FIRST FOCUS
CAMPAIGN FOR CHILDREN

1400 Eye Street NW Suite 450 Washington DC 20005
p: 202.657.0670 | Twitter: @Campaign4Kids

April 4, 2024

The Honorable Cindy Hyde-Smith
United States Senate
702 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Hyde-Smith:

On behalf of First Focus Campaign for Children (FFCC), I am writing to highlight the importance of the Child Tax Credit to our nation's children and families and to explain our opposition to S. 3798, which would have the effect of denying millions of U.S. citizen children access to the Child Tax Credit.

At First Focus Campaign for Children, we believe every child is precious and worthy of an opportunity to thrive and make the most of their lives. Unfortunately, our nation's children are in crisis. We have a rising rate of infant mortality for the first time in decades and child mortality rates that are much higher than that in other wealthy nations. We saw the supplemental poverty measure (SPM) for children more than double between 2021 and 2022 – from 5.2% to 12.4% – with the expiration of the expanded Child Tax Credit. That rate, as you know, is much higher in Mississippi, where the rate is the highest in the nation.[1]

We need ***all*** of our nation's children to thrive and flourish. Unfortunately, child poverty and lack of investment in the future of children negatively impacts every aspect of their lives, including their health, education, nutrition, housing, and rates of child abuse and juvenile justice. We should strive to do everything in our power to improve the lives of our children rather than impose additional barriers and limit their lifetime opportunities.

Furthermore, the research overwhelmingly shows that investing in our nation's children has an enormous return on investment (ROI). Social sciences research consistently shows that investing in children, particularly in support of the most disadvantaged kids, ranks highest among all types of investments that the government can make.[2] For example, the National Academy of Sciences, Engineering, and Medicine (NASEM) has found that child poverty is costing society up to $1.1 trillion a year and that cutting child poverty through an improved Child Tax Credit would positively impact just about every aspect of the lives of children.[3]

The bipartisan National Commission on Children, which was established by Congress and President Ronald Reagan, recommended that the Child Tax Credit be created for "all families with children," and thereby, not discriminate against children based on the circumstances of their parents or caregivers.[4] Unfortunately, in its creation, the Child Tax Credit was created in a manner that creates barriers to the full credit for some children

---

1 Alexander, L. (2023, Sept. 14). Child poverty increases more than two-fold. Retrieved from Mississippi Public Broadcasting at https://www.mpbonline.org/blogs/news/child-poverty-increases-more-than-twofold/.
2 Hendren, Nathaniel and Ben Sprung-Keyser. (2020, Mar.). A Unified Welfare Analysis of Government Policies, The Quarterly Journal of Economics, Vol. 135, No. 3, 1209-1318.
3 National Academy of Sciences, Engineering, and Medicine (NASEM). (2019). A Roadmap to Reducing Child Poverty. Retrieved from The National Academies Press: https://doi.org/10.17226/25246.
4 National Commission on Children. (1991). Beyond Rhetoric: A New American Agenda for Children and Families.

through what are referred to as "baby and child penalties."[5] These penalties cause 18-19 million children, or 26% of all kids, to be "left behind," as they do not qualify for the full Child Tax Credit because their parents make "too little."[6] The children "left behind" disproportionately impact Mississippi's children, families, and economy,[7] as well as younger children, children in single-parent households, rural communities, and children of color across the country.[8]

These "baby and child penalties" create some unintended and devastating consequences. For example, the Child Tax Credit currently imposes a "triple-whammy" on children and families that are having a child, because: (1) the household experiences a drop in income because of physician-advised bed rest, the departure of employment or going unpaid during pregnancy and childbirth, medical complications to mother, baby, or both, and the lack of child care or paid family leave throughout the postpartum period[9]; (2) an increase in household costs associated with having a child; and, (3) a reduction in the Child Tax Credit due to the drop in income.

The combination of these circumstances, along with the fact that families having children are younger adults who are early in their careers, results in babies and young children having much higher poverty rates than any other age group in the U.S. For these babies who need the most support and assistance, the Child Tax Credit actually reduces support. In light of the Supreme Court's *Dobbs* decision, public policy should recognize and provide more support – rather than less – to our nation's babies and mothers.

Another example is that families with children, who experience a significant loss of income and major trauma due to a natural disaster, such as a hurricane, flooding, tornado, or drought, should receive more – not less – support. Unfortunately, yet again, the Child Tax Credit has the unintended consequence of often slashing funding to such children and families.

