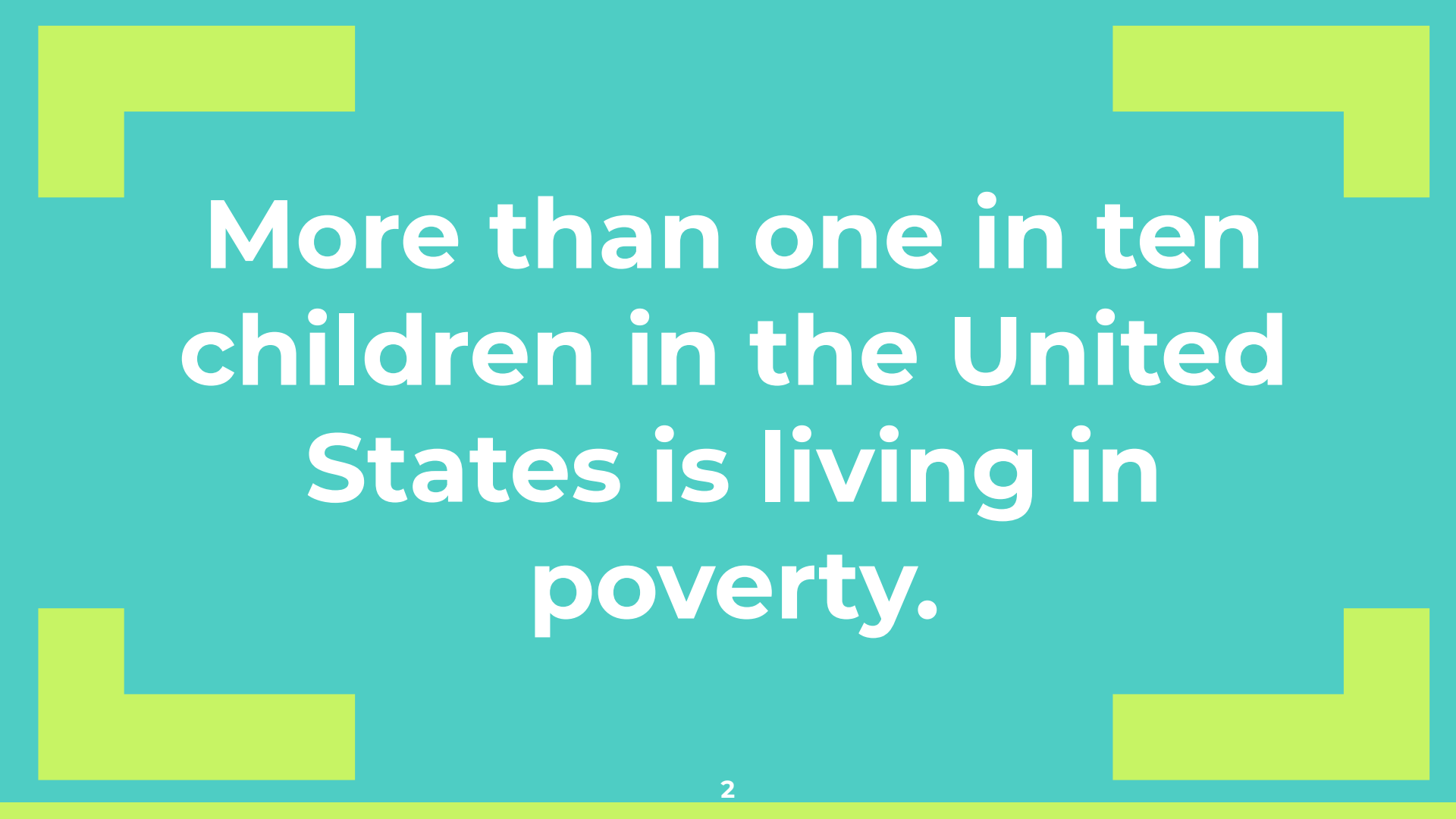




The Child Tax Credit: A Proposal to Feasibly Reduce Child Poverty

Domestic Team 10



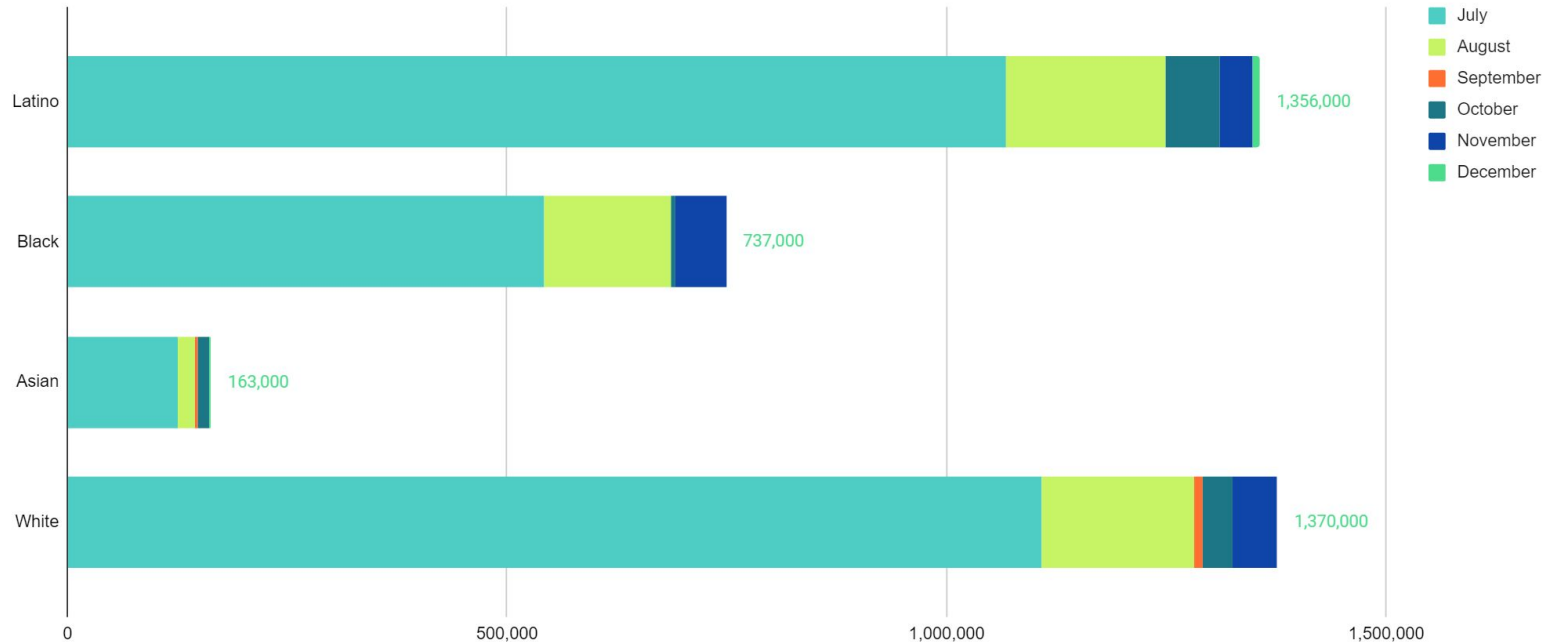
**More than one in ten
children in the United
States is living in
poverty.**

The American Rescue Plan CTC

- increased the credit amount families received to **\$3,600 for children up to 6 years of age** and **\$3,000 for older children**
- counted **17-year-olds** as eligible
- allowed families to receive **partial monthly installments**
- made the credit **fully refundable**

Effects of the CTC Expansion

Number of Children Moved Out of Poverty from July to December by Child Tax Credit Expansion by Race and Ethnicity



The Problem

The child poverty rate was as high as 14.3% in February of 2021

The expanded CTC was not extended past 2021

The child poverty rate was 14.7% in January of 2022

Policy Roadmap

Policy
Measures



Next
Actionable
Steps



Feasibility



Impact

Policy #1

Authorize an extension that includes advanced monthly payments, payments for children up to 17 years of age, and the increased distributed maximum amount

Three in 10 families

that received monthly payments spent them on kids' school expenses

1 in 4 families with young children

used them to cover child care costs


91% of households

spent payments on items like food, rent, clothes, and bills

Why Count 17-year-olds?

Estimates across all income groups show families tend to **spend the most** on children aged 15-17.



