THE WHITE HOUSE

Carol H. Rasco

Secretary Bentsen -

Thank you for your strong statement on EITC last week. The DPC staff looks forward to continued work with Treasury on this issue.

Sincerely,

Carol Rasco

2 November 1994

orig: CHR
XC: K. Way

CENTER ON BUDGET AND POLICY PRIORITIES

File:

THE ADMINISTRATION'S EARNED INCOME CREDIT PROPOSALS

> "...The new direction I propose will make this solemn, simple commitment: by expanding the refundable earned income tax credit, we will make history; we will reward the work of millions of working poor Americans by realizing the principle that if you work 40 hours a week and you've got a child in the house, you will no longer be in poverty."
>
> President Clinton, State of the Union Address

I. OVERVIEW

President Clinton has stated that his budget would lift full-time working parents and their children out of poverty. The Administration's principal budget document, *A Vision of Change for America*, proclaims that all four-person families with a full-time worker would be lifted from poverty.

Unfortunately, these statements are not correct. The plan does not accomplish this objective.

- Families of four with a full-time minimum wage worker would get just a $400 increase in the earned income credit, some of which would go to offset the new energy taxes. Even after increased food stamps are taken into account, these families would still fall $1,000 below the poverty line. (Without counting food stamps, the shortfall is $4,700; most working poor families do not receive food stamps.)

- The Clinton plan spends over $6 billion a year on the EIC; this is more than necessary to get most full-time working families out of poverty. But most of the new EIC money goes to families above the poverty line, especially in the $20,000 to $30,000 range (or to workers without children). For example, families with children that have incomes of $24,000 get more than twice as large an EIC increase as full-time minimum wage families with incomes of $8,840. Despite spending a lot on the EIC, the plan fails to get most full-time minimum wage families to the poverty line.

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The President thought the plan did get these families to the poverty line because some hurried Treasury calculations indicated that was the case. The Treasury calculations, however, contain two serious errors that cause them to substantially overstate the income of these families: the calculations neglect to subtract payroll taxes withheld from workers' paychecks and they miscalculate and overstate food stamp benefits.

As a result, the EIC proposal leaves the Administration politically exposed, given the emphasis the President personally has placed on lifting full-time working families with children to the poverty line. The proposal also could compromise the Administration's forthcoming welfare reform plan, since many full-time working families would be left in poverty.

The President and top Administration officials have also said that the plan would ensure that low-income working families do not have their incomes reduced by the energy tax increase. For many working families, they succeeded. But there is a significant glitch here, too. Because of the peculiar EIC expansion in the budget package, working families with one child and income between $8,000 and $12,500 receive *no EIC increase at all.* In fact, many of these families would have their EIC benefits cut, because the plan would terminate two supplemental EIC benefits that some of these families now receive. Unless these families receive food stamps (less than one-third of low-income working families do) or energy assistance (which a similarly small proportion of the working poor get), they would be made worse off. They would pay energy taxes and receive no compensating EIC increase. (Meanwhile, families with two or more children and incomes in the $20,000 to $25,000 range would get EIC increases of $700 to $860, about four to seven times the energy tax increase they would pay.)

These problems stem from the highly unusual EIC expansion in the budget. The expansion would increase EIC benefits most for those with incomes between $3,000 and $7,000 and those with incomes between $17,000 and $27,000, while increasing benefits the least — or not at all — for families in the $8,000 to $12,500 range, precisely the range where families with a full-time minimum wage worker are found. (See figures on pages 6 and 7.)

Treasury designed the EIC changes in this manner for one overriding reason — to get its "distribution tables" to show no aggregate increase in taxes in the 0 to $10,000, $10,000 to $20,000, and $20,000 to $30,000 income brackets. The Treasury distribution tables, however, have a weakness — they do not adjust for family size. They equate an individual living alone with an income of $9,500, about $2,000 above the poverty line, with a family of four that has $9,500 in income and is more than $5,000 below the poverty line. When the overriding goal is to produce particular results in distribution tables that fail to take family size (and especially the presence of children) into account, strange results emerge. That is what has happened here.

A Remedy is Available

Many of these problems can be addressed for no additional cost. The budget now includes $3 billion a year (by 1996) in added food stamp benefits and $1 billion in added low-income energy assistance benefits. These new benefits are included in the budget as supplementary offsets to the energy tax. Yet these amounts — and particularly the large food stamp amount — are larger than is needed or than can pass on Capitol Hill. Targeted changes can be made in the Administration's EIC proposal to raise the EIC expansion primarily for families with children in the $8,000 to $12,500 range. These changes can be paid for by reducing the overly large food stamp increase (and if necessary, modestly reducing the energy assistance increase).

There is no support on Capitol Hill for a food stamp increase as large as the Administration has proposed. This increase is more than 50 percent bigger than the largest food stamp expansion bill proposed in recent years, the highly regarded Mickey Leland Childhood Hunger Prevention Act introduced by then-Rep. Leon Panetta and other members. If the Administration leaves its food stamp proposal as is, either of two events will almost certainly befall the $3-billion-a-year proposed food stamp increase — either a sizable part of the increase will be removed in the budget resolution or the Agriculture Committees will scale it back and use the "savings" to avoid some of the cuts in agriculture programs the Administration has proposed. Key Agriculture Committee Democrats are already saying there is no way they will accompany billions in cuts in farm programs with $3 billion a year in food stamp increases. That would be difficult for many of them to explain in their rural districts.

There is also little chance the full energy assistance increase in the budget will be provided. The energy assistance program enjoys only weak support in the Appropriations Committees. Past history strongly suggests that the Appropriations Committee will reduce the large energy assistance add-on in the budget to avoid some of the discretionary cuts the Administration has proposed.

By contrast, any EIC increases the Administration proposes are likely to pass. The EIC has strong support across the political spectrum. Scaling back the food stamp increase by a third or a half and using the funds to raise the EIC would be wise politically and substantively. Indeed, the budget is likely to begin being criticized for having such large food stamp increases alongside its program cuts and tax hikes. Moving some funds from food stamps to the EIC would strengthen the attractiveness of the overall budget package, while avoiding embarrassment to the President for failing to achieve his proclaimed goal of lifting full-time working families from poverty.

Such a modification needs to be made quickly — and by the Administration. It will be difficult for Congress to make this change on its own, since that would entail shifting money that the President's budget proposes for one Committee to a different Committee. These issues are discussed in more detail below.

II. THE ADMINISTRATION'S EIC PROPOSAL AND ITS EFFECTS ON WORKING POOR FAMILIES

The Administration's proposal would alter the EIC in several ways. Under current law, families with one child would receive a credit in 1994 that equals 23 percent of their first $7,990 in earnings, for a maximum credit of $1,836. This $1,836 EIC benefit level is the amount that a family with one child and a full-time minimum wage worker would receive.

Under the Clinton budget, the EIC would change so that a family with one child received 30.6 percent of its first $6,000 in earnings. This, too, produces a maximum credit of $1,836, the same amount as under current law. Thus, the credit for a family with one child and a full-time minimum wage worker would not change. The credit for families with one child and incomes below $7,990 would increase.

For minimum-wage families with two or more children, the maximum EIC benefit would rise about $400. Under current law, these families would receive a credit equaling 25 percent of their first $7,990 in earnings, for a maximum credit of about $2,000. Under the Administration's proposal, the credit these families receive would equal 40 percent of their first $6,000 in earnings, for a maximum of $2,400. For a two-child family with a full-time minimum wage worker, the credit thus would increase by $400.

The proposal also makes a major change in the income level up to which families qualify for the EIC. Under current law, families would be eligible in 1994 until income reaches $23,760. The Administration plan would raise the income limits to $28,500 for families with one child and $30,000 for families with two or more children. (Table I shows both how the EIC now works and how it would work under the Administration's proposal.)

Finally, the proposal would abolish the two supplemental credits that are part of the current EIC while establishing one new credit. Under current law, EIC families receive a supplemental credit of up to $400 if they have a child under age one as well as a supplemental credit of up to $480 if they pay part or all of the premium costs for a health insurance policy that includes coverage for a child. The Administration plan would abolish these two complicated and much-criticized supplemental credits. It would establish a new credit for childless workers with incomes of less than $9,000; that credit would be worth up to $306.

The proposed EIC expansion has many desirable features. Nevertheless, its benefits are oddly distributed. Most striking is how limited the benefit increases are for families with full-time workers paid at or near the minimum wage. This is the

Table I
EIC Parameters, Current Law vs. Clinton Proposal.
All figures are for calendar year 1994.

	Credit rate (%)	Income level up to which the credit rate applies	Maximum credit	Phase-out rate (%)	Phase-out range: Income at which credit starts to phase down	Phase-out range: Income at which credit reaches zero
One child						
Current law	23%	$7,990	$1,836	16.43%	$12,570	$23,760
Proposal	30.6%	6,000	1,836	11.54%	12,570	28,500
Two or more children						
Current law	25%	7,990	1,998	17.86%	12,570	23,760
Proposal	40%	6,000	2,400	13.76%	12,570	30,000
Childless workers						
Current law	-NO CREDIT-					
Proposal	7.65%	4,000	306	7.65%	5,000	9,000

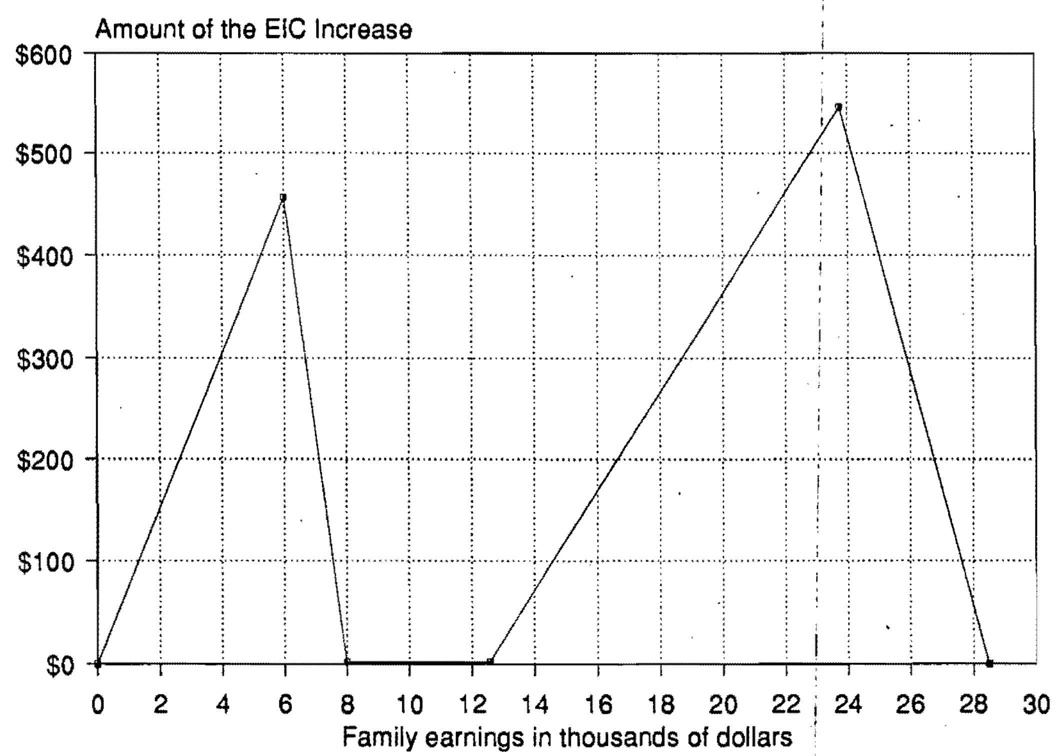
Example: Under current law, a family with one child will receive an EIC equal to 23 percent of earnings until family earnings equal $7,990. At this level, the value of the credit is $1,836. Once a family's income hits $12,570, the credit is reduced at a 16.43 percent rate; that is, each dollar of income reduces the value of the credit by 16.43 cents. When a family's income hits $23,760, the value of its EIC falls to zero. (The numbers used here are not official; they may vary slightly from the official numbers.)

primary target group of President Clinton's goal of lifting families with full-time workers out of poverty.

Figures 1 and 2, which appear on the next two pages, show the size of the EIC increase that families at different earnings levels would receive. The figures show that families with full-time workers earning at or near the minimum wage (ranging from about $8,000 to $12,500 of annual income) fare relatively poorly under the Administration proposal.

