

U.S. Poverty Policy Request

Expand EITC and the Child Tax Credit

We urge Congress to pass a strong recovery package that extends the increased Child Tax Credit (CTC) for all low-income families -- while making the CTC fully refundable on a permanent basis -- along with extending the expanded Earned Income Tax Credit (EITC) for younger workers and others without dependents.

The EITC and CTC are financial lifelines for families working in low-wage jobs, and long-overdue improvements to the CTC and EITC are already making a difference. Monthly CTC payments are helping families put food on the table and pay bills. 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.

Unfortunately, an **estimated 27 million children in low-income families will lose some or all of the full CTC** if Congress does not pass a strong recovery package. 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-

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%

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 \(see chart\)](#). RESULTS strongly urges you to **include full permanent refundability for the CTC in recovery legislation** (also known as “Build Back Better”) to ensure children in the lowest-income families get the full value of the CTC going forward. In addition, Congress should also restore CTC eligibility to children with Individual Tax Identification Numbers, as outlined in the Ways and Means bill.

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 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. We urge you to **make these provisions permanent now**, paid for by ensuring the wealthy and corporations finally pay their fair share of taxes.