Assessing the Potential Impacts of Refundable State Child Tax Credit Designs on Child Poverty

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Before the pandemic, few states had Child Tax Credits, but this has evolved rapidly in recent years. As of early 2025, 12 states and the District of Columbia (D.C.) have refundable Child Tax Credits (CTCs), which can provide an additional boost to family incomes after reducing tax liability.[1] The proliferation of state-level CTCs after the pandemic has been influenced, at least in part, by the positive but temporary effects of the 2021 federal CTC expansion. However, current state policies vary widely in design. This variation reflects differences in policy priorities and resources, both of which may change over time.

The findings in this report offer guidance for policymakers interested in implementing or expanding state credits. We specifically review how various design choices underpinning existing refundable state CTCs shape their potential impacts on child poverty, including their ability to reach children in poverty and deep poverty, increase family incomes, and reduce the share of children living below the poverty line. To provide a consistent baseline for evaluating policy design, this report uses the population of children in the 38 states without a refundable CTC and simulates each of the existing 13 refundable CTC policy designs across this fixed population.

KEY FINDINGS

- If enacted across states that currently do not have refundable state Child Tax Credits (CTCs), the existing state credit designs that would be most able to **reach children** in poverty and deep poverty are: (a) available to both younger and older children, (b) include families with the lowest incomes, and (c) do not phase out completely until family incomes reach at least $50,000.
- State CTC designs are most able to produce greater **family income gains** among children in poverty and deep poverty when they have higher per-child maximum credit amounts that reach a large share of children in poverty.
- State CTC designs have greater **anti-poverty potential** when they deliver the most substantial gains in family incomes for children below the poverty line.
- With some notable exceptions, the majority of existing refundable state CTCs designs currently produce modest reductions in child poverty. Adjusting credit designs in ways that can increase their reach and result in greater family income gains can yield substantial anti-poverty effects and offer a **roadmap to states** considering expansions to current credits or enactment of a refundable state CTC for the first time.

[1] Another three states (Idaho, Oklahoma, Utah) have non-refundable CTCs, which we do not include in this report.

INTRODUCTION

Since the expiration of the 2021 American Rescue Plan Act's (ARPA) temporary expansion of the federal Child Tax Credit (CTC), there has been a rapid growth in states introducing or expanding state-level CTCs. As of this writing, 15 states and the District of Columbia have state CTCs in place. Thirteen of these 16 state CTCs currently in place are refundable, which makes at least part of the credit available to families with low tax liabilities. Unlike non-refundable credits, refundable credits may provide eligible families with money back rather than simply reducing their tax liability, ensuring greater support for low-income households. The credits in 11 of these 13 states are also 'fully refundable'. While there is no consistent or official definition of 'fully refundable', we classify Child Tax Credits as 'fully refundable' if children in the lowest-income families – even those with no earnings – qualify for the full credit. However, each credit design differs in key elements that affect the credits' ultimate reach and impact. Some states may have designed their credits to fill gaps in coverage by the federal CTC, post-2021.[2,3] Some may specifically target certain age and income groups, while others offer more universal coverage. Credit amounts also differ widely. All of these credit design decisions are also shaped by the budget resources available in states at the time of passage.

This report looks specifically at the thirteen state credit designs that are refundable as of early 2025. We assess the ways in which different policy designs have the potential to reach children in poverty, increase family incomes, and reduce poverty and deep poverty among children. Understanding how design choices affect child poverty can be instructive for states seeking to implement or expand state CTCs in the future.

When looking across different state-level policies and how their designs might affect child poverty, the first question is: what is the best way to compare them? For example, should we compare the effects that the CTC in Colorado has on children in Colorado to the effects of the Maryland CTC on children in Maryland? A central challenge when comparing state policies are the contextual differences that complicate such comparisons. Differences in state policies, local economies, and costs of living create different baseline poverty rates. And economic and demographic factors, such as average family income or average family size, may differ significantly between states, creating unique scenarios that make it difficult to isolate and evaluate the impact of policy design choices, in and of themselves.

[2] Collyer, Curran, and Harris, 2024, Children left behind by the Child Tax Credit in 2023.

[3] Unlike many state-level EITCs, however, state-level CTCs are thus far infrequently tied to the federal credit and tend to operate as standalone policies.

We cannot determine the potential effects of different Child Tax Credit designs without a clear and consistent baseline. We use a thought experiment to systematically frame, simulate, and compare existing CTC policies. In this thought experiment, we ask: ***What would be the effect of implementing each existing refundable state CTC design in the 38 states without one?***

To answer this question, we model each existing state credit design in the population of states without refundable CTCs to avoid confounding estimated effects with pre-existing policies.[4] This approach enables a more direct comparison of credit designs and provides a clearer understanding of their potential impacts.

We specifically assess the effectiveness of each existing refundable state credit's design across a series of outcomes. We measure the effectiveness of different refundable credit designs using:

1) **the share of children in poverty reached** by each credit
2) **the average gain in family income** among children in poverty from each credit
3) **the impact of each credit on child poverty reduction**

In the body of this report, we present these estimates for the sample of children residing across all of the 38 states without a refundable CTC. In the Appendix, we present results for children in each of these 38 states individually.

BACKGROUND

Prior to the pandemic, New York and California were the only states to have refundable state CTCs. Since then, 10 more states and the District of Columbia (D.C.) have established refundable state CTCs[5], influenced in part by the temporary yet significant positive impacts of the 2021 federal CTC expansion.[6] In addition, three other states—Idaho, Oklahoma, and Utah—currently have nonrefundable CTCs; the Oklahoma credit was established before 2021, and the Idaho and Utah credits were established more recently.

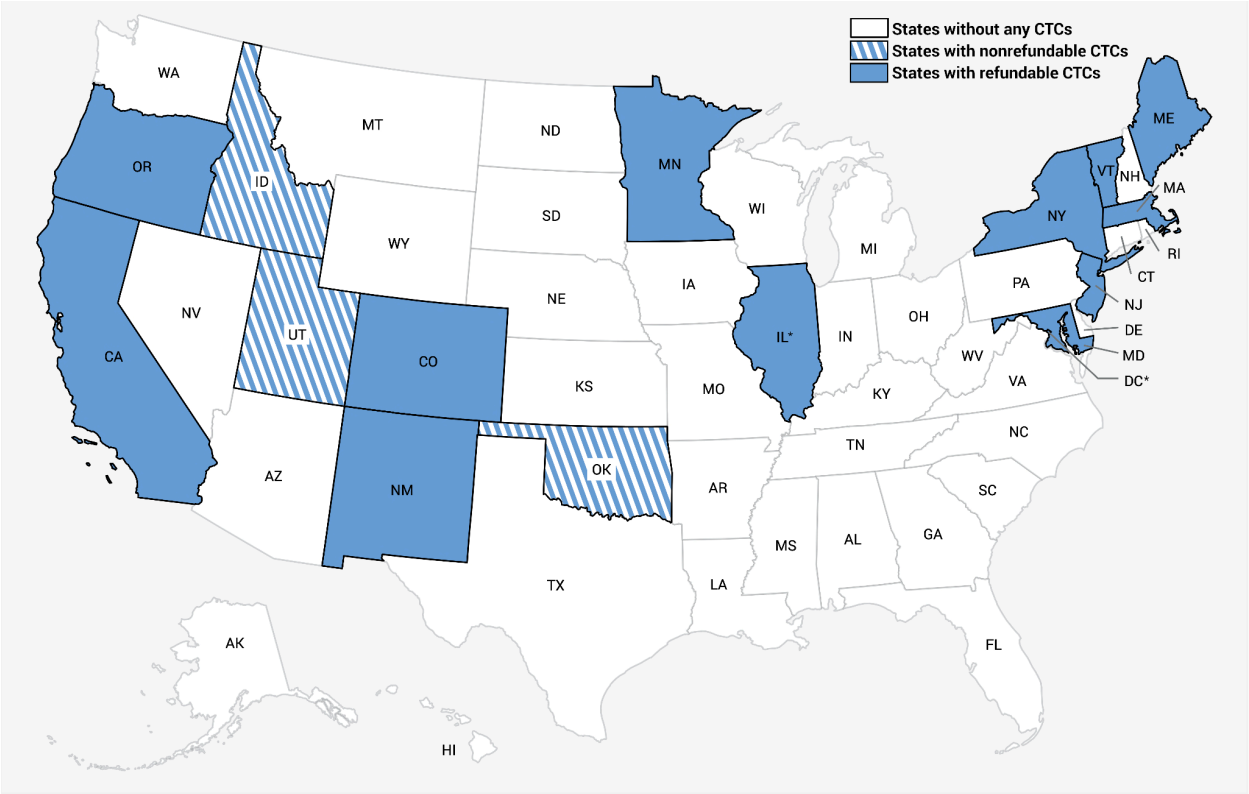
[4] Idaho, Oklahoma, and Utah currently offer nonrefundable child tax credits. This analysis focuses solely on refundable credits, and as a result, nonrefundable credits are not simulated. These three states are included in the sample of 38 states without refundable credits that we use to evaluate the potential impact of different refundable tax credit designs. We do not remove the value of nonrefundable child tax credits from the resources of families in these states.

