



The Child Tax Credit, enacted in 1997, has proven to be one of the most important federal programs for directing resources to working families with children. In 2006, the Child Tax Credit was worth more than \$45 billion to these families. Unfortunately, there are many working families who are excluded, either in part or entirely, from the benefits of the CTC. This is because, as it is currently structured, the credit is only available to taxpayers who earn above a certain “income floor.” Moreover, parents with incomes only slightly above this floor can only claim a portion of the credit, not the full benefit. Finally, because the “income floor” is indexed to inflation, it rises every year. Unfortunately, wages at the low end of the income spectrum rarely keep up with inflation. As a result, there are families who claimed the credit one year and end up ineligible for the credit the next. Consequently, millions of working, low-income parents are denied the same benefit that goes to similar families with higher incomes.

CLOSING THE GAP

Recently, the House Ways and Means Committee passed the Energy and Tax Extenders Act of 2008. Included in this legislation is a provision that would lower the income floor for the Child Tax Credit from about \$12,000 to \$8,500. This change would mean that more than 3 million children who do not currently benefit from the CTC would become at least partially eligible for the credit, and that the families of an additional 10 million children would be able to claim a larger credit than they can right now.¹ Additionally, there are separate bills pending in both the House (HR 2126) and the Senate (S 218) that would lower the floor to \$5,000 and \$10,000 respectively.

Who are these families that are currently ineligible to claim the Child Tax Credit? They are, by and large, young families, hard-working, trying to balance the demands of caring for their children and providing for them. Of the parents who would become newly eligible if Congress passed HR 6049, more than 41% have a child under the age of 6. Most of these parents are working more than half-time. On average, these parents work for 36.6 weeks each year, and 54% of them work for more than 40 weeks a year. Furthermore, these parents put



FAMILIES CURRENTLY LEFT OUT

Of Parents Making Between \$8,500 and \$12,000 a year:

- 41% have a child under the age of 6 years old
- 54% work more than 40 weeks out of the year
- 47% work more than 30 hours each week
- 9% are students, 90% of whom are working towards a higher education degree.

in considerable hours during those work weeks, with 47% of them working more than 30 hours per week. Additionally, about 9% of these parents are currently in school, the vast majority of these working toward a higher education degree. Sadly, despite their hard work and their efforts, **four in ten of these parents live in poverty.**

There are millions of American children who’s parents are doing their best to balance work and family. These parents are scraping together a living and trying to overcome long odds. Eleven years ago, with the Child Tax Credit, Congress acknowledged and sought to address some of the challenges these working families face. Passing the Working Family Child Assistance Act would renew that commitment to these families and their children by extending the benefit of the Child Tax Credit to more working families.

¹ Aviva Aron-Dine. Improving the Child Tax Credit: An Important Step Toward Reducing Child Poverty. Center on Budget and Policy Priorities. May 19, 2008.

Demographic Characteristics of Parents Newly Eligible For the CTC Under Energy and Tax Extenders Act of 2008 (HR 6049)

