

STRENGTHENING AMERICA'S FAMILIES

The Vital Role of the Child Tax Credit

At Bread for the World, our mission, guided by our Christian values of faith, justice, and human flourishing, is to end hunger through advocacy. The child tax credit (CTC), a critical tool in addressing food insecurity, serves as a lifeline for the most vulnerable, and a beacon of hope for millions of families.

The CTC has strong bipartisan support and was previously expanded under Republican and Democrat congressional majorities, most recently in 2017 and 2021, respectively. The 2021 expansion significantly reduced child hunger and poverty because it extended the full benefit to the lowest income families. Food insufficiency among families with children fell by approximately 20 percent and child poverty was cut by nearly 50 percent. During the 2024 campaign, President Trump and Vice President Vance signaled their support for a strong CTC.

In 2024, the House of Representatives passed a child tax credit expansion included in the bipartisan, bicameral Tax Relief for American Families and Workers Act. Unfortunately, the Senate failed to move the legislation forward. The expansion would have benefited millions of children, including nearly 3 million children under age three. It was also projected to lift 400,000 children out of poverty in the first year. The proven, measurable success of the expanded child tax credit makes clear that passage of a similar bill would have an immediate and dramatic impact on child poverty and hunger.

According to the most recent report from USDA, in 2023¹

- **47.4 million people** in the U.S. lived in food-insecure households compared to roughly 42 million in 2022.
- **7.2 million children** lived in food-insecure households in which children, along with adults, were food insecure.

Federal nutrition programs as they currently exist, while essential, are not enough to end hunger. Parents struggling to feed their kids and themselves need more income. Paying higher wages would be the best way to increase family incomes, but the federal minimum wage has remained at \$7.25 since 2009, losing value every year due to inflation, and many working individuals and families still struggle to put food on the table. That's why expanding the CTC is so important.

Our Ask: We urge Congress to permanently expand the child tax credit to prioritize reducing child poverty and ending hunger.

Child poverty was nearly cut in half between 2020 and 2021, thanks in large part to the temporary expansion of the CTC. The child poverty rate fell from 9.2 percent in 2020 to 5.2 percent in 2021, the lowest rate on record. The reduction in poverty was largely due to two key changes in the 2021 CTC expansion: monthly payments and full refundability. **Therefore, we also urge Congress to:**

- **SUPPORT monthly CTC payments.** Families do not pay for food, clothing, health care, and other goods and services once a year. Monthly payments more accurately reflect the financial realities for families and work best to mitigate hunger.
- **PROVIDE full refundability for families with low incomes,** who otherwise wouldn't receive the tax benefits available to families with higher incomes, to help manage the costs of raising children. An estimated 19 million children receive less than the full credit.

Congress's continued support for and expansion of the child tax credit is critical for sustaining positive outcomes and fortifying the well-being of America's families. By expanding the CTC once again to prioritize reducing child poverty and ending hunger, we can secure a more prosperous future for all.

Bread for the World believes that the CTC is not merely a fiscal policy; it is a moral imperative. Its impact strengthens families and improves the lives of millions of children, ensuring they have the resources and opportunities they need to thrive. 🍞

Endnotes:

<https://www.ers.usda.gov/topics/food-nutrition-assistance/food-security-in-the-u-s/key-statistics-graphics/>