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July 29, 2021

By Email and Mail

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
H-232, The Capitol
Washington, DC 20515

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
H-204, The Capitol
Washington, DC 20515

The Honorable Charles Schumer
Senate Majority Leader
U.S. Senate
S-221, The Capitol
Washington, DC 20510

The Honorable Mitch McConnell
Minority Leader
U.S. Senate
S-230, The Capitol
Washington, DC 20510

Re: Support for Permanent Extension of the Expanded Child Tax Credit in the Reconciliation Package

Dear Congressional Leaders,

We write as the attorneys general of Massachusetts, California, Connecticut, Colorado, Delaware, District of Columbia, Illinois, Iowa, Maine, Maryland, Michigan, Minnesota, Nevada, New Mexico, New York, North Carolina, Oregon, Pennsylvania, Rhode Island, Vermont, Virginia, Washington, Wisconsin, representing millions of children living in poverty and their families. Throughout our work, we see the devastating effects that poverty can bring, and we know the power of government to address it. We thank you for the one-year expansion of the Child Tax Credit (CTC) in the American Rescue Plan to help families amid the COVID-19 pandemic, and we urge you to make this expansion permanent in legislation moving through the reconciliation process.

As elected officials who interact with a diverse set of issues and constituents, we see the negative effects of childhood poverty firsthand. Whether it is a family facing housing loss because of source of income discrimination, a low-income student who was forced to take a bad loan in an effort to break the intergenerational cycle of poverty, or a grandparent trying to make ends meet after opioid addiction has ravaged their family, we see how poverty can impact the livelihoods and future prospects of young people. We witness the strength and resilience of children and their families, and the challenges that stand in their way. While we

continue to serve our constituents in every way we can, the problem of child poverty needs the systemic, broad-based solution of a permanent, expanded, and fully refundable CTC.

It is imperative that we work to alleviate childhood poverty, which produces cascading negative consequences for the health and well-being of children and families in our country. Low-income children experience higher rates of hunger and homelessness, increased risk of toxic stress and negative health outcomes, and decreased chances of academic and career success. If a child is hungry or worried about how their parents are going to pay the utility bill, they are less likely to be able to focus and learn in school. And students who disengage from school face an increased risk of other detrimental outcomes, including dropping out of school, diminished job prospects, increased reliance on public benefits, and risk of involvement in the juvenile or criminal justice system.¹ The burdens of family economic hardship can also lead a child to experience toxic stress, which has been shown to disrupt brain development and increase the risk of stress-related diseases.² Children living in low-income families have worse health outcomes than other children, including lower birth weights and higher rates of asthma, obesity, and mental health problems.³ They are also more likely to require medical treatment and other health-related services that come at a high cost for families already struggling to make ends meet.⁴ The costs and consequences of childhood poverty are extremely high.

Childhood poverty also results in a range of costs for our states.⁵ In the richest country in the world, there is simply no justification for allowing one in seven children to live in poverty.⁶ Children who suffer adverse health outcomes caused by poverty often require additional care in our hospital emergency rooms and greater levels of special education from our school districts.⁷ When children are unable to achieve their full potential in the classroom (and later in the workforce), our states pay the price in myriad ways, including lower tax payments and higher child protective and criminal justice costs.⁸ In addition, local businesses and local and state economies forgo revenue when families lack money to purchase basic goods and services in their communities. Each of these costs has real and measurable

¹ See e.g., Kimberly L. Henry, et. al., *School Disengagement as a Predictor of Dropout, Delinquency, and Problem Substance Use during Adolescence and Early Adulthood*, JOURNAL OF YOUTH AND ADOLESCENCE (2012), <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4516271/>.

² Center on the Developing Child, *Toxic Stress*, Harvard University, <https://developingchild.harvard.edu/science/key-concepts/toxic-stress/> (last visited Jul. 19, 2021).