	Percentage Enrolled in Higher Education Programs	Average Number of Hours Worked Per Week	Percentage Working More Than 30 Hours Per Week	Average Number of Weeks Worked Per Year	Percentage Working More than 40 Weeks Per Year	Percentage With Children Under the Age of 6
UNITED STATES	8.0%	28.0	47.2%	36.6	53.5%	41.4%
ALABAMA	11.2%	28.6	57.0%	33.8	52.9%	39.9%
ALASKA	1.4%	28.3	46.7%	35.3	42.0%	38.3%
ARIZONA	8.5%	29.8	57.1%	36.1	50.5%	45.9%
ARKANSAS	10.7%	31.1	56.9%	37.9	56.8%	41.9%
CALIFORNIA	7.2%	26.2	44.6%	33.2	48.3%	41.6%
COLORADO	7.7%	29.3	43.0%	36.6	48.6%	45.1%
CONNECTICUT	5.6%	21.0	24.2%	33.7	51.7%	34.8%
DELAWARE	4.2%	29.9	48.0%	36.1	37.1%	50.9%
DISTRICT OF COLUMBIA	19.9%	18.2	29.2%	19.4	22.8%	45.3%
FLORIDA	7.2%	30.2	53.0%	36.9	53.8%	41.0%
GEORGIA	7.0%	29.3	50.8%	37.4	54.9%	40.0%
HAWAII	6.7%	25.0	41.4%	33.8	54.4%	53.0%
IDAHO	3.8%	30.6	60.7%	40.9	60.3%	38.7%
ILLINOIS	8.7%	28.9	49.9%	38.6	54.5%	42.4%
INDIANA	11.1%	27.7	42.7%	35.5	49.0%	41.8%
IOWA	12.4%	30.1	54.3%	38.4	60.4%	46.4%
KANSAS	8.5%	31.6	55.4%	37.9	53.9%	38.3%
KENTUCKY	11.3%	28.5	52.3%	35.8	51.7%	43.2%
LOUISIANA	9.9%	32.3	67.6%	37.8	58.7%	46.1%
MAINE	14.3%	20.1	18.4%	30.1	38.9%	44.5%
MARYLAND	9.0%	26.5	42.3%	35.6	48.6%	44.1%
MASSACHUSETTS	5.9%	21.5	23.7%	33.6	48.6%	44.3%
MICHIGAN	8.3%	25.1	33.8%	36.6	53.5%	38.5%
MINNESOTA	7.9%	26.5	32.9%	38.0	50.9%	48.0%
MISSISSIPPI	8.4%	32.1	70.0%	37.4	55.9%	38.0%
MISSOURI	7.9%	28.9	51.9%	37.5	53.0%	37.5%
MONTANA	4.1%	30.0	43.4%	42.9	67.6%	31.4%
NEBRASKA	8.7%	29.1	48.2%	38.8	56.8%	42.4%
NEVADA	6.1%	28.6	52.1%	37.6	55.0%	47.5%
NEW HAMPSHIRE	4.7%	26.9	34.3%	39.0	57.8%	34.9%
NEW JERSEY	5.8%	26.3	37.6%	36.9	54.0%	37.7%
NEW MEXICO	9.7%	30.0	48.4%	40.0	64.3%	40.4%
NEW YORK	7.4%	25.9	40.2%	36.1	54.1%	37.6%
NORTH CAROLINA	11.2%	29.9	54.0%	37.1	52.7%	42.0%
NORTH DAKOTA	8.6%	33.8	58.2%	37.8	51.2%	47.2%
OHIO	7.8%	25.9	39.6%	36.4	54.7%	43.1%
OKLAHOMA	11.9%	32.3	65.4%	39.1	56.3%	46.6%
OREGON	7.3%	27.1	44.3%	36.4	47.7%	37.6%
PENNSYLVANIA	7.0%	26.1	38.8%	35.7	50.4%	38.5%
RHODE ISLAND	5.4%	25.4	32.6%	37.0	56.9%	44.9%
SOUTH CAROLINA	10.3%	27.3	48.3%	35.0	53.4%	40.0%
SOUTH DAKOTA	2.6%	30.4	66.0%	42.5	66.2%	52.7%
TENNESSEE	10.1%	29.3	52.8%	36.4	53.1%	42.4%
TEXAS	6.7%	31.6	61.4%	39.2	59.2%	42.2%
UTAH	8.7%	26.1	34.9%	38.9	60.2%	47.1%
VERMONT	25.2%	25.4	35.0%	32.7	43.8%	34.5%
VIRGINIA	5.6%	28.9	47.7%	37.6	54.5%	40.7%
WASHINGTON	9.5%	26.6	39.5%	35.3	50.5%	41.0%
WEST VIRGINIA	8.6%	28.3	46.0%	40.2	65.0%	32.8%
WISCONSIN	6.1%	26.4	36.3%	39.6	58.3%	46.5%
WYOMING	8.6%	29.6	45.2%	43.0	67.1%	36.2%

Source: First Focus analysis of public use microdata from the 2006 American Community Survey.