



GOP Child Tax Credit Too Little, Too Late

The child tax credit (CTC) is a crucial component of our nation's commitment to ensure that all children grow up in financially secure households. The CTC provides both broad support for children and helps lift families out of poverty. Last week, Republicans released a tax plan they claim strengthens the CTC, but it falls woefully short of the meaningful reform working families need.

CTC reduces child poverty and boosts educational outcomes and economic success. This partially refundable credit increases a family's income up to a maximum of \$1,000 per child, then phases out starting at \$75,000 for single parents and \$110,000 for married couples.¹ In 2016, 70 percent of families with children received an average CTC of \$1,060.² And in 2015, the CTC lifted 1.6 million children out of poverty, and lessened poverty for an additional 6.6 million children.³

With larger credits, children score better in elementary and middle school and are more likely to attend college. A few thousand dollars goes a long way: for families with children under the age of 5, receiving an extra \$3,000 per year meant that their children earned 17 percent more in annual income as adults.⁴

Leaving CTC partially refundable leaves millions of working families behind.⁵ The current CTC is only partially refundable, so families with very low incomes only receive a small credit, or no credit at all. Without expanded refundability, 10.4 million children this year will receive less than the maximum CTC because their families' earnings are too low.⁶

Making the CTC fully refundable and indexing it to inflation would substantially improve the lives of children across the nation, no matter their zip code or background:

- **Rural children** were 21 percent more likely to be in poverty than children in metropolitan areas in 2015.⁷ Approximately 6 million families in rural counties received the CTC in 2014 (see table).
- **Young children** under age five are 10 percent more likely to be in poverty than older children. Younger children are more likely to have parents who cannot work full time or find affordable full-day child care.⁸
- **Children of color** under age five were two to three times more likely to be in poverty than their white peers in 2015.

Estimates of Households Receiving Child Tax Credit, by State and Rural Status

State	All Households		Rural Households	
	Number of Households	Average Amount	Number of Households	Average Amount
US	41,677,380	\$1,270	6,118,530	\$1,289
AK	97,090	\$1,290	32,180	\$1,248
AL	693,150	\$1,253	172,350	\$1,240
AR	425,130	\$1,251	159,600	\$1,237
AZ	942,020	\$1,317	53,160	\$1,319
CA	5,196,430	\$1,257	94,410	\$1,266
CO	668,760	\$1,313	83,440	\$1,316
CT	368,190	\$1,194	17,530	\$1,241
DC	64,610	\$1,090	N/A	N/A
DE	118,880	\$1,223	N/A	N/A
FL	2,639,840	\$1,205	95,770	\$1,233
GA	1,520,180	\$1,264	270,310	\$1,244
HI	173,920	\$1,289	33,220	\$1,276
IA	390,000	\$1,356	162,880	\$1,383
ID	235,330	\$1,427	79,310	\$1,444
IL	1,648,240	\$1,283	183,520	\$1,293
IN	902,420	\$1,317	201,180	\$1,345
KS	390,510	\$1,353	138,290	\$1,368
KY	591,990	\$1,262	244,750	\$1,244
LA	680,720	\$1,220	116,090	\$1,227
MA	651,050	\$1,189	10,110	\$1,217
MD	728,020	\$1,218	19,060	\$1,221
ME	145,340	\$1,226	60,950	\$1,220
MI	1,170,310	\$1,301	204,280	\$1,322
MN	643,200	\$1,349	154,720	\$1,389
MO	777,680	\$1,283	199,790	\$1,289
MS	482,350	\$1,211	264,520	\$1,203
MT	121,110	\$1,325	77,770	\$1,339
NC	1,406,610	\$1,245	319,370	\$1,225
ND	87,460	\$1,366	44,550	\$1,404
NE	256,890	\$1,373	89,940	\$1,390
NH	134,140	\$1,240	51,100	\$1,237
NJ	995,630	\$1,210	N/A	N/A
NM	301,770	\$1,245	107,660	\$1,254
NV	440,660	\$1,296	33,560	\$1,356
NY	2,272,340	\$1,210	154,450	\$1,255
OH	1,455,410	\$1,283	303,000	\$1,316
OK	551,060	\$1,302	189,730	\$1,294
OR	464,350	\$1,302	80,700	\$1,306
PA	1,427,970	\$1,253	159,690	\$1,292
RI	122,030	\$1,176	N/A	N/A
SC	685,450	\$1,233	112,790	\$1,184
SD	110,720	\$1,377	55,690	\$1,388
TN	926,700	\$1,263	206,610	\$1,241
TX	4,198,360	\$1,294	456,800	\$1,301
UT	462,800	\$1,564	46,120	\$1,595
VA	1,001,500	\$1,251	134,190	\$1,212
VT	66,640	\$1,232	44,970	\$1,228
WA	862,660	\$1,319	90,710	\$1,355
WI	691,570	\$1,335	174,980	\$1,359
WV	214,350	\$1,246	82,430	\$1,245
WY	73,840	\$1,397	50,300	\$1,428

Source: JEC Democratic Staff analysis of data from the 2015 Internal Revenue Service Statistics of Income and U.S. Census Bureau

Note: Due to data limitations, households receiving the Child Tax Credit is the sum of those receiving the child tax credit (CTC) and additional child tax credit (ACTC). The estimate does not account for households that claim both the CTC and the ACTC. This results in a upper bound estimate of the number of households receiving a credit and a lower bound estimate of the average credit. Households are defined as tax units. Rural is defined as nonmetropolitan counties.

¹ <https://www.cbpp.org/research/federal-tax/a-top-priority-to-address-poverty-strengthening-the-child-tax-credit-for-very>

² <http://www.taxpolicycenter.org/briefing-book/what-child-tax-credit-ctc>

³ <https://www.cbpp.org/research/federal-tax/policy-basics-the-child-tax-credit>

⁴ https://www.cbpp.org/research/federal-tax/eitc-and-child-tax-credit-promote-work-reduce-poverty-and-support-childrens?fa=view&id=3793#_ftn39

⁵ <https://www.nytimes.com/interactive/2017/09/27/us/politics/document-Read-President-Trump-s-Tax-Proposal.html>

⁶ http://www.urban.org/sites/default/files/publication/85121/2000973-reforming-the-child-tax-credit-an-update_2.pdf

⁷ <https://www.ers.usda.gov/topics/rural-economy-population/rural-poverty-well-being/poverty-demographics/>

⁸ <https://www.census.gov/data/tables/time-series/demo/income-poverty/cps-pov/pov-01.html>;
<https://academiccommons.columbia.edu/catalog/ac%3A175200>