

# THE CHILDREN'S BUDGET COALITION

## INVESTING IN THEIR FUTURE

### THE CHILDREN'S BUDGET COALITION

#### INVESTING IN THEIR FUTURE

October 3, 2021

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

The Honorable Kamala D. Harris  
The White House  
Office of the Vice President  
1600 Pennsylvania Ave, NW  
Washington, DC 20500

The Honorable Chuck Schumer  
U.S. Senate  
322 Russell Senate Office Building  
Washington, DC 20510

The Honorable Mitch McConnell  
U.S. Senate  
317 Hart Senate Office Building  
Washington, DC 20510

The Honorable Nancy Pelosi  
U.S. House of Representatives  
235 Cannon House Office Building  
Washington, DC 20515

The Honorable Kevin McCarthy  
U.S. House of Representatives  
2468 Rayburn House Office Building  
Washington, DC 20515

Dear President Biden, Vice President Harris, Speaker Pelosi, Majority Leader Schumer, Minority Leader McConnell, and Minority Leader McCarthy:

As members of the Children's Budget Coalition (CBC), comprising over 80 advocacy organizations dedicated to prioritizing children and families in federal policy and budget decisions, we are writing at a moment when Congress is on the precipice of making once-in-a-generation budget and policy decisions that prioritize our nation's children and families, and continue building off of the monumental changes for our children made by the American Rescue Plan Act (ARP). We strongly urge you to support an investment and tax plan that builds back better to make game-changing investments in our nation's children with improved, expanded and permanent child-friendly tax credits, paid family and medical leave, support for early learning, increased food security and child nutrition, improved children's health and well-being, more affordable housing and education infrastructure, a path to citizenship for immigrant children and families, and more.

[According to the Center on Poverty and Social Policy at Columbia University](#), changes made under the ARP could cut child poverty by more than half in 2021. The reconciliation package would continue that progress by creating a fairer tax code to fund these life-changing investments and protecting families making under \$400,000 a year. Addressing tax loopholes, discouraging overseas tax shifting, and improving IRS enforcement to close the tax gap will make the tax code more equitable and ensure we can invest in all aspects of our children's lives.

On September 14, 2021, the U.S. Census Bureau released annual data on poverty in the United States in 2020. Despite the job loss and economic toll that the pandemic took on families with children last year, child poverty decreased when taking into account the impact of federal emergency assistance, including two rounds of Economic Impact Payments, expansions of Unemployment Insurance benefits, increased nutrition assistance through the Supplemental Nutrition Assistance Program and the Pandemic Electronic Benefit Transfer program. Yet children still remained the poorest group in our nation in 2020, and due to the systemic racism and discrimination ingrained in our country's institutions, children of color continue to experience rates of poverty nearly three times that of white children. The

pandemic is further compounding racial disparities, decimating industries where low-wage workers of color are overrepresented. The latest data capturing the impact of federal programs and investments on child poverty tells us that progress in reducing child poverty is possible - in the midst of a global pandemic - when there is the political will to act.

We urge you to support a bold tax and investment plan to enact long-term solutions that tackle the stubbornly persistent problem of child poverty and build a foundation to ensure all children can thrive and succeed. The reconciliation package coming together in the House of Representatives includes many provisions to benefit children, and we want to underscore how critically important it is to invest in all aspects of our children's lives. The many and varying needs of our children do not exist in a vacuum, but are connected, and together these investments will help to provide the support kids deserve so our recovery is inclusive and provides opportunities to all children.

### **Improvements to Tax Credits**

One significant policy change is the improved and expanded Child Tax Credit (CTC), which increased the tax refund to as much as \$3,600 a year per child, authorized advanced monthly payments that began in July, and — very importantly — began including [29 million lowest-income families previously excluded](#) by making the credit fully refundable. [A Columbia University brief estimates](#) that the expansions to the CTC would lift 4 million children out of poverty and 1.6 million children out of deep poverty nationwide. We prefer making all of the Ways and Means Committee's improvements to the CTC permanent, and full refundability, restoration of eligibility for children with Individual Taxpayer Identification Numbers, inclusion of residents of the territories and monthly payments are essential components to be maintained. Still, we are pleased to see that the House is proposing to extend those and other critical CTC improvements through 2025 making permanent the full refundability provision along with the improvements to the Child and Dependent Care Tax Credit (CDCTC) and the Earned Income Tax Credit (EITC). We enthusiastically applaud the permanent EITC provisions for former foster youth and youth experiencing homelessness as well as making the refundable provision of the CDCTC permanent.

