

What Could 2023 Child Poverty Rates Have Looked Like Had an Expanded Child Tax Credit Been in Place?

A Poverty Reduction Analysis of the 2023 American Family Act

Anastasia Koutavas, Christopher Yera, Sophie Collyer, Megan Curran, and David Harris

Center on Poverty and Social Policy at Columbia University

In 2021, the child poverty rate fell to a historic low of 5.2%, due in large partⁱ to the substantial – but temporary – expansions to the federal Child Tax Credit under the 2021 American Rescue Plan. Just one year later, the child poverty rate more than doubled in 2022, rising from 5.2% to 12.4%ⁱⁱ – the largest year-over-year increase on record. The latest Census Bureau data shows that the child poverty rate rose further in 2023, to 13.7%.ⁱⁱⁱ This sharp and sustained increase in child poverty since 2021 has bolstered calls to permanently expand the Child Tax Credit in a similar way to 2021. This raises the question: what could child poverty rates in 2023 have been if an expanded Child Tax Credit had been in place? To answer it, we model one example of a proposed expansion, the 2023 American Family Act, [H.R. 3899](#), in the 2023 data.

The 2019 American Family Act provided the blueprint for the 2021 American Rescue Plan’s Child Tax Credit reforms, including: (1) full refundability, (2) higher credit values, and (3) monthly credit delivery. The 2023 American Family Act carries forward these central reforms and also provides a higher credit for newborns. In her presidential campaign, Vice President Harris has also called for a higher credit for newborns as part of an expanded Child Tax Credit.

KEY FINDINGS

- From 2022 to 2023, the SPM child poverty rate rose from 12.4% to 13.7%, remaining significantly higher than the 2021 historic low of 5.2%. Approximately 6.2 million more children were living below the poverty line in 2023 than in 2021.
- Under current policy, the Child Tax Credit reduced child poverty by 17.1% (from a child poverty rate of 16.5% without any Child Tax Credit to 13.7%). It kept 2 million children from poverty in 2023.
- Had an expanded Child Tax Credit – such as the 2023 American Family Act – been in effect in 2023, the child poverty rate could have instead been 8.6%.
- On its own, the 2023 American Family Act Child Tax Credit could have reduced child poverty by 47.8%, and kept a total of 5.6 million children from poverty.
- Compared to current policy, the 2023 American Family Act could have reduced child poverty by 37.1% and kept an additional 3.6 million children out of poverty in 2023. The expanded credit’s effect on poverty remains substantial under an array of potential employment responses.

POLICY CONTEXT

The 2023 American Family Act

The 2023 American Family Act would make a set of changes to the Child Tax Credit similar to the changes made in the 2021 American Rescue Plan, including¹:

- 1) Making the credit fully refundable by removing the Child Tax Credit's earnings requirement and phase-in, thus ensuring that children in families with low and moderate incomes receive the full credit;
- 2) Increasing the maximum credit amounts for all eligible children and increasing the qualifying age to include 17 year olds, while also delivering a higher credit amount for children under age 6; and
- 3) Allowing for monthly delivery of Child Tax Credit payments.

The 2023 American Family Act also inflation-adjusts the 2021 credit values of a maximum of \$3,000 per year (up to \$250 per month) for children ages 6 to 17 and a maximum of \$3,600 per year (up to \$300 per month) for children under age 6 and delivers a higher credit amount to children within their first year of life. The 2023 American Family Act provides a one-time initial payment of \$2,000 (inflation-adjusted) to be delivered at birth to families with a newborn child, followed by monthly payments of up to \$300 per young child thereafter. This policy design is intended to correct inequities in current law and ensure that all babies – no matter what point in the year they are born – receive the same total Child Tax Credit amount within the first 12 months of their life. For more details, see Curran et al. (2024), [Equalizing the Child Tax Credit for Babies: How the 2023 American Family Act Treats Infants](#).

¹ Similar to the 2021 American Rescue Plan, the 2023 American Family Act would also phase the credit out in two stages, with the higher credit amounts (\$3,000/\$3,600) beginning to phase out at a rate of 5% once a family's Adjusted Gross Income (AGI) reaches \$150,000 for joint filers (or \$112,500 for head of household filers) until the credit reduced to its maximum amount under the Tax Cuts and Jobs Act (TCJA) parameters: \$2,000 per child. Families would then be eligible for the \$2,000 per child credit amount until family incomes reach the maximum income threshold stipulated under TCJA: \$400,000 for joint filers (or \$200,000 for head of household filers). After this point, the credit phases out again at a rate of 5% until it reaches \$0. For a visualization of this two-tiered phase-out, see pages 3 and 4 of Crandall-Hollick, M. (2021) [The Child Tax Credit: Temporary Expansion for 2021 Under the American Rescue Plan Act of 2021 \(ARPA; P.L. 117-2\)](#). Washington DC: Congressional Research Service.

