The Budget Reconciliation Bill Would Increase the Number of Children in Poverty

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Before 2017, all children, regardless of immigration status, were eligible for the Child Tax Credit (CTC) as long as their parents met the eligibility requirements and filed taxes. However, the passage of the first Trump Administration's Tax Cuts and Jobs Act stripped eligibility for the CTC from children with Individual Tax Identification Numbers (ITINs). This resulted in about **one million children losing access to the CTC**.[1]

As passed by the House, the budget reconciliation package currently being considered by Congress would not only continue to exclude children with ITINs but would go even further to cut off CTC eligibility for 4.5 million children, including U.S. citizen children, with a Social Security Number (SSN), simply because one of their caregivers lacks an SSN. [2]

Budget Reconciliation Punishes Families

Under this bill, if a U.S. citizen has a U.S. citizen child and gets married to an individual that does not have a SSN, the citizen parent can no longer claim the CTC on their tax return. It would even bar U.S. children where both parents have a SSN but choose to file taxes separately.

The poverty rate among U.S. citizen children in mixed-status families is 31.5 percent—more than three times that of citizen children in households where all members are citizens.[3] Losing the CTC will force many families with low incomes into, or deeper into, poverty.[4] Taking away this critical help at such an important time will hurt these kids' economic security and deny them the help they need to thrive—and it will have lifelong consequences.[5] If these provisions become law, **a total of 5.8 million children could be barred from the CTC nationwide**. **Additionally, excluding children from the CTC could result in a loss of up to $14.5 billion in revenue for states and localities.**[6]

Undocumented Immigrants Pay Taxes Too

Undocumented immigrants work and pay taxes; in fact, over an estimated five million immigrants who don't qualify for SSNs obtain ITINs specifically for the purpose of being able to pay their taxes.[7] **In 2022, undocumented immigrants paid nearly $100 billion in federal, state, and local taxes,** contributing to the revenue that sustains schools, parks, and roads across every community in the country.[8] However, more than a third of undocumented immigrants' tax dollars go to programs they are barred from accessing, such as Social Security, Medicare, and unemployment insurance. **In 40 states, undocumented immigrants pay higher state and local tax rates than the top 1 percent of households** in the state.[9] Stripping the CTC from these households will almost certainly make it less likely that they will continue to file taxes, and that will result in less revenue for the investments that we all rely on.[10]

All families who file taxes should be eligible for the CTC, and every other tax credit or deduction, regardless of their immigration status.

The Child Tax Credit Helps Children Thrive

- The CTC substantially reduces child poverty by supporting families who are more likely to have low-wage jobs that provide fewer benefits and fewer work protections.[11]
- Providing families with additional income during a child's early development has been shown to have substantial benefits for the child's future health and educational attainment; better birth outcomes for pregnant people; improved health; higher lifetime earnings and a more secure retirement; and reduced risk factors, such as reduced involvement in the child welfare system.[12]
- The CTC also generates long-term benefits for children. Access to CTC in childhood leads to increased future earnings (and tax payments), increased health and longevity, and reduced costs in terms of health care, crime, and child protection.[13]
- Estimates show that child poverty exacts a cost of **$800 billion to $1.1 trillion** in lost economic output annually, suggesting that reducing child poverty is among the smartest investments we can make as a society.[14]
- In 2021, Congress temporarily expanded the CTC. Child poverty declined by nearly half, food insecurity declined 25 percent among households with children, financial stress among parents decreased, and parents could more easily afford essentials for their children.[15]
- In 2021, the most common ways that families reported spending their expanded monthly CTC payments were toward bills, food and groceries, and rent and mortgage payments.[16]

