

Table T10-0017
Child and Dependent Care Tax Credit: Increase Phaseout Threshold to \$85,000 and
Make Credit Fully Refundable: 50-Percent Participation Assumption
Distribution of Federal Tax Change by Cash Income Level, 2011 ¹
Summary Table

Cash Income Level (thousands of 2009 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change (\$)	Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase				Change (%) Points)	Under the Proposal
Less than 10	1.3	0.0	0.2	11.1	-13	-0.2	4.5
10-20	2.3	0.0	0.1	19.0	-17	-0.1	5.4
20-30	2.8	0.0	0.1	11.4	-13	-0.1	10.9
30-40	4.3	0.0	0.0	8.2	-11	0.0	14.9
40-50	4.7	0.0	0.0	8.5	-16	0.0	17.0
50-75	5.4	0.0	0.0	18.1	-20	0.0	19.1
75-100	6.9	0.0	0.0	17.3	-26	0.0	21.3
100-200	3.0	0.0	0.0	6.3	-8	0.0	24.4
200-500	0.1	0.0	0.0	0.1	0	0.0	27.2
500-1,000	0.2	0.0	0.0	0.0	0	0.0	28.4
More than 1,000	0.0	0.0	0.0	0.0	0	0.0	33.7
All	3.4	0.0	0.0	100.0	-15	0.0	22.9

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-4).

Number of AMT Taxpayers (millions). Baseline: 16.6

Proposal: 16.8

(1) Calendar year. Baseline is current law plus the following EGTRRA extensions: increase the maximum credit rate to 35 percent; increase the eligible expenses to \$3,000 for one child and \$6,000 for two or more children; increase the start of the credit rate phasedown to \$15,000 of AGI (not indexed for inflation); and allow the credit regardless of tentative AMT. Proposal would increase the threshold at which the credit rate begins to phase down from \$15,000 to \$85,000. Proposal would also make the CDCTC fully refundable regardless of income tax liability. Estimates assume a 50-percent participation rate for newly-eligible tax units.

(2) Tax units with negative cash income are excluded from the lowest income class but are included in the totals. For a description of cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(4) After-tax income is cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax.

(5) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, and the estate tax) as a percentage of average cash income.

Table T10-0017
Child and Dependent Care Tax Credit: Increase Phaseout Threshold to \$85,000 and
Make Credit Fully Refundable: 50-Percent Participation Assumption
Distribution of Federal Tax Change by Cash Income Level, 2011¹
Detail Table

Cash Income Level (thousands of 2009 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (%) Points)	Under the Proposal	Change (%) Points)	Under the Proposal
Less than 10	1.3	0.0	0.2	11.1	-13	-4.6	0.0	0.2	-0.2	4.5
10-20	2.3	0.0	0.1	19.0	-17	-1.9	0.0	0.9	-0.1	5.4
20-30	2.8	0.0	0.1	11.4	-13	-0.5	0.0	2.2	-0.1	10.9
30-40	4.3	0.0	0.0	8.2	-11	-0.2	0.0	3.4	0.0	14.9
40-50	4.7	0.0	0.0	8.5	-16	-0.2	0.0	3.8	0.0	17.0
50-75	5.4	0.0	0.0	18.1	-20	-0.2	0.0	9.8	0.0	19.1
75-100	6.9	0.0	0.0	17.3	-26	-0.1	0.0	11.0	0.0	21.3
100-200	3.0	0.0	0.0	6.3	-8	0.0	0.0	25.8	0.0	24.4
200-500	0.1	0.0	0.0	0.1	0	0.0	0.0	17.0	0.0	27.2
500-1,000	0.2	0.0	0.0	0.0	0	0.0	0.0	7.6	0.0	28.4
More than 1,000	0.0	0.0	0.0	0.0	0	0.0	0.0	18.4	0.0	33.7
All	3.4	0.0	0.0	100.0	-15	-0.1	0.0	100.0	0.0	22.9

