

The American Family Act

Permanently Expanding the Child Tax Credit and Lifting Millions of Children Out of Poverty

On February 8, 2021, Reps. Rosa DeLauro, Suzan DelBene, and Ritchie Torres reintroduced the American Family Act, legislation which would permanently expand and improve the Child Tax Credit and make it a dramatically more effective tool for reducing child poverty and supporting families with kids.

What is the Child Tax Credit?

The Child Tax Credit is the largest federal investment in children, but still leaves behind **one-third of all children** who are in families who earn too little to get the full credit. That's because households must earn tens of thousands of dollars per year to be eligible for the full credit, a bar too many families earn too little to meet.

Those left behind include one half of Black and Hispanic children and disproportionately families with young children, families in rural areas, and families led by single mothers.

COVID-19 Impacts

The COVID-19 pandemic has only exacerbated child poverty in the United States. An estimated 8 million Americans have slipped into poverty because of the dual public health and economic crisis. This burden has fallen disproportionately on families of color. 1 in 7 families are currently struggling to secure the food they need. For Black and Hispanic families, it's more than 1 in 5.

What Does the American Family Act Do?

The American Family Act would:

- **Increase the Maximum Child Tax Credit and Pay Benefits Monthly for All Children Under 17.** The bill would expand the credit to provide up to \$250 per month (\$3,000 per year) for children 6-17 and \$300 per month (\$3,600 per year) for children under 6.
- **Make Credit Fully Refundable.** The bill would make the credit fully refundable, meaning that all low-income families would receive the full benefit for each child. The current credit only begins to phase-in after a taxpayer has earned \$2,500 of income and at a rate of 15 cents for every dollar of additional income. In addition, only \$1,400 of the \$2,000 credit is refundable.
- **Benefit the Middle Class.** The bill would provide a tax credit for all individuals with children who earn less than \$150,000 per year and all married couples with children who earn less than \$200,000 per year.
- **Index the Credit for Inflation.** The bill would index the credit to inflation (rounding to the nearest \$50) to preserve the value of the credit going forward.


Real Outcomes

The American Family Act is estimated to **lift 4 million children out of poverty** and cut deep childhood poverty in half. The bill is also estimated to:


Cut Hispanic child poverty by: 45.4% ↓	Cut Black child poverty by: 52.4% ↓
Cut Asian American and Pacific Islander Poverty by: 37% ↓	Cut Native American child poverty by: 61.5% ↓

The Child Tax Credit in Action

A married couple where one parent earns \$20,000 as a cook and the other cares for their 3-year-old and 7-year-old.

Household Income: \$20,000 	Currently, they receive: \$2,625	Under the AFA, they would receive: \$6,600	Amount Increase: +\$3,975
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A single mother with a 4-year-old and 8-year-old who is out of work for the year because of COVID-19.

Household Income: \$0 	Currently, they receive: \$0	Under the AFA, they would receive: \$6,600	Amount Increase: +\$6,600
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The AFA would generate **8 times the benefit to society** than its cost.