³ Rita Paul-Sen Gupta, et. al., *The Impact of Poverty on the Current and Future Health Status of Children*, PEDIATRICS & CHILD HEALTH (2007), <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2528796/#:~:text=Children%20living%20in%20low%20income%20families%20or%20neighbourhoods%20have%20worse,lack%20of%20readiness%20to%20learn.>

⁴ John T. Cook & Ana Poblacion, *An Avoidable \$2.4 Billion Cost: The Estimated Health-Related Costs of Food Insecurity and Hunger in Massachusetts* (2018), <https://www.macostofhunger.org/wp-content/uploads/2018/02/full-report.pdf>.

⁵ Throughout this letter, references to “states” include the District of Columbia.

⁶ See Kids Count Data Center, *Children in poverty (100 percent poverty) in the United States*, The Annie E. Casey Foundation (2020), <https://datacenter.kidscount.org/data/tables/43-children-in-poverty-100-percent-poverty#detailed/1/any/false/1729,37,871,870,573,869,36,868,867,133/any/321,322>.

⁷ See Cook & Poblacion, *supra* note 4.

⁸ Irwin Garfinkel, et. al., *The Costs and Benefits of a Child Allowance*, Poverty & Social Policy Brief, Center on Poverty and Social Policy, Columbia University (2021), <https://static1.squarespace.com/static/5743308460b5e922a25a6dc7/t/605978841a7c672eae64ec6/1616476294180/Child-Allowance-CBA-brief-CPSP-March-2021.pdf>.

negative impacts on our states, and while some of our states have increased our own child tax credits to ameliorate some of the impacts,⁹ we cannot address them alone.

Fortunately, we have a solution that works; the CTC has already proven to make a measurable difference for children and families living in poverty, as well as for state and local economies. It is estimated that expansion of the CTC could move almost half of poor children above the federal poverty line and reduce racial disparities in child poverty.¹⁰ Other research shows that children in low-income households who receive expanded tax credits benefit as early as infancy, including less maternal stress and better infant health, and that these benefits continue throughout childhood and beyond, with better chances of finishing high school, enrolling in post-secondary programs, and earning higher incomes in adulthood.¹¹ It has been shown that, with each \$1,000 increase in annual income over two to five years, children's academic performance improves on a range of measures, including test scores, and, with particular relevance now, that a credit worth \$3,000 during early childhood may increase achievement by two extra months of schooling.¹² Moreover, lower-income families that receive a CTC are likely to spend the money on basic costs and goods as they receive it, giving a boost to local and state economies.¹³ This economic benefit would come on top of a decreased need for government spending on health care, special education, and other services.¹⁴ It is no wonder Secretary of the Treasury Janet Yellen and others have urged support for a permanent expanded CTC credit: the research proves both its importance and merit.

Additionally, in order to ensure that all those who are eligible actually receive the expanded CTC, we urge you to provide additional funding to publicize the availability of the CTC and to improve the sign-up process, including supporting enrollment in multiple languages. Nonprofit groups across the country are also conducting campaigns to enroll eligible families, and meaningful funding to support their efforts would ensure that the CTC reaches the most vulnerable families and communities for whom it could make the most significant difference.

Childhood poverty imposes immense costs on children, their families, our states, and our country. When millions of children suffer in poverty and we know that a systemic,

⁹ See e.g., Shira Schoenberg, *Budget provision improves tax break for parents, caregivers*, Commonwealth Magazine (Jul. 14, 2021), <https://commonwealthmagazine.org/state-government/budget-provision-improves-tax-break-for-parents-caregivers/>.

¹⁰ The Center on Poverty and Social Policy, *A Poverty Reduction Analysis of the American Family Act*, Columbia University (2021), <https://static1.squarespace.com/static/5743308460b5e922a25a6dc7/t/600f2123fdfa730101a4426a/1611604260458/Poverty-Reduction-Analysis-American-Family-Act-CPSP-2020.pdf>.

¹¹ Chuck Marr, et. al., *EITC and Child Tax Credit Promote Work, Reduce Poverty, and Support Children's Development, Research Finds*, Center on Budget and Policy Priorities, Oct. 1, 2015, <https://www.cbpp.org/research/federal-tax/eitc-and-child-tax-credit-promote-work-reduce-poverty-and-support-childrens>.

