

Expansions of the Earned Income Tax Credit and Child Tax Credit Would Benefit 8 Million Black 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 8 million Black 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 *Black* poverty rate from 21 percent to 17 percent, an 18-percent reduction.
- Lower the *overall* child poverty rate from 15 percent to 11 percent, a 28-percent reduction.
- And shrink the *Black* child poverty rate from 23 percent to 15 percent, a 33-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 Black, while its Child Tax Credit changes would benefit more than 42 million children under age 17 — including 7 million Black children.

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

State	Number of Black Households
Total U.S.	8,263,000
Alabama	288,000
Alaska	5,100
Arizona	60,000
Arkansas	108,000
California	399,000
Colorado	45,000
Connecticut	67,000
Delaware	36,000
Dist. of Columbia	54,000
Florida	690,000
Georgia	661,000

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

State	Number of Black Households
Hawaii	5,300
Idaho	2,000
Illinois	354,000
Indiana	137,000
Iowa	27,000
Kansas	40,000
Kentucky	87,000
Louisiana	341,000
Maine	3,000
Maryland	292,000
Massachusetts	87,000
Michigan	300,000
Minnesota	78,000
Mississippi	258,000
Missouri	158,000
Montana	800
Nebraska	21,000
Nevada	55,000
New Hampshire	3,100
New Jersey	208,000
New Mexico	8,000
New York	513,000
North Carolina	472,000
North Dakota	4,300
Ohio	329,000
Oklahoma	67,000
Oregon	16,000
Pennsylvania	271,000
Rhode Island	11,000
South Carolina	305,000
South Dakota	3,100
Tennessee	248,000
Texas	668,000
Utah	6,100
Vermont	1,000
Virginia	313,000
Washington	54,000
West Virginia	17,000
Wisconsin	83,000
Wyoming	800

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