For families with one child, workers in the $8,000 to $12,500 range gain less from the proposal than all other families with incomes up to $28,500. At best, the

Figure 1
Increase in Basic EIC Benefits for Families with One Child
Under Administration Proposal Compared to Current Law (data are for 1994)



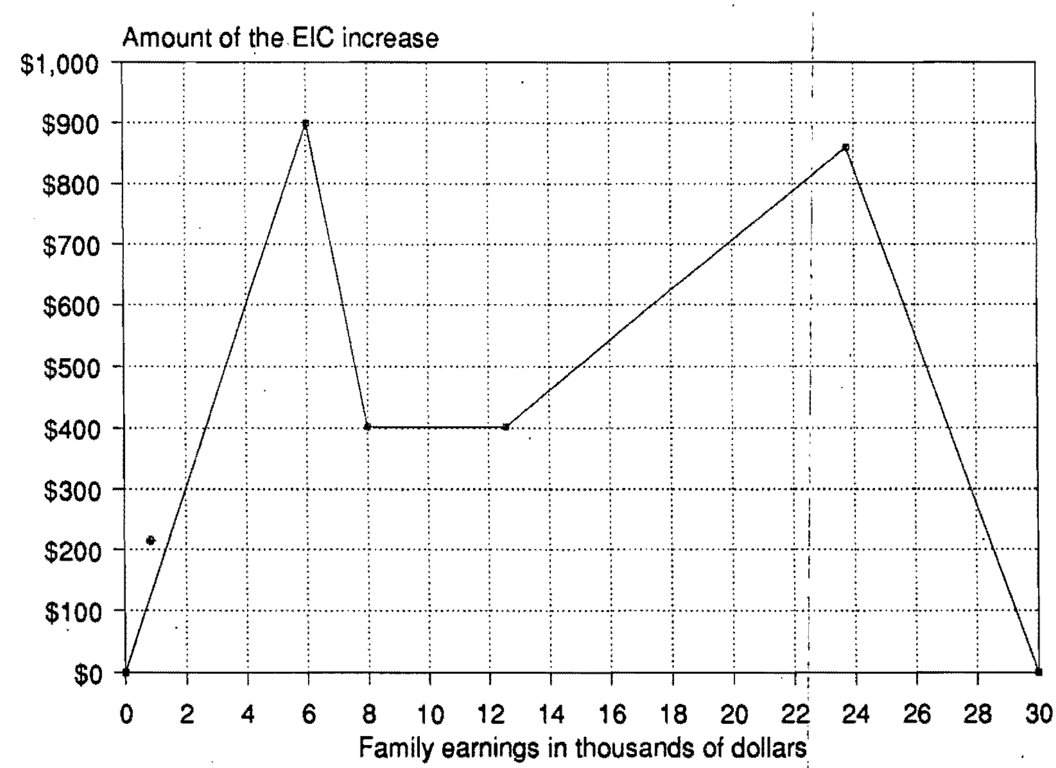
families in the $8,000 to $12,500 range would receive the same EIC benefit as they would get under current law; some of them would in fact be worse off than under current law. (See Figure 1.)

- In 1994, a family with one child and earnings between $7,990 and $12,570 would receive an EIC of $1,836 under the proposal, the same as the family would receive under current law. But under current law, some of these families also receive supplemental EIC benefits from the EIC young child supplement and the EIC health credit. As noted, these supplemental credits are eliminated by the proposal. Thus, minimum wage families that have one child and receive either of these supplemental credits would receive *smaller* EIC benefits under the Administration's proposal than under current law. (Eliminating the two supplemental credits is, however, sensible policy.)

- By contrast, a family with one child and earnings of $24,000 gets an EIC benefit increase of more than $500 under the proposal. Also benefiting would be very poor families. A family with one child and earnings of $6,000 would receive a basic EIC increase of $460 under the proposal.

The story is similar for families with two or more children. Such families with incomes between $8,000 and $12,500 would get some increase in their EIC, but the increase would be smaller than that provided to most other families with two or more children, especially those in the $20,000 to $25,000 income range. (See Figure 2.)

Figure 2
Increase in Basic EIC Benefits for Families with Two or More Children under Administration Proposal As Compared to Current Law (data are for 1994)



- Families with two or more children and earnings between $7,990 and $12,570 would receive a basic EIC increase of $400 under the proposal.

- Most other EIC families with two or more children would receive a larger EIC increase. A family with two children and income of $24,000 would receive an increase of $830, more than twice as much. A family with two children and earnings of $6,000 would receive a $900 EIC increase.

In short, families with incomes between $8,000 and $12,500 receive a smaller EIC increase under the proposal than the vast majority of other families with incomes of less than $30,000. Families with a full-time minimum wage worker, the families the President wants to raise out of poverty, are the group helped least.

III. WOULD FAMILIES BE LIFTED OUT OF POVERTY?

The relatively limited assistance the Administration's EIC proposal extends to families with full-time minimum wage workers helps explain why many of these families would still fall below the poverty line. This section of the paper shows the extent to which many of these families would continue to be poor.

In examining this issue, one must first decide how to measure family income, since income must be compared to the poverty line. This matter has been studied extensively. Analysts examining whether full-time work will assure that a family is not poor generally agree that full-time minimum wage earnings, EIC benefits, and payroll taxes must all be considered. Analysts typically add full-time minimum wage earnings and EIC benefits, subtract the employee's portion of payroll taxes, and compare the total to the poverty line.

One additional step is sometimes used and is more controversial — the addition of food stamp benefits for which a minimum wage family might qualify. The question here is whether food stamp benefits should be assumed to be part of a working family's income when the income is compared to the poverty line. On the one hand, food stamps are nearly equivalent to cash. This argues for counting them. On the other hand, U.S. Department of Agriculture studies show that only 32 percent of the low-income working households eligible for food stamps — just one in three — actually receive them. Furthermore, some other working poor families are ineligible for food stamps because they do not meet the program's stringent and outdated asset limits.

The basic calculations here assume that food stamps are received. The calculations include both the value of the food stamp benefits for which a minimum wage family now qualifies if it meets the program's asset limits[1] and the maximum additional amount of food stamps the family might receive under the food stamp expansion in the Administration's budget.[2] An additional set of calculations is done for families that do not receive food stamps.

Finally, the calculations subtract the estimated cost of the increased energy taxes these households would bear, since the EIC and food stamp expansions were designed in part to offset these taxes. (Moreover, the Administration's budget documents indicate that the energy tax would modestly increase inflation, which in turn would raise the level of the poverty line. This is another reason the increased energy taxes these households bear should be taken into account in determining whether the families are raised to the poverty line.)

How does the Administration's proposal stack up against the President's goal of ensuring that full-time working families escape poverty? The combined impact of the EIC and food stamp expansions gets families closer to the poverty line, but the shortfall is still considerable.

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[1] The actual amount of a family's food stamp benefits depends on the level of the food stamp shelter deduction the family receives. The food stamp calculations used here assume that the food stamp shelter deduction these families receive equals half of the maximum deduction amount allowable. (The specific amount of a family's deduction depends on the ratio of its housing costs to its income.) This assumption leads, if anything, to a slight overstatement of the food stamp benefits these families receive. USDA survey data show that the average shelter deduction for households with earnings as well as the average deduction for households with children are slightly below half the maximum deduction amount that is permitted.

The calculations used here do not assume that families receive a food stamp dependent care deduction. Fewer than one in six food stamp working households with children receive this deduction. And, for those who do receive the deduction, the resulting increase in food stamp benefits only partially offsets the child care costs the families must incur in order to work. The approach used here in calculating food stamp benefits is the standard approach used in such sources as the *Green Book*.

[2] The additional amount of food stamps assumed to result from the Administration's budget proposals is likely to be overstated. We assumed that all of the proposed food stamp increase goes to raising basic food stamp benefit levels. Various other reforms that do not affect the basic benefit amount are, however, widely considered to be of higher priority.

These other reforms are included in widely supported food stamp legislation that has been before Congress since 1990, the Mickey Leland Childhood Hunger Prevention Act. For example, one such reform would raise the limit on the value of a car that a food stamp household may own. This limit has not been adjusted in 16 years and has eroded badly due to inflation during this period. It was criticized by a task force established by President Reagan and Edwin Meese in 1983 for being out-of-date and unnecessarily barring entry to the program by working poor households that need cars to get to work. Funds used to address problems such as this in the food stamp program would not be available to raise basic benefit levels.

Consider a family of four (a two-parent family with two children) that has full-time minimum wage earnings. Between the EIC and food stamp increases, the family would gain a maximum of about $770 from the Administration's proposal. (The family's EIC would rise $400, while its food stamps would increase a maximum of $470 if it got food stamps; meanwhile, its energy taxes would cost approximately $100.) The family would, however, remain well below the poverty line.

- As Table II indicates, the income of a two-parent family of four with a full-time minimum wage worker would still fall nearly $1,000 below the poverty line even if the family received food stamps.

- If anything, this calculation overstates how close such a family is to the poverty line. The calculation counts food stamps and also assumes the maximum increase in food stamp benefits that the Administration's budget could produce. In addition, the calculation assumes that full-time work means 40 hours a week for 52 weeks a year. Analysts often use 40 hours of work for 50 weeks a year. Even with these assumptions, the family misses the poverty line by close to $1,000.

Table II

How the Income of Two-parent Families with Full-time Minimum Wage Earnings Compares to the Poverty Line (in 1994 dollars)

(Amount by which minimum wage earnings exceed or fall below the poverty line. Minimum wage earnings equal full-time year-round work at the minimum wage. EIC benefits are added in; payroll taxes are subtracted. Energy taxes are also subtracted.)

Family Size	Three	Four	Five
Current Law			
With food stamps	$453	$-1,752	$-3,670
Without food stamps	-1,832	-5,009	-7,767
Administration Proposal			
With food stamps	723	-980	-2,838
Without food stamps	-1,932	-4,707	-7,465

Example: Under current law, the income of a family of three (a married-couple family with one child) that has full-time minimum wage earnings and receives food stamps would exceed the poverty line by $453. If the family does not receive food stamps, its income would fall $1,832 below the poverty line.

- If the family did *not* receive food stamps, it would fall $4,700 below the poverty line.

Families of three with full-time minimum wage workers would be lifted out of poverty so long as the families received food stamps. But these families are already lifted out of poverty under current law if they receive food stamps.[3]

Families of five or more with a full-time minimum wage worker would fall quite far below the poverty line, even if they received food stamps. A family of five with three children that has full-time minimum wage earnings — and that receives food stamps — would fall $2,800 below the poverty line under the Administration's proposal. This large shortfall reflects, in part, the absence of a "third tier" of EIC benefits for families with three or more children. The establishment of a third EIC tier was recommended unanimously by the bipartisan National Commission on Children, on which President Clinton served. It has been endorsed by a number of analysts designing strategies to bring full-time working families to the poverty line.

The Treasury Department's Calculations

The Treasury Department made some calculations which appear to indicate that under the Administration's proposal, families of four with a full-time minimum wage worker would be lifted from poverty. Unfortunately, the Treasury calculations are flawed. They neglect to subtract payroll taxes. They also overstate the food stamp benefits the average minimum wage family receives. Both errors serve to inflate the income of families working full-time at the minimum wage.

Ignoring the payroll tax

Contrary to conventional practice, Treasury did *not* subtract payroll taxes in determining family income. Yet working poor families automatically have payroll taxes deducted from income.

The failure to subtract payroll taxes is inconsistent with the rest of the Treasury calculations. Treasury did not use a before-tax income measure; it added in the earned income tax credit, thus making its measure an after-tax income measure. Moreover, one of the basic purposes of the EIC since its inception has been to *offset payroll taxes.* One cannot add in EIC benefits and fail to subtract the payroll taxes the EIC offsets. To include these tax benefits but not subtract the tax costs is not valid

[3] If a family of three with a full-time minimum wage worker does not receive food stamps, the family would fall $1,900 below the poverty line under the Administration's proposal. (This assumes the family has two parents and one child.)

and is unprecedented in work in this field. (Indeed, the Administration's proposal itself recognizes the longstanding link between the EIC and the payroll tax. It establishes the new EIC credit rate for childless workers at 7.65 percent, exactly the rate these workers contribute in payroll taxes.)

Furthermore, Treasury counted food stamp benefits when calculating family income, making clear it was measuring *disposable* income. One cannot count EIC benefits and food stamps as part of disposable income and then fail to subtract payroll taxes, which are withheld from paychecks and are always subtracted in determining disposable income.

Treasury's calculations departed from all of the methods the Census Bureau employs in measuring poverty. In its official measure, the Census Bureau does not subtract payroll taxes, but neither does it count EIC or food stamp benefits. In some alternative measures of poverty, the Census Bureau counts EIC benefits, but only after subtracting payroll taxes.

Of all the analyses done in recent years on "making work pay" and raising working families to the poverty line, none counts EIC and food stamps benefits while failing to subtract payroll taxes. The failure to subtract payroll taxes led Treasury to overstate the disposable income of full-time minimum wage workers by $650.

Overstating food stamp benefits

The Treasury calculations also significantly overstate food stamp benefits. In the food stamp program, one factor that helps determine the level of benefits a household receives is the ratio of its housing costs to its income. Households receive a deduction from income for the amount by which their housing costs exceed half their income. The greater the deduction, the larger the household's food stamp benefit.

The standard method for determining the food stamp benefits of working poor families is to assume that these families receive a shelter deduction equal to the average deduction received by food stamp families that work. This is the practice followed in calculating the figures we have prepared, which are cited on pages 6 and 7. It is not, however, the practice Treasury used. Instead, Treasury constructed "hypothetical" food stamp families that had much larger-than-average food stamp shelter deductions. This improperly inflated, perhaps by several hundred dollars, the food stamp benefits that Treasury assigned to full-time minimum wage families.

