



October 23, 2023

Chairman Darin LaHood
Subcommittee on Work and Welfare
1139 Longworth HOB
Washington D.C. 20515

Ranking Member Danny Davis
Subcommittee on Work and Welfare
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Washington D.C. 20515

NWLC Written Statement for U. S. House of Representatives, Committee on Ways and Means, Work and Welfare Subcommittee Hearing on *Measuring Poverty: How the Biden Administration Plans to Redraw the Poverty Line and Rob Resources from Rural America*

Dear Chairman LaHood and Ranking Member Davis,

The National Women's Law Center (NWLC) appreciates the opportunity to submit this written statement for the record for the October 24, 2023 Work and Welfare Subcommittee Hearing on *Measuring Poverty: How the Biden Administration Plans to Redraw the Poverty Line and Rob Resources from Rural America*.

NWLC fights for gender justice—in the courts, in public policy, and in our society—working across the issues that are central to the lives of women and girls. We use the law in all its forms to change culture and drive solutions to the gender inequity that shapes our society and to break down the barriers that harm all of us—especially women of color, LGBTQ people, and women and families with low incomes.

The official poverty measure (OPM) has long been used to assess economic security in this country, but it is an incomplete measure of the income needed for a household to meet its basic needs and does not reflect the reality of what it costs to live and thrive in a modern society. Many anti-poverty advocates and researchers believe the more recently developed Supplemental Poverty Measure (SPM) is a better metric for economic wellbeing than the OPM—even if it too has room for improvement¹—partly because it takes into consideration everyday expenses that families face, such as child support, work-related costs, and out of

¹ Amy Matsui and Sarah Hassmer, "OMB Request for Comment on Considerations for Additional Measures of Poverty, OMB-2019-0007-0001" (National Women's Law Center, April 2020), <https://nwlc.org/wp-content/uploads/2020/04/NWLC-Comment-on-Additional-Measures-of-Poverty-OMB-2019-0007-0001.pdf>; National Academies of Sciences, Engineering, and Medicine, *An Updated Measure of Poverty: (Re)Drawing the Line* (Washington, DC: The National Academies Press, 2023).

pocket medical expenses.² Additionally, SPM counts refundable tax credits and other in-kind supports—including housing subsidies, food assistance, and school meals—as income.³ In this way, SPM captures the impact of public programs on poverty, making it an especially important tool for measuring the effectiveness of public assistance programs.

On September 12, 2023, the U.S. Census Bureau released new data that revealed an historic increase in the country’s poverty rates.⁴ Between 2021 and 2022, the poverty rate as measured by the SPM increased from 7.8 percent to 12.4 percent for the overall population, marking the country’s largest ever recorded single-year increase in SPM poverty in more than 50 years.⁵ The rate increased even further for children, doubling from a historic low of 5.2 percent in 2021 to 12.4 percent in 2022, effectively undoing the record gains made against child poverty in 2021 largely through the American Rescue Plan Act’s (ARPA) expansion of the Child Tax Credit (CTC).⁶ The tremendous increase in SPM poverty between 2021 and 2022 is also reflected in higher rates of hardship reported by families after the expanded CTC expired at the end of 2021, especially among families of color, families headed by single female parents, and families living in rural areas. Both the 2022 SPM poverty rates and the ongoing hardship among these families prove the urgent necessity of long-term investments in the expanded CTC and other programs that support women and families.

ARPA’s Expansion of the CTC Reduced Poverty and Supported the Financial Security of Women and Families.

The ARPA was an historic piece of legislation that provided needed relief for millions of families, including families with low incomes, families of color, and women-headed families who were disproportionately impacted by the pandemic. This relief included temporarily expanding the CTC as well as two other federal income tax credits that benefit families, the Earned Income Tax Credit (EITC) and the Child and Dependent Care Tax Credit (CDCTC). The ARPA made the CTC fully refundable, allowing families with low incomes to benefit from the full credit. The size of the credit was also increased from \$2,000 per qualifying child to \$3,600 per child ages 0 to 5 and \$3,000 per child ages 6 to 17 (up from the previous age limit of 16). Finally, the ARPA allowed families to receive up to half their CTC credit amount in monthly installments between

² U.S. Census Bureau, “Income, Poverty and Health.” Insurance Coverage in the United States: 2022” (September 2023), <https://www.census.gov/newsroom/press-releases/2023/income-poverty-health-insurance-coverage.html>

³ Indivar Dutta-Gupta and Elizabeth Lower-Basch, “A Better Poverty Measure Shows the Impact of Public Policies” (The Center for Law and Social Policy, August 2023), <https://www.clasp.org/blog/a-better-poverty-measure-shows-the-impact-of-public-policies/>.