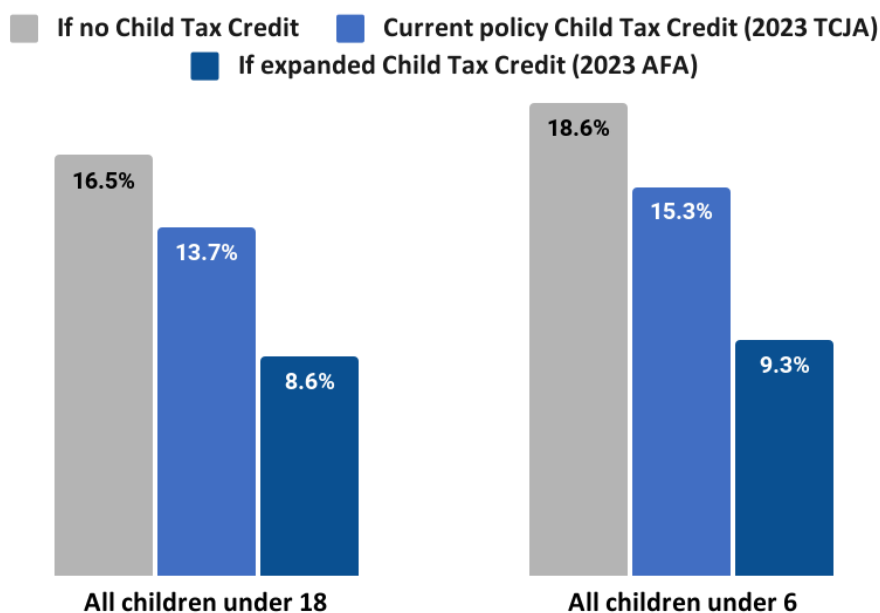
RESULTS

Our analysis looks at 2023 child poverty rates under three scenarios:

- 1. If no Child Tax Credit:** before counting income from the 2023 current policy Child Tax Credit;
- 2. Current policy (2023 Tax Cuts and Jobs Act):** after counting income from the 2023 current policy Child Tax Credit – both the non-refundable and refundable portions of the credit together – under the 2023 parameters of the Tax Cuts and Jobs Act (TCJA); and
- 3. If expanded Child Tax Credit (2023 American Family Act):** after counting income families could have received if the 2023 American Family Act Child Tax Credit had been in place instead of current policy.

The results in **Figure 1** show that the 2023 child poverty rate *before* counting any income from the existing Child Tax Credit was 16.5%, but 13.7% when counting the income that families received from the credit under current policy (the 2023 TCJA Child Tax Credit). If instead, the 2023 American Family Act had been in effect, the 2023 child poverty rate could have been 8.6%.

Figure 1. 2023 SPM child poverty rates under current policy Child Tax Credit (2023 TCJA) versus an expanded Child Tax Credit (2023 American Family Act)



Source: Center on Poverty and Social Policy at Columbia University, 2024. Calculated using the 2024 Current Population Survey (CPS), Annual Social and Economic Supplement (ASEC), retrieved from U.S. Census Bureau.

Note: Results assume 100% takeup of the Child Tax Credit, following standard practice in estimating taxes in the CPS-ASEC. The model used to produce these results does not account for any possible behavioral responses to the reform. When evaluating the effects of the Child Tax Credit, we count both the refundable portion of the credit and the non-refundable portion. When estimating annual payments, we account for changes in children’s ages throughout the year. See Appendix A for more details of our methodology.

Table 1 shows child poverty rates (top panel) and counts of children in poverty (bottom panel) under each scenario, plus the reductions in poverty associated with the credit under each. We also show the share of children falling below 50%, 150%, and 200% of the poverty threshold (or deep poverty, near poverty, and low-income, respectively) under these scenarios.

Table 1 shows that the 2023 American Family Act Child Tax Credit could have cut child poverty by almost half (47.8%) and kept 5.6 million children out of poverty. These figures represent the *total* potential effect of the Child Tax Credit: the combination of the non-refundable and refundable portions of the credit under current policy plus the proposed expansion. When compared to the current Child Tax Credit, under the 2023 parameters of TCJA, the 2023 American Family Act could have delivered an almost 40% (37.1%) reduction in child poverty. **That is, 3.6 million more children could have been lifted out of poverty in 2023 had the American Family Act been in effect rather than current policy.**

Table 2 provides child poverty rates (top panel), counts of children in poverty (bottom panel), and poverty reduction under each scenario by race and ethnicity and family characteristics. When looking at the *total* potential effect of the credit, the 2023 American Family Act Child Tax Credit, on its own, could have cut child poverty by close to half for Black, Latino and White children, and by more than one-third (35.1%) for Asian children. It could have cut child poverty by close to half (45.6%) for children in 1-parent families and just over half (52.2%) for children in 2-parent families; by more than one-third (36.0%) for children in smaller families and more than 60% (61.7%) for children in larger families; by close to half (46.9%) for children in urban areas and by more than half (56.1%) for children in rural areas; and by almost half (46.9%) for children in families where an individual has a disability.

Additional poverty estimates can be found in Appendix B. Table B1 shows rates of deep poverty (below 50% SPM poverty threshold) for children by race and ethnicity and family characteristics.

