



ADVOCATES FOR JUSTICE, INSPIRED BY CATHOLIC SISTERS

NETWORK Supports Expansion of the Child Tax Credit

Our Values

NETWORK believes all people have inherent dignity and the right to basic life essentials such as food, health care, and housing.

- The Gospel teaches us that every person, regardless of their life circumstances, deserves the ability to thrive.
- Federal policy should reflect a special concern for children, especially children living in poverty, who are the most vulnerable among us.
- In a nation with as much wealth as the U.S., **no child should go hungry** or lack basic shelter and health care.
- The racial wealth gap caused by centuries of subjugation and legal discrimination represents a moral failure to honor the dignity of all God's children and must be rectified through legislation. Our nation's safety net must include supports for children in ways that ease, rather than increase, the widening economic divides in our society. By lifting children out of poverty, these supports can both reduce immediate suffering and make a critical investment in human capacity that benefits all of society.

A strong and effective Child Tax Credit (CTC) allows hard-working families to provide necessary care and resources for their children. It is morally and practically imperative that lawmakers expand the Child Tax Credit for the security of American families.

Problems with a Limited CTC

The CTC can be a powerful tool to support children, but the current CTC penalizes the children and families who most need it.

- Enacted in 1997, the current CTC provides a tax credit of up to \$2,000 per child, but that credit increases as a household's income rises. Families earning less than \$2,500 a year receive no credit, and workers earning less than \$30,000 annually receive only partial credits.
- Thus, the current law provides the greatest benefits to higher income families, while **penalizing the low wage workers on whom our economy depends**—and their children living on the edge of poverty.
- Furthermore, the current CTC still leaves many Black and Brown families living in poverty. In 2019, the Census Bureau's annual Supplemental Poverty Measure released data that 21 percent of Black children and 20 percent of Latino children lived in poverty compared to 7 percent of white children.ⁱ
- Rural CTC access is also bleak. 3 million Americans living in rural parts of the country are not eligible for the full CTC. U.S. policy is perpetrating poverty.ⁱⁱ

Even with these severe limitations on credits available to low-income families, studies demonstrate that the CTC directly reduces child and family poverty. In 2018, for example, the CTC lifted 4.3 million individuals, including 2.3 million children, out of poverty.



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The Success of the 2021 CTC Expansion

The temporary 2021 expansion of the CTC was an astounding success in improving child welfare. As part of the 2021 pandemic America Rescue Plan, the CTC was strengthened to increase the amount of the credit to \$3,000 and to remove the existing penalties on families with low wage earners. This one-year expansion finally allowed low-income families to receive the full support of the CTC, regardless of their personal income, by making the full CTC benefit “refundable” — that is, available to children in families with low or no earnings. It also provided part of the credit prospectively with monthly payments to families.

With the 2021 expansion, the CTC assisted the families of 27 million children who previously did not benefit from it, and reduced the nation’s child poverty rate to 5.2%. According to Census Bureau data, without the expanded CTC, the child poverty rate would have been 8.1% in 2021.

The expiration of the 2021 CTC benefit has seriously harmed our nation’s most vulnerable children. By all estimates, child poverty has risen to prior levels in the last year with the expiration of the expanded CTC. Allowing the 2021 CTC benefits to lapse deprived an estimated 19 million children of all or part of the credit awarded to well-off families, simply because of their families’ low wages. This impact was especially severe for children in vulnerable communities and included approximately 45% of Black children, 39% of Latinx children, and one-third of children living in rural areas.

We Need an Expanded CTC

A strong CTC assists in building and supporting a robust workforce. Some critics argue that the CTC disincentivizes work, but numerous studies have found no such impact. Some studies have concluded that, instead, that **a strong CTC makes parents more likely to participate in the workforce** by providing essential resources for childcare and other services that allow parents to maintain consistent employment.

Beyond this immediate benefit to workforce development, a CTC that fully supports children living in or near poverty is **a good investment in our nation’s future workforce.** The evidence is overwhelming that lifting children out of poverty has a solid, positive impact on their brain development, overall health, and educational achievement. A strong CTC will surely improve the foundation that children need to thrive and become successful participants in the nation’s workforce in the future.



An expanded CTC will provide a small tax credit to vulnerable children who otherwise do not reap the benefits of a tax code that overwhelmingly rewards the wealthy. The 2021 CTC delivered the greatest rate of assistance to the low-income families who need it the most — in marked contrast with the vast tax benefits given to wealthier Americans to encourage savings, homeownership, and more. An expanded CTC provides a discrete and all-too-rare tax benefit to vulnerable children. Its enactment is the least we can do for them.

The principles of Catholic Social Justice, the teachings of nearly all faith communities, and the beliefs of people of good will everywhere affirm the need to care for children and advance policies to combat the ongoing epidemic of child poverty.

We must protect the youngest and most vulnerable members of society.

To accomplish that goal, NETWORK strongly urges the expansion of the CTC to return to its 2021 levels.

ⁱ *Civil Rights Organizations send letter urging Congress to pass an expanded Child tax credit.* The Leadership Conference on Civil and Human Rights. (2022, November 17). <https://civilrights.org/resource/civil-rights-organizations-send-letter-urging-congress-to-pass-an-expanded-child-tax-credit/>

ⁱⁱ Calame, S. *Child tax credit expansion is especially important to rural families.* Center on Budget and Policy Priorities. (2022, November 29). <https://www.cbpp.org/blog/child-tax-credit-expansion-is-especially-important-to-rural-families>