

Senate Child Tax Credit More Advantageous for 16.5 Million Children than House Version

Differences Especially Dramatic for Children in Hispanic and Black Working Families

by Allen Dupree and Wendell Primus

Some 7.6 million low-and moderate-income working families — and 16.5 million children in these families — would fare better under the Senate child credit provision than the House provision when these provisions are fully in effect. No families and children would fare better under the House provision. These figures, which are based on Census data, include both families and children who would benefit from the Senate child credit provision but not the House provision and families and children who would benefit from the child credit expansions in both bills but would benefit to a greater degree from the Senate provision.

Overall, 23 percent of all children in the United States — nearly one in four — would fare better under the Senate child credit provision. Some 40 percent of Hispanic children — two of every five — would do better under the Senate provision. Among black children, 31 percent — nearly one in three — would fare better under the Senate provision. All of the children that would fare better under the Senate bill live in working families. (Among *families*, 20 percent of all families with children would fare better under the Senate provision.)

Table 1

Children and Families with Children Receiving A Larger Child Tax Credit Under Senate Finance Committee Plan Than House Plan (Reflects Child Credit Provisions When Phased in Fully)				
	<u>Overall</u>	<u>White</u>	<u>Black</u>	<u>Hispanic</u>
Number of Children (in millions)	16.5	7.5	3.4	4.7
Percentage of Children	23%	17%	31%	40%
Number of Families (in millions)	7.6	3.8	1.6	2.0
Percentage of Families with Children	20%	15%	27%	35%
Average Amount by Which Senate Credit Exceeds House Credit, Per Family (in 1999 dollars)	\$868	\$884	\$793	\$890

Source: CBPP tabulations of the March 2000 Current Population Survey.

The 7.6 million families with children that would benefit more from the Senate child credit provision would receive an average of \$868 more under the Senate child care provision when the provisions of both bills are phased in fully.

The children who would fare better under the Senate than the House child credit provision are found in large numbers in virtually every state. The number of children who would fare better under the Senate provision exceeds 100,000 in 38 states. In 18 states, the number who would fare better under the Senate provision equals or exceeds a quarter million children. These 18 states are Alabama, Arizona, California, Florida, Georgia, Illinois, Indiana, Louisiana, Massachusetts, Michigan, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Tennessee, Texas, and Virginia. Tables 3 and 4, at the end of this report, provide data for all states.

These differences stem from the different structures of the child credit proposals in the two bills. Working families would become eligible to receive a partial child tax credit under the Senate plan when their earnings surpassed \$10,000, about what full-time minimum-wage work pays. Under the House bill, most families would not begin to benefit from the child tax credit expansion until their earnings reached levels more than twice that high.

**Families and Children that Would Benefit From the Senate Provision
But Be Entirely Left out of House Provision**

The Senate provision would assist 5.4 million working families — and 10.7 million children in these families — that would receive no benefit from the House child credit provision. One in every seven families with children would benefit from the Senate provision but receive nothing from the House provision.

The 10.7 million children in low-income working families that would benefit from the Senate but not the House child credit provision include 4.6 million non-Hispanic white children, 3.1 million Hispanic children, and 2.4 million black children.

Table 2

Number of Children and Families Who Would Benefit From Senate but Not House Child Tax Credit Expansion		
(Reflects Child Credit Provisions When Phased in Fully)		
	Families (in millions)	Children (in millions)
White, non-Hispanic	2.5	4.6
Black, non-Hispanic	1.2	2.4
Hispanic (of any Race)	1.4	3.1
All Children	5.4	10.7
Source: CBPP tabulations of the Current Population Survey.		

Families and Children that Would Benefit From the Child Credit Provisions of Both Bills, But Benefit More From the Senate Approach

Differences Between the Bills Especially Stark for Full-Time Working Families

The number of low-income families with a full-time working parent that would be entirely left out of the House child credit expansion is quite large — 4.3 million. By comparison, 700,000 such families would not benefit from the Senate provision. In other words, the number of full-time working families with children that would not benefit from the child credit expansion is more than six times larger under the House bill than under the Senate bill.

Number of Full-time Working Families* with Children Who Would Not Benefit From Child Credit Expansion	
House	4.3 million
Senate	0.7 million
*Defined as a family in which the head worked at least 1,500 hours during the year.	
Source: Isabel Sawhill and Adam Thomas, Brookings Institution	

A substantial number of families and children would benefit from both provisions but receive a larger child credit under the Senate than the House bill. (Many low- and moderate-income families would receive a partial child credit under both bills — that is, a credit smaller than the maximum credit per child.) Some 2.2 million families and 5.8 million children who would benefit from the child credit expansions of both bills would receive a larger child tax credit under the Senate plan.

The Total Number Who Would Fare Better Under the Senate Provision

A total of 7.6 million low- and moderate-income working families and 16.5 million children in those families would receive a larger child credit from the Senate than the House plan. These totals include families and children that would benefit from the Senate but not the House provision and families and children that would benefit from both provisions but benefit more from the Senate approach.

For the families receiving a larger benefit from the Senate plan, the additional credit would average almost \$870. For affected Hispanic families, the average credit would be \$890 greater under the Senate bill. It would be \$880 more for affected white families and \$790 more for affected black families. Overall, nearly 70 percent of the families receiving a greater benefit under the Senate proposal would receive at least a \$500 larger child credit under that proposal.

Conclusion

As this analysis indicates, millions of working families and their children would fare better under the Senate plan to expand the child tax credit. Many of these families would receive no benefit from any other element of the Senate Finance or House tax proposals. The child credit provisions of the Senate bill would make a significant contribution to reducing child poverty and improving the well-being of near-poor working families with children.

