



Tax Credits for Families Are Essential to Addressing Hunger and Must Be Expanded

Support the American Family Act (introduction pending) and its profound improvements to the Child Tax Credit (CTC). Champion other essential improvements to expand the benefits of the CTC, Earned Income Tax Credit (EITC), and Child and Dependent Care Tax Credit (CDCTC).

With these tax credit improvements, Congress has a historic opportunity to address hunger and improve the nutrition, health, and well-being of our nation.

Tax Credits Reduce Child Hunger

Families are working hard but face numerous challenges, such as inadequate wages and benefits, inequitable economic growth, and lack of job supports (e.g., affordable child care, public transportation, and unpredictable schedules). These obstacles — often driven and exacerbated by racial discrimination and other systemic barriers — can increase rates of hunger and poverty.

Federal tax credits provide critical support for millions of families and individuals every year. They supplement low wages and can help soften the financial impact of fluctuating incomes, job losses, or economic hardships. These credits are especially important for workers who are women, Black, and/or Latinx, because these communities are overrepresented in low-wage work due to systemic obstacles.¹

The 2021 expanded CTC,² EITC, and CDCTC showed the incredible power improved tax credits have had in addressing hunger, and demonstrated the need for permanent improvements.

Key Federal Tax Credit Improvements Are Needed

As an essential strategy for addressing hunger, Congress must make immediate and permanent improvements to

tax credits, including the following key changes:

- Expand the Child Tax Credit by making it fully refundable, increasing the maximum credit amount, providing monthly payments, and expanding eligibility to all children, including to children with ITINs and to 17 year olds.
- Expand the Earned Income Tax Credit by increasing the credit amount for both workers not claiming children and for families with children, and expanding eligibility to workers under age 25 and over age 65.
- Make refundable other tax credits for families, such as the Child and Dependent Care Tax Credit.

Federal Tax Credit Improvements Benefit Food And Economic Security

Research is crystal clear on the incredible benefits of improving these tax credits. Here are just a few examples:

- The 2021 expanded CTC: **reduced food insufficiency by 19 percent**³ among families with children; helped **decrease child poverty**⁴ to a record low; and helped families to buy food.⁵ Research also showed the strength of an expanded CTC to **stimulate economic activity** and create hundreds of thousands of **private-sector jobs**.⁶ The expanded CTC also helped address inequities. The expanded CTC was especially vital for children living with a veteran or active-duty family member, children with single parents, families in rural areas, and Black and Latinx children, because millions of families became newly eligible for the full credit.^{7,8}

- The 2021 expanded EITC put \$700 more in the pockets of an estimated 17 million American workers⁹ than under the previous tax credit. Research shows that the expansion **reduced poverty** for workers without children, particularly among workers ages 18–34.¹⁰
- The 2021 CDCTC helped millions of working families **afford child care**. The expanded CDCTC was particularly essential to working families with the lowest incomes who spend approximately one-third of their income on child care expenses — a rate 4.5 times greater than the U.S. Department of Health and Human Services benchmark.^{11,12}

Failure to Expand Tax Credits Will Harm Families

Conversely, research also shows the harm to families when they do not have access to improved tax credits. This is particularly true for marginalized families. For example, households with children reported a 25 percent increase in food insufficiency in 2022 after the expanded CTC's monthly payments ended.¹³ The end of the expanded CTC resulted in an estimated 19 million children losing eligibility for the full credit or any credit at all, with certain marginalized communities being disproportionately harmed. Forty-five percent of Black children, 39 percent of Latinx children, 38 percent of American Indian/Alaskan Native children, and 32 percent of children in rural areas lost eligibility for the full credit.¹⁴

