

United States Senate

WASHINGTON, DC 20510-0609

January 26, 2022

President Joseph R. Biden, Jr.
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Vice President Kamala D. Harris
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Dear President Biden and Vice President Harris:

As the White House continues negotiations on the critical Build Back Better (BBB) package, we respectfully ask you to work to extend the American Rescue Plan's (ARP) expanded Child Tax Credit (CTC) as a centerpiece of the legislation.

The expanded CTC represents the biggest investment in American families and children in a generation. From July to December 2021, the monthly payments of \$250 per child age 6-17 and \$300 for children under age 6 reached more than 35 million families. Nearly 9 in 10 American children benefitted from these payments, which enabled their families to afford rent, put food on the table, and pay for child care so their parents and caregivers could stay in the workforce. Data from the Census Bureau show 91 percent of low-income families spent their payments on basic necessities like groceries, utilities, housing, and school-related costs.¹

The expanded CTC is a signature domestic policy achievement of this administration, and has been an overwhelming success. The expanded CTC payments, which are projected to reduce child poverty by more than 40 percent,² kept an estimated 3.7 million children out of poverty in December 2021 alone.³ These anti-poverty effects are particularly strong for children of color, nearly half of whom were excluded from the full credit prior to the ARP. Nationwide, the payments cut hunger among families with children by 24 percent.⁴ CTC payments have helped millions of parents and caregivers enter or stay in the workforce.⁵ According to a conservative think tank, the expansion also disproportionately benefits rural communities, where it is boosting consumer spending by an estimated \$27 billion and generating \$1.9 billion in revenues from state and local sales taxes.⁶

The benefits of the expanded CTC go far beyond helping American families make ends meet and raise their children today. Economists estimate that every dollar invested in this policy returns an additional \$7 in benefits to society in the long run by improving health, education, future earnings, and other outcomes.⁷ Groundbreaking research released this week shows that income from monthly payments like the CTC directly affect brain development, with infants in low-income families who received 12 months of payments more likely to show brain activity patterns that have been associated with the development of thinking and learning than those who did not.⁸

The Biden Administration’s expanded CTC represents the biggest tax cut for low- and middle-income families in modern American history—standing in sharp contrast to the \$8 trillion in tax cuts Congress has enacted since 2001, the benefits of which have largely gone to the wealthy.⁹ The CTC’s monthly payments, which averaged \$444 for participating families in December, have helped families cope with pandemic-induced price increases—and will continue to do so as families receive the second half of their expanded tax credit this spring.¹⁰

This policy is not only transformative, but popular. Support for the expanded CTC has averaged nearly 60 percent since the first round of payments, and support for making the program permanent among recipients has averaged 73 percent since July.¹¹ The policy also has strong support in Congress. In March 2021, we led a letter signed by 41 Senate Democrats urging you to not only extend the CTC expansion, but make it *permanent*.¹²

The consequences of failing to extend the CTC expansion are dire, particularly as families face another wave of the COVID-19 pandemic. Without the expanded credit, nearly 10 million children will be thrown back into or deeper into poverty this winter, increasing the monthly child poverty rate from roughly 12 percent to at least 17 percent.¹³ After historic progress, it is unacceptable to return to a status quo in which children are America’s poorest residents and child poverty costs our nation more than \$1 trillion per year.¹⁴ Raising taxes on working families is the last thing we should do during a pandemic.

We are deeply grateful for your leadership on the historic CTC expansion, and we stand ready to work with you to extend this critical investment in American families and children as part of the Build Back Better package.

Sincerely,



Michael F. Bennet
United States Senator



Sherrod Brown
United States Senator



Cory A. Booker
United States Senator



Reverend Raphael Warnock
United States Senator



Ron Wyden
United States Senator

¹ Claire Zippel, “9 in 10 Families With Low Incomes Are Using Child Tax Credits to Pay for Necessities, Education” (Washington: Center on Budget and Policy Priorities, 2021), <https://www.cbpp.org/blog/9-in-10-families-with-low-incomes-are-using-child-tax-credits-to-pay-for-necessities-education>.

² Chuck Marr, “With Monthly Payments Stalled, Congress Needs to Act” (Washington: Center on Budget and Policy Priorities, 2022), <https://www.cbpp.org/blog/with-monthly-payments-stalled-congress-needs-to-act>.

³ Zachary Parolin, Sophie Collyer, Megan A. Curran, “Sixth Child Tax Credit Payment Kept 3.7 Million Children Out of Poverty in December” (New York: Columbia University Center on Poverty and Social Policy, 2022), <https://static1.squarespace.com/static/5743308460b5e922a25a6dc7/t/61ea068f13dbfa56bfc9be17/1642727056209/Monthly-poverty-December-2021-CPSP.pdf>.