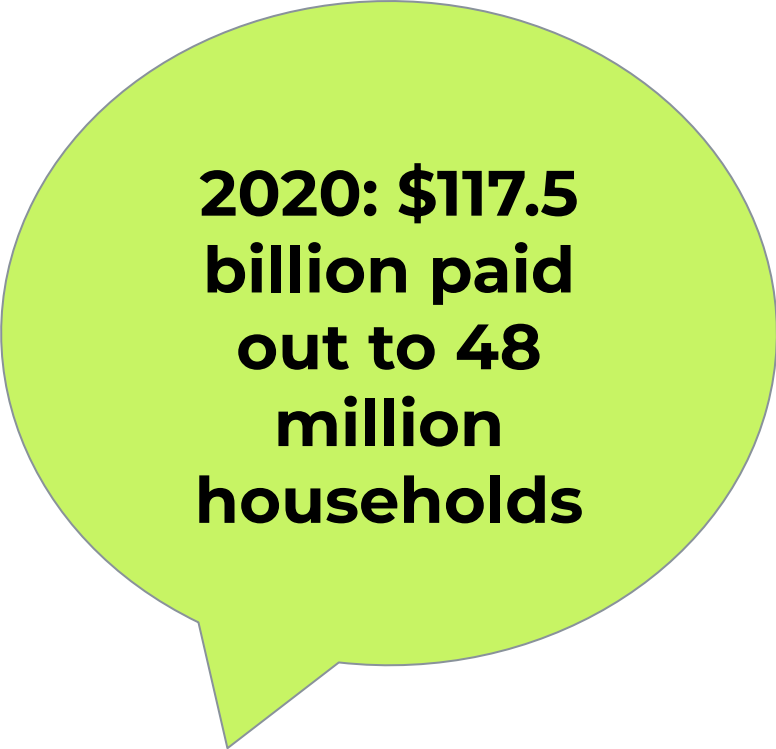
A family of four is captured from behind, running joyfully through a field of tall, golden-brown grass. The father, on the left, wears a dark jacket over a light shirt and has his arms outstretched. The mother, on the right, wears a striped shirt and a plaid skirt, also with her arms outstretched. Between them are two young children, one wearing a hat. They are all running towards a hazy horizon where rolling hills and mountains are visible under a clear, light blue sky. The overall mood is one of freedom and happiness.

**Continuing the credit's
expanded benefits will
provide families with the
help they need.**

Policy #2

Lower phase out
threshold to
\$67,000

Why lower the phase out threshold?



**2020: \$117.5
billion paid
out to 48
million
households**

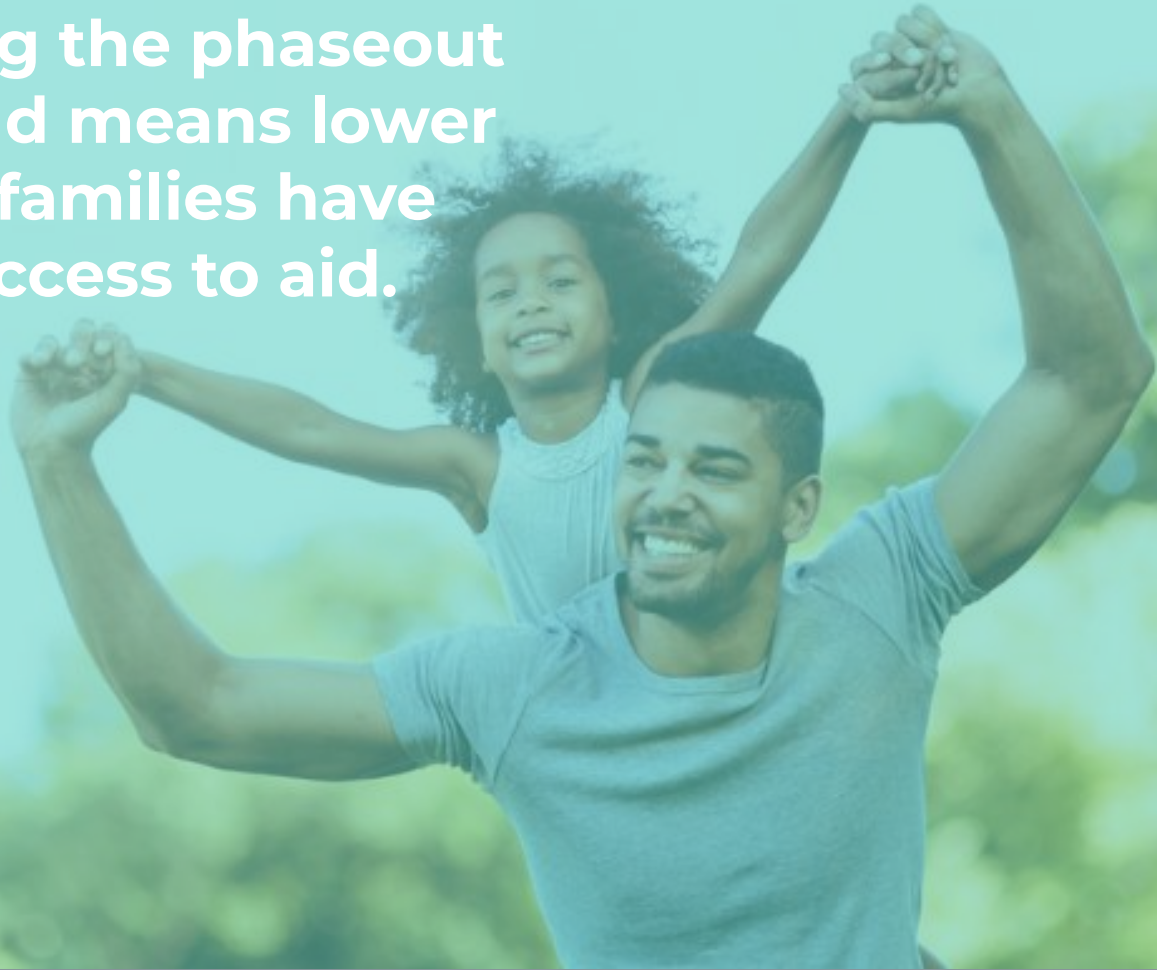
Before Expanded CTC:

