

November 9, 2022

Dear Senator Ernst,

Our nation's historically high child poverty rate is a choice. Recent U.S. Census data reveals a fundamental truth: Congress has the power to make a different choice, to put families and workers first with proven-effective strategies to reduce child poverty and boost incomes for people who work but aren't paid enough to make ends meet by expanding the Child Tax Credit (CTC) and Earned Income Tax Credit (EITC).

We, the undersigned organizations in Iowa, are writing to urge you to prioritize expanding these programs as part of the anticipated end-of-year budget bill. The time to pass these policies is *now*, as this may be the last chance this Congress has to act.

Even as Congress has this tremendous opportunity to deliver for families and workers, press reports indicate lobbyists are pressuring Congress to deliver more significant tax breaks for businesses and corporations. One example is the push for a tax break for companies engaged in "research and experimentation," including tech, pharmaceuticals, and other large corporations.

**We urge you to put families and workers first: There should be no expanded tax breaks for businesses and corporations without expanding the CTC and EITC.**

Under current law, too many children in families with the lowest incomes receive no CTC or receive a smaller credit than children in families with higher incomes. Expanding the CTC so that it reaches more of those children will go a long way toward improving families' ability to make ends meet and reducing child poverty.

As you know, the American Rescue Plan temporarily expanded the CTC for 668,000 children in Iowa, but the expansion has expired. The overwhelming majority of those kids' in families with low incomes used the ARP's monthly CTC payments to cover everyday challenges and basic expenses, such as food, utilities, rent, and diapers.

Before the ARP was passed, roughly 27 million children received less than the full CTC, including many who got no credit at all — not because their families earned too much, but because of a flaw in the law that excludes kids from families with the lowest incomes. Nationally, those children excluded from the full credit include roughly *half* of all children in rural areas.

The Rescue Plan CTC expansion, combined with other relief efforts, [helped lower child poverty by more than 40 percent between 2020 and 2021](#), Census data show. Investing in children in low-income families by expanding programs like the Child Tax Credit also has shown success in improving outcomes for those children over their whole lives, including higher educational attainment, better health, and higher earnings as adults.

We also urge you to expand the EITC for workers paid low wages who do not have children living with them. This part of the EITC has not been adjusted for nearly 30 years (outside of a temporary, one-year Rescue Plan expansion) and as a result, about 6 million of these low-income workers 19 and older have incomes below the poverty line, once federal taxes are taken into account. This commonsense proposal is long overdue and has enjoyed bipartisan support in the past.

Congress has a critical choice to make now: Will it expand the CTC and EITC, to put more kids on an upward trajectory for life and help working people make ends meet, or will it go home without reaching a bipartisan agreement on these straightforward policies?

We hope we can count on you to fight for these policies to support kids and workers — and to make sure any final legislative package in December doesn't give more tax breaks for corporations without supporting iowans.

We appreciate your consideration of our views.

Signed: