

Private Request for Analysis: Senator Romney

Budgetary and distributional effects of the updated Family Security Act framework

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Proposal

This report considers an updated version of the Family Security Act (FSA) framework, similar to the [public FSA 2.0 framework](#). Policy parameters are updated for the EITC, dependent exemptions, and the SALT deduction provisions:

Table 1. Proposal Provisions

Provision	Description
Child Tax Credit (CTC)	FSA 2.0 design with \$20,000 phase-in threshold; \$10,00 for pregnant mothers
Earned Income Tax Credit (EITC)	See table below
Child and Dependent Care Tax Credit (CDCTC)	Repeal
Dependent exemptions	Repeal
Head of Household status	Repeal
State and local tax (SALT) deduction	Capped at \$30,000

Table 2. EITC Parameters

Provision	Single filers		Joint filers	
	Non-parent	Parent	Non-parent	Parent
Phase-in rate	7.65%	34.00%	7.65%	34.00%
Phase-in threshold	\$9,150	\$12,647	\$18,301	\$14,706
Maximum credit	\$700	\$4,300	\$1,400	\$5,000
Phase-out threshold	\$10,000	\$33,000	\$20,000	\$43,000
Phase-out rate	10.00%	25.00%	10.00%	25.00%
Phase-out end	\$17,000	\$50,200	\$34,000	\$63,000

Baselines

The FSA's 2026 enactment date coincides with the expiration of most individual provisions of the Tax Cuts and Jobs Act (TCJA). The FSA's estimated effects depend on whether it is assessed against a current law baseline (TCJA expiration) or a current policy baseline (TCJA extension):

- **CTC.** Under current law, the CTC is scheduled to revert to its smaller pre-TCJA design in 2026. This means that the FSA's CTC expansion is more generous relative to current law than it is to current policy. (Note that the EITC, which is refundable and has no scheduled changes, is unaffected by baseline choice.)
- **Tax rates.** Tax rates are scheduled to rise in 2026. HOH status reduces taxable income for those who qualify, and reductions in taxable income generate larger tax savings against higher rates. Thus, HOH repeal represents a larger tax hike against current law than current policy.
- **Itemized deductions.** TCJA expanded the standard deduction and set certain limits on itemized deduction, including a \$10,000 maximum SALT deduction. These changes expire in 2026 under current law. As such, the FSA's SALT limitation is a larger and broader tax increase against current law than against current policy.

While current law is the official baseline against which government scorekeepers and The Budget Lab evaluate policy changes, understanding the FSA's effects under different TCJA extension scenarios is instructive. We present estimates against both current law and current policy in 2026.

Estimated Budgetary Effects

Table 3 below presents estimated budgetary effects. We do not include the effects of the pregnancy bonus or administrative changes to CTC delivery method. The proposed changes would be revenue-positive on an annual basis starting in 2030 since the CTC value is unindexed to inflation (nominal cost is approximately constant), the SALT cap is unindexed to inflation (nominal revenue raised rises), and the repealed credits are generally indexed to inflation (nominal revenue raised rises).

Table 3. Estimated Budgetary Effects

Current law baseline

Scenario	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Budget window
CTC expansion	0	-151	-175	-176	-177	-177	-178	-179	-179	-180	-1573
EITC reform	0	14	14	14	14	15	15	15	15	15	130
CDCTC repeal	0	4	5	5	5	5	5	5	5	5	44
Dependent exemptions repeal	0	54	66	68	69	71	73	76	78	80	634
Head of Household repeal	0	17	21	22	23	24	25	26	27	29	216
\$30K SALT cap	0	43	55	58	60	63	67	71	75	79	572
Total	0	-19	-14	-9	-5	1	7	14	20	27	22
Total against current policy baseline	0	-75	-90	-91	-92	-93	-95	-96	-98	-100	-830

Source: The Budget Lab, Tax-Simulator version 3295574

How Many Families Would See a Tax Hike Under the FSA?

For this analysis, we define a tax change as being a difference in liability from baseline of more than \$100. A “family” is any tax unit, including current-law non-filers, with at least one dependent child aged 17 or younger. Table 2 presents our estimates of how the FSA would generate tax cuts and hikes among families under different baselines.

Table 4. Estimated Winners and Losers Under the FSA, 2026

Millions of children

	Average tax change	Families with tax cut			Families with tax hike			Families with no change	
		Percent of families	Number of children	Average tax change	Percent of families	Number of children	Average tax change	Percent of families	Number of children
Current law baseline	-\$1,450	84%	64.1	-\$2,175	13%	7.5	\$725	4%	2.3
Current policy baseline	-\$1,825	80%	61.6	-\$2,000	15%	9.2	\$175	5%	3.2

Source: The Budget Lab, Tax-Simulator version [3295574](#)

Methodological Assumptions

We estimated the budget effects of this proposal using our [tax microsimulation model](#). Model version [3295574](#) is used to generate the numbers in this report.