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State	ITIN children excluded in 2017 Trump Tax Bill	SSN children with an ITIN parent	Total number of children impacted by CTC exclusions	Potential Budgetary Loss to States in the First Year
United States	1,301,510	4,508,000	**5,809,510**	**$14,523,775,000**
Alabama	7,072	41,000	**48,072**	**$120,180,000**
Alaska	603	1,000	**1,603**	**$4,007,500**
Arizona	23,332	123,000	**146,332**	**$365,830,000**
Arkansas	9,607	28,000	**37,607**	**$94,017,500**
California	200,206	910,000	**1,110,206**	**$2,775,515,000**
Colorado	19,638	74,000	**93,638**	**$234,095,000**
Connecticut	19,492	40,000	**59,492**	**$148,730,000**
Delaware	1,690	11,000	**12,690**	**$31,725,000**
District of Columbia	1,972	3,000	**4,972**	**$12,430,000**
Florida	140,078	247,000	**387,078**	**$967,695,000**
Georgia	39,914	151,000	**190,914**	**$477,285,000**
Hawaii	5,406	9,000	**14,406**	**$36,015,000**
Idaho	2,899	16,000	**18,899**	**$47,247,500**
Illinois	34,636	196,000	**230,636**	**$576,590,000**
Indiana	14,783	52,000	**66,783**	**$166,957,500**
Iowa	7,570	31,000	**38,570**	**$96,425,000**
Kansas	7,775	42,000	**49,775**	**$124,437,500**
Kentucky	4,931	17,000	**21,931**	**$54,827,500**
Louisiana	14,783	23,000	**37,783**	**$94,457,500**
Maine	666	3,000	**3,666**	**$9,165,000**
Maryland	47,701	97,000	**144,701**	**$361,752,500**
Massachusetts	34,939	61,000	**95,939**	**$239,847,500**
Michigan	14,992	45,000	**59,992**	**$149,980,000**
Minnesota	11,564	37,000	**48,564**	**$121,410,000**
Mississippi	1,679	9,000	**10,679**	**$26,697,500**

Matthew Lisiecki, Danielle Wilson, Dolores Acevedo-Garcia, et al., “New Estimates of the Number of United States Citizen and Legal Permanent Resident Children Who May Lose Eligibility for the Child Tax Credit,” Center for Migration Studies, April 24, 2025, https://cmsny.org/publications/number-of-children-who-may-lose-eligibility-for-the-child-tax-credit/.
CLASP analysis of budgetary impacts using Center for Migration Studies 2022 estimates of state-by-state undocumented population (http://data.cmsny.org/). Analysis assumed all undocumented children have a parent who filed taxes using an ITIN and received the maximum CTC valued at $2,500.

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State	ITIN children excluded in 2017 Trump Tax Bill	SSN children with an ITIN parent	Total number of children impacted by CTC exclusions	Potential Budgetary Loss to States in the First Year
Missouri	11,341	23,000	**34,341**	**$85,852,500**
Montana	181		**181**	**$452,500**
Nebraska	6,249	28,000	**34,249**	**$85,622,500**
Nevada	10,290	78,000	**88,290**	**$220,725,000**
New Hampshire	196	5,000	**5,196**	**$12,990,000**
New Jersey	65,410	181,000	**246,410**	**$616,025,000**
New Mexico	4,271	25,000	**29,271**	**$73,177,500**
New York	83,086	226,000	**309,086**	**$772,715,000**
North Carolina	42,907	159,000	**201,907**	**$504,767,500**
North Dakota	793	2,000	**2,793**	**$6,982,500**
Ohio	13,436	40,000	**53,436**	**$133,590,000**
Oklahoma	10,807	50,000	**60,807**	**$152,017,500**
Oregon	11,171	51,000	**62,171**	**$155,427,500**
Pennsylvania	26,168	64,000	**90,168**	**$225,420,000**
Rhode Island	7,378	11,000	**18,378**	**$45,945,000**
South Carolina	9,495	41,000	**50,495**	**$126,237,500**
South Dakota	1,797	5,000	**6,797**	**$16,992,500**
Tennessee	24,700	70,000	**94,700**	**$236,750,000**
Texas	214,910	875,000	**1,089,910**	**$2,724,775,000**
Utah	9,262	41,000	**50,262**	**$125,655,000**
Vermont	1,044		**1,044**	**$2,610,000**
Virginia	33,697	87,000	**120,697**	**$301,742,500**
Washington	32,651	137,000	**169,651**	**$424,127,500**
West Virginia	414		**414**	**$1,035,000**
Wisconsin	11,550	38,000	**49,550**	**$123,875,000**
Wyoming	378	4,000	**4,378**	**$10,945,000**

Matthew Lisiecki, Danielle Wilson, Dolores Acevedo-Garcia, et al., “New Estimates of the Number of United States Citizen and Legal Permanent Resident Children Who May Lose Eligibility for the Child Tax Credit,” Center for Migration Studies, April 24, 2025, https://cmsny.org/publications/number-of-children-who-may-lose-eligibility-for-the-child-tax-credit/.
CLASP analysis of budgetary impacts using Center for Migration Studies 2022 estimates of state-by-state undocumented population (http://data.cmsny.org/). Analysis assumed all undocumented children have a parent who filed taxes using an ITIN and received the maximum CTC valued at $2,500

Endnotes

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