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## 13 MILLION CHILDREN WOULD BENEFIT FROM CHILD CREDIT EXPANSION IN TAX “EXTENDERS” BILL Families of Nursing Home Aides, Cooks, Pre-School Teachers, and Construction Workers Would Get a Boost

by Arloc Sherman

The tax “extenders” bill (S.3335) that Senate Majority Leader Harry Reid and Senate Finance Committee Chairman Max Baucus introduced last week would temporarily expand the Child Tax Credit (CTC), benefiting 13 million children. The proposal — identical to a provision the House passed in May (H.R. 6049) — would lower the earnings threshold that families must meet to qualify for the credit. Families would qualify if their earnings exceeded \$8,500; under current law, families must have earnings above \$12,050 in 2008 to qualify for the credit.

The 13 million children who would benefit include 2.9 million children who would become newly eligible for the benefit and 10.1 million children whose CTC would increase, according to the Tax Policy Center. The 2.9 million newly eligible children are from families with incomes between \$8,500 and \$12,050. The 10.1 million children are from low-income families whose CTC would increase, because the size of their credit is based on the amount by which the family’s earnings exceed the threshold.

The CTC, worth up to \$1,000 per child, is designed to defray some of the costs associated with raising children. If a tax credit is refundable, the taxpayer can receive a refund for the amount by which the credit exceeds his or her federal income tax liability. The CTC is *partially refundable*: millions of families can receive such a refund, but millions of others either qualify for only a partial credit or are left out altogether.

As for the proposed CTC expansion in the Senate and the House-passed “extenders” bills, who are the families that would benefit? Census data<sup>1</sup> provide important information about these families and the jobs that the parents in them hold:

- **Most of the children helped live in families in which a parent works throughout the year.** Some 70 percent of the children who would benefit live in families in which a parent works 30 or more hours per week for at least 50 weeks during the year. A majority of the remaining families experienced periods of unemployment during the year, but when employed worked at least 30 hours per week.
- **Many of the children helped live in families that include individuals with disabilities.**

Nearly one in ten children — 1.1 million children — who would benefit live in a family where either a parent or a child has a disability. An expanded CTC would provide assistance to these families in which parents struggle to maintain jobs and meet the health and other expenses they incur due to the disability.

- **The parents who would be assisted work in a broad range of low paying jobs; many perform difficult jobs that provide critical services, such as caring for the elderly or teaching young children.**
  - 480,000 parents provide health care services to the elderly or the ill as nursing home workers, home health aides, personal care assistants, medical assistants, and other low-paid health care professionals.
  - 240,000 parents provide child care, serve as teaching assistants, or are preschool or kindergarten teachers.
  - 310,000 parents earn a living by cleaning or maintaining the grounds of homes, office buildings, schools, or other community institutions.
  - 410,000 parents work as cashiers in grocery stores and a broad array of other businesses.
  - 470,000 parents work as cooks, waiters or waitresses, or assist cooks with food preparation.
  - 360,000 parents earn a living as construction workers, carpenters, or painters.
  - 120,000 parents work as laborers in the agriculture sector.

Table 1 provides state-by-state estimates of the number of children who would benefit from the proposed CTC expansion.

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<sup>i</sup> All of the figures presented here are CBPP calculations based on the March 2006 Current Population Survey. Estimates of the number of children who would benefit from the CTC provisions that are based on the March 2006 Current Population Survey are somewhat lower than those computed by the Tax Policy Center. Because TPC has more complete data on tax filing units and tax filers' taxable income than are available from the Census Bureau, the TPC figures on the total number of children who would benefit are generally considered more accurate than the estimates using the March CPS data. Thus, the estimates we compute from the March CPS data were adjusted to match the TPC figures for the total number of children helped. (The TPC data do not provide information about the characteristics of those helped; that information is only available from the detailed information collected by the Census Bureau.)

**TABLE 1: Number of Children Who Would Benefit From the Child Tax Credit Provision Included in the Tax “Extenders” Bill**

<b>State</b>	<b>Children Newly Eligible for the Credit</b>	<b>Children Receiving a Larger Credit</b>
Alabama	52,711	182,594
Alaska	5,271	18,259
Arizona	77,017	266,760
Arkansas	33,677	116,657
California	458,589	1,588,565
Colorado	40,705	141,003
Connecticut	19,620	67,965
Delaware	6,443	22,317
D.C.	4,685	16,231
Florida	169,555	587,343
Georgia	96,638	334,755
Hawaii	11,128	38,548
Idaho	18,742	64,922
Illinois	114,794	397,648
Indiana	58,568	202,882
Iowa	22,256	77,095
Kansas	27,527	95,354
Kentucky	37,191	128,830
Louisiana	50,662	175,493
Maine	8,492	29,418
Maryland	35,141	121,729
Massachusetts	32,213	111,585
Michigan	88,145	305,337
Minnesota	34,848	120,715
Mississippi	36,898	127,816
Missouri	55,347	191,723
Montana	8,200	28,403
Nebraska	14,935	51,735
Nevada	26,649	92,311
New Hampshire	4,685	16,231
New Jersey	58,568	202,882
New Mexico	27,234	94,340
New York	161,355	558,940
North Carolina	96,345	333,741
North Dakota	4,393	15,216
Ohio	94,588	327,654
Oklahoma	40,119	138,974
Oregon	34,848	120,715
Pennsylvania	91,659	317,510
Rhode Island	8,492	29,418
South Carolina	45,390	157,233
South Dakota	7,028	24,346
Tennessee	60,032	207,954
Texas	344,967	1,194,974
Utah	31,041	107,527
Vermont	4,685	16,231
Virginia	50,954	176,507
Washington	52,711	182,594
West Virginia	17,863	61,879
Wisconsin	40,412	139,988
Wyoming	4,393	15,216
<b>United States</b>	<b>2,928,412</b>	<b>10,144,093</b>

Source: Tax Policy Center national estimate, distributed by state based on CBPP analysis of the 2005 American Community Survey