[5] In 2023, the Economic Security Project identified about 20 states considering new or expanded CTCs after the expiration of the federal CTC expansion. Similarly, the Tax Policy Center has identified 29 states that plan on either implementing or expanding existing CTCs.

[6] For a broader discussion of CTC design principles, see Collyer et al., 2022, State Child Tax Credits and child poverty: A 50-state analysis. For a comprehensive review of the history of CTCs and an analysis of the credit amounts needed to achieve within-state poverty reductions, see Collyer et al., 2023, The Child Tax Credit and family well-being. For evidence of the impact of the 2021 temporary expansion to the federal CTC on spending, poverty, hardship, and other indicators, see Burns and Fox, 2022, Impact of the 2021 expanded Child Tax Credit and Curran, Hoynes, and Parolin (eds.), 2024, Evaluating the effects of the 2021 expansion of the Child Tax Credit.

Figure 1 shows where refundable and nonrefundable state CTCs have been implemented across the country in recent years.

Figure 1. State-level Child Tax Credits as of February 2025



Refundable Child Tax Credits are scheduled to take effect in Illinois (Tax Year 2024); District of Columbia (Tax Year 2025).
Note: States fully shaded in blue are those with refundable CTCs, while states with diagonal stripes are those with nonrefundable CTCs. This figure was created by authors using the details and references listed in Table 1.

Refundability is highlighted in Figure 1 because it is a critical design feature for CTC policies. Refundability determines whether or not tax credits can supplement a family's resources after accounting for tax liabilities. Without it, tax credits only reduce a family's tax liability; the amount that exceeds tax liability cannot be delivered to families as a tax refund. As a result, when it comes to poverty reduction, refundability is critical for ensuring that families with low and moderate incomes can access the full value of tax credits.

For this reason, we focus on the design of refundable state CTCs. Notably, we also differentiate between credits that are *refundable* and credits that are often termed *'fully refundable'*. Credits that are *fully refundable* are those for which children in families with the lowest incomes can receive the maximum credit amount. This is usually achieved by: (1) the absence of a minimum earnings requirement; (2) the absence of a credit phase-in with earnings; and (3) the absence of a cap on the refundable portion of the credit. A credit may be refundable, but if it is missing one or more of these components, then that means the credit is ultimately still tied to earnings and children in families with the lowest incomes cannot receive the maximum amount. In these instances, it would not be considered fully refundable in this analysis.

Table 1 provides a comparison of the 13 refundable state CTC policies currently in place. Design differences include age eligibility (e.g. young children or children of all ages), maximum per-child credit amounts as of tax year 2025, the extent to which the credit is tied to earnings for families with low and moderate incomes, and the extent to which the credit phases out for families with higher incomes. In some cases, 2025 credit values are not currently identifiable from state websites or tax forms because they are indexed to inflation and their 2025 tax year values have not yet been published. In these cases, the 2025 values shown in Table 1 are estimated by updating the values specified in the state's most recent CTC legislation according to the inflation adjustment also outlined in that legislation. For the credit amounts and thresholds specified in each state's most recent CTC legislation at enactment, as well as the methods used for inflation adjustments, see Appendix Table B1.

The CTC policies currently in place in Colorado and Minnesota, as included in Table 1, involve a combination of credits. Colorado has a refundable Child Tax Credit for children under age 6 and a refundable Family Affordability Tax Credit for children under age 17. The Colorado Family Affordability Tax Credit is only delivered in years when there is sufficient revenue to fund it from the state's Taxpayer Bill of Rights (TABOR) surplus.[7] In Minnesota, families can receive both the Child Tax Credit for dependents under age 18 and the Working Family Credit for their dependents ages 18 to 23. We examine these policies in combination for Colorado and Minnesota when considering the effects of their CTC design choices.

As seen in Table 1, refundable state CTCs vary across numerous dimensions. Our goal is to evaluate how these different design choices impact their benefits for children in poverty. As a lens for evaluating and simplifying the complexity of each design, we analyze policies for their potential impact on child poverty based on whether or not they are:

1. **Available to children across ages**, defined as providing credits to both younger children (age 6 and below) and older children;
2. **Fully refundable**, defined as providing the maximum credit amount to children in families with the lowest incomes;
3. **Available to low- and moderate-income families across a wider income range**, defined as ensuring the credit does not phase out completely before family incomes reach $50,000—roughly 60% of median household income at the national level[8, 9] and
4. **A high credit amount,** defined as providing a max credit of $1,000 or more per child.

As we will show in our results, policies that meet more of these criteria have more potential to reach children in poverty, boost the family incomes of children in poverty, and ultimately reduce poverty and deep poverty among children most substantially.[10]

[7] In tax years where Colorado's state tax revenue exceeds the TABOR limit, the surplus is returned to taxpayers through different refunds. Under HB24-1311, the Family Affordability Tax Credit is now included as a potential refund.
[8] See Guzman and Kollar, 2024, Income in the United States: 2023.
[9] Coverage depends on both the credit's phaseout threshold and maximum credit amount. A phaseout threshold >$50,000 guarantees wider income coverage, but if a state's maximum credit is high and the credit's phaseout is low, then the credit can cover a wide range of the income distribution even if the phaseout threshold is <$50,000.
[10] For a broader discussion of CTC design principles and their effects on poverty reduction, see Collyer et al., 2022, State Child Tax Credits and child poverty: A 50-state analysis.

Table 1. Refundable Child Tax Credit Design Parameters by State Policy

State	First Tax Year* in Effect	Age Eligibility	Maximum Credit per Child in Tax Year 2025	Phases In with Income	Phaseout Threshold in Tax Year 2025**	Phaseout Rate
California[11] RTC 17052.1	2019	Under 6	$1,192◆ /household	No, fully refundable	$27,494◆	21.67%◆
Colorado[12] Child Tax Credit (CTC): CRS 39-22-129 Family Affordability Tax Credit (FATC): CRS 39-22-130	**CTC:** 2024 **FATC**: 2024	**CTC**: Under 6 **FATC**: Under 17	**CTC**: $1,200; **FATC:**◆ $3,730/child under 6, $2,454/child ages 6-16	No, fully refundable	**CTC:**◆ $26,000 (single), $36,000 (joint) **FATC:**◆ $15,000 (single), $26,000 (joint)	**CTC:** Stepwise reduction of $400 for every $25,000 above threshold; **FATC:** 6.875%
Illinois[13] 35 ILCS 5/244	2024	Under 12	40% of the state EITC	Yes	Same as federal EITC phaseouts	Phases out with match of federal EITC
Maine[14] §5219-SS	2024	Under 17	$300	No, fully refundable	$200,000 (single), $400,000 (joint)	0.75%
Maryland[15] § 10-751	2023	Under 6	$500	No, fully refundable	$15,000	No phaseout rate, families above the phaseout threshold are ineligible
Massachusetts See Subsection (x)	2023	Under 13	$440	No, fully refundable	No phaseout threshold	No phaseout rate, universal credit
Minnesota[16] Child Tax Credit (CTC**):** Statute 290.0661 Working Family Credit (WFC**):** Statute 290.0671	**CTC:** 2023 **WFC**: 2023	**CTC**: Under 18 **WFC**: 18 to 23 and in school	**CTC**: $1,750 **WFC:**◆ $1,000 for one older dependent; $2,270 for two; $2,710 for three or more	No, fully refundable	$31,930◆ (single), $37,890◆ (joint)	12% if eligible for both the **CTC** and **WFC**; 9% if only eligible for the **WFC**
New Jersey 54A:4-17.1	2022	Under 6	$1,000	No, fully refundable	$30,000	Stepwise reduction of $200 for every $10,000 above threshold
New Mexico[17] Statute 7-2-18.34	2023	Under 17	$637◆	No, fully refundable	$25,000	Stepwise reduction of $200 for every $25,000 above threshold
New York See Subsection (c1)	2006	Under 17	$330	Yes	$75,000 (single), $110,000 (joint)	1.65%
Oregon General Provision 315.273	2023	Under 6	$1,050◆	No, fully refundable	$25,000	20%
Vermont 32 V.S.A. §5830f	2022	Under 6	$1,000	No, fully refundable	$125,000	2%
Washington DC[18] § 47–1806.17	2025	Under 6	$420	No, fully refundable	$160,000 (single), $120,000 (married filing separately), $240,000 (joint)	2%

* Tax year represents Jan 1–Dec 31; tax year 2025 credits dispersed annually would be available upon tax filing in spring 2026. ** A stepwise phaseout reduces the credit in defined increments as earned income or adjusted gross income increases, as opposed to phaseout structures with a gradual rate reducing the credit. Phaseout thresholds are the same for all filing types unless noted and adjusted for inflation if applicable. ◆2025 dollar values are estimated based on legislated dollar amounts and prescribed indexation of dollar amounts for inflation. See Appendix Table B1 for legislated dollar amounts in the year of latest legislation. Actual 2025 dollar amounts may differ slightly from reported here based on state indexation formulae.

