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July 20, 2021

Dear Members of Congress:

On behalf of The Leadership Conference on Civil and Human Rights, a coalition charged by its diverse membership of more than 220 national organizations to promote and protect civil and human rights in the United States, we write to urge you to make permanent the temporary expansions of the child tax credit (CTC) and earned income tax credit (EITC) contained in the American Rescue Plan Act (ARPA) and to extend eligibility to include all families, regardless of immigration status.

In an America as good as its ideals, every person should be able to live with dignity and meet their basic needs. Yet too many people in communities across the country are struggling to get by. Even before the COVID-19 pandemic, decades of discrimination and institutional racism in almost every area of life, including education, employment, housing, credit and lending, the criminal-legal system, health care, voting, and immigration have left many communities of color vulnerable to poverty. In 2016, for example, 33 percent of Black workers and 34 percent of Latino workers earned below-poverty wages, compared to just 19 percent of White workers,¹ and despite overall income growth between 2018 and 2019, poverty rates in Black and Latino communities remained higher than in White communities: 18.7 percent and 15.7 percent respectively, versus 7.3 percent.² In 2019, more than one-quarter of Black children and more than one-fifth of Hispanic children lived below the poverty level.³ For communities of color, the pandemic exacerbated the economic hardship that had already existed as result of prior policy choices that created deep inequities. As we emerge from the pandemic, we must do all we can to build better lives for all of us together.

The expansions of the CTC and the EITC contained in the American Rescue Plan Act will provide critically needed temporary relief to millions of families and working people, but these expansions must be made permanent in order to promote long-lasting economic security. They include:

- Making the CTC fully available to poor and low-income families (sometimes referred to as full refundability)
- Expanding CTC eligibility to 17-year-old children
- Increasing the full amount of the CTC from \$2,000 to \$3,000 per child ages 6-17 and \$3,600 per child under six

¹ Economic Policy Institute, *State of Working America Data Library*, “Poverty-Level Wages,” 2019 (updated Sept. 2020), available at <https://www.epi.org/data/#?subject=povwage>.

² Valerie Wilson, Economic Policy Institute, “Racial Disparities in Income and Poverty Remain Largely Unchanged Amid Strong Income Growth in 2019,” (Sept. 16, 2020), <https://www.epi.org/blog/racial-disparities-in-income-and-poverty-remain-largely-unchanged-amid-strong-income-growth-in-2019/>.

³ *Id.*

- Making available advanced monthly payments of the CTC
- Raising the maximum EITC for low-paid working people without children at home from \$540 to \$1,500 per year, and increasing the income cap from about \$16,000 to about \$21,000
- Extending EITC eligibility to younger adults ages 19-24 and older adults over 65.

Prior to the ARPA, millions of people — often those most in need of a tax credit or financial relief — were prevented from receiving the CTC and EITC. The CTC, for example, was only partially refundable, a policy choice that prevented more than 27 million children, including roughly half of all Black and Latino children, from receiving the full credit or any credit at all because their family's household earnings were too low.⁴ The rules were particularly cruel for families headed by single mothers. Seventy percent of children in families headed by single mothers or solo female guardians were ineligible for the full credit because they earned too little,⁵ yet we know that many women in low-pay jobs also suffer from lack of employer-sponsored benefits like paid leave, health insurance, and other benefits that support the economic security of families in higher-income jobs. At the same time, women — and particularly Native American women and women of color — are paid less than non-Hispanic White men in their jobs,⁶ directly harming their ability to provide for their families. In 2019, the overall poverty rate for families with children headed by single mothers was 31 percent, with 43 percent of Native American families, 35 percent of Black families, and 34 percent of Latino families headed by single mothers living in poverty in 2019.⁷ Making the CTC fully refundable provides more equitable support to all families, including those who face structural disadvantage.

Similarly, the expansion of EITC to include more low-paid working people and to increase the amount of the credit will provide financial relief to more than 17 million low-income people, including roughly 3.6 million Latino working people, 2.7 million Black working people, and more than 1.5 million working people of Asian American, Alaska Native, and American Indian descent.⁸ Prior to the ARPA's temporary expansion of the EITC, adults without children living in their homes were the only group of people —

⁴ Danilo Trisi, Sarah Lueck, Javier Balmaceda, and Alicia Mazzara, Center on Budget and Policy Priorities, "Recovery Legislation Provides Historic Opportunity to Advance Racial Equity," (June 2, 2021), <https://www.cbpp.org/research/poverty-and-inequality/recovery-legislation-provides-historic-opportunity-to-advance>.

⁵ Areeba Haider and Galen Hendricks, Center for American Progress, "Now Is the Time To Permanently Expand the Child Tax Credit and Earned Income Tax Credit," (May 21, 2021), <https://www.americanprogress.org/issues/poverty/reports/2021/05/21/499777/now-time-permanently-expand-child-tax-credit-earned-income-tax-credit/>.

