CENTER ON BUDGET AND POLICY PRIORITIES

April 26, 1993

TO: Melanne Verveer

FR: Bob Greenstein Bob

RE: Clinton Earned Income Credit proposal

As you know, we are working to mobilize support for the President's proposal with national, state and local organizations around the country and have sent a packet of materials to over 6,000 organizations in states with Members on the Ways and Means and Finance Committees. We have urged these organizations to contact their representatives on the Ways and Means and Finance Committees and ask their support for the full Clinton proposal. Since I gave my two copies of the packet to Howard Pastor and Carol Rasco the other day, I'm enclosing another packet for you.

Also, for Members of the two Committees, we've prepared packets with our analysis and a fact sheet on the impact of the EIC expansion on their state. I've enclosed a set of the 50 state fact sheets we developed. We're meeting with as many members of the Ways and Means Committee as possible before they begin the Reconciliation mark-up on May 4.

The preliminary indications from Ways and Means are positive. The Chairman's staff have indicated that they feel reasonably confident in preserving the full Clinton EIC expansion in Committee, but agreed that we needed to do a lot of work with Members to educate them about the importance of the proposal and to get their active support.

The early signs from the Finance Committee, however, are troubling. We understand that the Republicans are likely to vote against the Reconciliation bill in Committee, meaning that Moynihan must hold all eleven Democrats. Several of the Democrats are concerned about various pieces of the package including the energy tax, the Social Security tax, and other provisions. We believe that there is a significant risk that the President's EIC proposal could be scaled back during the Committee's mark-up which begins on June 7. It will be particularly important for the President to talk to Senator Moynihan about this issue before then.

Incidentally, Ellen Nissenbaum and I will be meeting with Barbara Chow and Lorraine Miller of Howard Pastor's staff on these issues on Tuesday afternoon.

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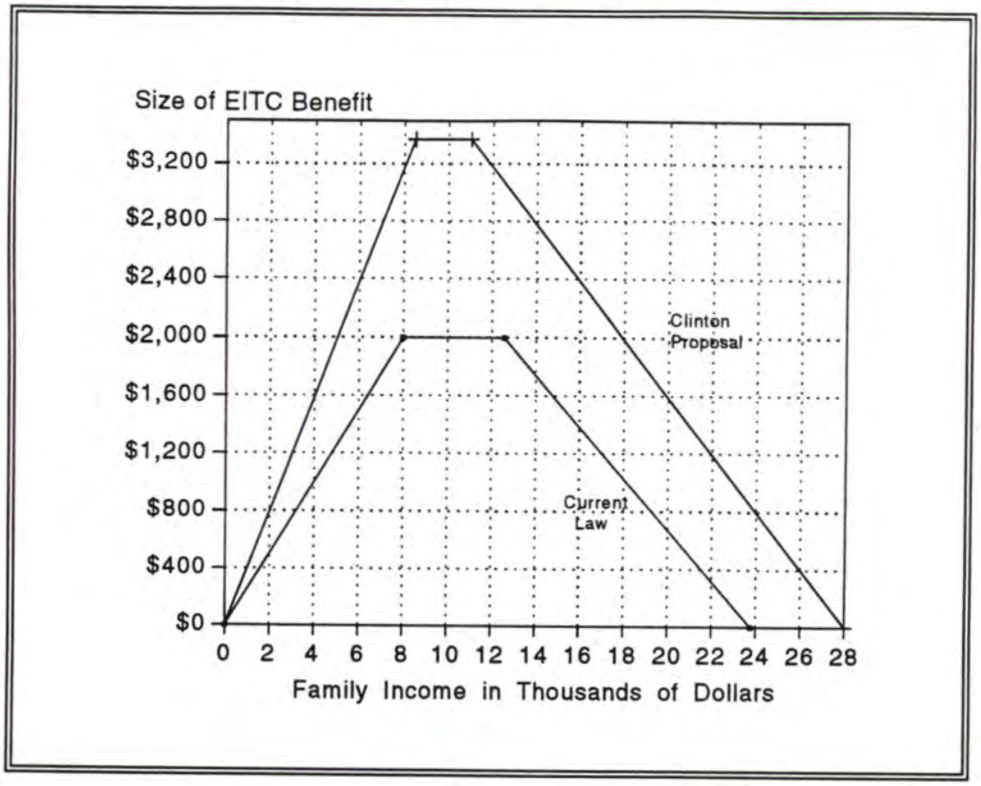
[1] The Clinton EITC expansion would actually phase in over two years, taking full effect in 1995. For comparison purposes, the figures cited here show the size of the credit if it were fully effective in 1994.

