

Expanding the Child Tax Credit (CTC) will strengthen families

The [majority of American voters](#), across all districts and states, agree that we should invest in the safety and prosperity of our children. The Child Tax Credit (CTC) remains one of the most powerful tools for investing in the well-being of our kids. We ask that you **speak to your colleagues on the Ways and Means Committee or Senate Finance Committee and urge them to expand the full benefit of the Child Tax Credit (CTC) to as many families as possible, prioritizing those with low incomes.**

Why the CTC? Because we already know it works

Research on the CTC shows that [91 percent of households earning \\$35,000 or less](#) used CTC funds for food, utilities, rent, and education. Other common uses were childcare and transportation. These data confirm what we already knew — that families with low incomes know how to wisely use the credit to improve circumstances for their children.

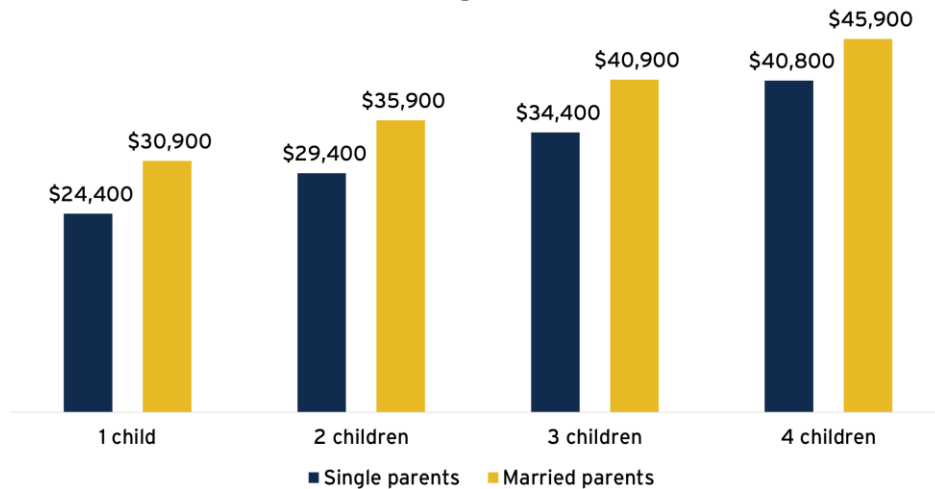
[Accounts](#) from families experiencing poverty who got the full CTC amount in 2021 illustrate this reality. **“Suddenly I had a reliable, monthly infusion of cash that meant we could eat consistently” writes mom, neuroscientist, and lived experience poverty expert Sarah Izabel.** “It meant I could apply to graduate schools [...] I got into Stanford’s Ph.D. program in neuroscience, where I got [...] campus jobs.” Sarah’s story underscores another important benefit of ensuring families with low incomes access the full CTC: it [allows families to secure and maintain employment](#), creating an exponentially positive effect for them and the economy.

Currently, only people with high incomes get the full CTC

Current law leaves [19 million children](#) out of the full credit. [Seventeen million](#) of those children come from families where at least one caregiver works in the formal labor market. Children from families with low incomes are the ones missing out on the full CTC.

The current tax code calculates each family’s CTC using the “income phase-in” formula. This phase-in provides no credit at all to families earning under \$2,500 per year, but after that, a family’s CTC increases the *more* they earn. So, the phase-in provides a smaller credit to those with smaller incomes. For that reason, **those 19 million children now left out of the full CTC are those who need it most** — whose families use it to cover those necessities like food and rent. The following chart shows how much a family must earn to get the full \$2,000 per child CTC.

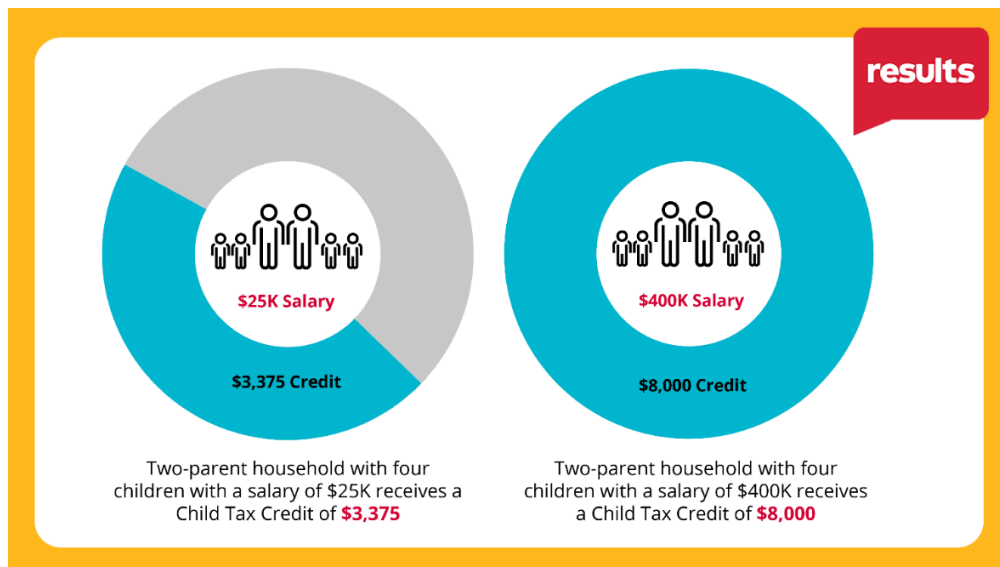
Chart: Families must earn a lot to get the full CTC



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



So, a family earning \$25,000 gets less than half the credit of a family earning \$400,000:



Leaving out those with the lowest incomes translates to worsening inequities for people marginalized by race, geography, ability, and more. At this moment the CTC phase-in disproportionately excludes families identifying as [Black, Latine, and Native](#) as well as [families living in rural areas](#), who have [parents/caregivers with disabilities](#), that include [military veteran caregivers](#), and [grandparents raising their grandkids](#).

It's time to ensure that the CTC reaches as many families as possible. **The tax code should not punish children because their caregivers are in lower wage jobs, are disabled, or cannot yet afford the childcare needed to secure a job.** Please take action and urge your colleagues to expand the CTC to as many children as possible.