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2011¹

Cash Income Level (thousands of 2009 dollars) ²	Tax Units ³		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income ⁴ (Dollars)	Average Federal Tax Rate ⁵	Share of Pre-	Share of Post-	Share of
	Number (thousands)	Percent Total					Pre-Tax Income Percent of Total	Tax Income Percent of Total	Federal Taxes Percent of Total
Less than 10	19,473	12.5	5,992	279	5,712	4.7	1.1	1.3	0.2
10-20	25,675	16.5	15,574	857	14,717	5.5	3.6	4.4	0.9
20-30	20,342	13.1	25,575	2,787	22,788	10.9	4.7	5.4	2.2
30-40	16,056	10.3	35,907	5,364	30,543	14.9	5.2	5.7	3.4
40-50	12,370	8.0	46,113	7,842	38,271	17.0	5.1	5.5	3.8
50-75	20,373	13.1	64,251	12,305	51,946	19.2	11.8	12.3	9.8
75-100	14,743	9.5	89,246	18,993	70,253	21.3	11.8	12.1	11.0
100-200	18,513	11.9	145,841	35,578	110,263	24.4	24.3	23.8	25.8
200-500	5,241	3.4	304,480	82,753	221,727	27.2	14.3	13.5	17.0
500-1,000	954	0.6	711,387	202,025	509,363	28.4	6.1	5.7	7.5
More than 1,000	446	0.3	3,116,878	1,050,796	2,066,082	33.7	12.5	10.7	18.3
All	155,368	100.0	71,667	16,449	55,218	23.0	100.0	100.0	100.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-4).

Number of AMT Taxpayers (millions). Baseline: 16.6

Proposal: 16.8

(1) Calendar year. Baseline is current law plus the following EGTRRA extensions: increase the maximum credit rate to 35 percent; increase the eligible expenses to \$3,000 for one child and \$6,000 for two or more children; increase the start of the credit rate phasedown to \$15,000 of AGI (not indexed for inflation); and allow the credit regardless of tentative AMT. Proposal would increase the threshold at which the credit rate begins to phase down from \$15,000 to \$85,000. Proposal would also make the CDCTC fully refundable regardless of income tax liability. Estimates assume a 50-percent participation rate for newly-eligible tax units.

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(3) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(4) After-tax income is cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax.

(5) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, and the estate tax) as a percentage of average cash income.

Table T10-0017
Child and Dependent Care Tax Credit: Increase Phaseout Threshold to \$85,000 and
Make Credit Fully Refundable: 50-Percent Participation Assumption
Distribution of Federal Tax Change by Cash Income Level, 2011¹
Detail Table - Single Tax Units

Cash Income Level (thousands of 2009 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Less than 10	0.5	0.0	0.1	32.5	-5	-0.9	0.0	1.1	-0.1	8.4
10-20	0.8	0.0	0.1	52.6	-7	-0.5	0.0	3.6	0.0	9.4
20-30	0.4	0.0	0.0	4.7	-1	0.0	0.0	6.5	0.0	14.8
30-40	0.2	0.0	0.0	1.4	0	0.0	0.0	8.2	0.0	18.7
40-50	0.6	0.0	0.0	4.9	-2	0.0	0.0	8.4	0.0	20.2
50-75	0.2	0.0	0.0	2.7	-1	0.0	0.0	17.2	0.0	22.9
75-100	0.1	0.0	0.0	0.4	0	0.0	0.0	12.4	0.0	25.3
100-200	0.2	0.0	0.0	1.0	-1	0.0	0.0	16.5	0.0	26.3
200-500	0.0	0.0	0.0	0.0	0	0.0	0.0	10.3	0.0	29.5
500-1,000	0.0	0.0	0.0	0.0	0	0.0	0.0	4.6	0.0	31.6
More than 1,000	0.0	0.0	0.0	0.0	0	0.0	0.0	11.1	0.0	37.7
All	0.4	0.0	0.0	100.0	-3	0.0	0.0	100.0	0.0	22.5

