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The recent passage of H.R. 1 by the U.S. Congress poses an immediate threat to children and low-income families. Analysts estimate that proposed reductions, totaling approximately $1 trillion, to Medicaid, the Children's Health Insurance Program (CHIP), and the Affordable Care Act could result in more than one-in-five children losing access to coverage through these programs. Additionally, the bill includes a $200 billion reduction in funding for the Supplemental Nutrition Assistance Program (SNAP), which currently supports the nutritional needs of approximately 14 million children.

The changes to the Child Tax Credit continue to leave behind the children and families who need support the most. This is not an accidental flaw in the credit's design – it's an intentional policy choice to provide a modest expansion of the credit to wealthier households but continue providing little or no credit to the lowest-income children. New restrictions would block 2.6 million previously eligible children from receiving it at all. In all, this leaves behind over 20 million of the nation's lowest-income children The legislation also includes provisions for an unlimited education voucher program, which will divert resources away from public schools and impact the overall quality of public education. Similarly, the reconciliation bill creates challenges for the early childhood education workplace.

Below, our analysis outlines the changes in the reconciliation legislation, including implications for child health, nutrition, child care, environment, tax policy, and children globally.

Child Health

Medicaid/CHIP Cuts - Overall		
Overview	**Impact on children**	**Date Effective and Cost**
H.R. 1 cuts roughly $1 trillion from Medicaid and the Children's Health Insurance Program (CHIP) over the next 10 years, **the largest funding cuts to these programs in their history**.	37 million children rely on Medicaid and CHIP for their health insurance. Cuts of this magnitude jeopardize their access to quality, affordable health care coverage.	Various effective dates; See below for details regarding specific cuts.

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FIRST FOCUS ON CHILDREN

Retroactive Coverage

Overview	Impact on children	Date Effective and Cost
Currently, eligible individuals can have their medical expenses from up to three months before their application date paid by Medicaid, as long as they met the program's requirements during that time. H.R. 1 reduces this coverage to 60 days for most enrollees, including children and pregnant women. H.R. 1 reduces this coverage to 30 days for Medicaid expansion adults.	This impacts babies in the NICU, children hospitalized due to traumatic injuries, and children with complex medical conditions. It shifts the burden onto families, requiring them to navigate administrative processes and manage substantial medical expenses during a period when their attention should be directed toward their child's care and well-being.	Effective January 1, 2027

Provider Taxes

Overview	Impact on children	Date Effective and Cost
H.R. 1 freezes provider taxes at current levels by disallowing increases in any new provider taxes or increases on current tax amounts. H.R. 1 also phases down the "safe harbor" percentage threshold (except for nursing homes and intermediary facilities), for Medicaid expansion states, from 6% to 3.5% over several federal fiscal years (FFY). The threshold for non-expansion states remains at 6%. This safe harbor allows state provider taxes to be considered in compliance with federal hold harmless requirements so long as the tax rate is below that threshold.	States use provider taxes to help fund their Medicaid programs and support health care providers, especially those that serve children including pediatricians, children's hospitals, and rural hospitals. H.R. 1 restrictions will force states to reduce support for pediatric health care providers and **even cut eligibility and benefits**.	Restrictions on new taxes effective upon enactment of H.R. 1 - July 4, 2025 *** "Safe Harbor" Phase Down: October 1, 2027 (FFY '28) - 5.5% October 1, 2028 (FFY '29) - 5% October 1, 2029 (FFY '30) - 4.5% October 1, 2030 (FFY '31) - 4% October 1, 2031 (FFY '32) - 3.5% (applies to all subsequent FFYs).

State Directed Payments

Overview	Impact on children	Date Effective and Cost
H.R. 1 restricts state directed payment (SDP) arrangements to 110% of Medicare for non-expansion states and 100% of Medicare for expansion states. Previous SDP arrangements are grandfathered in but will be phased down 10% annually, starting in 2028, until they reach the respective threshold for expansion versus non-expansion states above.	These payment arrangements are used by states to help support pediatric providers, including children's hospitals. **SDPs account for 39% of children's hospitals' Medicaid funding and 15% of their overall operating resources**. As with provider taxes, these restrictions on SDPs will force states to reduce support for pediatric health care providers, putting kids' access to care at risk.	Effective upon enactment of H.R. 1 - July 4, 2025 Phase down of grandfathered SDP arrangements begins January 1, 2028.

