

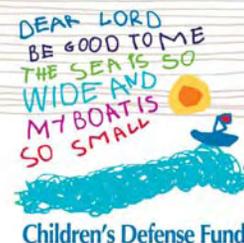
January 12, 2009

The Honorable Harry Reid
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Mitch McConnell
Minority Leader
United States Senate
Washington, DC 20510

The Honorable Nancy Pelosi
Speaker of the House
United States House of Representatives
Washington, DC 20515

The Honorable John Boehner
Minority Leader
United States House of Representatives
Washington, DC 20515



Dear Senator Reid, Senator McConnell, Speaker Pelosi, and Representative Boehner:

As our nation faces a possibly deep and protracted recession, I urge you to immediately pass a stimulus package that resuscitates our struggling economy and helps those most in need and who will spend the money immediately: our nation's vulnerable families. Investing in children, especially those in stressed middle and low-income families, is the most important step our country can take now to prevent further job, income and housing loss and ensure future productivity, competitiveness, and stability.

A core piece of any economic stimulus should be temporary tax credits for low-income families who pay payroll and/or sales taxes and who are struggling most during this recession. I urge you to treat poor families and children fairly as you seek to bolster those better off. This can be achieved by:

- **Make the Child Tax Credit (CTC) fully refundable** and index it for inflation. Millions of children receive no help from the CTC because of insufficient parental earnings. According to the Tax Policy Center, in 2005, prior to last year's changes to the earnings threshold, half of Black children, 46 percent of Latino children, and 18 percent of White children received no credit or only a partial credit due to low family earnings. Estimates from the Center on Budget and Policy Priorities indicate that reducing the earnings threshold to \$3,000 would lift 290,000 children out of poverty. Making it fully refundable would lift far more children from poverty, and millions more would receive increased benefits.
- **Increase the Earned Income Tax Credit (EITC) for families with three or more children.** Currently, these families do not receive a higher benefit than families with only two children, unlike other major tax code provisions that apply to children such as the CTC and the dependent exemption. Families with three or more children have a poverty rate of 24.1 percent, nearly twice the 12.4 percent rate for families with one or two children. Enacting this provision (along with marriage penalty relief) would put more money into the pockets of families who will likely use it to keep their heads above water.
- **Expand the Child and Dependent Care Tax Credit**, make it fully refundable, increase the amount of expenses covered and the percentage of expenses now allowed, and index both for inflation. These adjustments would lift hundreds of thousands of children from poverty.
- **Enact the "Making Work Pay" credit but adjust it to benefit more low-income working families** struggling to make ends meet. Phasing the credit in more quickly than proposed by President-Elect Obama would make it more effective for the neediest.

Over 13 million children are poor; 5.8 million live in extreme poverty. Every year we permit these children to remain poor costs our nation a half trillion dollars in foregone productivity and increased health and crime

costs. Expanded nutrition assistance, Head Start, child care and education investments, unemployment insurance benefits, fiscal relief for states, and adjustment of the Temporary Assistance to Needy Families (TANF) program funding and requirements can alleviate child suffering and help states maintain supports for vulnerable children and families. As unemployment and economic stresses grow, so do neglect and abuse.

These proposals would put our nation on a path to economic recovery, provide urgently needed assistance to hard pressed families, and make preventive investments in children before they face greater risks including family instability, homelessness, neglect and abuse.

Please contact Children's Defense Fund's economist Catherine Crato at 202-662-3670 or ccrato@childrensdefense.org with any questions.

Thank you for your leadership.

Sincerely yours,

A handwritten signature in black ink that reads "Marian Wright Edelman" with a horizontal line at the end.

Marian Wright Edelman

CC: Committees on Appropriations, Finance, and Ways and Means