- 40% of funds → households >\$100,000
- 15% of funds → households <\$30,000

How Do We Reduce Child Poverty and Lower Costs?

	Our Proposal	ARP CTC	Current Law (expires 2025)
Head of Household	\$67,000	\$112,500	\$200,000
Married Couples	\$141,000	\$150,000	\$400,000

**Lowering the phaseout
threshold means lower
income families have
better access to aid.**



Policy #3

**Make half of each
payment available
regardless of
earnings with full
refundability**

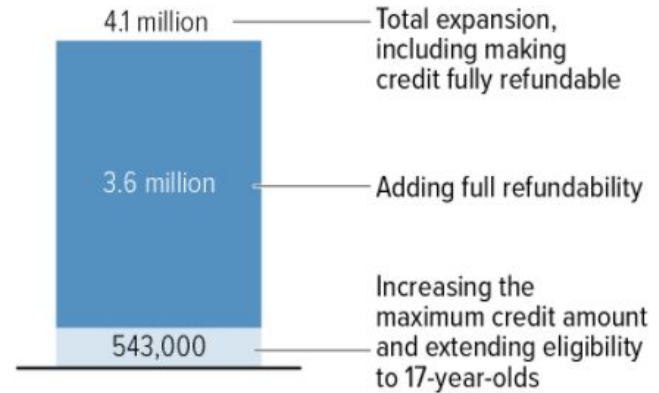
**Why make
the first
half
available
regardless
of income
and phase
in the
second half
starting at
earnings?**

- Before the American Rescue Plan, **27 million children** in families with low or no income received *less than the full credit or no credit at all*.
- The proportion of families with an unemployed person was **9.8%** in 2020.

Why maintain full refundability?

- Results in the largest increase in the credit amount for the poorest taxpayers
- Expands eligibility to those making less than \$2,500

