



Harris Campaign: Revenue Effects of Child Tax Credit, EITC, and ACA Premium Subsidy

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Summary: Vice President Harris recently announced a plan that would increase the Child Tax Credit in two ways, increase the “childless EITC,” and extend the 2021 expansion of Affordable Care Act premium subsidies. As shown in Table 1 below, we estimate a total cost of \$2.1 trillion over 10 years. (PWBM will soon post updates of the Harris Campaign proposals. Check back soon.)

Description of each proposal:

- Restore the 2021 CTC: Under current law, eligible families may subtract up to \$2,000 per child from their federal income tax liability. Starting in 2026, that amount will decrease to \$1,000 and become partially refundable. This policy change would start in 2025 and increase that amount to \$3,600 per child 5 years and younger, to \$3,000 per child older than 5 years, and increase the maximum age of eligible children from 16 to 17. In addition, the policy change would make the CTC fully refundable.
- A \$6,000 CTC for newborns: This policy change would increase the amount of money per newborn that eligible families may subtract from their federal income tax liability from \$2,000 under current law to \$6,000 during the first year of the newborn’s life. That amount would also be fully refundable.
- Childless EITC: Under current law, in 2024, childless workers receive an earned income tax credit (EITC) that phases in at 7.65% over the first \$8,260 of earnings, reaches a maximum credit amount of \$632, and then phases out at 7.65% beyond earnings of \$10,330 (for single filers). The EITC is fully phased out when earnings reach \$18,591 (for single filers). This policy would adjust the EITC for childless workers so that, in 2025, it would phase in at 15.30% over the first \$11,350 of earnings, reach a maximum credit amount of \$1,737, and then phase out at a rate of 15.3% beyond earnings of \$13,420 (for single filers). The EITC would be fully phased out when earnings reach \$24,772 (for single filers). The policy would also set the age range for childless EITC eligibility to 19 and above. By contrast, the current-law age range is 25-64.
- ACA premium subsidy: This policy would permanently decrease the contribution percentages of household income used for determining the premium tax credit enacted by the ACA, as previously enacted in the American Rescue Plan (ARP) and extended by the Inflation Reduction Act (IRA). Those two pieces of legislation set the required contribution to ACA plan health insurance costs to zero for individuals making less than 150 percent of the federal poverty line (FPL), then between 0 and 2 percent for individuals between 150 and 200 percent of the FPL, 2 to 4 percent for individuals with income between 200 and 250 percent of FPL, 4 to 6 percent for individuals with income between 250 and 300 percent of FPL, 6 to 8.5 percent for individuals with income between 300 and 400 percent of FPL, and 8.5 percent for individuals with income higher than 400 percent of FPL line. Those parameters were set to expire and become less generous after 2025; this policy would make them permanent.

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In billions of dollars

Provision	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2025-2034
Restore 2021 CTC	-22	-135	-188	-189	-188	-188	-188	-188	-188	-188	-1,662
\$6,000 CTC for newborns	-3	-13	-15	-15	-15	-14	-14	-14	-14	-14	-132
Childless EITC	-1	-14	-14	-14	-14	-14	-14	-14	-14	-14	-126
ACA subsidies	0	-2	-22	-23	-25	-26	-28	-31	-33	-35	-225
Total (reduction (-) or increase (+) in revenues)	-26	-164	-239	-241	-241	-243	-245	-247	-249	-251	-2,144