The models underlying the results presented in Tables 1 and 2 and presented in Appendix B do not incorporate the possible changes in employment that parents may make in response to the American Family Act's Child Tax Credit expansion. There is considerable debate as to whether and to what extent a permanent expansion to the Child Tax Credit could affect parental employment. In Appendix C, we present alternative results from a model that incorporates such a potential effect. When results are adjusted for an array of potential employment responses, the poverty reduction associated with the 2023 American Family Act Child Tax Credit is somewhat smaller, but remains substantial – ranging from a 40.1% to a 47.1% reduction in child poverty (versus 47.8% without an employment response) (see Appendix Table C1).

Table 1. 2023 child poverty rates under current policy Child Tax Credit versus an expanded Child Tax Credit (2023 TCJA vs 2023 American Family Act)

	If no Child Tax Credit	Current policy CTC (2023 TCJA)	If expanded CTC (2023 AFA)	2023 TCJA vs. no CTC	2023 AFA vs. no CTC	2023 AFA vs. 2023 TCJA
SPM Poverty Rate			Percent Reduction Associated with Child Tax Credit			
Poverty (100% poverty line)						
All children under 18	16.5%	13.7%	8.6%	17.1%	47.8%	37.1%
All children under 6	18.6%	15.3%	9.3%	17.8%	50.1%	39.3%
Deep poverty (< 50% poverty line)						
All children under 18	3.6%	3.5%	2.2%	3.8%	39.8%	37.5%
All children under 6	4.1%	4.0%	2.2%	2.9%	45.4%	43.8%
Near poverty (< 150% poverty line)						
All children under 18	36.7%	32.9%	28.1%	10.3%	23.4%	14.7%
All children under 6	39.1%	35.0%	29.6%	10.5%	24.3%	15.4%
Low income (< 200% poverty line)						
All children under 18	52.0%	49.0%	45.7%	5.8%	12.1%	6.7%
All children under 6	54.8%	52.0%	48.6%	5.0%	11.3%	6.7%
Number of Children in Poverty			Number of Children Moved out of Poverty			
Poverty (100% poverty line)						
All children under 18	11,798,000	9,786,000	6,155,000	2,012,000	5,643,000	3,631,000
All children under 6	3,924,000	3,227,000	1,959,000	697,000	1,965,000	1,268,000
Deep poverty (< 50% poverty line)						
All children under 18	2,599,000	2,501,000	1,564,000	98,000	1,035,000	937,000
All children under 6	866,000	840,000	473,000	26,000	393,000	367,000
Near poverty (< 150% poverty line)						
All children under 18	26,138,000	23,447,000	20,010,000	2,691,000	6,128,000	3,437,000
All children under 6	8,240,000	7,372,000	6,240,000	868,000	2,000,000	1,132,000
Low income (< 200% poverty line)						
All children under 18	37,066,000	34,934,000	32,599,000	2,132,000	4,467,000	2,335,000
All children under 6	11,542,000	10,968,000	10,239,000	574,000	1,303,000	729,000

Source: Center on Poverty and Social Policy at Columbia University, 2024. Calculated using the 2024 Current Population Survey (CPS), Annual Social and Economic Supplement (ASEC), retrieved from U.S. Census Bureau. Poverty results use the Supplemental Poverty Measure (SPM).

Note: Results assume 100% takeup of the Child Tax Credit, following standard practice in estimating taxes in the CPS-ASEC. The model used to produce these results does not account for any possible behavioral responses to the reform. When evaluating the effects of the Child Tax Credit, we count both the refundable portion of the credit and the non-refundable portion. When estimating annual payments, we account for changes in children’s ages throughout the year. See Appendix A for more details of our methodology. Population counts are rounded to the nearest thousand. Due to rounding, some totals may not correspond with separate figures.

Table 2. Child poverty rates in 2023 under current policy Child Tax Credit versus an expanded Child Tax Credit by demographic groups (2023 TCJA vs 2023 American Family Act)

