



CAMPAIGN FOR CHILDREN

July 24, 2012

Ranking Member Richard Neal
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Washington D.C. 20515

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Dear Ranking Member Neal,

On behalf of the First Focus Campaign for Children, I write to express our support for your legislation to extend the current versions of the Child Tax Credit (CTC) and Earned Income Tax Credit (EITC) through 2013. As a bipartisan advocacy organization committed to making children and their families a priority in federal policy and budget decisions, we thank you for your leadership in preserving these key family tax credits for over 13 million working families and 26 million American children.

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. Together, the improved version of these credits kept close to 5 million children from falling into poverty in 2010 alone. As Congress considers the broad number of expiring federal tax provisions this fall, the importance of the refundable tax credits for low- and moderate-income families with children cannot be overstated.

The CTC helps over 35 million families each year meet their children’s basic needs. But without Congressional action, the CTC will be cut in half – from a maximum of \$1,000 down to \$500 – and the qualifying income threshold will rise significantly, denying access to families on the lowest incomes and threatening the effectiveness of the CTC in combating child poverty. This bill will save the families of over 16 million children an average of \$854 in 2013 – a critical amount for low-income families, who, of families at all levels, spend the highest percentage of their income directly on their children, according to research by the U.S. Department of Agriculture.

The EITC is also a critical and proven investment in the economic security of low-income children. Hailed as the federal government’s most successful anti-poverty tool, the 2009 expansion for families with more than two children strengthened the effectiveness of the EITC by acknowledging the increased financial need of larger families and targeting tax relief and support accordingly. This bill will save the families of 16 million children an average of \$530 in 2013.

With child poverty at its highest rate in 20 years, now is the time to invest in our nation’s children. And both credits do more than boost a family’s income – for the children that 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.

Thank you for your leadership in preserving these important credits. We look forward to working with you to ensure children are a priority in the forthcoming tax debate.

Sincerely,

Bruce Lesley, President