

# A permanent fully refundable Child Tax Credit drives racial equity

*A permanent, fully refundable CTC will reduce childhood poverty and racial disparities.*

**A fully refundable CTC will have historic effects on poverty and racial equity.** Making permanent the current expansion of the CTC will ensure *all* children, particularly those whose parents have little or no earnings, will continue to receive the benefits. Specifically, a permanent, fully refundable CTC will:

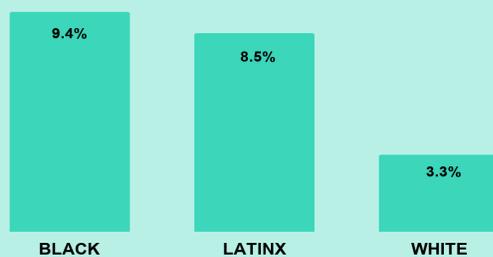
- △ **Reduce racial disparities**, ensuring eligibility of the full credit for 48% of Black children, 46% of Latinx children, 36% of white children, and 34% of Asian children.
- △ **Drastically cut childhood poverty**, providing the full credit to virtually every family with kids in the bottom 20% of the income spectrum.
- △ **Help to right a historic injustice**, targeting relief to those previously left out of the full benefits and helping everyone get support to care for their families.
- △ **Serve as a strong return on investment**, counting as a small part of the cost of CTC expansion while providing outsized benefits for kids of color.

## A FULLY REFUNDABLE CTC REDUCES POVERTY AND HELPS TO ADDRESS RACIAL INEQUITIES

**Permanence of current benefits will lead to a historic reduction in child poverty.** The CTC currently reaches [92% of families with children](#) and will reduce child poverty by [nearly half](#) – with greater [income boosts](#) and [larger reductions in poverty](#) for Black and Latinx Families. In effect, an estimated [4.1 million children](#) will be lifted above the poverty line, including roughly 1.6 million Latinx children and 930,000 Black children.

### PERCENTAGE OF CHILDREN LIFTED OUT OF POVERTY

Share of all children moved above poverty, by race/ethnicity



## A FULLY REFUNDABLE CTC WILL HELP TO RIGHT AN HISTORIC INJUSTICE

**Full refundability means ending the unfair exclusion of children of color.** Before it was expanded under ARP, roughly [27 million children](#) – including [nearly half of Black and Latinx kids](#) –

received only a partial CTC or none at all, compared to about one third of White children left behind. Making the credit available to all families, even those with little or no earnings, means more kids of color in need will receive these benefits.

**Full refundability ensures the majority of children of single parents are not left behind.** If full refundability of the CTC is not made permanent, an overwhelming majority – [nearly 70%](#) – of children in families headed by single parents or guardians who are female will not receive the credit, compared to 25% of children in two-parent households. This stark disparity is driven in part by the [gender pay gap](#), leaving many women and mothers, especially of color, with lower earnings.

## THE COST OF FULL REFUNDABILITY IS SMALL RELATIVE TO THE OUTSIZED BENEFITS

**A permanent, fully refundable CTC is a strong return on investment.** Costing only a small fraction of the price of CTC expansion, full refundability is a smart and cost-effective policy that is instrumental in raising the income of children growing up in poverty. This is strongly linked to [better long-term outcomes](#) in children, including better childhood nutrition, higher test scores and school enrollment, and higher rates of college entry.