States have the policy tools available to them to drastically reduce child poverty. They can build on the track record of the expanded federal credit and create Child Tax Credits that include features key to the federal expansion’s success. The options presented provide the potential impacts of state Child Tax Credits on poverty and the costs of these highly promising tax credits that would reduce state child poverty rates by 25 and 50 percent.

The available options present a broad, more universal, option and a narrower, more targeted, option. The former extends higher up the income scale and is available to more middle-class families, whereas the latter is directed toward families experiencing periods of low income. The accompanying individual state pages identify details of each credit option: the maximum benefit, overall cost, number of beneficiaries, number of children lifted out of poverty, the impacts of each policy across the income distribution and the anti-poverty effects associated with credits of varying amounts.

Please note that this analysis is intended to demonstrate scenarios for best practice CTC designs and their associated costs in each state to achieve significant poverty reduction. For states where Child Tax Credits already exist, the credit levels we show are not on top of existing credits, but in place of those credits to demonstrate the benefits and costs of the proposed policy design.
**Option 1: More Universal**

<table>
<thead>
<tr>
<th>Credit Size</th>
<th>Estimated Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>$3,900 (kids 18 and under)</td>
<td>$8.4B in 2022</td>
</tr>
<tr>
<td>$4,680 (kids under 6)</td>
<td></td>
</tr>
</tbody>
</table>

**Who Benefits?**
- 4,534,000 residents
- 2,168,000 children
- 92% of children

*Benefit phase-out extends higher up the income scale and is available to more middle-class families; phase-out for joint filers after $110,000 of income.

**Option 2: More Targeted**

<table>
<thead>
<tr>
<th>Credit Size</th>
<th>Estimated Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>$3,900 (kids 18 and under)</td>
<td>$6.4B in 2022</td>
</tr>
<tr>
<td>$4,680 (kids under 6)</td>
<td></td>
</tr>
</tbody>
</table>

**Who Benefits?**
- 3,372,000 residents
- 1,704,000 children
- 72% of children

*Benefit phase-out more exclusively benefits families experiencing periods of low income; phase-out begins when a family (depending on size) is no longer EITC eligible.

### Average tax change as percentage of income, by income group, 2022

<table>
<thead>
<tr>
<th>Income range</th>
<th>More universal</th>
<th>More Targeted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $23,600</td>
<td>-12.6%</td>
<td>-12.6%</td>
</tr>
<tr>
<td>$23,600 to $41,000</td>
<td>-6.2%</td>
<td>-6.2%</td>
</tr>
<tr>
<td>$41,000 to $68,600</td>
<td>-3%</td>
<td>-2.8%</td>
</tr>
<tr>
<td>$68,600 to $121,200</td>
<td>-2.3%</td>
<td>-1.2%</td>
</tr>
<tr>
<td>$121,200 &amp; up</td>
<td>0%</td>
<td>-0.3%</td>
</tr>
</tbody>
</table>

### Average tax cut for those benefitting

<table>
<thead>
<tr>
<th>Income range</th>
<th>More Universal</th>
<th>More Targeted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $23,600</td>
<td>$6,920</td>
<td>$6,410</td>
</tr>
<tr>
<td>$23,600 to $41,000</td>
<td>$6,920</td>
<td>$6,400</td>
</tr>
<tr>
<td>$41,000 to $68,600</td>
<td>$6,750</td>
<td>$6,130</td>
</tr>
<tr>
<td>$68,600 to $121,200</td>
<td>$7,050</td>
<td>$5,790</td>
</tr>
<tr>
<td>$121,200 &amp; up</td>
<td>$4,050</td>
<td>$3,270</td>
</tr>
</tbody>
</table>

### Share of total tax benefits going to group

<table>
<thead>
<tr>
<th>Income range</th>
<th>More Universal</th>
<th>More Targeted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $23,600</td>
<td>19%</td>
<td>24%</td>
</tr>
<tr>
<td>$23,600 to $41,000</td>
<td>26%</td>
<td>32%</td>
</tr>
<tr>
<td>$41,000 to $68,600</td>
<td>20%</td>
<td>24%</td>
</tr>
<tr>
<td>$68,600 to $121,200</td>
<td>26%</td>
<td>18%</td>
</tr>
<tr>
<td>$121,200 &amp; up</td>
<td>10%</td>
<td>0%</td>
</tr>
</tbody>
</table>

*Source: Institute on Taxation and Economic Policy, Columbia Center on Poverty and Social Policy, 2022*
Child Tax Credit Options for 25% Reduction in Child Poverty

107,000 children lifted out of poverty

**OPTION 1: More universal**

- **Credit Size**
  - $1,500 (kids 18 and under)
  - $1,800 (kids under 6)

- **Estimated Cost**
  - $3.02B in 2022

- **Who Benefits?**
  - 4,096,000 residents
  - 1,990,000 children
  - 84% of children

*Benefit phase-out extends higher up the income scale and is available to more middle-class families; phase-out for joint filers after $110,000 of income.*

**OPTION 2: More targeted**

- **Credit Size**
  - $1,500 (kids 18 and under)
  - $1,800 (kids under 6)

- **Estimated Cost**
  - $2.21B in 2022

- **Who Benefits?**
  - 2,959,000 residents
  - 1,506,000 children
  - 64% of children

*Benefit phase-out more exclusively benefits families experiencing periods of low income; phase-out begins when a family (depending on size) is no longer EITC eligible.*

**Average tax change as percentage of income, by income group, 2022**

- **More universal**
  - Bottom 20%: -4.9%
  - Second 20%: -2.4%
  - Middle 20%: -1.2%
  - Fourth 20%: -0.9%
  - Top 20%: 0%

- **More targeted**
  - Bottom 20%: -4.9%
  - Second 20%: -2.4%
  - Middle 20%: -0.9%
  - Fourth 20%: 0%
  - Top 20%: 0%

**Average tax cut for those benefitting**

- **More universal**
  - $2,660
  - $2,660
  - $2,600
  - $2,710
  - $1,470

- **More targeted**
  - $2,660
  - $2,470
  - $2,600
  - $2,710
  - $0

**Share of total tax benefits going to group**

- **More universal**
  - Bottom 20%: 21%
  - Second 20%: 26%
  - Middle 20%: 21%
  - Fourth 20%: 27%
  - Top 20%: 5%

- **More targeted**
  - Bottom 20%: 28%
  - Second 20%: 35%
  - Middle 20%: 23%
  - Fourth 20%: 12%
  - Top 20%: 0%

Source: Institute on Taxation and Economic Policy, Columbia Center on Poverty and Social Policy, 2022