

Expansions of the Earned Income Tax Credit and Child Tax Credit Would Benefit 9 Million Latino Households



The Earned Income Tax Credit (EITC) and Child Tax Credit go to millions of low- and moderate-income working families each year. Studies show that the EITC increases employment, raises incomes, and reduces poverty. Research also links income from these tax credits to a series of gains for children – better infant health, improved school performance, higher college enrollment, and increases in earnings in adulthood. As a result, the tax credits appear to reduce poverty not only in the near term but also in the next generation.

A number of legislative proposals would make the EITC or the Child Tax Credit – including its refundable component – more effective. For example, the Working Families Tax Relief Act – introduced by Senators Sherrod Brown, Michael Bennet, Richard Durbin, and Ron Wyden and 42 co-sponsors in the Senate and by Representatives Dan Kildee and Dwight Evans in the House – would *both* make the Child Tax Credit fully refundable (so it reaches children in the poorest families) *and* boost the EITC. That legislation would:

- Boost the incomes of an estimated 46 million households – including 9 million Latino households.
- Substantially expand both the EITC for families with children *and* the EITC for workers not raising a child at home. The expansions include broadening the age range of workers eligible for the credit from 25-64 today to 19-67, a provision that would support young workers, especially those who lack a college degree.

The Working Families Tax Relief Act would have large effects on poverty. It would:

- Reduce the *overall* poverty rate (using the Supplemental Poverty Measure, which analysts favor) from 14 percent to 12 percent – a 15-percent reduction.
- Reduce the *Latino* poverty rate from 22 percent to 18 percent, a 20-percent reduction.
- Lower the *overall* child poverty rate from 15 percent to 11 percent, a 28-percent reduction.
- And shrink the *Latino* child poverty rate from 24 percent to 18 percent, a 27-percent reduction.

A related bill from the House Ways and Means Committee – the Economic Mobility Act – also contains some of these provisions, though on a temporary basis; it would expand the EITC for childless workers and enlarge the Child Tax Credit, including making it fully refundable, for the next two years. Its expansion of the EITC would raise the after-tax incomes of 16 million childless adults, of whom about 3 million are Latino, while its Child Tax Credit changes would benefit more than 42 million children under age 17 – including 12 million Latino children.

Latino Households Benefiting from the Working Families Tax Relief Act, by State

State	Number of Latino Households
Total U.S.	9,271,000
Alabama	30,000
Alaska	8,200
Arizona	371,000
Arkansas	36,000
California	2,495,000
Colorado	184,000
Connecticut	93,000
Delaware	15,000
Dist. of Columbia	9,500
Florida	845,000
Georgia	149,000
Hawaii	25,000

Latino Households Benefiting from the Working Families Tax Relief Act, by State

State	Number of Latino Households
Idaho	35,000
Illinois	330,000
Indiana	69,000
Iowa	29,000
Kansas	53,000
Kentucky	23,000
Louisiana	35,000
Maine	2,300
Maryland	82,000
Massachusetts	140,000
Michigan	78,000
Minnesota	49,000
Mississippi	13,000
Missouri	39,000
Montana	5,500
Nebraska	32,000
Nevada	132,000
New Hampshire	5,500
New Jersey	282,000
New Mexico	163,000
New York	609,000
North Carolina	151,000
North Dakota	4,900
Ohio	70,000
Oklahoma	64,000
Oregon	84,000
Pennsylvania	161,000
Rhode Island	28,000
South Carolina	42,000
South Dakota	5,800
Tennessee	53,000
Texas	1,752,000
Utah	63,000
Vermont	1,100
Virginia	109,000
Washington	142,000
West Virginia	3,900
Wisconsin	62,000
Wyoming	8,800

Source: CBPP estimates based on 2015-2017 American Community Survey data and March 2018 Current Population Survey data.