⁶ Overall, women working full-time, year-round in the United States are typically paid about 82 cents for every dollar paid to men. The pay gap is even more acute for women of color. Black women are typically paid only 63 cents for every dollar paid to non-Hispanic white men, while Native American women are paid only 60 cents, Latinas are paid just 55 cents, and women in certain Asian American and Pacific Islander communities are paid as little as 52 cents. AAUW, *The Simple Truth About the Gender Pay Gap: 2020 Update*, available at <https://www.aauw.org/resources/research/simple-truth/>; National Partnership for Women & Families, *Fact Sheet, Asian American and Pacific Islander Women and the Wage Gap* (Mar. 2021), <https://www.nationalpartnership.org/our-work/resources/economic-justice/fair-pay/asian-women-and-the-wagegap.pdf>.

⁷ Amanda Fins, National Women's Law Center, *Fact Sheet: National Snapshot: Poverty among Women & Families, 2020* (Dec. 2020), <https://nwlc.org/wp-content/uploads/2020/12/PovertySnapshot2020.pdf>.

⁸ Trisi et al., *supra* note 4.

some 5.8 million adults, disproportionately Black and Latino — who were taxed into, or deeper into, poverty, in part because their tax credit was too small.⁹ Taxing working people further into poverty ensures that they will not have the means to escape it, perpetuating intergenerational poverty, especially in communities of color.

By expanding eligibility for CTC and EITC benefits and increasing benefit amounts, Congress has made a much-needed investment in America’s families, but the value of this investment would be lost if it were to remain temporary. We cannot return to a tax system that forces working people into, or deeper into, poverty, and we cannot turn our backs on the millions of families who will be helped out of poverty through the expanded CTC. The investments being made in the CTC through the ARPA are expected to lift 4.1 million children out of poverty, over half of whom are children of color.¹⁰ The ARPA is projected to cut the Black and Latino child poverty rate by more than 40 percent each, and cut poverty among Asian American children by about 30 percent.¹¹ Reducing poverty helps promote economic stability and opportunity; reduces food and housing insecurity; and is associated with better health outcomes, less stress, and higher educational achievement.¹² While the benefits of a temporary expansion of the CTC and EITC will allow families to pay for groceries, rent, transportation, school supplies, and more, the full benefits of these expansions cannot be realized in one tax cycle. Pulling the plug on these changes would be a callous policy choice to sacrifice the health and well-being of millions of families, many of whom have been suffering the brunt of systemic racism and structural inequities for generations.

As groundbreaking as the changes in the ARPA have the potential to be, Congress must ensure that in any permanent expansion of the CTC and EITC that all families, regardless of immigration status, can be eligible for these credits. The Tax Cuts and Jobs Act of 2017 amended the CTC to exclude children without Social Security numbers. Denying the benefits of the CTC to these children inhibits the credit’s ability to be a far-reaching anti-poverty tool in immigrant communities. Twenty-five percent of first-generation children and 22 percent of second-generation children lived in poverty in 2017, compared to 17 percent of non-immigrant children.¹³ Similarly, restrictions on the availability of the EITC deny critical support and tax relief to working families. Currently, working people without a Social Security number are ineligible for the EITC, even if they pay taxes through an Individual Tax Identification Number (ITIN), and married couples will not qualify if one spouse does not hold a Social Security number.¹⁴

Congress must also maintain the option to receive advance CTC payments and ensure that the non-filer portal can remain permanent. Monthly CTC payments provide an immediate economic stimulus to families, allowing them to incur less debt and more easily pay for essential items. Importantly, Congress

⁹ *Id.*

¹⁰ *Id.*

¹¹ *Id.*

¹² National Academies of Science, Engineering, and Medicine, *A Roadmap to Reducing Child Poverty* (2019), available at <https://www.nap.edu/catalog/25246/a-roadmap-to-reducing-child-poverty>.

¹³ Child Trends, “Indicators: Immigrant Children,” (Dec. 28, 2018), <https://www.childtrends.org/indicators/immigrant-children>.

¹⁴ Internal Revenue Service, Publication 596 (2020), Earned Income Credit (EIC), <https://www.irs.gov/publications/p596>.

must also protect families who receive advance payments in error from owing large repayments. The non-filer portal should also be made permanent because it simplifies the process of obtaining the CTC, allowing more families who are not required to file tax returns to benefit. It should also be expanded to allow families without a filing requirement to easily claim other refundable tax credits, such as the EITC. Lastly, the federal government should expand its portal to incorporate low-income non-filers from other jurisdictions such as Puerto Rico to become eligible for the advance payment.

The devastation that many communities faced during the pandemic requires us to reimagine what kind of America we want to be. We have an opportunity now to reassess policies that have exacerbated disparities and injustice and to invest in all our families. Congress must now make permanent the expansions of the child tax credit and earned income tax credit and ensure that all immigrant families have the chance to benefit from these investments. Please contact Gaylynn Burroughs, senior policy counsel, at burroughs@civilrights.org with any questions.

Sincerely,



Wade Henderson
Interim President & CEO



Jesselyn McCurdy
Managing Director and Interim Executive Vice President for
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