[11] In legislation, the California amount is $1,176, multiplied by an 0.85 adjustment factor and inflation-adjusted from tax year 2022, and the phaseout rate is 20%, adjusted by the state Franchise Tax Board.
[12] The Family Affordability Tax Credit is only available in years that meet certain revenue conditions. Prior to tax year 2024, the Colorado state CTC existed as a percent match of the federal CTC.
[13] Starting in tax year 2025, the Illinois CTC will be a 40% match of the state EITC, which is itself a 20% match of the federal EITC. In tax year 2025, the federal EITC for a family with two qualifying children will be $7,152, making the maximum Illinois CTC for the same size family $572, and the phaseout thresholds are $23,350 for single filers and $30,470 for joint filers per IRS Revenue Procedure 2024-40.
[14] Prior to tax year 2024, the Maine CTC was not refundable.
[15] We do not simulate the Maryland child tax credit for disabled children due to data limitations.
[16] A version of the Minnesota Working Family Credit existed before tax year 2023, but we list 2023 as the start date for this latest set of parameters.
[17] The stepwise phaseout of $200 for each $25,000 persists until incomes reach $75,000 at which point the credit is reduced at a lower rate.
[18] For our simulation, we are unable to accurately identify married filing separately filers in our data so these filers are treated as single filers.

Table 2 provides a simplified summary of each credit along these dimensions. Here, we see that roughly half of the refundable state CTCs (7 of the 13) are available across a wider age range, while the remainder are targeted towards younger children. Nearly all of the credits are fully refundable, and thus available to children in families with the lowest incomes (assuming children also meet the age criteria of the credit). The two exceptions to full refundability are New York and Illinois, whose credits phase in with family income such that families only qualify for the full credit once reaching a certain income level. The large majority of credits also have wide income coverage across low and moderate income families, in that they do not phase out entirely until family incomes rise above $50,000. Exceptions here include California, Maryland, and Oregon: credits in these states begin phasing out much earlier (once family income reaches either $15,000 or $25,000) and have particularly steep phaseout rates such that families with $50,000 in income do not benefit from these credits. Finally, high credit amounts (above $1,000 per child) are less common, but five of the 13 states with refundable CTCs have a maximum credit of $1,000 or more for children who are age-eligible.

Table 2. States with refundable Child Tax Credits by age, refundability, coverage, and credit amount

State Policy	Available across all ages *Providing credits to both younger (age 6 and below) and older children*	Fully refundable *Max credit amount available to children in families with the lowest incomes*	Wider income coverage *Credit does not phase out until family income rises above $50,000*	High credit amount *Max credit of $1,000 or more per child*
Colorado	Yes, if FATC available[19]	Yes	Yes	Yes
Minnesota	Yes	Yes	Yes	Yes
New Mexico	Yes	Yes	Yes	No
Maine	Yes	Yes	Yes	No
Massachusetts	Yes	Yes	Yes	No
New Jersey	No	Yes	Yes	Yes
Vermont	No	Yes	Yes	Yes
Washington DC	No	Yes	Yes	No
Oregon	No	Yes	No	Yes
California	No	Yes	No	Per household[20]
Maryland	No	Yes	No	No
New York	Yes	No	Yes	No
Illinois	Yes	No	Yes	No

Note: State characteristics are based on credit features in effect as of April 2025 (see Table 1).

[19] Colorado's Family Affordability Tax Credit is only available when Colorado has surplus TABOR funds (see footnote 7).
[20] Note that the maximum California credit is per household, so single-child families can receive a credit of at least $1,000 per child, but the per child amount is by default lower in families with multiple children. We thus do not classify this as a credit with a maximum of at least $1,000 per child, but it could be argued that for some families it is.

Looking across these combinations, Colorado and Minnesota emerge as states that make use of all four design choices that, when combined, can yield the greatest benefits for children in poverty. These two credits are (1) available to both younger and older children, (2) fully refundable, (3) available to low- and moderate-income families across a wider income range, and (4) high in value. Other credits follow a mix of the different design choices. For example, the designs in place in New York and Illinois provide credits to children of all ages and across a broad income range, but these credits are smaller and not fully refundable, and as a result, earnings requirements prevent the lowest-income families from receiving the full maximum credit. On the other hand, New Mexico's credit is less than $1,000, but fully refundable and available to both younger and older children across a wider income range. The interplay between these various design choices has far-reaching implications on the potential for credits to reach children below the poverty line, increase family income, and reduce child poverty. Overall, the diversity in state CTCs underscores the importance of understanding the effectiveness of various design choices and their impact on families with children. Next, we outline our approach and present results from our simulation experiment.

How state Child Tax Credits are evaluated for impact on poverty

To objectively compare the designs of the 13 refundable state CTCs, we simulate each policy for the total population of dependent children under age 18 across the 38 states without refundable CTCs.[21]

Who is represented in our analysis?

To create a consistent baseline for comparing policy designs, we limit our data sample to individuals living in the 38 states without refundable CTCs. That is, we focus on a subset of the U.S. population living in states with a similar "starting point" where their state does not have a refundable state CTC. This approach allows us to make an apples-to-apples comparison of different design choices and examine how a new CTC policy could affect families and children that currently do not receive any such credit. We also replicate our primary analysis at the state-level for all states without refundable CTCs. These results, in Appendix B, highlight how the same CTC design may impact individual states differently.[22]

We assess the impact of different refundable state CTC designs on child poverty using the following outcomes designed to capture their reach, value, and anti-poverty potential:

1. **Reach**: The potential share of children in poverty and deep poverty who benefit,
2. **Gains**: The average potential gain in family income among children in poverty, and
3. **Anti-poverty potential**: The potential reduction in child poverty and deep poverty associated with each credit design.