	If no Child Tax Credit	Current policy CTC (2023 TCJA)	If expanded CTC (2023 AFA)	2023 TCJA vs. no CTC	2023 AFA vs. no CTC	2023 AFA vs. 2023 TCJA
All children < 18						
SPM Poverty Rate				Percent Reduction Associated with CTC		
Child's race and ethnicity						
Asian American or Pacific Islander*	14.6%	12.0%	9.5%	18.1%	35.1%	20.7%
Black	24.6%	20.6%	12.4%	16.6%	49.6%	39.6%
Latino	26.3%	21.8%	14.0%	16.9%	46.7%	35.8%
White	9.1%	7.4%	4.7%	18.4%	48.5%	36.9%
Family characteristics						
1-parent household	28.9%	25.4%	15.7%	11.9%	45.6%	38.2%
2-parent household	11.7%	9.0%	5.6%	22.8%	52.2%	38.1%
1-2 children	13.7%	11.9%	8.7%	13.3%	36.0%	26.2%
3+ children	21.4%	16.8%	8.2%	21.4%	61.7%	51.2%
Urban	16.9%	14.0%	9.0%	17.4%	46.9%	35.8%
Rural	13.9%	11.9%	6.1%	14.7%	56.1%	48.5%
In family with an individual with a disability*	15.1%	14.0%	8.0%	7.1%	46.9%	42.9%
All children < 18						
Number of Children in Poverty				Number of Children Moved out of Poverty		
Child's race and ethnicity						
Asian American or Pacific Islander*	614,000	503,000	399,000	111,000	215,000	104,000
Black	2,475,000	2,066,000	1,248,000	409,000	1,227,000	818,000
Latino	4,939,000	4,104,000	2,634,000	835,000	2,305,000	1,470,000
White	3,115,000	2,542,000	1,604,000	573,000	1,511,000	938,000
Family characteristics						
1-parent household	5,126,000	4,514,000	2,788,000	612,000	2,338,000	1,726,000
2-parent household	5,923,000	4,575,000	2,833,000	1,348,000	3,090,000	1,742,000
1-2 children	6,192,000	5,369,000	3,961,000	823,000	2,231,000	1,408,000
3+ children	5,525,000	4,341,000	2,118,000	1,184,000	3,407,000	2,223,000
Urban	10,492,000	8,670,000	5,568,000	1,822,000	4,924,000	3,102,000
Rural	1,206,000	1,028,000	530,000	178,000	676,000	498,000
In family with an individual with a disability*	652,000	605,000	346,000	47,000	306,000	259,000

Source: Center on Poverty and Social Policy at Columbia University, 2024. Calculated using the 2024 Current Population Survey (CPS), Annual Social and Economic Supplement (ASEC), retrieved from U.S. Census Bureau. Poverty results use the Supplemental Poverty Measure (SPM)

*Results for individuals identifying as Asian American or Pacific Islander, or residing in a family with an individual with a disability are calculated using 2 years of CPS-ASEC data (2023 and 2024) and should be interpreted with caution due to sample size constraints.

Note: Results assume 100% takeup of the Child Tax Credit, following standard practice in estimating taxes in the CPS-ASEC. The model used to produce these results does not account for any possible behavioral responses to the reform. When evaluating the effects of the Child Tax Credit, we count both the refundable portion of the credit and the non-refundable portion. When estimating annual payments, we account for changes in children's ages throughout the year. See Appendix A for more details of our methodology. Population counts are rounded to the nearest thousand. Racial and ethnic groups are mutually exclusive. Individuals identifying as Asian American & Pacific Islander, Black, and White are all non-Latino. Any individual identifying as Latino, Hispanic, or Spanish is identified as "Latino," regardless of racial identity. Results for individuals identifying as American Indian & Alaska Native or Multiracial and another race/ethnicity are not included due to sample size constraints. Due to rounding, some totals may not correspond with separate figures.

DATA & METHODS

This report uses data from the 2024 U.S. Census Bureau's Annual Social and Economic Supplement to the Current Population Survey, or CPS-ASEC, reflective of 2023. Due to sample size constraints, poverty estimates for Asian American or Pacific Islander children and children who live with a family member with a disability were obtained using two years of data from the 2023 and 2024 CPS-ASEC. Details on our methodology are presented in Appendix A. The poverty results reported here are based on the Supplemental Poverty Measure (SPM), which accounts for cash and noncash government benefits, necessary expenses like taxes, health care, commuting, and child care, and adjusts for family size and local housing costs. For a two-parent, two-child family in rental housing, the SPM poverty threshold was approximately \$39,000, on average in 2023. The SPM is reported annually along with the official poverty measure (OPM) by the U.S. Census Bureau.

SUGGESTED CITATION

Koutavas, Anastasia, Christopher Yera, Sophie Collyer, Megan Curran, and David Harris. 2024. "What could 2023 child poverty rates have looked like had an expanded Child Tax Credit been in place? A poverty reduction analysis of the 2023 American Family Act." *Poverty and Social Policy Brief*, vol. 8, no. 3.

www.povertycenter.columbia.edu/publication/what-2023-child-poverty-rates-could-have-looked-like

ACKNOWLEDGEMENTS

This work is made possible with the support of The JPB Foundation and the Annie E. Casey Foundation. We thank Sonia Huq and Ananya Bhatia for their assistance in preparing this brief.

The Center on Poverty and Social Policy at the Columbia School of Social Work produces cutting-edge research to advance our understanding of poverty and the role of social policy in reducing poverty and promoting opportunity, economic security, and individual and family-wellbeing. The center's work focuses on poverty and social policy issues 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 @cpsppoverty

APPENDIX A. METHODOLOGY

Data

Results presented in this brief were prepared using the 2024 Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC). The CPS-ASEC is a large, representative survey conducted by the Census Bureau and used to produce official poverty statistics for the calendar year preceding survey administration (2023, in this case). We retrieved the person-level 2024 CPS-ASEC file from the Census website for this study. The poverty results reported here are based on the Supplemental Poverty Measure (SPM), which accounts for cash and noncash government benefits, necessary expenses like taxes, health care, commuting, and child care, and adjusts for family size and local housing costs. For a two-parent, two-child family in rental housing, the SPM poverty threshold was approximately \$39,000, on average in 2023. The SPM is reported annually along with the official poverty measure (OPM) by the U.S. Census Bureau. Due to sample size constraints, poverty estimates for Asian American or Pacific Islander children and children residing with an individual with a disability were obtained using two years of data from the 2023 and 2024 CPS-ASEC.