⁴ Helena Bottemiller Evich, “Round one of child tax credit payments slashed hunger rates, U.S. data shows,” *POLITICO* (August 12, 2021), <https://www.politico.com/news/2021/08/12/child-tax-credit-hunger-rates-504258>.

⁵ Leah Hamilton, Stephen Roll, Mathieu Despard, Elaine Maag, and Yung Chun, “Employment, Financial and Well-being Effects of the 2021 Expanded Child Tax Credit: Wave 1 Executive Summary” (Washington: Social Policy Institute, 2021). <https://socialpolicyinstitute.wustl.edu/employment-financial-wellbeing-effects-2021-ctc-report/>. Additional research shows CTC payments had little or no negative impact on employment; see Elizabeth Ananat, Benjamin Glasner, Christal Hamilton, and Zachary Parolin, “Effects of the Expanded Child Tax Credit on Employment Outcomes” (New York: Columbia University Center on Poverty and Social Policy, 2021), <https://static1.squarespace.com/static/5743308460b5e922a25a6dc7/t/6163c1c81d0509724688fab1/1633927625843/Child-Tax-Credit-Expansion-on-Employment-CPSP-2021.pdf>.

⁶ Samuel Hammond, “Measuring the Child Tax Credit’s Economic and Community Impact” (Washington: Niskanen Center, 2021), <https://www.niskanencenter.org/report-measuring-the-child-tax-credits-economic-and-community-impact/>.

⁷ Irwin Garfinkel, Laurel Sariscsany, Elizabeth Ananat, Sophie Collyer, and Christopher Wimer, “The Costs and Benefits of a Child Allowance” (New York: Columbia University Center on Poverty and Social Policy, 2021), <https://static1.squarespace.com/static/5743308460b5e922a25a6dc7/t/6034a9953440914018d2cb0c/1614064285529/Child-Allowance-CBA-Brief-CPSP-2-23-21.pdf>.

⁸ Sonya V. Troller-Renfree et al., Initial Results of Baby’s First Years Study, *Proceedings of the National Academy of Sciences* (January 24, 2022), <https://www.pnas.org/content/119/5/e2115649119>.

⁹ Estimate includes 10-year scores of Bush tax cuts (2001 and 2003), extension of Bush tax cuts (2010 and 2012), and Trump tax cuts (2017). According to the Institute on Taxation and Economic Policy, 65 percent of the benefits of tax cuts between 2001 and 2018 went to the richest 20 percent of taxpayers. This underestimates the share of benefits that will accrue to high-income taxpayers the longer the Trump tax cuts, which conferred 52 percent of benefits on the top 5 percent alone, are in place. Steve Wamhoff and Matthew Gardner, “Federal Tax Cuts in the Bush, Obama, and Trump Years” (Washington: Institute on Taxation and Economic Policy, 2018), <https://itep.org/federal-tax-cuts-in-the-bush-obama-and-trump-years/>.

¹⁰ U.S. Department of the Treasury, “By State: Advance Child Tax Credit Payments Distributed in December 2021” (2021), <https://home.treasury.gov/system/files/131/Advance-CTC-Payments-Disbursed-December-2021-by-State-12152021.pdf>.

¹¹ Reflects support among likely voters. Fighting Chance for Families, “Attitudes Towards the Expanded Child Tax Credit” (January, 2022), https://www.filesforprogress.org/decks/2022/1/dfp_fighting_chance_ctc_tracker_full_deck.pdf; Kathy Frankovic,

“The public supports the child tax credit, but they view it as a temporary solution,” *YouGovAmerica* (July 26, 2021), <https://today.yougov.com/topics/politics/articles-reports/2021/07/26/public-supports-child-tax-credit>.

¹² Letter to President Joseph R. Biden, Jr. (March 26, 2021),

[https://www.bennet.senate.gov/public/_cache/files/7/3/7379df2e-09e5-4b08-9f71-](https://www.bennet.senate.gov/public/_cache/files/7/3/7379df2e-09e5-4b08-9f71-117273cbfda0/BAADEE8C71575E671E04F1812F85409D.eitc-ctc-letter-march-2021-.pdf)

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¹³ Chuck Marr, “With Monthly Payments Stalled, Congress Needs to Act” (Washington: Center on Budget and Policy Priorities, 2022), <https://www.cbpp.org/blog/with-monthly-payments-stalled-congress-needs-to-act>; Parolin, Collyer, and Curran, “Sixth Child Tax Credit Payment Kept 3.7 Million Children Out of Poverty in December.”

¹⁴ “Estimating the Economic Cost of Childhood Poverty in the United States,” Michael McLaughlin and Mark R. Rank, *Social Work Research* 42:2 (2018), 73-83, <https://academic.oup.com/swr/article-abstract/42/2/73/4956930>.