

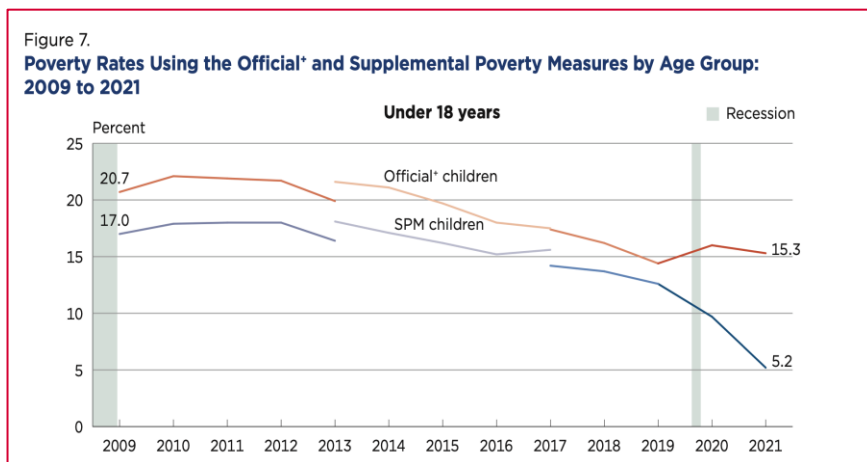
U.S. Poverty Policy Request

results

Strengthen families and reduce poverty by expanding the Child Tax Credit

Urge colleagues and leadership to expand the Child Tax Credit (CTC) with monthly payments and full refundability for all low-income families

The Child Tax Credit provides cash assistance directly to families, allowing them to decide how to navigate the ups and downs of the economy. It should be a priority in upcoming legislation to provide the support low-income Americans need. In 2021, [the expanded CTC helped families obtain and maintain employment](#) by supporting child care and transportation costs. It can also support a parent's decision to focus on caregiving. Census Bureau data proved that expanding the CTC dramatically reduces child poverty. Overall, from 2009 to 2021 child poverty fell by 46 percent—primarily because of the CTC.



Unfortunately, Congress could not come to a bipartisan agreement to continue the expansion of this highly successful program. Now, [19 million kids are no longer eligible](#) for benefits because their caregivers do not earn enough to receive the full CTC. This includes

more than one in four children, and disproportionately affects marginalized communities. Approximately 45 percent of Black children, 39 percent of Latino children, 38 percent of American Indian/Alaskan Native children, and [27 percent of kids living in rural areas](#) are no longer eligible. In addition, many grandparents, people with disabilities, students, and 680,000 veterans are not eligible because their income is too low.

As Congress looks to fix provisions in the 2017 Tax Cuts and Jobs Act and enact other key tax provisions this year, it is vital that Congress pass policies for low-income families.

RESULTS urges you to enact an extension of an expanded CTC to strengthen families and fight child poverty. It's critical that you prioritize the needs of families with the lowest or no incomes in any tax package this year, and **communicate that this is a top priority with leadership and colleagues on the Senate Finance Committee/House Ways and Means Committee.**

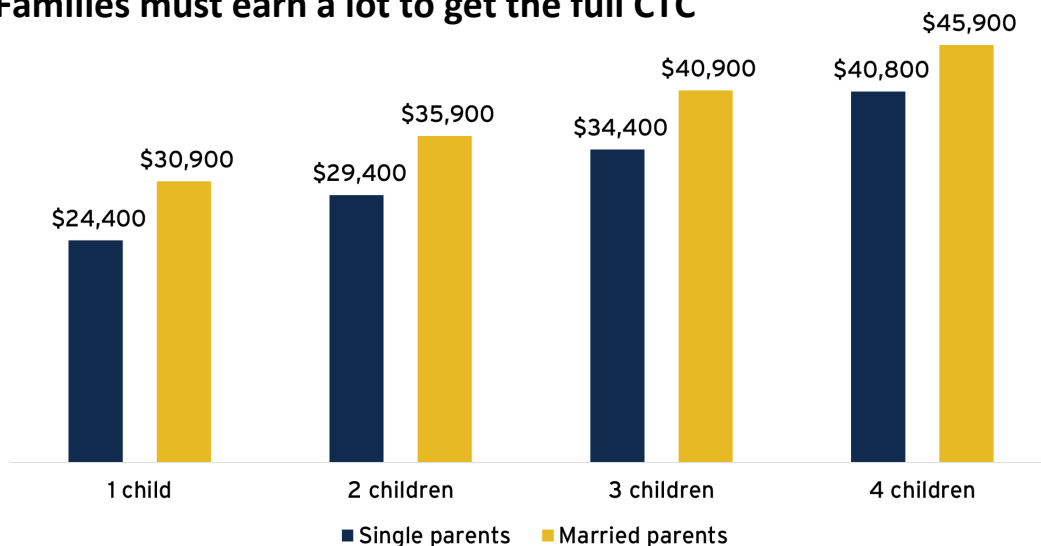
U.S. Poverty Policy Explainer

How much do you need to earn to receive the full Child Tax Credit benefit?

