

## Extend Critical Expansions for Key Family Tax Credits

The Earned Income Tax Credit (EITC) and Child Tax Credit (CTC) are two of the most important anti-poverty programs in the country, and they have a long history of bipartisan support. In March 2021, Congress temporarily expanded both programs, potentially cutting child poverty nearly in half and dramatically reducing racial disparities in poverty and hunger. Studies showed that recipients were using this financial lifeline to pay for basic needs, like groceries and childcare.

However, those vital expansions expired at the end of 2021. This expiration disproportionately affects the lowest income recipients, many of whom have worked as front-line workers during the pandemic. Adults not raising children have seen their Earned Income Tax Credit shrink to almost nothing, and workers under age 25 have lost the EITC altogether. The parents of tens of millions of low-income children no longer receive the full Child Tax Credit, and nearly all families have seen their CTC reduced.

**We urge Congress to make permanent the important expansions to the EITC and CTC:**

- » **Prevent more than five million low-wage workers from being taxed into poverty.** The American Rescue Plan expanded the EITC for adults not raising children and workers under the age of 25 until the end of 2021. Prior to that law, this group benefitted little from the EITC while facing significant payroll taxes.
- » **Make permanent the full refundability of the Child Tax Credit.** With the expiration of the expanded Child Tax Credit, the parents of 26 million children do not earn enough money to access the full Child Tax Credit, cutting the CTC for millions of parents who can least afford it.
- » **Expand the Child Tax Credit to be fully available to all families regardless of income** and increase the amount to \$3,000 and \$3,600 for children under six. This step could cut child poverty by 40%. Further, the largest gains go to children in Black and Latino communities, where low family incomes have in the past often excluded many from accessing the full CTC benefits.

**Make permanent the important expansions to the Earned Income Tax Credit and the Child Tax Credit.**

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