

**Table T08-0209**  
**Options to Expand the Child and Dependent Care Tax Credit**  
**Impact on Tax Revenue (billions of \$), 2009-18 <sup>1</sup>**

	Fiscal Year										Total 2009-18
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
Senator Obama's Expansion <sup>2</sup>	-0.5	-2.5	-2.4	-2.3	-2.3	-2.3	-2.3	-2.2	-2.2	-2.2	-21.2
Extend the Expense Limit to \$3,000/\$6,000 after 2010	0.0	0.0	-0.2	-0.8	-0.9	-0.9	-0.9	-0.9	-1.0	-1.0	-6.6
Index the Expense Limit and Phase Out Thresholds after 2009	0.0	0.0	-0.1	-0.3	-0.4	-0.6	-0.7	-0.9	-1.1	-1.3	-5.3
<b>Total of All Provisions</b>	<b>-0.5</b>	<b>-2.5</b>	<b>-2.7</b>	<b>-3.4</b>	<b>-3.6</b>	<b>-3.7</b>	<b>-3.9</b>	<b>-4.1</b>	<b>-4.3</b>	<b>-4.4</b>	<b>-33.1</b>

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0308-6)

(1) Estimates represent the incremental revenue change due to proposals that expand the child and dependent care tax credit. The additional change is relative to a policy that incorporates many of Senator Obama's tax proposals including making permanent certain provisions of EGTRRA, increasing the Pease and PEP thresholds and restoring their higher rates, making the top capital gains and dividends rate 20%, extending and indexing the 2007 AMT patch, freezing the 2009 estate tax law, creating the "Making Work Pay Credit", the "Universal Mortgage Credit" and the "American Opportunity Tax Credit, expanding the saver's credit, mandating auto401(k)s and auto IRAs, and expanding the EITC. Estimates incorporate a 0.25 elasticity of taxable income with respect to the marginal tax rate on ordinary income, a long-run elasticity of capital gains realizations with respect to the maximum tax rate on capital gains of 0.25, and an additional short-term shifting of realizations around the time of the tax rate change. Fiscal-year revenue estimates assume a 20-80 split. Official estimates from the Joint Committee on Taxation would likely differ.

(2) Senator Obama's proposal would make the credit refundable, increase the maximum rate from 35 to 50 percent, increase the phase down threshold to \$30,000, and reduce the rate by 2 percentage points for each \$2,000 above \$30,000. The minimum credit rate would remain 20 percent.