-old son.

“I have really struggled to provide,” she said. “This pandemic really brought to light for me how broken our system is and how little support there is for working families.”

Winding down his announcement at the White House on Thursday, Biden expressed hope at seeing his child tax credit expansion continued beyond 2021, casting doubt on arguments the country couldn’t afford it.

“We can afford it by making people at the top and the big corporations start paying their fair share,” he said, adding his legislative agenda includes a push to keep the expanded credit in place for at least five more years.

“We shouldn’t let taxes go up on families,” the president said. “This is something we should extend, not end next year.”

