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## **Wyden Hearing Statement on Tax Provisions for Supporting Children and Families** *As Prepared for Delivery*

The Finance Committee meets this morning to talk about tax policy tools for helping children and families climb the economic ladder. There are a lot of policy issues involved here, but in my view, it all comes down to one basic question.

Congress has a proven strategy for lifting millions of American children out of poverty and ensuring their families have a stronger opportunity to get ahead. Should we act on it? In my view, that ought to be an easy call.

The reality is, helping more Americans get ahead and encouraging people to work are not mutually exclusive. Those priorities go hand-in-hand, as the committee is going to hear firsthand today.

First, a bit of recent history on this issue. In 2021 as part of the American Rescue Plan, Democrats in Congress passed landmark expansions of key sources of financial support for lower-income families.

The Child Tax Credit got the biggest expansion. Previously it was worth \$2,000 per child each year, and lower-income families who needed more help actually got less than higher-income families.

After the expansion, the CTC gave families \$3,600 for each child up to age 5 and \$3,000 up to age 17. For the first time, Democrats made it fully refundable, which means the lowest-income taxpayers got the full value of the credit. No more discriminating against the most vulnerable.

Democrats also modernized the system to pay out much of the credit in monthly installments rather than all at once during tax filing season. That gave families a reliable boost to their monthly take-home pay.

The American Rescue Plan also expanded the Earned Income Tax Credit to encourage even more people to work, and it boosted the tax credit for child and dependent care.

What was the effect of this expansion? According to researchers at Columbia University, expanding the CTC lifted 3.7 million American children out of poverty. Child hunger fell by nearly a quarter. And other

research shows that when families escape poverty, kids are healthier, they do better in school, and their earnings are higher as adults.

I'll share a few stories from Oregon. A single mother in Myrtle Creek wrote that she was finally able to save up enough to move her three kids out of a run-down apartment into a better home.

A single mom in Portland wrote that she was relieved to be able to cover the bills and save enough to have a nice Christmas with her kids.

Another mom in Eugene who lives with extended family wrote that she was finally able to save up for a place where she and her son could live on their own.

Millions of people all across the country had their own stories like these. For the first time in a long time, maybe for the first time ever, they felt some financial relief. Unfortunately, these landmark enhancements to the tax code expired at the end of 2021. Congress has been unable to agree on fixing that, but Democrats are fighting to keep children out of poverty and help families get ahead.

Today Senator Brown and Senator Bennet, who are some of the real champions of tax policy supporting children and families, are introducing the Working Families Tax Relief Act, which I'm proud to co-sponsor. It would make the 2021 expansions of the Child Tax Credit and the Earned Income Tax Credit permanent. Today there are 19 million kids whose families don't currently get the full child tax credit -- disproportionately Black and Latino families. Under the Brown-Bennet proposal, those families would no longer get shortchanged. This is pro-family, pro-opportunity legislation. My view is that it ought to interest many more Senators than just Democrats.

Republicans, however, argue that this kind of proposal actually discourages work. That claim just doesn't pass the smell test, nor is it backed by reliable research. Hundreds of economists have looked into this issue in the last few years. The Federal Reserve recently did too. The overwhelming majority of experts agree that the CTC expansion did not hurt employment in any meaningful way.

In fact, in some cases, it actually helped more parents enter the labor force because it helped them pay for things like child care and transportation that are necessary prerequisites for holding a job.

In July 2021, when the first payments under the expanded Child Tax Credit went out, the unemployment rate was 5.4 percent. In December of that year, after 6 monthly payments had gone out, the unemployment rate was 3.9 percent. It's awfully hard to see how the CTC kept people out of the workforce in 2021.

There's also a big double standard at the heart of this Republican argument. If the tax system being less generous to low-income Americans encourages work and productivity, why doesn't the same logic apply to the wealthy? The reality is that all Americans want to work hard and provide for their families. That's part of what makes our country and our economy so dynamic and durable. This Republican double standard that punishes lower-income Americans and favors the wealthy, in the long run, only limits opportunity and makes it harder for a lot of people to get ahead. That's an issue that Democrats want to change.

So there's a lot to discuss today. I want to thank our witnesses for being here, and I look forward to Q&A.

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