Approach

The Child Tax Credit expansion modeled for this brief follows the parameters in the proposed 2023 American Family Act (AFA), [H.R. 3899](#). The AFA Child Tax Credit expansion implements many of the reforms made to the Child Tax Credit under the 2021 American Rescue Plan Act (ARP), including making the credit fully refundable, eliminating the earnings requirement, increasing the credit values, and allowing for monthly delivery of the credit.² The AFA also adjusts the ARP credit levels (\$250 per month for children ages 6-17 and \$300 per month for children under age 6) for inflation and includes the introduction of a new \$2,000 payment after the birth of a child.³ Like the ARP, the AFA does not make changes to the credit levels for dependents ages 18 and older.

Below, we describe the steps we took to estimate how family income in 2023 could have been different if the AFA Child Tax Credit we simulated had been in effect.

1) Identifying tax units with Child Tax Credit-qualifying dependents

The CPS-ASEC is administered each year, primarily in March, and collects data on income, transfers, and expenses in the preceding calendar year, or “reference year.” In the case of the 2024 CPS-ASEC, the reference year covers January to December 2023. The 2024 CPS-ASEC also includes variables identifying tax units and dependents.⁴

² An expanded Child Tax Credit has also been introduced in the Senate as part of the Working Families Tax Relief Act of 2023 (WFTRA), [S.1992](#).

³ For more detailed information on this element of the policy, see Curran et al. (2024), [Equalizing the Child Tax Credit for Babies: How the 2023 American Family Act Treats Infants](#).

⁴ More information about how the CPS-ASEC identifies tax units and dependents can be found in pgs. 4-6 of Lin, D. 2022. [Methods and Assumptions of the CPS ASEC Tax Model](#). U.S. Census Bureau. We also perform a slight adjustment to tax units within multi-generational households. In some cases, the youngest generations of these households may be placed in their own tax unit composed entirely of dependent minors. In the 2024 CPS-ASEC, 207 children were placed in tax units comprised solely of dependents. In order to appropriately calculate the Child Tax Credit benefit for these children, we regroup dependents into the same tax unit as those who may claim them, recalculate their taxes using NBER’s [TAXSIM](#), and then conduct our simulation of the AFA Child Tax Credit. More information on TAXSIM available at <https://www.nber.org/taxsim/>.

To calculate the annual credit that a tax unit might receive under the AFA Child Tax Credit, we first needed to determine the credit they would receive in each month of the reference year. A tax unit's monthly credit amount could vary month-to-month depending on the age of each of their dependent children. For example, a tax unit could have a 5-year-old at the beginning of the year who turns 6 in May; thus, they would receive the credit for dependents under age 6 between January and April, and the credit for dependents ages 6 to 17 for the remainder of the year. Similarly, tax units with a dependent who turns 18 in 2023 would see their credit value change across the reference year. For this reason, we needed to identify, for each month in the reference year, the number of dependents under age 6 and between ages 6 to 17 for each tax unit in the CPS-ASEC. In addition, we needed to identify families with a newborn child in the reference year and the birth month of that child. These families would have received the AFA's initial inflation-adjusted \$2,000 payment after the birth of a child, but would only receive monthly credits in the months after birth. The age variable in the CPS-ASEC is, however, only specific to ages reported for each person in the household at the time of the survey. Thus, we developed a method to impute ages in different months of the reference year. Our method is described below.

Identifying tax units with a child under age 18 for all or part of the reference year

In the CPS-ASEC file, we can identify children's ages at the time of the survey month (March) in the year of the survey's administration (2024). All children under age 18 at the time of survey administration were under age 18 throughout the reference year. In addition, all 18-year-olds were 17 for at least part of the reference year, as were some 19-year-olds observed at the time of the CPS-ASEC. We assume that birth months are evenly distributed, such that 25% of 18-year-olds were under 17 for all of the reference year and the remaining 75% were 17 for part of the reference year. We also assume that 17% of 19-year-olds had birthdays in the 2 months of 2023 prior to the survey administration, and would also have been 17 for part of the reference year.

We randomly assign 18- and 19-year-olds into the groups above based on the proportion of each age-group falling in each category. Next, we randomly assign them a birth month to more specifically calculate the length of time they were under age 18 in the reference year and the size of their credit.

