FIRST FOCUS
CAMPAIGN FOR CHILDREN

1400 Eye Street NW Suite 650 Washington DC 20005
p: 202.657.0670 | Twitter: @Campaign4Kids

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The Honorable Charles E. Grassley
Chairman
Committee on Finance
United States Senate
Washington, DC 20510

The Honorable Ron Wyden
Ranking Member
Committee on Finance
United States Senate
Washington, DC 20510

The Honorable Richard Neal
Chairman
Committee on Ways and Means
United States House of Representatives
Washington, DC. 20515

The Honorable Kevin Brady
Ranking Member
Committee on Ways and Means
United States House of Representatives
Washington, DC. 20515

Dear Chairmen Grassley and Neal and Ranking Members Wyden and Brady:

As you continue to work through a range of tax legislation addressing retirement security, the redesign of the Internal Revenue Service, an extension of temporary tax credits, and other important updates to the tax code, I write on behalf of First Focus Campaign for Children to urge you to adopt critical changes to our tax code that would reduce child poverty significantly in the near-term. As a bipartisan children's advocacy group dedicated to ensuring that our children and families are a priority in federal policy and budget decisions, child poverty reduction remains a chief priority for our organization. Unfortunately, child poverty remains stubbornly high in the United States, and despite economic growth and low unemployment rates, the U.S. Census Bureau reports that 17.5 percent, nearly 13 million children in the U.S., lived in poverty in 2017.

This past February, the National Academies of Sciences, Engineering and Medicine (NASEM) released a landmark study, *A Roadmap to Reducing Child Poverty,* confirming that child poverty is a solvable problem when there is the political will to address it. Additionally, First Focus Campaign for Children has provided an analysis distilling the nearly 600-page study to highlight the findings and policy options we find most compelling, provide commentary on how its policy and program options line up with current legislative efforts, and add contextual factors to consider for effective implementation of these policy options. Written by a committee of the nation's leading experts on child poverty, this study puts forward an evidence-based policy agenda that, if prioritized and implemented by our nation's lawmakers, would achieve the goal of cutting our child poverty rate in half within a decade. Modifications to the tax code are paramount to achieving that goal.

While the study committee finds that no single policy or program on its own can cut our national child poverty rate in half in ten years, it puts forward two comprehensive policy packages that achieve that goal. Both rely heavily on changes to the tax code, with the *Means-Tested Supports and Work Package* reducing child poverty by 50.7 percent and the *Universal Supports and Work Package,* which includes a child allowance program, reducing child poverty by 52.3 percent. These packages have positive impacts on employment and earnings and make smart economic sense. **Implementing either one would cost less than $120 billion a year while child poverty costs our country between $800 and $1 trillion a year.**

The study highlights that the EITC and the refundable portion of the CTC are the most successful existing policies to help alleviate child poverty. Eliminating these tax credits would increase poverty by 5.9 percentage points (from 13 percent to 18.9 percent). **Notably, however, the study also recognizes that an extension of the child credit to function as a $3,000 per child per year child allowance policy would yield the largest reduction in child poverty (5.3 percentage points over ten years) and is by far the most effective policy for reducing deep child poverty**. The study committee also finds that programs that provide regular income support, whether through tax credits, cash, or vouchers, may be more helpful to families if they provide adequate benefits at well-timed intervals. Canada, Australia and nearly every European country have implemented a monthly child allowance and in doing so modeled the success of cash-transfer programs to low-income families. The NASEM study also simulates the conversion of the current non-refundable Child and Dependent Care Tax Credit to a fully refundable tax credit, concentrating its benefits on families with the lowest incomes and with children under the age of five as a way to support parents in the workforce and help reduce child poverty by 9.2% over ten years.

I hope both the NASEM study and our analysis serve as valuable resources for your work as leaders of the House and Senate chief tax-writing committees. As you know, children are 62 percent more likely to experience poverty than adults. They also disproportionately experience deep poverty, which has significant negative consequences for their healthy development and long-term outcomes. Approximately 81 percent of the 10.2 million children living in persistently poor counties (that is, with a child poverty rate above 20 percent for over 30 years) reside in the South and Northeast. There are large racial and ethnic disparities for those children living in persistently poor counties, as black children experience high rates of persistent poverty and are concentrated in the South and Northeast, while 70 percent of Hispanic children living in persistently poor counties reside in California, New York, and Texas. These children are likely to be living in households and communities with characteristics such as racial and income segregation, lower quality schools, and lack of infrastructure, all of which perpetuate intergenerational poverty. Tax credits designed to reach these communities and families would have positive, long-term effects for child well-being and help to address intergenerational poverty.

If we want a country that will continue to be strong and successfully compete in a global economy, we must make investments and policy changes that improve the lives and outcomes for **all** of our children. We know that investments in children and education today create jobs for the future, ensuring that they will be prepared to compete and innovate. Our nation's economic security depends on the well-being of our young people, who are our future workforce and tax base. It is time to reduce child poverty dramatically so that all of our children have a fair opportunity to thrive and succeed. I urge you to prioritize our nation's children as you craft tax legislation this Congress.

Sincerely,

Bruce Lesley

Bruce Lesley
President

cc: Senate Finance Committee Members
House Ways and Means Committee Members