

T21-0001

Revenue effects of options to expand the Earned Income Tax Credit (EITC) for workers who do not live with qualifying children (childless)

Baseline: Current Law

Expenditures, \$ Billions, 2021–2030

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021–2030
Current law											
Earned Income Tax Credit	-61.9	-70.5	-70.6	-72.3	-74.4	-76.2	-77.7	-79.4	-81.2	-83.3	-747.5
Childless portion	-1.9	-2.3	-2.3	-2.4	-2.5	-2.6	-2.6	-2.6	-2.7	-2.8	-24.7
Expansion options³											
1. Extend eligibility for the childless EITC to workers over the age of 64	-0.1	-1.0	-1.1	-1.2	-1.3	-1.3	-1.3	-1.3	-1.3	-1.3	-11.0
2. Reduce the minimum eligible age for the childless EITC from 25 to 19	-0.1	-1.3	-1.4	-1.6	-1.7	-1.7	-1.7	-1.7	-1.7	-1.6	-14.5
3. Increase the phase-in and phase-out rate for the childless EITC from 7.65% to 15.3%	-0.3	-3.4	-3.6	-3.7	-3.9	-4.0	-4.0	-4.0	-4.1	-4.1	-35.0
4. Extend the phase-in range up to \$9,720 and begin the phase-out range at \$11,490	-0.2	-2.4	-2.5	-2.6	-2.8	-2.8	-2.8	-2.9	-2.9	-2.9	-24.8
5. Options 3 and 4 combined	-0.7	-7.1	-7.4	-7.7	-8.0	-8.2	-8.2	-8.3	-8.4	-8.5	-72.5
6. All options	-1.1	-11.4	-12.0	-12.7	-13.4	-13.7	-13.7	-13.8	-13.9	-14.0	-119.7

Source: Tax Policy Center Microsimulation Model (version 0920-1)

1. Baseline is the law currently in place as of March 17, 2020. Policies assumed effective 1/1/2021.

2. Uses a 10-90 fiscal split.

3. We assume that 50% of current law non-filing childless earners would begin filing to take the expanded the EITC, rising to 60% by 2025; EITC takeup among single filers with no children would increase to 70% in 2020 (91% by 2024); and EITC takeup among married filers with no children would increase to 74% in 2020 (79% by 2024.)

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	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021–2030
Current law											
Earned Income Tax Credit	-70.5	-70.4	-72.1	-74.2	-76.0	-77.5	-79.3	-81.0	-83.0	-85.6	-769.8
Earned Income Tax Credit, childless portion	-2.3	-2.3	-2.4	-2.5	-2.6	-2.6	-2.6	-2.7	-2.8	-2.8	-25.5
Expansion options²											
1. Extend eligibility for the childless EITC to workers over the age of 64	-1.0	-1.1	-1.2	-1.3	-1.3	-1.3	-1.3	-1.3	-1.3	-1.2	-12.2
2. Reduce the minimum eligible age for the childless EITC from 25 to 19	-1.3	-1.4	-1.6	-1.7	-1.7	-1.7	-1.7	-1.7	-1.6	-1.6	-16.0
3. Increase the phase-in and phase-out rate for the childless EITC from 7.65% to 15.3%	-3.4	-3.6	-3.7	-3.8	-3.9	-4.0	-4.0	-4.1	-4.1	-4.1	-38.8
4. Extend the phase-in range up to \$9,720 and begin the phase-out range at \$11,490	-2.4	-2.5	-2.6	-2.8	-2.8	-2.8	-2.9	-2.9	-2.9	-2.9	-27.4
5. Options 3 and 4 combined	-7.1	-7.3	-7.7	-8.0	-8.2	-8.2	-8.3	-8.4	-8.5	-8.6	-80.3
6. All options	-11.3	-11.9	-12.7	-13.4	-13.7	-13.7	-13.8	-13.9	-14.0	-14.0	-132.3

Source: Tax Policy Center Microsimulation Model (version 0920-1)

1. Baseline is the law currently in place as of March 17, 2020. Policies assumed effective 1/1/2021.

2. We assume that 50% of current law non-filing childless earners would begin filing to take the expanded the EITC, rising to 60% by 2025; EITC takeup among single filers with no children would increase to 70% in 2020 (91% by 2024); and EITC takeup among married filers with no children would increase to 74% in 2020 (79% by 2024.)