Also, Treasury assumed its hypothetical families received a food stamp child care deduction, which apparently boosted by several hundred dollars more the food stamp benefits that Treasury estimated these households would receive. This is not valid for two reasons. First, U.S. Department of Agriculture data show that five of every six food stamp working families with children *get no child care deduction.* As a result, most analyses of the food stamp benefits these families receive do not assume use of a child care deduction. Second, for families that do receive this deduction, the deduction simply equals the out-of-pocket child care costs the families incur. As noted, Treasury used a disposable income measure by counting food stamp and EIC benefits. If Treasury wished to count as disposable income the additional food stamp benefits these families would receive from a child care deduction, it should have netted out the child care costs these families incurred. Treasury did not do so.[4]

Treasury's method of computing the child care deduction also was flawed. USDA data show that the average amount of the child care deduction received by food stamp working families with children is quite low. It is low because, as noted, most such working families do not receive this deduction. Had Treasury used the average deduction amount for working families with children, it would have found that counting the deduction raised the food stamp benefits of these families just $79 a year (and this is without netting out the child care costs these families incur; were that done, there would be no net increase in income at all). Unfortunately, Treasury constructed hypothetical food stamp working families with relatively high child care costs and food stamp child care deductions, while failing to subtract out the child care costs such families would pay. The result was an artificial increase of several hundred dollars more in food stamp benefits.

In short, Treasury's food stamp calculations need revision. As noted, only one-third of eligible low-income working households get food stamps in the first place, a factor that should lead to caution in such calculations. But Treasury inflated food stamp benefits by giving its hypothetical families a child care deduction that only one-sixth of food stamp working families with children get and an above-average shelter deduction. The food stamp benefit levels that Treasury produced probably apply to fewer than five percent of minimum wage families with children. (In preparing these calculations, Treasury thought that food stamp participation rates among working families with children were much higher than they actually are because Treasury focused on the participation rate for *all* families with children, which is high. But the overall rate for families with children is high because the food

[4] Moreover, since each additional dollar of deductions increases food stamp benefits by only 30 cents, a proper accounting of the effect of child care expenses and the food stamp child care deduction would result in a *drop* in disposable income, not an increase in income as shown by Treasury.

stamp participation rate among AFDC families is close to 100 percent. Most AFDC families do not work.)[5]

It should be noted that in preparing our estimate of the effects of the Administration's proposals on full-time working families, we revised Treasury's income calculations upward where justifiable as well as downward where necessary. Treasury assumed that full-time year-round work consists of 2,000 hours of employment — 40 hours a week for 50 weeks a year. We assumed it consists of 2,080 hours of work — 40 hours a week for 52 weeks a year. By counting 80 hours more of work, we assumed $232 more in income than Treasury did.[6]

IV. WHY TREASURY DESIGNED THE EIC EXPANSION IN THIS FASHION

Treasury did not set out to design the EIC expansion in an unusual fashion. Treasury's paramount goal was to ensure that the distribution tables on the Administration's tax proposals showed no aggregate increase in tax liabilities in the $0 to $10,000, $10,000 to $20,000, and $20,000 to $30,000 income categories. Other considerations were subordinated to this goal.

To achieve the goal, Treasury needed to pour a lot of money into the $20,000 to $30,000 bracket. Hence, the EIC income limits were raised to $28,500 for families with one child and $30,000 for families with two or more children. Treasury apparently also needed to pour a lot of money into the $0 to $10,000 bracket, which evidently led it to pump up the food stamp and energy assistance increases (and to extend the EIC to childless workers with incomes under $9,000).

Part of the problem stems from the distribution tables themselves. The tables that Treasury used place all households into an income category regardless of the number of people in the household. An elderly individual at $9,500 and a family of four at $9,500 are placed in the same category. Meanwhile, a family of four with income of $11,000 is placed in a higher income category than the elderly individual

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[5] We do not know if Treasury factored in the effects of the energy tax. If it did not, it should do so. The energy tax reduces disposable income. (The energy tax also raises the poverty line since, as the Administration's budget book shows, the tax leads to modestly higher inflation. The poverty line is raised in accordance with inflation each year.) If Treasury did not make an adjustment to reflect the energy tax, its calculations would overstate the incomes of working poor families by another $100 or so.

[6] An additional 80 hours of work at $4.25 an hour, the value of the minimum wage, yields earnings of $340. After payroll taxes on these additional earnings are subtracted and the decline in the value of food stamps is considered (for each additional dollar of earnings, food stamp benefits fall by 24 cents), the net effect on income is $232.

with the $9,500 income. Yet the family of four with an $11,000 income would be well below the poverty line, while the elderly individual at $9,500 would be well above it. Treasury used distribution tables that lack any family size adjustment primarily because such tables are the simplest to present and explain.

Had distribution tables been used that took family size into account, the results would likely have been different.[7] Such tables probably would not have led to the peculiar policy design that marks the offsets in the Administration's package. Distribution tables on the Administration's plan that do take family size into account are likely to be prepared soon on Capitol Hill.

V. HOW TO ADDRESS THIS PROBLEM

The plan's failure to get families to the poverty line should be fixed now; if not resolved at this time, the problem will be very difficult to resolve in the future. Because the Clinton proposal raises the EIC income limits to $30,000 and makes millions of middle-class families eligible for the credit, it makes the EIC much more costly than it has ever been before. Any further EIC expansions in future years could prove prohibitively expensive because so many families would be affected.

Accordingly, for the foreseeable future, *we are likely to be locked into whatever new EIC structure passes this year*. This means that if the problems described here are not remedied, many families with full-time workers are likely to be kept below the poverty line indefinitely, unless the Administration is willing to raise the minimum wage significantly more than it has indicated. A golden opportunity to "make work pay" will have been lost despite an EIC expansion of over $6 billion a year. And ironically, the very President who strongly desires to bring full-time working families to the poverty line will have made it harder to achieve this goal in the future.

Fortunately, these problems can be addressed now. Treasury's EIC expansion can be modified — and enlarged — for families whose incomes are close to what full-time work at the minimum wage pays. (As noted earlier, these are the families that get only modest EIC increases — or no increase at all — under the Treasury design.) Such a modification in the EIC proposal would be highly targeted, affecting only working families with children that have incomes between $6,000 and $12,500. The added EIC costs could be covered by scaling back the very generous food stamp expansions in the budget (and, if necessary, modestly reducing the energy assistance increase).

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[7] This can be done, for example, either by dividing households into income fifths, using income adjusted for family size, or by dividing households into those with incomes below the poverty line, those with incomes between one and two times the poverty line, and so forth.

Under current law, families with one child will receive an EIC benefit in 1994 that equals 23 percent of their first $8,000 in earnings. Families with two or more children will receive a benefit equal to 25 percent of their first $8,000 in earnings. The Clinton budget raises the 23 percent and 25 percent "credit rates" to 30.6 percent and 40 percent, respectively, but it applies these EIC credit rates only to the first $6,000 in earnings rather than the first $8,000. This drop from $8,000 to $6,000 is the reason the plan provides no increase in EIC benefits for minimum wage families with one child and leaves minimum wage families of four people well below the poverty line.

The main goal, therefore, is to apply the 40 percent credit rate for families with two or more children to the first $8,000 in earnings, or at least to get as close to $8,000 as possible. (By beginning to phase out EIC benefits for families with two or more children at an income level equal to or slightly above $8,000, it could be assured that families with incomes above $12,500 receive no greater EIC increase — or only a slightly greater increase — than the Clinton budget now envisions; see the box on next page for more details.)

Raising EIC benefits for families with two or more children in the $6,000 to $12,500 income range should be the highest priority. If funds permit, a modest EIC increase for families with one child — so they can be assured of getting an energy tax offset — would also be desirable. If families with one child received an EIC equal to 30.6 percent of the first $7,000 instead of the first $6,000 — and the EIC for these families began to phase down once income passed about $9,900, full-time minimum wage families with one child would get an EIC increase about equal to that provided to childless workers. Alternatively, if the EIC for such families is phased in at a 30.6 percent rate for the first $6,350, that should be sufficient to offset the energy taxes of most such families. But if no such action is taken, no energy tax offset would be provided to many working poor families with one child that do not get welfare-type benefits like food stamps and energy assistance.

An EIC improvement for families with one child is, however, far less crucial than an EIC modification for families with two or more children. Families of four or more people (which would have two or more children) are the families left well below the poverty line under the Clinton budget.

Even the changes proposed here will not get families of four with a full-time minimum wage worker all the way to the poverty line. To close the remaining gap, some improvement in the minimum wage will be necessary. But the changes proposed here would make it possible, with modest minimum wage improvements, to get families to the poverty line if they also receive food stamps.

DESIGNING THE REMEDY

There is no one single EIC design to remedy the problem outlined here. The exact changes in the EIC would depend upon several considerations.

For example, under the EIC plan reflected in the budget, EIC benefits for families with two or more children begin to phase down at a 13.8 percent rate once income passes $12,570. If it is deemed necessary to have a 13.8 percent phase-out rate apply throughout the income range over which EIC benefits are being reduced as income rises, then families with two or more children could receive a benefit equal to 40 percent of the first $7,700 in earnings, with the benefit beginning to be phased out once income passed the $7,700 level. The result would be an additional EIC increase of more than $500 for full-time minimum wage families with two or more children.

An alternative would be for the EIC to equal 40 percent of the first $8,000 in earnings and for the credit to begin to phase down once earnings surpass the full-time minimum wage earnings level of $8,840. This would increase EIC benefits an additional $800 for full-time minimum wage families with two or more children. To avoid further increases in EIC benefits for those with incomes above $12,570, EIC benefits would need to phase down at about a 21 percent rate in the income range from $8,840 to $12,570.

Another possibility would be to make the EIC benefit for families with two or more children equal 40 percent of the first $8,000 in earnings, begin to phase it down at about a 16.3 percent once earnings pass the minimum wage point, and phase it out at $28,500 rather than $30,000. (This would provide slightly higher EIC benefits than the Administration's plan for families with two or more children and incomes between about $12,500 and $22,000, and slightly lower benefits than the Administration's plan for those in the $22,000 to $30,000 range.) A variant of this approach would have the benefit equal 40 percent of the first $7,500 in earnings and begin to phase it down at a 15.3 percent rate once earnings passed the minimum wage point. Here, too, benefits would phase out at $28,500.

Still another alternative would be to have the EIC for families with two or more children equal 40 percent of the first $8,000 in earnings, phase down at about a 20 percent rate between $10,000 and $20,000, and phase out at a 12 percent rate between $20,000 and $30,000. (One reason not to begin phasing down benefits below $10,000 is to reduce the number of families for which the EIC and other means-tested benefits phase down at the same time.)

For families with one child, the EIC could — but only if resources permitted — equal 30.6 percent of the first $7,000 in earnings and begin to phase down when income passed $9,900. If a smaller add-on is desired here, the EIC for families with one child could equal 30.6 percent of about the first $6,350 in earnings and begin to phase down when income passed about $11,650. This would appear to be the minimum needed to offset the energy tax increase. Under both of these alternatives, the EIC for families with one child would phase out smoothly at the rate reflected in the Treasury plan until the Treasury's proposed $28,500 income limit is reached.

VI. POLITICAL CONSIDERATIONS

Political considerations, as well as policy concerns, support addressing this matter now within the Administration. As noted, food stamp increases of the magnitude reflected in the Administration's budget almost surely cannot pass. This is a point already being made by key Congressional staff both on and off the Agriculture Committee. They make a point most observers of the Agriculture Committee would agree with — the Committee is extremely unlikely to vote several billion dollars a year in politically painful farm program cuts and then add a $3 billion a year increase in food stamp benefits.

In short, part of the food stamp increase will prove illusory, especially the part that goes *beyond* the Leland bill, itself the largest food stamp benefit increase that food stamp supporters have sought in 15 years.[8] Some of the funds the Administration has included for a food stamp increase are likely to be used instead by Congress to avoid making certain cuts the Administration has proposed.

This outcome can be avoided by shifting a portion of the food stamp funds to the EIC (and, if necessary, a small portion of the energy assistance funds, some of which are otherwise likely to disappear in the Appropriations Committees). Such a shift should be proposed now by the Administration. It will be difficult for Congress to make this change on its own, since that would require the Budget Committees to take money the Administration's budget envisioned providing to one Congressional Committee and to shift it to another Committee.

A budget modification of this nature by the Administration would not be that unusual. In the weeks after Ronald Reagan submitted his budget highlights in February 1981, he, too, made modifications in some of the details of his budget.

Such a move by the Clinton Administration should play well politically on Capitol Hill. It would enable the Administration to make substantial progress towards meeting the President's goal of moving full-time working families out of poverty while mitigating a criticism that the Administration had loaded in lots of welfare benefit increases alongside its tax hikes and program cuts. To be sure, sizable food stamp increases would remain (as they should), but these could be said to represent the Leland Act, for which a solid base of bipartisan support has developed in recent years.

February 23, 1993

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[8] Various versions of the Leland Act have been introduced. According to CBO, the more expansive versions would ultimately add $1.5 billion to $2 billion a year in cost. In the past, the more expansive versions have been said to cost $5 billion to $6 billion over five years.

