

# Children Left Behind by the Child Tax Credit in 2022

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In 2021, the child poverty rate fell to a historic low of 5.2%, [largely due](#) to the American Rescue Plan's (ARP) expansion of the federal Child Tax Credit (CTC). [Key to this historic reduction](#) in child poverty was the ARP's extension of full Child Tax Credit eligibility to low and moderate income families formerly left behind.<sup>1</sup> We previously [documented](#) that prior to the 2021 Child Tax Credit expansion, approximately one in three children nationwide were left out of the full Child Tax Credit because their family incomes were too low to qualify.<sup>2</sup> Those left behind were disproportionately children of color, young children, and children in single parent families, larger families, rural areas, and more. Because the 2021 Child Tax Credit expansion was temporary, children historically excluded from the full Child Tax Credit are now left behind once again.<sup>1</sup>

This analysis provides updated estimates of the share of children ineligible for the full Child Tax Credit in 2022,<sup>2</sup> overall and by income, race/ethnicity, and family type. We find that the full Child Tax Credit left behind 18 million children in the United States in 2022, representing more than one in four children, and including more than 90% of children in poverty.

## Key Findings

- In 2022, 18 million children under age 17 (or 26% of all children) were ineligible for the full Child Tax Credit because their family's income was not high enough to qualify.
- There was also substantial inequity in access to the full Child Tax Credit across population subgroups. 38% of Black children, 40% of Latino children, 59% of children living with a female single parent, and 35% of rural children were ineligible for the full Child Tax Credit.
- 91% of children living below the poverty line and 36% of those living between 100% and 200% of the poverty line were ineligible for the full Child Tax Credit, versus 5% of children living above 200% of the poverty line.

<sup>1</sup> See Appendix A for details on the structural components of the CTC that leave so many children ineligible for the full credit, including the minimum earnings required to access the full credit by number of children in the family.

<sup>2</sup> The results we present are specific to children under age 17 who are tax dependents.

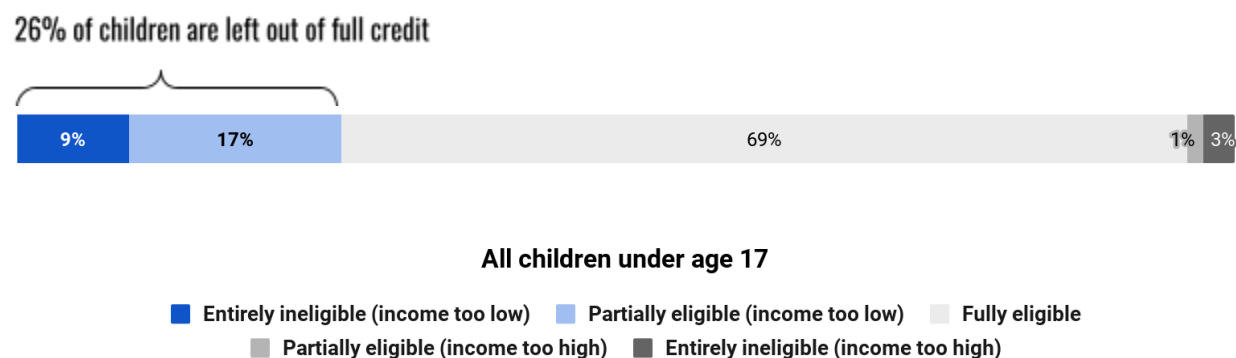
## Results

Our analysis uses 2022 data to identify the share of children who were:

1. **Entirely ineligible (income too low)** for the Child Tax Credit due to the credit's earnings requirement
2. **Partially eligible (income too low)** for the Child Tax Credit due to the credit's partial refundability structure
3. **Fully eligible** for the maximum Child Tax Credit
4. **Partially eligible (income too high)** for the Child Tax Credit due to their families' Adjusted Gross Incomes being in the credit phase-out region
5. **Entirely ineligible (income too high)** for the Child Tax Credit due to the credit's income limit

Figure 1 shows the share of children under age 17 falling into these groups. **26%** of children (**18** million) were ineligible for the full Child Tax Credit in 2022 because their families had low or moderate income (Figure 1) – including **17%** eligible for only a partial credit and **9%** eligible for no credit at all.

