



Making the EITC and CTC Expansions Permanent Would Benefit 13 Million Working Families

One of the most effective ways in which the American Recovery and Reinvestment Act (ARRA) helped increase economic opportunity was through expansions of the Earned Income Tax Credit (EITC) and the Child Tax Credit (CTC). The temporary improvements to the credits have helped working families get ahead at a time of growing income inequality. Without congressional action, however, the credits' expansion will expire at the end of 2017.

If the EITC and CTC improvements are allowed to expire, more than 13 million families, including almost 25 million children, would see an average benefit cut of \$1,073 per family. Every dollar matters to working families. Congress should make these expansions a permanent part of the U.S. tax code, rather than allowing them to expire or passing a temporary extension.

The ARRA expansion of the Earned Income Tax Credit:

- *Boosted benefits for families with more than two children.* Previously families with more than two children received the credit at the same rate as families with two children-- 40 percent--but under the expansion these families receive a credit rate of 45 percent. For example, under the expansion the maximum credit for a married couple with three or more children is \$6,242. Without the improvement, the maximum credit would be \$5,548, the same amount a married couple with two children receives.
- *Reduced marriage penalties.* The expansion increased the income amount at which the EITC phases out for married couples, thus allowing married couples to receive a small benefit boost at higher income levels.

The ARRA expansion of the Child Tax Credit:

- *Lowered the refundability threshold.* The ARRA expansion lowered the income threshold above which a taxpayer can receive a tax credit at a rate of 15 percent of earnings to \$3,000, compared to around the threshold of \$13,850 it would otherwise have been in 2015. This means taxpayers that even more lower-income families can receive this credit.

The total cost of making these expanded benefits permanent would be just under \$14 billion in 2018. While not insignificant, this cost pales in comparison to the \$73 billion cost in 2018 of a group of business tax breaks, known as the tax extenders that Congress is poised to extend or make permanent. At a time of growing income inequality, lawmakers' priority should be helping working families get ahead, not giving businesses tens of billions in additional tax breaks.

The charts below lay out the national and state-by-state impact of the expansion of the EITC and CTC in 2018:

Impact of Expansions in EITC and CTC, 2018 Figures

	# of families helped	# of kids helped	total benefits \$-million	avg. benefit per family
United States	13,031,264	24,814,827	\$ 13,981.5	\$ 1,073
Alabama	279,562	480,442	312.1	1,116
Alaska	22,190	41,470	19.6	886
Arizona	282,867	644,047	329.2	1,164
Arkansas	159,341	298,229	174.4	1,094
California	1,488,390	3,018,251	1,647.0	1,107
Colorado	183,111	317,806	173.3	947
Connecticut	72,267	140,940	66.2	916
Delaware	33,905	54,889	37.8	1,114
District of Columbia	20,725	44,984	22.6	1,093
Florida	1,007,238	1,756,588	1,123.7	1,116
Georgia	638,697	1,197,363	698.3	1,093
Hawaii	51,522	99,726	59.4	1,154
Idaho	66,507	117,090	64.1	964
Illinois	445,289	904,066	482.0	1,082
Indiana	256,127	484,684	264.0	1,031
Iowa	83,740	178,645	78.3	934
Kansas	96,114	191,476	94.0	978
Kentucky	179,871	322,530	189.9	1,056
Louisiana	250,533	433,076	292.5	1,168
Maine	36,564	64,480	30.3	830
Maryland	157,766	314,989	189.3	1,200
Massachusetts	169,321	305,314	167.6	990
Michigan	414,917	727,235	427.8	1,031
Minnesota	110,929	243,881	120.0	1,082
Mississippi	200,677	363,298	225.1	1,122
Missouri	255,532	477,940	254.5	996
Montana	34,352	59,342	30.6	891
Nebraska	55,973	99,851	48.9	874
Nevada	106,990	223,467	140.9	1,317
New Hampshire	25,264	37,698	21.6	855
New Jersey	219,445	435,201	255.9	1,166
New Mexico	124,100	224,694	130.2	1,050
New York	754,759	1,444,686	809.1	1,072
North Carolina	523,351	1,079,329	591.0	1,129
North Dakota	16,246	24,412	15.0	924
Ohio	407,058	777,887	478.2	1,175
Oklahoma	199,629	350,630	212.0	1,062
Oregon	125,091	238,072	130.7	1,045
Pennsylvania	380,559	750,110	409.8	1,077
Rhode Island	31,078	55,715	29.3	942
South Carolina	278,766	510,090	319.3	1,145
South Dakota	27,338	58,549	29.6	1,083
Tennessee	351,171	609,615	340.3	969
Texas	1,497,732	2,925,443	1,544.7	1,031
Utah	115,088	257,745	135.6	1,178
Vermont	15,613	24,877	15.6	997
Virginia	283,632	485,762	246.6	869
Washington	241,561	458,081	236.5	979
West Virginia	80,530	130,586	77.2	959
Wisconsin	157,568	301,442	173.4	1,101
Wyoming	14,670	28,104	16.4	1,120