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

[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 proportion 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.

Extra* EITC Dollars Received in Fiscal Year 1996 if Clinton Proposal is Enacted, by State

(estimated; in millions)

Alabama	$205.4
Alaska	8.4
Arizona	131.4
Arkansas	106.5
California	1,102.3
Colorado	84.6
Connecticut	37.3
Delaware	18.0
D.C.	25.8
Florida	464.7
Georgia	282.2
Hawaii	18.4
Idaho	31.1
Illinois	295.4
Indiana	144.8
Iowa	56.8
Kansas	56.5
Kentucky	118.6
Louisiana	206.9
Maine	28.2
Maryland	117.3
Massachusetts	84.3
Michigan	182.8
Minnesota	73.2
Mississippi	168.9
Missouri	146.6
Montana	23.2
Nebraska	38.0
Nevada	37.1
New Hampshire	19.1
New Jersey	168.5
New Mexico	67.4
New York	431.8
North Carolina	274.5
North Dakota	14.2
Ohio	244.1
Oklahoma	106.6
Oregon	70.9
Pennsylvania	240.7
Rhode Island	18.1
South Carolina	164.3
South Dakota	19.3
Tennessee	197.3
Texas	752.5
Utah	40.5
Vermont	11.8
Virginia	169.5
Washington	99.2
West Virginia	51.6
Wisconsin	93.3
Wyoming	11.7
U.S. Total	$7,571.0

* The figures shown above reflect the extra EITC dollars *over and above* what these families would receive in fiscal year 1996 under current law. Preliminary estimates from the congressional Joint Committee on Taxation show the Clinton EITC proposal would increase EITC benefits by $7.571 billion in fiscal year 1996. Each state's estimated share of these new benefits is based on its percentage share of all EITC benefit dollars awarded in tax year 1991. Calculations by the Center on Budget and Policy Priorities.

EITC Beneficiaries in Tax Year 1991, by State

Below are state-by-state IRS data on the number of families receiving the EITC — and the number of dollars received — for tax year 1991. Some 13.9 million families obtained EITC benefits totalling $11.4 billion.

State	Families Getting EITC	Amount (in millions)
Alabama	346,245	$309.7
Alaska	18,744	12.6
Arizona	236,391	198.2
Arkansas	187,366	160.5
California	1,984,079	1,662.3
Colorado	158,745	127.6
Connecticut	77,959	56.3
Delaware	33,314	27.2
D.C.	48,346	38.8
Florida	827,282	700.9
Georgia	496,334	425.6
Hawaii	38,114	27.8
Idaho	57,275	46.8
Illinois	553,817	445.5
Indiana	269,274	218.3
Iowa	109,610	85.7
Kansas	108,475	85.1
Kentucky	218,603	178.8
Louisiana	360,846	312.1
Maine	56,178	42.6
Maryland	223,119	176.9
Massachusetts	170,457	127.1
Michigan	362,507	275.7
Minnesota	143,510	110.4
Mississippi	283,324	254.8
Missouri	272,535	221.0
Montana	43,994	34.9
Nebraska	71,559	57.3
Nevada	69,856	55.9
New Hampshire	37,686	28.8
New Jersey	324,203	254.1
New Mexico	123,677	101.6
New York	822,903	651.2
North Carolina	484,961	414.0
North Dakota	26,783	21.4
Ohio	470,956	368.1
Oklahoma	197,336	160.8
Oregon	134,272	106.9
Pennsylvania	471,291	362.9
Rhode Island	35,240	27.2
South Carolina	283,589	247.8
South Dakota	36,050	29.2
Tennessee	354,868	297.5
Texas	1,331,689	1,134.8
Utah	75,228	61.0
Vermont	23,736	17.9
Virginia	307,014	255.6
Washington	194,052	149.7
West Virginia	97,015	77.8
Wisconsin	178,635	140.7
Wyoming	22,211	17.6
Total	13,882,124	$11,417.4

Proposed EITC Expansion Would be of Disproportionate Benefit to Minorities

President Clinton's proposal to expand the Earned Income Tax Credit would benefit working households of every race and national origin. But the expansion would be of disproportionate benefit to African-Americans and Hispanics, who are more likely to qualify for the EITC than are non-Hispanic whites.

