

The Impact of the Expanded Child Tax Credit in Oklahoma

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In 2021, the American Rescue Plan Act temporarily expanded the federal child tax credit (CTC) for one year. In 2021, the American Rescue Plan Act

- provided a CTC of up to \$3,600 per child under age 6 and \$3,000 per child ages 6 to 17 (up from \$2,000 per child age 16 and under);
- made the credit fully refundable, meaning even very low-income families could receive the maximum credit (previously, a family needed to earn at least \$2,500 to qualify for any CTC, and only \$1,400 could be received as a refund); and
- delivered the CTC on a monthly basis starting as early as July, with payments continuing through December unless a family opted out of monthly payments (previously, families would receive their credit with their tax returns).

As a result of that expansion, the Urban Institute has estimated that in a typical year, 59,000 children in Oklahoma would be lifted out of poverty, cutting the state’s 13 percent child poverty rate roughly in half (Acs and Werner 2021). Key to helping low-income families in Oklahoma will be making sure that eligible children receive the credit.

What an Expanded CTC Means for Oklahoma

Table 1 shows the projected change in the child poverty rate resulting from an expanded CTC as well as among white children, Hispanic children, and children of any other race.

TABLE 1

Projected Share of Children Experiencing Poverty before and after CTC Expansion Implementation, Oklahoma

	Before expansion				After expansion			
	All	Hispanic	Any other race	White	All	Hispanic	Any other race	White
Oklahoma	13.1	21.3	12.9	8.7	6.9	11.3	6.9	4.8
Tulsa County	15.7	-	-	-	10.1	-	-	-

Source: Gregory Acs and Kevin Werner, “How a Permanent Expansion of the Child Tax Credit Could Affect Poverty” (Washington, DC: Urban Institute, 2021).

CTC Outreach to Eligible Families

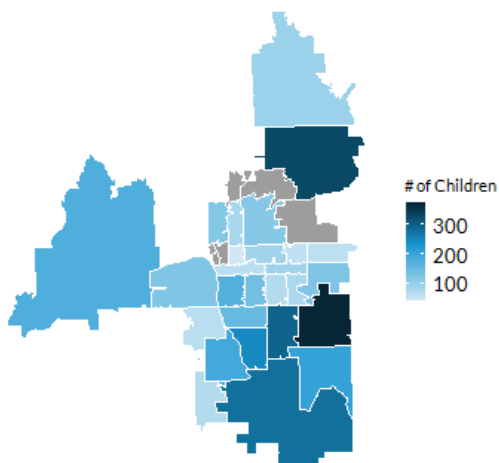
Making the CTC fully refundable was a critical step in ensuring that even children from the very lowest-income families in Oklahoma could benefit. The IRS began automatically sending payments to people who had filed tax returns in either 2019 or 2020 or who had claimed an economic impact payment (stimulus check) earlier in the year.

But some people who do not typically file tax returns because their incomes are too low did not automatically receive their CTC payments.

If a family in Oklahoma did not receive their CTC payment automatically, they have the option of claiming a benefit through the IRS website or through <https://getctc.org/Tulsa>. They can also claim the credit by filing a 2021 tax return in the spring of 2022.

The US Department of the Treasury released zip code-level data showing where some children are at risk of not getting a monthly payment. These are children who appear in IRS data as receiving health insurance but who do not appear on a tax return in 2019 or 2020. Figure 1 shows where these estimated 4,000 children live in Tulsa County. Another group at risk of not receiving advanced payments are babies born in 2021, who have not had the chance to appear on a tax return.

FIGURE 1
Estimated Number of Children in Tulsa County at Risk of Not Receiving the Child Tax Credit, by Zip Code



Sources: US Department of the Treasury.

Note: Zip codes in gray indicate that US Department of Treasury estimates are zero.

Conclusion

Expanding the CTC, and particularly making the credit fully refundable, is a critical step toward reducing child poverty in Oklahoma. Although families can receive the payment at tax time, allowing them to receive monthly payments will immediately begin alleviating poverty and helping families meet basic needs. Often, the families left out of receiving the CTC will be those who already have low incomes and did not file taxes, meaning that the need to reach out to them is all the more critical.

Reference

Acs, Gregory, and Kevin Werner. 2021. "How a Permanent Expansion of the Child Tax Credit Could Affect Poverty." Washington, DC: Urban Institute.