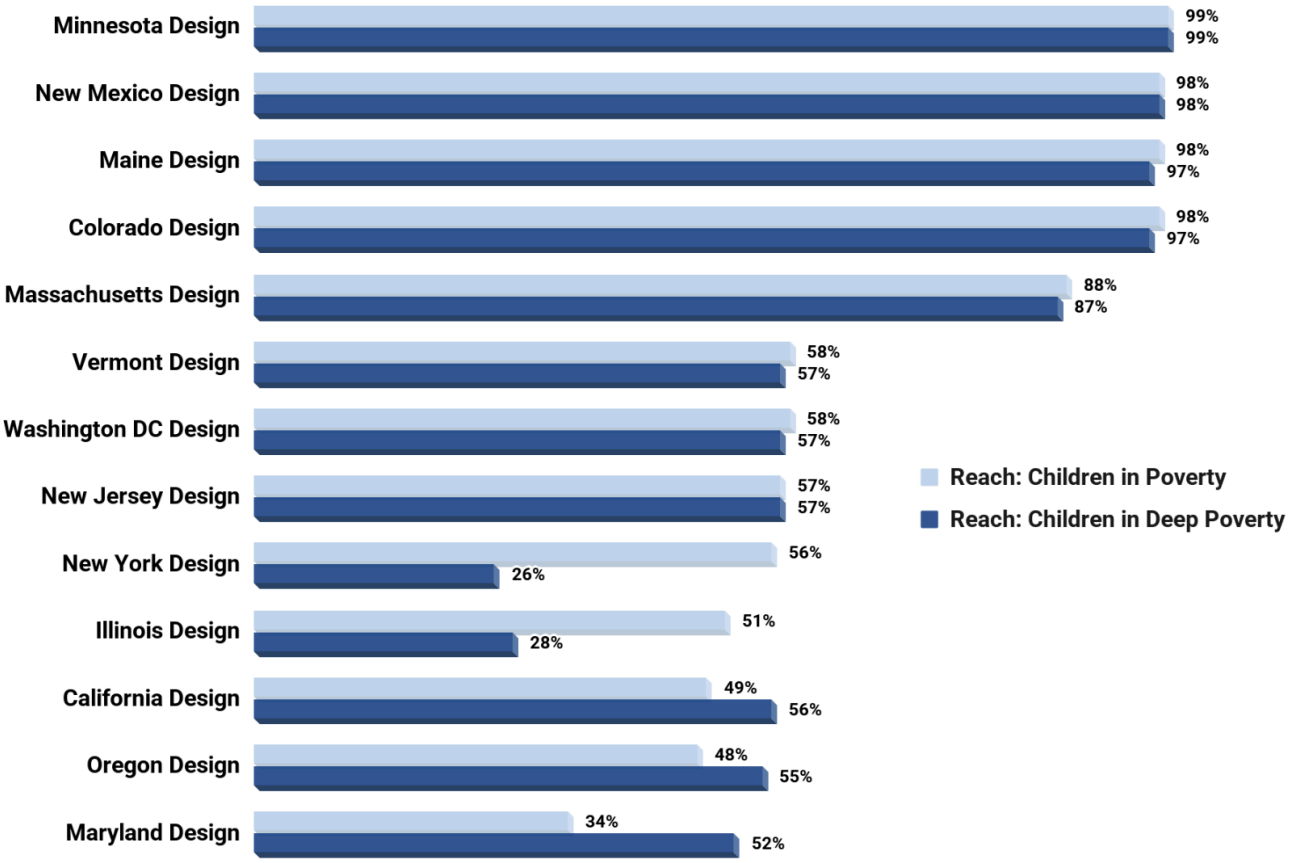
[21] See Appendix A for details on the data and methods used to simulate state CTCs.

[22] State-level results in the Appendix may differ from the overall findings presented in the following sections due to variations in economic and/or demographic characteristics between a given state and the rest of the country.

REACH: The share of children in poverty and deep poverty who could benefit under different state Child Tax Credit designs

Figure 2 presents the share of children in poverty and deep poverty who would potentially benefit under different existing refundable state CTC designs if implemented across all states without refundable CTCs.[23]

Figure 2. Share of children in poverty and deep poverty reached if different state Child Tax Credit designs were enacted across states without refundable state credits



Source: Center on Poverty and Policy (2025), using U.S. Census Bureau, Current Population Survey, 2024 Annual Social and Economic Supplements (CPS ASEC).

Note: This figure shows the share of children in poverty across all states without refundable CTCs who would be eligible for a CTC under the designs currently in place in other states. Results assume 100% uptake of credits based on income eligibility. Results do not account for eligibility based on immigration status as we are not able to account for this in our data. However, a large number of states have made their credits available to non-citizen filers with Individual Tax Identification Numbers. See Table 1. Additionally, children that are ineligible for a credit but who have eligible siblings are included as potential beneficiaries.

[23] Poverty is defined using the Supplemental Poverty Measure (SPM). Deep poverty is defined as falling below half the SPM poverty threshold.

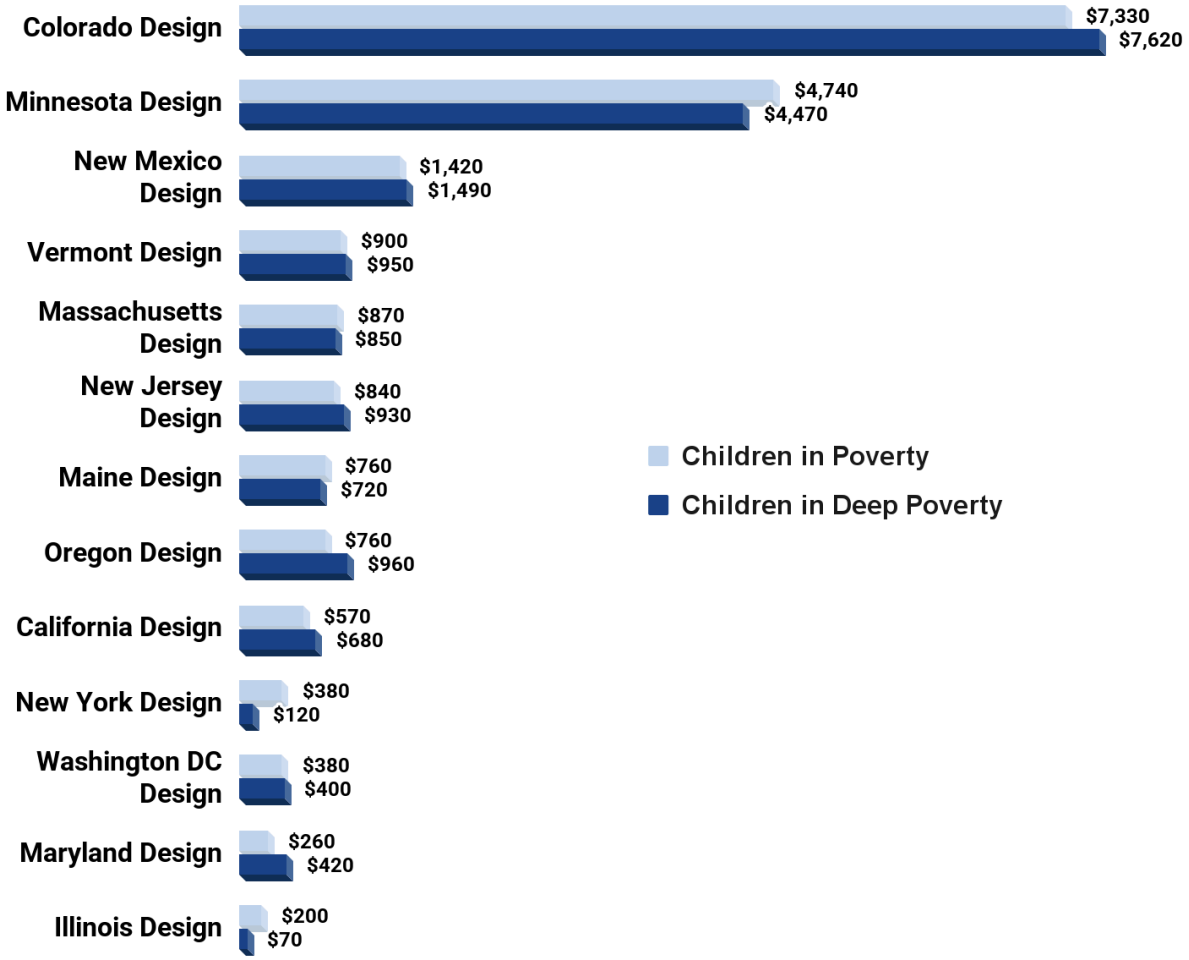
The results in Figure 2 show that **credit designs that are available to both younger and older children, are fully refundable** (i.e., are not tied to earnings for families with low and moderate incomes), **and have wider income coverage** (i.e., do not phase out until family income is at least above the $50,000) **are those most likely to reach all children in poverty and deep poverty.**

- Credit designs that include both younger and older children, are fully refundable, and have wider income coverage—like those in ***Minnesota, New Mexico, Maine, Colorado, and Massachusetts***—**could benefit nearly all children** in poverty and deep poverty in states without refundable CTCs.
- Credit designs that are fully refundable and cover a wide income range but are targeted to children under age 6—like those in ***Vermont, Washington DC, and New Jersey*—are less able to reach all children** in poverty and deep poverty because older children do not qualify for them.
- Credit designs that are designed with narrow age and income coverage—like those in ***Oregon, California, and Maryland***—**are even less able to reach all children in poverty**. **However, their reach to children in *deep poverty is moderately greater*** because children in deep poverty are in families with very low incomes that are covered by the narrow income ranges of these credits.
- Credit designs that tie credit amounts and eligibility to earnings—i.e., are not fully refundable—like those in ***New York and Illinois***—**reach a smaller share of those in poverty, and particularly those in deep poverty,** because children in families with the lowest incomes are not eligible to claim credit.

GAINS: Average family income gains among children in poverty and deep poverty under different state Child Tax Credit designs

Figure 3 presents the estimated potential average gains in family income among children in poverty that could result under different existing refundable state CTC designs.

Figure 3. Average family income gains among children in poverty and deep poverty if different state Child Tax Credit designs were enacted across states without refundable state credits



Source: Center on Poverty and Policy (2025), using U.S. Census Bureau, Current Population Survey, 2024 Annual Social and Economic Supplements (CPS ASEC).