¹² *Id.*

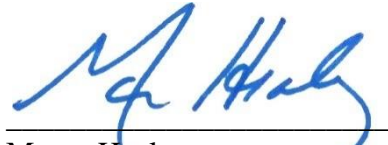
¹³ See e.g., Chuck Marr, et. al., *Temporarily Expanding Child Tax Credit and Earned Income Tax Credit Would Deliver Effective Stimulus, Help Avert Poverty Spike*, Center on Budget and Policy Priorities (July 21, 2020), <https://www.cbpp.org/research/federal-tax/temporarily-expanding-child-tax-credit-and-earned-income-tax-credit-would>.

¹⁴ See Garfinkel, *supra* note 8.

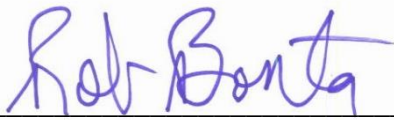
achievable solution exists, we are compelled to call for action. We respectfully urge you to permanently extend the expanded and fully refundable CTC in the upcoming reconciliation bill.

Thank you for your consideration.

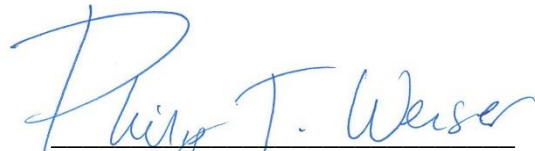
Sincerely,



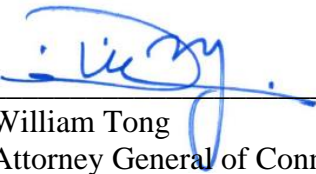
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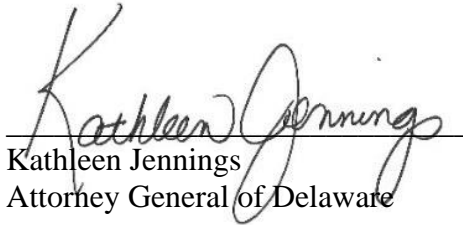
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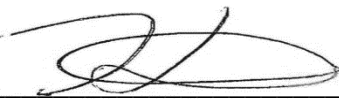
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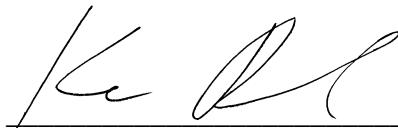
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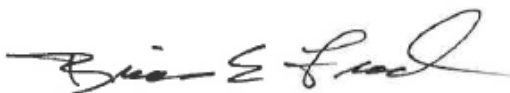
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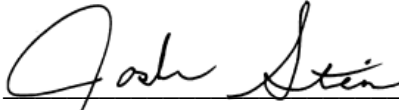
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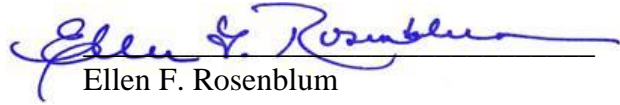
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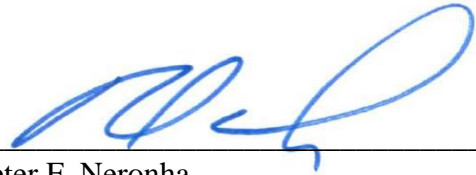
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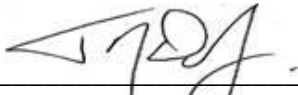
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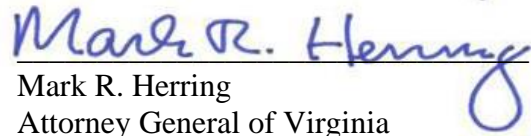
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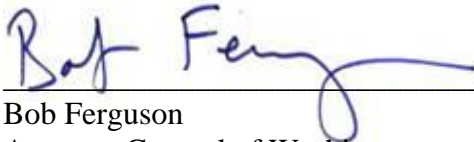
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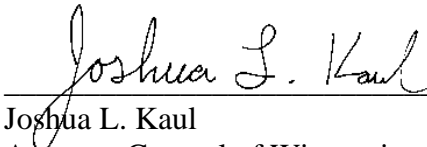
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