African-American and Hispanic workers are much more likely to earn low wages — and to be poor — than other workers are. In 1991, five percent of non-Hispanic white workers were poor while 14.5 percent of black workers and 15.4 percent of Hispanic workers lived in poverty. The trend remains essentially the same regardless of the amount of time spent working; i.e., whether full-time or part-time worker are examined.

Since the EITC is designed to assist low-income households with workers, it is especially beneficial to minorities. *Two of every five minority working families with children are eligible the EITC.*

- Tabulations of unpublished Census data indicate that approximately 42 percent of all black working families with children had incomes low enough to qualify for the EITC in 1987. A similar proportion of Hispanic working families — 38 percent — had incomes low enough to qualify. (More recent data by race and ethnic origin are not available.)

- By contrast, 17 percent of non-Hispanic white working families with children had incomes low enough to qualify for the EITC in 1987.

- In short, *black and Hispanic working families with children are more than twice as likely as their non-Hispanic white counterparts to have incomes low enough to qualify for the EITC.*

The above data indicate that the large EITC expansion proposed by President Clinton would be extremely beneficial to minorities. A substantial and disproportionate share of minority households would receive additional EITC benefits. It also bears mentioning that the Clinton proposal raises EITC benefits the most for families with two or more children; since poor minority working families with children tend to have more children than poor non-Hispanic white families do, this is another reason why the Clinton EITC expansion would be especially beneficial to black and Hispanic working families.

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Robert Greenstein, Executive Director ★ Loring Henderson, Deputy Director

The Washington Post
Washington, D.C.
April 20, 1993

Claims of the Working Poor

PRESIDENT Clinton has proposed an expansion of the Earned Income Tax Credit. Congress should approve it.

About 6 million Americans who live in families with at least one full-time worker fall below the poverty line. The EITC is targeted to households that include at least one full-time worker. For poor families that earn enough to pay federal income taxes, the credit offsets some or all of the taxes the family might otherwise owe, so the government won't be taxing people further into poverty. For the working poor whose incomes fall so low that they don't pay taxes, the credit amounts to a direct cash payment—a kind of wage subsidy. Nearly 14 million families now receive some benefits under the credit, which tapers off as incomes go up.

Mr. Clinton's goal is ambitious: to make sure that in households with children where at least one person works full-time, the family won't fall below the poverty line. Under current law, the maximum EITC benefit for a family with two or more children was scheduled to rise to $2,000 next year; Mr. Clinton would boost the maximum to $3,370 by 1995. He would also raise the benefits for families with one child and establish a small new credit for workers without children. The changes would cost an additional $7.6 billion by 1996, bringing EITC costs to $24.7 billion. On top of this, Mr. Clinton would try to boost the earnings of the working poor by hiking the minimum wage.

Questions can be raised about even the best programs, and the EITC is no exception. There are worries that if too many families are eligible for the credit, it could distort both the labor market and the tax system. The Clinton administration adjusted its original plan to meet some of these objections. There are also worries that the credit could encourage some workers to earn enough to get the maximum help from the government—and no more. Friends of the EITC need to guard against unintended consequences, but in the form proposed by Mr. Clinton, the credit seems likely to do what it's designed to do: promote more work, not less.

The working poor do not have highly paid lobbyists and are not a notably vocal constituency. So members of Congress seeking money for their favorite programs might be tempted to take it out of the EITC increase and away from the working poor. They shouldn't. The EITC has received strong support across partisan and ideological lines because it reflects a broad consensus: Society should give a hand to the needy, and it should encourage and help those who work and support their families.

