



EXECUTIVE SUMMARY

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Shared Prosperity, Thriving Ohioans

Increase family security and expand opportunity in Ohio

The case for a state-level thriving families tax credit

Will Petrik and Gavin LaPlace

Ohio can be the best state to raise a family. A thriving families tax credit can help build a state where all of us, no matter what we look like or where we come from, can live with stability, security, and basic human dignity. Ohio can be where all families have enough to pay for the basics, like groceries, gas, housing and child care, and provide meaningful experiences for their kids.

But today, tens of thousands of families are struggling to afford the costs of necessities. Nearly 1.2 million adults with children in Ohio had difficulty paying for usual household expenses, like food, rent, gas, and medical expenses in the last week, according to the U.S. Census Bureau, based on survey data from this summer. An estimated 463,841 children lived in poverty in 2021. One reason so many children and families live in poverty is because too many jobs pay poverty-level wages. Four of Ohio's 10 most common jobs don't pay enough for a typical worker to feed a family of three without food assistance. Parents are also facing rising costs at the grocery store, the gas station, and to heat and cool their homes.

When children grow up in constant insecurity and stress, it harms their ability to learn and grow, and limits their long-term opportunities. Children who grow up in poverty are more likely to do worse in school and more likely to have health problems and get involved with the criminal justice system as adults compared to their peers from more affluent families.

These outcomes don't have to be the norm for kids from families with low wages in Ohio. When families have financial stability and the resources to pay for the basics, children get better grades in school, are healthier, and earn more during their lifetime. As Gov. Mike DeWine recently said, "Supporting Ohio's families now will help children thrive as adults."

The expanded federal child tax credit has shown how a simple solution — direct payments to families with children — helped families pay for basic household expenses, took some stress off parents, and made families more stable and secure. In Ohio, more families had enough to keep food on the table and afford other necessities, like rent, gas, utilities, and child care. Nationally, an estimated 3.7 million children were kept out of poverty. Child poverty fell to a record low of 5.2% in 2021, in large part due to the expanded child tax credit. But now, because Congress has failed to act, families are facing greater hardship because the expanded child tax credit has expired. This is why Ohio lawmakers must act now.

State lawmakers can rewrite the tax code to boost economic security and stability of children and working-class families. A state thriving families tax credit would help with the cost of raising children, alleviate some stress from working parents, and set more Ohio children up for success.



Policy Matters Ohio analyzed the potential benefits of several state refundable tax credit programs for families. The two proposals presented in this report focus on children under age 18 in families making less than \$85,000. Both scenarios would benefit an estimated 1.8 million children and 986,000 families.

Comparison of Two Ohio Thriving Families Tax Credit Proposals		
	Option 1	Option 2
Maximum annual tax credit amount per child	\$1,000 for children under 6; \$500 for children age 6-17	\$700
Average tax refund per eligible household	\$991	\$1,063
Number of children benefitting*	1,822,262	1,822,262
Number of households benefitting	985,969	985,969
Eligibility by income	Less than \$85,000 *	Less than \$85,000 *
Eligibility by age	All children under 18	All children under age 18

Source: Institute on Taxation and Economic Policy, October 2022.

*Tax filers who make \$65,000 or less with a dependent child (or children) are eligible for the maximum annual tax credit amount per child. Tax filers who make over \$65,000 will receive less than the full amount until the credit phases out at \$85,000.

Option 1 provides more resources for eligible families with young children and Option 2 provides a \$700 tax credit per child under age 18 to eligible families, regardless of the age of the child.

A state thriving families tax credit modeled on either of these options would:

- **Help families pay for the basics:** Tax refunds go directly to hundreds of thousands of families with children to help them afford basic necessities.
- **Provide a boost to families who have been left out:** Most of the money goes to Ohio families who make less than \$65,000; these are the households who pay more in taxes each year on average due to changes to the tax code since 2005.
- **Provide more opportunity to families of color and families in Appalachia:** An estimated 77% (285,000 children) of Black children in Ohio would benefit, compared to 53% (1.37 million children) of white children benefiting; an estimated 300,000 families in the 32 Appalachian counties would be eligible for the credit.

When we come together and demand that our public policies put more money in the pockets of parents, kids and families do better. Either of the state thriving families tax credit outlined in this report would support families and give more children in Ohio a chance at a better future. It's up to all of us to pass a thriving families tax credit.