If Congress were to allow the expanded CTC to expire (as scheduled at the end of this year), taxes will rise for [families of more than 60 million children](#), and the child poverty rate will nearly double. Many parents and caretakers face challenges balancing work with raising a family, and access to the regular CTC payments, especially for those who most need it, offers financial support and stability. Creating hurdles for low-income workers to access the support could deny the credit to children of parents with disabilities or who have disabilities themselves, children of workers who rely on the oftentimes unpredictable gig economy and children of college student parents -- [nearly one-quarter of college students are parents raising children](#). The expanded CTC must remain available to all households as we already see benefits from the CTC improvements and advanced payments.

[A recent brief from Columbia University](#) notes that the monthly child poverty rate fell from 15.8% in June to 11.9% in July 2021. This drop was primarily due to the first payment of the expanded CTC. The CTC on its own resulted in [3.5 million fewer children experiencing poverty in August](#) and had an outsized impact in reducing poverty for children of color. We urge you to support a strong tax plan to preserve policies that cut child poverty and support families. The needs of children continue to grow both as a result of the ongoing pandemic and neglected investments in children for the past decade. The House reconciliation provisions would reverse the downward spending trend on children in a profound way and dramatically help to reduce child poverty.

The outbreak of COVID-19 and the resulting economic crisis have served to only increase hardship for too many [families who already were experiencing financial insecurity](#). The pandemic is further compounding racial disparities, infecting communities of color at higher rates and decimating industries where low-wage workers of color are overrepresented. The Bureau of Labor Statistics reports that the overall unemployment rate was 5.2 percent in August 2021, while the Black and Hispanic or Latino unemployment rate still remains higher at 8.8 percent and 6.4 percent respectively. According to the U.S. Census Household Pulse Survey for August 18-30, 2021, nearly 34 million adults in households with children were not employed in the last 7 days, and adults in households with children are more likely

to report being behind on rent. Our recovery must be built on measures that benefit children and address racial and economic inequities.

### **Investments to Child Nutrition Programs**

Despite significant progress on food insecurity, 11 percent of adults in households with children reported that the household did not get enough to eat compared to 7 percent for households without children. While nearly 7 percent of white adults in households with children were food insecure, the number rises to 15.1 percent for Black and 12.7 percent for Latino communities. The House Education and Labor Committee's reconciliation provisions include \$35 billion in childhood nutrition funding to help reduce child hunger. This money will expand the reach of free school meals to nearly 9 million children; create a permanent, nationwide program to extend Summer Electronic Benefit Transfer to more eligible low income children; permit Medicaid direct certification to better link eligible children to free and reduced-price school meals; and increase access to healthier foods at school.

### **Permanent Healthcare for Kids**

In addition, children must have their health needs prioritized. [Recent U.S. Census data](#) shows that the number of U.S. children without health insurance rose in 2020 for the fourth year in a row, with Hispanic and Black children suffering the most. This news comes as pediatric hospitalizations and positive tests for COVID-19 surge, kids are back in schools with varying levels of public health safety measures in place, and children under the age of 12 are not yet eligible for a vaccine against COVID-19.

[According to the American Academy of Pediatrics Testimony](#) before House Energy and Commerce Committee on September 22, 2021:

"Recent CDC data shows that COVID-19–associated hospitalizations rates are 2.5–3.0 times higher than influenza-associated hospitalizations. Among deaths attributed to COVID-19, more than two-thirds of these have been in Black and Latinx children. After declining in early summer, child cases have increased exponentially, with over a million new cases between August 5 and September 16. In fact, more than 225,000 cases were added just this past week, for an increase of about 469,000 cases in the past two weeks. The rise in overall case numbers is also resulting in more and more children needing to be hospitalized due to contracting COVID-19. A Centers for Disease Control and Prevention (CDC) study published in the Morbidity and Mortality Weekly Report (MMWR) on September 3 showed that COVID-19 cases, emergency department visits and hospital admissions increased from June to August 2021 among children aged 0-17 years. The report found that emergency department visits and hospital admissions in the 2-week period from August 14-27, 2021 quadrupled in states with lower population vaccination coverage compared with states with higher vaccination coverage."

Furthermore, [from April to October 2020, hospitals across the U.S. saw a 24% increase in mental health emergency department visits for children ages 5 to 11](#), and a 31% increase for children and adolescents ages 12 to 17. Medicaid and the Children's Health Insurance Program (CHIP) are long-established programs that safeguard the health of our nation's children. Their sheer size, scope, and significance require consistent, dependable, and sufficient funding to meet the health care coverage needs of low-income and disabled children and families. More must be done to ensure that children's physical and mental health needs are met, and we strongly support a permanent extension of CHIP, a requirement for 12 months of continuous eligibility for children under Medicaid and CHIP, a requirement for states to provide 12 months of postpartum coverage for birthing people through Medicaid, and allowing Medicaid coverage to begin 30 days prior to a youth's release from incarceration.