GREENSTEIN

CENTER ON BUDGET
AND POLICY PRIORITIES

777 North Capitol Street, NE, Suite 705
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VIA MESSENGER

Melanne Verveer
Office of the First Lady
Room 100, Old Executive Office Building

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USSS
X-RAY

CENTER ON BUDGET AND POLICY PRIORITIES

March 5, 1993

To: Melanne Verveer
Gene Sperling

From: Bob Greenstein

You guys did great work on the Earned Income Credit. Now on to the next problem.

As I've mentioned to both of you on the phone, a very unfortunate HHS emergency regulation was published March 1. It will terminate refugee cash and medical assistance for a substantial number of poor refugees — many of them families with children - on April 1. Anyone who has received aid for five months will be cut off.

HHS took this action because it believed it had no choice — that the refugee cash and medical assistance program was running out of money. There is a curious (and sad) background to this.

The Office of Refugee Resettlement (ORR) in HHS was run during the Bush Administration by Chris Gersten, who is very conservative (and is married to Linda Chavez). Under Gersten, ORR charged ahead with a plan to "privatize" the refugee cash and medical assistance program and did so *after* the election as well as before it. Gersten charged forward so bullishly that he violated legal requirements on public comment and rule-making and HHS was sued. In early February, a federal district court enjoined ORR from privatizing the program without going through certain procedures first. ORR had apparently planned to cut the program quietly by giving the private contractors amounts that would have forced them to cut refugee benefits. With the privatization option gone for this year and an apparent funding shortage in the program, HHS felt it had no alternative but to issue this emergency rule.

HHS apparently did attempt to avoid this outcome by securing a modest amount of supplemental funds, but this issue apparently arose during the last two weeks the budget was being put together in February — and it appears to have fallen through the cracks. David Ellwood at HHS told me he thought HHS had appealed to OMB and been turned down. OMB staff say they didn't handle such an appeal and thought the matter was appealed by HHS to the National Economic Council. In any

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event, it is likely that during the hectic final days of work on the budget, this matter did not receive high level attention. Everyone was understandably focused on larger issues than the need for $30 million (that's all it is) to prevent a cut-off of refugee aid. During this period, of course, there was no OMB associate director for human resources. (I know, I know, this problem probably would have been addressed if I'd taken the job.) When the budget came out without any supplemental funds for refugee assistance in it, HHS evidently felt it had no alternative but to proceed with this harsh rule.

This seems to be a case of a new administration carrying out a policy of the previous administration that it probably does not agree with — but that goes forward anyway in the early days of a new administration because so few appointees are on board and no one gets hold of it. Indeed, the new rule runs counter to a statement of Administration policy in the Administration's February 17 budget book, as our attached memo notes. Some of this happens in the early days of every administration, but in this case the results would be grim.

So what can be done? All that is needed is $30 to $35 million. (I'm told that HHS estimates the shortfall at $30 million.) The Clinton Administration has a $16 billion supplemental on Capitol Hill. Surely, $30 million can be trimmed from one or a few items to make room for a $30 million addition to avert this problem.

The stimulus package has huge requests for some items. In a number of these cases, $10 million less would make no significant difference. (This is true even for some of the most desirable items in the package.) Slightly shave the increase for three items by $10 million, for example, and this matter can be addressed. It's hard to explain how substantial sums can be found for questionable programs such as the Economic Development Administration but $30 million or $35 million cannot be found for indigent refugees.

But this matter can be dealt with only if the Administration acts promptly. Congressional leaders understandably wish to discourage Members from adding their own items to the stimulus package. For this issue to be addressed, the Administration would need to fine-tune its request a bit to move $30 million or $35 million for this purpose.

CENTER ON BUDGET AND POLICY PRIORITIES

March 5, 1993

CUTS IN REFUGEE CASH AND MEDICAL ASSISTANCE PROGRAMS

Overview

Due to an emergency regulation the Department of Health and Human Services published March 1, the refugee cash and medical assistance program (RCMA) faces an imminent crisis. Under the regulation, which orders a sharp reduction in the duration of refugee assistance effective April 1, many poor refugee families with children and many indigent refugee individuals will have all their cash and medical benefits terminated less than 30 days from now.

This action is being taken because HHS's Office of Refugee Resettlement (ORR) has concluded there is a shortage of program funds that necessitates this step. There is, however, some question as to whether the funding crunch is as tight as ORR believes. Some states differ with ORR on this matter, and a GAO examination of this matter is underway.

