

October 15, 2024

The Honorable Brian Fitzpatrick
Chair, Working Families Tax Team
Committee on Ways & Means
U.S. House of Representatives
Washington, DC 20515

The Honorable Nicole Malliotakis
Vice Chair, Working Families Tax Team
Committee on Ways & Means
U.S. House of Representatives
Washington, DC 20515

Dear Chair Fitzpatrick, Vice Chair Malliotakis, and all Members of the Working Families Tax Team:

Poverty can negatively impact every aspect of our children's lives, including their healthy development, education, safety, and overall well-being, with potential for life-long and intergenerational negative consequences even if experienced for a short time. Supporting policies that reduce and ultimately end child poverty stands as one of the most important actions lawmakers can take to improve the lives and opportunities for our children, and to help ensure our nation's bright future. The Child Tax Credit (CTC) is a critical tool to improve the economic security of tens of millions of families with low income and in poverty across the country. The American people – across partisan, racial, gender, regional, and generational lines – agree by overwhelming margins that Congress should extend and improve the Child Tax Credit.¹ **The below 92 national organizations and 154 state and local organizations encourage the Working Families Tax Team to use the 2025 tax negotiations as an opportunity to meaningfully and permanently improve the CTC by increasing the maximum credit, making it fully refundable, and adopting other enhancements recommended below to ensure those left behind and most in need receive the full credit.**

The child poverty rate increased to 13.7% (9.96 million children) in 2023, up from 12.4% (9 million children) in 2022 and more than double compared to 2021 at 5.2% (4 million children).² The jump from 2021 to 2022 – when the expanded CTC under the American Rescue Plan Act expired – was the highest one-year increase on record.³ This increase from 2021 to 2023 represents more than 6 million children who were allowed to backslide into poverty within two years. Babies and toddlers experience the highest rates of poverty and are the largest group by age threatened by eviction.⁴

Overwhelming evidence shows that money matters and supports like the CTC are effective in improving children's near and long-term success. Extensive research underscores that cash assistance for kids and their families struggling to meet basic needs leads to better health outcomes, higher educational attainment, and increased earnings as adults. Research also shows that income support programs reduce household financial stress, improving child-well being and

¹ First Focus on Children (2020, Nov). Voters Have Spoken and They Support Children. <https://firstfocus.org/wp-content/uploads/2020/11/FACT-SHEET-Survey-Shows-Voters-Rank-Kids-As-Top-Priority.pdf>

² Shrider, E.A. (2024, Sep. 10). Poverty in the United States: 2023, U.S. Census Bureau, Current Population Reports, P60-283. <https://www.census.gov/library/publications/2024/demo/p60-283.html>

³ Shrider, E.A. & Creamer, J. (2023, Sep. 12). Poverty in the United States: 2022, U.S. Census Bureau, Current Population Reports, P60-280. <https://www.census.gov/library/publications/2023/demo/p60-280.html>

⁴ Badger, E., Miller, C.C., & Partapiano, A. (2023, Oct. 2). The Americans Most Threatened by eviction: Young Children, NY Times. <https://www.nytimes.com/2023/10/02/upshot/evictions-children-american-renters.html>

allowing parents to invest in their future and even spend more time with their children.⁵ In addition, there is overwhelming evidence of strong rates of return on investment (ROI) when investments are made in children, particularly children in families with low income.⁶

Under the current structure of the CTC, there is substantial inequity in which families have access to the full CTC with families in rural America, families of color, and children living with one parent less likely to receive the full benefit of the CTC. 1 in 3 children in rural areas are left out of the full credit because their families' incomes are too low (compared to around 1 in 4 in metro areas). Similarly, 38% of Black children, 40% of Latino children, and almost a half of all children living with a single mom were ineligible for the full credit due to insufficient income.⁷

We should support our nation's children and not punish children or babies for the circumstances or zip code in which they are born. The upcoming negotiations and expiration of the current CTC maximum credit under the *Tax Cuts and Jobs Act of 2017* (TCJA) present an opportunity for Congress to prioritize policy choices that make significant headway towards reducing child poverty. We encourage the Working Families Tax Team to include the following policies in a permanently expanded CTC:

- *Fully refundable*: The expansion of the CTC as part of the *American Rescue Plan Act of 2021* (ARPA) made the credit fully refundable, eliminating the earnings requirement needed to receive the refundable portion of the credit and enabling previously ineligible families in poverty to receive the full credit for 2021. This provision in particular addressed long-standing racial inequalities in child poverty rates by boosting the finances of low-income households, among which Black and Hispanic children are overrepresented.⁸ Currently, the refundable portion of the CTC is limited to 15 percent of earnings above \$2,500 with a maximum credit of \$2,000. Such a means test limits the credit for families with the lowest incomes, punishing the children who could most benefit from the full credit. We recommend that the Committee make the CTC fully refundable so as to reach the children and families in greatest need.
- *Increase maximum credit for children ages 6 through 17*: The TCJA temporarily expanded the maximum annual credit from \$1,000 to \$2,000 per child under 17, which, in conjunction with other adjustments, provided modest tax benefits to families.⁹ The ARPA further increased the maximum credit to \$3,000 per child – including 17 year olds – for 2021, only.

