Introduced by Senator Sherrod Brown (OH) and Senator Dick Durbin (IL), the Working Families Tax Relief Act (S. 836), would make permanent critical improvements to the Child Tax Credit (CTC) and Earned Income Tax Credit (EITC) that are currently due to expire in 2017. This bill would preserve access to these key credits for 13 million families and 26 million children nationwide.

WHY THE WORKING FAMILIES TAX RELIEF ACT IS NECESSARY

The CTC and the EITC represent two of the most important tax provisions for children – helping families meet their children’s basic needs and keeping millions of children from poverty. Both credits have a history of bipartisan support and have only ever been improved, most recently in the 2009 American Recovery and Reinvestment Act, with these provisions temporarily extended in 2010 and again in 2012.

Together, the improved version of these credits kept close to 5 million children from falling into poverty in 2011 alone. Of this overall impact, the 2009 improvements made to each credit were responsible for keeping close to 1 million children out of poverty, making these provisions key to each credit’s effectiveness. But these credits do more than boost a family’s income – for the children who receive them, the CTC and EITC are linked to improved school achievement in the short-run and increased work hours and future earnings as adults.

Both credits are also necessary investments for a strong middle class. Close to half of our nation’s children (44%) live in households earning $44,000 or less. These are hardworking families for whom a tax break through the CTC or EITC could help pay a month’s rent or several months of groceries and clothing for their children.

WHAT THE WORKING FAMILIES TAX RELIEF ACT DOES

Among the provisions of the bill, the items most closely related to children include:

- Shielding more than 13 million low- to moderate-income families from seeing an average annual tax increase of $843 – enabling this money instead to be spent directly on their children.
- Making permanent 2009 improvements to the EITC that recognize the financial needs of larger families and target tax relief to families with more than two children. Without this action, 6.5 million families making under $50,000 annually would see their taxes increase.
- Making permanent 2009 improvements to the CTC that establishes a qualifying income threshold designed to improve low-income families’ access to the credit, thereby improving the CTC’s effectiveness in combating child poverty. Without this action, 12 million families would see their CTC shrink and 5 million families would lose the CTC altogether.
- Simplifying the EITC claiming process to reduce errors and ensure families receive credits for which they are eligible.

SUPPORT S.836 TO MAKE IMPROVED FAMILY TAX CREDITS PERMANENT

Making the improved versions of the Child Tax Credit and Earned Income Tax Credit permanent will ensure that 13 million families will continue to be supported with the resources they need to raise healthy children. Preserving access to these family tax credits will strengthen the middle class and keep children out of poverty, allowing more families to give their children a healthy and secure start to life.
families are a priority in federal policy and budget decisions. For more information, visit www.ffcampaignforchildren.org.

3 Ibid.
4 Ibid.
7 Ibid.