Figure 1. Share of children under 17 left behind by the 2022 Child Tax Credit



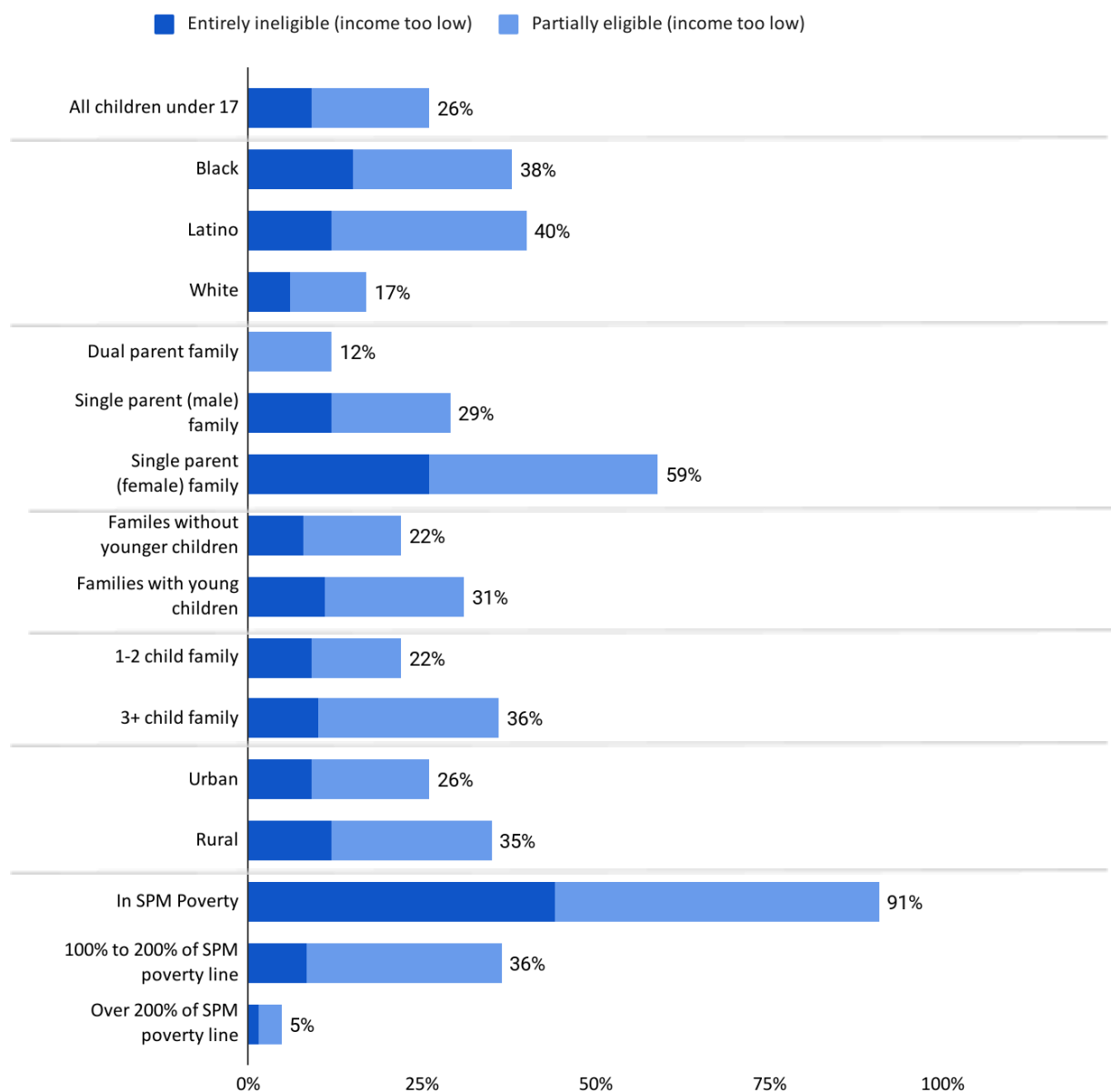
**Source:** Center on Poverty and Social Policy at Columbia University, 2023. Calculated using the 2023 Current Population Survey (CPS), Annual Social and Economic Supplement (ASEC), retrieved from U.S. Census Bureau.

