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CHILD TAX CREDIT EXPANSION PASSED BY CONGRESS WILL HELP 13 MILLION CHILDREN Nursing Home Aides, Cooks, Pre-School Teachers, And Construction Workers Would Get a Boost

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A Child Tax Credit expansion passed by both the House and Senate will benefit 13 million children — 2.9 million who will become newly eligible for the benefit and 10.1 million who will see their credit increased due to this provision, according to the Tax Policy Center. These 13 million children come from families with parents who work in such jobs as nursing home aides, cook, pre-school teachers, and construction workers.

This provision was among the tax measures included in the financial rescue legislation passed by the Congress this week. The President has pledged to sign the legislation.

Families that are “newly eligible” are those with incomes between \$8,500 and \$12,050. A broader group of low-income families would see their credit increase as a result of this provision, because the size of their credit is based on the amount by which the family’s earnings exceed the threshold. Specifically, the provision would temporarily expand the credit by lowering — for tax year 2008 — the earnings threshold that families must meet to qualify for the refundable portion of the credit.¹ Families would qualify for a refundable credit if their earnings exceeded \$8,500; under current law, by contrast, families must have earnings above \$12,050 in 2008 to qualify for the refundable child tax credit.

Who are the families that would benefit? Census data² provide important information about these families and the jobs the parents hold:

¹ Because the provision approved by the Senate Finance Committee would lower the refundability threshold for the Child Tax Credit for one year only, it does not address the issue of de-indexing the threshold from inflation. (The income threshold at which the credit becomes available currently increases each year with inflation, even when — as in recent years — the earnings of low-wage workers do not keep pace with inflation.) For further discussion of the inflation-indexing issue, and a more detailed discussion of the need to improve the refundability of the Child Tax Credit, see Aviva Aron-Dine, “Improving the Refundable Child Tax Credit,” Center on Budget and Policy Priorities, revised May 19, 2008.

² 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 Child Tax Credit 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

- **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 Child Tax Credit 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 Child Tax Credit expansion.

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

State	Children Newly Eligible for the Credit	Children Receiving a Larger Credit
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
United States	2,928,412	10,144,093

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