

## Child Tax Credit Falls Short of Helping Families Who Need It Most in the Senate Tax Bill

By Hannah Kohanzadeh

The tax bill passed this month by the U.S. Senate expands the Child Tax Credit (CTC)—an important tool to help families meet the many costs of raising a child—yet like [the rest of the tax bill](#), most of the benefits would go to high-income households. This should be changed before the bill is adopted, to make sure the CTC does more to benefit families with low- or moderate-incomes who need the most help.

The CTC puts money back in the pockets of hard-working families. It incentivizes work, improves the lives of families that must cope with low wages, and creates opportunity for generational advancement through economic mobility.

The Senate's expansion of the CTC would increase the maximum credit from \$1,000 per child to \$2,000, which sounds like a good thing. However, the design of the provisions means that it would provide little or no help to many working families in DC. Some [16 percent](#) of working families with children in DC would receive no more than \$75 in added CTC benefits as a result of the bill, and 39 percent would receive less than the full \$1,000 of expanded benefits. Instead, the Senate's plan would give the most benefit to higher-income families, in part because the proposal would raise the income level for families to qualify for the CTC. A married couple earning \$100,000, for example, would see their tax credit increase by \$2,000 under the Senate bill.

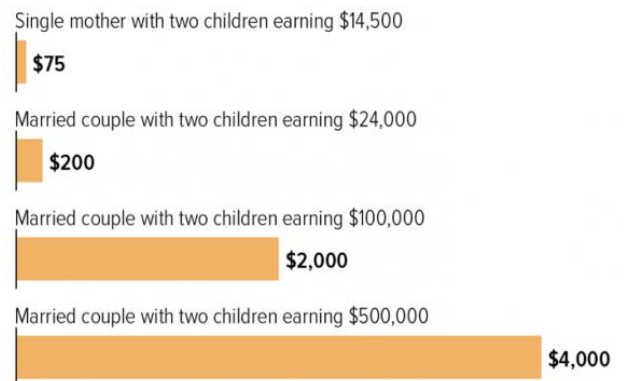
An [amendment](#) aimed at reducing these inequalities was proposed, but rejected. The proposal called for adjusting the corporate tax decrease by setting the tax rate at 20.9 percent instead of the bill's 20 percent, and increasing the amount of CTC families could redeem by giving back 15.3 cents for every dollar parents earned. It should be incorporated into the Senate's bill before passage, to make the expansion of the CTC more equitable and more beneficial to families living off low pay.

Access to tax credits like the CTC and [Earned Income Tax Credit](#) (EITC) are important to developing a healthier economy and society. Children in families that receive these tax credits do better in school, are more likely to go to college, and typically earn more as adults, according to [research](#) on the credits' effects. The CTC and EITC help close income disparities around the country and provide families with more opportunity.

The Senate tax bill should earnestly enhance the CTC to fulfill its promise to be good for all Americans.

### Low-Income Working Families Get Little From Senate Tax Bill's Child Tax Credit Increase

CTC increase under Senate bill, 2018



Source: CBPP analysis

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