File

CENTER ON BUDGET AND POLICY PRIORITIES

April 1993

THE CLINTON EITC PROPOSAL: HOW IT WOULD WORK AND WHY IT IS NEEDED

> "The new direction I propose will make this solemn, simple commitment: by expanding the refundable earned income tax credit, we will make history; we will reward the work of millions of working poor Americans by realizing the principle that if you work 40 hours a week and you've got a child in the house, you will no longer be in poverty."
>
> President Clinton, State of the Union Address

Background

Even though the United States has the world's largest economy, our child poverty rate is far above the rate in Canada or any of our principal Western European competitors. Poverty among U.S. families with children has risen substantially over the past two decades. In 1991, more than one of every five American children — and one of every four children under age six — were poor.

There are many reasons for this situation; one of the most important is that many working parents earn too little to lift their families out of poverty. In 1991, some 20 million of the nation's poor lived in a household with a worker — and 5.5 million lived in poor families with children in which someone was employed full-time year-round.

This problem has intensified in recent years as wage levels have eroded, especially for low-skilled jobs. A Census study issued last year found that the proportion of full-time, year-round workers paid a wage too low to lift a family of four to the poverty line rose by half between 1979 and 1990. During the same period, the poverty rate among families with children in which the family head works climbed substantially.

New research suggests that living in poverty adversely affects children's intellectual development. In addition, when full-time work pays too little to lift a

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family out of poverty, the role of work is diminished and the incentive to work can be undermined.

The Earned Income Tax Credit

One widely praised federal policy attempts to address this problem — the earned income tax credit. The earned income credit is a tax credit for families that work, live with their children, and have low or moderate incomes. It is a "refundable" credit, which means that even working families whose incomes are too low to owe income tax receive it. If these families file a federal tax return and one additional tax form, the Internal Revenue Service sends them a check in the amount of the credit for which they qualify.

The earned income tax credit has long enjoyed strong bipartisan support, in part because it is quite different from public assistance programs. Only working families qualify for it. Moreover, for those who earn little, EITC benefits *rise* with earnings, thereby encouraging more work. In addition, in welfare the eligibility rules are considerably more restrictive for two-parent families than for single-parent families, but in the EITC, no such differential treatment exists. The sole restriction related to family structure is that a working parent can be eligible only if he or she lives with and cares for a child. No wonder the EITC is often described as "pro-work" and "pro-family."

In recent years, the EITC has become increasingly important for poor and near-poor working families. EITC benefits have grown. Today, nearly 14 million families receive the credit.

Inadequacies of the Credit

While the EITC benefits have increased in recent years, however, they are still much too low to lift full-time working families to the poverty line. A family of four with full-time minimum wage earnings will be $5,100 below the poverty line in 1993 when its wages and EITC benefits are totaled and its payroll taxes are subtracted. If the family receives food stamps and these benefits are also counted, the family is still $2,000 below the poverty line.

One of the most serious shortcomings of the current EITC is that it lacks a meaningful adjustment for family size. Family expenses, the poverty line, and welfare benefits rise as the number of children in a family increases. But wages do not. Consequently, as the number of children in a low-wage working family grows, the family is more likely to slip below the poverty line — or to fall further below the poverty line. In addition, work becomes less competitive with public assistance as family size grows. A significant family size adjustment in the EITC could help address this problem, but today only a tiny adjustment is made.

The Clinton Proposal

On March 30, the Clinton Administration unveiled a major proposal to expand the earned income tax credit. The proposal responds to both of the problems just described. It would ensure that if a family of four or fewer people had a full-time minimum wage worker, the family would be lifted to the poverty line so long as it also received food stamps. (This assumes the minimum wage would be indexed for inflation as President Clinton proposed during his campaign.) And the proposal substantially expands the EITC adjustment for family size.

The Clinton EITC proposal accomplishes other goals as well. It helps offset the effects of the proposed energy tax on low- and moderate-income households so their disposable income is not reduced. And it substantially simplifies the EITC so that families will find the credit easier to apply for and so that both tax filers and the IRS can handle the credit more readily without making mistakes.

Finally, the proposal establishes a modest, new EITC component of a few hundred dollars a year for very poor workers without children. This new credit, limited to workers with incomes below $9,000, is designed to shield them from the effects of the energy tax.

When fully in effect, the Clinton proposal would expand the EITC more than $7 billion a year. It is one of the largest initiatives in the Clinton budget.

How the Proposal Would Work

The proposal would make four major changes in the earned income credit.

- It would dramatically expand the credit for families with two or more children.
- It would expand the credit for families with one child that have incomes below $12,000 and would provide particular help to those who earn very low wages.
- It would establish a small new credit for poor workers without children.

- It would repeal two supplemental credits in the current tax code that make the EITC overly complicated.

Families with Two or More Children

Under legislation enacted in 1990, the EITC for families with two or more children will expand each year through 1994. This spring, as families file their 1992 tax returns, the maximum basic EITC payment that families with two or more children can receive is $1,384. By 1994, the maximum credit will be about $2,000. That year, families with two or more children will receive a credit equaling 25 percent of their first $7,990 in earnings; this results in a maximum credit of $1,998.

Under the Clinton plan, the credit would expand much further. In 1994, the Clinton EITC would equal 39.7 percent of the first $8,500 in earnings for a family with two or more children — providing a maximum benefit of $3,370.[1] This is nearly $1,400 more than such families would receive under current law. (See Figure 1.) It is this feature of the proposal that raises families of four with a full-time minimum wage worker to the poverty line if the family receives food stamps.

Poor families that have two or more children and earn up to $8,500, about what full-time minimum wage work now pays, would thus receive a wage supplement of historic proportions — *for every $10 they earned, the EITC would pay an additional $4.*

The proposal would also raise the income level up to which families with two or more children would qualify for the EITC. Under current law, these families will be eligible in 1994 until their income reaches $23,760. The Administration plan would raise the income limit for these families to $28,000, with those between $23,760 and $28,000 qualifying for modest benefits. This serves two purposes. It allows a wider range of families with modest incomes to receive an offset to their energy taxes. And it keeps the rate at which EITC benefits phase down as income rises (for families in the upper half of the EITC income scale) from climbing too high.

Families with One Child

The expansion for families with one child would be more modest. Under current law, these families would receive a credit in 1994 that equaled 23 percent of their first $7,990 in earnings, for a maximum credit of $1,836. If the Clinton plan

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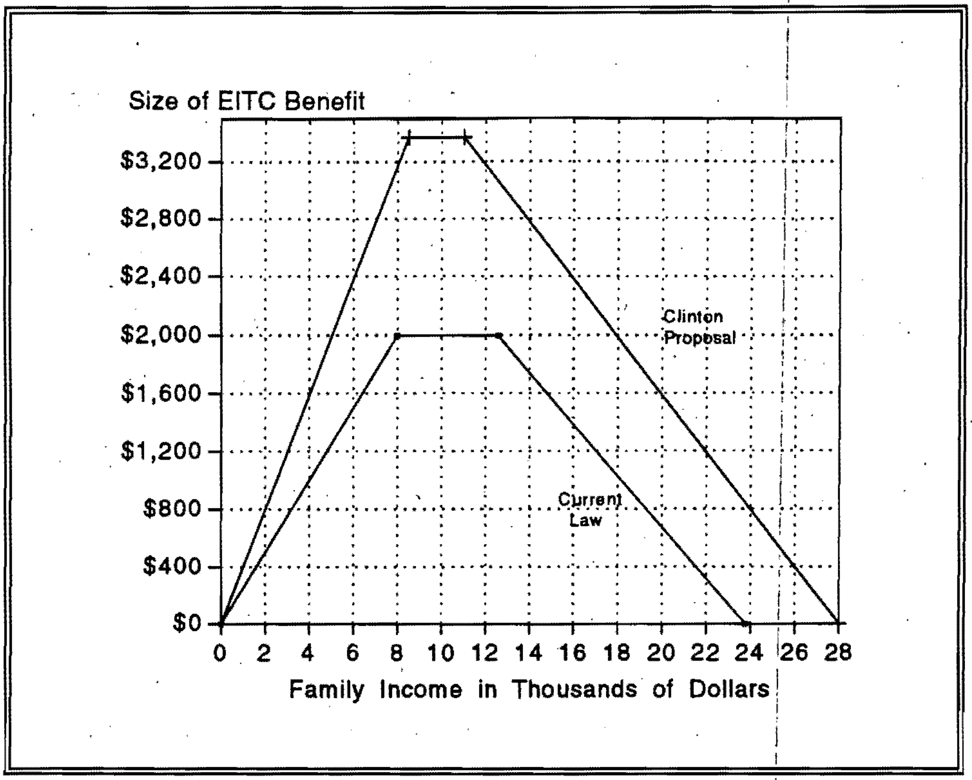
1 The Clinton EITC expansion would actually phase in over two years, taking full effect in 1995. For comparison purposes, the figures cited here show the size of the credit if it were fully effective in 1994.

Figure 1
EITC Benefits for Families With Two or More Children in 1994



were fully effective in 1994, these families would receive a credit equal to 34.4 percent of their first $6,000 in earnings. This produces a maximum credit of $2,062.[2]

For a family with income of $8,000 or $10,000, the credit would thus be about $225 larger than under current law. But for a very poor family earning $6,000, the gain would be greater. Such a family would receive a credit nearly $700 larger than it would get under current law. Families with one child that earn up to $6,000 would receive a wage supplement of more than $3 for every $10 they earn.

For families with one child, the EITC income limit would remain the same as under current law — $23,760 in 1994.

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[2] For both families with one child and families with two or more children, EITC benefits would — under the Clinton plan — begin to phase down once family income surpassed $11,000, a slightly lower point than under current law. Under current law, benefits would begin to phase down in 1994 once income surpassed $12,570. The rate at which benefits phase down as income rises would be similar to the phase-down rates under current law. See Table I.

Workers Without Children

For very low-income workers without children, a new, much smaller credit would be established. It would be available only to childless workers who have incomes below $9,000, are age 22 or older, and are not claimed as a dependent by another tax filer.

Eligible workers without children would receive a credit equal to 7.65 percent of their first $4,000 in earnings, for a maximum credit of $306. The credit would remain at the $306 level as earnings rose to $5,000. It would then phase out between $5,000 and $9,000.

The average credit provided would be between $100 and $200, a modest amount. The purpose of this credit is to offset the energy taxes these workers would bear — and to do so by providing an EITC benefit exactly equal to the Social Security and Medicare taxes the workers must pay on the first $4,000 they earn. (The Social Security and Medicare tax rate also is 7.65 percent.) The purpose of the credit is *not* to lift these workers to the poverty line or raise their living standards, but to prevent them from being taxed deeper into poverty.[3]

Repealing the Supplemental Credits

Finally, to simplify the EITC and help defray a portion of the costs of EITC expansion, the Clinton plan contains one other element — it eliminates the young child credit and the health insurance credit that are part of the current EITC. Both of these supplemental credits have been widely criticized for being too small to accomplish their intended purposes and for greatly complicating the process of filing for the EITC. Moreover, an investigation released in February 1993 by the Oversight Subcommittee of the House Ways and Means Committee found that unscrupulous insurance agents and companies are abusing the health insurance credit in ways that harm EITC families. Also, the IRS has found that the complexity of these supplemental credits has led to a significant number of errors on tax returns. The Administration's proposal to eliminate these credits saves a little more than $1 billion a year, which helps to pay for the EITC expansion.

Altogether, there would be a $7.6 billion increase in the credit in fiscal year 1996, the fiscal year in which the expansion would take full effect. This represents a

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[3] It should be noted that while the EITC has long offset the regressive effects of Social Security and Medicare payroll taxes on poor families with children, there is no comparable offset on poor workers without children. The Clinton plan would provide it for the first $4,000 in the earnings of these workers.

Table I
EITC Parameters, Current Law vs. Clinton Proposal.
All figures are for calendar year 1994.

Type of Family	Credit rate (%)	Maximum amount of earnings to which the credit rate applies	Maximum credit	Rate at which the credit is phased down (%)	Income level at which credit begins being phased down	Income level at which credit reaches zero
Two or more children						
Current law	25%	7,990	1,998	17.86%	12,570	23,760
Proposal	39.7	8,500	3,371	19.83	11,000	28,000
One child						
Current law	23%	$7,990	$1,836	16.43%	$12,570	$23,760
Proposal	34.4	6,000	2,062	16.16	11,000	23,760
Childless workers						
Current law	-No Credit-					
Proposal	7.65%	4,000	306	7.65%	5,000	9,000

Note: Figures show the benefit levels the Clinton proposal would provide if it were phased in fully in 1994. The proposal would not actually phase in fully until 1995.

Example of how to read the table: Under current law, a family with one child will receive an EITC benefit equal to 23 percent of its earnings until family earnings equal $7,990. At this level, the value of the credit is $1,836. Once a family's income hits $12,570, the credit is reduced at a 16.43 percent rate; that is, each additional dollar of income reduces the value of the credit by 16.43 cents. When a family's income hits $23,760, the value of its EITC falls to zero.

44 percent increase over what the credit would cost that year under current law. Over five years, the proposal would raise EITC benefits more than $28 billion.

Conclusion

The Clinton proposal is an outstanding measure. Enacting it would represent a landmark achievement that would likely make the history books. This single step would reduce or end poverty for millions of the working poor.

It would also simplify the tax code for millions of low-income tax filers, while offsetting the effects of the energy tax as well. Furthermore, it would reflect a national commitment to rewarding work among poor families.