Identifying tax units with a child under age 6 for all or part of the reference year

Under the AFA, tax units receive a larger monthly credit for children under age 6. We know that all children under age 6 at the time of the CPS-ASEC were under age 6 in the reference year. In addition, all children observed at age 6 at the time of the CPS-ASEC survey in March were under age 6 for all or part of the reference year. The same is true for roughly 17% of 7-year-olds who turned 7 between January and February of the survey year. We follow the same process outlined above for 18- and 19-year-olds to determine for how long children who were ages 6 or 7 at the time of the CPS-ASEC were under age 6 in the reference year, again assuming that birth months are evenly distributed.

Selecting tax units with a child born in the reference year

Under the AFA, children born in the reference year would receive an initial larger payment after birth and monthly credit payments for each month post-birth. Again, the CPS-ASEC does not have information to identify the number of children born in the reference year, but assuming births are evenly distributed across months, roughly 75% of 0-year-olds would have been born in the preceding calendar year (between April and January) and 25% would have been born in January to March of the survey year. We randomly select 75% of 0-year-olds to be born in 2023

and exclude the remaining 25% of 0-year-olds (along with their families) from this analysis, assuming that these children were born in 2024. We then randomly assign a birth month between April and December of the reference year (with an equal probability of being born in each month) to 0 year olds born in 2023. Similarly, 25% of 1 year olds in the 2024 CPS-ASEC were born in 2023 (between January and March). We thus assume that a randomly selected 25% of one-year-olds were born in the reference year and randomly assign them a birth month between January and March of 2023.

2) Calculating annual Child Tax Credit benefits under the AFA Child Tax Credit

The annual AFA Child Tax Credit that each tax unit could receive consists of their monthly Child Tax Credit payments for children under age 18, the Credit for Other Dependents they receive for children over age 17 under current law, and their initial payment after birth (if applicable). Below, we discuss the process for calculating each of these components of the AFA Child Tax Credit.

Monthly Child Tax Credit Payments

To calculate each tax unit's monthly Child Tax Credit, we counted the number of dependents under age 6 and between ages 7 to 17 in each month of the reference year. We then calculated the total monthly credit for the tax unit according to the number of children in the tax unit falling in these age groups and the monthly credit amounts under the AFA (\$300 per children under age 6 and \$250 per child ages 6-17 in 2020 dollars, adjusted for changes in the Consumer Price Index between 2020 and 2022, and rounded to the nearest \$10).⁵ We then found the annual value of the credits received through the year by totalling the monthly credit amounts for each tax unit.

2023 AFA Child Tax Credit Initial Payment after Birth

All children who we assume were born in the reference year (see previous step for a description of this assignment) are assigned an initial payment after birth of \$2,000 in 2020 dollars, adjusted for changes in the CPI between 2020 and 2022.

Credit for Other Dependents

The Child Tax Credit expansion modeled here also assumes a non-refundable Credit for Other Dependents for tax units with dependent children ages 18 or older, or "other dependents." We calculated Credit for Other Dependents values under current policy parameters by first determining the maximum credit a tax unit could receive based on the count of dependent children ages 18 and older in the reference year identified by the Census Tax Model, with a maximum of \$500 per "other dependent." 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 Credit for Other Dependents was greater than their pre-credit federal tax liability, then we reduce the credit to be equivalent to the unit's pre-credit tax liability.⁶

Credit Phaseout Thresholds

Under the AFA, the annual Child Tax Credit phases out for tax units with AGIs above the phaseout thresholds. The total annual credit is set to phase out for joint filers with an AGI above \$150,000 in 2020 dollars and head of household filers with an AGI above \$112,500 in 2020

⁵ Under the 2023 AFA, the monthly Child Tax Credits payments are adjusted annually for inflation using the 2020 CPI and the CPI for the calendar year prior to the monthly payment's distribution, and are rounded to the nearest multiple of \$10.

⁶ 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.

dollars, both adjusted for changes in the CPI between 2020 and 2022 (in the case of this simulation). For tax units with AGIs over such thresholds, the sum of their annualized monthly Child Tax Credit, Credit for Other Dependents, and \$2,000 initial payment after birth of a child was reduced (but not below zero) at a rate of 5% of the tax unit's excess AGI over the initial threshold amount. Tax units whose phased-out Child Tax Credit was lesser than their Child Tax Credit under current law had their Child Tax Credit value replaced with that of the current-law credit. The value of a tax unit's phased-out 2023 TCJA Child Tax Credit was included in the CPS-ASEC's microdata, and phased out for joint filers with an AGI above \$400,000 and single filers with an AGI above \$200,000 at the same rate of 5% of the excess AGI over the initial threshold amount (but not below zero). We maintain these values for tax units whose incomes are above the initial thresholds (\$112,500 or \$150,000 in 2020 dollars) and whose 2023 AFA Child Tax Credit would fall below the value of their 2023 TCJA Child Tax Credit.

3) Replacing 2023 TCJA Child Tax Credit with AFA Child Tax Credit and re-calculating poverty statistics

To calculate poverty rates with the expanded AFA Child Tax Credit, we replaced SPM units' 2023 TCJA Child Tax Credit value with the value calculated using the procedure described above. To estimate the poverty impacts of the proposal, we calculated the poverty rate again to account for the replacement of the Child Tax Credit values included in the CPS-ASEC microdata with the Child Tax Credit values we calculated according to above parameters. The new poverty rate was calculated by determining each SPM unit's poverty status with the new credit, with an SPM unit considered as being "in poverty" if the value of their SPM resources with the AFA Child Tax Credit was less than their SPM poverty threshold.

