

# New Law, New Rules: How the One Big Beautiful Bill Act Affects Fathers' Access to Public Benefits

Jacqueline Whearty, Ph.D., & Rachel Wildfeuer, Ph.D., Center for Policy Research

With the recent passage of the [One Big Beautiful Bill Act](#) (OBBBA), many fathers—especially those with low incomes—will face a restructured system of public benefits, eligibility rules, and financial incentives. Regarded as legislation to strengthen family-formation and support working parents, the bill introduces both new opportunities and challenges for fathers. They face stronger expectations for working and earning, as well as interacting with government systems to obtain benefits. Many are also excluded due to benefit eligibility requirements that prioritize custodial caregivers and/or higher income families with access to private benefits. This brief outlines how the OBBBA affects fathers across four major policy areas: the expanded Child Tax Credit (CTC), employer incentives for family-friendly benefits, MAGA newborn accounts, and increased work and reporting requirements.

## Enhanced Child Tax Credit (CTC)

The OBBBA expands the Child Tax Credit (CTC), which is a tax incentive for parents that reduces, dollar-for-dollar, the amount they owe in federal taxes. The law increases the annual credit from \$2,000 to \$2,200 per child, and the annual amount will be indexed to inflation (meaning that it annually increases based on inflation rates) beginning in tax year 2025. Although not new to the law, up to \$1,700 of the credit is refundable, meaning that families can receive up to \$1,700 in a refund if their tax liability is less than the credit amount. This provision offers cash support to many low- and moderate-income families who earn too little to owe significant taxes. There are, however, key eligibility rules that impact fathers:

- Families must earn no more than \$200,000 (if filing as single or Head of Household) or \$400,000 (if filing as married filing jointly) to receive the maximum credit. This income eligibility threshold was carried over from previous years.

- Only one parent needs a valid social security number (SSN) to claim the credit. This is an improvement from previous versions of the bill, which aimed to exclude mixed-status households.

This policy continues to exclude most noncustodial parents from accessing the maximum credit.

As addressed in a [previous FRPN report](#), each child can only be claimed on one (tax filer's) tax return, meaning that when parents are unmarried, only custodial parents<sup>1</sup> are entitled to the family-focused credits. Noncustodial fathers can claim the CTC only if they are the designated filer for the child (typically attested via IRS Form 8332) and meet all other eligibility requirements.

Unfortunately, without qualifying for and filing the IRS Form 8332, noncustodial fathers will be treated as childless filers and will only receive a maximum of approximately \$600 per year.



## Expanded Family-Friendly Employer Credits

The OBBBA encourages private-sector support of working fathers through the expansion of two key employer tax credits. Employer tax credits are financial incentives that the government offers to *employers* in exchange for them taking certain actions that align with public policy goals. These expanded incentives encourage more employers to adopt family-friendly policies, which could improve workplace stability for parents (particularly for those with low incomes) and strengthen their ability to take parental leave, access childcare, and remain in the workforce.

### Paid Family and Medical Leave (PFML) Credit

This federal tax credit incentivizes private-sector employers<sup>2</sup> to offer paid family and medical leave (PFML) to their employees, which [has many documented benefits](#) for parents and their families. Specifically, this credit offsets a portion of the employers' costs to offer leave to their employees, which helps to make these benefits more accessible. The credit is typically a percentage of workers' wages throughout leave and, to qualify, the leave must meet specific requirements (e.g., length of leave, wage replacement rate, job protection). The OBBBA:

- Makes the credit permanent (previously set to expire in January 2026).
- Automatically indexes the credit to inflation, meaning that employers' credit values will automatically adjust to inflation and keep up with the cost of living.

<sup>1</sup> The IRS allows only the parent with physical/residential custody to claim the child/ren as dependents. If the custody is exactly equal, the parent with higher adjusted gross income claims the child/ren as dependents.

<sup>2</sup> Most government employers (federal, state, and local) are ineligible for this credit due to their tax-exempt status, meaning many fathers working in public-sector jobs may not benefit directly from this incentive.

- Expands access to include employers with workers with as little as six months of tenure (rather than 12 months as in previous policy).
- Makes the credit available for insurance premiums on PFML benefits (rather than only for direct wage payments).

Unfortunately, fewer than [one-fifth of workers](#) have access to paid leave through their employer. A recent [report](#) using American Time Use Survey data shows that low-income workers and people of color are among the least likely to receive paid leave. In other words, although fathers employed in businesses that offer paid leave—particularly in larger or higher-wage sectors—stand to benefit, many low-wage, part-time, or government or gig economy workers (including many noncustodial fathers) will not.

### Child Care Credit

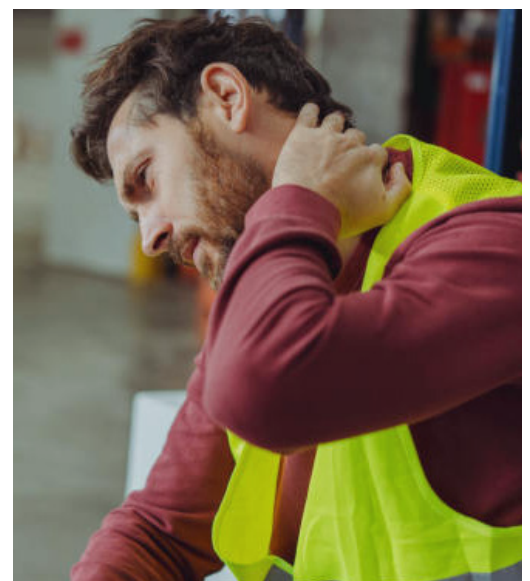
Like the PFML credit, the child care credit encourages federally taxable employers to invest in their employees by subsidizing or providing access to child care. To be clear, employers can subsidize child care for their employees by:

- Directly paying the child care provider for a portion of the child care costs (on behalf of the employee).
- Reimbursing employees for part of their child care expenses.
- Providing on-site or contracted child care at a lesser or no cost to employees.
- Purchasing slots at a licensed child care facility for employees' children.

