

Thank you, Chairman Bennet.

I appreciate you convening today's hearing and appreciate the witnesses agreeing to be here to testify.

Today, we are here to discuss the Child Tax Credit and evaluate its 25-year history, review its effectiveness in helping to ease the financial burden on American families, and discuss modifications to the credit that Congress should consider.

In 1997, the Child Tax Credit was created as a \$400 nonrefundable, per-child tax credit intended to help make life a little easier for working families with children.

Over the last 25 years, the Child Tax Credit has expanded and evolved and, unlike some issues we debate on this committee, it continues to have a fair amount of bipartisan support.

Today, as a result of the Tax Cuts and Jobs Act, the credit provides qualifying families with \$2,000 per dependent child and \$500 per non-dependent child, up to the age of 16.

And due to this expansion of the Child Tax Credit, families across the nation are able to reap the benefits of a more lucrative credit.

However, this expanded Child Tax Credit is set to expire and revert back to pre-Tax Cuts and Jobs Act levels beginning in 2026.

If allowed to happen, families in South Dakota and across the nation would see their Child Tax Credit benefit cut in half and back to 2017 levels.

Therefore, it is my hope that my colleagues on the Finance Committee and in the Senate see the necessity for this expanded Child Tax Credit to not be allowed to simply expire in just a few short years.

As we all know, there is a push by some to reinstate the temporary changes to the Child Tax Credit that were included in the American Rescue Plan in 2021 and have since expired.

This is an approach that I have serious concerns with, as do many others, including some of our witnesses.

The American Rescue Plan went beyond simply increasing the per-child tax credit amount.

It extended the credit to children who are almost adults.

It adopted a completely new approach by mandating taxpayers who did not opt-out to receive half their credit in advance, significantly straining the IRS's resources and leading to refund delays, surprise tax bills, and lengthy call wait times for two consecutive tax filing seasons, among a host of other administrative challenges.

Though we can debate the merits of any of these changes, in my view the most concerning change was that Democrats eliminated the credit's tie to working and earning a basic amount of income.

This single change essentially turned a credit that targets assistance toward working families into universal basic income for anyone with a child.

This contentious and expensive change is also completely contrary to the original intent of the Child Tax Credit.

Eliminating the tie between the Child Tax Credit and working takes away a key incentive – a “bonus” of sorts – for certain parents to enter and stay in the workforce.

Such an incentive has been part of the Child Tax Credit since its inception and one that is lauded in other income support programs, such as the Earned Income Tax Credit.

While some try to reframe the discussion, the Child Tax Credit originated during the broader “back-to-work” welfare reform push of the 1990s and cannot be understood without comprehending the lessons of this highly successful series of reforms.

One primary objective of welfare reform was to get families out of the cycle of perpetual poverty, by providing them with a hand up rather than a hand out.

That is why the Personal Responsibility and Work Opportunity Reconciliation Act incorporated work requirements into various federal programs.

These changes were decried by some at the time as being “unfair” or mean-spirited and likely to lead to harm for those who need assistance.

In fact, the data is irrefutable to the contrary: welfare reform worked and had amazing and positive outcomes for the most economically vulnerable.

By tying government assistance to workforce participation, beneficiaries of various federal programs are incentivized to get a job, which provides the best pathway out of poverty and a host of other positive outcomes.

Clearly there are certain instances in which a parent does not have the ability to work, but there are current programs like the Earned-Income Tax Credit or WIC that do not require one to hold a job in order to reap the full benefits of the program.

However, turning the Child Tax Credit into universal basic income is both duplicative and counterproductive.

And I believe this is the wrong approach.

Instead, I believe that it is imperative for Congress to ensure that we continue to build on the successes of the Child Tax Credit that we have witnessed over its 25-year history rather than “fixing” what is not broken.

I look forward to hearing from our witnesses on this very important issue and look forward to the discussion.