

# United States Senate

WASHINGTON, DC 20510

President Joseph R. Biden, Jr.  
The White House  
1600 Pennsylvania Avenue NW  
Washington, DC 20500

March 26, 2021

Dear President Biden:

We thank you for your strong leadership as our country begins to emerge and recover from the COVID-19 pandemic. The American Rescue Plan you proposed and Congress enacted has put us on a path to defeating the virus and building back better. We should not allow this momentum to fade. As such, any further recovery plans you propose should include some very specific programs made permanent.

A critical component of the American Rescue Plan is the one-year expansion of the Earned Income Tax Credit (EITC) and Child Tax Credit (CTC). For decades, these tax credits have rewarded work, supported families, and lifted millions out of poverty. But for too long, persistent gaps in the EITC have caused nearly six million adult workers to be taxed into or further into poverty because they qualified for only a small credit, or no credit at all. Gaps in the CTC meant 27 million children – one-third of all children – were not eligible for the full amount of the credit, and some received no credit at all.

Fortunately, the expansions of these credits in the American Rescue Plan temporarily correct these persistent flaws. The expansion of the so-called “childless adult” EITC is expected to boost the incomes of 17 million low-wage working adults – many of whom are on the frontlines of COVID-19 crisis as delivery drivers, home health aides, and grocery store workers. The expansion of the CTC is estimated to cut child poverty nearly in half. The American Rescue Plan is indeed a historic investment in the economic well-being of children, families, and struggling workers – and the EITC and CTC expansions drive that investment.

We must not allow these critical expansions to expire after one year. Doing so would result in a significant spike in child poverty, after we have made historic strides to end it. It would mean that millions of struggling adult workers would once again be taxed into poverty. That is wrong and unacceptable. Reducing child poverty, strengthening the economic security of low-wage workers, and reducing racial income disparities through these two important tax credits must be a core part of the Recovery Plan Congress considers later this year under your leadership.

No recovery will be complete unless our tax code provides a sustained pathway to economic prosperity for working adults and families. Your forthcoming Recovery Plan is the opportunity we have to make the expansions of these credits permanent. To that end, we ask that your Recovery Plan include the following permanent measures, which build on the temporary improvements in the American Rescue Plan:

- **Expand the so-called “childless adult” EITC.** The American Rescue Plan virtually tripled the maximum credit for eligible workers not raising children in the home.
- **Lower the EITC eligibility age from 25 to 19 and eliminate the maximum age.** The minimum eligibility age needlessly locked young adult workers out of the benefit of the credit. As workers continue working longer into life, the maximum eligibility age should also be permanently repealed.
- **Make the CTC fully refundable.** A fully refundable CTC ensures that all low- and moderate-income families receive the full value of the credit, including families living in the deepest poverty who need it most.
- **Boost the CTC from \$2,000 to \$3,000 (and \$3,600 for kids ages 0 to 5).** A larger CTC provides the stronger financial support families need to make ends meet. The larger Young Child Tax Credit provides additional support for children in their most critical years of development. Together with full refundability, these improvements cut child poverty nearly in half, including cutting poverty among Black children by 52 percent, Hispanic children by more than 45 percent, and children in Tribes by more than 60 percent.
- **Distribute the CTC on a monthly basis.** The American Rescue Plan provides for periodic distribution of the CTC starting in July 2021. Your Recovery Plan should formalize an optional monthly distribution system and provide the IRS with the resources it needs to successfully administer such an arrangement.
- **Ensure strong safeguards to prevent low-income families from repayment.** Roughly 3 million children – many of whom are low income – change the adult they live with during the course of a given year. These low-income families should be protected from a surprise tax bill through strong safeguards (a “safe harbor”) to limit repayment. The IRS should provide a straightforward, accessible platform for filers to notify the IRS of changes in family status or income.
- **Return to previous law on CTC eligibility.** The 2017 tax law newly required children to be issued a Social Security Number in order to qualify for the CTC. Your Recovery Plan should return to pre-2017 tax law policy, allowing children with Social Security Numbers or with Individual Taxpayer Identification Numbers (ITINs) to qualify.
- **Continue the earned income lookback option.** The American Rescue Plan allows filers to substitute their 2019 income in place of 2021 income, to avoid losing the value of their EITC. This lookback option is a key tool to help workers reduce income volatility and its harmful consequences. Using the previous year’s income to compute EITC benefits is the type of optionality our tax code already affords corporate taxpayers; it should be permanently available to low-paid workers as well.

The American Rescue Plan laid a strong foundation by making these improvements on a one-year basis, providing a critical income boost to workers and families. These improvements are a necessary component of a Recovery Plan that ensures children, families, and struggling workers have the economic security they need. They also make for a fairer and more just tax code. Moving forward, if indeed we are to build back better, these changes must be made permanent to ensure a sustained and equitable recovery for American workers and families.

Sincerely,

/s/ \_\_\_\_\_  
Sherrod Brown  
United States Senator

/s/ \_\_\_\_\_  
Michael S. Bennet  
United States Senator

/s/ \_\_\_\_\_  
Cory A. Booker  
United States Senator

/s/ \_\_\_\_\_  
Ron Wyden  
United States Senator

/s/ \_\_\_\_\_  
Tammy Baldwin  
United States Senator

/s/ \_\_\_\_\_  
Richard Blumenthal  
United States Senator

/s/ \_\_\_\_\_  
Maria Cantwell  
United States Senator

/s/ \_\_\_\_\_  
Benjamin L. Cardin  
United States Senator

/s/ \_\_\_\_\_  
Robert P. Casey, Jr.  
United States Senator

/s/ \_\_\_\_\_  
Christopher A. Coons  
United States Senator

/s/ \_\_\_\_\_  
Catherine Cortez Masto  
United States Senator

/s/ \_\_\_\_\_  
Tammy Duckworth  
United States Senator

/s/ \_\_\_\_\_  
Richard J. Durbin  
United States Senator

/s/ \_\_\_\_\_  
Dianne Feinstein  
United States Senator

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Kirsten Gillibrand  
United States Senator

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Martin Heinrich  
United States Senator

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John Hickenlooper  
United States Senator

/s/ \_\_\_\_\_  
Mazie Hirono  
United States Senator

/s/ \_\_\_\_\_  
Tim Kaine  
United States Senator

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Amy Klobuchar  
United States Senator

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Patrick J. Leahy  
United States Senator

/s/ \_\_\_\_\_  
Ben Ray Lujan  
United States Senator

/s/ \_\_\_\_\_  
Edward J. Markey  
United States Senator

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Robert Menendez  
United States Senator

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Jeffrey A. Merkley  
United States Senator

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Christopher S. Murphy  
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Patty Murray  
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Jon Ossoff  
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Alex Padilla  
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Jack Reed  
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Jacky Rosen  
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Bernard Sanders  
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Brian Schatz  
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Tina Smith  
United States Senator

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Debbie Stabenow  
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Chris Van Hollen  
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Mark R. Warner  
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Reverend Raphael Warnock  
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Elizabeth Warren  
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/s/ \_\_\_\_\_  
Sheldon Whitehouse  
United States Senator