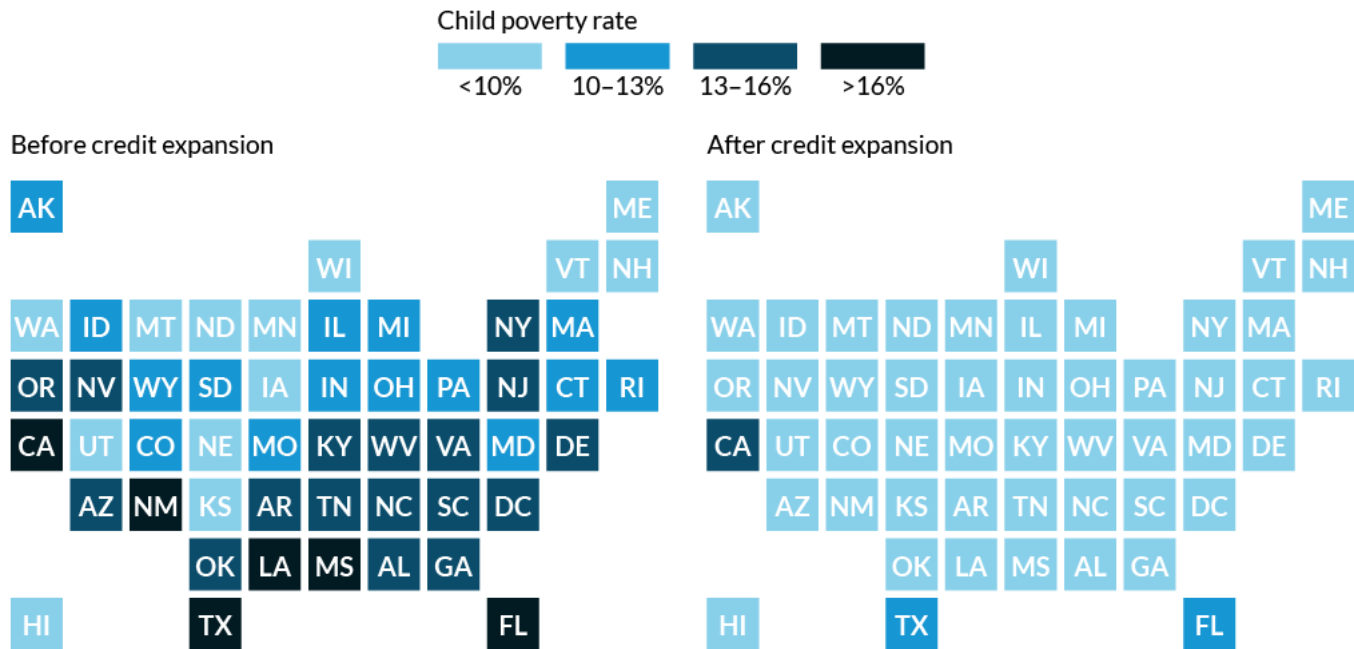


Expanding the Child Tax Credit Could Lift Millions of Children out of Poverty

Gregory Acs and Kevin Werner

The child tax credit (CTC) has long demonstrated its ability to reduce child poverty, and its expansion under the American Rescue Plan Act of 2021 has only enhanced that potential. In fact, new Urban Institute research shows that the Biden administration’s plan to extend the CTC expansions until 2025 would reduce child poverty (as measured by the Supplemental Poverty Measure) more than 40 percent in a typical year, meaning 4.3 million fewer children would be in poverty. This fact sheet looks at how a permanent expansion of the CTC would affect child poverty in every state.

FIGURE 1
Permanently Expanding the Child Tax Credit Would Decrease Child Poverty Nationwide



Note: Poverty measured using the Supplemental Poverty Measure.

The American Rescue Plan Act expanded the CTC to include 17-year-olds, increased the benefit from \$2,000 to \$3,600 for children under age 6 and to \$3,000 for children between ages 6 and 17, and made the credit fully refundable so even very low-income families could claim the full value. Making these changes permanent would decrease child poverty 50 percent or more in 11 states.

By making these expansions permanent, policymakers can not only lift 4.3 million children out of poverty but also transform the CTC into one of the most effective tools for reducing child poverty in the US.

