



April 7, 2026

The Honorable Louis P. DiPalma, Chair
Senate Committee on Finance
Rhode Island Statehouse
Providence, 02909

RE: Testimony In Support of House Bill 7127- Governor's Proposed Budget- Section 5- Child Tax Credit

On behalf of United Way of Rhode Island, we strongly support **Section 5 (Chapter 44-30-104) of House Bill 7127**, which would create a **\$320 tax credit** for eligible taxpayers with children age 18 and under.

United Way's policy and advocacy work is guided by our strategic framework: **Strong Families, Strong Nonprofits, Strong United Way**. We prioritize policies that strengthen household stability, expand access to opportunity, and ensure that public investments deliver measurable value. A state Child Tax Credit is a targeted, evidence-aligned tool that improves household financial stability and helps families manage rising costs.

United Way of Rhode Island has served as the **Lead Coordinating Agency for the Volunteer Income Tax Assistance (VITA) Program since 2005**, overseeing and supporting free, confidential tax preparation statewide through IRS-certified volunteers. Through VITA, we see how tax credits function as practical economic stabilizers for households with limited financial margins. During the last filing season, **11,015 Rhode Islanders** had their state taxes prepared at VITA sites; **2,233** qualified for the **federal Child Tax Credit** and received **\$3,440,420** in returns from that credit alone—an average of **\$1,540 per household** (UWRI VITA program data). These refunds are commonly used to cover essential expenses that directly affect family stability, including utilities, transportation repairs required to maintain employment, and postponed medical costs.

The broader research base reinforces this approach. The Center on Budget and Policy Priorities reports that the federal Child Tax Credit lifted **approximately 2.4 million children** above the poverty line in **2024** (Supplemental Poverty Measure), illustrating the role that child-focused tax credits can play in reducing hardship and supporting family economic security.

A Rhode Island credit of **\$320 per child** would further strengthen returns for households with children who are already under significant cost pressure; especially **ALICE** families (Asset Limited, Income Constrained, Employed) and households below the federal poverty line. United For ALICE reports that **39% of Rhode Island households** were below the ALICE threshold in **2023** (poverty plus ALICE), including **51,069 households in poverty** and **122,439 ALICE households**—who are families who work, contribute, and are priced out of financial stability by the high cost of living. In this context, a modest, predictable tax credit can improve short-term stability and reduce the likelihood that routine expenses become destabilizing events.



United Way of Rhode Island respectfully urges your support for **Section 5 (Chapter 44-30-104) of House Bill 7127**, and we appreciate the General Assembly's continued focus on practical economic supports that advance Strong Families.

Sincerely,

Elijah McLean
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United Way Rhode Island