

December 2, 2015

The Honorable Orrin G. Hatch  
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 Kevin Brady  
Chairman  
Committee on Ways and Means  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Sander Levin  
Ranking Member  
Committee on Ways and Means  
U.S. House of Representatives  
Washington, DC 20515

Dear Chairman Hatch, Ranking Member Wyden, Chairman Brady and Ranking Member Levin:

On behalf of First Focus Campaign for Children, a bipartisan organization advocating to make kids a federal priority, we write to urge you to make important improvements to the Earned Income Tax Credit (EITC) and Child Tax Credit (CTC) permanent in the tax extenders package that is currently being negotiated. Together, these powerful tax programs have proven track records of helping working families escape poverty, build assets, and improve their long-term health and academic achievements. In addition, First Focus urges Congress to index the Child Tax Credit so families can see this credit grow with the normal rate of inflation. We also ask you to consider taking the opportunity for further steps to help working families afford childcare by improving the Child and Dependent Care Tax Credit (CDCTC) in the tax package.

According to the U.S. Census Bureau, children comprise of almost a quarter of the population, yet account for nearly one-third of the poor. Children of color experience the highest rates of poverty with 33 percent of Hispanic children and 37 percent each of African American and Native American children living in poverty. Poor children are more likely to suffer from poor health, inadequate housing, lower academic achievement, food insecurity and fewer economic opportunities—all of which increase their chances of becoming poor adults. In 2013, the EITC lifted over 6 million people out of poverty, including about 3.2 million children.

The Child Tax Credits also serves as one of the most powerful and effective weapons against poverty. To that end, we support indexing the Child Tax Credit as an essential component to this program in order to meet the needs of our working families. More than 38 million American families benefited from the CTC in 2013, and while it has had a significant impact since its initial creation in 1997, CTC's maximum value of \$1,000 per child has remained flat since 2004. Congress should do something very simple that over time would have a huge impact on families – the CTC should be indexed for inflation every year so families can see this credit grow with the normal rate of inflation. Most federal programs, including Social Security and Medicare, are annually indexed for inflation. While the cost of raising children has risen sharply over the past 10 years, the CTC has remained flat.

We also urge you to take this opportunity in the tax extenders package to improve the CDCTC to provide greater assistance to working families to afford childcare, which often exceeds the cost of housing, college tuition, transportation or food for families. The burden is even greater for low-income working families, who on average pay 40 percent of their earnings on childcare. We also recommend that Congress make the CDCTC refundable to allow families without any tax liability the opportunity to realize the tax benefit.

We also ask that you ensure that parents of all eligible children fully benefit from these tax credits by ensuring that immigrant parents who file their taxes using an Individual Taxpayer Identification Number (ITIN) remain eligible to claim the CTC and that deferred action recipients are not denied access to the EITC. Restrictions to immigrant tax filer would harm more than 5 million children living in mixed-status families, the vast majority of whom are U.S. citizens.

Thank you for taking into consideration our recommendations to make important improvements to EITC and CTC permanent, including indexing the CTC, and considering improvements to the CDCTC to help working families. As you look to address the needs of the American marketplace, we hope you will include these provisions that have strong implications on children and families.

Sincerely,

A handwritten signature in blue ink that reads "Bruce Lesley". The signature is written in a cursive style with a prominent underline under the word "Lesley".

Bruce Lesley  
President  
First Focus Campaign for Children