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2011¹

Cash Income Level (thousands of 2009 dollars) ²	Tax Units ³		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income ⁴ (Dollars)	Average Federal Tax Rate ⁵	Share of Pre- Tax Income Percent of Total	Share of Post- Tax Income Percent of Total	Share of Federal Taxes Percent of Total
	Number (thousands)	Percent of Total							
Less than 10	13,625	20.1	5,910	500	5,410	8.5	2.9	3.5	1.1
10-20	15,494	22.8	15,417	1,459	13,958	9.5	8.7	10.2	3.7
20-30	10,657	15.7	25,474	3,779	21,695	14.8	9.9	10.9	6.5
30-40	7,568	11.2	35,938	6,709	29,229	18.7	9.9	10.4	8.2
40-50	5,576	8.2	46,070	9,307	36,764	20.2	9.4	9.6	8.4
50-75	7,296	10.8	63,429	14,528	48,901	22.9	16.9	16.8	17.2
75-100	3,425	5.1	88,382	22,362	66,021	25.3	11.0	10.6	12.4
100-200	2,751	4.1	140,736	37,032	103,703	26.3	14.1	13.4	16.5
200-500	701	1.0	306,169	90,381	215,788	29.5	7.8	7.1	10.3
500-1,000	127	0.2	709,117	223,853	485,263	31.6	3.3	2.9	4.6
More than 1,000	59	0.1	3,064,204	1,155,368	1,908,836	37.7	6.6	5.3	11.0
All	67,885	100.0	40,448	9,101	31,347	22.5	100.0	100.0	100.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-4).

(1) Calendar year. Baseline is current law plus the following EGTRRA extensions: increase the maximum credit rate to 35 percent; increase the eligible expenses to \$3,000 for one child and \$6,000 for two or more children; increase the start of the credit rate phasedown to \$15,000 of AGI (not indexed for inflation); and allow the credit regardless of tentative AMT. Proposal would increase the threshold at which the credit rate begins to phase down from \$15,000 to \$85,000. Proposal would also make the CDCTC fully refundable regardless of income tax liability. Estimates assume a 50-percent participation rate for newly-eligible tax units.

(2) Tax units with negative cash income are excluded from the lowest income class but are included in the totals. For a description of cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(4) After-tax income is cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax.

(5) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, and the estate tax) as a percentage of average cash income.

Table T10-0017
Child and Dependent Care Tax Credit: Increase Phaseout Threshold to \$85,000 and
Make Credit Fully Refundable: 50-Percent Participation Assumption
Distribution of Federal Tax Change by Cash Income Level, 2011¹
Detail Table - Married Tax Units Filing Jointly

Cash Income Level (thousands of 2009 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Less than 10	0.1	0.0	0.0	0.2	-1	-0.2	0.0	0.0	0.0	4.3
10-20	0.6	0.0	0.0	1.6	-3	-0.4	0.0	0.2	0.0	3.6
20-30	1.4	0.0	0.0	3.9	-6	-0.3	0.0	0.5	0.0	7.0
30-40	2.2	0.0	0.0	3.8	-6	-0.2	0.0	0.9	0.0	10.1
40-50	3.1	0.0	0.0	4.8	-8	-0.1	0.0	1.4	0.0	12.7
50-75	6.1	0.0	0.0	27.8	-21	-0.2	0.0	5.8	0.0	16.0
75-100	8.5	0.0	0.0	41.2	-31	-0.2	0.0	9.9	0.0	19.7
100-200	3.3	0.0	0.0	16.3	-8	0.0	0.0	30.3	0.0	24.0
200-500	0.1	0.0	0.0	0.2	0	0.0	0.0	20.5	0.0	26.9
500-1,000	0.2	0.0	0.0	0.0	0	0.0	0.0	9.1	0.0	27.9
More than 1,000	0.0	0.0	0.0	0.0	0	0.0	0.0	21.3	0.0	33.1
All	3.7	0.0	0.0	100.0	-12	0.0	0.0	100.0	0.0	24.0

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2011¹

Cash Income Level (thousands of 2009 dollars) ²	Tax Units ³		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income ⁴ (Dollars)	Average Federal Tax Rate ⁵	Share of Pre-	Share of Post-	Share of
	Number (thousands)	Percent of Total					Tax Income Percent of Total	Tax Income Percent of Total	Federal Taxes Percent of Total
Less than 10	2,449	4.0	5,126	220	4,906	4.3	0.2	0.2	0.0
10-20	4,462	7.3	15,983	575	15,408	3.6	1.0	1.2	0.2
20-30	4,928	8.1	25,734	1,804	23,931	7.0	1.7	2.1	0.5
30-40	4,438	7.3	36,076	3,663	32,413	10.2	2.2	2.6	0.9
40-50	4,139	6.8	46,216	5,885	40,331	12.7	2.6	3.0	1.4
50-75	9,641	15.9	65,170	10,472	54,698	16.1	8.6	9.5	5.8
75-100	9,818	16.2	89,778	17,677	72,100	19.7	12.1	12.8	9.9
100-200	14,926	24.6	147,281	35,397	111,884	24.0	30.2	30.2	30.3
200-500	4,378	7.2	304,202	81,731	222,471	26.9	18.3	17.6	20.5
500-1,000	795	1.3	712,174	198,776	513,398	27.9	7.8	7.4	9.1
More than 1,000	368	0.6	3,053,140	1,009,398	2,043,742	33.1	15.5	13.6	21.3
All	60,792	100.0	119,608	28,721	90,887	24.0	100.0	100.0	100.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-4).

