

THE FAMILY SECURITY ACT 2.0

A NEW NATIONAL COMMITMENT TO WORKING AMERICAN FAMILIES

SENATORS ROMNEY, BURR & DAINES

The Family Security Act 2.0 would provide a fully paid-for, monthly cash benefit for working families, amounting to \$350 a month for each young child, and \$250 a month for each school-aged child. The plan would reduce the scope of the federal government by streamlining multiple complex federal programs into one easy-to-navigate policy for working families.

Benefits of this new proposal:

- Supports families from pregnancy through childhood;
- Encourages work;
- Promotes marriage;
- Provides equal treatment for both working and stay-at-home parents; and
- Fully offsets the cost of the proposal by reforming and consolidating outmoded federal programs.

— OVERVIEW —

American families are facing an extraordinary amount of financial strain, worsened by the COVID-19 pandemic and the historic spike in inflation. Marriage rates in the United States have fallen to all-time lows, and birth rates have dropped 20% since 2007. Yet, the average desired family size has remained stable for the last 40 years. As the modern economy seems to discount the merits of raising children, federal family policy remains scattered across the tax code and dozens of different programs. Each year, an average working family has to wait until tax season rolls around to pay a tax preparer a few hundred dollars in order to find out how much of the Child Tax Credit or Earned Income Tax Credit they will receive. Our country should make transparent investments in American families that leave the family in charge, not federal bureaucrats.

The Family Security Act 2.0 creates a new national commitment to working American families by modernizing and simplifying antiquated federal policies into a monthly cash benefit. Expectant parents would receive the benefit mid-pregnancy, helping them tackle the expenses that start even before a baby is born. This plan is fully paid for by consolidating existing federal spending.

— EXAMPLE —

The benefits of this new approach are clear: A married couple with two children, ages four and nine, and earning a combined income of \$38,990 (150% of the federal poverty line) would currently receive an end-of-year lump sum tax return of \$7,041. Under the Family Security Act 2.0, their annual benefit would increase by \$2,318 to \$9,359, and they could receive over 75% of their total amount through predictable monthly installments.

SEE APPENDIX ITEM ONE.



— HOW IT WORKS —

CHILD BENEFIT

Ages 0-5: \$4,200 (\$350 per month)
 Ages 6-17: \$3,000 (\$250 per month)

- A family must have earned \$10,000 in the prior year to receive the full benefit, and the \$10,000 earnings threshold will be annually indexed to inflation. Families earning less than \$10,000 will receive a benefit proportional to their earnings.
 - For example, a family earning \$5,000 with a 4-year-old would receive 50% of their \$4,200 benefit because they earned 50% of the \$10,000 earnings target.
- Parents are eligible to apply to receive the benefit four months prior to an unborn child's due date with monthly payments of \$700 and a maximum amount of \$2,800 during pregnancy.
- Families may claim benefits for up to six children annually, and choose whether to receive the benefit annually or monthly.
- Administered through the Social Security Administration and available to a legal and physical custodial parent with an SSN. Each claimed child must also have an SSN.
- The annual child benefit is reduced by \$50 for every \$1,000 above the current Child Tax Credit (CTC) income phaseout thresholds of \$200,000 for single-filers and \$400,000 for joint-filers. Any overpayments or underpayments would be reconciled through the IRS after filing year-end taxes.

REFORMED EITC

- The Earned Income Tax Credit (EITC) is simplified by consolidating the family portion of the EITC to not vary depending on the number of dependents. [SEE APPENDIX ITEM TWO.](#)
- Eliminates marriage penalties, and creates better work incentives by slowing benefit cliffs.
- Requires tax filers to have legal and physical custody of a claimed child.
- The adult dependent component of the EITC is separately maintained to ensure no family earns less than the EITC in its current form.



— HOW IT'S PAID FOR —

The bill consolidates overlapping and often duplicative federal policies into direct support for families. In order to remain deficit-neutral and provide certainty for families, it also eliminates the State and Local Tax Deduction (SALT), which is an inefficient tax break to upper-income taxpayers. However, most families that previously claimed the SALT deduction will still be net beneficiaries through their larger child benefits.

SPENDING OFFSETS	ANNUAL SAVINGS
Earned Income Tax Credit (EITC) Reform	\$46.5 B.
Eliminate State and Local Tax Deduction	\$25.2 B.
Eliminate Head of Household Filing Status	\$16.5 B.
Eliminate child portion of the Child & Dependent Care Credit	\$4.7 B.
ANNUAL TOTAL	\$92.9 B.

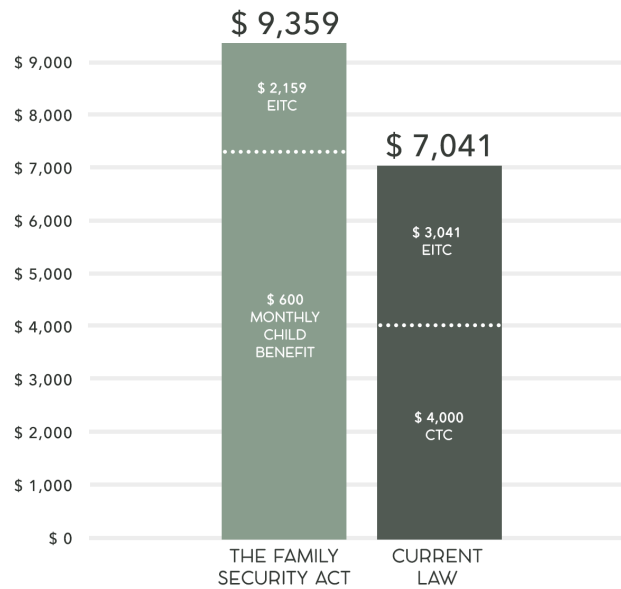


THE FAMILY SECURITY ACT 2.0

APPENDIX

ITEM ONE

FAMILY EXAMPLE



ITEM TWO

REFORMED EITC

SINGLE FILERS	CHILDLESS	FAMILY
Credit Rate	12.50 %	16.67 %
Earned Income	\$ 8,000	\$ 12,000
Maximum Credit	\$ 1,000	\$ 2,000
Phaseout Threshold	\$ 10,000	\$ 23,000
Phaseout Rate	14.29 %	14.29 %
Where Credit = 0	\$ 17,000	\$ 37,000

JOINT FILERS	CHILDLESS	FAMILY
Credit Rate	12.50 %	16.67 %
Earned Income	\$ 16,000	\$ 18,000
Maximum Credit	\$ 2,000	\$ 3,000
Phaseout Threshold	\$ 20,000	\$ 33,000
Phaseout Rate	14.29 %	14.29 %
Where Credit = 0	\$ 34,000	\$ 54,000