For the proposal to be most effective and to get the largest number of full-time working families out of poverty, a few additional steps ultimately should also be taken. High on the list is providing universal access to health care so poor families that go to work do not lose their health insurance. The combined effect of the Clinton EITC proposal and universal health care coverage could be a powerful change in the reward structure for leaving welfare for employment. Also important are steps to enable more working poor households that are eligible for food stamps to receive them. Only a minority of those eligible now do, and the Clinton EITC proposal cannot lift families with full-time minimum wage earnings all the way to the poverty line by itself if the families do not receive food stamps. Last but not least, strengthening of the minimum wage — now 22 percent below its average level in the 1970s — could further significantly reduce poverty among low-wage workers.

Talking Points on the EITC and the Clinton Administration's Proposal to Expand It

Talking Points on the EITC

The EITC is widely hailed for rewarding work, supporting hard-pressed working families with children, and reducing tax burdens on low-income workers.

- *The EITC is pro-work.* Only those who work can get it; non-workers do not qualify. Also, the EITC helps low-wage working families make ends meet. And for some parents on public assistance, the EITC can play an important role in making it worthwhile to go to work.

  Furthermore, unlike welfare benefits, which fall sharply as earnings rise, EITC benefits increase with each additional dollar earned by the very poor. Consequently, the EITC strengthens the incentive to work for those working little or not at all.

- *The EITC is pro-family.* Only parents who live with their children can get it. Absent parents living apart from their children are not eligible for regular EITC benefits. And unlike welfare — where the eligibility rules are much more restrictive for two-parent than single-parent families — the EITC treats both types of families on an equal basis.

- *The EITC is the one feature of the tax code that helps, and rewards work among, the working poor.* This is because the EITC is the one "refundable" tax credit in the federal tax code. That means if a family's EITC benefit exceeds its income tax liability, the IRS sends the family a check for the difference. Working poor families earn too little to owe federal income tax, but they still receive the EITC.

- *The EITC is popular across the political spectrum.* Because of its pro-work, pro-family features, the EITC enjoys strong support from both liberals and conservatives alike and from members of both political parties. It is also supported by many sectors of society — business groups and labor unions, religious organizations and charities, governors and mayors, and public and private social service providers.

Talking Points on the Clinton Proposal

President Clinton's proposal to expand the EITC would raise millions of working families closer to or above the poverty line, simplify the EITC so it is less complicated to apply for, help offset the effect of the proposed energy tax on low- and moderate-income workers, and strengthen efforts to reform the welfare system so families can move from welfare to work.

— *over* —

- *The Clinton proposal would help achieve what should be a basic American goal — that if a parent works full-time, his or her family should not be poor.* Under the Clinton proposal, families of up to four people that have a full-time worker would not be poor so long as the family also receives food stamps.[1] Millions of working poor families would be lifted above — or closer to — the poverty line.

- When full-time work leaves families in poverty, the value of work is undermined — and efforts to promote work and move families from public assistance to employment are compromised. Efforts at welfare reform are not likely to succeed if work leaves families in poverty. The Clinton proposal helps to address these problems, reinforcing the importance of work, helping to "make work pay," and helping to assure that the benefits of work surpass those of public assistance.

- In addition, important new research indicates that living in poverty adversely affects intellectual development among children. The Clinton proposal helps here, too, by significantly reducing poverty among children.

- *A portion of the EITC increase would offset the impact of the proposed energy tax on low-income working families,* thereby ensuring that the tax does not push working poor families deeper into poverty. Without the proposed EITC expansion, the energy tax would be highly regressive, taking a larger share of income from poor workers than from those at higher income levels.

- *The proposal would simplify and streamline the EITC* by eliminating the two supplemental credits that now make the EITC too complicated — the health insurance credit and the "young child supplement." This would simplify the application process. As a result, more eligible families should receive the EITC, and fewer mistakes should be made in awarding it. The proposal would rechannel the savings from eliminating the two supplemental credits into enlarging the basic credit.

- The Clinton proposal would create a new, much smaller credit for childless workers who have very low incomes — less than $9,000 a year. In so doing, it would shield these workers from the impact of the energy tax. The purpose of this modest new credit is not to lift these workers to the poverty line or to raise their living standards, but to prevent them from being taxed deeper into poverty.

- *The proposal would not only benefit low-income workers but also would strengthen local economies* in which substantial numbers of employees are paid relatively low wages. The proposal would substantially increase the purchasing power of low- and moderate-income consumers, which, in turn, would benefit local businesses.

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1 The proposal also assumes the minimum wage would be indexed.

Alabama Would Benefit Disproportionately From Proposed EITC Expansion

The expansion in the Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in Alabama. A very large number of tax filers in Alabama receive the credit. In fact, the proportion of tax filers in Alabama who receive the credit is substantially greater than the proportion of filers nationwide who receive it. As a result, the proposed expansion of the credit would be of disproportionate benefit to Alabama.

- According to data from the Internal Revenue Service, nearly one in every five Alabama households that filed a federal income tax return in 1991 — 18.7 percent — received the EITC. By comparison, one in nine tax filers nationwide — 11.2 percent — received the EITC.

  When the 50 states are ranked according to the proportion of tax filers who receive the EITC, Alabama ranks third highest. Only in Mississippi and Louisiana do a larger share of tax filers receive the EITC.

- Some 346,000 working families with children in Alabama received the EITC last year. They received benefits totalling $310 million.

- Additional households in Alabama will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in Alabama. Alabama households would receive *$205 million more in EITC benefits each year* under the Clinton proposal than under current law.[2] This would mostly be spent in the Alabama economy, benefiting local economies with a large share of low and moderate-income workers.

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[1] Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

[2] This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to Alabama households that year under current law. The $205 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in Alabama will be the same as the proportion of current EITC benefits that goes to households in Alabama.

Alaska Would Benefit Substantially From Proposed EITC Expansion

The expansion in the Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in Alaska. A large number of tax filers in Alaska receive the credit.

- According to data from the Internal Revenue Service, some 19,000 working families with children in Alaska received the EITC last year. They received benefits totalling $13 million.

- Additional households in Alaska will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in Alaska. Alaska households would receive *$8 million more in EITC benefits each year* under the Clinton proposal than under current law.[2] In areas with a high proportion of low- and moderate-income workers, the spending of these EITC funds could provide a boost to the local economy.

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1 Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

2 This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to Alaska households that year under current law. The $8 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in Alaska will be the same as the proportion of current EITC benefits that goes to households in Alaska.

Arizona Would Benefit Disproportionately From Proposed EITC Expansion

The expansion in the Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in Arizona. A large number of tax filers in Arizona receive the credit. In fact, the proportion of tax filers in Arizona who receive the credit is greater than the proportion of filers nationwide who receive it. As a result, the proposed expansion of the credit would be of disproportionate benefit to Arizona.

- According to data from the Internal Revenue Service, 13.5 percent of Arizona households that filed a federal income tax return in 1991 received the EITC. By comparison, 11.2 percent of all tax filers nationwide received the EITC.

  When the 50 states are ranked according to the proportion of tax filers who receive the EITC, Arizona ranks 13th highest.

- Some 236,000 working families with children in Arizona received the EITC last year. They received benefits totalling $198 million.

- Additional households in Arizona will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in Arizona. Arizona households would receive *$131 million more in EITC benefits each year* under the Clinton proposal than under current law.[2] This would mostly be spent in the Arizona economy, benefiting local economies with a large share of low and moderate-income workers.

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1 Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

2 This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to Arizona households that year under current law. The $131 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in Arizona will be the same as the proportion of current EITC benefits that goes to households in Arizona.

Arkansas Would Benefit Disproportionately From Proposed EITC Expansion

The expansion in the Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in Arkansas. A large number of tax filers in Arkansas receive the credit. In fact, the proportion of tax filers in Arkansas who receive the credit is substantially greater than the proportion of filers nationwide who receive it. As a result, the proposed expansion of the credit would be of disproportionate benefit to Arkansas.

- According to data from the Internal Revenue Service, nearly one in every five Arkansas households that filed a federal income tax return in 1991 — 18.2 percent — received the EITC. By comparison, one in nine tax filers nationwide — 11.2 percent — received the EITC.

  When the 50 states are ranked according to the proportion of tax filers who receive the EITC, Arkansas ranks fourth highest.

- Some 187,000 working families with children in Arkansas received the EITC last year. They received benefits totalling $161 million.

- Additional households in Arkansas will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in Arkansas. Arkansas households would receive *$106 million more in EITC benefits each year* under the Clinton proposal than under current law.[2] This would mostly be spent in the Arkansas economy, benefiting local economies with a large share of low and moderate-income workers.

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[1] Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

[2] This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to Arkansas households that year under current law. The $106 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in Arkansas will be the same as the proportion of current EITC benefits that goes to households in Arkansas.

California Would Benefit Disproportionately From Proposed EITC Expansion

The expansion in the Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in California. A very large number of tax filers in California receive the credit. In fact, the proportion of tax filers in California who receive the credit is greater than the proportion of filers nationwide who receive it. As a result, the proposed expansion of the credit would be of disproportionate benefit to California.

- According to data from the Internal Revenue Service, 12.8 percent of California households that filed a federal income tax return in 1991 received the EITC. By comparison, 11.2 percent of tax filers nationwide received the EITC.

  When the 50 states are ranked according to the proportion of tax filers who receive the EITC, California ranks 15th highest.

- Nearly two million working families with children in California — 1.984 million families — received the EITC last year. They received benefits totalling $1.7 billion.

- Additional households in California will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in California. California households would receive *$1.1 billion more in EITC benefits each year* under the Clinton proposal than under current law.[2] By a substantial margin, California would receive the largest amount of benefits from the EITC proposal of any state. This would mostly be spent in the California economy, benefiting local economies with a large share of low and moderate-income workers.

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[1] Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

[2] This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to California households that year under current law. The $1.1 billion figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in California will be the same as the proportion of current EITC benefits that goes to households in California.

Colorado Would Benefit Substantially From Proposed EITC Expansion

The expansion in the Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in Colorado. A large number of tax filers in Colorado receive the credit.

- According to data from the Internal Revenue Service, nearly one in every ten Colorado households that filed a federal income tax return in 1991 — 9.5 percent — received the EITC.
- Some 159,000 working families with children in Colorado received the EITC last year. They received benefits totalling $128 million.
- Additional households in Colorado will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in Colorado. Colorado households would receive *$85 million more in EITC benefits each year* under the Clinton proposal than under current law.[2] This would mostly be spent in the Colorado economy, benefiting local economies with a large share of low and moderate-income workers.

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[1] Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

[2] This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to Colorado households that year under current law. The $85 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in Colorado will be the same as the proportion of current EITC benefits that goes to households in Colorado.

Connecticut Would Benefit Substantially From Proposed EITC Expansion

The expansion in the Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in Connecticut. A large number of tax filers in Connecticut receive the credit.

- According to data from the Internal Revenue Service, some 78,000 working families with children in Connecticut received the EITC last year. They received benefits totalling $56 million.

- Additional households in Connecticut will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in Connecticut. Connecticut households would receive *$37 million more in EITC benefits each year* under the Clinton proposal than under current law.[2] This would mostly be spent in the Connecticut economy, benefiting local economies with a large share of low and moderate-income workers.

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[1] Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

[2] This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to Connecticut households that year under current law. The $37 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in Connecticut will be the same as the proportion of current EITC benefits that goes to households in Connecticut.

Delaware Would Benefit Substantially From Proposed EITC Expansion

The expansion in the federal Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in Delaware. A large number of tax filers in Delaware receive the federal credit.

- According to data from the Internal Revenue Service, one in every eleven Delaware households that filed a federal income tax return in 1991 — nine percent — received the EITC.
- Some 33,000 working families with children in Delaware received the EITC last year. They received benefits totalling $27 million.
- Additional households in Delaware will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in Delaware. Delaware households would receive *$18 million more in EITC benefits each year* under the Clinton proposal than under current law.[2] This would mostly be spent in the Delaware economy, benefiting local economies with a large share of low and moderate-income workers.

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[1] Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

[2] This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to Delaware households that year under current law. The $18 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in Delaware will be the same as the proportion of current EITC benefits that goes to households in Delaware.

District of Columbia Would Benefit Disproportionately From Proposed EITC Expansion

The expansion in the Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in the District of Columbia. A large number of tax filers in Washington, D.C. receive the credit. In fact, the proportion of tax filers in the District who receive the credit is substantially greater than the proportion of filers nationwide who receive it. As a result, the proposed expansion of the credit would be of disproportionate benefit to the District.

- According to data from the Internal Revenue Service, one in every seven District of Columbia households that filed a federal income tax return in 1991 — 14.1 percent — received the EITC. By comparison, 11.2 percent of all tax filers nationwide received the EITC.

  When compared with all states in terms of the proportion of tax filers who receive the EITC, the District of Columbia ranks 12th highest.

- Some 48,000 working families with children in the District of Columbia received the EITC last year. They received benefits totalling $39 million.

- Additional households in the District will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in the District of Columbia. District households would receive *$26 million more in EITC benefits each year* under the Clinton proposal than under current law.[2] This would mostly be spent in the D.C. economy, benefiting local economies with a large share of low and moderate-income workers.

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[1] Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

[2] This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to District of Columbia households that year under current law. The $26 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in the District will be the same as the proportion of current EITC benefits that goes to households in the District.