APPENDIX B. Additional Tables

Table B1. Deep poverty rates among children in 2023 and estimated reduction associated with Child Tax Credit, by demographic

	SPM Deep Poverty Rate			Percent Reduction Associated with CTC		
	If no CTC	Current policy CTC (2023 TCJA)	If expanded CTC (2023 AFA)	2023 TCJA vs. no CTC	2023 AFA vs. no CTC	2023 AFA vs. 2023 TCJA
All children under 18						
Child's race and ethnicity						
Asian American or Pacific Islander*	3.9%	3.8%	2.8%	0.8%	27.2%	26.6%
Black	5.7%	5.7%	3.2%	0.5%	44.5%	44.2%
Latino	5.2%	5.0%	2.9%	5.2%	45.6%	42.6%
White	2.2%	2.1%	1.5%	3.4%	32.1%	29.7%
Family characteristics						
1-parent household	7.7%	7.4%	4.0%	4.0%	48.4%	46.3%
2-parent household	2.0%	1.9%	1.3%	4.4%	33.1%	30.1%
1-2 children	3.4%	3.3%	2.4%	2.8%	28.1%	26.1%
3+ children	3.9%	3.7%	1.6%	5.6%	59.6%	57.2%
Urban	3.8%	3.6%	2.3%	4.0%	40.4%	37.9%
Rural	2.6%	2.6%	1.8%	1.6%	32.3%	31.2%
In family with an individual with a disability*	1.6%	1.6%	0.7%	0.0%	53.2%	53.2%

Source: Center on Poverty and Social Policy at Columbia University, 2024. Calculated using the 2024 Current Population Survey (CPS), Annual Social and Economic Supplement (ASEC), retrieved from U.S. Census Bureau. Poverty results use the Supplemental Poverty Measure (SPM).

*Results for individuals identifying as Asian American or Pacific Islander, or residing in a family with an individual with a disability are calculated using 2 years of CPS-ASEC data (2023 and 2024) and should be interpreted with caution due to sample size constraints.

Note: Results assume 100% takeup of the Child Tax Credit, following standard practice in estimating taxes in the CPS-ASEC. The model used to produce these results does not account for any possible behavioral responses to the reform. When evaluating the effects of the Child Tax Credit, we count both the refundable portion of the credit and the non-refundable portion. When estimating annual payments, we account for changes in children's ages throughout the year. See Appendix A for more details of our methodology. Population counts are rounded to the nearest thousand. Racial and ethnic groups are mutually exclusive. Individuals identifying as Asian American & Pacific Islander, Black, and White are all non-Latino. Any individual identifying as Latino, Hispanic, or Spanish is identified as "Latino," regardless of racial identity. Results for individuals identifying as American Indian & Alaska Native or Multiracial and another race/ethnicity are not included due to sample size constraints. Due to rounding, some totals may not correspond with separate figures.

APPENDIX C. Accounting for Possible Employment Response

There is considerable debate as to whether and to what extent an expansion to the Child Tax Credit similar to that in the American Family Act could affect parents' employment, which is discussed in Ananat et al. (2024), Ananat & Garfinkel (2024), Bastian (2024), Corinth et al. (2021), Goldin et al. (2021), and Schanzenbach and Strain (2024).^{iv} The results presented in Tables 1 and 2 in the main body of this brief assume no employment responses. We test the sensitivity of these results to potential changes in parental employment following the methodology outlined in the National Academy of Sciences (2019) report on reducing child poverty and two approaches presented in a recent paper, Bastian (2024), on the potential employment response to an expanded Child Tax Credit.^v

The authors of the NAS report model the income effects associated with various Child Tax Credit expansions and the related changes in parental employment on both the intensive and extensive margins. To implement this approach, we first identify parents who might stop working and then identify the percent increase in income due to the policy change. We then apply a specified elasticity of employment (which varies across population sub groups) to this percent increase in order to determine the probability of that parent leaving employment. The elasticities of employment specified in NAS (2019) are -0.12 for married mothers, -0.085 for unmarried mothers, and 0 for fathers. To identify the parents who may reduce work hours, we first identify the total number of reduced hours worked among parent beneficiaries based on their percent change in income and the authors' specified elasticities for hours: -0.09 for married mothers, -0.07 for unmarried mothers, and -0.05 for fathers. Once identifying the target number of reduced hours, this approach randomly identifies parents who could stop working for 1 hour per week until meeting these targets.

