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Clinton Child Tax Credit Proposal Would Help 14 Million Families, Raise 1.5 Million People out of Poverty

By Chuck Marr and Chloe Cho

Democratic presidential candidate Hillary Clinton's proposed expansion¹ of the Child Tax Credit (CTC) would benefit roughly 14.2 million working families, we estimate based on Census data.² It would lift about 1.5 million people (including about 400,000 children under age 5) above the poverty line and lift another 9.4 million people (including about 1.9 million children under age 5) closer to the poverty line.³

It also would increase the incomes of about 5.2 million people, including about 1.1 million children under age 5, living in *deep* poverty, with incomes below half of the poverty line.

The proposal has three main elements:

- 1) It would phase in the low-income portion of the CTC starting with the first dollar of earnings for all families with eligible children. Currently, the CTC does not begin to phase in until a family has more than \$3,000 in earnings. Eliminating that \$3,000 threshold would make many extremely poor families newly eligible for the CTC and make many other working-poor families that now receive only a partial CTC eligible for a larger credit.

¹ The Clinton proposal is described in Richard C. Auxier, Leonard E. Burman, James R. Nunns, and Jeffrey Rohaly, "Updated Analysis of Hillary Clinton's Tax Proposals," Tax Policy Center, October 11, 2016, <http://www.taxpolicycenter.org/publications/updated-analysis-hillary-clintons-tax-proposals>. TPC estimates that the provision would cost \$208.7 billion over 2016 to 2026.

² Estimates are based on CBPP analysis of the Census Bureau's March 2015 Current Population Survey and 2014 Supplemental Poverty Measure (SPM) public use file. Figures on the proposal's impact on poverty are based on the SPM, which — unlike the official poverty measure — counts the effect of government benefit programs and tax credits. Unlike the Tax Policy Center's cost estimates for the proposal, these estimates do not take into account the impact of the proposed credit increases on tax credit participation rates, which could further increase their anti-poverty impact.

³ For more analysis of proposals to expand the CTC for young children, see Chuck Marr, Chloe Cho, and Arloc Sherman, "A Top Priority to Address Poverty: Strengthening the Child Tax Credit for Very Poor Young Children," Center on Budget and Policy Priorities, August 10, 2016, <http://www.cbpp.org/research/a-top-priority-to-address-poverty-strengthening-the-child-tax-credit-for-very-poor-young>.

- 2) For families with children *under age 5*, the proposal would phase in the CTC at a rate of 45 cents per dollar of earnings starting with the first dollar of earnings, up from the current 15 cents per dollar of earnings above \$3,000.
- 3) Also for children under age 5, the proposal would double the maximum credit per child, from \$1,000 to \$2,000.

With these changes, many low-income working parents would see a substantial boost in their credit. For example, a single mother working 20 hours a week, 50 weeks a year, at the federal minimum wage while raising a toddler and a 7-year-old daughter currently receives a partial CTC of \$638. Under this proposal, she would get the full \$3,000 credit for a family with two children of these ages: \$2,000 for the toddler and \$1,000 for the older child.