

**July 30, 2021**

**ATTORNEY GENERAL RAOUL URGES CONGRESS TO PERMANENTLY EXTEND EXPANDED CHILD TAX CREDIT**

***Raoul, 22 AGs Argue Tax Credit Will Lift Millions of Children Out of Poverty; Should Be Priority in Reconciliation Bill***

**Chicago** — Attorney General Kwame Raoul, as part of a coalition of 23 attorneys general, urged Congress to permanently extend the expanded Child Tax Credit (CTC), which provides a systemic solution that would lift millions of children out of poverty.

[In a letter](#) to congressional leadership, Raoul and the coalition call on Congress to permanently extend the expanded CTC in the upcoming reconciliation package arguing the CTC addresses the wide range of harms and costs childhood poverty has on children, families and state governments. Raoul and the coalition are calling on Congress to offer a federal solution through a permanent, expanded and fully-refundable CTC.

“The expanded Child Tax Credit has helped families navigate the current economic crisis by providing financial support that has helped reduce food and housing insecurity,” Raoul said. “Childhood poverty has lifelong effects, and I encourage Congress to permanently extend the expanded Child Tax Credit to give children the support that will help them grow, develop and succeed in academics and beyond.”

One in seven children in the U.S. lives in poverty. Children from low-income households face higher rates of food and housing insecurity, poor health outcomes, and fewer opportunities for academic and career success. Childhood poverty also has negative fiscal impacts on states, for example by requiring additional health care and special education spending, increasing costs of child protective services and criminal justice, and decreasing tax payments and revenue.

In the letter, Raoul and the attorneys general state a permanent, expanded, fully-refundable CTC would lift around half of the nation’s low-income children out of poverty and benefit millions of children and their families. Raoul and the coalition argue that the CTC improves infant health, increases the likelihood students will finish high school, enroll in post-secondary programs, and later earn higher incomes in adulthood. State governments benefit in turn, through increased consumer spending and decreased government spending on costs such as health care and special education.

Raoul and the attorneys general also urge Congress to provide sufficient funding to raise public awareness about the CTC and make it easier for families to navigate the sign-up process. The additional funding would help ensure that the CTC reaches the most vulnerable families and communities around the country.

Joining Raoul in sending the letter are the attorneys general of California, Connecticut, Colorado, Delaware, the District of Columbia, Iowa, Maine, Maryland, Massachusetts, Michigan, Minnesota, Nevada, New Mexico, New York, North Carolina, Oregon, Pennsylvania, Rhode Island, Vermont, Virginia, Washington and Wisconsin.



MAURA HEALEY  
ATTORNEY GENERAL

THE COMMONWEALTH OF MASSACHUSETTS  
OFFICE OF THE ATTORNEY GENERAL  
ONE ASHBURTON PLACE  
BOSTON, MASSACHUSETTS 02108

(617) 727-2200  
(617) 727-4765 TTY  
[www.mass.gov/ago](http://www.mass.gov/ago)

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.<sup>1</sup> 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.<sup>2</sup> 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.<sup>3</sup> 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.<sup>4</sup> The costs and consequences of childhood poverty are extremely high.

Childhood poverty also results in a range of costs for our states.<sup>5</sup> In the richest country in the world, there is simply no justification for allowing one in seven children to live in poverty.<sup>6</sup> 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.<sup>7</sup> 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.<sup>8</sup> 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

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<sup>1</sup> 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/>.

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

<sup>3</sup> 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.>

<sup>4</sup> 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>.

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

<sup>6</sup> 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>.

<sup>7</sup> See Cook & Poblacion, *supra* note 4.

<sup>8</sup> 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,<sup>9</sup> 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.<sup>10</sup> 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.<sup>11</sup> 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.<sup>12</sup> 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.<sup>13</sup> This economic benefit would come on top of a decreased need for government spending on health care, special education, and other services.<sup>14</sup> 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,

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<sup>9</sup> 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/>.

<sup>10</sup> 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>.

<sup>11</sup> 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>.

<sup>12</sup> *Id.*

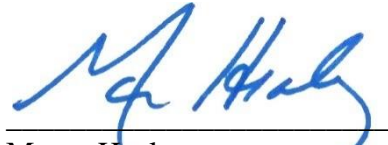
<sup>13</sup> See e.g., Chuck Marr, et. al., *Temporarily Expanding Child Tax Credit and Earned Income Tax Credit Would Deliver Effective Stimulus, Help Avert Poverty Spike*, Center on Budget and Policy Priorities (July 21, 2020), <https://www.cbpp.org/research/federal-tax/temporarily-expanding-child-tax-credit-and-earned-income-tax-credit-would>.