Under the Bastian approach, we first identify the change in the Return to Work (RTW) associated with the Child Tax Credit expansion for each parent⁷ and then estimate how many parents might stop working based on the combination of the change in their RTW and their labor supply elasticity. Bastian's preferred labor supply elasticities are 0.4 for unmarried mothers who are lower income (defined as Earned Income Tax Credit (EITC) recipients), 0.2 for other mothers, and 0.05 for fathers. He also produces estimates with a higher set of labor supply elasticities (0.75 for unmarried mothers who are low income and 0.25 for all other parents and guardians). We identified a target number of parents who could stop working based on these inputs (using both the preferred elasticities and the higher set cited in Bastian's paper), and we then identified a set of parents who could stop working to meet this target number based on the approach outlined in Bastian (2024). Under this method, those whose RTW declined the most and whose labor supply elasticity was higher were more likely to be identified as those who could stop working.

⁷ See [Bastian \(2024\)](#) for an illustration of how the Child Tax Credit expansion affects the return to work.

Table C1 presents our estimates of the reduction in child poverty from the 2023 American Family Act Child Tax Credit expansion before and after accounting for the possible change in parents' employment based on the three approaches outlined above.

Table C1. Child poverty rates in 2023 under current policy Child Tax Credit (2023 Tax Cuts and Jobs Act) versus expanded Child Tax Credit (2023 American Family Act), with and without potential employment response

	SPM Poverty Rate			Percent Reduction Associated with CTC		
	If no CTC	Current policy CTC (2023 TCJA)	If expanded CTC (2023 AFA)	2023 TCJA vs. no CTC	2023 AFA vs. no CTC	2023 AFA vs. 2023 TCJA
Without potential employment response						
All children under 18	16.5%	13.7%	8.6%	17.1%	47.8%	37.1%
All children under 6	18.6%	15.3%	9.3%	17.7%	50.1%	39.4%
With employment response model drawn from NAS (2019)						
All children under 18	16.5%	13.7%	8.8%	17.1%	47.1%	36.2%
All children under 6	18.6%	15.3%	9.5%	17.7%	48.9%	38.0%
With employment response model and Bastian (2024)'s preferred elasticities						
All children under 18	16.5%	13.7%	9.1%	17.1%	44.8%	33.4%
All children under 6	18.6%	15.3%	9.8%	17.7%	47.2%	35.9%
With employment response model and Bastian (2024)'s higher set of elasticities						
All children under 18	16.5%	13.7%	9.9%	17.1%	40.1%	27.8%
All children under 6	18.6%	15.3%	10.7%	17.7%	42.5%	30.2%

Source: Center on Poverty and Social Policy at Columbia University, 2024. Calculated using the 2024 Current Population Survey (CPS), Annual Social and Economic Supplement (ASEC), retrieved from U.S. Census Bureau. Poverty results use the Supplemental Poverty Measure (SPM).

Note: Results assume 100% takeup of the Child Tax Credit, following standard practice in estimating taxes in the CPS-ASEC.^{vi} When evaluating the effects of the current policy Child Tax Credit, we count both the refundable portion of the credit and the non-refundable portion. When estimating annual payments, we account for changes in children's ages throughout the year. Due to rounding, some totals may not correspond with separate figures.

ENDNOTES

- i. Burns, K., L. Fox, and D. Wilson. 2022. [Expansions to Child Tax Credit contributed to 46% decline in child poverty since 2020](#). Washington DC: U.S. Census Bureau.
- ii. Shrider, E. A. and J. Creamer. 2023. [Poverty in the United States: 2022](#). Washington DC: U.S. Census Bureau.
- iii. Shrider, E. A. 2024. [Poverty in the United States: 2023](#). Washington DC: U.S. Census Bureau
- iv. Ananat, E. et al. 2022. [Effects of the expanded Child Tax Credit on employment outcomes: Evidence from real-world data from April to December 2021](#). National Bureau of Economic Research Working Paper 29823, Cambridge, MA; Ananat, E. & I. Garfinkel. 2024. The Potential Long-Run Implications of a Permanently-Expanded Child Tax Credit. *The ANNALS of the American Academy of Political and Social Science*; Bastian, J. 2024. [How would a permanent 2021 Child Tax Credit expansion affect poverty and employment?](#) *National Tax Journal*, 77(2); Corinth, K. et al. 2021. [The anti-poverty, targeting, and labor supply effects of replacing a Child Tax Credit with a child allowance](#). National Bureau of Economic Research Working Paper 29366, Cambridge, MA; Goldin, J. et al. 2021. [Estimating the Net Fiscal Cost of a Child Tax Credit Expansion](#). National Bureau of Economic Research Working Paper 29342. Cambridge, MA; Schanzenbach, D. and M. Strain. 2024. [Employment and Labor Responses to the Child Tax Credit Expansion: Theory and Evidence](#). *The ANNALS of the American Academy of Political and Social Science*, 710(1):141-156.
- v. National Academies of Sciences, Engineering, and Medicine. 2019. [A Roadmap to Reducing Child Poverty](#). Washington, DC: The National Academies Press; Bastian, J. 2024. [How Would a Permanent 2021 Child Tax Credit Expansion Affect Poverty and Employment?](#) *National Tax Journal*, 77(2).
- vi. Lin, Daniel. 2022. [Methods and Assumptions of the CPS ASEC Tax Model](#). U.S. Census Bureau.