Medicaid/CHIP Immigrant Eligibility

Overview	Impact on children	Date Effective and Cost
Medicaid/CHIP is already restricted to certain immigration statuses. H.R. 1 further restricts immigrant eligibility to only 1): Lawful Permanent Residents (LPRs; "Green Card Holders"); 2) Cuban and Haitian entrants; and 3) Compact of Free Association (COFA) migrants.	**States still retain the option to provide coverage to lawfully residing immigrant children and pregnant women.** However, the new eligibility restrictions will impact refugees, asylees, and survivors of domestic violence and trafficking.	Effective October 1, 2026

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RECONCILIATION SIDE-BY-SIDE

Work Reporting Requirements

Overview	Impact on children	Date Effective and Cost
H.R. 1 imposes work reporting requirements for Medicaid expansion adults, age 19-64. While the law provides an exemption for parents of children under the age of 13, past state-level experiments with work requirements have shown that **the administrative burdens of navigating the reporting process leads to massive coverage loss**.	When parents/caretakers have coverage, kids are more likely to have coverage and access routine health care. The increased administrative burden on families will **jeopardize parent/caretaker coverage and threaten household financial security for children**. As we saw from the Medicaid unwinding, kids' coverage will likely get caught up in the red tape, leading to coverage losses for them as well.	Effective October 1, 2026

Marketplace Coverage

Overview	Impact on children	Date Effective and Cost
H.R. 1 includes various revisions to Marketplace policies, including special enrollment periods, income verification, and other items. These changes include: Pre-enrollment Verifications - Requires Marketplaces to pre-verify eligibility for Advanced Premium Tax Credits (APTCs) and Cost Sharing Reductions (CSRs) using documents actively submitted by applicants. This eliminates the current policy that allows individuals to be auto-renewed in the same or similar plan if they take no action during Open Enrollment. Prohibition on individuals who enroll under an income-based Special Enrollment Period (SEP) receiving APTCs Prohibition on APTC and CSR eligibility for adults, including parents and caretakers, who are not enrolled in Medicaid due to failure to meet work reporting requirements.	More than 2 million children are currently enrolled in Marketplace plans. The changes made by H.R. 1 will increase costs for Marketplace enrollees or make it harder to stay covered, which will lead to more uninsured individuals, including children. These impacts will be further exacerbated if Congress fails to take action on the enhanced APTC levels that were enacted under the American Rescue Plan Act and helped to significantly increase Marketplace coverage affordability.	Prohibition on individuals who enroll under an income-based Special Enrollment Period (SEP) receiving APTCs - January 1, 2026 Prohibition on APTC/CSR eligibility for individuals who do not meet Medicaid work requirements - January 1, 2026 Pre-enrollment verifications - January 1, 2028

Immigrant Marketplace Advanced Premium Tax Credit Eligibility

Overview	Impact on children	Date Effective and Cost
H.R. 1 restricts immigrant eligibility for Advanced Premium Tax Credits (APTCs) to only 1): Lawful Permanent Residents (LPRs; "Green Card Holders"); 2) Cuban and Haitian entrants; and 3) Compact of Free Association (COFA) migrants	Certain immigrant children who otherwise are not eligible for Medicaid or CHIP but who, under current law, are eligible for Marketplace coverage would no longer be eligible for APTCs, which help reduce monthly premium costs and make coverage more affordable.	Effective January 1, 2027

Rural Health Transformation Program

Overview	Impact on children	Date Effective and Cost
H.R. 1 appropriates $50 billion to the Centers for Medicare & Medicaid Services (CMS) for a Rural Health Transformation Program. The funds are awarded to states to be used to support rural health providers. To receive funds, states are required to submit and receive approval for a detailed rural health transformation plan.	This fund will provide some support to rural hospitals but will not offset the $1 trillion in cuts to Medicaid and CHIP, which will significantly impact rural hospitals. The magnitude of H.R, 1 cuts will likely lead rural hospitals to reduce service delivery and, in some cases, to shut down completely. These impacts to rural hospitals will reduce access to care for children living in rural areas.	The CMS Administrator must approve funding awards by December 31, 2025. Funds will be allocated to states FY '26-'30.

