



November 15, 2022

Dear Member of Congress,

On behalf of the NAACP Legal Defense and Educational Fund, Inc. (LDF), The Leadership Conference on Civil and Human Rights, the National Urban League, the NAACP, and UnidosUS, we write to urge you to include an expansion of the child tax credit (CTC) focused on helping children in low-income families in any year-end legislation, and to refrain from including any corporate tax breaks in any end-of-year legislation that does not also include an expanded CTC.

Too many families and children of color have struggled with poverty for too long. Redlining, credit discrimination, lack of investment in education and affordable housing, and other longstanding, systemic problems have limited economic opportunity for families of color and created a persistent wealth gap, particularly between Black and white families.¹ As a result, Black and Latino children are much more likely than white children to live in poverty. In 2019, before the start of the pandemic and before recent relief measures were in place, 21 percent of Black children and 20 percent of Latino children lived in poverty compared to 7 percent of white children, according to the Census Bureau's annual Supplemental Poverty Measure.²

These persistently high rates of poverty, particularly childhood poverty, have enduring effects on communities of color. A 2019 National Academies of Science, Engineering, and Medicine study found that poverty has long-lasting negative impacts on children, including lower reading and math scores, more emotional and behavioral problems, fewer years of completed education, lower earnings, a higher likelihood of being arrested, and poorer health in adulthood.³

¹ See TOM SHAPIRO ET AL., LDF THURGOOD MARSHALL INST. & INST. ON ASSETS AND SOC. POL'Y AT BRANDEIS UNIV. THE BLACK-WHITE RACIAL WEALTH GAP (2019), <https://tminstituteldf.org/wp-content/uploads/2019/11/FINAL-RWG-Brief-v1.pdf>.

² JOHN CREAMER, ET AL., U.S. CENSUS BUREAU, POVERTY IN THE UNITED STATES: 2021 tbl. B-2 (2022), <https://www.census.gov/library/publications/2022/demo/p60-277.html>.

³ NAT'L ACADEMIES OF SCI., ENGINEERING, & MEDICINE, A ROADMAP TO REDUCING CHILD POVERTY (2019).

Expanding the CTC is a proven method to reduce child poverty and improve economic mobility, particularly for families of color, without reducing workforce participation.⁴ The temporary CTC expansion included in the American Rescue Plan Act benefited millions of families and reduced the child poverty rate to a record low of 5.2 percent, the largest year-to-year drop on record.⁵ According to the Center for Budget and Policy Priorities, while “the Child Tax Credit expansion improved conditions for children of all races and ethnicities and narrowed differences in poverty rates between them,”⁶ Black and Latino children experienced the greatest benefits.⁷ In 2021, the poverty rate fell to 8.3 percent for Black children and to 8.4 percent for Latino children.⁸ Most low-income families spent the expanded CTC on basic necessities like food, utilities, and rent or mortgage payments, as well as education.⁹ The Brookings Institution found that families of color in particular used the expanded CTC in ways that will support their long-term economic mobility, such as by investing in their children’s futures through improved childcare and education.¹⁰ Moreover, despite predictions that the credit would lead parents to leave the workforce, the number of working-age adults working a large share of the year increased for both those with and without children.¹¹

Unfortunately, these gains evaporated as soon as the monthly CTC payments ended. The Columbia University Center on Poverty and Social Policy found that, in January 2022, the first month without a CTC benefit since July 2021, 3.7 million children were plunged back into poverty, increasing the number of children in poverty by over 40 percent.¹² That included six percent of all Black children, and seven percent of all Latino children.¹³

⁴ Chuck Marr, et al., *Policymakers Should Expand Child Tax Credit in Year-End Legislation to Fight Child Poverty*, CTR. FOR BUDGET & POL’Y PRIORITIES, Oct. 20, 2022, <https://www.cbpp.org/research/federal-tax/policymakers-should-expand-child-tax-credit-in-year-end-legislation-to-fight>.

