

ACTION SHEET:

URGE SENATE TO BRING UP AND PASS BIPARTISAN TAX PACKAGE TO LIFT 500,000 KIDS OUT OF POVERTY



“While America spends about as much, or even more on the elderly than many other rich nations, it spends significantly less on kids. Among the almost 40 countries in the OECD, only Turkey spends less per child as a percentage of their GDP. It’s a big reason why the United States has a much higher rate of child poverty than most other affluent countries – and even has a higher rate of child poverty than some not-so-affluent countries”

-National Bureau of Economic Research

If we are truly concerned about the well-being and best interests of our children and grandchildren, we should strive to eliminate child poverty and the **harm it inflicts** on our nation’s kids. For many children, the impact of child poverty is akin to **violence** created by policy decisions, but it does not have to be this way. **Improving the Child Tax Credit (CTC)** and cutting child poverty would dramatically improve the lives of children and benefit our nation in both the short- and long-term. Overwhelming evidence shows that money matters and supports like the Child Tax Credit are effective in improving children’s long-term success, which leads to better health outcomes, higher educational attainment, and increased earnings as adults.

This month we will be urging our Senators to immediately pass H.R. 7024, the **Tax Relief for American Families and Workers Act of 2024**, a bipartisan House-passed tax package, and reject any amendments that are not good for children. The modest, but important, policy changes to the CTC included in H.R. 7024 are a good step toward fixing problems with the current law that deny lower-income children and their families access to the full credit and would help reduce economic hardship for tens of millions of kids and their families in this country.

Background:

Prior to 2021 and now again with the expiration of the expanded Child Tax Credit in 2022, 19 million of our nation’s children – in poverty and near poverty – are tragically “left behind” by the Child Tax Credit. The reason is that their parents make too little to qualify for the full credit as it is currently structured. The policy choice to let the expanded CTC expire harms children as it excludes the nation’s poorest kids from reaping the full benefit of the credit.

Three years ago, during the height of the COVID-19 pandemic, a majority in the House and Senate voted to increase the Child Tax Credit to \$3,600 for children under the age of 6 and to \$3,000 for children over the age of 6, expand the credit to 17-year-olds who were previously excluded, and make the credit fully refundable to all children monthly. As a result of this policy, the **U.S. Census Bureau** estimates that child poverty declined by 46% in 2021, and that the Child Tax Credit alone lifted nearly 3 million children out of poverty. Across the country, the improved Child Tax Credit substantially slashed child poverty, reduced food insecurity, and improved housing and

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financial stability for families with children. Numerous **studies** highlight how policies that reduce child poverty contribute to lower incidences of child abuse or maltreatment. Research also demonstrates that making investments to reduce child poverty would have an enormous long-term **return on investment (ROI)**.

In addition, real-world data, as opposed to models based on assumptions of employment efforts of various labor supply elasticities, found little to no impact on work. Unfortunately, certain lawmakers allowed the Child Tax Credit improvements to expire at the close of 2021.

The bipartisan House-passed legislation takes an important step toward improving the Child Tax Credit by reducing the disparities in the credit's benefit to children. Specifically, the legislation would change the Child Tax Credit by:

- **Expanding access to the credit:** Gradually increasing the refundable portion of the Child Tax Credit for 2023, 2024, and 2025 until the cap is eliminated and lower-income families have access to the full amount of the credit.
- **Increasing relief for larger families:** Ensuring the Child Tax Credit phases-in on a per child basis so the credit applies equally to families with multiple children. You can see from **this chart** that larger families will no longer be penalized under the CTC. (currently the refundable portion of the CTC is calculated as 15% of earned income above \$2,500 (and up to the cap), under the proposal it would phase-in by the number of qualifying children effectively changing the phase-in rate so the calculation would be 30% for two children and 45% for three children).
- **Protecting families experiencing temporary hardship:** Providing flexibility for taxpayers to use either current- or prior-year income to calculate the CTC in 2024 or 2025 when they have a drop in income in a particular year – for example due to the birth of a child, loss of a job, health care crisis, natural disaster, serving as a caregiver for a child, parent, or spouse, etc.);
- **Delivering inflation relief:** Adjusting the full tax credit for inflation starting in 2024.

Consequently, analysts estimate the legislation will:

- **Cut child poverty by 400,000 in the first year and 500,000 or more when in full-effect;**
- **Benefit 16 million children, or more than 80% of the 18-19 million who currently get no or only partial credit in the first year;**
- **Benefit 3 million children under the age of 3 in the first year;**
- **Dramatically reduce the child penalty that is currently imposed on children in larger families;**
- **Assist children by increasing family and economic stability; and,**
- **Help all families in the future by adjusting the credit for inflation.**

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H.R. 7024 passed the House of Representatives by an overwhelming 357-70 margin and the Senate needs to act swiftly when they return from recess this month. We know how to tackle child poverty and an important policy choice is presented to our federal lawmakers now. The American people – across partisan, racial, gender, regional, and generational lines – all agree by overwhelming margins that Congress should extend and improve the Child Tax Credit. The expansion of the CTC is in the best interest of children, their families, and our nation's future. Let's urge the Senate to vote on the bill ASAP and then thank our Senators who support it – thereby cutting child poverty.

Take Action Now:

1. Write an email to both of your **Senators** or use social media to (a) urge them to speak out in favor of the Tax Relief for American Families and Workers Act (H.R. 7024) and publicly pledge to support the bill and (b) urge Senate leadership to schedule a vote as soon as possible to enact the bipartisan House-passed tax package to lift 500,000 children out of poverty.
2. Pull from some of the language and statistics above to make your case.
3. If using social media remember to use the hashtags #ChildTaxCredit, #Commit2Kids, #InvestInKids and #VoteKids and to tag @Campaign4Kids and your members of Congress (you can find their social media accounts using our tool [here](#)). **[You may check out the social media "how to" document for additional advice.]**
4. Or call your Senators Office and say: "I urge Senator _____ to speak out in favor of the Tax Relief for American Families and Workers Act (H.R.7024). This bipartisan bill expands the Child Tax Credit for 16 million low-income children and provides immediate relief to American families. I urge Sen. _____ to publicly pledge support for the bill and urge Senate leadership to schedule a vote as soon as possible. Thank you for your time." **NOTE: Be Sure to leave your name and address with the office.**
5. Please ask your friends and family to do the same and share any responses you get with the First Focus team