## **Child Care Investments**

Building back better also must acknowledge the far-reaching benefits of child care as the industry struggles to recover — it simultaneously provides both early care and education for our youngest members of society, enables parents to work and attend school, provides an economic driver for business that ensures a stable workforce, and employs more than two million workers. The child care sector of our economy is struggling and according to the [National Association for the Education of Young Children’s August 2021](#) survey, over one in every three child care providers is considering leaving their child care program or closing their family-based home child care within the next year in the wake of the COVID-19 pandemic. This is not a sustainable trend and our recovery will not be successful and inclusive if we fail to invest in this essential sector of our economy that supports so many of our children, parents, and families. We support the proposed \$450 billion in early learning, including investments in both child care and pre-K, that will benefit children, families, early learning employees, and employers across the country.

## **Ensure No Child is Homeless**

In addition, the needs of homeless children, youth, and families due to the outbreak of COVID-19 continue to increase. Even before the pandemic, only one in four families eligible for rental assistance in the United States received it despite the great need for it. Furthermore, families with children are a decreasing share of federal housing assistance beneficiaries even though [60 percent of households on the waiting list for housing assistance are families with children](#). We urge you to make additional and lasting investments in housing support to ensure all our children have a safe, affordable place to live and call home. This includes providing housing mobility services for families with young children to accompany any investment in Housing Choice Vouchers, which is critical to meet the needs of at least 500,000 families. Investments that allow families to access a full panoply of wrap-around mobility services will help them move to higher opportunity neighborhoods with high-performing schools, as well as access to quality child care, medical care, fresh food, and more. Housing support should include the recruitment of more landlords to accept these vouchers, as well as pre- or post- move counseling, housing search assistance, security deposits, school enrollment, and connecting families with information about community-based supports.

## **Invest to Improve our Education System**

The House Reconciliation proposal includes \$82 billion in investments in K-12 public school infrastructure. These vital efforts to modernize the infrastructure of our schools must be accompanied by a robust investment in the students and teachers who use them. Inequities and funding shortfalls have long plagued our school system. Ensuring the promise of equal and supportive education will take targeted investments to fully fund programs such as Title I, IDEA, and McKinney Vento. Through IDEA, for example, the federal government only paid for around 13 percent of the per student cost for special education students during FY2020. This falls far short of the 40 percent Congress set out to cover in 1975.

The transition of schools to online learning highlighted vast inequalities in internet access among students, including how homelessness and financial hardship affects educational outcomes, and the needs of students with disabilities, among other issues in our education system. The COVID pandemic has reinforced a long-known but little reckoned with truth: [teachers need more support](#). The House reconciliation proposal includes just over \$1 billion in educator development which will take steps to address teacher shortages and support teachers. Broadband investment should include designated funding for E-Rate and Lifeline programs to ensure students and school staff have access to the tools to learn and teach. Public schools are the backbones of our democracy, but chronic underfunding has crippled this institution.

## **Pathway to Citizenship**

We are disappointed by the senate parliamentarian’s decision on the proposed pathway to citizenship for immigrant youth, Temporary Protected Status (TSP) holders, and essential workers. We urge you to continue to pursue

alternative proposals to include a pathway to citizenship in this historic legislative package and ensure that the nearly one million undocumented children and more than five million children of immigrants are part of our nation's successful recovery from the pandemic.

As a coalition, we applaud the investments and tax policies included in the House reconciliation bills that will lead to a major reduction in child poverty and support children, parents, and families. We know that investments in our children have a tremendous return, improving their near- and long-term outcomes and healthy development, as well as benefiting society and our economy. Children need our full attention and protection more than ever, and the game-changing investments included in the economic recovery package would go a long way to ensure all our children can reach their potential.

Sincerely,

First Focus Campaign for Children  
1,000 Days  
Bread for the World  
Children's Aid  
Children's Health Fund  
Child Welfare League of America  
Family Centered Treatment Foundation  
Family Focused Treatment Association  
Futures Without Violence  
HopeWell  
Institute for Child Success  
Institute for Educational Leadership  
National Association of Counsel for Children  
National Black Child Development Institute  
National Center for Healthy Housing  
National Child Care Association  
National Children's Campaign  
National Diaper Bank Network  
National Early Childhood Program Accreditation  
National Network for Youth  
National Prevention Science Coalition to Improve Lives  
National Respite Coalition  
National WIC Association  
Our Children Oregon  
Partnership for America's Children  
Prosperity Now  
Public Advocacy for Kids  
Save the Children Action Center (SCAN)  
School-Based Health Alliance  
SchoolHouse Connection  
ZERO to THREE