

May 19, 2008

Senator Max Baucus  
United States Senate  
Washington, DC 20510

Senator Charles Grassley  
United States Senate  
Washington, DC 20510

Dear Chairman Baucus and Ranking Member Grassley:

As organizations committed to advancing the well-being of America's children, we urge you to include a much needed improvement to the Child Tax Credit in any tax reform proposal considered by the Senate this year. The federal tax system impacts every part of American life, and the lives of families and their children are no exception. This being the case, when discussion turns to the issue of reforming the tax code, children should occupy a central place in that debate. We hope that included in your efforts to protect extend or reform certain expiring tax provisions will be a similar effort to ensure that more working families with children can benefit from the CTC.

Currently the Child Tax Credit is structured in such a way as to prevent many low-income working families from benefiting in full, and some families are actually excluded all together. This is because the income floor, above which families can begin claiming a refund, is set too high and continues to grow each year. Indeed, many families who benefited from the CTC in previous years are no longer eligible, even though they are working the same amount.

Furthermore, in these difficult economic times, ensuring that every low-income working family benefits from the CTC is more important than ever. The recent downturn has resulted in hundreds of thousands of low-income employees losing work hours. If a single parent making the federal minimum wage loses even two or three hours a week, that family can also lose their Child Tax Credit benefit.

Consequently, we strongly support proposals, similar to the Working Family Child Assistance Act (S. 218) sponsored by Senators Snowe and Lincoln, that reduce the income floor, allowing more struggling families to claim the credit. Reducing the income floor to \$8,500 will result in the families of nearly 3 million more children becoming newly eligible to receive a Child Credit refund and additionally, the families of about 10 million children will be able to claim a larger refund than that which they can currently claim. The impact of these changes will be nearly \$3 billion in additional resources for low-income working families with children.

Working families with children need all the help they can get. The federal tax system should be designed to help these families provide for their children, work hard, and stay out of poverty. Reforming the Child Tax Credit is an important first step on the path towards a tax code that makes the needs of America's children a top priority. We appreciate your commitment to a fairer, more equitable tax system, and to ensuring a bright future for our children. We look forward to working with you on this, and other proposals to address the needs of our nation's children.