



## DC GUARANTEED INCOME COALITION



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### Restore The District of Columbia Child Tax Credit of 2024

Washington, DC must restore the Child Tax Credit Amendment Act of 2024 in Mayor Bowser's proposed FY2026 budget—a matter of economic justice that combats racial disparities, child poverty, and systemic inequities. The DC Council must act before families lose vital financial relief, ensuring all families qualify regardless of work or immigration status and indexing the credit to inflation to maintain its effectiveness over time.

Originally, the District Child Tax Credit Amendment Act of 2023 was introduced by Councilmember Zachary Parker and eight other council members to provide eligible families with \$500 in guaranteed income per child for up to three children under the age of seventeen.<sup>1</sup> Ultimately, the Child Tax Credit Amendment Act of 2024 passed in September 2024. In the FY2025 Budget, Mayor Bowser allocated \$15 million to the program, ensuring financial relief for low- and moderate-income families. Designed to begin in tax year 2025, the local CTC under the Amendment Act of 2024 would provide up to \$420 per child for up to three children under age six, supporting economic security and racial equity in DC.<sup>2</sup>

Despite its passage, Mayor Bowser recently proposed repealing the local CTC in the FY2026 budget. The mayor's "Growth" agenda eliminates several critical social programs in favor of infrastructure initiatives. Without intervention, DC families will lose much-needed financial support before receiving a single benefit.

Child poverty in DC exceeds the national average—22.8% in DC vs. 17% nationally—disproportionately affecting Black and low-income families.<sup>3</sup> Persistent poverty lowers graduation rates, reduces lifetime earnings, and increases teen birth rates, perpetuating systemic inequities.<sup>4</sup> Research shows that direct cash assistance improves child outcomes, reducing financial instability for families.<sup>5</sup>

The American Rescue Plan Act of 2021 (ARP) demonstrated the power of direct cash assistance by expanding the federal child tax credit—increasing benefits to \$3,000 per child (ages 6–16) and \$3,600 for younger children—which cut child poverty in DC by 53.4%, lowering the Supplemental Poverty Measure (SPM) from 15.2% to 7.1%.<sup>6</sup> The COVID expansion of the federal CTC lifted or eased poverty for 25,000 children in the District.<sup>7</sup> Despite this proven impact, poverty remains widespread: 8.66% of DC households with children (11,086 families) still live below the poverty line, with the highest rates in Ward 7 (18.43%) and Ward 8 (18.73%)—nearly one in five families struggling to afford basic necessities.<sup>8</sup>

A Policy Engine study on the District Child Tax Credit Amendment Act of 2023, which ultimately did not pass, estimated that the DCTC was expected to reduce child poverty by 5.2% and lower overall poverty in the District by 1.3%.<sup>9</sup> Additionally, the DCTC was projected to cost \$27 million in 2023, increasing the average household's net income in DC by \$84.<sup>10</sup>

Unlike the federal version of the child tax credit, which excludes many low-income families due to its earned income requirement, the local CTC ensures financial relief for all families, including those earning less than \$2,500 annually or relying on Social Security and Medicaid.<sup>11</sup> DC's Temporary Assistance for Needy Families (TANF) program remains inadequate, with a single-parent family of three receiving only \$655 per month (\$7,860 annually), leaving families without sufficient support.<sup>12</sup> Without a locally funded version, DC's most economically vulnerable families—particularly Black and Brown households—will be shut out from financial relief. Additionally, the local CTC avoids welfare cliffs, ensuring steady economic gains for low-income households.

According to studies on the original legislation, one in five Washingtonians would have benefited from the DCTC, with net incomes rising by at least 5%, including 1 in 5 families in the second income decile.<sup>13</sup> The DCTC was expected to reduce DC's overall poverty rate by 1.3% (from 14.0% to 13.8%) and cut child poverty by 5.2%, lowering the rate from 13.8% to 13.0%—providing tangible relief for thousands of families.<sup>14</sup>

Restoring a local Child Tax Credit is not just policy—it's a commitment to economic justice, ensuring that all DC families, regardless of income or status, have the financial security they deserve.

*For a full list of references, please refer to our website.*