⁵ National Commission on Children (1991), *Beyond Rhetoric: A New American Agenda for Children and Families*; Greg J. Duncan and Jeannie Brooks-Gunn (1997), *Consequences of Growing Up Poor*, Russell Sage Foundation; National Academy of Sciences, Engineering, and Medicine (2019), *A Roadmap to Reducing Child Poverty*, eds. Greg Duncan and Suzanne Le Menestrel; First Focus on Children (2023, Jun.), Child Investment Research Hub; Center on Budget and Policy Priorities (2023, May), *Research Reinforces: Providing Cash to Families in Poverty Reduces Risk of Family Involvement in Child Welfare*.

⁶ Hendren, Nathaniel and Ben Sprung-Keyser (2020, Mar.), A Unified Welfare Analysis of Government Policies, *The Quarterly Journal of Economics*, Vol. 135, No. 3, 1209-1318.

⁷ Collyer, Sophie, Megan Curran, David Harris, and Christopher Wimer. 2023. *Children Left Behind by the Child Tax Credit in 2022*. *Poverty and Social Policy Brief*, Vol. 7, No. 4. Access at www.povertycenter.columbia.edu/publication/2023/children-left-behind-by-the-child-tax-credit-in-2022

⁸ The Joint Economic Committee Democrats (2022, Nov. 30). *The Expanded Child Tax Credit Dramatically Reduced Child Poverty in 2021*. <https://www.jec.senate.gov/public/index.cfm/democrats/2022/11/the-expanded-child-tax-credit-dramatically-reduced-child-poverty-in-2021>

⁹ Tax Policy Center: Urban Institute & Brookings Institution (2024, Jan.) *Tax Policy Center Briefing Book: Key Elements of the U.S. Tax System*. <https://www.taxpolicycenter.org/briefing-book/how-did-tcja-change-taxes-families-children>

These ARPA temporary CTC improvements benefitted low- and middle-income households and the positive outcomes of the increased credit are well-documented: child poverty decreased by nearly half, reaching 62 million children and benefitting an additional 2.1 million children who would have otherwise remained in poverty.¹⁰ We recommend the Committee increase the maximum annual credit to at least \$3,000 per child ages 6 through 17, designating 17-year olds as “qualifying children,” and maintain the real value of the 2021 expansion as reflected in H.R.3899, the *American Family Act*.

- *Expanded credit for children under age 6:* Families with children under the age of 6 face myriad financial hurdles – not the least of which includes the sky-high costs associated with child care – at a time when they also are often challenged by increased caregiving responsibilities and lower wages. Furthermore, the ZERO TO THREE *State of Babies Yearbook: 2023* found that nearly one in five infants and toddlers live in poverty, making economic insecurity – and the resulting stress – the norm during the period of most rapid brain development across the lifespan.¹¹ In recognition of the valuable role the first six years of life play in shaping future developmental trajectories, we recommend the Committee increase the maximum annual credit to at least \$3,600 per child ages birth through 6.
- *Increased credit for families with newborns:* The first year of a child’s life is often associated with a significant increase in costs in combination with a decrease in earnings due to inconsistent access to paid parental leave. Research has found that women can experience a dramatic loss of income during pregnancy, through the peripartum period, and for months and even years afterwards, impacting a family’s long-term economic security.¹² Additionally, longitudinal analyses have demonstrated that poverty experienced in the earliest years of children’s lives has a greater impact on developmental trajectories than poverty experienced later in life.¹³ We recommend the Committee provide an additional payment of at least \$2,000 the month in which a child is born, ensure that a family receives the full year’s CTC regardless of the month in which a baby is born, and maintain the real value of this expansion as reflected in H.R.3899, the *American Family Act*.¹⁴
- *Option for monthly installments:* As part of the ARPA CTC expansion, the Internal Revenue Service (IRS) automatically delivered up to half of the anticipated annual credit through monthly payments from July through December 2021 rather than as an annual lump sum. According to a survey conducted by the Urban Institute, 45 percent of nonelderly adults living with children who received the advanced CTC payments reported they preferred receiving the credit as a monthly payment, and respondents with lower incomes were also

