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ON INTELLIGENCE

SPECIAL COMMITTEE ON AGING

United States Senate

WASHINGTON, DC 20510

March 2, 2022

The Honorable Kamala Harris
Vice President of the United States
1600 Pennsylvania Avenue NW
Washington, DC 20500

The Honorable Janet L. Yellen
Secretary, United States Department of the
Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Vice President Kamala Harris and Treasury Secretary Janet Yellen:

We write today to raise an issue that merits your urgent attention as tax filing season is underway.

The cost of child care has grown substantially in recent years and often grows faster than the cost of inflation. As many of the costs that families face have grown, parents say that the cost of care is one of their [largest concerns](#).¹ A [recent report](#) from the Department of Treasury outlines how these costs take up a sizable share of parents' income, keep families from working, and negatively affect the supply and quality of care.² The pandemic, recession and economic recovery have further exacerbated pressures the industry was [already facing](#).³

To counter rising costs and to provide relief for family budgets, Democrats expanded the Child and Dependent Care Tax Credit (CDCTC) in the American Rescue Plan (ARP) Act. Expanding this child care credit has provided families, for the first time, with a fully refundable tax credit for their care expenses worth up to \$4,000 per child or \$8,000 per family. A credit of up to \$4,000 per child or dependent covers nearly 40 percent of the average cost of child care, an enormous relief for America families. According to the IRS Statistics of Income, over six million families used the smaller, nonrefundable CDCTC in previous years, but many families could not benefit. Previously, just one percent of all CDCTC recipient families were in the lowest-income quintile.⁴ Because of the ARP expansion, many millions of disproportionately low-income families can qualify for relief from child care costs for the first time.

Knowledge of refundable credits is crucial, especially for low-income taxpayers. For instance, social science research has long recognized that prior knowledge about the Earned Income Tax

¹ <https://www.npr.org/2021/10/19/1047019536/families-are-struggling-to-find-the-child-care-they-desperately-need>

² <https://home.treasury.gov/news/press-releases/jy0354>

³ <https://www.theatlantic.com/ideas/archive/2019/11/why-child-care-so-expensive/602599/>

⁴ https://crsreports.congress.gov/product/pdf/R/R45035#_Toc526156611

Credit (EITC) meaningfully affects take-up rates^{5,6,7} The IRS acknowledged this with its [EITC Awareness Day](#), where it highlighted the ARP’s changes to the EITC. Likewise, the Administration has made commendable efforts to raise awareness of the expanded Child Tax Credit (CTC), Economic Impact Payments, EITC expansion and other new pandemic-era aid programs.⁸ These efforts include the “Day of Action to Ensure Americans Get the Tax Credits They Deserve” on February 8, the creation of ChildTaxCredit.gov, and the ongoing “Whole of Government Effort” to tell families about the new credits for which they may be eligible.

While these efforts to get families signed up for the EITC and CTC are commendable, the Treasury Department and White House seem to have made no meaningful effort to raise awareness about the \$4,000 per-child CDCTC. For instance:

- The Administration’s widely touted ChildTaxCredit.gov provides no information on the CDCTC, even though many families with children who are eligible for CTC are likely also eligible for the CDCTC. This is despite the fact that ChildTaxCredit.gov provides information on the EITC for childless workers—a valuable program, but not one targeted at families with children, the website’s primary audience.
- The February 8 “Day of Action to Ensure Americans Get the Tax Credits They Deserve” never mentioned the CDCTC.
- The “Whole of Government Effort” on tax credits has neglected to include the CDCTC, even when sending notices to the Americans most likely to be eligible for this credit, such as in emails from the Department of Education to parents of young children.

The lack of attention to the CDCTC is troubling because as a newly refundable credit, it faces many of the same informational hurdles around families becoming aware of its existence as the CTC does. Many families are eligible to receive more money from the expanded CDCTC than from the Child Tax Credit. Failing to inform families of its existence would be a costly mistake.

We appreciate the efforts of the Internal Revenue Service, which, after being notified of similar oversights, has worked to update formerly outdated pages about the CDCTC, make approachable factsheets and materials for families and to incorporate the CDCTC into its [Coronavirus Tax Relief](#) page.

We ask the Department of Treasury and the rest of the Administration to similarly incorporate the CDCTC into outreach materials and campaigns around refundable tax credits from which it has been omitted. These include ChildTaxCredit.gov and any other appropriate materials disseminated to families, agencies, state and local governments and community organizations as part of the “Whole of Government” effort around refundable tax credits.

As families live under the burden of rising prices, they need to know about the solutions that their government is providing them. In this case, we have already passed a credit to alleviate one of the largest burdens families face—child care. Families just need to be equipped to take advantage of it. Together, we can ensure Americans get *all* the tax credits for which they are

⁵ <https://www.aeaweb.org/articles?id=10.1257/aer.103.7.2683>

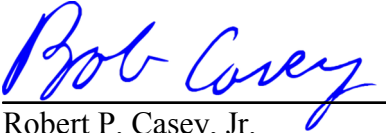
⁶ <https://www.aeaweb.org/articles?id=10.1257/pol.2.3.180>

⁷ <https://www.aeaweb.org/articles?id=10.1257/pol.20180054>

⁸ <https://www.irs.gov/newsroom/eitc-awareness-day-important-changes-mean-more-people-qualify-for-credit-that-helps-millions-of-americans>

newly eligible for this tax season—those which they deserve. Thank you for your attention to this issue and your urgent action as tax season is already underway.


Sincerely,



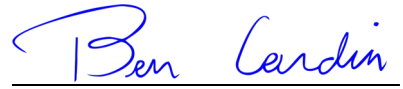
Robert P. Casey, Jr.
United States Senator



Richard Blumenthal
United States Senator



Sherrod Brown
United States Senator



Benjamin L. Cardin
United States Senator



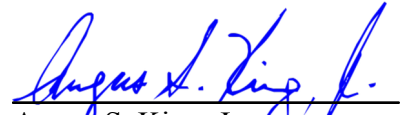
Tammy Duckworth
United States Senator



Richard J. Durbin
United States Senator



Mazie K. Hirono
United States Senator



Angus S. King, Jr.
United States Senator



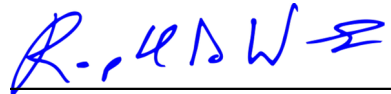
Patty Murray
United States Senator



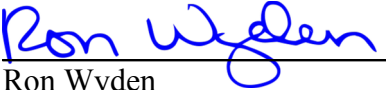
Jeanne Shaheen
United States Senator



Debbie Stabenow
United States Senator



Raphael G. Warnock
United States Senator



Ron Wyden
United States Senator

CC: United States Secretary of Education Miguel Cardona