

Table T13-0293
Options for the Child and Dependent Care Credit
Change in Individual Income Tax Revenue, 2014-2023 (\$ billions)¹
Baseline: Current Law

	Fiscal Year										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2015-23
Option 1. Index maximum eligible expenses for the CDCTC ²	0.0	0.0	-0.1	-0.1	-0.2	-0.3	-0.3	-0.4	-0.5	-0.6	-2.5
Option 2. Index AGI phasedown threshold and step size for the CDCTC ³	0.0	*	*	*	*	*	-0.1	-0.1	-0.1	-0.1	-0.4
Option 3. Combine Options 1 and 2	0.0	0.0	-0.1	-0.2	-0.2	-0.3	-0.4	-0.5	-0.6	-0.7	-2.9
Option 4: Make the CDCTC fully refundable ⁴	0.0	-0.2	-1.0	-1.0	-1.1	-1.1	-1.1	-1.1	-1.1	-1.1	-9.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0613-2)

* Less than \$500 million.

(1) Fiscal years. Revenue estimates include the effects of microdynamic behavioral responses. Estimates assume a 20-80 fiscal split, i.e. fiscal year revenue is estimated to be 80 percent of revenue from the previous calendar year plus 20 percent of revenue from the current calendar year. All options effective 01/01/15.

(2) Indexed amounts in all options would be rounded to the next lowest multiple of \$50. Proposal would index the \$3,000 (\$6,000 for two or more eligible individuals) maximum.

(3) Under current law, the top 35 percent credit rate phases down 1 percentage point for each \$2,000 (or fraction thereof) by which adjusted gross income exceeds \$15,000. The rate does not fall below 20 percent. Proposal would index both the \$15,000 AGI threshold and the \$2,000 increment.

(4) Assumes that 80 percent of tax units with childcare expenses in the baseline who receive a benefit under a refundable CDCTC but not under current law would claim that benefit. After 2015, we assume the participation rate would increase annually by 1 percentage point with a maximum of 90 percent.