¹⁰ *Ibid.*

¹¹ Cole, P., Trexberg, K., & Schaffner, M. (2023). *State of Babies Yearbook 2023, ZERO TO THREE*.

https://zerotothree.wpenginepowered.com/wp-content/uploads/2023/09/SOBY2023_Yearbook_Full_v4.pdf

¹² Stanczyk, Alexandra B. (2016, Oct.), *The dynamic of household economic circumstances around a birth*, Washington Center for Equitable Growth working paper series.

¹³ Duncan, G. J. & Magnuson, K. (2011). *The long reach of early childhood poverty*. Stanford Center on Poverty and Inequality.

https://inequality.stanford.edu/sites/default/files/PathwaysWinter11_Duncan.pdf

¹⁴ Curran, M., Harris, D., & Wimer, C. (2024, Jul.). *Equalizing the Child Tax Credit for Babies: How the 2023 American Family Act Treats Infants*, Center on Poverty & Social Policy at Columbia University. <https://scholars.org/contribution/equalizing-child-tax-credit-babies-how-2023>

more likely to prefer the monthly installments.¹⁵ Many families have reported that the monthly payments allowed them to purchase basic needs (e.g. food, diapers), cover educational costs (e.g. tutoring, extracurriculars), and make timely housing and utilities payments.¹⁶ We recommend that the Committee directs the IRS to provide low- and middle-income families with a monthly installment option for the CTC and authorizes a “safe harbor” to protect low- and moderate-income households from being required to remit excess payments that could arise from changes in the number of qualifying children and marital status, and events affecting employment or income.

Make the CTC inclusive of all children: The TCJA temporarily restricted the CTC to children with Social Security Numbers (SSNs) from 2018 through 2025, excluding children with Individual Tax Identification Numbers (ITINs) and Adoption Tax Identification Numbers (ATINs).¹⁷ It is estimated that approximately one million children who do not have SSNs, but are eligible for ITINs, are currently unable to access the benefits of the CTC.¹⁸ We recommend that the Committee restore access to the CTC for all children, including those with ITINs and AITNs.

- *Parity for territories:* Families residing in U.S. territories have experienced uneven access to the CTC. While the ARPA took steps towards rectifying this discrepancy (e.g. permanently expanded CTC to families with qualifying children in Puerto Rico), further legislative action is needed to ensure that American children are not penalized for the location in which they’re born and raised.¹⁹ We recommend the Committee take all steps necessary to ensure the children residing in *all* U.S. territories can access the full CTC in parity with children residing in states.
- *Indexed to inflation:* The tax code does not currently adjust the CTC maximum credit amount of \$2,000 for inflation and, thus, the value of the credit decreases over time. We recommend that the Committee index the maximum credit amount to inflation annually.

An expanded CTC is not a solitary fix to solving child poverty and low income, but rather the north star in a constellation of tax credits and other economic initiatives supporting families. We encourage the Working Families Tax Team to work across the Committee Tax Teams to identify additional avenues to alleviate tax burden for parents and caregivers, e.g. the Child and Dependent

¹⁵ Maag, E. & Karpman, M. (2022, Jun.) Many Adults with Lower Income Prefer Monthly Child Tax Credit Payments, Urban Institute and Robert Wood Johnson Foundation.

https://www.taxpolicycenter.org/sites/default/files/publication/164064/many_adults_with_lower_income_prefer_monthly_child_tax_credit_payments.pdf

¹⁶ Hamilton, L., Roll, S., Despard, M. et al. (2022, Apr.) The impacts of the 2021 expanded child tax credit on family employment, nutrition, and financial well-being: Findings from the Social Policy Institute’s Child Tax Credit Panel (Wave 2), Global Economy and Development at Brookings. https://www.brookings.edu/wp-content/uploads/2022/04/Child-Tax-Credit-Report-Final_Updated.pdf

¹⁷ Crandall-Hollick, M.L., Lunder, E.K. (2021, Dec. 16). The Child Tax Credit and Individual Taxpayer Identification Numbers (ITINs), Congressional Research Service. <https://crsreports.congress.gov/product/pdf/IN/IN11830#:~:text=In%202017%2C%20P.L.%20115-97,ID%20requirement%20for%20the%20taxpayer>