If the funding crunch is as serious as ORR believes, it would only take a small amount of funding to address it and avert an action that would leave some indigent refugee families with children with no cash or medical aid. Based on ORR's figures, the funding shortfall appears to be about $30 million or $35 million. The Clinton Administration now has a $16 billion supplemental appropriation request on Capital Hill. It should be possible for the Administration to find $35 million in a $16 billion package. Some very slight scaling back of one or a few stimulus package items, many of which are slated to receive huge funding increases, could readily free the modest funds needed here to prevent hardship and deprivation.

It is likely that the need to put a very small amount of money in the supplemental request for this purpose was never raised to the level of the Clinton economic team and that these harsh cuts do not reflect the true wishes of the Administration. Indeed, these cuts run contrary to the refugee assistance policy announced in the President's budget. In addition, continuing the current duration of RCMA benefits would be consistent with Congressional intent; in appropriating funds for fiscal year 1993, it appears that Congress did not intend for these cuts to be made.

If nothing is done, serious hardship will ensue, and the Clinton Administration will be executing a rather draconian policy of limiting refugee benefits, further exacerbating deep cuts to refugee programs made by the Reagan-Bush administrations. Only the Administration can address this matter. Congress will act only if the Administration fine tunes its supplemental request to respond to this problem.

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Background

The refugee cash and medical assistance program assists refugees who meet the AFDC income limits (which are well below the poverty line in most states) but who cannot receive AFDC because they do not meet the AFDC family composition requirements. Those receiving refugee cash and medical assistance fall mainly into two groups — two-parent families with children and indigent individuals who do not receive SSI. The refugee cash and medical assistance program provides cash assistance at the same levels as the AFDC benefits paid in a state and medical benefits comparable to Medicaid. The programs are administered by the Office of Refugee Resettlement in HHS's Administration for Children and Families.[1]

Over the Reagan-Bush years, appropriations for refugee assistance programs were reduced substantially relative to the number of refugees admitted to the United States. Funding was ended for federal reimbursement of state costs in serving refugees through AFDC, Medicaid, SSI state supplements, general assistance, and general medical assistance programs. In addition, the Reagan and Bush Administrations sharply cut the refugee cash and medical assistance program. The program originally provided benefits for up to 36 months after a refugee arrived in the United States. But under Reagan and Bush, the duration of benefits was reduced to eight months. After this period, poor refugees lose all government cash and medical assistance unless they happen to qualify for other programs, which many do not. As a result, some refugees admitted to the United States to reunify their families (a major reason for many refugee admissions) may be forced to split up their families to qualify for AFDC if they have exhausted their eight months of refugee assistance and not been able to find a job.

The states in which the most funds are received through the refugee cash and medical assistance program are, in declining order of funding, California, New York, Washington, Florida, Massachusetts, Illinois, Oregon, Pennsylvania, Minnesota, Texas and Michigan.

Recent Events

In 1992, the Bush Administration proposed "privatizing" the refugee cash and medical assistance program by terminating state administration of the program and

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[1] The Office of Refugee Resettlement also provides about $40 million in matching grants to voluntary resettlement agencies ("volags") that use private funds to provide assistance to some refugees in lieu of refugee cash and medical assistance. Aid to "unaccompanied minor" refugees is also handled separately, receiving $30 million.

giving voluntary resettlement organizations contracts to assist refugees. After the merits of this plan were debated in Congress, the conference report on appropriations stated that it "neither endorsed nor prohibited implementation" of the privatization program but required the Office of Refugee Resettlement to take several steps to protect recipients before proceeding with any privatization.

Nevertheless, the Office of Refugee Resettlement — under the direction of Chris Gersten, a strong conservative (and husband of Linda Chavez) — charged ahead during the waning months of the Bush Administration with a plan to privatize the refugee cash and medical assistance program without taking the requisite steps. Low-income refugees and a national organization of refugee service providers sued in December to enjoin privatization, arguing that safeguards for recipients were not in place and that the Office of Refugee Resettlement had violated the Administrative Procedure Act by not publishing regulations and seeking comments on plans for the privatized program. During the course of the litigation, ORR asserted that scrapping privatization would force the program to be limited to four or five months of assistance. ORR anticipated that the privatized program would save money by limiting cash benefits to refugees and scaling back medical coverage.