(1) Calendar year. Baseline is current law plus the following EGTRRA extensions: increase the maximum credit rate to 35 percent; increase the eligible expenses to \$3,000 for one child and \$6,000 for two or more children; increase the start of the credit rate phasedown to \$15,000 of AGI (not indexed for inflation); and allow the credit regardless of tentative AMT. Proposal would increase the threshold at which the credit rate begins to phase down from \$15,000 to \$85,000. Proposal would also make the CDCTC fully refundable regardless of income tax liability. Estimates assume a 50-percent participation rate for newly-eligible tax units.

(2) Tax units with negative cash income are excluded from the lowest income class but are included in the totals. For a description of cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(4) After-tax income is cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax.

(5) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, and the estate tax) as a percentage of average cash income.

Table T10-0017
Child and Dependent Care Tax Credit: Increase Phaseout Threshold to \$85,000 and
Make Credit Fully Refundable: 50-Percent Participation Assumption
Distribution of Federal Tax Change by Cash Income Level, 2011¹
Detail Table - Head of Household Tax Units

Cash Income Level (thousands of 2009 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Less than 10	5.7	0.0	0.8	13.9	-58	9.1	-0.2	-1.6	-0.8	-9.9
10-20	7.9	0.0	0.4	23.7	-58	7.9	-0.3	-3.1	-0.4	-5.1
20-30	10.5	0.0	0.2	16.6	-50	-3.7	-0.1	4.1	-0.2	5.0
30-40	15.6	0.0	0.1	11.6	-42	-1.0	0.0	11.6	-0.1	12.3
40-50	18.2	0.0	0.2	11.1	-64	-0.9	0.0	12.4	-0.1	16.2
50-75	16.7	0.0	0.1	15.1	-68	-0.6	0.1	25.8	-0.1	19.4
75-100	14.9	0.0	0.1	6.6	-69	-0.4	0.1	17.6	-0.1	22.1
100-200	7.5	0.0	0.0	1.5	-28	-0.1	0.2	17.0	0.0	24.5
200-500	0.6	0.0	0.0	0.0	-2	0.0	0.1	6.5	0.0	25.1
500-1,000	1.2	0.0	0.0	0.0	-7	0.0	0.0	2.8	0.0	26.5
More than 1,000	0.0	0.0	0.0	0.0	0	0.0	0.1	6.8	0.0	34.0
All	11.6	0.0	0.2	100.0	-55	-1.0	0.0	100.0	-0.1	15.0

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2011¹

Cash Income Level (thousands of 2009 dollars) ²	Tax Units ³		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income ⁴ (Dollars)	Average Federal Tax Rate ⁵	Share of Pre-	Share of Post-	Share of
	Number (thousands)	Percent of Total					Tax Income Percent of Total	Tax Income Percent of Total	Federal Taxes Percent of Total
Less than 10	3,209	13.3	6,999	-637	7,635	-9.1	2.4	3.1	-1.5
10-20	5,408	22.4	15,686	-737	16,424	-4.7	9.1	11.3	-2.8
20-30	4,419	18.3	25,635	1,331	24,304	5.2	12.2	13.6	4.2
30-40	3,670	15.2	35,569	4,429	31,140	12.5	14.1	14.5	11.6
40-50	2,322	9.6	46,068	7,515	38,553	16.3	11.5	11.4	12.4
50-75	2,941	12.2	63,194	12,311	50,883	19.5	20.0	19.0	25.7
75-100	1,267	5.2	87,790	19,463	68,326	22.2	12.0	11.0	17.5
100-200	710	2.9	135,920	33,306	102,613	24.5	10.4	9.3	16.8
200-500	119	0.5	304,528	76,429	228,099	25.1	3.9	3.4	6.5
500-1,000	21	0.1	686,300	181,581	504,719	26.5	1.6	1.4	2.8
More than 1,000	9	0.0	3,051,458	1,037,451	2,014,006	34.0	3.0	2.3	6.8
All	24,178	100.0	38,406	5,818	32,588	15.2	100.0	100.0	100.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-4).