¹⁸ Martinez, V. (2021, May 4). A Permanent Child Tax Credit Must Include Immigrant Families, Center for the Study of Social Policy. <https://cssp.org/2021/05/a-permanent-child-tax-credit-must-include-immigrant-families/>

¹⁹ Corbin, K. (2022, May 11). Take a closer look at how IRS is working to serve residents of Puerto Rico, IRS. <https://www.irs.gov/about-irs/a-closer-look-expanding-access-in-puerto-rico>

Tax Credit and Earned Income Tax Credit. These tax reforms should not impact children and their families' eligibility for means-tested programs. Additionally, we strongly urge you to prioritize the well-being of all our nation's children during the broader negotiations to reform the tax code, including through opportunities to raise revenue to invest in the CTC and other critical family support programs such as child care and nutrition assistance.

Child poverty is a policy choice – and Congress has the power to reduce it. An expanded CTC is a proven method to lower child poverty and has widespread support from voters across the political, economic, and geographic spectrums. Addressing economic insecurity not only impacts the lives of children and families now, but also has far-reaching consequences for the long-term wellbeing and prosperity of our nation. We thank you for your consideration and look forward to working with the Working Families Tax Team to support the economic security of all of America's children and families.

Signed,

National organizations

AFT

Alliance to End Hunger

American Academy of Pediatrics

American Friends Service Committee

American Muslim Health Professionals

Americans for Democratic Action (ADA)

Americans for Tax Fairness

Association of Maternal & Child Health Programs

Autistic Self Advocacy Network

Big Cities Health Coalition

Black Women's Health Imperative

Caring Across Generations

CASA

Center for Law and Social Policy (CLASP)

Center for the Study of Social Policy

Children's Advocacy Institute

Children's Defense Fund

Children's HealthWatch

Children's Home Society of America

Children's National Hospital

Coalition on Human Needs

Common Sense Media

Community Change Action

Congregation of Our Lady of Charity of the Good Shepherd, U.S. Provinces

Congregation of Sisters of St Joseph

Division for Early Childhood of the Council for Exceptional Children (DEC)

Economic Security Project Action

Educare Learning Network
E Pluribus Unum
Family Centered Treatment Foundation
Family Forward
Feeding America
First Five Years Fund
First Focus Campaign for Children
Friends Committee on National Legislation
Food Research & Action Center
Futures Without Violence
HealthyWomen
Holy Spirit Missionary Sisters, JPIC-USA
Hunger Free America
Income Movement
Independent Restaurant Coalition
Institute for Educational Leadership
Institute for Policy Studies, Poverty Project
Legal Momentum
LIFT, Inc.
Low Income Investment Fund
MAZON: A Jewish Response to Hunger
Mental Health America
MomsRising
National Advocacy Center of the Sisters of the Good Shepherd
National Association for Family Childcare
National Association of Counsel for Children
National Association of Pediatric Nurse Practitioners
National Association of Social Workers
National Council of Jewish Women
National Diaper Bank Network
National Employment Law Project
National Immigration Law Center
National Resource Center on Domestic Violence
NETWORK Lobby for Catholic Social Justice
Oxfam America
Parents as Teachers National Center
Parents Together Action
People Power United
Policy Center of Maternal Mental Health
Prevent Child Abuse America
Public Advocacy for Kids (PAK)
RESULTS
Rural Progress
Save the Children

SchoolHouse Connection
Share Our Strength
Small Business Majority
Southern Education Fund
Start Early
The Expectations Project
The Institute for Human Services
TOOTRiS Child Care On-Demand
Trust for America's Health
UNICEF USA
Unitarian Universalist for Social Justice
United Church of Christ
Voices for Adoption
Voices for Progress
Youth and Women for Change in Eswatini
Youth Villages
ZERO TO THREE
20/20 Vision

State and local organizations (by state)

Alabama

Feeding Alabama
RESULTS – Alabama

Alaska

RESULTS - Alaska

Arizona

RESULTS – Arizona
Seedlings Health
Southwest Human Development
Women's Health Innovation of Arizona

Arkansas

Arkansas Community Organizations

California

Black Californians United for Early Care and Education
Brighter Beginnings
California Association of Food Banks
California Center for Rural Policy
California Child Care Resource & Referral Network
Childhood Obesity Initiative
Community Action Partnership of Orange County
End Poverty in California (EPIC)

Families in Schools
First 5 LA
Golden State Opportunity
GRACE – End Child Poverty CA
Kidango
Maternal and Child Health Access
OC Food Bank
Orange County United Way
RESULTS - California
RESULTS – Sierra Nevada
San Diego Community Birth Center
San Diego for Every Child, California
The Children’s Partnership
United Ways of California
Ventures

Colorado

Colorado Children’s Campaign
RESULTS - Colorado

Connecticut

Five Corner Cupboard Food Pantry

Delaware

Children & Families First DE
RESULTS – Delaware Chapter

District of Columbia

DC Action
RESULTS – DC/MD

Florida

Florida Policy Institute
RESULTS - Miami
RESULTS - NSU
RESULTS - Orlando
Temple Glow Wellness

Georgia

Agency for Humanity
GEAARS: Georgia Early Education Alliance for Ready Students
RESULTS - Georgia
Southern Women in Motion

Hawaii

Hawaii Children’s Action Network Speaks!

