PolicyLab

To: Internal Revenue Service, Department of the Treasury
From: PolicyLab at Children's Hospital of Philadelphia
Re: Application of the PRWORA to the Refunded Portion of Certain Federal Refundable Tax Credits [REG-119882-25] (RIN 1545-BS06)
Date: October 5, 2026

The Internal Revenue Service's proposed rule on the Application of the PRWORA to the Refunded Portion of Certain Federal Refundable Tax Credits has potential implications for the health and well-being of children and families. Research, including studies from PolicyLab at Children's Hospital of Philadelphia (CHOP), demonstrates the importance of tax credits in supporting families and contributing to improved outcomes in both the near and long-term.

Representing pediatric clinicians, child and family health researchers, and policy experts at PolicyLab at CHOP, we are concerned about the Department's proposal to remove eligibility for federal tax credits, like the Earned Income Tax Credit (EITC) and Child Tax Credit (CTC), for tax filers with lawful status, including hundreds of thousands of citizen children.

Tax credits help address child poverty and improve food security

Research has shown that children who experience poverty are at a higher risk for long-term adverse cognitive, academic, social, health and economic outcomes—and this risk is more pronounced for young children experiencing poverty. Already, children in immigrant families experience higher rates of poverty than their native-born peers, even as immigrants make up an increasing share of the labor force.

This proposed rule would take away federal income support for many working families who need it, making children's nutrition, housing, educational opportunity, and overall family stability contingent on a parent's immigration status rather than on the children's needs.

Tax credits like the EITC and CTC are critical in helping to offset the financial burden of raising children. There is a robust and growing body of evidence that the 2021 expanded Child Tax Credit (eCTC) not only cut America's child poverty rate in half but also helped families put food on the table. Both qualitative research by PolicyLab investigators and quantitative national studies show that parents tend to use these funds to support the development and well-being of their children.

The eCTC was associated with a 26% relative reduction in food insufficiency among households with children. When that eCTC expired, CHOP PolicyLab researchers found a significant increase in food insufficiency among U.S. households with children with incomes less than $50,000 per year.

Tax credits support improved child and caregiver outcomes

Across several recent translational policy products, our researchers and policy experts have examined how economic security programs, like cash assistance programs and refundable tax

credits, not only help families meet their needs in the moment, but have an influence on child and caregiver outcomes.

Research shows that tax credits support health, educational attainment, and economic security, which are foundational determinants of well-being. Childhood EITC exposure is associated with a lower likelihood of obesity in young adulthood and a higher likelihood that young adults report excellent or very good health. Child-related tax benefits, including the EITC, have also been associated with higher math and reading test scores in children and a higher likelihood of high school graduation. Other work shows that childhood EITC exposure was associated with improved adult economic outcomes, including higher earnings, higher rates of annual income above the poverty threshold, and lower rates of government benefit program receipt.

PolicyLab research has also shown that receipt of the 2021 eCTC was associated with lower odds of preterm birth and low birthweight among infants of Medicaid-insured pregnant people, which suggests that income supports, including federal tax credits, can contribute to healthier births and improved infant health. Two additional studies found that the eCTC also supports the health of low-income parents, leading to lower rates of anxiety and depression.

Recommendations

For many working families, federal tax credits are the only cash support available— only 31 states have an EITC and only 17 have a state-level CTC. Even in states that have taken up these state-level options, they are meant to supplement and not to supplant federal supports. Access to federal tax credits is still essential to support families' economic security, and therefore their self-sufficiency, and can influence the outcomes and success of the next generation.

Ultimately child health is shaped by shared family circumstances, including household income, food access, and prenatal conditions. By restricting who can receive federal tax credits, this rule will unduly harm children in working, low-income immigrant families. We encourage the agency to reconsider these changes to eligibility in the interest of supporting child health, not only now but into the future.

Please contact Rebecka Rosenquist, PolicyLab's Deputy Director, Policy & Strategy, at rosenquisr@chop.edu with any questions.

The views expressed in this comment are those of contributing PolicyLab members and do not reflect the official positions of CHOP.