On February 12, 1993, a federal district court permanently enjoined the Office of Refugee Resettlement from privatizing refugee cash and medical assistance without first seeking public comment on proposed rules for a privatized program. The Office of Refugee Resettlement says that under such a ruling, it can not implement a privatized program before some time next fiscal year at the earliest.

On February 5, Laurence Love, the Acting Assistant Secretary for Children and Families, signed an emergency rule to cut off all cash and medical benefits for refugees who had received five months of assistance. The rule stated that this step was necessary because the program was running out of money. Secretary Shalala subsequently signed this rule on February 18, and it was published March 1 in the *Federal Register*. The rule takes effect on April 1, 1993.

The Effects of the New Cuts

Refugee cash and medical assistance programs primarily benefit two-parent families and childless individuals and couples. The Office of Refugee Resettlement reports that the fraction of refugees qualifying for RCMA has roughly doubled over the last four years, *with two-parent families accounting for most of the increase.* ORR says some families that might previously have qualified for AFDC are now forced to rely on RCMA because of state AFDC changes. Amidst various state AFDC budget cuts in recent years, a number of states have tightened the AFDC eligibility criteria for two-parent refugee families in a way that makes many families that lived in refugee camps ineligible.[2]

In areas with state or local general assistance (GA) programs, some families losing RCMA may qualify for GA benefits. But GA cash assistance and medical programs often have highly restrictive eligibility criteria (there are no federal standards), so many families and individuals cut off from refugee cash and medical assistance will not qualify — and thus will be unable to receive any other cash or medical aid once their refugee benefits are terminated. Some of the states with the largest refugee populations — including Washington, Florida, Texas, and Michigan — either have no general assistance program at all (states need not have one) or provide general assistance only to very narrow classes of persons such as the disabled. Other heavily impacted states such as New York are facing major budget deficits and may seek to deny benefits to families exhausting their RCMA benefits.[3]

These new cuts essentially carry forward the Reagan-Bush policy of hostility toward refugee assistance. Moreover, because the refugee cash and medical assistance programs provided 12 months of benefits through fiscal year 1991, the reduction to five months means that the duration of these benefits will have been cut by more than half in just two years — and by 85 percent since 1981. With unemployment remaining at high levels, many poor refugees will not be able to find jobs after five months in the country, especially in areas like California where the unemployment picture is particularly bleak.

Administration Policy and Congressional Intent

These cuts are contrary to the Administration's own budget book. On page 61 of *A Vision of Change for America*, the Clinton Administration pledges to "design a program to offset the impact of refugees and undocumented residents on the budgets

[2] Eligibility for AFDC for two-parent families generally depends on the family's principal wage-earner having worked a sufficient amount in the period immediately preceding his or her application for benefits. Although most refugees were working in their countries of origin, many spent months in refugee camps before coming to this country. HHS gives states substantial latitude to determine whether chores done in those camps count as work. If states decide not to count these chores, two-parent refugee families that spent time in camps often are ineligible for AFDC.

[3] General assistance programs are programs that provide assistance to very poor people who are not eligible for AFDC or SSI because they are not elderly or sufficiently disabled to get SSI or are two-parent families that do not meet the restrictive eligibility criteria such families must satisfy to get AFDC. General assistance programs are funded entirely by state or local governments; no federal funds are involved, and no federal standards apply. Many areas either have no general assistance program or have a program that is extremely limited and does not cover substantial categories of indigent families and individuals, who are ineligible for any form of government cash aid as a result.

of State and local governments, including those in California, Texas and Florida." This regulation does precisely the opposite.

The new regulation also appears to be inconsistent with Congressional intent. The House Appropriations Committee's report accompanying the Labor-HHS-Education Appropriations bill for fiscal year 1993 did state that the level of funding it was providing would require that eligibility for refugee cash and medical assistance programs be reduced to five months if the program was not privatized.[4] But the House-Senate Conference Committee increased that funding by 43 percent above the House level, and its report expressed no expectation that the number of months of eligibility for RCMA would be reduced.[5]

Are the Cuts Necessary?