The OBBBA expands the generosity of the child care credit in several ways. Specifically, it:

- Makes the credit permanent (previously set to expire in January 2026).
- Automatically indexes the credit to inflation.
- Raises the maximum annual credit from \$150,000 to \$500,000 (or \$600,000 for small businesses).
- Increases the coverage from 25% to up to 50% of qualified child care costs.

However, like the PFML credit, the reach of the incentive is limited. As a federal tax credit, it is only available to employers with federal tax liability, which excludes most public-sector employers (e.g., cities, counties, and state agencies). As of 2014, only about [half of workers](#) had access to any employer-provided child care support, with markedly lower access among low-wage workers. A recent Bipartisan Policy Center [report](#) suggests that these figures may be overestimates, with current access closer to 20% of workers. Although fathers working for large or higher-wage private employers that choose to offer child care benefits may benefit from the OBBBA, many low-wage workers and/or noncustodial fathers—particularly those employed in the public sector—are unlikely to see direct benefits.



## MAGA Newborn Accounts

Beginning in January 2026, all US citizens born between January 1, 2025 and December 31, 2028, will receive a \$1,000 MAGA ("Money Accounts for Growth and Advancement") account seeded by the federal government. For children born prior to 2025, parents may still open accounts on their children's behalf, though the accounts will not be eligible for the federal investment. To support long-term investment in children's health, education, and housing, parents, relatives, and even employers<sup>3</sup> may and are encouraged to continue to invest into the account over time. Despite the theoretical benefits of the MAGA accounts for children, a few key provisions have significant implications for noncustodial fathers.

- These accounts grant a new government investment for children born to parents who both have legal status, are currently or were previously married, and/or never-married parents who have established paternity. As required by law, both parents must provide a valid SSN to receive the seed fund. If both parents cannot or do not submit an SSN (e.g., due to lack of paternity acknowledgment for unmarried parents, or immigration status), the account may still be created, but the government will not invest its initial \$1,000. For some, this policy requirement could incentivize early paternity establishment; for others, it could further marginalize those excluded by marital, legal, or immigration barriers.
- For children whose parents are unmarried and living apart, control over the account defaults to the custodial parent unless both parents submit valid SSNs and are jointly designated.
- All parents may voluntarily contribute to the account, which provides noncustodial fathers a new way to support their child's financial future outside of formal child support payments.

## Expanded Work Requirements and Administrative Burden

The OBBBA introduces new work and reporting requirements for low-income adults (including some parents who were previously exempt) who participate in the Supplemental Nutrition Assistance Program (SNAP) and Medicaid. These programs are especially important for low-income noncustodial parents. According to a recent Congressional Research Service [report](#), only 27% of low-income nonresident parents work full-time, year-round, while 33.4% receive SNAP and 38.6% receive Medicaid. But research suggests that it is not parents' unemployment (or underemployment) that will disqualify most from the programs; instead, the [administrative burden](#) of work requirements—such as repeated documentation, compliance checks, and verification—has been [shown](#) to decrease benefit participation. These burdens may prevent eligible fathers from accessing critical food and medical supports that help them remain employed and meet their child support obligations.

### SNAP

The law expands SNAP work requirements by raising the age range to 18–64 (previously 18–54) and by removing exemptions for parents of children age 14 and older. By January 1, 2027, these parents must work

---

<sup>3</sup> Employers may contribute a maximum of \$2,500 per year to each account.



or engage in a qualifying activity for at least 20 hours per week and verify compliance on a regular basis. The bill also eliminates the “insufficient jobs” exemption and narrows eligibility for geographic exemptions to the county level. Monthly reporting remains the norm—especially for noncustodial parents, who are typically classified as able-bodied adults without dependents under SNAP rules. States may also set stricter reporting or enforcement standards at their discretion.

## Medicaid

The law authorizes states to implement Medicaid work requirements for adults ages 19–64, including parents of older children (14 and older). States adopting the policy must enforce it by 2029. At minimum, recipients must complete 80 hours of qualifying work activities per month and verify compliance during at least one month of each six-month eligibility redetermination period. Arkansas's short-lived Medicaid work requirement [demonstrated](#) how administrative hurdles (not actual failure to meet requirements) were the primary driver of coverage loss. One parent in [Georgia](#), which has been implementing Medicaid work requirements for two years, echoed that take: State administrative barriers, including severe technical hurdles, make it nearly impossible to verify work requirements monthly, even among those who have met work requirements and follow recertification instructions.

## Key Impacts on Fathers

Taken together, these new work requirements may disproportionately harm noncustodial fathers—particularly those with low incomes, informal, or unstable employment. Moreover, the burden of proving work status on an ongoing basis creates significant barriers for fathers working in the informal economy or with limited internet or documentation access. As a result, even eligible fathers may lose coverage simply because they cannot meet the procedural demands.

## Conclusion

The OBBBA includes positive developments for privately employed, married fathers with custodial status and unmarried custodial fathers. However, it offers little direct support to noncustodial, low-income, informally employed, or otherwise precariously situated fathers. Several provisions reinforce existing disparities in access to resources, particularly for fathers who face structural barriers to employment, legal recognition, or benefit eligibility. As implementation unfolds, it will be critical to monitor the impact of these policies on fathers with different custodial and employment situations and ensure that they do not deepen economic and caregiving disparities.

