



Testimony of Stephanie Eglinton

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In support of LD 1544, An Act to Improve Economic Security for Maine Children by Establishing the  
Maine Dependent Tax Credit  
May 4, 2023

Good afternoon, Senator Grohoski, Representative Perry and members of the Joint Standing Committee on Taxation. My name is Stephanie Eglinton and I am the executive director of the Maine Children's Alliance. We are a statewide, non-partisan organization whose mission is to promote sound public policies and promote best practices to improve the lives of all Maine children, youth, and families.

I offer testimony in support of LD 1544 to help families achieve economic security by making changes to the current state dependent exemption tax credit. The Maine Children's Alliance believes that all Maine children should be able to grow up in safe and stable homes, and their families should have access to the resources they need to stay out of poverty and achieve economic stability.

By changing the minimum income eligibility for the Maine dependent tax credit, this bill will ensure that the credit reaches families with the lowest income, the ones who need it the most. It also increases the credit from \$300 to \$350.

In the 2023 Maine KIDS COUNT Data Book, we report that nearly 34,000 Maine children in 2021 lived in families facing the challenges and potentially harmful effects of poverty. Half of these children lived in extreme poverty. The official poverty federal income threshold for a family of four in 2021 was \$27,740. Extreme poverty is defined as 50% of the threshold or just \$13,870 in annual income. <sup>1</sup>

For child advocates, the expanded federal Child Tax Credit implemented as part of the pandemic relief proved beyond a doubt that we have the public policy tools to eliminate child poverty in this nation if we choose to do so. As you have likely heard, child poverty in our nation dropped by nearly 50% in 2021, and much of that drop has been attributed to the federal child tax credit expansion.<sup>2</sup> Key to that policy was making the credit ~~non~~-refundable, meaning families who earned too little to pay federal income tax became eligible. These are the families that we need to reach.

Research showed that Maine families primarily used the additional income from the credit in 2021 to meet basic needs such as food, clothing, and rent.<sup>3</sup> Income that can be used for child care and transportation helps parents be successful in the workplace. When MCA compared US Census Household Pulse Survey data collected in 2021 and then after the termination of the expanded Child Tax Credit in 2022, we saw hardship return for Maine families. Six times more families reported that they sometimes or often did not have enough to eat in the last seven days. Four times more families stated that paying for usual household expenses was very difficult.<sup>4</sup>

Finally, I would like to speak to the connection between family economic security and child welfare involvement. Material hardship and economic shocks overload families and increase the risk for child welfare involvement. Evidence shows that these hardships can be offset by accessing sufficient public benefits.<sup>5</sup> When we ensure families under financial stress are better able to meet their basic needs, we work to strengthen families, and make it more likely their children will be able to grow up in a safe, stable, and supportive environment.

I urge your support of LD 1544 to improve the Maine dependent tax credit to better support the economic security of families.

Thank you for your consideration.

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<sup>1</sup> Children in Poverty in Maine, KIDS COUNT Data Center

<sup>2</sup> The Impact of the Child Tax Credit on Child Poverty, US Census Bureau

<sup>3</sup> How the Child Tax Credit was spent in Maine, Maine Center for Economic Policy, May 2022

<sup>4</sup> 2023 Maine Kids Count Data Book, page 29

<sup>5</sup> Addressing Economic Hardship Key to Preventing Child Welfare System Involvement, Chapin Hall