

Create Economic Mobility by Strengthening the Earned Income Tax Credit

Please speak directly to congressional leadership, particularly House (Speaker Paul Ryan, House Ways and Means Committee Chairman Kevin Brady and Ranking Member Sander Levin) or Senate (Finance Committee Chairman Orrin Hatch and Ranking Member Ron Wyden) leaders, urging them to **ensure no American worker is taxed into poverty by expanding the EITC for young low-income workers and others not raising children.**

Refundable Tax Credits Support Working Families

The Earned Income Tax Credit (EITC) and Child Tax Credit (CTC) are pro-work, pro-family financial lifelines for people working in low-wage jobs that lifted 9.2 million Americans above the poverty line in 2014. The evidence:

- The EITC encourages work. Only taxpayers who are working can claim the credits, and they encourage people to work more hours. In fact extensive research shows that the EITC did as much or more to raise employment among single mothers as welfare reform.
- The EITC is for local economies. EITC refunds tend to get spent quickly and locally. Economist Mark Zandi estimated that the EITC generates at least \$1.24 in economic activity for every \$1 spent.

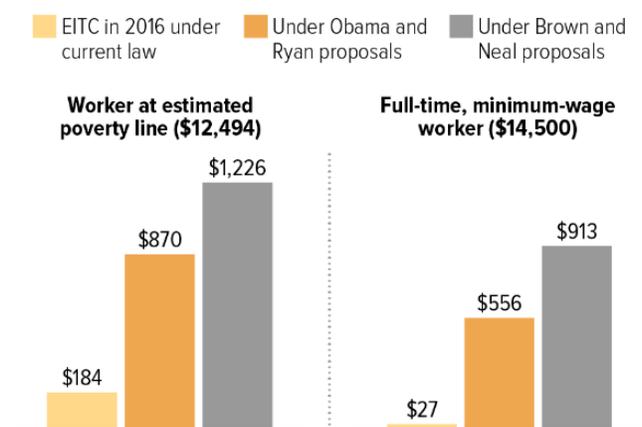
Bipartisan Momentum to Expand the Earned Income Tax Credit

In December 2015, Congress passed a bipartisan tax package that permanently ensures that some families who make under \$13,000 per year can still claim a partial Child Tax Credit and preserves the current EITC for married couples and larger families. Congress can build on this important measure by expanding the EITC for childless adults, including young workers. Currently, adults without children in the home (including non-custodial parents who pay child support) receive a very small EITC (maximum of \$500), and consequently, these workers are the only group that the tax code actually taxes into or deeper into poverty. House Speaker Paul Ryan, President Obama, and others have proposed expanding the EITC for childless workers and lowering the eligibility age for this credit from 25 to 21. These proposals would:

- Make 13 million Americans eligible for an EITC or receive a larger EITC,
- Impact 630,000 veterans,
- Lift 9.5 million hardworking Americans out of poverty or closer to the poverty line.

Congressional proposals (H.R. 902 and S. 1012) go beyond the Ryan/Obama proposals and would benefit 16 million Americans including 716,000 veterans, and ensure that no American over 21 is taxed into poverty. **This must be among Congress' top priorities – to expand the EITC along the lines of the Brown/Neal proposals so that no American is taxed into poverty.**

Proposals Would Boost Earned Income Tax Credit (EITC) for Childless Workers



Note: Assumes Neal proposal uses same inflation adjustment as Brown proposal. Estimated poverty line of \$12,494 is produced using 2015 Census poverty line, adjusted for inflation as estimated by the Congressional Budget Office. Calculation assumes 2,000 hours per year at federal minimum wage for full-time workers.

Source: CBPP analysis of Internal Revenue Code, President's 2016 budget, Speaker Ryan's "Expanding Opportunity in America" discussion draft, Working Families Tax Relief Act of 2015 (S. 1012), and Earned Income Tax Credit Improvement and Simplification Act 2015 (H.R.902).

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