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FIRST FOCUS ON CHILDREN

Nutrition

Spending cuts to SNAP		
Overview	**Impact on children**	**Date Effective and Cost**
The bill cuts SNAP by roughly **$186 billion over 10 years**, the largest cut to SNAP in history.	Cuts would impact all 40 million people who rely on SNAP, including 14 million children – making it more difficult for their families to afford regular, nutritious meals, which has negative effects in **nearly every facet of life** for parents and kids.	Cuts to the program over the next 10 years.

SNAP work reporting requirements		
Overview	**Impact on children**	**Date Effective and Cost**
The bill eliminates previous exemptions from work requirements, and adds burdensome new requirements that put millions of families who rely on SNAP at risk of losing it. One exemption eliminated is for young adults aged 18-24 aging out of the foster care system.	The bill removes the exemption for caregivers of children aged 14-17. There are 800,000 such children whose households currently receive SNAP and are now at risk of losing it. Former foster youth will now have to comply with work requirements immediately upon turning 18 in order to continue qualifying for SNAP.	New work requirements are effective immediately.

State cost sharing

Overview	Impact on children	Date Effective and Cost
States would be forced to fund 5-15% of SNAP costs, depending on their administrative error rate.	States will struggle to cover this new cost, forcing them to choose between restricting eligibility, making benefits even less supportive, or opting out of the program entirely. All of these options will leave more kids hungry.	This cost sharing regime goes into effect in 2027.

Tax Policy

Child Tax Credit		
Overview The 2017 CTC provisions were set to expire after December 31, 2025—the credit amount would drop from $2,000 to $1,000, and fewer American families would qualify for the credit as the income phase-out levels would return to much lower thresholds. The bill makes permanent changes to both the nonrefundable and the refundable portion of the credit. The bill makes permanent the doubled child tax credit of $2,000 per child, and the law permanently increases the nonrefundable child tax credit to $2,200 per child beginning in tax year 2025. In addition, the law permanently indexes the nonrefundable credit amount for inflation beginning in 2026 (rounded down to the nearest $100). It also makes permanent the increased income phase-out threshold amounts of $200,000 for single tax filers and $400,000 in the case of a joint return. The law also makes permanent the refundable child tax credit of $1,400, and adjusts it for inflation starting from 2017 (credit is $1,700 in 2025). Adds a permanent requirement for a Social Security number for one claimant parent and each qualifying child. Under the 2017 tax law, a SSN was required only for children.	**Impact on children** **Prevents more than 19 million children from receiving the full credit** and **blocks 2.6 million U.S. citizen kids from receiving any credit at all.** Disproportionately, the children left out of the full tax credit include 60% with a female single parent, 48% of American Indian or Alaska Native children; 45% of Black children; 39% of Latino children; 30% of children under age six; 36% of children in large families; and 35%of children in rural areas. Also left behind are families with newborns, child and family victims of natural disasters, children who have lost a parent, children whose parent lost a job, and children with a parent serving as a caregiver because household income decreases.	**Date Effective and Cost** Costs $817 billion from FY2025-FY2034. Date effective for individual programs in first column.