The Child Tax Credit (CTC) is a tax credit designed to help parents with low- and middle-incomes with the costs of raising children. **Tax filers with [eligible kids](#) can qualify for up to \$2,000 per child under the CTC, and if the filer does not owe taxes to the government, then up to \$1,500 can be returned as part of their annual tax refund — but the key phrase here is “up to.”** Not every child qualifies for the full CTC benefit, and it’s the folks who need it most who miss out on the full credit.

Eligibility based on income starts at \$2,500 per year. This means that filers making between \$0-\$2,500 receive no CTC benefit whatsoever. After a filer makes \$2,500, the more income they earn, the more credit they are eligible for. **The graph below shows the income necessary to receive 100 percent of the CTC based on family size and type.**

Chart: Families must earn a lot to get the full CTC



Note: Children with parents or guardians earning less than \$2,500 are ineligible for the federal Child Tax Credit.
Source: Institute on Taxation and Economic Policy, Columbia Center on Poverty and Social Policy, 2022



What this means in practice, is that a single mother with two children, working part-time in a nursing home and [making \\$15,000 per year, only receives \\$1,875 credit, while married couples with two children making \\$400,000 per year would receive a \\$4,000 credit.](#)

When structured properly, the CTC is a powerful way to bring equity to our tax code and fight child poverty. When it isn't, it leaves millions behind and creates more inequity in our tax code and society. **This is why your advocacy on the CTC is so important.**

