

Table T09-0379
Expand Child and Dependent Care Tax Credit (CDCTC) ¹
Impact on Individual Income Tax Revenue (\$ billions), 2009-19 ²

	Fiscal Year ³												
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2009-19	
Intermediate Participation Assumption ⁴													
Baseline 1: Current Law	-0.8	-4.0	-3.3	-3.4	-3.3	-3.3	-3.3	-3.3	-3.4	-3.4	-3.5	-35.1	
Baseline 2: Administration Baseline ⁵	-0.8	-4.1	-4.0	-4.3	-4.4	-4.6	-4.7	-4.8	-5.0	-5.3	-5.5	-47.5	
Addenda													
Low Participation ⁶													
Baseline 1: Current Law	-0.6	-2.8	-2.1	-2.1	-2.2	-2.1	-2.1	-2.1	-2.0	-2.0	-2.0	-22.2	
Baseline 2: Administration Baseline	-0.6	-2.9	-2.8	-3.0	-3.2	-3.3	-3.4	-3.5	-3.6	-3.7	-3.9	-33.8	
High Participation ⁷													
Baseline 1: Current Law	-1.1	-5.2	-4.6	-4.7	-4.6	-4.7	-4.7	-4.8	-4.8	-5.0	-5.1	-49.1	
Baseline 2: Administration Baseline	-1.1	-5.4	-5.3	-5.6	-5.7	-6.0	-6.1	-6.4	-6.6	-6.9	-7.2	-62.3	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-2).

(1) Proposal makes CDCTC fully refundable; indexes the phasedown threshold and maximum expense limits for inflation after 2009; increases expense limit to \$5,000 for one qualifying individual and \$10,000 for two or more qualified individuals; and increases the maximum credit rate to 50 percent. The credit rate would phase down by one percentage point for each \$1,000 (or fraction thereof) that AGI exceeds the phasedown threshold of \$30,000. The minimum credit rate would be 20 percent.

(2) Estimates include a microdynamic behavioral response. Estimates assume an elasticity of taxable income with respect to (1 - marginal rate) of 0.25.

(3) Fiscal-year revenue numbers assume a 20-80 split. The actual effect on receipts could differ.

(4) Assumes a 50 percent participation rate for newly eligible tax units.

(5) Administration baseline extends the 2009 AMT patch and indexes the AMT exemption, rate bracket thresholds and exemption thresholds for inflation; makes the 2001 and 2003 individual income tax cuts permanent and makes 2009 estate tax law permanent.

(6) Assumes a 10 percent participation rate for newly eligible tax units.

(7) Assumes a 90 percent participation rate for newly eligible tax units.