Number of children lifted above the poverty line



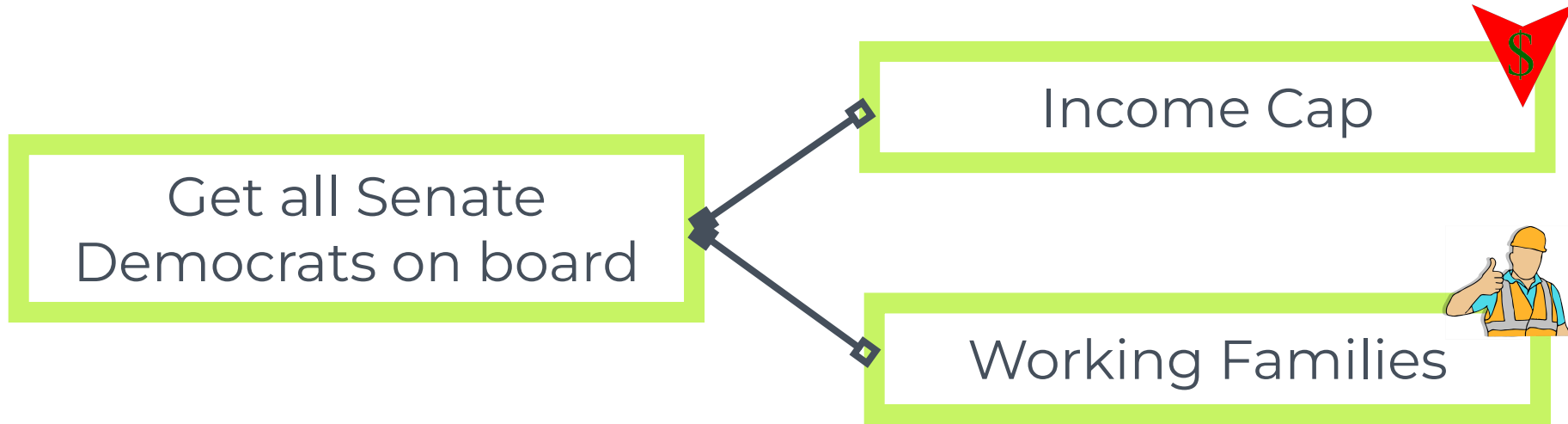
Center on Budget and Policy Priorities

Political Feasibility

2 Paths Forward



Budget Reconciliation

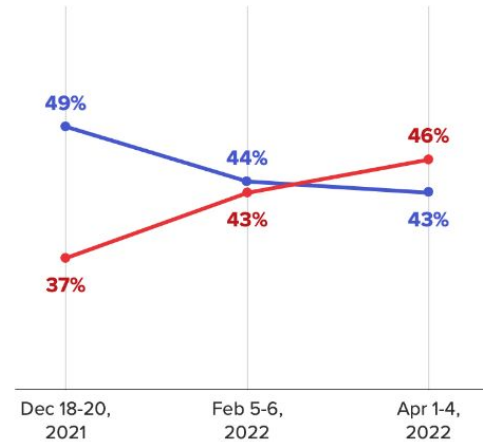


Budget Reconciliation

Political Utility

Keep progressive support

RECIPIENTS OF THE CHILD
TAX CREDIT PAYMENTS

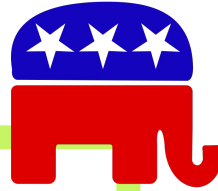


Individual Legislation

Bipartisan negotiations

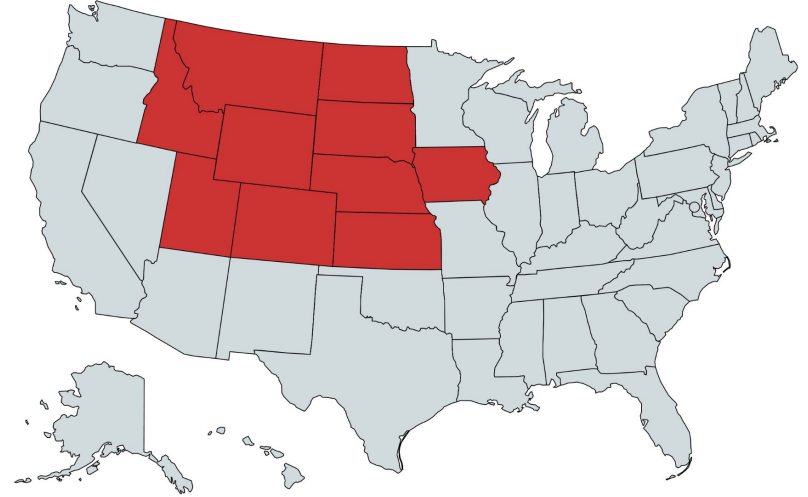


Family Security Act



Individual Legislation

Work with advocacy groups to publicize how the CTC helps conservative constituencies



Created with [mapchart.net](https://www.mapchart.net)



3.7 million

The increase in the number of children in poverty in
January 2022

Impact

Societal Benefits

Individual Benefits



Child Tax Credit Expansion Would Provide Large Gains for Children and Society

-  Lower neo-natal mortality
-  Greater health and longevity for children and parents
-  Higher future earnings of child beneficiaries
-  Lower costs of protecting children from abuse & neglect
-  Greater safety from reductions in crime
-  Increased future tax payments by child beneficiaries
-  Reduced expenditures on children's and parents' health care costs

Source: Irwin Garfinkel et al., "The Costs and Benefits of a Child Allowance," Center on Poverty and Social Policy at Columbia University, 2021

CENTER ON BUDGET AND POLICY PRIORITIES | CBPP.ORG

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