

# The Earned Income Tax Credit Should be Expanded for Workers Without Children

Ashley Burnside | January 2025

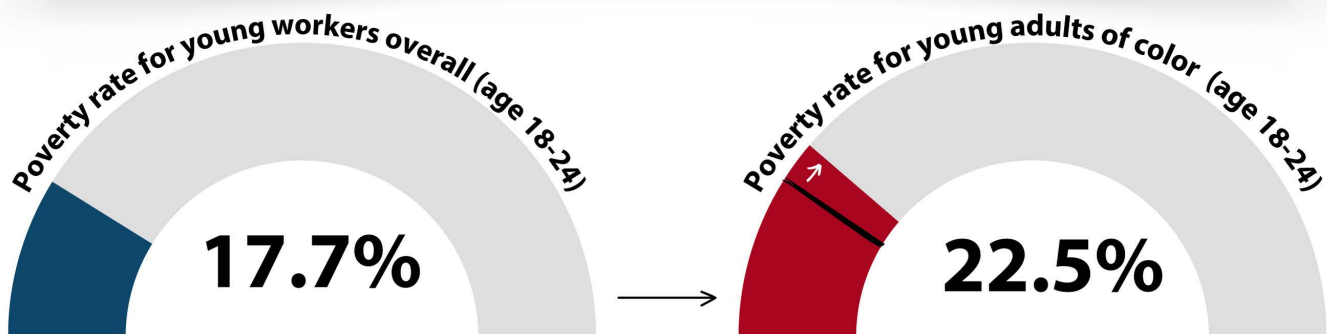
The Earned Income Tax Credit (EITC) is a federal tax credit for workers with low and moderate incomes. The EITC helps to bolster their incomes and offset taxes owed; it is effective at reducing poverty and has traditionally received bipartisan support. But the EITC available to workers without dependent children in the household is small and not available to younger and older workers without children. Lawmakers should permanently expand the EITC available to this population of workers.

## Workers Without Children Are Largely Left Out of the EITC

Workers without dependent children in the household are only eligible for a meager credit, and this results in some workers being taxed *deeper* into poverty when they file their taxes.<sup>1</sup> A worker making \$18,000 in annual income would only be eligible for an EITC of about \$44 in tax year 2024.<sup>2</sup> The maximum income to be eligible for the EITC for this population of workers is also low, meaning that workers become ineligible for the credit at lower incomes. For example, in tax year 2024, a single, childless worker would become ineligible for the EITC if they made more than \$18,600 in income.<sup>3</sup>

Figure 1

Young workers face higher poverty rates than other age demographics. Data show 17.7 percent of young adults (ages 18-24) experienced poverty in 2022. Moreover, the rate is even higher for young people of color at 22.5 percent.

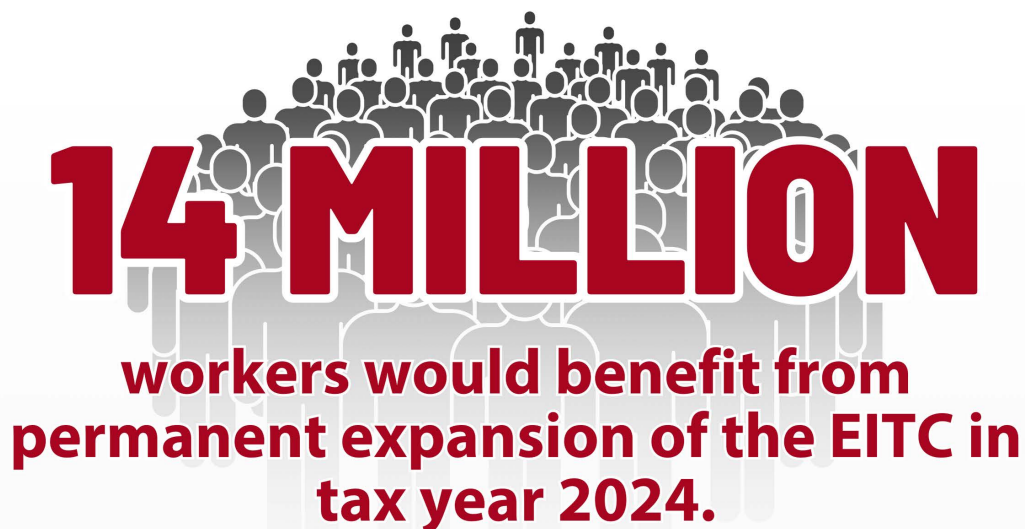


Younger and older workers are ineligible for the EITC if they don't have children. This is especially detrimental because younger workers are likelier to start their careers working in jobs that pay a lower wage and may not have as much savings built up due to their age. For these populations, getting an EITC is especially important. One study found that the expanded EITC decreased the share of young workers with difficulty affording their rent and mortgage payments.<sup>4</sup> Young workers are also often ineligible for support through federal anti-poverty programs, or are only eligible for meager benefits, and face higher poverty rates than other age demographics. According to the Supplemental Poverty Measure, 17.7 percent of young adults (ages 18-24) experienced poverty in 2022, and the rate increased to 22.5 percent for young people of color (See: **Figure 1**).<sup>5</sup>

The American Rescue Plan Act of 2021 (ARPA) temporarily changed this by expanding the EITC available to workers without dependent children. The EITC nearly tripled for this group of workers, the income eligibility amount increased, the credit phase-in rate increased, and the bill made younger and older workers without children eligible.<sup>6</sup> Lawmakers should make these changes permanent.