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Distribution of Federal Tax Change by Cash Income Level, 2011 ¹
Detail Table - Tax Units with Children

Cash Income Level (thousands of 2009 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (%) Points)	Under the Proposal	Change (%) Points)	Under the Proposal
Less than 10	5.2	0.0	0.7	9.4	-52	6.1	0.0	-0.3	-0.8	-13.6
10-20	8.4	0.0	0.4	18.5	-63	5.0	0.0	-0.8	-0.4	-8.3
20-30	10.0	0.0	0.2	11.8	-45	-5.2	0.0	0.4	-0.2	3.2
30-40	13.1	0.0	0.1	8.0	-35	-0.9	0.0	1.9	-0.1	11.4
40-50	14.0	0.0	0.1	8.4	-46	-0.7	0.0	2.7	-0.1	15.4
50-75	15.2	0.0	0.1	18.7	-58	-0.5	0.0	8.0	-0.1	18.3
75-100	16.6	0.0	0.1	18.4	-63	-0.3	0.0	11.1	-0.1	20.6
100-200	6.4	0.0	0.0	6.6	-16	-0.1	0.1	30.2	0.0	24.4
200-500	0.2	0.0	0.0	0.1	-1	0.0	0.0	19.9	0.0	27.4
500-1,000	0.5	0.0	0.0	0.0	-1	0.0	0.0	8.4	0.0	29.5
More than 1,000	0.0	0.0	0.0	0.0	0	0.0	0.0	18.4	0.0	34.5
All	10.3	0.0	0.1	100.0	-43	-0.2	0.0	100.0	-0.1	23.0

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2011 ¹

Cash Income Level (thousands of 2009 dollars) ²	Tax Units ³		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income ⁴ (Dollars)	Average Federal Tax Rate ⁵	Share of Pre-	Share of Post-	Share of
	Number (thousands)	Percent Total					Pre- Tax Income Percent of Total	Tax Income Percent of Total	Federal Taxes Percent of Total
Less than 10	3,805	7.8	6,625	-849	7,474	-12.8	0.6	0.8	-0.3
10-20	6,209	12.7	15,826	-1,244	17,070	-7.9	2.2	3.1	-0.8
20-30	5,470	11.2	25,668	867	24,801	3.4	3.2	4.0	0.5
30-40	4,817	9.9	35,746	4,105	31,641	11.5	3.9	4.5	1.9
40-50	3,830	7.8	46,097	7,132	38,965	15.5	4.0	4.4	2.7
50-75	6,853	14.0	64,651	11,884	52,768	18.4	10.0	10.6	8.0
75-100	6,138	12.6	89,544	18,511	71,033	20.7	12.4	12.8	11.1
100-200	8,529	17.4	147,403	36,036	111,367	24.5	28.4	27.9	30.1
200-500	2,436	5.0	303,499	83,286	220,213	27.4	16.7	15.8	19.9
500-1,000	405	0.8	714,589	210,582	504,007	29.5	6.6	6.0	8.4
More than 1,000	175	0.4	3,095,878	1,068,674	2,027,203	34.5	12.3	10.5	18.4
All	48,902	100.0	90,398	20,862	69,536	23.1	100.0	100.0	100.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-4).

Note: Tax units with children are those claiming an exemption for children at home or away from home.

(1) Calendar year. Baseline is current law plus the following EGTRRA extensions: increase the maximum credit rate to 35 percent; increase the eligible expenses to \$3,000 for one child and \$6,000 for two or more children; increase the start of the credit rate phasedown to \$15,000 of AGI (not indexed for inflation); and allow the credit regardless of tentative AMT. Proposal would increase the threshold at which the credit rate begins to phase down from \$15,000 to \$85,000. Proposal would also make the CDCTC fully refundable regardless of income tax liability. Estimates assume a 50-percent participation rate for newly-eligible tax units.

