

# U.S. Poverty Policy Request

## Expand EITC and the Child Tax Credit

**We urge Congress to pass a recovery package that includes permanent extensions of the increased Child Tax Credit for all low-income families as monthly allowance and the expansion of the Earned Income Tax Credit for younger workers and others without dependents.**

To help people facing financial hardship, **Congress must make the new Child Tax Credit (CTC) and Earned Income Tax Credit (EITC) expansions permanent.** Expanding the size and reach of these tax credits will help low-income workers and families make ends meet, reduce child poverty, and lay the foundation for a more equitable recovery.

The EITC and CTC are financial lifelines for families working in low-wage jobs. Together, they [lifted 7.5 million Americans above the poverty line in 2019](#). Unfortunately, an **estimated 27 million children in low-income families did not receive the full CTC** until 2021. The American Rescue Plan passed by Congress (which mirrors the American Family Act, see chart) increases the size of the CTC and makes the full credit available to low-income families. Columbia University researchers estimate this can [reduce the number of children living below the federal poverty line by almost half, and have a larger impact for children of color \(see chart\)](#). On July 15, millions of families will begin receiving the CTC as a monthly allowance, a vital improvement in helping families make ends meet throughout the year.

**Child Poverty Under the American Family Act (AFA), by Race**

	Child Poverty Rate, Current Law	Child Poverty Rate, AFA (\$3,600/\$3,000)	Percent Change
All children, under 18	13.6%	7.5%	-44.9%
Asian American & Pacific Islander	12.1%	7.6%	-37.0%
Black, non-Hispanic	23.7%	11.3%	-52.4%
Hispanic	21.7%	11.8%	-45.4%
Multiracial & all other groups	11.9%	7.3%	-38.7%
Native American	16.7%	6.4%	-61.5%
White, non-Hispanic	7.0%	4.3%	-38.5%

Meanwhile, **over 5 million low-wage workers** who are not raising children at home, including young adults left out of the EITC altogether, **are taxed into or deeper into poverty each year.** Congress closed this gap by expanding the EITC for 17 million low-income workers without dependents for 2021. Workers in low-paying jobs – especially Black and Latino “essential workers” – are counting on Congress to make this powerful work incentive permanent.

Congress must not allow the new CTC and EITC changes to expire, forcing millions of workers and families below the poverty line next year. In addition, Congress should also restore Child Tax Credit eligibility to children with Individual Tax Identification Numbers. We must **make these provisions permanent now**, paid for by ensuring the wealthy and corporations finally pay their fair share of taxes.