Note: This figure shows the average increase in aggregate family income in 2025 dollars for eligible children across all states without refundable CTCs under various designs currently in place in other states. Averages may exceed credit maximums due to multiple children within a family receiving the credit. Results assume 100% uptake of credits based on income eligibility. Results do not account for eligibility based on immigration status as we are not able to account for this in our data. However, a large number of states have made their credits available to non-citizen filers with Individual Tax Identification Numbers. See Table 1. Additionally, children that are ineligible for a credit but who have eligible siblings are included as potential beneficiaries. Results do not account for potential employment changes made in response to the credit.

Results in Figure 3 demonstrate that **refundable CTC designs that reach a sizable share of children in poverty and deep poverty, *and* have higher per-child maximum credit amounts lead to the greatest gains in the family incomes** of children in poverty and deep poverty.[24]

- Credit designs that reach nearly all children in poverty and have high per-child maximum credits—like those in ***Colorado and Minnesota***—**would produce the largest increases in family incomes**: children in poverty and deep poverty could see their family incomes rise by more than $7,300 in Colorado and more than $4,400 in Minnesota on average under these credit designs.

- Credit designs that reach the large majority of children in poverty, but provide smaller per-child maximum credit amounts (e.g. less than $1,000 per child)—like those in ***New Mexico, Maine and Massachusetts***[25]—**yield more modest, but not insubstantial gains in family income among children in poverty and deep poverty**. Gains could range from roughly $850 under the Massachusetts design to more than $1,500 under the New Mexico one.

- Credit designs that are more limited in reach but provide high per-child maximum credits (more than $1,000 per child)—like those in ***New Jersey and Vermont***—**also produce more modest, although not insubstantial, gains in family income.** Children in poverty and deep poverty could see an increase in their family incomes in the range of about $850 to $950 under these credit designs.

- Credit designs that do not reach as substantial a share of children in poverty (see Figure 2) and have lower per-child maximum credits—like those in ***Washington DC, California,***[26] ***and Maryland***—**lead to more modest gains in family income for children in poverty and deep poverty** (roughly $250 to $700 on average).

- Credit designs that are limited in reach because they are not fully refundable and have low maximum credit amounts—like those in ***Illinois and New York***—**yield relatively low average income gains for children in poverty** (about $200 and $400, respectively) **and the lowest average income gains for children in deep poverty** (less than $100 and $150, respectively) because families with the lowest incomes are unable to receive the maximum credit amount under these designs.

[24] Note that results in Figure 3 do not account for any possible employment changes made in response to the credit.
[25] Note that Massachusetts's credit is available to children under age 13, not all children under age 18.
[26] Note that the maximum California credit is per household, so single-child families may receive a credit of more than $1,000 per child, but the per child amount is by default lower in larger families.

ANTI-POVERTY POTENTIAL: The reduction in child poverty and deep poverty associated with different state Child Tax Credit designs

Table 3 presents the potential child poverty and deep poverty reduction effects across all states without refundable CTCs that could result under different existing refundable state CTC designs.

Table 3. Potential reduction in child poverty and deep child poverty if different state Child Tax Credit designs were enacted across states without refundable credits

	Child Poverty			Child Deep Poverty		
	Poverty Rate	*Absolute Reduction*	*Relative Reduction*	*Poverty Rate*	*Absolute Reduction*	*Relative Reduction*
Baseline rate across 38 states without refundable CTCs	13.2%			3.7%	-	-
Poverty rate across 38 states without refundable CTCs if they had a state CTC policy with:						
Colorado Design	8.7%	4.5 p.p	34.2%	2.5%	1.2 p.p.	33.1%
Minnesota Design	9.9%	3.3 p.p	25.1%	2.7%	1.0 p.p.	27.6%
New Mexico Design	12.3%	1.0 p.p.	7.5%	3.4%	0.4 p.p.	9.6%
Massachusetts Design	12.6%	0.7 p.p.	5.2%	3.5%	0.2 p.p.	5.3%
Vermont Design	12.6%	0.7 p.p.	5.0%	3.4%	0.3 p.p.	8.5%
New Jersey Design	12.7%	0.6 p.p.	4.4%	3.4%	0.3 p.p.	8.5%
Maine Design	12.7%	0.6 p.p.	4.4%	3.5%	0.2 p.p.	5.6%
New York Design	12.7%	0.5 p.p.	3.9%	3.7%	0.1 p.p.	1.7%
Oregon Design	12.8%	0.5 p.p.	3.5%	3.4%	0.3 p.p.	9.0%
California Design	12.9%	0.3 p.p.	2.6%	3.5%	0.2 p.p.	5.6%
Illinois Design	13.0%	0.3 p.p.	2.0%	3.7%	0.0 p.p.	1.1%
Washington DC Design	13.0%	0.2 p.p.	1.6%	3.6%	0.1 p.p.	3.7%
Maryland Design	13.1%	0.1 p.p.	0.9%	3.6%	0.1 p.p.	2.3%

Source: Center on Poverty and Social Policy (2025), using U.S. Census Bureau, Current Population Survey, 2024 Annual Social and Economic Supplements (CPS ASEC).

Note: Percentages may not correspond directly with numbers in the table due to rounding. Percentages assume 100% uptake of credits based on income eligibility. Percentages do not account for eligibility based on immigration status as we are not able to account for this in our data. However, a large number of states have made their credits available to non-citizen filers with Individual Tax Identification Numbers. Results do not account for potential employment changes made in response to the credit. p.p. = percentage point.

Table 3 demonstrates, perhaps unsurprisingly, **that credit designs that lead to the most substantial average gains in family income for children in poverty** *(by reaching nearly all children in poverty and providing high maximum credit amounts)* **achieve the largest reduction in child poverty and deep child poverty.**[27]

- Credit designs that produce the largest average gains in family income for children in poverty and deep poverty (see Figure 3)—like those in ***Colorado and Minnesota***—**would result in the most substantial declines in the child poverty rate**—cutting the child poverty rate across states without refundable state CTCs by 4.5 percentage points and 3.3 percentage points (or by 34% and 25%), respectively.
- Other credit designs—based on the other 11 states with refundable credits currently in place—**would all produce much smaller impacts on child poverty**, with reductions ranging from one-tenth of a percentage point to 1 percentage point.
- However, the results identify different levels of reach and income gains from these credits that provide clear paths forward for how other credit structures can yield greater reductions in poverty:
    - Credit designs that reach the large majority of children in poverty but provide modest credit amounts—*e.g.,* ***New Mexico, Maine and Massachusetts***—**could substantially increase their potential to reduce child poverty by increasing their credit levels.**
    - Credit designs that provide high maximum credits but are limited in reach because they target children only of a certain age—*e.g.,* ***New Jersey and Vermont***—**could substantially increase their potential to reduce child poverty by widening credit access to older children.**
    - Credit designs that provide modest credits and reach a narrower share of children in poverty—either because they are not fully refundable—*e.g.,* ***New York and Illinois***—or because they phase out completely quite early in the income distribution and target children only of a certain age—*e.g.,* ***California, Washington DC, and Maryland***—**could substantially increase their potential to reduce child poverty by combining higher credit amounts with broader age and income coverage.**
    - **Importantly, substantial reductions in deep poverty can only be achieved if a credit is fully refundable and does not phase in with earnings.**

[27] Note that the results presented in Table 3 do not account for the possibility of parents changing employment in response to a state-level CTC—either by exiting the labor force or reducing their hours worked, or by entering the labor force and increasing hours worked. Previous analyses, however, show that even when accounting for potential reductions in employment in response to a policy which would make the *federal* Child Tax Credit fully refundable and increase its value, the expected reduction in poverty remains strong (see appendix C in Koutavas et al., 2024, What could 2023 child poverty rates have looked like?). Further, we do not expect that the effects of these different credit designs relative to one another would differ were we to include a potential employment response in this analysis.

CONCLUSION

Our analysis confirms that family incomes can rise and child poverty can fall when state CTC designs provide credits that are (1) available to both younger and older children, (2) fully refundable, (3) available to low- and moderate-income families across a wider income range, and (4) high in value. This may, of course, not be terribly surprising. Nevertheless, this analysis uses the variation in credit design already present at the state level to highlight the potential effects of different combinations of these policy design elements on child poverty. When credits target specific subgroups of children, based on income or age, fewer children in poverty and deep poverty benefit. In contrast, more inclusive credits reach a larger share of children in poverty. Of course, there may inevitably be budget constraints that limit the extent to which credits are more or less inclusive of children in poverty in any given year, but existing credit designs are not fixed in place indefinitely. States can continue to build out credits further, even in incremental stages, towards versions that have the potential to more substantially reduce child poverty. While our research shows that it is difficult to significantly reduce child poverty without committing to substantial investments in credit amounts and inclusivity, more targeted credits may still be able to offer support to vulnerable subgroups, including young children and children in deep poverty. States interested in implementing their own state-level CTCs can draw upon this evidence to help consider credit designs that best serve their communities.