**Note:** Results limited to children under age 17 identified as dependents in the 2023 CPS-ASEC.

In Figure 2, we show the share of children left behind across different population subgroups. Similar to before the 2021 expansion, Black and Latino children were disproportionately ineligible for the full Child Tax Credit in 2022, after the 2021 expansion expired.<sup>3</sup>

<sup>3</sup> In prior work, we found that close to half of Black and Latino children were ineligible for the full Child Tax Credit. This has declined relative to earlier years due to increases in Adjusted Gross Income, as the relative increases in AGI varied across racial and ethnic groups.

**Figure 2. Share of children left behind by the Child Tax Credit in 2022, by population subgroups**



**Source:** Center on Poverty and Social Policy at Columbia University, 2023. Calculated using the 2023 Current Population Survey (CPS), Annual Social and Economic Supplement (ASEC), retrieved from U.S. Census Bureau.

**Note:** Results limited to children under age 17 identified as dependents in the 2023 CPS-ASEC. Poverty defined according to the SPM poverty threshold, after accounting for income from the Child Tax Credit. In 2022, the average SPM poverty threshold among children claimed as dependents was \$36,775 and the average 200% SPM threshold among children claimed as dependents was \$73,550. See “definition of terms” at the end of this brief for group definitions. Credit receipt and level estimated by the Census Tax Calculator.<sup>3</sup>

Also left behind at disproportionately high rates were children with single female parents (59% left behind), those in families with younger children (31% left behind) and in larger families (36% left behind), and children in rural areas (35% left behind). 91% of children below the poverty line were ineligible for the full Child Tax Credit in 2022. Children in families with moderate incomes between 100% and 200% of the poverty threshold (or \$37,000 and \$74,000, on average) were also left out of the full credit at a significant rate, with more than one in three (36%) children in this income range ineligible.<sup>4</sup> Conversely, only (5%) of children above 200% of the poverty threshold were ineligible for the full credit because family earnings were too low.

## Conclusion

Due to a complex eligibility criteria and benefit structure tied to family income (detailed in Appendix A), the current law Child Tax Credit leaves out a substantial portion of the child population nationwide. The majority of children in families with low and moderate incomes are ineligible for the full credit – with more than 90% of children in families below the SPM poverty line left out and children in families with earnings up to \$74,000 also left out at high rates – while only 4% of children are left out because families incomes are too high. Those disproportionately excluded also include Black and Latino children, young children, children in single parent families, children in larger families, and children in rural areas. The 2021 American Rescue Plan expanded full access to the Child Tax Credit to those previously left behind, while also increasing benefit levels and delivering the credit in monthly installments. As a result, child poverty fell to a historic low.<sup>4</sup> Families used the credit to buy food, pay bills, and invest in child-related items and services, including education and child care; food insufficiency rates and financial hardship fell; and parental employment remained steady.<sup>5</sup> However, the 2021 expansion was temporary. In 2022, families saw much of these gains reversed as the credit reverted to a structure where those families who might benefit from it the most did not have access to the full credit, and that 18 million children were left behind by the Child Tax Credit once again.

## Definition of terms

- 'Child' represents a tax dependent under the age of 17.
- 'Family' refers to a tax unit.
- Latino represents anyone who is of Hispanic, Latino, or Spanish origin.
- Urban areas represent metropolitan areas and rural areas represent non-metropolitan areas, as defined by the U.S. Census Bureau in the Current Population Survey.
- Poverty defined according to the SPM poverty threshold.

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<sup>4</sup> In 2022, this approximate 100% to 200% SPM threshold range would be between \$36,775 and \$73,550, based on the average SPM poverty thresholds among children claimed as dependents. SPM thresholds vary by family size and geography, among other items.

## Data and Methods

This report uses data from the 2023 U.S. Census Bureau's Annual Social and Economic Supplement to the Current Population Survey, or CPS-ASEC, reflective of 2022. Details on our methodology are presented in Appendix B.

### \*Update

On January 23, 2024, this brief was updated so that results in Figure 2 disaggregated by dual and single parent families included all children who could be claimed as dependents and were under age 17. In the previous version of this figure, results disaggregated by dual- and single-parent families were limited to children in families where their parent was a likely tax filer. When specifically looking at children in families where their parent was a likely tax filer, the share of children left behind in dual-parent families was still 12%, but it was 22% for children with a single male parent and 48% for children with a single female parent, as reported in the previous version of Figure 2.

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## Appendix A. How does the CTC's structure leave families behind?

