
October 20, 2021

5 Million Children in Veteran and Active-Duty Families Will Lose Out if Child Tax Credit Expansions End

By Chuck Marr and Stephanie Hingtgen

Some 5 million children with veteran or active-duty parents are eligible for a new or bigger Child Tax Credit this year thanks to the American Rescue Plan’s expansions of the credit, but they — along with tens of millions of other children — will lose out after this year unless Congress extends those Rescue Plan provisions. The stakes are especially high for the 1 million children in veteran and active-duty families who previously received only a partial credit or none at all because their incomes were too low or they lacked earnings in the year; the full Child Tax Credit, or a portion of the credit, will be taken away from them unless Congress extends the Rescue Plan provision making the full credit available to families with the lowest incomes. (See tables 1 and 2 for state-by-state data.)

The Rescue Plan temporarily expanded the Child Tax Credit in three ways. First, it increased the maximum credit from \$2,000 per child to \$3,600 for children under age 6 and \$3,000 for older children. This increase begins phasing out for married couples with incomes above \$150,000 and heads of households with incomes above \$112,500. Second, it made 17-year-olds eligible for the credit for the first time. Third, it enabled children in families with low or no earnings in the year to receive the full value of the credit for the first time (sometimes called making the credit “fully refundable”), ensuring that the children who need it most — including the 1 million children in these veteran and active-duty families — would benefit.

The expanded Child Tax Credit is now being distributed monthly to families across the country. Because of the expansion, about 2.6 million veteran or active-duty families with 5 million children are either newly eligible for the credit or eligible for a larger credit.

Legislation approved by the House Ways and Means Committee on September 15, part of the “Build Back Better” economic recovery package, would extend the Rescue Plan’s maximum \$3,600 per child under age 6 and \$3,000 per child ages 6-17 through 2025. Critically, the legislation would also make the “full refundability” feature permanent. This would ensure that the full Child Tax Credit (regardless of the credit’s maximum value in a given year) is not taken away from the 1 million children in military and veteran families with low incomes — or from other children facing difficult economic circumstances.

Consider a recent veteran who works in a warehouse earning \$27,000 a year, whose spouse stays home to care for their 5-year-old son and 9-year-old daughter. This family now receives a monthly

Child Tax Credit of \$550. Under the House bill they would continue to receive this amount through 2025, indexed for inflation. But if Congress fails to act and the Child Tax Credit reverts to its pre-Rescue Plan rules, they would have more than half of their monthly credit taken away, for an annual income loss of \$3,600 (also adjusted for inflation).

The tables below provide state-by-state breakdowns of the number of veteran and active-duty families and children who will see their Child Tax Credit decrease if the current expansion is not extended, as well as the number of children in veteran and active-duty families who were denied the full Child Tax Credit before the Rescue Plan because their incomes were too low.

TABLE 1

Veteran or Active-Duty Families and Children Under 18 Who Would See Their Child Tax Credit Decrease if Current Expansion Not Extended, by State

Relative to before American Rescue Plan's temporary expansion

State	Estimated Number of Families	Estimated Number of Children
Total U.S.	2,613,000	5,004,000
Alabama	48,000	93,000
Alaska	17,000	35,000
Arizona	64,000	129,000
Arkansas	30,000	54,000
California	213,000	414,000
Colorado	62,000	116,000
Connecticut	19,000	33,000
Delaware	8,000	14,000
District of Columbia	2,000	4,000
Florida	165,000	322,000
Georgia	108,000	211,000
Hawaii	28,000	53,000
Idaho	17,000	35,000
Illinois	74,000	141,000
Indiana	54,000	101,000
Iowa	24,000	45,000
Kansas	34,000	65,000
Kentucky	44,000	83,000
Louisiana	39,000	76,000
Maine	11,000	21,000
Maryland	56,000	107,000
Massachusetts	31,000	57,000
Michigan	61,000	113,000

TABLE 1

Veteran or Active-Duty Families and Children Under 18 Who Would See Their Child Tax Credit Decrease if Current Expansion Not Extended, by State

Relative to before American Rescue Plan's temporary expansion

State	Estimated Number of Families	Estimated Number of Children
Minnesota	34,000	66,000
Mississippi	29,000	52,000
Missouri	55,000	103,000
Montana	12,000	24,000
Nebraska	19,000	38,000
Nevada	26,000	51,000
New Hampshire	11,000	21,000
New Jersey	33,000	59,000
New Mexico	21,000	39,000
New York	76,000	139,000
North Carolina	122,000	231,000
North Dakota	8,000	17,000
Ohio	92,000	169,000
Oklahoma	43,000	84,000
Oregon	33,000	62,000
Pennsylvania	81,000	146,000
Rhode Island	5,000	11,000
South Carolina	53,000	102,000
South Dakota	8,000	17,000
Tennessee	71,000	132,000
Texas	261,000	520,000
Utah	23,000	49,000
Vermont	3,000	6,000
Virginia	133,000	257,000
Washington	89,000	168,000
West Virginia	17,000	32,000
Wisconsin	38,000	73,000
Wyoming	8,000	15,000

Notes: Figures are rounded to the nearest 1,000 and may not sum to totals due to rounding. Based on economy as of 2016-2018 using tax year 2021 tax rules and incomes adjusted for inflation to 2021 dollars.

Source: CBPP analysis of the March 2019 Current Population Survey (national estimate) allocated by state based on CBPP analysis of American Community Survey data for 2016-2018.

TABLE 2

Children Under 17 in Veteran or Active-Duty Families Left Out of Full \$2,000 Child Tax Credit Prior to American Rescue Plan, by State

State	Estimated number of children
Total U.S.	1,044,000
Alabama	24,000
Alaska	6,000
Arizona	31,000
Arkansas	17,000
California	85,000
Colorado	19,000
Connecticut	6,000
Delaware	3,000
District of Columbia	N/A
Florida	74,000
Georgia	50,000
Hawaii	11,000
Idaho	8,000
Illinois	26,000
Indiana	21,000
Iowa	7,000
Kansas	14,000
Kentucky	22,000
Louisiana	23,000
Maine	4,000
Maryland	13,000
Massachusetts	9,000
Michigan	24,000
Minnesota	11,000
Mississippi	13,000
Missouri	26,000
Montana	6,000
Nebraska	5,000
Nevada	8,000
New Hampshire	N/A
New Jersey	10,000
New Mexico	11,000
New York	29,000

TABLE 2

Children Under 17 in Veteran or Active-Duty Families Left Out of Full \$2,000 Child Tax Credit Prior to American Rescue Plan, by State

State	Estimated number of children
North Carolina	51,000
North Dakota	N/A
Ohio	37,000
Oklahoma	19,000
Oregon	14,000
Pennsylvania	27,000
Rhode Island	N/A
South Carolina	25,000
South Dakota	3,000
Tennessee	31,000
Texas	112,000
Utah	11,000
Vermont	N/A
Virginia	34,000
Washington	28,000
West Virginia	10,000
Wisconsin	13,000
Wyoming	3,000

Notes: Figures are rounded to the nearest 1,000 and may not sum to total due to rounding. N/A indicates reliable data are not available due to small sample size. Based on economy as of 2016-2018 using tax year 2021 tax rules and incomes adjusted for inflation to 2021 dollars.

Source: Tax Policy Center national estimate allocated by state based on CBPP analysis of American Community Survey data for 2016-2018