⁴ U.S. Census Bureau, “Income, Poverty and Health.”

⁵ National Women’s Law Center, “NWLC Reacts to Census Bureau’s Data Showing Historic Increase in U.S. Poverty Rate” (September 2023), <https://nwlc.org/press-release/nwlc-reacts-to-census-bureaus-data-showing-historic-increase-in-americas-poverty-rate/#:~:text=Between%202021%20and%202022%2C%20the,percent%20for%20the%20overall%20population.>

⁶ Sharon Parrot, “Record Rise in Poverty Highlights Importance of Child Tax Credit; Health Coverage Marks a High Point Before Pandemic Safeguards Ended” (Center on Budget and Policy Priorities, September 2023), <https://www.cbpp.org/press/statements/record-rise-in-poverty-highlights-importance-of-child-tax-credit-health-coverage#:~:text=The%20increases%20in%20poverty%20among,8.4%20percent%20to%2019.5%20percent.>

July and December 2021, with the second half received when they filed their tax returns in early 2022.

SPM poverty rates reflected the anti-poverty impact of the expanded CTC, along with other COVID-era relief programs, in 2021. As measured by SPM, the expanded CTC moved 5.4 million people out of poverty in 2021, including 2.9 million children and 1.5 million women (351,000 of whom are Black, 575,000 of whom are Latina, 76,000 of whom are Asian, and 482,000 of whom are white, non-Hispanic women).⁷ Additionally, child poverty rates fell to the record low of 5.2 percent, with the expanded CTC reducing child poverty 43 percent on its own.⁸ This poverty reduction was driven in large part by the expanded CTC's full refundability, which benefited millions of families previously excluded from the full credit because their annual incomes were too low to qualify.⁹

Groups disproportionately excluded from the full credit before the expansion experienced large declines in poverty afterwards. The expanded CTC reduced poverty by 43 percent for Black children, 44 percent for Latinx children, and 45 percent for children in single-parent households.¹⁰ Full refundability also disproportionately benefited families and children living in rural areas, where the median annual wage is roughly 20 percent lower than in metro areas.¹¹ In 2021, rural child poverty dropped to under 4 percent—compared to 5.4 percent for children in urban areas—representing a 53 percent reduction.¹²

This drop in SPM poverty was also associated with an increased ability for families to meet their basic needs. Analysis of the Census Household Pulse Survey demonstrated that, while families were receiving advance payments, food insufficiency dropped by almost 20 percent among families with children.¹³ Families used their payments to help pay for necessities like groceries,

⁷ Sarah Hassmer, Amy Matsui, Kathryn Menefee, and Shengwei Sun, "By The Numbers: Data on Key Programs for the Well-Being of Women & Their Families" (National Women's Law Center, May 2023), <https://nwlc.org/resource/by-the-numbers-data-on-key-programs-for-the-well-being-of-women-lgbtq-people-and-their-families/>.

⁸ Christopher Wimer, Sophie Collyer, David Harris, and Jiwan Lee, "The 2021 Child Tax Credit Expansion: Child Poverty Reduction and the Children Formerly Left Behind" (Center on Poverty and Social Policy, November 2022), <https://static1.squarespace.com/static/610831a16c95260dbd68934a/t/63629828229a175d3864c0a1/1667405865381/Expanded-CTC-and-Child-Poverty-in-2021-CPSP.pdf>.