Child and Dependent Care Tax Credit		
Overview	**Impact on children**	**Date Effective and Cost**
Increases the maximum credit rate to 50% from 35%. The rate is reduced by one percentage point, (not below 35%) for each $2,000 or fraction by which the taxpayer's adjusted gross income exceeds $15,000. The credit rate is further reduced (but not below 20%) by 1 percentage point for each $2,000 ($4,000 in the case of a joint return) by which the household's adjusted gross income for the taxable year exceeds $75,000 ($150,000 for married couples filing jointly). The maximum expenses eligible for the credit remain $3,000 for one child and $6,000 for two or more children.	Provides moderate-income parents who have a tax liability claim with a slightly larger credit. No structural changes were provided to make the credit fully refundable so it would reach those most in need and those without a tax liability. **In 2022, families earning less than $30,000 received no credit** and among the families with children who benefitted, the average credit was $625.	Costs $9.3 billion from FY2025-FY2034. Goes into effect January 1st, 2026.

Trump Baby Savings Accounts

Overview	Impact on children	Date Effective and Cost
The bill establishes Trump accounts to provide a savings vehicle for children. Parents have the opportunity to open a Trump account created or organized by the Treasury Secretary for any child under age 18 who is a U.S. citizen with a Social Security number. There is a pilot program for Trump accounts that offer a one-time federal contribution of $1,000 as seed money for every child born between January 1, 2025 and December 31, 2029 who is a U.S. citizen and has a Social Security number.The law designates eligible investments and authorizes the Treasury Secretary to determine other appropriate criteria. It allows annual, after tax contributions up to $5,000 from parents and others (no tax credit for such contributions) and allows an employer's matching contribution up to $2500/year that isn't counted as taxable income for the parent or child. The contributions are adjusted for cost-of-living. Money grows tax-free until withdrawn. The distributions for "qualified purposes" – college tuition, starting a business, or purchasing a first home – are taxed at capital gains rates. Non-qualifying purposes of the distributions are treated as ordinary income and are subject to the individual's regular income tax rate.	The Trump savings account for children is **regressive by design primarily benefiting more affluent families** rather than supporting millions of children lacking basic economic security.	Costs $15.2 billion from FY2025-FY2034. Goes into effect January 1st, 2026.

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Enhancement of Adoption Tax Credit

Overview	Impact on children	Date Effective and Cost
The Adoption Tax Credit is a nonrefundable tax credit that can help families offset the costs of the adoption process. **For the 2024 tax year, the credit is capped at $16,810** for qualified adoption expenses for eligible children. If families don't use the full credit it can be carried forward for five years. The law makes up to $5,000 of the adoption credit **refundable** in 2025 and adjusts that refundable amount for inflation starting from 2026. The refundable portion of the credit cannot be carried forward.	A refundable tax credit of $5,000 would help offset adoption costs for lower-income families whose tax liability is less than $5,000 or have no tax liability.	Costs $2.3 billion from FY2025-FY2034. Goes into effect January 1st, 2025.

Eliminated or restricted tax credits supporting transition to clean energy

Overview	Impact on children	Date Effective and Cost
The bill phases out or restricts tax credits intended to support solar, wind, and other clean energy sectors. It also repeals the tax credit for electric vehicles.	Children are already experiencing adverse environmental health effects and natural disasters from climate change – and will be left to deal with greater effects of climate change in the future without significant investments in clean energy.	These credits will be fully phased out over the next few years.

Education

School Voucher Program		
Overview The reconciliation bill included a new, unlimited federal program that will allow public funds to go to private schools. Taxpayers will be able to donate up to $1700 to scholarship granting organizations that award private school vouchers (and certain public school expenses) to students whose families make up to 300% of the area's median gross income.	**Impact on children** School vouchers harm public schools, allow schools to discriminate against students for reasons including religion, sexual orientation, and family income, and do not improve academic outcomes. These programs disproportionately serve wealthy families who already attend private schools.	**Date Effective and Cost** This goes into effect after December 31st, 2026.

Impact of Medicaid and SNAP Cuts on Students and Schools		
Overview The Medicaid and SNAP cuts (see above) will have an impact on public schools and student benefits and services.	**Impact on children** Medicaid is the fourth-largest source of funding for the public school system, and cuts are likely to cause reductions of school health staff, services, and resources. Additionally, cuts to programs like Medicaid and SNAP will make it more difficult for students to receive free lunch through the Community Eligibility Provision.	**Date Effective and Cost** Various effective dates – see Medicaid and SNAP section.

