



## **American Family Act**

### **Background:**

Child poverty has remained relatively high in the United States for much of the past decade, with the U.S. Census Bureau's Supplemental Poverty Measure (SPM) averaging 16.1 percent from 2010 to 2019. The United States also has the highest rate of child poverty compared to other wealthy, developed nations, according to the most recent data from the Organization for Economic Co-Operation and Development (OECD). While OECD's methodology for the child poverty rate is different from the SPM, it also accounts for governmental taxes and transfers.

The 2021 expansion of the Child Tax Credit (CTC) in the *American Rescue Plan Act* led to a historic reduction in poverty in the United States, particularly for children. Research showed that child poverty fell immediately and substantially. On an annual basis, according to the U.S. Census Bureau, child poverty fell to 5.2%, its lowest level on record in 2021.

The dramatic reductions in poverty induced by the expanded CTC have significant long-term effects. Income support enhances children's lifetime social and economic outcomes by allowing families to meet basic needs and by increasing families' income stability. Transfer programs that provide cash and near-cash supports have been shown to promote stronger educational, emotional, and health outcomes. Despite this, Congress allowed the expanded CTC to expire. The poverty rate for children more than doubled to 12.4 percent in 2022.

### **American Family Act:**

The American Family Act would:

- Provide the full Child Tax Credit (CTC) to the [17 million low-income children](#) who are currently denied the full CTC by making the credit fully refundable.
- Increase the value of the CTC from the current level of \$2,000 per child to \$3,600 for children age 6-17 and \$4,320 for children under 6.
- Provide for monthly delivery of the credit so families have access to the credit as bills arrive.
- Establish a [baby bonus](#) of \$2,400 for the month the child is born.
- Index the CTC for inflation to preserve the value of the credit moving forward, as the current CTC is not indexed for inflation.

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