⁹ Chuck Marr, Kris Cox, and Arloc Sherman, "Build Back Better's Child Tax Credit Changes Would Protect Millions From Poverty — Permanently" (Center on Budget and Policy Priorities, November 2021), <https://www.cbpp.org/research/federal-tax/build-back-betters-child-tax-credit-changes-would-protect-millionsfrom#:~:text=Altogether%20Build%20Back%20Better's%20Child,would%20be%20without%20the%20expansion.>

¹⁰ Wimer et al., "The 2021 Child Tax Credit."

¹¹ Sarah Calame, "Child Tax Credit Expansion Is Especially Important to Rural Families" (Center on Budget and Policy Priorities, November 2022), <https://www.cbpp.org/blog/child-tax-credit-expansion-is-especially-important-to-rural-families>.

¹² Wimer et al., "The 2021 Child Tax Credit."

¹³ Zachary Parolin, Elizabeth Ananat, Sophie Collyer, Megan A. Curran, and Christopher Wimer, "The Differential Effects of Monthly and Lump-Sum Child Tax Credit Payments on Food and Housing Hardship" (Center on Poverty and Social Policy, September 2, 2022),

rent, and child care, and Black women and Latinas were especially likely to report using their payments to purchase food.¹⁴ This increased economic security was also associated with improved mental health. Another analysis of the Census Household Pulse survey demonstrated that adults with low incomes who received the CTC payments experienced fewer anxiety and depressive symptoms.¹⁵ Finally, a national survey found that nearly 70 percent of families who received the advance payments reported that the payments reduced their financial stress—and this percent was even higher among Latinx respondents.¹⁶

The Expiration of ARPA’s Tax Credit Expansions Increased Poverty, Harmed the Economic Security of Women and Families, and Left Behind Those Most in Need of Support.

The ARPA’s expansions to the CTC and other refundable tax credits expired at the end of 2021, and the impact on women and families has been devastating. SPM poverty rates for women and girls increased from 7.9 percent to 12.8 percent between 2021 and 2022, largely due to the lapse of the CTC and other COVID-era relief.¹⁷ Women of color were especially likely to be in poverty: 16.6 percent of Black women and 16.8 percent of Latina women were below the SPM poverty line as compared to 7.3 percent of white, non-Hispanic men.¹⁸ And while there was a large increase in child poverty in general, children of color experienced especially steep increases: from 8.3 percent to 18.3 percent for Black children, and from 8.4 percent to 19.5 for Latinx children.¹⁹

The expiration of the payments was also associated with an increase in hardship among families with children. After the CTC payments stopped, households with children experienced a 25 percent increase in food insufficiency.²⁰ Nearly two in three parents reported that it has been more difficult for their families to meet expenses after the payments expired, with Latinx and low-income parents especially likely to report difficulty. Parents also reported more challenges

<https://static1.squarespace.com/static/610831a16c95260dbd68934a/t/632dec8900629f3bdf310b91/1663954058776/CTC-Payments-on-Food-and-Housing-CPSP-2022.pdf>.

¹⁴ Brooke LePage and Sarah Javaid, “Black, non-Hispanic Women and Latinas Use Advance Child Tax Credit to Cover Necessities and Pay Down Debt in the Last Month of Payments” (National Women’s Law Center, January 2022), <https://nwlc.org/wp-content/uploads/2022/01/PulseWeek40FS-1.pdf>.

¹⁵ Akansha Batra, Kaitlyn Jackson, and Rita Hamad, “Effects of the 2021 Expanded Child Tax Credit on Adults’ Mental Health: A Quasi-Experimental Study,” *Health Affairs*, 41, no. 1 (January 2023), <https://www.healthaffairs.org/doi/10.1377/hlthaff.2022.00733>.

¹⁶ Center for Law and Social Policy, “The Expanded Child Tax Credit is Helping Families, But National Survey Shows Continued Outreach Remains Essential” (April 2022), https://www.clasp.org/wp-content/uploads/2022/04/2022_National-CTC-Survey-Round-2_Full-Report.pdf.

¹⁷ National Women’s Law Center, “NWLC Reacts to Census.”

¹⁸ National Women’s Law Center, “NWLC Resources on Poverty, Income, and Health Insurance in 2022” (September 2023), <https://nwlc.org/resource/nwlc-resources-on-poverty-income-and-health-insurance/>.