Child Care

Higher Education for the Early Learning Workforce		
Overview	**Impact on children**	**Date Effective and Cost**
H.R. 1 will prohibit federal student loans for students to use on programs whose graduates earn less on average than the median high school graduate in their state.	There is already a child care crisis across our country. We must further invest in the early learning profession and work to increase compensation for providers, not create additional barriers to building a strong child care workforce. This provision will eliminate opportunities for professional development and for increasing the quality of care provided, and will eventually lead to fewer child care options for families as fewer people enter the profession.	This provision will go into effect in July 2026.

Impact of Medicaid and SNAP Cuts on Early Learning

Overview	Impact on children	Date Effective and Cost
H.R. 1 cuts roughly $1 trillion from Medicaid and the Children's Health Insurance Program (CHIP) over the next 10 years, the largest funding cuts to these programs in their history, and SNAP will be cut by $186 billion over ten years. (See Medicaid and SNAP sections above)	Nearly one-third of child care professionals are insured by Medicaid, and 43% of early educator families use one or more public safety programs like Medicaid and SNAP to help with their health, nutrition, and other needs. Medicaid and SNAP cuts will directly harm our early learning system by cutting health care and access to food for the professionals and their families the system relies on.	Various effective dates – see Medicaid and SNAP sections.

Impact on Children Globally

Excise Tax on Remittance Transfers

Overview	Impact on children	Date Effective and Cost
H.R. 1 imposes a new 1% tax on cash-based remittance transfers from the U.S. to other countries. Remittances, totalling roughly **$685 billion** in 2024, are a critical source of household income in many poor and middle-income countries, far greater than Overseas Development Assistance. Research shows that for every 1% increase in remittance tax, there is a corresponding 1.6% drop in remittances. Mexico alone stands to lose **$1.5 billion a year** in remittances due to this 1% increase, **30 times** more than what it will lose from the closure of USAID. This tax harms the poorest children in the world just as they need the help of remittances the most.	Remittances play a crucial role in improving the lives of children in poor countries by paying for their food, medicine and school fees. Remittances have been shown to improve children's health, nutrition and school attendance rates while reducing rates of child labor and early marriage.	Effective January 1, 2026. Estimates project the new tax will collect $10 billion over the next decade. The Administration plans to use this revenue for immigration enforcement.

Debt

National Debt		
Overview	**Impact on children**	**Date Effective and Cost**
Increases the debt limit by $5 trillion. Estimated to increase the debt by $3.3 trillion from FY2025-FY2034"	The bill adds trillions to the national debt placing an unfair burden on our children and grandchildren who will shoulder the responsibility of paying it down. **The ballooning debt could stifle economic growth**, reduce economic opportunities, lead to more harmful cuts to our social safety net, and even limit our government's flexibility to respond to future crises. We all want a prosperous nation in the years ahead, **but instead this bill predicts greater economic hardship for families with kids and other vulnerable populations**, increased income inequality and escalating deficit spending.	Effective immediately.

Environment

Rescinding environmental and climate justice block grants, rescinding "Climate Change Action Plans" for state, local and tribal governments, rescinding indoor air quality research and improvement funds for schools		
Overview	**Impact on children**	**Date effective and cost**
Rescinding Inflation Reduction Act funds intended to fund projects in disadvantaged communities, plans to keep communities safe, and specific funds to monitor and improve indoor air quality in schools.	The block grants were designed to empower disadvantaged communities to determine and design their own visions of pollution reduction and clean energy investment. The projects included improving indoor air quality in schools and community spaces as well as generally making disadvantaged communities safer and more resilient to climate change. By rescinding this funding, communities across the country become more vulnerable to the effects of climate change, which disproportionately impacts children.	Effective immediately. Block grants: $2.8 billion Action plans: $0.1 billion Indoor Air Quality in Schools: $0.1 billion