

2025 Progress Across 50 States and DC: State Policy Wins on Tax Credits

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This analysis of the year in early childhood state policy advocacy relies on data from a survey of early childhood policy advocates in all 50 states and the District of Columbia, conducted May 2025 through December 2025. The survey asked them for highlights from the year, so the results are representative and not comprehensive. Policy "wins" include legislation, funding increases, executive actions, and regulatory changes.

The survey was developed and executed by Dr. Lisa Kerber of Frontera Strategy. Frontera supports advocacy efforts nationwide by providing qualitative and quantitative research services, including needs assessments and environmental scans, program and policy evaluation, statistical analyses, and survey research for associations, foundations, and nonprofit service organizations active in state capitols.

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Child Tax Credit

Colorado

Legislation protected two tax credits: the Family Affordability Tax Credit – a refundable, means-tested tax credit providing up to \$3,200 per child under 6 and \$2,400 per child aged 6 to 16 for eligible families – and Colorado’s state Earned Income Tax Credit.

Target population: Low-income families

State funding: No change in state funding related to this win

Quantify: The availability of both the family affordability tax credit and the earned income tax credit is impacted by Colorado’s constitutional budget restrictions. Under the act, the availability of both tax credits is determined by the compound annual growth rate between state revenue for state fiscal year 2024-25, as projected in the March 2024 office of state planning and budgeting revenue forecast, and projected state revenue for the fiscal year that begins during the relevant state income tax year.

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[Story](#)

District of Columbia

D.C. passed legislation creating a local, refundable Child Tax Credit of up to \$1,000 per child under 18 for eligible families. The credit takes effect for the 2026 tax year, with families claiming it starting in 2027.

Target population: Families with children under 18 who are claimed as dependents on a D.C. tax return. The credit is targeted to low- and moderate-income families, with amounts phasing down for higher-income households, ensuring those with the greatest financial need receive meaningful support.

State funding: No change in state funding related to this win

Quantify: While the credit has been authorized and funding is intended to come from local revenue retained through decoupling from federal tax changes, exact dollar amounts have not yet been formally appropriated, and benefits will be claimed starting with tax year 2026 (filing in 2027). Thousands of families are likely to benefit.

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Georgia

A new tax credit package: 1) establishes a \$250 non-refundable child tax credit for children under age 6; 2) increases the state Child and Dependent Care Tax Credit (CDCTC) from 30% to 50% of the federal credit; and 3) provides tax benefits to employers who make direct payments to child care facilities to cover a portion of employees’ child care costs. This tax credit package,

which received bipartisan and bicameral support, is a direct outcome of the Senate Study Committee on Access to Affordable Childcare.

Target population: Employers, parents with young children (with tax liability). More specifically: 1) Employers who want to support employees' child care costs (employer benefits) 2) Parents with children under age 6 (with tax liability) (State Child Tax Credit) 3) Parents with children under age 13 with eligible child care expenses (CDCTC).

State funding: Relatively large increase of state funding

Quantify: Up to 1,115,000 children under 13 whose parent(s) are both employed and in need of child care

[Link](#)

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Maine

This provision in state budget doubles the dependent exemption tax credit for a child or dependent who has not attained 6 years of age by the end of the tax year and phases out the refundability of the tax credit based on income.

Target population: Low to moderate income families with children under age six.

State funding: Relatively small increase of state funding

Quantify: During a difficult budget year, this provision was able to pay for the doubling of the credit for low-income families by reducing the credit for higher wage earners.

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New York

New York State expanded the state's child tax credit, tripling the credit amount for children under four, nearly doubling the credit amount for children four and up, and changing the structure so that children in the lowest income families get the maximum credit amount. This is approximately an \$800 million investment, annually, in New York's low- and middle-income families, with a special focus on the youngest and poorest. Of note, New York's child tax credit already includes immigrant families who file with an Individual Tax Identification Number (ITIN) rather than a Social Security Number (SSN).

Target population: 1) For children under four, the maximum per child credit went from \$330 to \$1,000. 2) For children four to 16, the maximum credit went from \$330 to \$500. 3) Children in very low-income families no longer face an income phase-in before receiving the maximum credit. 4) The NYS child tax credit has always been structured to be available to most immigrant children, so these expansions will reach many immigrant families.

State funding: Relatively large increase of state funding

Quantify: The expanded child tax credit is estimated to reach 2.75 million children in 1.6 million families, reducing child poverty in New York State by 8.2%.

[Link](#)

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Utah

The State Child Tax Credit was expanded to include children under the age of six. Utah's previous CTC was only for children one- to four-years old.

Target population: Children and families who are low income

State funding: Relatively small increase of state funding

Quantify: 9,600 individuals, seeing tax savings of \$417 on average

[Link](#)

Vermont

The state increased the Vermont Child Tax Credit to apply to families with children age six and under, adding one year of eligibility beyond the previous age of five.

Target population: Low- and middle-income families with children six years of age and younger.

State funding: Decrease in state funding. It's a decrease in state funding because expanding the tax credit means an estimated loss of about \$4.5 million in revenue for the state.

Quantify: Vermont has been a leader in state-level anti-poverty tax credits, but restrictions on who qualifies, as well as systemic barriers to access, leave out many Vermont families who would benefit from the credits. This expansion means that households making under \$125,000 will receive \$1,000 per eligible child age six and under.

[Link](#)

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Earned Income Tax Credit

Connecticut

Increased the Earned Income Tax Credit by \$250 for families with children.

Target population: This additional tax credit is available to 80,000 to 85,000 EITC-eligible families. A married couple with 3 children can earn up to \$66,819 and qualify for the credit.

State funding: Relatively small increase of state funding

Quantify: This additional credit will cost the state roughly \$30 million.

[Link](#), Section 371 B

[Story](#)

Pennsylvania

The final state budget for FY 2025-26 in Pennsylvania includes the enactment of a state Earned Income Tax Credit (EITC), also referred to as the Working Pennsylvanians Tax Credit. Modeled after the federal EITC, the new state-level credit equals 10 percent of the federal credit. Anyone who qualifies for the federal EITC will now automatically qualify for the state credit, with eligibility based on income and number of dependents. The maximum state credit is \$805.

Target population: Low-to-moderate-income workers, with specific eligibility based on filing status and number of dependents

State funding: No change in state funding related to this win

Quantify: The administration estimates approximately 940,000 Pennsylvanians will be eligible for the tax credit, providing a total of approximately \$193 million in tax relief for the upcoming tax season.

[Link, pgs. 50-52](#)
[Press release](#)

Income Tax Credit for Family Child Care Providers

Connecticut

Effective January 1, 2026, family child care providers are eligible to take a new \$500 credit on their state income tax.

Target population: This bill targets the roughly 1,800 family child care operators in the state.

State funding: Relatively small increase of state funding

Quantify: This tax credit will cost the state \$900k if all 1,800 family childcare providers take the \$500 credit.

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