

# U.S. Poverty Policy Request

## Expand EITC and the Child Tax Credit

**We urge Congress to pass a recovery package that includes a permanent monthly child allowance that is fully accessible to low-income families and expands the EITC 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 do not receive the full CTC** because their parents' earnings are too low. 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. It also allows them to receive the credit as monthly allowance, which is vital in helping families throughout the year. This alone would [reduce the number of children living below the federal poverty line by almost half, and have a larger impact for children of color \(see right\)](#).

**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%

[Source: Center on Poverty & Social Policy \(December 22, 2020\)](#)

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 just expanded the EITC for 17 million low-income workers without dependents for 2021. Workers in low-paying jobs – especially Black and Latino “essential” workers, and others who have seen reduced earnings because of COVID – will have the chance to get back on their feet financially.

But these new CTC and EITC changes are temporary. They will expire next year, erasing any progress we make in reducing poverty. We must make these provisions permanent. **RESULTS urges you to tell congressional leadership that you support a permanent expansion the EITC and CTC for low-income workers and families in upcoming tax or economic recovery legislation.**