SUGGESTED CITATION

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The Center on Poverty and Social Policy at Columbia University produces actionable research to advance our understanding of poverty and the role of social policy in reducing poverty and promoting economic security, opportunity, and well-being in New York City and the United States. For the center's latest work and policy briefs, visit us at povertycenter.columbia.edu. Email us at cpsp@columbia.edu. Follow us on LinkedIn and Bluesky.

APPENDIX A. METHODOLOGY

This analysis uses person- and household-level data from the 2024 Annual Social and Economic Supplements to the Current Population Survey (CPS ASEC) , the primary source for measuring income and poverty in the United States in 2023.[28] The following subsections outline the process used to prepare the data and to simulate state Child Tax Credits.

Our simulations primarily rely on tax variables provided in the CPS ASEC, which include information either directly collected from survey respondents or simulated using the methodology outlined in Lin (2022).

1. Sample Used for the Analysis

To create a comparable baseline for testing the effectiveness of various refundable tax policies, we excluded individuals sampled from states that already had refundable state child tax credits in 2023. Specifically, CPS ASEC respondents from California, Colorado, Illinois, Maine, Maryland, Massachusetts, Minnesota, New Jersey, New Mexico, New York, Oregon, Vermont, and Washington D.C. were excluded from both our simulations and the calculation of metrics used to evaluate policies.

2. Identifying Tax Units with CTC Eligible Dependents

As discussed in Lin (2022), a tax unit in the CPS ASEC consists of a tax filer and their dependents. The data include variables that identify and characterize these tax units, and specify the types of filers within them. Tax filers can either be a single filer, a head of household filer, or part of a pair of joint filers.

Some state child tax credits, as outlined in Table 1, have different parameters for joint filers and single (or heads of household) filers. Therefore, we distinguish between these types of filers in preparation for our simulations. We also use tax identifiers and individual ages to determine the number of dependents within each tax unit, categorized as under age 18, under age 17, and so on. We later use, for example, the number of dependents under 18 to calculate the total value of a unit's tax credit when a policy is defined on a per-child basis.

3. Establishing a Baseline Scenario

Changes in refundable tax credits affect a family's resources and, in turn, their poverty status. To minimize the complexity involved with removing refundable state CTC amounts over time from the resources of respondents in states with such policies already in place, we restricted our sample to the 38 states without refundable CTC policies. From there, we simply used the Census's SPM resource and poverty variables as our baseline.

4. Simulating State Child Tax Credits

We use the design parameters outlined in Table 1 to simulate the 13 credits for individuals within the remaining sample of 38 states. To do so, we first derive the credit amounts of each policy in 2025 dollars per Appendix Table B1, and then deflate each credit based on the CPS ASEC reference year (in this case, 2023 dollars). Figure A1 contains three panels illustrating CTC policies for single filers, joint filers, or those independent of filer status. All three panels have comparable axes to facilitate comparisons of design components such as the maximum amount, phaseout thresholds, and phaseout rates. All illustrated policies in Figures A1 apply to tax units or households with one eligible dependent. However, dependent eligibility criteria vary

[28] See Guzman and Kollar, 2024, Income in the United States and Shrider, 2024, Poverty in the United States

by state (see Table 1). Generally, policies specific to filer status provide higher phaseout thresholds for joint filers, even when phaseout rates are consistent across filer types.

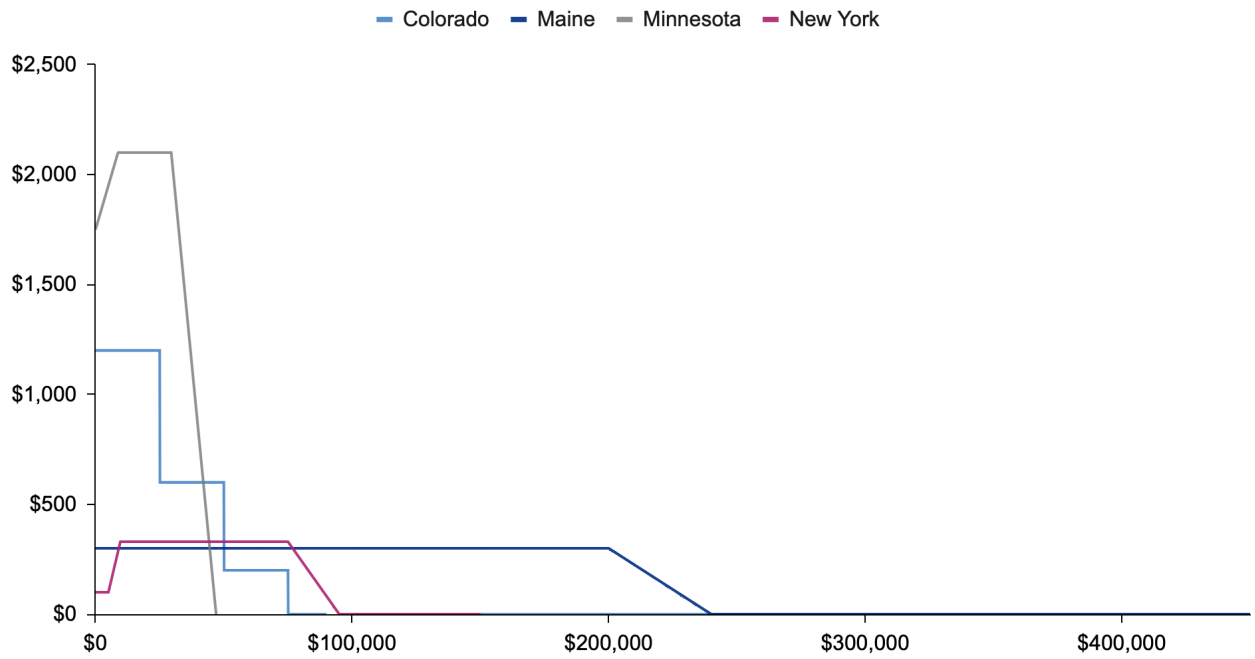
5. Estimating the Potential Poverty Reducing Impact of Credits

All tax credits are first calculated at the tax unit level, using the number of dependents within each tax unit, the unit's AGI and, where relevant, earned income. Poverty status, however, is determined at the family (SPM unit) level, which can include multiple tax units. After simulating each child tax credit policy, the total value of credits is summed across all tax units within an SPM unit. This sum is then added to baseline resources to recalculate the unit's total resources and reassess poverty status.

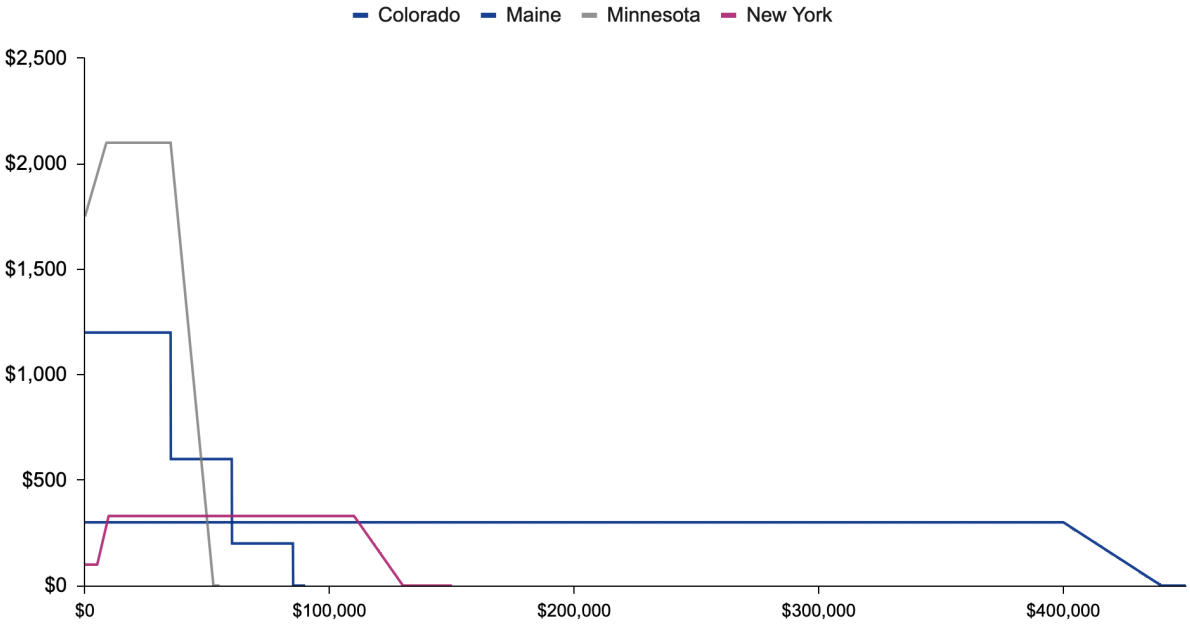
An SPM unit's poverty status is initially determined using the baseline Census SPM resources variable. If the sum of simulated state child tax credits and baseline resources exceeds a unit's poverty threshold, then the unit is no longer considered to be in poverty. The updated poverty statuses are then used to calculate the overall poverty rate after implementing each child tax credit policy.