(2) Tax units with negative cash income are excluded from the lowest income class but are included in the totals. For a description of cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(4) After-tax income is cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax.

(5) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, and the estate tax) as a percentage of average cash income.

Table T10-0017
Child and Dependent Care Tax Credit: Increase Phaseout Threshold to \$85,000 and
Make Credit Fully Refundable: 50-Percent Participation Assumption
Distribution of Federal Tax Change by Cash Income Level, 2011¹
Detail Table - Elderly Tax Units

Cash Income Level (thousands of 2009 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (%) Points)	Under the Proposal	Change (%) Points)	Under the Proposal
Less than 10	0.0	0.0	0.0	0.0	0	0.0	0.0	0.1	0.0	2.9
10-20	0.1	0.0	0.0	28.1	0	-0.1	0.0	0.7	0.0	2.7
20-30	0.0	0.0	0.0	0.0	0	0.0	0.0	1.4	0.0	4.9
30-40	0.0	0.0	0.0	0.1	0	0.0	0.0	1.7	0.0	6.8
40-50	0.1	0.0	0.0	6.7	0	0.0	0.0	1.7	0.0	7.3
50-75	0.2	0.0	0.0	47.0	-1	0.0	0.0	7.4	0.0	11.6
75-100	0.2	0.0	0.0	15.9	0	0.0	0.0	7.6	0.0	15.3
100-200	0.1	0.0	0.0	2.3	0	0.0	0.0	21.6	0.0	20.9
200-500	0.0	0.0	0.0	0.0	0	0.0	0.0	20.1	0.0	26.5
500-1,000	0.0	0.0	0.0	0.0	0	0.0	0.0	10.7	0.0	28.0
More than 1,000	0.0	0.0	0.0	0.0	0	0.0	0.0	27.1	0.0	34.4
All	0.1	0.0	0.0	100.0	0	0.0	0.0	100.0	0.0	19.5

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2011¹

Cash Income Level (thousands of 2009 dollars) ²	Tax Units ³		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income ⁴ (Dollars)	Average Federal Tax Rate ⁵	Share of Pre-	Share of Post-	Share of
	Number (thousands)	Percent Total					Pre- Tax Income Percent of Total	Tax Income Percent of Total	Federal Taxes Percent of Total
Less than 10	2,522	8.5	6,528	189	6,339	2.9	0.8	0.9	0.1
10-20	6,642	22.4	15,553	417	15,135	2.7	4.8	5.8	0.7
20-30	4,651	15.7	25,360	1,245	24,115	4.9	5.5	6.5	1.4
30-40	2,939	9.9	35,780	2,433	33,346	6.8	4.9	5.7	1.7
40-50	2,058	6.9	46,183	3,361	42,821	7.3	4.4	5.1	1.7
50-75	4,144	14.0	63,809	7,424	56,385	11.6	12.3	13.5	7.4
75-100	2,348	7.9	88,288	13,517	74,771	15.3	9.7	10.2	7.6
100-200	2,957	10.0	145,786	30,474	115,312	20.9	20.1	19.8	21.6
200-500	1,037	3.5	304,965	80,681	224,283	26.5	14.8	13.5	20.1
500-1,000	229	0.8	697,487	194,916	502,571	28.0	7.5	6.7	10.7
More than 1,000	108	0.4	3,055,011	1,049,434	2,005,577	34.4	15.3	12.5	27.1
All	29,671	100.0	72,264	14,068	58,196	19.5	100.0	100.0	100.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-4).

Note: Elderly tax units are those with either head or spouse (if filing jointly) age 65 or older.

(1) Calendar year. Baseline is current law plus the following EGTRRA extensions: increase the maximum credit rate to 35 percent; increase the eligible expenses to \$3,000 for one child and \$6,000 for two or more children; increase the start of the credit rate phasedown to \$15,000 of AGI (not indexed for inflation); and allow the credit regardless of tentative AMT. Proposal would increase the threshold at which the credit rate begins to phase down from \$15,000 to \$85,000. Proposal would also make the CDCTC fully refundable regardless of income tax liability. Estimates assume a 50-percent participation rate for newly-eligible tax units.

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(3) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(4) After-tax income is cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax.

(5) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, and the estate tax) as a percentage of average cash income.