

**ESTIMATED BUDGET EFFECTS OF TITLE III OF H. R. 3
 AS PASSED BY THE U.S. HOUSE OF REPRESENTATIVES ON MARCH 29, 1990**

Fiscal Years 1991-1995

[Millions of Dollars]

Provision	Effective	1991	1992	1993	1994	1995	1991-95
A. Expansion of Title XX Block Grant Program for child care services (1).....	1/1/91	-270	-456	-568	-594	-660	-2,548
B. Expansion of earned income tax credit (EITC):							
1. Adjusted for family size (2).....	1/1/91	-299	-2,906	-3,124	-3,353	-3,593	-13,275
2. Supplemental EITC for children under 6 years of age (3).....	1/1/91	-113	-1,143	-1,229	-1,323	-1,424	-5,232
Subtotal A. + B.		-682	-4,505	-4,921	-5,270	-5,677	-21,055
C. Permanent extension of telephone excise tax.....	1/1/91	1,520	2,570	2,748	2,936	3,135	12,909
D. Phase-out present-law dependent care credit and exclusion for employer-provided child care for taxpayers with income in excess of \$70,000 (4).....	1/1/91	52	285	333	389	458	1,517
Subtotal C. + D.		1,572	2,855	3,081	3,325	3,593	14,426
GRAND TOTALS		890	-1,650	-1,840	-1,945	-2,084	-6,629

(1) Estimate provided by the Congressional Budget Office. Table presents outlays; budget authority for this program would be \$450 million for 1991, \$550 million for 1992, \$600 million for 1993, \$600 million for 1994, and \$700 million for 1995.

(2) Expanded EITC by number of children: 1 child = 17% credit; 12% phaseout.
 2 children = 21% credit; 15% phaseout.
 3+ children = 25% credit; 18% phaseout.

Maximum credit reached at \$7,100 of income; phaseout begins at \$11,190 of income (projected for 1991).

The figures in the table show the combined effect of the changes of the earned income credit on receipts and outlays. The outlay portion of the total is: \$273 million in 1991, \$2,644 million in 1992, \$2,843 million in 1993, \$3,085 million in 1994, and \$3,306 million in 1995.

(3) Supplemental EITC if at least one child is under age 6: 6% credit, 4.25% phaseout; same income and phaseout levels as expanded EITC.

The figures in the table show the combined effect of the changes of the earned income credit on receipts and outlays. The outlay portion of the total is: \$104 million in 1991, \$1,052 million in 1992, \$1,131 million in 1993, \$1,217 million in 1994, and \$1,310 million in 1995.

(4) Phaseout rate = 5%.