Florida Would Benefit Disproportionately From Proposed EITC Expansion

The expansion in the Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in Florida. A very large number of tax filers in Florida receive the credit. In fact, the proportion of tax filers in Florida who receive the credit is greater than the proportion of filers nationwide who receive it. As a result, the proposed expansion of the credit would be of disproportionate benefit to Florida.

- According to data from the Internal Revenue Service, one in every eight Florida households that filed a federal income tax return in 1991 — 12.4 percent — received the EITC. By comparison, 11.2 percent of all tax filers nationwide received the EITC.

  When the 50 states are ranked according to the proportion of tax filers who receive the EITC, Florida ranks 16th highest.

- Some 827,000 working families with children in Florida received the EITC last year. They received benefits totalling $700 million.

- Additional households in Florida will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in Florida. Florida households would receive *nearly one-half billion dollars more in EITC benefits each year* — $465 million — under the Clinton proposal than under current law.[2] This would mostly be spent in the Florida economy, benefiting local economies with a large share of low and moderate-income workers. Only two other states would receive a larger amount of benefits from the Clinton EITC proposal.

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[1] Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

[2] This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to Florida households that year under current law. The $465 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in Florida will be the same as the proportion of current EITC benefits that goes to households in Florida.

Georgia Would Benefit Disproportionately From Proposed EITC Expansion

The expansion in the Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in Georgia. A very large number of tax filers in Georgia receive the credit. In fact, the proportion of tax filers in Georgia who receive the credit is substantially greater than the proportion of filers nationwide who receive it. As a result, the proposed expansion of the credit would be of disproportionate benefit to Georgia.

- According to data from the Internal Revenue Service, nearly one in every six Georgia households that filed a federal income tax return in 1991 — 15.7 percent — received the EITC. By comparison, one in nine tax filers nationwide — 11.2 percent — received the EITC.

  When the 50 states are ranked according to the proportion of tax filers who receive the EITC, Georgia ranks eighth highest.

- Some 496,000 working families with children in Georgia — or nearly one-half of a million families — received the EITC last year. They received benefits totalling $425 million.

- Additional households in Georgia will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in Georgia. Georgia households would receive *$282 million more in EITC benefits each year* under the Clinton proposal than under current law.[2] This would mostly be spent in the Georgia economy, benefiting local economies with a large share of low and moderate-income workers.

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[1] Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

[2] This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to Georgia households that year under current law. The $282 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in Georgia will be the same as the proportion of current EITC benefits that goes to households in Georgia.

Hawaii Would Benefit Substantially From Proposed EITC Expansion

The expansion in the federal Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in Hawaii. A large number of tax filers in Hawaii receive the federal credit.

- According to data from the Internal Revenue Service, some 38,000 working families with children in Hawaii received the EITC last year. They received benefits totalling $28 million.

- Additional households in Hawaii will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in Hawaii. Hawaii households would receive *$18 million more in EITC benefits each year* under the Clinton proposal than under current law.[2] In areas with a high proportion of low- and moderate-income workers, the spending of these EITC funds could provide a boost to the local economy.

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[1] Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

[2] This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to Hawaii households that year under current law. The $18 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in Hawaii will be the same as the proportion of current EITC benefits that goes to households in Hawaii.

Idaho Would Benefit Disproportionately From Proposed EITC Expansion

The expansion in the Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in Idaho. A large number of tax filers in Idaho receive the credit. In fact, the proportion of tax filers in Idaho who receive the credit is greater than the proportion of filers nationwide who receive it. As a result, the proposed expansion of the credit would be of disproportionate benefit to Idaho.

- According to data from the Internal Revenue Service, one in every eight Idaho households that filed a federal income tax return in 1991 — 12.4 percent — received the EITC. By comparison, 11.2 percent of all tax filers nationwide received the EITC.

  When the 50 states are ranked according to the proportion of tax filers who receive the EITC, Idaho ranks 17th highest.

- Some 57,000 working families with children in Idaho received the EITC last year. They received benefits totalling $47 million.

- Additional households in Idaho will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in Idaho. Idaho households would receive *$31 million more in EITC benefits each year* under the Clinton proposal than under current law.[2] This would mostly be spent in the Idaho economy, benefiting local economies with a large share of low and moderate-income workers.

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[1] Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

[2] This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to Idaho households that year under current law. The $31 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in Idaho will be the same as the proportion of current EITC benefits that goes to households in Idaho.

Illinois Would Benefit Substantially From Proposed EITC Expansion

The expansion in the Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in Illinois. A very large number of tax filers in Illinois receive the credit:

- According to data from the Internal Revenue Service, nearly one in every ten Illinois households that filed a federal income tax return in 1991 — 9.6 percent — received the EITC.

- Some 550,000 working families with children in Illinois received the EITC last year. They received benefits totalling $445 million.

- Additional households in Illinois will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in Illinois. Illinois households would receive *$295 million more in EITC benefits each year* under the Clinton proposal than under current law.[2] This would mostly be spent in the Illinois economy, benefiting local economies with a large share of low and moderate-income workers.

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[1] Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

[2] This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to Illinois households that year under current law. The $295 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in Illinois will be the same as the proportion of current EITC benefits that goes to households in Illinois.

Indiana Would Benefit Substantially From Proposed EITC Expansion

The expansion in the Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in Indiana. A large number of tax filers in Indiana receive the credit.

- According to data from the Internal Revenue Service, one in every ten Indiana households that filed a federal income tax return in 1991 — 10.0 percent — received the EITC.

- Some 270,000 working families with children in Indiana received the EITC last year. They received benefits totalling $218 million.

- Additional households in Indiana will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in Indiana. Indiana households would receive *$145 million more in EITC benefits each year* under the Clinton proposal than under current law.[2] This would mostly be spent in the Indiana economy, benefiting local economies with a large share of low and moderate-income workers.

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1 Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

2 This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to Indiana households that year under current law. The $145 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in Indiana will be the same as the proportion of current EITC benefits that goes to households in Indiana.

Iowa Would Benefit Substantially From Proposed EITC Expansion

The expansion in the federal Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in Iowa. A large number of tax filers in Iowa receive the federal credit.

- According to data from the Internal Revenue Service, one in every twelve Iowa households that filed a federal income tax return in 1991 — 8.1 percent — received the EITC.
- Some 110,000 working families with children in Iowa received the EITC last year. They received benefits totalling $86 million.
- Additional households in Iowa will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in Iowa. Iowa households would receive *$57 million more in EITC benefits each year* under the Clinton proposal than under current law.[2] This would mostly be spent in the Iowa economy, benefiting local economies with a large share of low and moderate-income workers.

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[1] Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

[2] This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to Iowa households that year under current law. The $57 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in Iowa will be the same as the proportion of current EITC benefits that goes to households in Iowa.

Kansas Would Benefit Substantially From Proposed EITC Expansion

The expansion in the Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in Kansas. A large number of tax filers in Kansas receive the credit.

- According to data from the Internal Revenue Service, one in every eleven Kansas households that filed a federal income tax return in 1991 — 9.2 percent — received the EITC.
- Some 108,000 working families with children in Kansas received the EITC last year. They received benefits totalling $85 million.
- Additional households in Kansas will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in Kansas. Kansas households would receive *$57 million more in EITC benefits each year* under the Clinton proposal than under current law.[2] This would mostly be spent in the Kansas economy, benefiting local economies with a large share of low and moderate-income workers.

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1 Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

2 This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to Kansas households that year under current law. The $57 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in Kansas will be the same as the proportion of current EITC benefits that goes to households in Kansas.

Kentucky Would Benefit Disproportionately From Proposed EITC Expansion

The expansion in the Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in Kentucky. A large number of tax filers in Kentucky receive the credit. In fact, the proportion of tax filers in Kentucky who receive the credit is greater than the proportion of filers nationwide who receive it. As a result, the proposed expansion of the credit would be of disproportionate benefit to Kentucky.

- According to data from the Internal Revenue Service, 13.8 percent of Kentucky households that filed a federal income tax return in 1991 received the EITC. By comparison, 11.2 percent of all tax filers nationwide received the EITC.

  When the 50 states are ranked according to the proportion of tax filers who receive the EITC, Kentucky ranks 12th highest.

- Some 219,000 working families with children in Kentucky received the EITC last year. They received benefits totalling $179 million.

- Additional households in Kentucky will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in Kentucky. Kentucky households would receive *$119 million more in EITC benefits each year* under the Clinton proposal than under current law.[2] This would mostly be spent in the Kentucky economy, benefiting local economies with a large share of low and moderate-income workers.

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[1] Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

[2] This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to Kentucky households that year under current law. The $119 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in Kentucky will be the same as the proportion of current EITC benefits that goes to households in Kentucky.

Louisiana Would Benefit Disproportionately From Proposed EITC Expansion

The expansion in the Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in Louisiana. A very large number of tax filers in Louisiana receive the credit. In fact, the proportion of tax filers in Louisiana who receive the credit is substantially greater than the proportion of filers nationwide who receive it. As a result, the proposed expansion of the credit would be of disproportionate benefit to Louisiana.

- According to data from the Internal Revenue Service, one in every five Louisiana households that filed a federal income tax return in 1991 — 19.8 percent — received the EITC. By comparison, one in nine tax filers nationwide — 11.2 percent — received the EITC.

  When the 50 states are ranked according to the proportion of tax filers who receive the EITC, Louisiana ranks second highest. Only in Mississippi do a larger share of tax filers receive the EITC.

- Some 361,000 working families with children in Louisiana received the EITC last year. They received benefits totalling $312 million.

- Additional households in Louisiana will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in Louisiana. Louisiana households would receive *$207 million more in EITC benefits each year* under the Clinton proposal than under current law.[2] This would mostly be spent in the Louisiana economy, benefiting local economies with a large share of low and moderate-income workers.

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[1] Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

[2] This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to Louisiana households that year under current law. The $207 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in Georgia will be the same as the proportion of current EITC benefits that goes to households in Georgia.

Maine Would Benefit Substantially From Proposed EITC Expansion

The expansion in the Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in Maine. A large number of tax filers in Maine receive the credit.

- According to data from the Internal Revenue Service, one in every eleven Maine households that filed a federal income tax return in 1991 — 9.4 percent — received the EITC.
- Some 56,000 working families with children in Maine received the EITC last year. They received benefits totalling $43 million.
- Additional households in Maine will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in Maine. Maine households would receive *$28 million more in EITC benefits each year* under the Clinton proposal than under current law.[2] This would mostly be spent in the Maine economy, benefiting local economies with a large share of low and moderate-income workers.

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[1] Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

[2] This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to Maine households that year under current law. The $28 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in Maine will be the same as the proportion of current EITC benefits that goes to households in Maine.

Maryland Would Benefit Substantially From Proposed EITC Expansion

The expansion in the federal Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in Maryland. A large number of tax filers in Maryland receive the federal credit.

- According to data from the Internal Revenue Service, one in every eleven Maryland households that filed a federal income tax return in 1991 — 8.7 percent — received the EITC.
- Some 223,000 working families with children in Maryland received the EITC last year. They received benefits totalling $177 million.
- Additional households in Maryland will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in Maryland. Maryland households would receive *$117 million more in EITC benefits each year* under the Clinton proposal than under current law.[2] This would mostly be spent in the Maryland economy, benefiting local economies with a large share of low and moderate-income workers.

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[1] Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

[2] This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to Maryland households that year under current law. The $117 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in Maryland will be the same as the proportion of current EITC benefits that goes to households in Maryland.

Massachusetts Would Benefit Substantially From Proposed EITC Expansion

The expansion in the Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in Massachusetts. A large number of tax filers in Massachusetts receive the credit.

- According to data from the Internal Revenue Service, some 170,000 working families with children in Massachusetts received the EITC last year. They received benefits totalling $127 million.
- Additional households in Massachusetts will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in Massachusetts. Massachusetts households would receive *$84 million more in EITC benefits each year* under the Clinton proposal than under current law.[2] This would mostly be spent in the Massachusetts economy, benefiting local economies with a large share of low and moderate-income workers.

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[1] Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

[2] This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to Massachusetts households that year under current law. The $84 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in Massachusetts will be the same as the proportion of current EITC benefits that goes to households in Massachusetts.

Michigan Would Benefit Substantially From Proposed EITC Expansion

The expansion in the Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in Michigan. A very large number of tax filers in Michigan receive the credit.

- According to data from the Internal Revenue Service, eight percent of Michigan households that filed a federal income tax return in 1991 received the EITC.
- Some 363,000 working families with children in Michigan received the EITC last year. They received benefits totalling $276 million.
- Additional households in Michigan will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in Michigan. Michigan households would receive *$183 million more in EITC benefits each year* under the Clinton proposal than under current law.[2] This would mostly be spent in the Michigan economy, benefiting local economies with a large share of low and moderate-income workers.

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[1] Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

[2] This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to Michigan households that year under current law. The $183 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in Michigan will be the same as the proportion of current EITC benefits that goes to households in Michigan.

Minnesota Would Benefit Substantially From Proposed EITC Expansion

The expansion in the federal Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in Minnesota. A large number of tax filers in Minnesota receive the federal credit.