<sup>14</sup> 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,



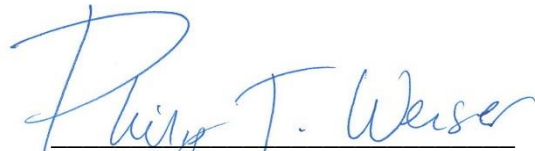
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Maura Healey  
Attorney General of Massachusetts



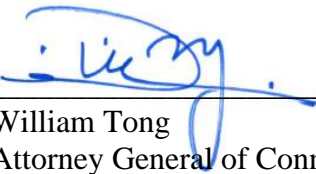
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Rob Bonta  
Attorney General of California



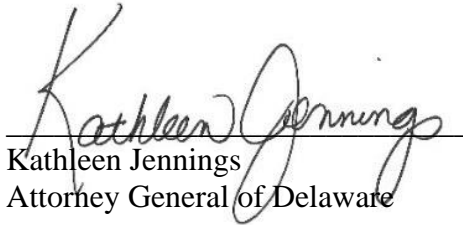
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Philip J. Weiser  
Attorney General of Colorado



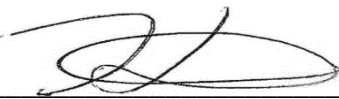
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William Tong  
Attorney General of Connecticut



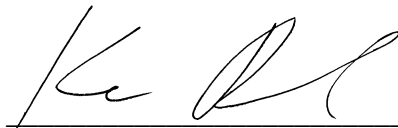
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Kathleen Jennings  
Attorney General of Delaware



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Karl A. Racine  
Attorney General for the District of Columbia



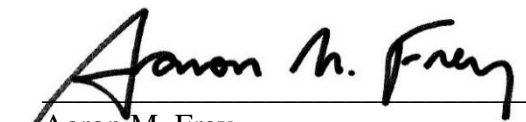
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Kwame Raoul  
Attorney General of Illinois



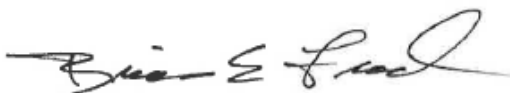
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Tom Miller  
Attorney General of Iowa



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Aaron M. Frey  
Attorney General of Maine



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Brian E. Frosh  
Attorney General of Maryland



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Dana Nessel  
Attorney General of Michigan



Keith Ellison  
Attorney General of Minnesota



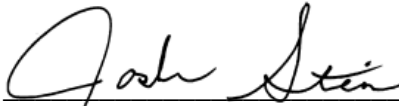
Aaron D. Ford  
Attorney General of Nevada



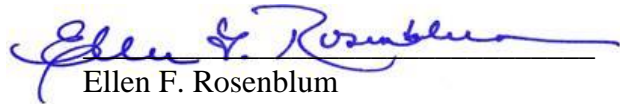
Hector Balderas  
Attorney General of New Mexico



Letitia James  
Attorney General of New York



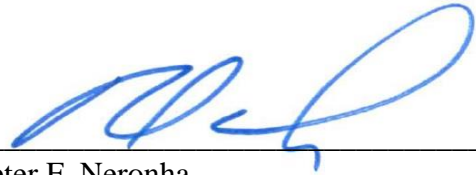
Josh Stein  
Attorney General of North Carolina



Ellen F. Rosenblum  
Attorney General of Oregon



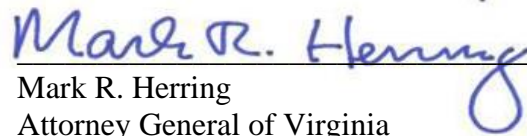
Josh Shapiro  
Attorney General of Pennsylvania



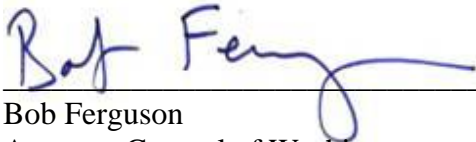
Peter F. Neronha  
Attorney General of Rhode Island



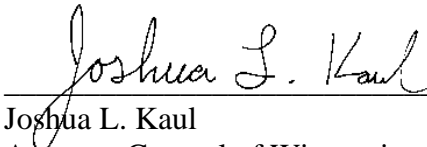
Thomas J. Donovan, Jr.  
Attorney General of Vermont



Mark R. Herring  
Attorney General of Virginia



Bob Ferguson  
Attorney General of Washington



Joshua L. Kaul  
Attorney General of Wisconsin