Figure A1. Child Tax Credit Designs for One Eligible Dependent

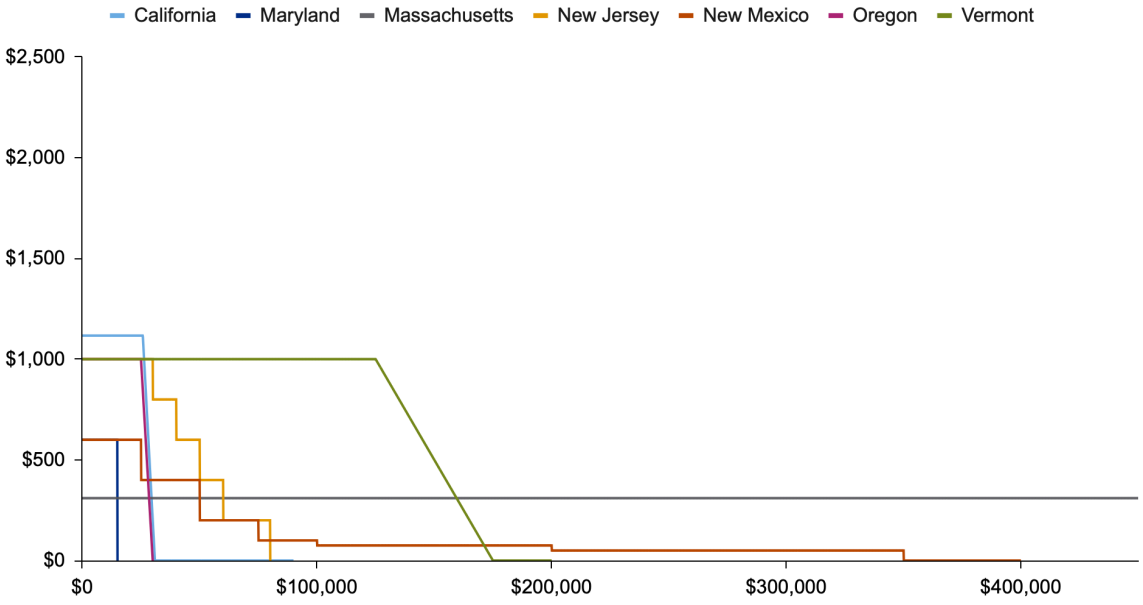
Panel A. Design for Single Filers



Panel B. Designs for Joint Filers



Panel C. Designs Independent of Filer Status



Note: Figures created by authors based on the details and sources provided in Table 1.

Table B1. State Child Tax Credit parameters specified in legislation and inflation adjustment methodology

State	First Tax Year in Effect	Maximum Credit per Child in Tax Year Enacted	Phaseout Threshold in Tax Year Enacted	Inflation Adjustment Methodology
California	2019	$1,176 /household[29] + inflation adjustment starting in tax year 2022	$25,000 + inflation adjustment starting in tax year 2022	Credit amounts and thresholds updated for inflation using the California CPI for all items from June of 2024 to June 2025 as calculated by the CA Department of Industrial Relations. We continued to use the 21.67% phaseout rate used in tax year 2024 and confirmed that this approach aligns with previous inflation adjustments to the California YCTC in earlier years.
Colorado	**CTC:** 2024 **FATC**: 2024	**CTC**: $1,200/child; **FATC**: $3,200/child under 6, $2,400/child aged 6 to 16 + inflation adjustment starting in tax year 2025	**CTC:** $25,000 (single), $35,000 (joint) + inflation adjustment starting in tax year 2025; **FATC**: $15,000 (single), $25,000 (joint) + inflation adjustment starting in tax year 2025	**CTC**: Thresholds updated for inflation using the CPI for Denver-Aurora-Lakewood for all urban consumers and rounded to the nearest $1,000 per CRS 39-22-129 **FATC**: Thresholds and credit amounts updated for inflation using the CPI for Denver-Aurora-Lakewood for all urban consumers per CRS 39-22-130. Thresholds rounded to the nearest $1,000. Credit amounts rounded to the nearest dollar given legislation does not specify a rounding procedure.
Illinois	2024	40% of the state EITC[30]	Same as federal EITC phaseouts[31]	N/A
Maine	2024	$300/child	$200,000 (single), $400,000 (joint)	N/A
Maryland	2023	$500/child	$15,000	N/A
Massachusetts	2023	$310/child ($440/child in tax year 2024)	No phaseout threshold	N/A
Minnesota	**CTC:** 2023 **WFC**: 2023	**CTC**: $1,750/child + inflation adjustment starting in tax year 2026; **WFC**: $925 for one dependent; $2,100 for two; $2,500 for three or more + inflation adjustment starting in tax year 2024	$29,500 (single), $35,000 (joint) + inflation adjustment starting in tax year 2024	**CTC**: Inflation adjustment starts in tax year 2026 **WFC**: Earned income and qualifying older child amounts updated for inflation using chained CPI for all urban consumers and rounded to the nearest ten dollars per Minnesota Statute 270C.22.
New Jersey	2022	$1,000/child	$30,000	N/A
New Mexico	2023	$600/child + inflation adjustment starting in tax year 2024	$25,000	Credit amounts adjusted for inflation and rounded down to the nearest dollar using CPI for all urban consumers per New Mexico Statute 7-2-18.34.
New York	2006	$330/child	$75,000 (single), $110,000 (joint)	N/A
Oregon	2023	$1,000/child + inflation adjustment starting in tax year 2024	$25,000	Credit amounts adjusted for inflation and rounded down to the nearest multiple of $50 using CPI for all urban consumers per ORS 315.273.
Vermont	2022	$1,000/child	$125,000	N/A
Washington DC	2025	$420/child + inflation adjustment starting in tax year 2026	$160,000 (single), $120,000 (married filing separately), $240,000 (joint)	Inflation adjustment starts in tax year 2026.

[29] This value is first multiplied by an adjustment factor of 0.85 prior to any inflation adjustment. As a result, in tax year 2019, this credit's value was $1,000.
[30] The state EITC in Illinois is a 20% match of federal EITC. In tax year 2025, the federal EITC for a two-child family will be $7,152, making the maximum Illinois CTC for the same size family $572.
[31] The tax year 2025 federal EITC phaseout thresholds are $23,350 for single filers and $30,470 for joint filers per the IRS's Revenue Procedure 2024-40.

Source: Center on Poverty and Social Policy (2025) using credit amounts and thresholds derived from state legislation linked in Table 1. Consumer Price Index (CPI) values taken from the Bureau of Labor Statistics.