The Child Tax Credit is a partially refundable tax credit that families can receive upon filing a federal tax return. To be eligible for the credit at all, families must have earned income above \$2,500 in the tax year. This is the credit's '**earnings requirement**'. Above this amount, families can receive a **partially refundable** credit of up to \$2,000 per child under age 17. Refundability applies to the credit value that exceeds a filers' tax liability. When a credit is **fully refundable**, if the value of the credit is greater than a filers' tax bill, the credit will reduce the filer's tax liability to \$0 and they can receive the remainder of the credit as a cash refund. This is not the case with the Child Tax Credit. Instead, in cases where the maximum value of the Child Tax Credit exceeds a families' tax liability, they can receive a refundable credit set at 15% of their earnings over \$2,500 or \$1,500 per child - whichever is less.<sup>6</sup>

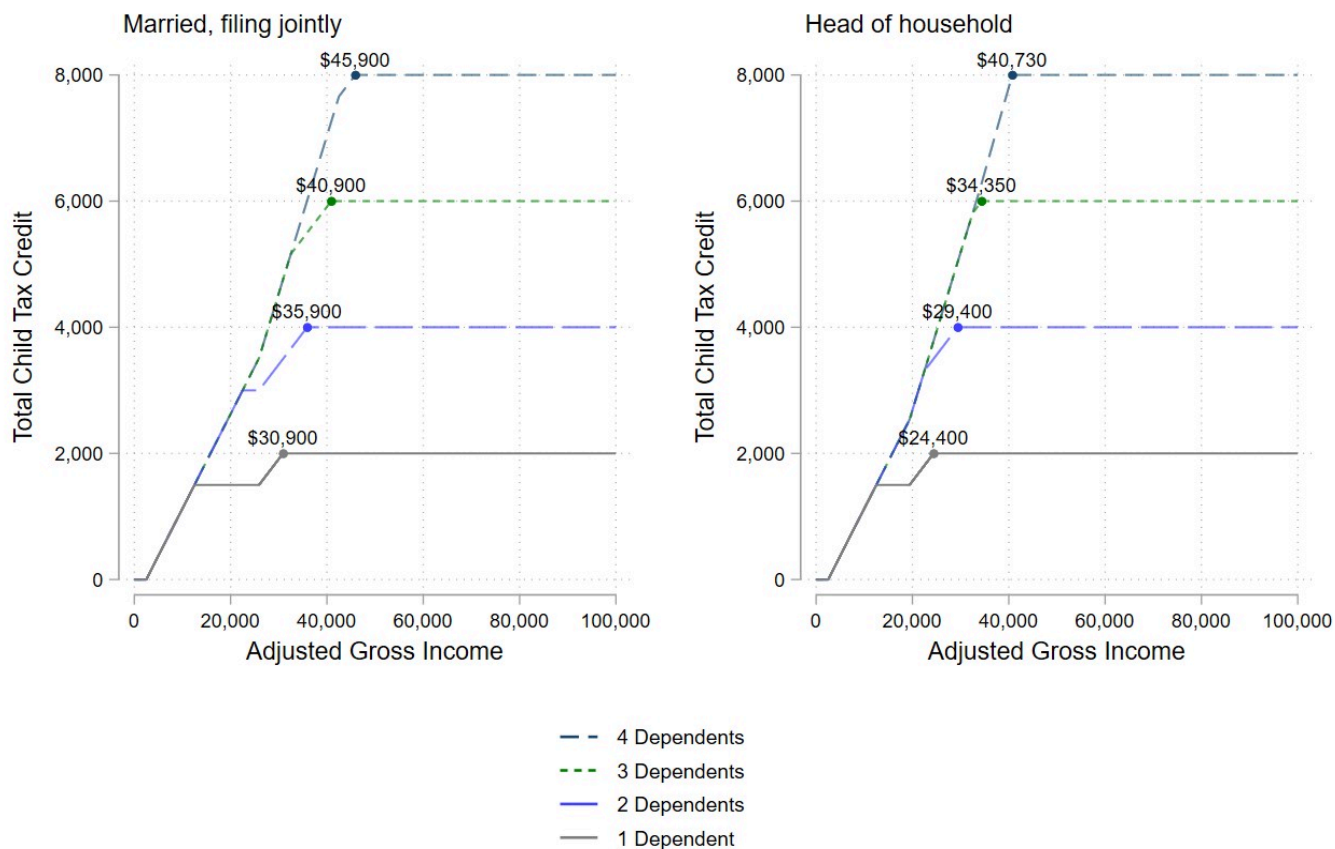
This partial refundability structure underlies the Child Tax Credit's phase-in which is documented in Figure A1. Families need to earn a certain amount in order to qualify for the full Child Tax Credit, and the minimum amount of income required to access the full Child Tax Credit increases with the number of children in the family. For example, a two-parent family (filing jointly) with two children needed at least \$35,900 in 2022 to access the full Child Tax Credit for their children. But the same two-parent family, if they welcomed a third child, would have needed at least \$40,900 in order to maintain access to the full credit for all of their children.<sup>5</sup>

