

# Expiration of expanded tax credit throws millions of US children into poverty

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Amid a surge in the Omicron variant in the United States, the Democrats have allowed expanded Child Tax Credit (CTC) payments to expire with 30 million families not seeing the payments on January 15 after just six months of the program.

The program, approved as part of President Joe Biden's American Rescue Plan (ARP) bailout, paid about \$80 billion over six months for up to \$300 per child each month and was set to expire in January 2022. The total amount paid amounts to a little over one fifth of the \$350 billion in the ARP, which states can use for police, and a fraction of the total \$1.9 trillion bill.

The end of the payments come as the Biden administration pushes forwards with its policy of keeping workplaces and schools open, with the predictable result being millions of workers and children getting infected and child hospitalizations soaring. Roughly 2,500 people are dying of COVID-19 in the US every day, with 900,000 people in the US having died from the virus to date. Twenty-seven children died and over 1.15 million were infected with COVID-19 in the week ending January 20.

Approximately 35 million families with 65 million children have relied on the expanded monthly child tax credits to make life a little more bearable. About four in 10 households receiving CTC checks from late July to September 2021 used the checks to pay off debt, according to the US Census Bureau.

Of households earning less than \$35,000 per year, 91 percent used the money for food, utilities, rent or mortgage, clothing, or education costs between July 21 and September 27, 2021, according to the Center on Budget and Policy Priorities (CBPP).

The CBPP, a liberal think tank, had warned that 10 million children would be at risk of falling below the already extremely low poverty line or becoming even more impoverished should the payments expire, with

another 27 million expected to lose all or part of the credit, and all 65 million recipients losing some credit.

The expanded tax credit was found to keep 3.7 million children out of poverty last year according to an analysis by Columbia University's Center on Poverty and Social Policy, with the rate of childhood poverty expected to jump as much as 5 percent from 12.1 to 17.1 percent in the early part of 2022. Some estimates put the reduction in childhood poverty at close to 30 percent from the program alone.

At his press conference on January 19, President Biden indicated the White House would not try to reinstate the program, saying he was "not sure" if the CTC would go into a new and even more watered-down version of the failed Build Back Better social infrastructure legislation.

The Build Back Better legislation was severely cut back, and then scrapped entirely due to the opposition of right-wing Democratic Senators Joe Manchin, of West Virginia, Kyrsten Sinema of Arizona, despite Democrats enjoying majorities in both House and Senate as well as holding the presidency.

Under Biden, the federal eviction moratorium started under the Trump administration has come to an end, as well as federal jobless aid and other federal assistance programs. The predictable consequence of the Democrats' failure to continue the expanded child tax credit will be a further impoverishment of millions of working people and their children as their standards of living continue to erode, aided by inflation, which rocketed upward in December reaching the highest rate in 40 years.

Xenia, Ohio city councilman Will Urschel, who is also vice president of the Bridges of Hope nonprofit, told the *Dayton Daily* about evictions, "The moratorium is finished, families with children had their tax credit terminated in December, COVID unemployment benefits are gone." Comparing the precarious position families are

being put into, he said “It’s like Jenga. When’s the tower going to fall?”

Urschel stated that “The consensus was a lot of families were using that to supplement their income. With the termination of that, in next couple months, families are going to be struggling to meet basic needs.”

Biden’s proposal for extending the CTC payments was shot down by Manchin on the basis that it does not exclude those without employment income, such as grandparents on fixed income as well as parents who are students or disabled, with Manchin going on Fox News in December to declare his opposition.

Manchin opposed the “fully refundable” tax credit, which is available to people who have no taxable income, unlike the pre-pandemic program. Manchin demanded the inclusion of a work requirement in a permanent tax credit plan, as well as an upper limit requirement of \$60,000 per family—meaning families who increased their incomes would lose the tax credit, as well as families living in urban areas, which on average have high cost of living.

Republican senators echoed Manchin’s opposition to the “fully refundable” tax credit, with Republican Senator Susan Collins of Maine turning reality on its head claiming the “fully refundable” tax credit “went to very high-income people.”

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Under the old rules, 23 million children did not qualify because their families did not make enough money, being required to earn at least \$36,000 a year according to Megan Curran, policy director at the Columbia University Center on Poverty and Social Policy, speaking to NPR. Curran and her Columbia colleagues project a jump in the child poverty rate by a third or more between December and January alone.

Hunger was already on the rise in December. Twenty-one million Americans did not have enough to eat in early December, according to the US Census Bureau, as relief payments ended and inflation ate away at workers’ incomes. Hunger, particularly among children, will no doubt be exacerbated for the poorest segments of the American population by the end of CTC.

Millions of working class and poor families will be losing hundreds of dollars per month at a point at which more than half of Americans cannot afford \$1,000 in unplanned expenses, according to a recent survey by personal finance company Bankrate.

The survey found little difference in the ability of different age groups to cover a surprise expense. Inflation

is responsible for a large part of this, with Bankrate finding that prices were rising at the fastest pace in nearly 40 years. Nearly half (49 percent) of adults surveyed cited inflation as the reason they were saving less. The Personal Saving Rate reported by the Bureau of Economic Analysis fell by almost 3 percent between August and November 2021.

The elimination of the CTC has been demanded by sections of big business, as a “disincentive to work” with the aim of forcing workers to risk their lives in the pandemic, taking whatever low wage work is available.

In the end, this policy is a confirmation of the law of capitalist production laid out by Karl Marx in his landmark work *Capital*: that an industrial reserve army kept at, or below, near-starvation levels of existence is necessitated by modern capitalist industry such that it can be called upon in times of expansion and thrown to the curb in times of contraction.

That millions of poor children are going hungry and tens of thousands of families are being evicted constitutes a social crime. The resources clearly exist to wipe out hunger, childhood poverty, homelessness, and every other major social ill facing modern society. Yet the government, the entire political establishment, and American capitalism have deliberately cut off limited aid provided at the outset of the pandemic in order to coerce workers back into unsafe and underpaid jobs, as well as to redirect social spending to war and bailing out the financial oligarchy.

No constituency for social reform exists within the ruling class. The elimination of hunger, poverty, and the coronavirus requires a mass movement of the working class on the basis of a socialist program to expropriate the financial oligarchy, put its massive wealth under workers’ control to pay for the social programs to eliminate these social ills along with other pressing social issues.



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