

Neglected Children Bear Burden of Tax Cuts

by Swanee Hunt, Scripps Howard News Service, June 4, 2003

The new tax cut turns its back on our country's children. No, not the rich kids, but the poorest of the poor. A last-minute congressional revision in the tax law signed last week prevents millions of minimum-wage families from receiving the highly touted credit of \$400 per child. This means no help for the nearly 12 million low-income children. Whether deliberate or unintentional, that exclusion was callous, at best.

For most taxpayers, the bill raises the child tax credit from \$600 to \$1,000. But child advocacy and research groups say that families who make from \$10,500 to \$26,625 (the income of many on minimum wage) will not get a rebate check in the mail. Congressional Democrats argued that these families should receive some or all of the tax refund, but the provision was voted down along party lines.

Another eight million low-income single people without children or stock dividends will also get nothing at all from the tax law, report watchdog groups. Altogether, some 36 percent of households will receive no tax cut at all; 53 percent will receive \$100 or less, according to the Center on Budget and Policy Priorities. Syndicated columnist Mark Shields says that even some U.S. marines and soldiers with children who fought in Iraq don't qualify for the child tax credit.

In contrast, the rewards for the nation's wealthiest are eye-popping. People making over \$1 million a year will receive an average refund of about \$93,000, according to Center analysts. This exclusive millionaires club will recoup about \$17 billion in tax cuts this year alone. Cuts in taxes on dividends and capital gains are included in that windfall designed by the same lawmakers pushing aside the needs of our nation's disadvantaged citizens.

The blatant neglect of our neediest families is an indictment of our moral code. Isn't it time people saw through the rubric of "compassionate conservatism"? "The only thing we guarantee our children in this country is detention and prison," says Marian Wright Edelman, founder and president of the Children's Defense Fund (CDF), a nonprofit group that speaks for poor, minority and disabled children. The administration's tax and budget cutters "[use] children to help solve a fiscal crisis that they did not cause," Edelman writes.

Using a palette of social research, the CDF paints a portrait of America's poor—and it's not pretty. Low-income working families with children are bearing the brunt of local budget crises as states are forced to cut back services. More than nine million children in America lack health care coverage. Millions more are hungry or living in dilapidated housing. Almost 80 percent of children under the poverty line live in working households; many are home alone after school, when they are at greatest risk of getting into trouble.

A tax credit for the low-income parents of these children would have cost an estimated \$3.5 billion, one percent of the \$350 billion tax cut. Surely, Congress members could have managed it. They could have reduced the dividend tax cut, or charged penalties to U.S. companies guilty of fraud. But The Washington Post reports that negotiators got rid of provisions targeting big corporations for illegal tax shelters and accounting scams.

Ironically, the tax cut was promoted as an economic stimulus. One way to stimulate the economy is to increase spending. But economic research shows that it's the low and moderate-income families that spend extra money—on soap, socks, and other essentials—not the rich, who tend to save. In the final analysis, 50 million of these less privileged families will receive absolutely no benefit from the tax law.

A tax cut is not the solution to this country's economic woes. In fact, the latest package will likely increase the deficit by hundreds of billions of dollars across the next decade, jeopardizing our nation's long-term financial and social stability. But if the administration insists on cutting taxes, why not offer rebates to low-income Americans? Why not give to children whose neglect reaps enormous costs in later years?

The current series of tax cuts is the work of politicians with neither a vision of democracy nor an understanding of ethical leadership. At best, it is shortsighted in values and foolish in basic economic principles. At worst, it is a repayment to the wealthiest Americans, whom it will benefit most, and who helped put those political leaders in power. But that choice is not free. Discarded children pay the price.