- According to data from the Internal Revenue Service, some 144,000 working families with children in Minnesota received the EITC last year. They received benefits totalling $110 million.
- Additional households in Minnesota will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in Minnesota. Minnesota households would receive *$73 million more in EITC benefits each year* under the Clinton proposal than under current law.[2] This would mostly be spent in the Minnesota economy, benefiting local economies with a large share of low and moderate-income workers.

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[1] Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

[2] This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to Minnesota households that year under current law. The $73 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in Minnesota will be the same as the proportion of current EITC benefits that goes to households in Minnesota.

A Higher Proportion of Taxpayers in Mississippi Would Benefit From Proposed EITC Expansion than in Any Other State

The expansion in the Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in Mississippi. A very large number of tax filers in Mississippi receive the credit. In fact, the proportion of tax filers in Mississippi who receive the credit is higher than in any other state in the nation. As a result, the proposed expansion of the credit would be of disproportionate benefit to Mississippi.

- According to data from the Internal Revenue Service, one in every four Mississippi households that filed a federal income tax return in 1991 — 25.7 percent — received the EITC. By comparison, one in nine tax filers nationwide — 11.2 percent — received the EITC.

  When the 50 states are ranked according to the proportion of tax filers who receive the EITC, Mississippi ranks highest by far. In the state that ranks second highest — Louisiana — only 19.8 percent of tax filers received the credit.

- Some 283,000 working families with children in Mississippi received the EITC last year. They received benefits totalling $255 million.

- Additional households in Mississippi will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in Mississippi. Mississippi households would receive *$169 million more in EITC benefits each year* under the Clinton proposal than under current law.[2] This would mostly be spent in the Mississippi economy, benefiting local economies with a large share of low and moderate-income workers.

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[1] Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

[2] This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to Mississippi households that year under current law. The $169 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in Mississippi will be the same as the proportion of current EITC benefits that goes to households in Mississippi.

Missouri Would Benefit Disproportionately From Proposed EITC Expansion

The expansion in the Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in Missouri. A large number of tax filers in Missouri receive the credit. In fact, the proportion of tax filers in Missouri who receive the credit is slightly greater than the proportion of filers nationwide who receive it. As a result, the proposed expansion of the credit would be of disproportionate benefit to Missouri.

- According to data from the Internal Revenue Service, 11.3 percent of Missouri households that filed a federal income tax return in 1991 received the EITC.

  When the 50 states are ranked according to the proportion of tax filers who receive the EITC, Missouri ranks 19th highest.

- Some 273,000 working families with children in Missouri received the EITC last year. They received benefits totalling $221 million.

- Additional households in Missouri will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in Missouri. Missouri households would receive *$147 million more in EITC benefits each year* under the Clinton proposal than under current law.[2] This would mostly be spent in the Missouri economy, benefiting local economies with a large share of low and moderate-income workers.

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[1] Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

[2] This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to Missouri households that year under current law. The $147 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in Missouri will be the same as the proportion of current EITC benefits that goes to households in Missouri.

Montana Would Benefit Disproportionately From Proposed EITC Expansion

The expansion in the Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in Montana. In fact, the proportion of tax filers in Montana who receive the credit is slightly greater than the proportion of filers nationwide who receive it. As a result, the proposed expansion of the credit would be of disproportionate benefit to Montana.

- According to data from the Internal Revenue Service, 11.8 percent of Montana households that filed a federal income tax return in 1991 received the EITC. By comparison, 11.2 percent of all tax filers nationwide received the EITC.

  When the 50 states are ranked according to the proportion of tax filers who receive the EITC, Montana ranks 18th highest.

- Some 44,000 working families with children in Montana received the EITC last year. They received benefits totalling $35 million.

- Additional households in Montana will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in Montana. Montana households would receive *$23 million more in EITC benefits each year* under the Clinton proposal than under current law.[2] This would mostly be spent in the Montana economy, benefiting local economies with a large share of low and moderate-income workers.

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[1] Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

[2] This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to Montana households that year under current law. The $23 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in Montana will be the same as the proportion of current EITC benefits that goes to households in Montana.

Nebraska Would Benefit Substantially From Proposed EITC Expansion

The expansion in the Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in Nebraska. A large number of tax filers in Nebraska receive the credit.

- According to data from the Internal Revenue Service, one in every 11 Nebraska households that filed a federal income tax return in 1991 — 9.2 percent — received the EITC.

- Some 72,000 working families with children in Nebraska received the EITC last year. They received benefits totalling $57 million.

- Additional households in Nebraska will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in Nebraska. Nebraska households would receive *$38 million more in EITC benefits each year* under the Clinton proposal than under current law.[2] This would mostly be spent in the Nebraska economy, benefiting local economies with a large share of low and moderate-income workers.

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[1] Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

[2] This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to Nebraska households that year under current law. The $38 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in Nebraska will be the same as the proportion of current EITC benefits that goes to households in Nebraska.

Nevada Would Benefit Substantially From Proposed EITC Expansion

The expansion in the Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in Nevada. A large number of tax filers in Nevada receive the credit.

- According to data from the Internal Revenue Service, one in every ten Nevada households that filed a federal income tax return in 1991 — 10.1 percent — received the EITC.
- Some 70,000 working families with children in Nevada received the EITC last year. They received benefits totalling $56 million.
- Additional households in Nevada will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in Nevada. Nevada households would receive *$37 million more in EITC benefits each year* under the Clinton proposal than under current law.[2] This would mostly be spent in the Nevada economy, benefiting local economies with a large share of low and moderate-income workers.

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[1] Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

[2] This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to Nevada households that year under current law. The $37 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in Nevada will be the same as the proportion of current EITC benefits that goes to households in Nevada.

New Hampshire Would Benefit Substantially From Proposed EITC Expansion

The expansion in the federal Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in New Hampshire. A large number of tax filers in New Hampshire receive the federal credit.

- According to data from the Internal Revenue Service, some 38,000 working families with children in New Hampshire received the EITC last year. They received benefits totalling $29 million.

- Additional households in New Hampshire will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in New Hampshire. New Hampshire households would receive *$19 million more in EITC benefits each year* under the Clinton proposal than under current law.[2] This would mostly be spent in the New Hampshire economy, benefiting local economies with a large share of low and moderate-income workers.

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[1] Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

[2] This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to New Hampshire households that year under current law. The $19 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in New Hampshire will be the same as the proportion of current EITC benefits that goes to households in New Hampshire.

New Jersey Would Benefit Substantially From Proposed EITC Expansion

The expansion in the Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in New Jersey. A large number of tax filers in New Jersey receive the credit.

- According to data from the Internal Revenue Service, some eight percent of New Jersey households that filed a federal income tax return in 1991 received the EITC.
- Some 324,000 working families with children in New Jersey received the EITC last year. They received benefits totalling $254 million.
- Additional households in New Jersey will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in New Jersey. New Jersey households would receive *$168 million more in EITC benefits each year* under the Clinton proposal than under current law.[2] This would mostly be spent in the New Jersey economy, benefiting local economies with a large share of low and moderate-income workers.

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1 Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

2 This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to New Jersey households that year under current law. The $168 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in New Jersey will be the same as the proportion of current EITC benefits that goes to households in New Jersey.

New Mexico Would Benefit Disproportionately From Proposed EITC Expansion

The expansion in the Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in New Mexico. A large number of tax filers in New Mexico receive the credit. In fact, the proportion of tax filers in New Mexico who receive the credit is substantially greater than the proportion of filers nationwide who receive it. As a result, the proposed expansion of the credit would be of disproportionate benefit to New Mexico.

- According to data from the Internal Revenue Service, nearly one in every five New Mexico households that filed a federal income tax return in 1991 — 17.9 percent — received the EITC. By comparison, one in nine tax filers nationwide — 11.2 percent — received the EITC.

  When the 50 states are ranked according to the proportion of tax filers who receive the EITC, *New Mexico ranks fifth highest.*

- Some 124,000 working families with children in New Mexico received the EITC last year. They received benefits totalling $102 million.

- Additional households in New Mexico will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in New Mexico. New Mexico households would receive *$67 million more in EITC benefits each year* under the Clinton proposal than under current law.[2] This would mostly be spent in the New Mexico economy, benefiting local economies with a large share of low and moderate-income workers.

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[1] Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

[2] This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to New Mexico households that year under current law. The $67 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in New Mexico will be the same as the proportion of current EITC benefits that goes to households in New Mexico.

New York Would Benefit Substantially From Proposed EITC Expansion

The expansion in the Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in New York. A very large number of tax filers in New York receive the credit.

- According to data from the Internal Revenue Service, one in every ten New York households that filed a federal income tax return in 1991 — 9.8 percent — received the EITC.
- Some 823,000 working families with children in New York received the EITC last year. They received benefits totalling $651 million.
- Additional households in New York will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in New York. New York households would receive *$432 million more in EITC benefits each year* under the Clinton proposal than under current law.[2] This would mostly be spent in the New York economy, benefiting local economies with a large share of low and moderate-income workers.

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[1] Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

[2] This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to New York households that year under current law. The $432 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in New York will be the same as the proportion of current EITC benefits that goes to households in New York.

North Carolina Would Benefit Disproportionately From Proposed EITC Expansion

The expansion in the Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in North Carolina. A very large number of tax filers in North Carolina receive the credit. In fact, the proportion of tax filers in North Carolina who receive the credit is substantially greater than the proportion of filers nationwide who receive it. As a result, the proposed expansion of the credit would be of disproportionate benefit to North Carolina.

- According to data from the Internal Revenue Service, one in every seven North Carolina households that filed a federal income tax return in 1991 — 14.8 percent — received the EITC. By comparison, 11.2 percent of all tax filers nationwide received the EITC.

  When the 50 states are ranked according to the proportion of tax filers who receive the EITC, North Carolina ranks 10th highest.

- Some 485,000 working families with children in North Carolina received the EITC last year. They received benefits totalling $414 million.

- Additional households in North Carolina will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in North Carolina. North Carolina households would receive *$275 million more in EITC benefits each year* under the Clinton proposal than under current law.[2] This would mostly be spent in the North Carolina economy, benefiting local economies with a large share of low and moderate-income workers.

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[1] Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

[2] This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to North Carolina households that year under current law. The $275 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in North Carolina will be the same as the proportion of current EITC benefits that goes to households in North Carolina.

North Dakota Would Benefit Substantially From Proposed EITC Expansion

The expansion in the Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in North Dakota. A large number of tax filers in North Dakota receive the credit.

- According to data from the Internal Revenue Service, nearly one in every ten North Dakota households that filed a federal income tax return in 1991 — 9.4 percent — received the EITC.

- Some 27,000 working families with children in North Dakota received the EITC last year. They received benefits totalling $21 million.

- Additional households in North Dakota will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in North Dakota. North Dakota households would receive *$14 million more in EITC benefits each year* under the Clinton proposal than under current law.[2] This would mostly be spent in the North Dakota economy, benefiting local economies with a large share of low and moderate-income workers.

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[1] Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

[2] This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to North Dakota households that year under current law. The $14 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in North Dakota will be the same as the proportion of current EITC benefits that goes to households in North Dakota.

Ohio Would Benefit Substantially From Proposed EITC Expansion

The expansion in the federal Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in Ohio. A very large number of tax filers in Ohio receive the federal credit.

- According to data from the Internal Revenue Service, nearly one in every eleven Ohio households that filed a federal income tax return in 1991 — 8.7 percent — received the EITC.
- Some 471,000 working families with children in Ohio received the EITC last year. They received benefits totalling $368 million.
- Additional households in Ohio will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in Ohio. Ohio households would receive *$244 million more in EITC benefits each year* under the Clinton proposal than under current law.[2] This would mostly be spent in the Ohio economy, benefiting local economies with a large share of low and moderate-income workers.

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[1] Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

[2] This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to Ohio households that year under current law. The $244 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in Ohio will be the same as the proportion of current EITC benefits that goes to households in Ohio.

Oklahoma Would Benefit Disproportionately From Proposed EITC Expansion

The expansion in the Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in Oklahoma. A large number of tax filers in Oklahoma receive the credit. In fact, the proportion of tax filers in Oklahoma who receive the credit is substantially greater than the proportion of filers nationwide who receive it. As a result, the proposed expansion of the credit would be of disproportionate benefit to Oklahoma.

- According to data from the Internal Revenue Service, one in every seven Oklahoma households that filed a federal income tax return in 1991 — 14.3 percent — received the EITC. By comparison, 11.2 percent of all tax filers nationwide received the EITC.

  When the 50 states are ranked according to the proportion of tax filers who receive the EITC, Oklahoma ranks 11th highest.

- Some 197,000 working families with children in Oklahoma received the EITC last year. They received benefits totalling $161 million.

- Additional households in Oklahoma will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in Oklahoma. Oklahoma households would receive *$107 million more in EITC benefits each year* under the Clinton proposal than under current law.[2] This would mostly be spent in the Oklahoma economy, benefiting local economies with a large share of low and moderate-income workers.

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[1] Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

[2] This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to Oklahoma households that year under current law. The $107 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in Oklahoma will be the same as the proportion of current EITC benefits that goes to households in Oklahoma.

Oregon Would Benefit Substantially From Proposed EITC Expansion

The expansion in the Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in Oregon. A large number of tax filers in Oregon receive the credit.

