



Child Tax Credit: Conventional Budget Scores

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Key Takeaways

- 1** Extending the Current Policy CTC design would increase annual deficits by about 0.2 percent of GDP. The other CTC proposals would cost about twice as much.
- 2** In the longer run, projected budget costs for each plan fall in both nominal terms and as a share of the overall economy. This decline is due to the lack of inflation indexation: income growth means that more taxpayers would be phased out of the credit over time.
- 3** The full FSA package, which includes pay-fors, would reduce deficits against a current-law baseline.

On this page, we present scores for each CTC expansion proposal. Each CTC expansion would increase deficits relative to current law. The table below presents estimated budgetary effects over the budget window and in the longer run.

Estimated Conventional Budget Effects, FY2025-2054

Billions of dollars

Provision	Billions of dollars									
	2025	2026	2027	2028	2029	2030	2031	2032	2033	
Current policy	0	-68	-85	-86	-87	-89	-90	-91	-92	
CTC FSA	0	-158	-183	-183	-183	-184	-185	-185	-186	
Full FSA	0	35	71	79	86	94	103	111	121	
2021 law	0	-152	-173	-172	-172	-172	-172	-171	-171	
Edelberg-Kearney	0	-144	-163	-162	-161	-160	-159	-159	-158	

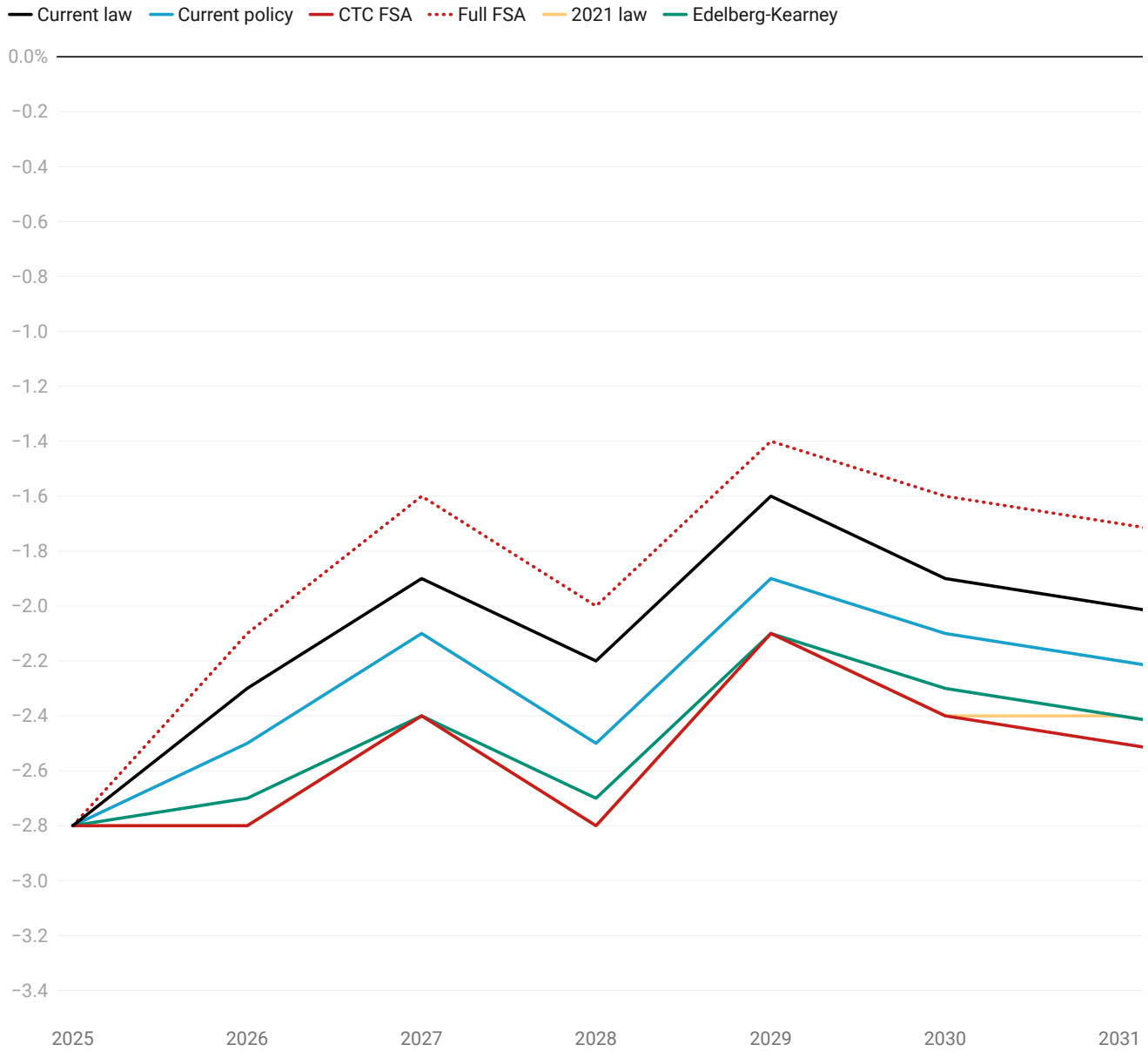
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- We estimate that the full Family Security Act 2.0 proposal, which includes several “pay-for” provisions, would reduce deficits. The proposal was designed to be approximately revenue neutral through 2025, years during which the TCJA is in effect. However, the reform option’s proposed elimination of the SALT deduction raises substantially more revenue after 2025 when the SALT deduction is uncapped than against a current-policy TCJA extension baseline, which retains the \$10,000 limit.
- Despite meaningful differences in design, the FSA CTC, 2021 Law, and Edelberg-Kearney are estimated to have similar budgetary costs, ranging from \$1.4 to \$1.6 trillion. This underscores the fact that policymakers can accomplish different goals per dollar spent on CTC expansion.
- The Current Policy option would cost an estimated \$780 billion over the budget window.
- In the longer run, CTC expansion costs would fall as compared to the size of the overall economy. This pattern reflects the lack of inflation indexation in each reform option. The fixed-dollar nominal credit value falls in inflation-adjusted terms over time, causing more families to earn incomes in excess of the phaseout threshold and fail to benefit from the credit.

The figure below puts these cost estimates into the broader fiscal context. It plots the projected primary surplus over the budget window under current law (as projected by the Congressional Budget Office) and under each counterfactual scenario.

Projected Noninterest Surplus of the United States, FY2025-2034

Percent of GDP



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