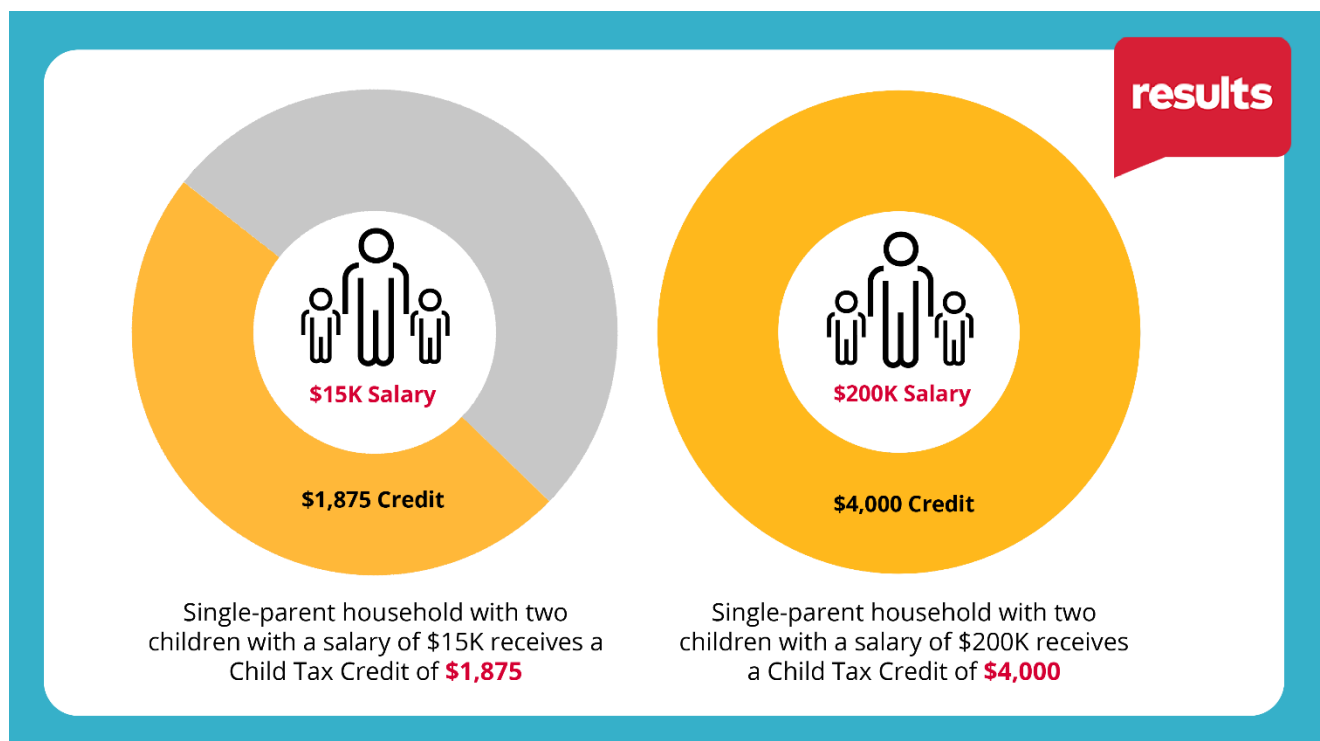
U.S. Poverty Policy Request

Expand the Child Tax Credit to include working families with low incomes

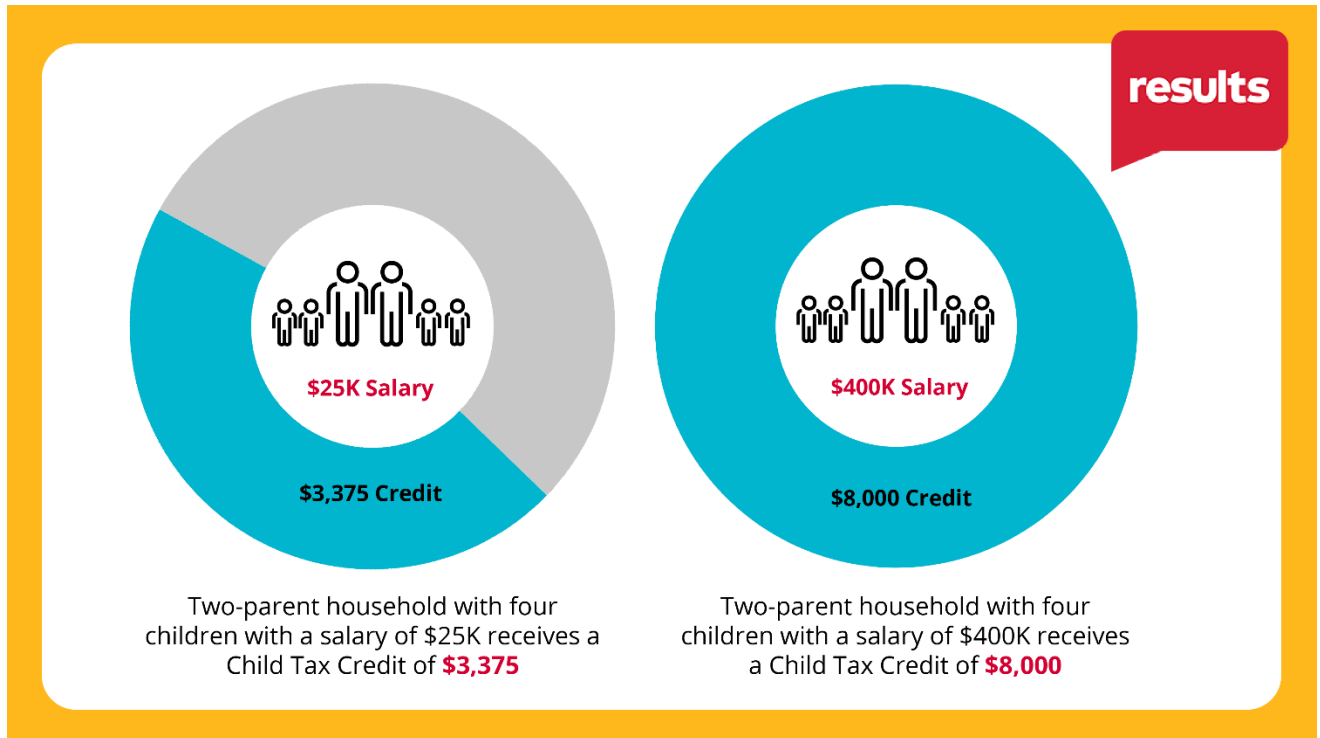
The Child Tax Credit (CTC) is a tax credit designed to help parents with the costs of raising children. **Unfortunately, under current law, working families with low incomes do not receive the full benefit.** There are 19 million kids who are left out of the full CTC benefit and 17 million of those kids come from families who work every year.

Let's compare the following family situations and the CTC:

- Single-parent households: A single parent with two kids making \$15,000 per year (for example, as a nursing home caregiver) receives only a \$1,875 credit while a single parent with two kids earning \$200,000 per year (for example, as an attorney) receives the full \$4,000 credit.



- Dual-parent households: A married couple with four kids where one parent earns \$25,000 per year (for example, as a construction worker) while the other parent works inside the home caring for children and managing the household receives only a \$3,375 credit while a similar married couple with four kids where one parent earns \$400,000 per year (for example, working in finance) receives the full \$8,000 credit.



These examples show how out of touch our tax code is with the needs of working families. **Will you speak to your colleagues on the Ways and Means Committee or Senate Finance Committee about expanding the CTC so that more families with low incomes receive the full benefit?** While RESULTS is in favor of providing the full credit to all families regardless of income, there is an opportunity in any tax legislation this year for bold, bipartisan action that would extend the full CTC to families left out simply because they work in low-wage jobs.