- According to data from the Internal Revenue Service, nearly one in every 10 Oregon households that filed a federal income tax return in 1991 — 9.5 percent — received the EITC.
- Some 134,000 working families with children in Oregon received the EITC last year. They received benefits totalling $107 million.
- Additional households in Oregon will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in Oregon. Oregon households would receive *$71 million more in EITC benefits each year* under the Clinton proposal than under current law.[2] This would mostly be spent in the Oregon economy, benefiting local economies with a large share of low and moderate-income workers.

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[1] Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

[2] This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to Oregon households that year under current law. The $71 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in Oregon will be the same as the proportion of current EITC benefits that goes to households in Oregon.

Pennsylvania Would Benefit Substantially From Proposed EITC Expansion

The expansion in the Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in Pennsylvania. A very large number of tax filers in Pennsylvania receive the credit.

- According to data from the Internal Revenue Service, some eight percent of Pennsylvania households that filed a federal income tax return in 1991 received the EITC.
- Some 471,000 working families with children in Pennsylvania received the EITC last year. They received benefits totalling $363 million.
- Additional households in Pennsylvania will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in Pennsylvania. Pennsylvania households would receive *$241 million more in EITC benefits each year* under the Clinton proposal than under current law.[2] This would mostly be spent in the Pennsylvania economy, benefiting local economies with a large share of low and moderate-income workers.

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[1] Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

[2] This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to Pennsylvania households that year under current law. The $241 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in Pennsylvania will be the same as the proportion of current EITC benefits that goes to households in Pennsylvania.

Rhode Island Would Benefit Substantially From Proposed EITC Expansion

The expansion in the federal Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in Rhode Island. A large number of tax filers in Rhode Island receive the federal credit.

- According to data from the Internal Revenue Service, some eight percent of Rhode Island households that filed a federal income tax return in 1991 received the EITC.
- Some 35,000 working families with children in Rhode Island received the EITC last year. They received benefits totalling $27 million.
- Additional households in Rhode Island will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in Rhode Island. Rhode Island households would receive *$18 million more in EITC benefits each year* under the Clinton proposal than under current law.[2] This would mostly be spent in the Rhode Island economy, benefiting local economies with a large share of low and moderate-income workers.

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[1] Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

[2] This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to Rhode Island households that year under current law. The $18 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proposition of these new benefits that will go to households in Rhode Island will be the same as the proportion of current EITC benefits that goes to households in Rhode Island.

South Carolina Would Benefit Disproportionately From Proposed EITC Expansion

The expansion in the Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in South Carolina. A very large number of tax filers in South Carolina receive the credit. In fact, the proportion of tax filers in South Carolina who receive the credit is substantially greater than the proportion of filers nationwide who receive it. As a result, the proposed expansion of the credit would be of disproportionate benefit to South Carolina.

- According to data from the Internal Revenue Service, one in every six South Carolina households that filed a federal income tax return in 1991 — 16.7 percent — received the EITC. By comparison, one in nine tax filers nationwide — 11.2 percent — received the EITC.

  When the 50 states are ranked according to the proportion of tax filers who receive the EITC, *South Carolina ranks sixth highest.*

- Some 284,000 working families with children in South Carolina received the EITC last year. They received benefits totalling $248 million.

- Additional households in South Carolina will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in South Carolina. South Carolina households would receive *$164 million more in EITC benefits each year* under the Clinton proposal than under current law.[2] This would mostly be spent in the South Carolina economy, benefiting local economies with a large share of low and moderate-income workers.

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[1] Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

[2] This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to South Carolina households that year under current law. The $164 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in South Carolina will be the same as the proportion of current EITC benefits that goes to households in South Carolina.

South Dakota Would Benefit Substantially From Proposed EITC Expansion

The expansion in the Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in South Dakota. A large number of tax filers in South Dakota receive the credit.

- According to data from the Internal Revenue Service, one in every nine South Dakota households that filed a federal income tax return in 1991 — 11 percent — received the EITC.
- Some 36,000 working families with children in South Dakota received the EITC last year. They received benefits totalling $29 million.
- Additional households in South Dakota will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in South Dakota. South Dakota households would receive *$19 million more in EITC benefits each year* under the Clinton proposal than under current law.[2] This would mostly be spent in the South Dakota economy, benefiting local economies with a large share of low and moderate-income workers.

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[1] Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

[2] This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to South Dakota households that year under current law. The $19 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in South Dakota will be the same as the proportion of current EITC benefits that goes to households in South Dakota.

Tennessee Would Benefit Disproportionately From Proposed EITC Expansion

The expansion in the Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in Tennessee. A very large number of tax filers in Tennessee receive the credit. In fact, the proportion of tax filers in Tennessee who receive the credit is substantially greater than the proportion of filers nationwide who receive it. As a result, the proposed expansion of the credit would be of disproportionate benefit to Tennessee.

- According to data from the Internal Revenue Service, more than one in every seven Tennessee households that filed a federal income tax return in 1991 — 15.3 percent — received the EITC. By comparison, one in nine tax filers nationwide — 11.2 percent — received the EITC.

  When the 50 states are ranked according to the proportion of tax filers who receive the EITC, Tennessee ranks ninth highest.

- Some 355,000 working families with children in Tennessee received the EITC last year. They received benefits totalling $298 million.

- Additional households in Tennessee will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in Tennessee. Tennessee households would receive *$197 million more in EITC benefits each year* under the Clinton proposal than under current law.[2] This would mostly be spent in the Tennessee economy, benefiting local economies with a large share of low and moderate-income workers.

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[1] Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

[2] This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to Tennessee households that year under current law. The $197 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in Tennessee will be the same as the proportion of current EITC benefits that goes to households in Tennessee.

Texas Would Benefit Disproportionately From Proposed EITC Expansion

The expansion in the Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in Texas. A very large number of tax filers in Texas receive the credit. In fact, the proportion of tax filers in Texas who receive the credit is substantially greater than the proportion of filers nationwide who receive it. As a result, the proposed expansion of the credit would be of disproportionate benefit to Texas.

- According to data from the Internal Revenue Service, one in every six Texas households that filed a federal income tax return in 1991 — 16.4 percent — received the EITC. By comparison, one in nine tax filers nationwide — 11.2 percent — received the EITC.

  When the 50 states are ranked according to the proportion of tax filers who receive the EITC, Texas ranks seventh highest.

- Some 1.3 million working families with children in Texas received the EITC last year. They received benefits totalling more than $1.1 billion.

- Additional households in Texas will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in Texas. Texas households would receive *three-quarters of a billion more in EITC benefits each year* — $753 million — under the Clinton proposal than under current law.[2] This would mostly be spent in the Texas economy, benefiting local economies with a large share of low and moderate-income workers. Only one other state — California — would receive a larger amount of benefits from the Clinton EITC proposal.

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[1] Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

[2] This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to Texas households that year under current law. The $753 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in Texas will be the same as the proportion of current EITC benefits that goes to households in Texas.

Utah Would Benefit Substantially From Proposed EITC Expansion

The expansion in the Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in Utah. A large number of tax filers in Utah receive the credit.

- According to data from the Internal Revenue Service, one in every ten Utah households that filed a federal income tax return in 1991 — 10.3 percent — received the EITC.

- Some 75,000 working families with children in Utah received the EITC last year. They received benefits totalling $61 million.

- Additional households in Utah will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in Utah. Utah households would receive *$40 million more in EITC benefits each year* under the Clinton proposal than under current law.[2] This would mostly be spent in the Utah economy, benefiting local economies with a large share of low and moderate-income workers.

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[1] Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

[2] This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to Utah households that year under current law. The $40 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in Utah will be the same as the proportion of current EITC benefits that goes to households in Utah.

Vermont Would Benefit Substantially From Proposed EITC Expansion

The expansion in the federal Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in Vermont. A very large number of tax filers in Vermont receive the federal credit.

- According to data from the Internal Revenue Service, some 8.2 percent of Vermont households that filed a federal income tax return in 1991 received the EITC.

- Some 24,000 working families with children in Vermont received the EITC last year. They received benefits totalling $18 million.

- Additional households in Vermont will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in Vermont. Vermont households would receive *$12 million more in EITC benefits each year* under the Clinton proposal than under current law.[2] This would mostly be spent in the Vermont economy, benefiting local economies with a large share of low and moderate-income workers.

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[1] Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

[2] This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to Vermont households that year under current law. The $12 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in Vermont will be the same as the proportion of current EITC benefits that goes to households in Vermont.

Virginia Would Benefit Substantially From Proposed EITC Expansion

The expansion in the Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in Virginia. A large number of tax filers in Virginia receive the credit.

- According to data from the Internal Revenue Service, nearly one in every ten Virginia households that filed a federal income tax return in 1991 — 9.6 percent — received the EITC.
- Some 307,000 working families with children in Virginia received the EITC last year. They received benefits totalling $256 million.
- Additional households in Virginia will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in Virginia. Virginia households would receive *$170 million more in EITC benefits each year* under the Clinton proposal than under current law.[2] This would mostly be spent in the Virginia economy, benefiting local economies with a large share of low and moderate-income workers.

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1 Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

2 This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to Virginia households that year under current law. The $170 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in Virginia will be the same as the proportion of current EITC benefits that goes to households in Virginia.

Washington Would Benefit Substantially From Proposed EITC Expansion

The expansion in the Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in Washington. A large number of tax filers in Washington receive the credit.

- According to data from the Internal Revenue Service, some eight percent of Washington households that filed a federal income tax return in 1991 received the EITC.
- Some 194,000 working families with children in Washington received the EITC last year. They received benefits totalling $150 million.
- Additional households in Washington will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in Washington. Washington households would receive *$100 million more in EITC benefits each year* under the Clinton proposal than under current law.[2] This would mostly be spent in the Washington economy, benefiting local economies with a large share of low and moderate-income workers.

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[1] Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

[2] This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to Washington households that year under current law. The $100 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in Washington will be the same as the proportion of current EITC benefits that goes to households in Washington.

West Virginia Would Benefit Disproportionately From Proposed EITC Expansion

The expansion in the Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in West Virginia. A large number of tax filers in West Virginia receive the credit. In fact, the proportion of tax filers in West Virginia who receive the credit is greater than the proportion of filers nationwide who receive it. As a result, the proposed expansion of the credit would be of disproportionate benefit to West Virginia.

- According to data from the Internal Revenue Service, 13.3 percent of West Virginia households that filed a federal income tax return in 1991 received the EITC. By comparison, 11.2 percent of all tax filers nationwide received the EITC.

  When the 50 states are ranked according to the proportion of tax filers who receive the EITC, West Virginia ranks 14th highest.

- Some 97,000 working families with children in West Virginia received the EITC last year. They received benefits totalling $78 million.

- Additional households in West Virginia will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in West Virginia. West Virginia households would receive *$52 million more in EITC benefits each year* under the Clinton proposal than under current law.[2] This would mostly be spent in the West Virginia economy, benefiting local economies with a large share of low and moderate-income workers.

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[1] Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

[2] This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to West Virginia households that year under current law. The $52 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in West Virginia will be the same as the proportion of current EITC benefits that goes to households in West Virginia.

Wisconsin Would Benefit Substantially From Proposed EITC Expansion

The expansion in the federal Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in Wisconsin. A large number of tax filers in Wisconsin receive the federal credit.

- According to data from the Internal Revenue Service, some 179,000 working families with children in Wisconsin received the EITC last year. They received benefits totalling $141 million.

- Additional households in Wisconsin will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in Wisconsin. Wisconsin households would receive *$93 million more in EITC benefits each year* under the Clinton proposal than under current law.[2] This would mostly be spent in the Wisconsin economy, benefiting local economies with a large share of low and moderate-income workers.

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[1] Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

[2] This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to Wisconsin households that year under current law. The $93 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in Wisconsin will be the same as the proportion of current EITC benefits that goes to households in Wisconsin.

Wyoming Would Benefit Substantially From Proposed EITC Expansion

The expansion in the Earned Income Tax Credit proposed by the Clinton Administration would be of great benefit to low- and moderate-income working families in Wyoming. A large number of tax filers in Wyoming receive the credit.

- According to data from the Internal Revenue Service, one in every ten Wyoming households that filed a federal income tax return in 1991 — 10.1 percent — received the EITC.
- Some 22,000 working families with children in Wyoming received the EITC last year. They received benefits totalling $18 million.
- Additional households in Wyoming will receive the credit under the Clinton proposal, because the proposal would expand the EITC eligibility rules somewhat.[1]

The Clinton proposal would provide substantial benefits to low-income working households in Wyoming. Wyoming households would receive *$12 million more in EITC benefits each year* under the Clinton proposal than under current law.[2] This would mostly be spent in the Wyoming economy, benefiting local economies with a large share of low and moderate-income workers.

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[1] Under the proposal, a small EITC would be made available for the first time to adult workers who do not have children and have incomes below $9,000. In addition, families with two or more children and incomes between $24,000 and $28,000 would become eligible for EITC benefits for the first time.

[2] This figure is an estimate for fiscal year 1996, the first fiscal year in which the Clinton EITC proposal would be fully effective; it reflects a 44 percent increase over the estimated amount of EITC benefits that would be provided to Wyoming households that year under current law. The $12 million figure is based on the official estimate issued by the Joint Committee on Taxation of the amount of additional EITC benefits that would be paid nationally under the Clinton plan. The figure shown assumes that the proportion of these new benefits that will go to households in Wyoming will be the same as the proportion of current EITC benefits that goes to households in Wyoming.