¹⁹ Sharon Parrot, “Record Rise in Poverty.”

²⁰ Bovell-Ammon, Allison, Nicole C. McCann, Martha Mulugeta, Stephanie Ettinger de Cuba, Julia Raifman, and Paul Shafer, “Association of the Expiration of Child Tax Credit Advance Payments with Food Insufficiency in US Households,” *JAMA Network Open* 5, no. 1 (2022), <https://jamanetwork.com/journals/jamanetworkopen/fullarticle/2797549>.

affording high quality foods and visiting food banks or pantries more.²¹ There is also evidence that women of color faced higher rates of material hardship following the expiration of the CTC advance payments. In May 2023, over one in five Black women (22 percent) and nearly one in five Latinas (18 percent) did not have enough food to eat.²² And among Black and Latina women who did not have enough to eat, over 70 percent reported that their children also did not have enough to eat.²³

The fact that the CTC is no longer fully refundable is especially harmful to the families most in need of support. In 2022, after the expiration of the ARPA expansions, 18 million children under age 17 were ineligible to receive the full CTC—including 38 percent of Black children, 40 percent of Latinx children, and 48 percent of children living in families headed by a single female parent.²⁴ The lack of refundability also disproportionately impacts children living in rural areas. In 2022, more than one in three rural children were ineligible for the full CTC, compared to one in four children living in metro areas.²⁵

Congress Should Reinstate the ARPA’s Expansions to the CTC.

The SPM in 2021, along with a significant body of other contemporaneous evidence, showed that ARPA’s expansion of the CTC—and the other family tax credits—provided meaningful support to the women and families who need it most and was extraordinarily effective at reducing poverty. And the recent release of the 2022 SPM poverty rates demonstrates the devastating impact of withdrawing that support, especially for families of color, single-parent families, and families living in rural areas. Along with increased poverty rates, families with children experienced widespread hardship after the advanced CTC payments ceased, including difficulty meeting basic expenses and keeping food on the table. The response by policymakers concerned about reducing poverty for rural, and all families, should be clear: the expanded CTC needs to be reinstated.

In particular, the full refundability of the CTC should be a priority. Restoring full refundability for the CTC would once again drive historic reductions in child poverty and ensure millions of children in low-income households could receive the full benefit of the CTC. One 2022 study estimated that restoring the ARPA’s CTC expansions would increase the number of children

²¹ Ashley Burnside, Bruce Fuller, Elaine Maag, Kathryn Menefee, Brayan Rosa-Rodríguez, and Qifan Zhang, “National Survey: Families Faced Financial Strain When Expanded CTC Expired” (Center for Law and Social Policy, August 2023), https://www.clasp.org/wp-content/uploads/2023/08/2023.8.9_National-Survey-Families-Faced-Financial-Strain-When-Expanded-CTC-Expired.pdf.

²² In comparison, 9.1 percent of white, non-Hispanic women and 7.6 percent of white, non-Hispanic men did not have enough food to eat. Sarah Javaid, “An Uneven Recovery: Women of Color, Disabled Women, and LGBT Adults Still Struggle to Afford Basic Necessities (National Women’s Law Center, June 2023), https://nwlc.org/wp-content/uploads/2023/06/nwlc_PulseWeek57FS-Accessible.pdf.

²³ Ibid.

²⁴ Wimer et al., “The 2021 Child Tax Credit.”

²⁵ Wimer et al., “The 2021 Child Tax Credit.”

eligible for the full credit from 64 percent to nearly 97 percent of all children, including 98 percent of Black and Latinx children.²⁶

The spike in SPM poverty after the expiration of the expanded CTC demonstrates that poverty is a policy choice that Congress has the power to reverse. Congress should expand the CTC and make other significant public investments that allow women and families to thrive.

NWLC appreciates the opportunity to submit this written statement for the record. Should you have any questions, please do not hesitate to contact Kat Menefee at kmenefee@nwlc.org.

²⁶ Jacob Goldin and Katherine Michelmore, "Who Benefits from the Child Tax Credit," *National Tax Journal* 75, no. 1 (2022).