



## **State-by-State Analysis on American Rescue Plan: Child Tax Credit goes to 661,000 Children in Iowa and EITC Expansion Benefits 181,000 More Workers.**

Today, the White House American Rescue Plan (ARP) Implementation Team announced state-by-state estimates of the expansion of the Child Tax Credit (CTC), as well as state-by-state estimates of the number of workers who will benefit from the tripling of the Earned Income Tax Credit (EITC) for workers without dependent children. The Treasury Department and White House are also expanding efforts to make more Americans aware of the dramatic expansion of the Child and Dependent Care Tax Credit.

### **In Iowa, this year's historic Child Tax Credit is estimated to benefit 371,000 families with 661,000 children.<sup>1</sup>**

- Thanks to the ARP, the vast majority of families in Iowa will receive \$3,000 per child ages 6-17 years old and \$3,600 per child under 6 as a result of the increased 2021 Child Tax Credit.
- Nationally, it is estimated that nearly 40 million families with roughly 65 million children will benefit from the enhanced CTC under the ARP—the most ever.

### **The expanded Earned Income Tax Credit will benefit an estimated 181,000 workers without dependent children in Iowa.<sup>2</sup>**

- The ARP nearly tripled the EITC to roughly \$1,500 for workers without dependent children, providing the first real increase since 1993.
- For the first time, younger (ages 19-24) and older (65 and over) workers without dependent children in Iowa are eligible for the EITC.
- Nationally, over 17 million workers are estimated to benefit from the expanded credit — receiving up to \$1,500 more for those newly eligible, nearly \$1,000 more for those previously receiving the maximum benefit, and \$700 more on average.<sup>3</sup>

### **The expanded Child and Dependent Care Tax Credit is providing working Iowa parents with relief from the high cost of child care.**

- This year, Iowa families with incomes below \$125,000 will get back up to half of what they spent on child care in 2021 while working or studying—saving up to \$4,000 for one child or \$8,000 for two or more children under age 13. Families earning up to \$438,000 can get a partial credit.
- Nationally, more than 7 million families are estimated to benefit from expansion of the CDCTC, receiving an average benefit more than three times larger than in prior years.<sup>4</sup>

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<sup>1</sup> These estimates are from the White House ARP Implementation Team. Calculations are based on (1) Department of the Treasury [data](#) on cumulative Advance Child Tax Credit payment amounts, by state, July 2021 through December 2021, and (2) IRS [estimates](#) from May 2021 of the number of households and children expected to receive advance payments; 3) adjustments made to the published Treasury and IRS figures to account for taxpayers who opted out of receiving advance CTC payments and for the estimated number of births in 2021—to estimate the number of tax units, and the associated number of qualifying children, expected to receive the CTC for the tax year 2021

<sup>2</sup> The estimate of workers without dependents who will benefit from the American Rescue Plan's expansion of the EITC are from the Center on Budget and Policy Priorities (CBPP)'s [American Rescue Plan Act Includes Critical Expansions of Child Tax Credit and EITC](#).

<sup>3</sup> CBPP estimates that roughly 17.3 million workers will benefit from expansion nationally. The estimate of the average increase in the credit received is based on Treasury analysis.

<sup>4</sup> Tax Policy Center estimates. For more detail see: [T21-0053 – Tax Benefit of the Child and Dependent Care Tax Credit, by Expanded Cash Income Percentile, 2021](#).