



breadfortheworld
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Child Tax Credit

“It’s such a relief to me -- psychologically, emotionally, and materially. It really is a “relief package,” as they say!” Rosa Diaz, Chicago, IL.

What it is: The Child Tax Credit (CTC) provides financial support for working families with children.

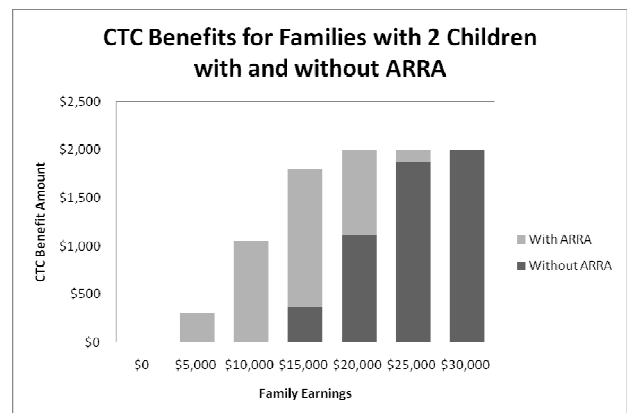
History: Enacted in 1997, the Child Tax Credit helps offset the costs of raising children. Legislation in 2001, 2008 and the American Recovery and Reinvestment Act (ARRA) in 2009 expanded the CTC, but all these provisions expire at the end of 2010.

How it Works: The CTC is a partially refundable tax credit, worth up to \$1,000 per child under age 17 to families earning at least \$3,000. The CTC provides close to \$50 billion in benefits to families with children every year.

What’s at Stake: 2001 tax legislation and ARRA expanded the CTC for low-income working families, but these provisions will expire at the end of 2010.

Currently, a single mother with two children working full time at minimum wage (\$14,500) is eligible for \$1,750. If the expansion from ARRA expires, she will receive only \$270.

In addition, half a million children would also fall below the poverty line (\$21,834 for a family of four in 2008) if this provision expires.



Fast Facts:

- In 2009, the CTC lifted an estimated 2.3 million people out of poverty, including about 1.3 million children.
- 16 million children benefit if the CTC income threshold remains at \$3,000. If Congress does not extend the threshold, 6 million children will lose the benefit completely, and 10 million children will receive a smaller credit.

Take Aways:

- The CTC helps offset the cost of raising children for all families.
- By providing a larger credit the more you work, the CTC creates a strong incentive to work and increase earnings.