

Dear :

You have an opportunity to help low-income working families withstand the loss of income from the recession, prevent millions from slipping into poverty, and sustain economic growth, now and for years to come. These vital goals can be achieved by continuing and building upon the refundable tax credits now in place to assist children and their working parents.

The undersigned are organizations in every state in the nation, representing people of faith, providers of essential services, policy experts, and national, state, and community leaders. We come together to urge the speedy renewal and improvement of the refundable Child Tax Credit, Earned Income Tax Credit, and American Opportunity Tax Credit.

Improve and Preserve the Refundable Child Tax Credit. A family with two children working full-time at the minimum wage currently receives a Child Tax Credit of about \$1,750. If Congress does not act to extend the current levels, the same family will receive only \$250, a loss of \$1,500. This loss occurs because earnings of \$3,000 or more count in calculating the Credit under current law, but only earnings higher than about \$12,850 would count if improvements in the Child Tax Credit made since 2001 are allowed to expire.

If the current Child Tax Credit improvements expire 8 million children would lose their credit entirely, and an additional 10 million children would lose some of it, according to the Tax Policy Center. The poverty figures are equally staggering — if CTC improvements expire, 600,000 more children will become poor and 4 million already poor children will fall into deeper poverty, according to the Center on Budget and Policy Priorities. Economists at the Economic Policy Institute have estimated that fully one in four children were poor in 2009. It would be reckless to make these shocking statistics even worse.

We strongly urge you to prevent this harm to children, and help low-income working families further by counting the 15 percent credit from the first dollar of earnings, as passed in December by the House in its Jobs for Main Street legislation. This strong work incentive and family support would provide the family working full-time at the minimum wage with a credit of \$2,000 – reducing poverty instead of allowing it to deepen.

Retain Help for Families with Three or more Children and Reduce the “Marriage Penalty” in the Earned Income Tax Credit. In 2009, Congress improved upon the EITC by increasing the amount available to families with three or more children and reducing the “marriage penalty” in the EITC by increasing the amount received by married couples. In 2009, the maximum EITC for a family with three or more children was increased to \$5,657, or \$629 over the amount available to families with two children. The increase is important because it responds both to the increased costs of raising more children and to the greater likelihood of poverty in larger families. These two EITC changes prevented three million people from falling into poverty in 2009, according to an analysis by the Center on Budget and Policy Priorities, and increased the help to 7 million people. Please vote to preserve these improvements.

Help Low-Income Students Afford to Go to College through the American Opportunity Tax Credit: The 2009 changes to this credit (formerly known as the Hope tax credit) could

benefit 3.8 million low-income prospective college students by providing up to \$1,000 in a refundable credit to help pay for college costs. (The full tax credit was increased to \$2,500, with up to 40 percent available to students among the millions of those who do not owe federal income taxes, although they are likely to pay significant amounts for payroll and other taxes.) Before this improvement, families with students saw little to no benefit from the non-refundable Hope tax credit, and a married couple with one child in college and another younger child would be ineligible for the credit if their income were below \$26,000. Similarly, low-income single adults attending college can receive at least a partial credit. In this time of high unemployment (with one in four 16-19 year-olds unemployed), it makes sense for youth and adults alike to upgrade their skills and prepare for jobs with career potential. Most federal tax assistance for college study is primarily helpful to households with incomes of \$100,000 - \$200,000. The American Opportunity Tax Credit deserves your support because it will make it possible for millions of low-income students who would otherwise be excluded to afford higher education.

Preserving and building upon these tax credits will prevent millions of children in working families from becoming poor or more deeply poor. They help parents whose earnings have dropped in the recession, and help children, families and the economy by preventing disastrous reductions in purchases of food and other necessities. These credits also provide significant help to families just over the poverty line, easing their daily struggle to make ends meet.

Please remember these children, students, and families by supporting the improvements in the Child Tax Credit, Earned Income Tax Credit, and American Opportunity Tax Credit as you consider tax legislation this year.

Sincerely,