Workers who are paid low wages and who work in critical sectors of our economy, including child care and as home health workers, would benefit from this EITC expansion. The Center on Budget and Policy Priorities (CBPP) projects that about 737,000 cashiers, 506,000 cooks, 478,000 janitors, 312,000 personal care aides, and 229,000 child care workers would benefit.<sup>7</sup> The number of workers without dependent children who claimed the EITC nearly doubled when comparing tax year 2019 to tax year 2021 (when the ARPA expansions were in effect.) Approximately 15.1 million taxpayers claimed it in 2021, compared to 7.6 million in 2019.<sup>8</sup> A total of about 14 million workers would benefit from permanent expansion of the EITC in tax year 2024 (See: **Figure 2**). According to estimates from the CBPP, about 4 million young workers and 1.5 million older workers would be newly eligible for the credit in 2024 if these expansions were put in place.<sup>9</sup>

**Figure 2**



# Policy Recommendations: Permanently Expand the EITC Available to Workers Without Children

Lawmakers should permanently expand the EITC for workers without dependent children in the following ways, using ARPA as a model:

- Lawmakers should increase the size of the credit for workers without dependent children to help ensure that no workers are being taxed deeper into poverty, nearly tripling the size of the credit like was done under ARPA.
- Lawmakers should increase the phase-in rates for the credit for these workers to a minimum of 15.3 percent.
- Lawmakers should increase the income level where the credit starts phasing out for these workers to a minimum of \$11,610 for single workers and to \$17,550 for married couples.
- Lawmakers should make young workers without dependent children eligible for the EITC beginning at age 19 and make it available beginning at age 18 for former foster youth and homeless youth.
- Lawmakers should make workers over the age of 64 without dependent children eligible for the EITC.
- Lawmakers should also make workers with Individual Taxpayer Identification Numbers, who pay billions of dollars in taxes each year, eligible for the EITC.<sup>10</sup>

In addition, lawmakers should explore making the EITC available to families periodically, as has been done in pilots and as is included in the EITC Modernization Act, so that the credit can be used to help workers afford month-to-month costs such as rent and bills.

## Conclusion

The EITC is a critical tax credit, and lawmakers should permanently expand it for workers without dependent children. Expanding the EITC would reduce the number of workers being taxed deeper into poverty, help to bolster wages for younger and older workers, and make our tax code fairer.

Please reach out to Ashley Burnside ([aburnside@clasp.org](mailto:aburnside@clasp.org)) for more information.

## Endnotes

<sup>1</sup> “Policy Basics: The Earned Income Tax Credit,” Center on Budget and Policy Priorities, updated April 28, 2023, <https://www.cbpp.org/research/policy-basics-the-earned-income-tax-credit>.

<sup>2</sup> This estimate was calculated using the IRS Earned Income Tax Credit Assistant tool. The hypothetical filer is between the ages of 25 and 64, files as single, and has \$18,000 in annual wage/salary income. “Earned Income Tax Credit (EITC) Assistant,” Internal Revenue Service, last updated/reviewed December 5, 2024, <https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/use-the-eitc-assistant>.

<sup>3</sup> “Earned income and Earned Income Tax Credit (EITC) tables,” Internal Revenue Service, last updated/reviewed January 27, 2025, <https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/earned-income-and-earned-income-tax-credit-eitc-tables>.

<sup>4</sup> Margot Crandall-Hollick, Nikhita Airi, and Richard Auxier, “How the American Rescue Plan’s Temporary EITC Expansion Impacted Workers Without Children,” Urban Institute and Brookings Institution Tax Policy Center, September 6, 2024, <https://taxpolicycenter.org/publications/how-american-rescue-plans-temporary-eitc-expansion-impacted-workers-without-children>.

<sup>5</sup> “Why We Still Can’t Wait: Youth Data Update 2023,” CLASP, <https://www.clasp.org/new-deal-4-youth/youth-data-economic-justice-2023/>.

<sup>6</sup> The American Rescue Plan Act of 2021 expanded the EITC available to workers without dependent children by increasing the credit phase-in and phase-out rates from 7.65 percent to 15.3 percent, increasing the maximum credit from \$543 to \$1,502, and increasing the income where the credit begins to phase out from \$8,880 to \$11,610 (and from \$14,820 to \$17,550 for married couples). The bill also made workers eligible beginning at age 19, and at age 18 for former foster youth and homeless youth. The maximum age cap was also removed, making workers aged 65 and older newly eligible. These changes were all temporary and in place for 2021. For more information about the changes made under the American Rescue Plan Act: “The ‘Childless’ EITC: Temporary Expansion for 2021 Under the American Rescue Plan Act of 2021,” Congressional Research Service, updated May 3, 2021, <https://crsreports.congress.gov/product/pdf/IN/IN11610>.

<sup>7</sup> Kiran Rachamalla, “About 14 Million Low-Income Adults Not Raising Children at Home Would Benefit From Permanently Expanded EITC,” Center on Budget and Policy Priorities, September 19, 2024, <https://www.cbpp.org/blog/about-14-million-low-income-adults-not-raising-children-at-home-would-benefit-from-permanently>.

<sup>8</sup> Crandall-Hollick, et. al., “How the American Rescue Plan’s Temporary EITC.”

<sup>9</sup> Rachamalla, “About 14 Million Low-Income Adults.”

<sup>10</sup> Carl Davis, Marco Guzman, and Emma Sifre, “Tax Payments by Undocumented Immigrants,” Institute on Taxation and Economic Policy, July 30 2024, <https://itep.org/undocumented-immigrants-taxes-2024/>.