

The Child Tax Credit Must Be Expanded to Eradicate Hunger and Poverty

Congress must enact legislation to expand the Child Tax Credit (CTC) improvements in the [Tax Relief for American Families and Workers Act \(H.R.7024\)](#).¹ Swift action is needed by the Senate to pass this critical legislation and to reject any amendments that could weaken or limit the impact of the CTC for families. The House overwhelmingly passed the bill (357–70)² in January of this year.

An expanded and inclusive CTC is a transformational policy for addressing hunger among families with children.³ With the tax credit improvements in the Tax Relief for American Families and Workers Act, Congress has a unique opportunity to address hunger among households with children and improve the nutrition, health, and well-being of millions in our nation.

Child Tax Credit Reduces Child Hunger and Poverty

Many parents and caregivers 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.

When families have money in their pockets, they pay for food, housing, child care, and other essential household necessities. Previous bipartisan efforts have shown the power of an improved CTC to enhance the food security and food buying power for families with children, especially those with moderate and low incomes.

Among other positive impacts for families and the U.S. economy, the 2021 CTC expansion:

- cut food insufficiency among households with children by 25 percent;⁴
- reduced child poverty by 46 percent, achieving a record low in child poverty rates;⁵ and

- buoyed family food budgets, increasing their ability to buy higher quality and quantities of food,⁶ while also generating millions of dollars in local economic activity.

Since the end of the 2021 expansion, food insecurity and child poverty have skyrocketed. More than one in six (17.3 percent) of our nation's families with children experienced food insecurity in 2022, an alarming 40 percent increase compared to 2021.⁷ After the end of the expanded CTC and other COVID-19 pandemic-era relief programs, child poverty surged at an unprecedented rate, more than doubling from 5.2 percent in 2021 to 12.4 percent in 2022.⁸

Congress Must Quickly Pass the CTC Improvements in the Tax Relief for American Families and Workers Act

Under the House-passed Tax Relief for American Families and Workers Act, approximately 16 million out of the 19 million children currently left out of the full or any CTC will benefit, and an estimated 400,000 children will be lifted above the poverty line in the first year.⁹ The bill includes essential CTC improvements that will drive these important gains for families and our nation, including:

- ensuring that families with low incomes receive the same credit for each of their children that families with higher incomes already receive;
- ending the “refundability cap,” which currently limits the credit for certain families with low incomes;
- acknowledging that families face fluctuations in earnings (for example from circumstances such as economic hardship or caregiving needs), and thus, allowing them

the option to use earnings from the current tax year or the prior year to determine their credit amount (known as the “lookback” provision); and

■ increasing the maximum credit amount from \$2,000 to \$2,100 in 2025, and indexing it to inflation to keep up with economic changes in future years.

The Senate must seize and build on this opportunity to provide families with the support they need to thrive by passing the Tax Relief for American Families and Workers Act, and rejecting any amendments that could weaken or limit the impact of the CTC for families. Failure to do so harms nutrition, health, and economic security for millions of families and for our nation.

¹ Access the bill text at: <https://www.congress.gov/bill/118th-congress/house-bill/7024>.

² Access the vote details at: <https://clerk.house.gov/evs/2024/roll030.xml>.

³ Food Research & Action Center (FRAC). (2023). Expanded Child Tax Credits: A Transformational Opportunity to Help Families Put Food on the Table. Available at: <https://frac.org/wp-content/uploads/Expanded-Child-Tax-Credits-Research-Brief.pdf>.

⁴ Children’s HealthWatch. (2022). Association of the Implementation of Child Tax Credit Advance Payments With Food Insecurity in U.S. Households. Available at: <https://jamanetwork.com/journals/jamanetworkopen/fullarticle/2788110>.

⁵ U.S. Census Bureau. (2022). Expansions to Child Tax Credit Contributed to 46% Decline in Child Poverty Since 2020. Available at: www.census.gov/library/stories/2022/09/record-drop-in-child-poverty.html.

⁶ Brookings Institution. (2022). The Impacts of the 2021 Expanded Child Tax Credit on Family Employment, Nutrition, and Financial Well-Being. Available at: <https://www.brookings.edu/articles/the-impacts-of-the-2021-expanded-child-tax-credit-on-family-employment-nutrition-and-financial-well-being/>.

⁷ U.S. Department of Agriculture. (2023). Household Food Security in the United States in 2022. Available at: <https://doi.org/10.32747/2023.8134351.ers>.

⁸ U.S. Census Bureau. (2023). Poverty in the United States: 2022. Available at: <https://www.census.gov/library/publications/2023/demo/p60-280.html>.

⁹ Center on Budget and Policy Priorities. (2024). About 16 Million Children in Low-Income Families Would Gain in First Year of Bipartisan Child Tax Credit Expansion. Available at: <https://www.cbpp.org/research/federal-tax/about-16-million-children-in-low-income-families-would-gain-in-first-year-of>.