



Proposed Expansion of EITC to Childless Workers Would Benefit 10.6 Million Individuals and Families

On March 4, 2015, Senate and House Democrats proposed the "Working Families Tax Relief Act of 2015," a bill that would improve the Earned Income Tax Credit (EITC) for childless workers. The bill would provide an average annual tax benefit of \$604 to 10.6 million low-income working individuals and couples across the United States through boosting the maximum credit and expanding eligibility to more childless workers.

Over its 40 year history, the EITC has become one of the nation's most significant and effective anti-poverty programs. But historically it has provided little to no benefit to childless workers, including full-time workers earning the minimum wage. In fact, childless workers are the only group that the federal tax system actually [taxes deeper](#) into poverty, largely because they do not receive the full benefit of the EITC and aren't eligible for the Child Tax Credit, another program that boosts low-wage workers' income.

The Working Families Tax Relief Act would correct this gap by:

- **Increasing the maximum benefit from \$503 to \$1,400.** The proposal would increase the income level and rate at which the credit phases in, while also increasing the income at which the credit begins to phase out for childless workers. In other words, lower-income individuals and couples could earn a little bit more and still be eligible for the EITC, and some low-income workers would be newly eligible.
- **Lowering the eligibility age of childless workers from 25 to 21.** For young people just starting out in the workforce, the EITC could prove to be an especially effective wage boost.

[Recent proposals](#) by Rep. Paul Ryan and President Obama would also expand the EITC for childless workers, however the maximum credit under their proposals would only be \$1,000, compared to \$1,400 under the Working Families Tax Relief Act.

Besides expanding the EITC to include childless workers, the Working Families Tax Relief Act of 2015 would make permanent expansions to the EITC and CTC passed as part of the American Recovery and Reinvestment Act (ARRA) in 2009. A separate [CTJ analysis](#) shows that maintaining this expansion (set to expire in 2017) would mean 13 million low-income families retain an average annual benefit of \$1,073.

The chart below lays out the national and state-by-state impact of the expansion of the EITC to childless workers had it been in effect in 2014:

Impact of Expansion of EITC to Childless Workers in 2014

	# of individuals and families helped	total benefits \$-million	avg. benefit per individual or family
United States	10,641,628	6,430.8	604
Alabama	145,880	83.2	571
Alaska	23,786	9.8	411
Arizona	202,765	123.9	611
Arkansas	79,333	51.7	652
California	1,257,428	746.8	594
Colorado	173,908	97.4	560
Connecticut	104,811	62.0	591
Delaware	34,002	25.2	741
District of Columbia	17,196	10.7	622
Florida	862,125	513.3	595
Georgia	330,305	215.4	652
Hawaii	48,669	28.3	581
Idaho	64,513	37.2	576
Illinois	403,174	228.3	566
Indiana	265,081	163.0	615
Iowa	95,651	56.6	592
Kansas	85,184	57.9	680
Kentucky	184,555	117.8	638
Louisiana	137,679	88.7	645
Maine	45,325	26.7	590
Maryland	145,941	88.1	604
Massachusetts	182,194	106.2	583
Michigan	361,365	226.5	627
Minnesota	164,360	112.1	682
Mississippi	74,808	48.2	645
Missouri	223,789	139.7	624
Montana	35,659	20.2	565
Nebraska	73,710	47.3	641
Nevada	117,909	70.5	598
New Hampshire	40,031	19.1	477
New Jersey	275,219	165.6	602
New Mexico	101,166	54.8	542
New York	695,603	425.1	611
North Carolina	362,694	211.8	584
North Dakota	16,345	8.2	503
Ohio	392,255	233.2	595
Oklahoma	121,571	81.8	673
Oregon	171,431	108.1	631
Pennsylvania	392,616	224.8	573
Rhode Island	28,787	19.4	675
South Carolina	183,688	105.6	575
South Dakota	32,793	15.8	483
Tennessee	243,742	147.2	604
Texas	793,811	496.6	626
Utah	87,904	51.8	589
Vermont	21,383	13.0	606
Virginia	249,516	144.7	580
Washington	219,768	130.0	592
West Virginia	68,142	40.7	597
Wisconsin	182,552	117.8	645
Wyoming	19,506	12.8	655

Source: Institute on Taxation and Economic Policy (ITEP) Microsimulation Model, Feb. 2015