

T11-0125
Options for Reforming the Child Tax Credit (CTC)
Static Impact on Number of Eligible Children (millions), 2012-21¹

	Year										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2012-21
Kids Newly Eligible for the Refundable Credit²:											
Option 1: Extend EGTRRA Provisions ³	0.0	18.6	17.9	17.6	17.5	17.3	17.1	16.9	16.7	16.4	156.2
Option 2: Extend unindexed \$8,500 threshold ⁴	0.0	3.4	3.6	3.7	3.6	3.6	3.7	3.6	3.5	2.9	31.7
Option 3: Extend unindexed \$3,000 threshold ⁵	0.0	6.9	6.9	6.6	6.3	6.1	6.1	6.0	5.9	5.6	56.4
Option 4: Extend unindexed \$3,000 threshold, increase refundability rate to 40% ⁶	0.0	6.9	6.9	6.6	6.3	6.1	6.1	6.0	5.9	5.6	56.4
Option 5: Reduce to \$0 threshold, reduce refundability rate to 10% ⁷	0.8	7.8	7.8	7.4	7.0	6.9	6.9	6.8	6.7	6.5	64.3
Option 6: Reduce to \$0 threshold ⁸	0.8	7.8	7.8	7.4	7.0	6.9	6.9	6.8	6.7	6.5	64.3
Option 7a: Fully refundable credit, current filers only ⁹	1.2	8.3	8.3	7.9	7.6	7.4	7.5	7.4	7.3	7.1	70.1
Option 7b: Fully refundable credit, 100% take-up rate ¹⁰	5.6	12.7	12.7	12.4	12.2	12.0	11.8	11.7	11.5	10.8	113.5
Kids with Increased Refundable Child Credit¹¹:											
Option 1: Extend EGTRRA Provisions ³	0.0	3.4	3.2	3.2	2.9	2.7	2.5	2.2	2.0	1.7	23.8
Option 2: Extend unindexed \$8,500 threshold ⁴	0.0	10.1	9.3	9.0	8.8	8.7	8.5	8.3	8.3	8.4	79.2
Option 3: Extend unindexed \$3,000 threshold ⁵	0.0	10.2	9.4	9.1	8.9	8.8	8.6	8.4	8.4	8.5	80.4
Option 4: Extend unindexed \$3,000 threshold, increase refundability rate to 40% ⁶	11.4	10.3	9.5	9.1	9.0	8.8	8.6	8.4	8.4	8.5	91.9
Option 5: Reduce to \$0 threshold, reduce refundability rate to 10% ⁷	5.0	10.1	9.4	9.0	8.9	8.8	8.6	8.4	8.4	8.5	85.1
Option 6: Reduce to \$0 threshold ⁸	11.4	10.3	9.5	9.1	9.0	8.8	8.6	8.5	8.4	8.5	92.1
Option 7a: Fully refundable credit, current filers only ⁹	11.4	10.3	9.5	9.1	9.0	8.8	8.6	8.5	8.4	8.5	92.1
Option 7b: Fully refundable credit, 100% take-up rate ¹⁰	11.4	10.3	9.5	9.1	9.0	8.8	8.6	8.5	8.4	8.5	92.1

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0411-1).

(1) Estimates are static and do not account for any potential microeconomic behavioral response.

(2) Kids newly eligible for the refundable child credit includes all children potentially eligible for the child credit on returns claiming a non-zero value for the refundable child credit under the proposal but not in the baseline.

(3) Baseline is current law. Proposal extends the CTC provisions in EGTRRA, including the allowance of the credit regardless of AMT.

(4) Baseline is option 1. Proposal extends the unindexed earnings threshold of \$8,500 permanently, effective 01/01/13.

(5) Baseline is option 1. Proposal extends the unindexed earnings threshold to \$3,000, effective 01/01/12.

(6) Baseline is option 1. Proposal extends the unindexed earnings threshold to \$3,000 and increases the phase-in rate to 40%, effective 01/01/12.

(7) Baseline is option 1. Proposal reduces the earnings threshold to \$0 and reduces the phase-in rate to 10 percent, effective 01/01/12.

(8) Baseline is option 1. Proposal reduces the earnings threshold to \$0 while keeping the phase-in rate of 15 percent, effective 01/01/12.

(9) Baseline is option 1. Proposal makes credit fully refundable regardless of tax liability or earnings. Assumes that only current-law filers claim the credit. Effective 01/01/12.

(10) Baseline is option 1. Proposal makes credit fully refundable regardless of tax liability or earnings. Assumes that all eligible tax units claim the credit. Effective 01/01/12.

(11) Kids with increased refundable child credit includes all children potentially eligible for the child credit on returns claiming a non-zero value for the refundable child credit in the baseline and a larger value under the proposal.