Overall, the Child Tax Credit's earnings requirement and partial refundability structure leave the full credit out of reach for families with low and moderate incomes. The credit phases out for higher income families when their Adjusted Gross Incomes are over \$200,000 in the case of heads of household and \$400,000 in the case of joint filers, though the phaseouts are not depicted below.

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<sup>5</sup> AGIs at which families received full CTC rounded to the nearest hundred.

Figure A1. Minimum income needed to qualify for the full 2022 Child Tax Credit, by family size



**Source:** Center on Poverty and Social Policy at Columbia University, 2023. Calculated NBER's Taxsim35 calculator.<sup>6</sup>

**Note:** Results assume Adjusted Gross Incomes (AGI) and earnings are equal. AGIs at which families received full CTC rounded to the nearest hundred.

<sup>6</sup> For more information about Taxsim35, see: <https://taxsim.nber.org/>.

## Appendix B. Methodology

### Data and Approach

We retrieved the person-level and household-level 2023 CPS-ASEC files from the Census website and combined them for this study. Below, we describe the steps we took to estimate the share of children ineligible for the full Child Tax Credit (CTC) in 2022.

#### **1) Identifying tax units with dependents under age 17**

The 2023 CPS-ASEC includes a variable identifying the tax unit that each person in the data belongs to. This tax unit includes tax filers as well as any of their dependents. Dependents are also identifiable as there is a flag for them included in the data. We begin by identifying all tax units in the data with a dependent under age 17 and also determine the number of dependents under 17 associated with each tax unit.

#### **2) Calculating the per-child Child Tax Credit received by families for their children under age 17**

The 2023 CPS-ASEC includes an estimate of the Child Tax Credit and Additional Child Tax Credit received by each tax unit. We combine these values to determine the total CTC that each tax unit in the data was estimated to receive. This total CTC included the value of the CTC for children under age 17 and those ages 17 and older who could have received a credit as part of the credit for older dependents (ODC). To determine the per-child Child Tax Credit received by families for their children under age 17, we first needed to estimate the credit received for older dependents (ODC) and remove this from the total CTC.

The ODC is a nonrefundable maximum annual credit of \$500 for dependents ages 17 and older. To estimate the ODC, we first determined the maximum ODC a tax unit could receive based on the count of dependents ages 17 and older in the unit. We then calculated the pre-credit tax liability for all tax units in the data using their marginal tax rates and taxable income values (both also available in the data). If the unit's maximum ODC was greater than their pre-credit federal tax liability, then we reduce the ODC to be equivalent to the unit's pre-credit tax liability.<sup>7</sup>

To determine the per-child Child Tax Credit received by families for their children under age 17, we removed the ODC from their total Child Tax Credit and then divided the Child Tax Credit absent the ODC by the number of dependents under age 17 in the tax unit.

#### **3) Identifying if families received a partial Child Tax Credit or no Child Tax Credit, and if they were high or low income**

In our final step, we determine if children were eligible for a full (\$2,000), partial (under \$2,000), or no CTC, and if they received a partial or no credit because they were low income or high income. We use the tax unit's Adjusted Gross Income and the CTC phaseout thresholds of \$200,000 and \$400,000 (for heads of households and joint filers, respectively) to make this determination.

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<sup>7</sup> When comparing Child Tax Credit amounts for tax units with older dependents exclusively, our estimates have a 0.99 correlation with the Child Tax Credit amount included in the CPS-ASEC data.



## Endnotes

1. Wimer, C. et al. 2022. [The 2021 Child Tax Credit Expansion: Child Poverty Reduction and the Children Formerly Left Behind](#). Center on Poverty and Social Policy at Columbia University.
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