Idaho

Idaho Hunger Relief Task Force
RESULTS - Idaho

Illinois

Prevent Child Abuse Illinois
Raising Illinois PN3 Coalition
RESULTS - Chicago

Indiana

Indiana Justice Project
Indy Hunger Network
Lafayette Urban Ministry
RESULTS - Indiana

Iowa

American Academy of Pediatrics – Iowa Chapter
Common Good Iowa
Postpartum Support International – Iowa
RESULTS - Iowa

Louisiana

Louisiana Partnership for Children and Families
Louisiana Policy Institute for Children

Maine

Maine People's Alliance

Maryland

Cedar Lane Unitarian Universalist Congregation Environmental Justice Ministry
RESULTS – DC/MD

Massachusetts

Boston Medical Center
Cambridge Economic Opportunity Committee
East Boston Social Centers
La Colaborativa
Mass. PPD Fund
MLPB
Neighborhood Villages
RESULTS - Massachusetts
Strategies for Children
The Greater Boston Food Bank
Together for Kids Coalition

Michigan

Michigan League for Public Policy

Mississippi

Mississippi Early Learning Alliance
Mississippi Low Income Child Care Initiative

Missouri

Kids Win Missouri
Missouri Children's Trust Fund
RESULTS – Kansas City
Water Signs Community Services

Montana

Hearts and Hands Midwifery and Family Healthcare
Zero to Five Montana

Nebraska

Nebraska Appleseed

Nevada

Children's Advocacy Alliance

New Jersey

New Jersey Association for the Education of Young Children

New Mexico

Kelly's Learning Academy LLC
RESULTS - Albuquerque

New York

Center for Independence of the Disabled, New York (CIDNY)
Grand Street Settlement
Mohawk Valley Community Action Agency, Inc.
Public Health Solutions
The Children's Agenda

North Carolina

Black Child Development Institute - Carolinas
Little Listeners LLOTC
NC Budget & Tax Center
NC Child
NC Matters
WZA Consultant

Ohio

bi3
Equitas Health
Groundwork Ohio
RESULTS – Central Ohio
RESULTS – Northeast Ohio

Village of Healing

Oklahoma

Healthy Communities Healthy Children Coalition

Oklahoma Institute for Child Advocacy

Potts Family Foundation

Regional Food Bank of Oklahoma

Resilient Payne County

RESULTS - Oklahoma

Oregon

Prevent Child Abuse Oregon

RESULTS - Oregon

Pennsylvania

Central Pennsylvania Food Bank

Children First

Feast of Justice

Feeding Pennsylvania

Lion of Judah Enterprises

Maternity Care Coalition

Mattie N Dixon Community Cupboard

Mi Salud Wellness Center

MontCo Anti-Hunger Network

Philabundance

RESULTS – Central and Western PA

RESULTS - Philadelphia

Wayne Presbyterian Church Social Justice Committee

Rhode Island

Adoption Rhode Island

MLPB

Rhode Island KIDS COUNT

Right from the Start Campaign

South Carolina

RESULTS – South Carolina

South Carolina Program for Infant/Toddler Care

Trending Joy, PLLC

Tennessee

RESULTS - Tennessee

Texas

Children at Risk

RESULTS - Dallas

RESULTS – Fort Worth

RESULTS – Houston Domestic
Unitarian Universalist Fellowship of Hidalgo County, TX

Vermont

Voices for Vermont's Children

Virginia

New Virginia Majority

RESULTS – Virginia

Virginia Interfaith Center for Public Policy

Virginia Organizing

Voices for Virginia's Children

Washington

RESULTS – Bremerton/North Kitsap Chapter

RESULTS – Cascades WA

RESULTS - Seattle

RESULTS – South Kitsap/Gig Harbor, WA

RESULTS – Southwest Washington

RESULTS – Topeka

West Virginia

RESULTS – West Virginia

West Virginia Center on Budget and Policy