To address these shortcomings of the Child Tax Credit, House Ways and Means Chairman Jason Smith (R-MO) created a "lookback" provision in H.R. 7024, the Tax Relief for American Families and Workers Act of 2024, which passed the House by a 357-70 vote, that would allow families to file for the Child Tax Credit using a previous year's income level and prevent the credit from being cut due to circumstances such as having a baby or living through a natural disaster.

---

[5] Lesley, B. (2024, Feb.). The Child Tax Credit and Its Potential Impact on the Lives of Children and Future of the Nation. Retrieved from First Focus on Children at https://firstfocus.org/resource/the-child-tax-credit-and-its-potential-impact-on-the-lives-of-children-and-future-of-the-nation/.

[6] Collyer, S., Curran, M., Harris, D., & Wimer, C. (2023, Sep. 12). Children Left Behind by the Child Tax Credit in 2022. Columbia University's Center on Poverty and Social Policy. 7(4); Gonzalez, D., Maag, E., & Karpman, M. (2024, Jan.). In the Absense of the Expanded Child Tax Credit, Many Families with Children Faced Material Hardship in 2022. Urban Institute.

[7] Hammond, S. & Orr, R. (2021, Aug.). Measuring the Child Tax Credit's Economic and Community Impact. Retreived from Niskanen Center at https://www.niskanencenter.org/wp-content/uploads/2021/08/Measuring-the-Child-Tax-Credits-Economic-and-Community-Impact.pdf.

[8] Collyer, S., Harris, D., & Wimer. C. (2019, May 13). Left Behind: The One-Third of Children in Families Who Earn Too Little to Get the Full Child Tax Credit. Columbia University's Center on Poverty and Social Policy. 3(6). The report found that 40% of children under the age of 6, 70% of children in single-parent households, 42% of children in rural communities, and over half of Black and Hispanic children are "left behind" and received only partial or no benefit from the Child Tax Credit.

[9] Stancyyk, A. B. (2016, Oct.). The dynamics of household economic circumstances around a birth. Washington Center for Equitable Growth working paper series. The author finds, "On average, households experience significant declines in income-to-needs that begin three months before the birth month, reach the lowest levels – around 34 percent lower than the pre-pregnancy baseline – in the first and second months of the infant's life, and do not recover to pre-pregnancy levels in the year following the birth."

Chairman Smith's bill also "removes the penalty for families with multiple children" by adjusting the refundable credit's phase-in per child rather than per household. Under current law, the Child Tax Credit increases when a wealthier family has a baby but remains unchanged when a lower-income family has a baby. Again, we should be improving programs for babies and mothers rather than penalizing them.

For years, we have urged lawmakers to apply a "Is It Good for the Children?" test when considering legislation before Congress that impacts children. If the bill improves the best interests, well-being, and lives of children, we urge its support. If it harms or penalizes children, we urge its rejection.

Due to the fact that H.R. 7024 mitigates and reduces the "baby and child penalties" in the Child Tax Credit, we urge you and all other senators to support it.

However, for those same reasons, we also must express our opposition to S. 3798, as it would impose new "baby and child penalties" in the Child Tax Credit based on circumstances beyond the child's control, which in this case is a child's parents' immigration status. That is not in the best interest of millions of U.S. citizen children,[10] who need the same protection and support as other children to flourish and have the opportunity to fulfill their God-given potential. We oppose treating children as second-class citizens and subjecting them to economic hardship, and consequently, negative short- and long-term consequences because of the status or circumstances of their parents.[11] In fact, for this reason, we believe it would violate the Constitution's equal protection clause.[12]

Thank you for your consideration.

Sincerely

Bruce Lesley

Bruce Lesley
President

[10] Avevedo-Garcia, D., Joshi, P. K., Ruskin, E., Waters, A. N., Sofer, N., & Guevara, C. A. (2021). Including Children in Immigrant Families in Policy Approaches to Reduce Child Poverty. *Academic Pediatrics.* 21(8). S117-S125.
[11] *Ibid.*
[12] Piatt, B. (1988). Born as Second Class Citizens in the U.S.A.: Children of Undocumented Parents. *Notre Dame L. Rev. 63, 35.* Accessed via Digital Commons at St. Mary's University.