

T10-0095
Options for Extending the Earned Income Tax Credit (EITC) Expansions in ARRA
Baseline: Current Policy
Static Impact on Number of Qualifying Children (millions), 2011-19¹

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2011-19
Qualifying Children Newly Eligible for the EITC²:										
Option 1: EITC third tier for 3 or more eligible children ³	0.6	0.8	0.7	0.6	0.6	0.7	0.7	0.6	0.6	5.9
Option 2: \$5,000 increase in plateau for married couples ⁴	0.7	0.7	0.7	0.7	0.7	0.6	0.6	0.5	0.5	5.7
Option 3: Options 1 and 2 combined	1.4	1.3	1.3	1.3	1.3	1.3	1.3	1.2	1.1	11.5
Qualifying Children with Increased EITC⁵:										
Option 1: EITC third tier for 3 or more eligible children	9.1	8.6	8.4	8.0	7.8	7.6	7.5	7.4	7.3	71.7
Option 2: \$5,000 increase in plateau for married couples	7.8	7.6	7.3	7.0	6.7	6.5	6.4	6.3	6.2	61.8
Option 3: Options 1 and 2 combined	13.5	12.7	12.4	11.9	11.5	11.3	11.1	11.0	10.9	106.3

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-4).

(1) Estimates are static and do not account for any potential microeconomic behavioral response. ARRA is the American Recovery and Reinvestment Tax Act of 2009. Current policy extends the 2009 AMT patch and indexes the AMT exemption, rate bracket threshold, and phaseout exemption threshold for inflation; makes the 2001 and 2003 individual income tax cuts permanent and makes 2009 estate tax law permanent.

(2) Qualifying children newly eligible for the EITC includes all EITC-qualifying individuals (under age 19 or under 24 if in school) on returns claiming a non-zero value for the credit under the proposal but who cannot claim the credit in the baseline.

(3) The proposal increases the earned income tax credit percentage for families with three or more qualifying children to 45 percent.

(4) Proposal increases the threshold at which the EITC begins to phase-out for married couples filing jointly to \$5,000 more than the threshold for single and head of household tax units (indexed for inflation).

(5) Qualifying children with increased EITC includes all EITC-qualifying individuals (under age 19 or under 24 if in school) on returns claiming a non-zero value for the credit in the baseline and a larger value under the proposal.