⁵ *Id.*

⁶ *Id.*

⁷ Press Release, Ctr. for Budget & Pol’y Priorities, *In Pandemic’s Second Year, Government Policies Helped Drive Child Poverty Rate to a Record Low, Cut Uninsured Rate, New Census Data Show* (Sept. 13, 2022), <https://www.cbpp.org/press/statements/in-pandemics-second-year-government-policies-helped-drive-child-poverty-rate-to-a>.

⁸ *Id.*

⁹ *Id.*

¹⁰ LEAH HAMILTON, ET AL., BROOKING INST., *THE IMPACTS OF THE 2021 EXPANDED CHILD TAX CREDIT ON FAMILY EMPLOYMENT, NUTRITION, AND FINANCIAL WELL-BEING* (2022), https://www.brookings.edu/wp-content/uploads/2022/04/Child-Tax-Credit-Report-Final_Updated.pdf.

¹¹ Marr, *supra* note 5.

¹² Zachary Parolin, et al., *Absence of Monthly Child Tax Credit Leads to 3.7 Million More Children in Poverty in January 2022: Child Poverty Rises From 12.1% to 17%, Highest Rate Since December 2020*, COLUMB. U. CTR. ON POVERTY & SOCIAL POL’Y BRIEF, vol. 6, no. 2 (2022), <https://static1.squarespace.com/static/610831a16c95260dbd68934a/t/620ec869096c78179c7c4d3c/1645135978087/Monthly-poverty-January-CPSP-2022.pdf>.

¹³ *Id.*

At the same time that families lost access to the expanded CTC, they also faced rising costs due to inflation.¹⁴ Investing in families by expanding the CTC is one of the best ways to combat the effects of inflation.¹⁵ As more than 130 economists wrote in an open letter earlier this year, “the expanded Child Tax Credit is one of the easiest, most effective, and direct tools currently at our disposal to help families deal with the impact of inflation on family budgets.”¹⁶ These economists went on to argue that, while “the expanded Child Tax Credit is too small to meaningfully increase inflation across the whole economy, . . . it will make an important difference for family budgets, especially families in the bottom half of the income spectrum.”¹⁷

Congress must take action to expand the CTC in order to help struggling families. As Congress considers year-end legislation, corporations have pushed Congress to delay scheduled corporate tax increases that are due to go into effect this year. Policymakers should not put corporate interests ahead of the interests of children. We urge Congress to expand the CTC in order to benefit children in low-income families, and not move forward with any corporate tax breaks unless they are paired with an expansion of the CTC.

We appreciate your time and attention to this important issue.

Sincerely,

NAACP Legal Defense and Educational Fund, Inc. (LDF)
The Leadership Conference on Civil and Human Rights
The National Urban League
NAACP
UnidosUS

¹⁴ NPR, ET AL. PERSONAL EXPERIENCES OF U.S. RACIAL/ETHNIC MINORITIES IN TODAY’S DIFFICULT TIMES (2022), <https://legacy.npr.org/assets/pdf/2022/08/NPR-RWJF-Harvard-Poll.pdf>; Chuck Marr, *Rising Food and Energy Prices Underscore the Urgency of Acting on the Child Tax Credit*, CTR. FOR BUDGET & POL’Y PRIORITIES (Mar. 28, 2022), <https://www.cbpp.org/blog/rising-food-and-energy-prices-underscore-the-urgency-of-acting-on-the-child-tax-credit>.

¹⁵ Chuck Marr, *Inflation Report Underscores Urgency to Extend Child Tax Credit Expansion*, CTR. FOR BUDGET & POL’Y PRIORITIES (Feb. 28, 2022), <https://www.cbpp.org/blog/inflation-report-underscores-urgency-to-extend-child-tax-credit-expansion>.

¹⁶ Open Letter from Dean Baker, et al. (Apr. 2022), <https://www.economicsecurityproject.org/wp-content/uploads/2022/04/Economist-letter-CTC-Inflation-April-2022-1-1.pdf>.

¹⁷ *Id.*