Table 3
Families and Children Receiving A Larger Child Tax Credit Under
Senate Plan Than House Plan

State	# Families	% Families	# Children	% Children
Alabama	128,000	20%	251,000	22%
Alaska	18,000	17%	42,000	20%
Arizona	192,000	28%	438,000	32%
Arkansas	93,000	25%	200,000	29%
California	1,106,000	22%	2,585,000	28%
Colorado	79,000	14%	184,000	16%
Connecticut	64,000	14%	157,000	17%
Delaware	21,000	19%	51,000	25%
Florida	419,000	22%	876,000	25%
Georgia	265,000	23%	576,000	28%
Hawaii	33,000	20%	68,000	21%
Idaho	52,000	28%	129,000	37%
Illinois	294,000	17%	650,000	20%
Indiana	151,000	18%	324,000	21%
Iowa	81,000	20%	164,000	22%
Kansas	73,000	20%	153,000	23%
Kentucky	111,000	20%	194,000	21%
Louisiana	138,000	21%	274,000	24%
Maine	32,000	19%	59,000	19%
Maryland	96,000	14%	186,000	15%
Massachusetts	116,000	14%	250,000	16%
Michigan	247,000	17%	560,000	19%
Minnesota	94,000	14%	239,000	18%
Mississippi	116,000	25%	213,000	28%
Missouri	120,000	15%	249,000	17%
Montana	36,000	27%	78,000	33%
Nebraska	50,000	22%	109,000	24%
Nevada	58,000	21%	142,000	24%
New Hampshire	31,000	17%	69,000	19%
New Jersey	151,000	14%	304,000	15%
New Mexico	70,000	28%	194,000	36%
New York	440,000	17%	916,000	19%
North Carolina	226,000	22%	428,000	23%
North Dakota	21,000	24%	46,000	30%
Ohio	267,000	17%	551,000	18%
Oklahoma	96,000	21%	196,000	24%
Oregon	94,000	20%	205,000	23%
Pennsylvania	283,000	18%	636,000	22%
Rhode Island	18,000	13%	36,000	14%
South Carolina	136,000	24%	246,000	27%
South Dakota	20,000	19%	38,000	21%
Tennessee	213,000	28%	410,000	30%
Texas	751,000	25%	1,620,000	29%
Utah	66,000	20%	166,000	23%
Vermont	14,000	16%	27,000	18%
Virginia	167,000	17%	336,000	20%
Washington	116,000	14%	243,000	17%
Washington, DC	11,000	18%	22,000	20%
West Virginia	49,000	21%	87,000	24%
Wisconsin	107,000	14%	243,000	16%
Wyoming	16,000	23%	38,000	29%
US Total	7,644,000	20%	16,460,000	23%

Table 4
Families and Children Receiving Child Tax Credit Under
Senate Plan But Not The House Plan

State	# Families	% Families	# Children	% Children
Alabama	97,000	15%	189,000	17%
Alaska	12,000	12%	25,000	12%
Arizona	135,000	20%	278,000	20%
Arkansas	63,000	17%	125,000	18%
California	798,000	16%	1,733,000	18%
Colorado	46,000	8%	104,000	9%
Connecticut	45,000	10%	99,000	11%
Delaware	15,000	14%	33,000	16%
Florida	295,000	16%	575,000	16%
Georgia	193,000	17%	392,000	19%
Hawaii	21,000	12%	40,000	12%
Idaho	36,000	19%	81,000	23%
Illinois	219,000	13%	444,000	13%
Indiana	103,000	12%	189,000	13%
Iowa	55,000	14%	103,000	14%
Kansas	54,000	15%	96,000	14%
Kentucky	82,000	15%	135,000	15%
Louisiana	104,000	16%	184,000	16%
Maine	22,000	13%	38,000	12%
Maryland	71,000	11%	118,000	10%
Massachusetts	88,000	11%	179,000	12%
Michigan	178,000	12%	371,000	13%
Minnesota	58,000	9%	125,000	9%
Mississippi	87,000	19%	151,000	20%
Missouri	88,000	11%	169,000	12%
Montana	26,000	20%	51,000	21%
Nebraska	33,000	14%	64,000	14%
Nevada	41,000	15%	93,000	16%
New Hampshire	21,000	12%	42,000	12%
New Jersey	104,000	10%	188,000	9%
New Mexico	49,000	19%	123,000	23%
New York	344,000	14%	674,000	14%
North Carolina	165,000	16%	298,000	16%
North Dakota	16,000	19%	31,000	21%
Ohio	180,000	11%	345,000	12%
Oklahoma	66,000	15%	130,000	16%
Oregon	67,000	14%	130,000	15%
Pennsylvania	187,000	12%	367,000	13%
Rhode Island	12,000	9%	23,000	9%
South Carolina	94,000	17%	155,000	17%
South Dakota	15,000	14%	26,000	14%
Tennessee	137,000	18%	234,000	17%
Texas	528,000	17%	1,050,000	19%
Utah	39,000	11%	76,000	11%
Vermont	9,000	11%	16,000	10%
Virginia	118,000	12%	206,000	12%
Washington	81,000	10%	145,000	10%
Washington, DC	8,000	13%	16,000	14%
West Virginia	40,000	17%	66,000	18%
Wisconsin	69,000	9%	133,000	9%
Wyoming	11,000	16%	23,000	18%
US Total	5,426,000	14%	10,679,000	15%