February 1, 2021

The Honorable Chuck Schumer       The Honorable Nancy Pelosi
U.S. Senate                        U.S. House of Representatives
Washington, DC 20510               Washington, DC 20510

The Honorable Mitch McConnell     The Honorable Kevin McCarthy
U.S. Senate                        U.S. House of Representatives
Washington, DC 20515               Washington, DC 20515

Dear Majority Leader Schumer, Speaker Pelosi, Minority Leader McConnell, and Minority Leader McCarthy:

As you work to craft the next COVID-19 relief package, the undersigned organizations, who are committed to promoting the health and well-being of children, youth, and families, call on you to include critical reforms to the Child Tax Credit. According to data released by the Census Bureau at the end of December, nearly one in five adults with children lived in households that lacked sufficient food, and nearly one in four were not caught up on rent. As has been the case throughout the pandemic, Black, Latinx, and Indigenous families are significantly more likely to be experiencing these hardships.

President Biden has rightly called for expanding the Child Tax Credit in the next relief package, recommending that the credit be made fully refundable and that the maximum benefit be increased from the current level of $2,000 per child for children zero to 16 years old, to $3,600 per child under six years old and $3,000 per child ages six through 17. Right now, one-third of all children—23 million in total—do not receive the full value of the CTC because their parents make too little to qualify. Moreover, more than half of Black and Hispanic children are not eligible for the full CTC. The Center on Poverty and Social Policy at Columbia University estimates that making the CTC fully refundable and raising the benefit level has the potential to cut child poverty overall by almost 45 percent. It would also significantly reduce racial disparities, cutting Black child poverty by 52 percent, Hispanic child poverty by 45 percent, Native American child poverty by 62 percent, Asian American and Pacific Islander child poverty by 37 percent, and White child poverty by 39 percent.

Congress should include these reforms to the Child Tax Credit in the next relief package and make them permanent. Furthermore, additional modifications are necessary to ensure that these reforms live up to their promise of reducing hardship and racial disparities, and advancing equity. The credit must be designed to help families meet their regular expenses, to be easily accessible, and to support all children in need. In addition to making the CTC fully refundable and increasing the benefit level, the following reforms must be included in the COVID package:

- **The expanded CTC should be made available via monthly payments and families should automatically receive payments if they have previously filed taxes.** Because the CTC is currently available to families as a once-a-year refund on their taxes, families will only see the benefit of President Biden’s proposed reforms in 2022, unless changes are made to make the credit available before then. Given the severe hardship so many families are experiencing, it is critical that families have the opportunity to receive their CTC payments during the current tax year. Making the credit available to families on a monthly basis would not only help families meet their immediate needs, it would help counter the income volatility that so many families experience even when the economy is stronger. The research is clear that families with low incomes and Black and Latinx families experience the most severe income volatility, and are less able to weather declines in income because they have less wealth. Making the CTC available to families on a regular basis is therefore crucial for advancing economic and racial equity. For
families that filed taxes in 2020, they should receive the advanced payments on their 2021 CTC automatically.

- The expanded CTC should be easy to access, including for families who do not normally file taxes. Refundable tax credits have the potential to significantly improve families’ economic wellbeing, but actually accessing the credits can be quite complicated and burdensome, and families too often wind up paying tax preparers for help, or not receiving the credit at all. Given that these CTC reforms will significantly expand the benefit for low-income families, and make the credit available to a large number of families who do not currently file taxes, it is critical that the IRS quickly establish a website that is easy to use and navigate, to clearly explain the new credit to families and walk them through how monthly payments work, and to allow non-filers to quickly and easily establish eligibility for the credit. The website and any outreach materials should be offered in multiple languages and in disability-friendly formats. Congress should also authorize the IRS to work with the Social Security Administration and state benefit-issuing agencies to identify and make automatic payments to families already known to the government through their receipt of Social Security, SSI, Medicaid, SNAP or TANF. At the same time, Congress must appropriate general outreach funds to ensure families learn of the expanded credit, potential monthly payment options, and have support completing any necessary paperwork to access it. To conduct outreach, the IRS should partner with community-based organizations who work on the ground, have existing relationships with families, and have culturally-competent knowledge and experience helping families access supports and services.

- The expanded CTC should be made available to all children in need, including children in immigrant families, children living in the territories, children in large families, and children involved in child welfare and other intervening systems. It is critical that all children in need receive the full benefit from the newly expanded CTC. In particular, Congress must be vigilant to ensure that children who have historically been excluded from social supports receive the full benefit. Previous coronavirus relief efforts left behind too many children in immigrant families and children living in Puerto Rico and other U.S. territories. The expanded CTC must be made fully available to all children in immigrant families, including undoing the 2017 exclusion of children who lack Social Security Numbers (SSNs) so that children with Individual Tax Identification Numbers (ITINs) can receive the credit. It should be made available to children living in the territories. It also must be made available without a family cap, so that the full benefit is available to each child regardless of the number of siblings they have, and it must be made available to children involved in child welfare and other intervening systems, or living with non-parent caregivers, who might not otherwise qualify as dependents for tax-filing purposes.

- The expanded CTC should be exempt from garnishment, there should be no asset test, and families should be held harmless for overpayments. It is critical that the full value of families’ expanded CTC benefits be available to them. The CTC should not be counted as resources or assets for other means-tested programs, regardless of whether it is paid monthly or as a lump sum. The CTC should not be subject to garnishment or interception by private debt collectors or the government, nor should it be reduced based on familial assets. Families should also be protected from unreasonable repayment burdens if they have received overpayments of the CTC as a result of miscalculations for the advanced payment option. We know that many families are unable to accurately project their income due to the unpredictable and insecure nature of low-paying jobs, and many families experience significant income volatility from month to month and from year to year. Families should not be penalized as a result. Families with low and moderate incomes, who already often struggle to make ends meet, should be held harmless for all overpayments.

Families need immediate support as they struggle with the costs of raising children in the midst of an ongoing pandemic and faltering economy. Ensuring that families have adequate support is especially
important for the Black, Latinx, Indigenous, and immigrant communities who have been hit hardest by the current economic and health crises, and who have too often been excluded from support and services. We urge you to act without delay to strengthen and expand the Child Tax Credit, and ensure that all children in need are able to regularly and easily access the benefit.

Sincerely,

Center for Economic and Policy Research
Center for Law and Social Policy (CLASP)
Center for the Study of Social Policy
Child Welfare League of America
Children’s Defense Fund
Children's HealthWatch
Children’s Advocacy Institute
Coalition on Human Needs
Community Change/ Action
Economic Security Project Action
Family Equality
First Focus Campaign for Children
Friends Committee on National Legislation
Georgetown Center on Poverty and Inequality
MomsRising
National Black Child Development Institute
National Diaper Bank Network
National Resource Center on Domestic Violence
National WIC Association
NETWORK Lobby for Catholic Social Justice
Prosperity Now
RESULTS
ZERO TO THREE