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- ¹ Economic Policy Institute. (2022). *State of Working America 2021*. Available at: <https://www.epi.org/publication/swa-wages-2021/>. Accessed on April 11, 2023.
- ² Food Research & Action Center. (2022). *The Expanded Child Tax Credit's Role in Addressing Hunger Among Households With Children*. Available at: <https://frac.org/wp-content/uploads/FRAC-CTC-Primer-2022.pdf>. Accessed on April 11, 2023.
- ³ Parolina, Z., Ananat, E., Collyer, S., Curran, M., and Wimer, C. (2022). *The Differential Effects of Monthly and Lump-Sum Child Tax Credit Payments on Food and Housing Hardship*. Available at: <https://static1.squarespace.com/static/610831a16c95260dbd68934a/t/632dec8900629f3bd-f310b91/1663954058776/CTC-Payments-on-Food-and-Housing-CPSP-2022.pdf>. Accessed on April 11, 2023.
- ⁴ Center on Budget and Policy Priorities. (2022). *Year-End Tax Policy Priority: Expand the Child Tax Credit for the 19 Million Children Who Receive Less Than the Full Credit*. Available at: <https://www.cbpp.org/research/federal-tax/year-end-tax-policy-priority-expand-the-child-tax-credit-for-the-19-million>. Accessed on April 11, 2023.
- ⁵ Tax Policy Center. (2021). *Who Has Received Advance Child Tax Credit Payments, and How Were the Payments Used?* Available at: <https://www.taxpolicycenter.org/publications/who-has-received-advance-child-tax-credit-payments-and-how-were-payments-used>. Accessed on April 11, 2023.
- ⁶ Niskanen Center. (2021). *Report: Measuring the Child Tax Credit's Economic and Community Impact*. Available at: <https://www.niskanencenter.org/report-measuring-the-child-tax-credits-economic-and-community-impact/>. Accessed on April 11, 2023.
- ⁷ Center on Budget and Policy Priorities. (2022). *Year-End Tax Policy Priority: Expand the Child Tax Credit for the 19 Million Children Who Receive Less Than the Full Credit*. Available at: <https://www.cbpp.org/research/federal-tax/year-end-tax-policy-priority-expand-the-child-tax-credit-for-the-19-million>. Accessed on April 11, 2023.
- ⁸ Parolina, Z., Ananat, E., Collyer, S., Curran, M., and Wimer, C. (2022). *The Differential Effects of Monthly and Lump-Sum Child Tax Credit Payments on Food and Housing Hardship*. Available at: <https://static1.squarespace.com/static/610831a16c95260dbd68934a/t/632dec8900629f3bd-f310b91/1663954058776/CTC-Payments-on-Food-and-Housing-CPSP-2022.pdf>. Accessed on April 11, 2023.
- ⁹ The White House. (2022). *FACT SHEET: State-by-State Analysis of American Rescue Plan Tax Credits for Families and Workers*. Available at: <https://www.whitehouse.gov/briefing-room/statements-releases/2022/03/08/fact-sheet-state-by-state-analysis-of-american-rescue-plan-tax-credits-for-families-and-workers/>. Accessed on April 11, 2023.
- ¹⁰ Center on Poverty and Social Policy, Columbia University. (2023). *The Increased Antipoverty Effects Of The Expanded Childless Earned Income Tax Credit In 2021*. Available at: <https://www.povertycenter.columbia.edu/publication/childless-earned-income-tax-credit-in-2021>. Accessed on April 11, 2023.
- ¹¹ The White House. (2022). *FACT SHEET: State-by-State Analysis of American Rescue Plan Tax Credits for Families and Workers*. Available at: <https://www.whitehouse.gov/briefing-room/statements-releases/2022/03/08/fact-sheet-state-by-state-analysis-of-american-rescue-plan-tax-credits-for-families-and-workers/>. Accessed on April 11, 2023.
- ¹² Child Trends. (2022). *The Expanded Child and Dependent Care Tax Credit Can Reduce Families' Child Care Burden*. Available at: <https://www.childtrends.org/blog/the-expanded-child-and-dependent-care-tax-credit-can-reduce-families-child-care-burden>. Accessed on April 11, 2023.
- ¹³ Bovell-Ammon, A., McCann, N., Mulugeta, M., et al. (2022). *Association of the Expiration of Child Tax Credit Advance Payments With Food Insufficiency in US Households*. Available at: https://jamanetwork.com/journals/jamanetworkopen/fullarticle/2797549?questAccessKey=16a0cc2e-6444-404e-b1cb-7712677b29af&utm_source=jps&utm_medium=email&utm_campaign=author_alert-jamanetwork&utm_content=author-author_engagement&utm_term=1m. Accessed on April 11, 2023.
- ¹⁴ Center on Budget and Policy Priorities. (2022). *Year-End Tax Policy Priority: Expand the Child Tax Credit for the 19 Million Children Who Receive Less Than the Full Credit*. Available at: <https://www.cbpp.org/research/federal-tax/year-end-tax-policy-priority-expand-the-child-tax-credit-for-the-19-million>. Accessed on April 11, 2023.