Table B2. Potential changes in child poverty if different state Child Tax Credit designs enacted in states without refundable credits

Baseline: Child Poverty		CA policy	CO policy	IL policy	ME policy	MD policy	MA policy	MN policy	NJ policy	NM policy	NY policy	OR policy	VT policy	DC policy
Alabama	14.3%	13.9%	9.8%	14.3%	14.0%	14.1%	14.0%	10.9%	14.0%	13.8%	14.3%	14.0%	13.9%	14.1%
Alaska	12.0%	12.0%	9.0%	12.0%	11.5%	12.0%	11.5%	10.0%	12.0%	11.5%	11.5%	12.0%	12.0%	12.0%
Arizona	13.9%	13.2%	7.5%	13.1%	12.7%	13.8%	12.4%	9.5%	12.9%	12.3%	12.8%	13.2%	12.9%	13.1%
Arkansas	13.6%	12.7%	7.7%	13.2%	13.1%	13.3%	13.0%	9.5%	12.0%	12.3%	13.2%	12.3%	12.0%	13.1%
Connecticut	11.7%	11.6%	8.7%	11.7%	11.6%	11.7%	11.5%	9.1%	11.6%	11.0%	11.5%	11.6%	11.6%	11.7%
Delaware	10.1%	10.0%	7.1%	9.7%	9.4%	10.1%	9.5%	8.3%	9.9%	9.4%	9.6%	10.0%	9.9%	9.9%
Florida	17.4%	16.9%	11.7%	17.0%	16.4%	17.0%	16.2%	13.1%	16.5%	15.9%	16.5%	16.8%	16.4%	16.7%
Georgia	13.6%	13.6%	9.1%	13.1%	13.0%	13.6%	12.9%	10.0%	13.2%	12.7%	13.1%	13.6%	13.0%	13.4%
Hawaii	12.7%	12.3%	8.5%	12.7%	12.0%	12.3%	11.7%	9.4%	12.2%	11.7%	12.2%	12.3%	12.1%	12.2%
Idaho	6.1%	6.0%	3.4%	6.0%	5.7%	6.1%	5.7%	4.0%	5.8%	5.4%	5.7%	6.1%	5.7%	6.0%
Indiana	10.0%	9.8%	6.8%	10.0%	9.9%	9.9%	9.8%	8.3%	9.7%	9.6%	10.0%	9.7%	9.7%	9.9%
Iowa	6.9%	6.5%	3.6%	6.7%	6.3%	6.7%	6.3%	4.7%	6.4%	6.1%	6.3%	6.5%	6.4%	6.6%
Kansas	8.3%	8.0%	4.3%	8.3%	8.0%	8.3%	7.8%	5.1%	7.9%	7.3%	8.1%	7.9%	7.8%	8.2%
Kentucky	12.1%	11.8%	8.4%	12.0%	11.9%	12.1%	11.9%	8.8%	11.6%	11.4%	11.9%	11.8%	11.6%	12.0%
Louisiana	18.3%	17.5%	12.2%	17.8%	17.3%	18.1%	17.4%	14.6%	17.3%	17.0%	17.5%	17.3%	17.3%	18.0%
Michigan	10.0%	9.9%	6.5%	9.8%	9.8%	10.0%	9.6%	7.4%	9.7%	9.6%	9.8%	9.7%	9.6%	9.9%
Mississippi	17.3%	16.9%	10.5%	16.9%	16.5%	17.1%	16.6%	12.9%	16.3%	15.9%	16.7%	16.4%	16.2%	16.9%
Missouri	9.6%	9.5%	5.3%	9.5%	9.4%	9.6%	9.4%	7.3%	9.3%	9.0%	9.5%	9.3%	9.2%	9.5%
Montana	8.5%	8.1%	4.9%	8.1%	8.0%	8.4%	8.0%	6.0%	8.1%	7.5%	8.1%	8.2%	8.1%	8.2%
Nebraska	7.5%	7.4%	5.2%	7.3%	6.9%	7.5%	6.9%	5.5%	7.4%	7.2%	6.9%	7.4%	7.0%	7.4%
Nevada	15.0%	14.6%	10.0%	14.9%	14.6%	14.7%	14.5%	10.9%	14.1%	14.2%	14.8%	14.2%	14.1%	14.8%
New Hampshire	7.1%	7.0%	5.3%	6.7%	6.7%	7.0%	6.7%	5.5%	6.8%	6.7%	6.7%	7.0%	6.7%	6.8%
North Carolina	14.4%	14.0%	8.3%	14.1%	13.8%	14.3%	13.6%	10.3%	13.6%	12.8%	13.7%	13.7%	13.5%	14.1%
North Dakota	8.9%	8.4%	4.9%	8.9%	8.4%	8.6%	8.2%	6.4%	8.1%	8.2%	8.8%	8.3%	8.0%	8.6%
Ohio	10.0%	9.7%	6.0%	10.0%	9.6%	9.7%	9.6%	6.8%	9.5%	9.2%	9.9%	9.4%	9.5%	9.8%

Source: Center on Poverty and Social Policy (2025), using U.S. Census Bureau, Current Population Survey, 2018-2020 & 2023-2024 Annual Social and Economic Supplement (CPS ASEC.)

Note: To simulate results at the state level with a larger sample size, a pooled 5-year CPS ASEC (2018, 2019, 2020, 2023, 2024) file was used. Credit amounts were adjusted for inflation in each respective year. Data from the peak years of the COVID-19 pandemic was excluded in order to maintain a more consistent sample.

Table B2. Potential changes in child poverty if different state Child Tax Credit designs enacted in states without refundable credits

Baseline: Child Poverty		CA policy	CO policy	IL policy	ME policy	MD policy	MA policy	MN policy	NJ policy	NM policy	NY policy	OR policy	VT policy	DC policy
Oklahoma	10.4%	10.1%	5.6%	9.6%	9.3%	10.3%	9.5%	7.2%	9.9%	9.0%	9.5%	9.8%	9.9%	10.1%
Pennsylvania	12.1%	11.6%	7.2%	12.0%	11.3%	12.0%	11.3%	8.3%	11.4%	10.9%	11.3%	11.7%	11.3%	11.9%
Rhode Island	6.8%	6.6%	4.1%	6.8%	6.7%	6.8%	6.6%	4.8%	6.5%	6.3%	6.8%	6.6%	6.5%	6.8%
South Carolina	13.1%	12.4%	9.6%	12.9%	12.2%	12.9%	12.2%	10.0%	12.1%	11.9%	12.6%	12.3%	12.1%	12.6%
South Dakota	8.3%	8.1%	5.3%	8.3%	7.9%	8.1%	7.9%	6.5%	7.9%	8.0%	8.1%	8.1%	7.9%	8.1%
Tennessee	9.9%	9.7%	6.5%	9.7%	9.6%	9.9%	9.5%	7.2%	9.5%	9.0%	9.7%	9.7%	9.4%	9.8%
Texas	15.0%	14.7%	9.9%	14.6%	14.5%	15.0%	14.4%	11.3%	14.4%	14.2%	14.5%	14.7%	14.4%	14.7%
Utah	6.2%	6.1%	4.4%	6.1%	6.1%	6.2%	6.0%	4.9%	6.1%	5.7%	6.0%	6.1%	6.0%	6.2%
Virginia	12.6%	12.3%	8.9%	12.0%	11.7%	12.6%	11.6%	9.5%	11.5%	11.3%	11.7%	12.0%	11.5%	12.1%
Washington	9.3%	9.3%	6.7%	9.0%	8.9%	9.3%	8.9%	7.7%	9.1%	8.8%	8.9%	9.2%	9.1%	9.2%
West Virginia	10.8%	10.5%	7.3%	10.6%	10.4%	10.7%	10.3%	8.8%	10.4%	10.3%	10.6%	10.5%	10.3%	10.4%
Wisconsin	7.4%	7.2%	4.4%	7.4%	7.2%	7.3%	7.0%	5.6%	7.0%	6.9%	7.4%	6.8%	6.9%	7.4%
Wyoming	7.8%	7.4%	4.2%	7.8%	7.3%	7.6%	7.4%	5.1%	7.0%	7.1%	7.7%	7.0%	7.0%	7.5%

Source: Center on Poverty and Social Policy (2025), using U.S. Census Bureau, Current Population Survey, 2018-2020 & 2023-2024 Annual Social and Economic Supplement (CPS ASEC.)
Note: To simulate results at the state level with a larger sample size, a pooled 5-year CPS ASEC (2018, 2019, 2020, 2023, 2024) file was used. Credit amounts were adjusted for inflation in each respective year. Data from the peak years of the COVID-19 pandemic was excluded in order to maintain a more consistent sample.

Table B3. Share of children in poverty and deep poverty who would receive the maximum credit if different state Child Tax Credit designs were enacted across states without refundable credits

	In Poverty	In Deep Poverty
California Design	23%	32%
Colorado Design	55%	81%
Illinois Design	11%	2%
Maine Design	95%	95%
Maryland Design	22%	35%
Massachusetts Design	71%	76%
Minnesota Design	29%	11%
New Jersey Design	30%	38%
New Mexico Design	68%	90%
New York Design	32%	8%
Oregon Design	28%	38%
Vermont Design	37%	39%
Washington DC Design	36%	38%

Source: Center on Poverty and Policy (2025), using U.S. Census Bureau, Current Population Survey, 2024 Annual Social and Economic Supplements (CPS ASEC).

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