November 16, 2021, correction: In an earlier version of this fact sheet, the legend in figure 1 was mislabeled. The second category is 10–13% (not 10–12%), the third category is 13–16% (not 12–15%), and the last category is >16% (not >15%).

TABLE 1

Making CTC Expansions Permanent Would Cut Child Poverty by Half or More in 11 States

	Baseline	Expansion	Percentage-point decline	% Decline	No. of children removed (thousands)
Alabama	15.0%	7.5%	-7.5%	-49.9%	81
Alaska	12.0%	5.8%	-6.2%	-51.7%	11
Arizona	15.6%	8.8%	-6.8%	-43.6%	111
Arkansas	13.8%	6.8%	-7.0%	-50.8%	49
California	20.5%	13.7%	-6.8%	-33.3%	613
Colorado	11.7%	7.3%	-4.4%	-37.8%	56
Connecticut	11.1%	6.6%	-4.5%	-40.4%	33
Delaware	13.0%	8.2%	-4.8%	-36.6%	10
District of Columbia	15.2%	7.1%	-8.1%	-53.4%	10
Florida	18.2%	11.1%	-7.1%	-39.0%	298
Georgia	14.8%	8.8%	-6.0%	-40.6%	150
Hawaii	9.8%	5.0%	-4.8%	-48.6%	14
Idaho	10.1%	6.1%	-4.0%	-39.5%	18
Illinois	11.4%	6.6%	-4.9%	-42.4%	138
Indiana	11.8%	6.4%	-5.3%	-45.5%	83
Iowa	7.1%	3.8%	-3.3%	-46.2%	24
Kansas	9.0%	4.9%	-4.1%	-45.4%	29
Kentucky	13.7%	7.0%	-6.7%	-49.1%	67
Louisiana	16.6%	7.8%	-8.8%	-52.7%	96
Maine	7.2%	3.9%	-3.3%	-46.1%	8
Maryland	12.1%	7.4%	-4.7%	-39.0%	63
Massachusetts	10.6%	6.6%	-4.1%	-38.2%	55
Michigan	11.9%	6.5%	-5.4%	-45.6%	117
Minnesota	5.7%	3.2%	-2.5%	-44.3%	33
Mississippi	16.5%	8.1%	-8.3%	-50.7%	59
Missouri	11.2%	5.6%	-5.6%	-50.0%	77
Montana	9.2%	4.9%	-4.3%	-46.7%	10
Nebraska	6.8%	3.4%	-3.4%	-50.4%	16
Nevada	15.7%	9.2%	-6.4%	-41.0%	44
New Hampshire	8.4%	4.2%	-4.2%	-50.3%	11
New Jersey	14.3%	9.3%	-5.0%	-34.8%	97
New Mexico	18.0%	8.9%	-9.1%	-50.4%	43
New York	15.6%	9.6%	-6.0%	-38.2%	240
North Carolina	15.0%	8.4%	-6.6%	-44.3%	152
North Dakota	4.8%	2.6%	-2.2%	-46.3%	4
Ohio	10.3%	5.2%	-5.1%	-49.6%	133
Oklahoma	13.1%	6.9%	-6.2%	-47.3%	59
Oregon	13.2%	7.0%	-6.2%	-47.2%	54
Pennsylvania	10.5%	5.9%	-4.6%	-43.8%	121
Rhode Island	10.3%	6.9%	-3.5%	-33.5%	7
South Carolina	14.7%	7.8%	-6.9%	-47.1%	76
South Dakota	10.2%	5.2%	-5.0%	-49.0%	11
Tennessee	15.0%	8.1%	-6.9%	-45.9%	104
Texas	17.3%	10.1%	-7.2%	-41.8%	535
Utah	7.0%	3.9%	-3.1%	-44.0%	29
Vermont	7.1%	2.6%	-4.5%	-62.7%	5
Virginia	14.5%	9.4%	-5.2%	-35.5%	96
Washington	9.4%	5.3%	-4.1%	-43.4%	67
West Virginia	13.8%	7.0%	-6.8%	-49.5%	25
Wisconsin	7.2%	3.8%	-3.4%	-47.2%	43
Wyoming	10.4%	5.1%	-5.3%	-51.0%	7

Source: Urban Institute's Analysis of Transfers, Taxes, and Income Security model, using data from the 2018 American Community Survey.

Notes: No. = number. Poverty measured using the Supplemental Poverty Measure.

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