



## Senator Romney's Proposed Family Security Act

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<https://budgetmodel.wharton.upenn.edu/estimates/2021/2/24/senator-romney-proposed-family-security-act>

Summary: In early February 2021, Senator Mitt Romney (R-UT) proposed the Family Security Act\* to consolidate several forms of federal child assistance into a single, expanded child benefit to be administered through the Social Security Administration (SSA).

The act would provide a fully-refundable child allowance of \$4,200 annually (\$350 per month) per child ages 0-5, and \$3,000 annually (\$250 per month) per child ages 6 through 17. The credit would phase out at a rate of \$50 for every additional \$1,000 of income above the phase out threshold (\$200K single / \$400K joint).

The act would also simplify the existing structure of the Earned Income Tax Credit (EITC), so that the value of the credit is determined by filing status (married or single), and whether or not there are any eligible dependents (the number of dependents would no longer affect the value of the credit).

Other proposed changes to the tax code include elimination of head of household status, elimination of the child and dependent care credit (CDCTC), and elimination of the State and Local Tax (SALT) deduction.

PWBM projects that this proposal would cost \$283 billion over the budget window, not including proposed changes to SNAP eligibility and elimination of TANF.

\* <https://www.romney.senate.gov/romney-offers-path-provide-greater-financial-security-american-families>

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**Table 1: Budgetary impact of proposal**

*Billions of Dollars, Change from Current-Law Baseline*

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	TOTAL
Child Allowance	-94	-125	-128	-135	-139	-198	-219	-227	-233	-238	-1736
EITC reform	14	19	19	19	20	20	20	21	21	22	195
Elimination of Head of Household status	14	19	19	20	20	15	13	13	14	14	161
CDCTC elimination	4	5	5	5	5	5	5	6	6	6	52
SALT deduction elimination	20	26	27	27	28	141	182	191	197	204	1044
<b>Total*</b>	<b>-42</b>	<b>-56</b>	<b>-58</b>	<b>-63</b>	<b>-65</b>	<b>-17</b>	<b>2</b>	<b>3</b>	<b>5</b>	<b>8</b>	<b>-283</b>

\*The Family Security Act also proposes changes to SNAP eligibility along with elimination of TANF, not included in these estimates



**Table 2: Distribution of Federal Tax Change under the Proposal**

Income group	Average tax change	Share with a tax cut	Average tax		Average tax increase for those with a	Percent change in after tax	Share of tax change	Share of federal taxes paid	
			cut for those with a tax cut	Share with a tax increase				Before tax change	After tax change
Bottom quintile	-\$400	35%	-\$1,340	4%	\$1,645	8%	36%	0%	-1%
Second quintile	-\$315	28%	-\$2,375	18%	\$1,935	1%	21%	3%	3%
Middle quintile	-\$275	22%	-\$2,600	19%	\$1,560	1%	18%	11%	11%
Fourth quintile	-\$285	23%	-\$2,930	24%	\$1,685	0%	16%	19%	19%
80-90%	-\$640	35%	-\$3,160	28%	\$1,715	1%	15%	15%	15%
90-95%	-\$460	36%	-\$3,220	35%	\$2,060	0%	5%	11%	11%
95-99%	\$510	23%	-\$3,120	50%	\$2,495	0%	-4%	16%	17%
99-99.9%	\$2,235	0%	\$ -	73%	\$3,160	0%	-4%	13%	13%
Top 0.1%	\$2,440	0%	\$ -	77%	\$3,300	0%	-1%	12%	12%

Note: "Income" is defined as AGI plus: above-the-line deductions, nontaxable interest income, nontaxable Social Security benefits, nontaxable pensions and annuities, employer-side payroll taxes, and corporate liability. Note that this definition excludes transfer income and thus understates low-income tax units' income.