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

Impact of Expansion in EITC, 2018 Figures

	# of families helped	# of kids in these families	total benefits \$-million	avg. per child
United States	6,302,055	14,671,690	\$ 3,579.2	\$ 244
Alabama	113,256	233,979	60.0	530
Alaska	14,845	31,702	7.2	486
Arizona	170,598	478,341	110.4	647
Arkansas	88,969	186,469	46.4	522
California	773,030	1,958,898	472.1	611
Colorado	85,674	174,675	44.4	519
Connecticut	42,203	93,949	23.2	550
Delaware	7,521	15,113	4.2	553
District of Columbia	9,081	27,104	6.6	727
Florida	400,365	881,474	223.4	558
Georgia	316,388	700,026	169.8	537
Hawaii	24,945	62,420	16.1	644
Idaho	36,293	77,627	18.8	518
Illinois	202,581	526,401	124.9	616
Indiana	126,971	298,063	66.8	526
Iowa	53,918	123,051	31.7	589
Kansas	63,942	137,796	34.5	539
Kentucky	93,951	197,134	46.6	496
Louisiana	83,103	190,711	46.2	556
Maine	20,489	39,303	9.6	469
Maryland	58,552	152,824	30.1	513
Massachusetts	86,448	184,866	45.7	528
Michigan	184,012	370,020	93.6	509
Minnesota	64,147	158,933	32.2	502
Mississippi	58,904	163,254	32.3	548
Missouri	123,043	282,700	74.0	601
Montana	17,971	34,958	7.9	439
Nebraska	29,836	55,913	14.9	498
Nevada	56,778	143,868	37.1	653
New Hampshire	11,667	21,485	5.7	490
New Jersey	113,084	268,021	66.1	585
New Mexico	55,125	131,298	29.3	531
New York	320,576	802,977	189.9	593
North Carolina	289,642	694,384	163.1	563
North Dakota	7,503	14,309	4.1	542
Ohio	194,923	474,952	118.1	606
Oklahoma	104,136	211,655	54.7	526
Oregon	70,330	146,750	39.9	568
Pennsylvania	193,005	465,732	110.4	572
Rhode Island	14,013	30,339	8.1	575
South Carolina	134,064	286,768	69.1	516
South Dakota	13,480	36,542	11.0	814
Tennessee	175,510	356,728	94.1	536
Texas	739,902	1,766,905	447.2	604
Utah	73,022	192,298	44.1	604
Vermont	6,905	12,865	3.4	493
Virginia	134,296	261,506	65.3	486
Washington	126,362	276,118	63.8	505
West Virginia	36,535	68,002	17.5	480
Wisconsin	72,820	154,630	39.8	546
Wyoming	7,342	15,854	4.0	544

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

Impact of Expansion in CTC, 2018 Figures

	# of families helped	# of kids in these families	total benefits \$-million	avg. per child
United States	8,622,725	15,745,979	\$ 10,401.5	\$ 661
Alabama	188,150	303,487	252.1	831
Alaska	9,581	18,255	12.4	681
Arizona	169,098	339,622	218.8	644
Arkansas	87,978	167,422	127.9	764
California	981,803	1,890,043	1,174.9	622
Colorado	124,790	221,288	128.9	583
Connecticut	33,626	55,746	43.0	771
Delaware	28,037	43,800	33.6	767
District of Columbia	12,239	19,306	16.0	831
Florida	709,865	1,157,920	900.4	778
Georgia	422,253	820,995	528.5	644
Hawaii	35,574	66,956	43.4	648
Idaho	39,097	64,494	45.3	703
Illinois	302,759	561,397	357.2	636
Indiana	164,591	296,531	197.2	665
Iowa	37,697	80,267	46.5	579
Kansas	47,081	100,274	59.5	593
Kentucky	110,512	199,439	143.3	718
Louisiana	185,904	293,234	246.3	840
Maine	17,383	28,971	20.7	716
Maryland	126,984	249,805	159.2	637
Massachusetts	99,210	169,412	122.0	720
Michigan	285,813	495,137	334.2	675
Minnesota	74,360	170,462	87.8	515
Mississippi	163,991	256,267	192.8	752
Missouri	169,202	293,742	180.5	615
Montana	21,288	35,900	22.6	629
Nebraska	32,441	57,818	34.0	589
Nevada	73,019	156,944	103.8	661
New Hampshire	14,859	20,033	15.9	793
New Jersey	150,245	306,537	189.8	619
New Mexico	87,974	150,250	100.9	672
New York	526,304	949,853	619.2	652
North Carolina	336,796	686,303	427.9	623
North Dakota	10,668	15,082	10.9	726
Ohio	272,652	473,632	360.1	760
Oklahoma	123,745	217,119	157.2	724
Oregon	71,877	129,923	90.7	698
Pennsylvania	248,111	426,608	299.4	702
Rhode Island	22,615	39,214	21.2	541
South Carolina	180,788	323,211	250.2	774
South Dakota	16,671	29,274	18.6	637
Tennessee	208,940	352,738	246.2	698
Texas	1,018,772	1,940,954	1,097.1	565
Utah	67,845	153,368	91.5	596
Vermont	10,789	16,386	12.2	742
Virginia	179,881	305,643	181.3	593
Washington	144,443	270,715	172.7	638
West Virginia	54,376	87,734	59.7	680
Wisconsin	110,311	216,963	133.6	616
Wyoming	9,737	19,502	12.4	638

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