Some doubt exists as to whether available funds are in fact so short that these cuts are necessary. Oregon's state refugee program coordinator, working with coordinators from several other states with large numbers of RCMA recipients, has prepared an analysis suggesting that the funding shortfall is not as serious as the Office of Refugee Resettlement believes because fewer refugees are being admitted to the United States this year than last. These state coordinators question whether imposition of a five-month limit is necessary. The Office of Refugee Resettlement has not released sufficient data to evaluate this matter.

Several Members of Congress have also been concerned about the issue and have requested an urgent GAO investigation of the funding status of the program.

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[4] The House Report refers to funding four months of assistance, but this is actually equivalent to providing benefits for refugees' first five months in the country; refugees generally do not meet RCMA's income limits in their first month because of the resettlement checks that they receive. Similarly, the current program, covering refugees' first eight months, in fact provides only seven months of benefits in most cases.

[5] The House version of the FY 1993 appropriations bill provided a total of $163.3 million for RCMA and the voluntary agencies' matching grant program. In fiscal year 1992, the matching grant program received about $40 million, and the Office of Refugee Resettlement ultimately allocated the same amount for the matching grant program in fiscal year 1993. Thus, with $40 million for the matching grant program, $123.3 million remained for RCMA in the House bill. The final appropriations bill provided a single combined amount for RCMA, the matching grant program, and a program to aid unaccompanied minor refugees. After ORR allocated funds to the other two programs, it had $175.8 million for RCMA, a 43 percent increase over the House level.

Participation in RCMA declines significantly with each additional month for which coverage is available, because with each passing month, more refugees find jobs. As a result, the conference committee could reasonably have expected that the additional money it added to the House bill would suffice to fund a program providing benefits for eight months in duration.

The GAO investigation started just as the March 1 final rule was being published. The cuts are scheduled to take effect, however, before the GAO investigation is likely to be completed.[6]

If the ORR analysis is correct and the program is in fact running out of money, the shortfall — i.e., the additional amount needed to avert this cutback — is small. ORR has said that if no change is made in the program, the available funds would carry the current program through the end of July, or ten months into the fiscal year. Since $175 million is available for RCMA, this implies funds have been spent at a pace of $17.5 million a month. At this pace, funding the program for the remaining two months of the year would cost about $35 million. We have been told HHS estimates the shortfall at $30 million.

Conclusion

We believe the Administration should immediately explore two issues:

- Is this harsh action really necessary or, as some states maintain, is the funding situation less severe than the Office of Refugee Resettlement believes?

- Can a very small amount of the $16 billion in supplemental appropriations in the stimulus package - probably about $35 million — be trimmed from other parts of the package and used to prevent this cutback and avert the deprivation it would cause?

Because Congressional leaders want to discourage Members from tinkering with the Administration's package, Congress is very unlikely to address this issue unless the Administration itself fine-tunes its supplemental appropriations request in this manner.

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[6] In fiscal year 1993, some $175.8 million is available for RCMA, which is about $13 million less than the amount actually spent last year. At the same time, the ceiling for refugee admissions this year was reduced from 132,000 to 122,000. On a per refugee basis, this year's appropriation appears to provide about the same amount of funds as was spent last year.

In addition, some states report slower spending of RCMA funds this year than last. The Office of Refugee Resettlement says it does not consider this factor in determining the amount of funds available because it believes that the program's spend-out rate fluctuates a great deal. Resolution of these and other questions will apparently await completion of the GAO report.

CENTER ON BUDGET AND POLICY PRIORITIES

FOR IMMEDIATE RELEASE:
September 22, 1995
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~~15~~ 16 MILLION LOW-INCOME HOUSEHOLDS HIT BY ROTH PROPOSAL, MILLIONS OF FAMILIES WOULD FACE TAX HIKES

More than 15 million low- and moderate-income working households would have their incomes lowered through either tax increases or benefit reductions under cuts proposed today in the earned income tax credit by Senate Finance Committee chairman William Roth. The EITC cuts equal roughly $40 billion over seven years, nearly double the $21 billion in EITC reductions assumed in the Senate budget resolution and the $23 billion in EITC cuts the House Ways and Means Committee approved earlier this week.

The Roth EITC proposals would cause very large tax increases and benefit reductions for millions of families. Divorced mothers who work at a modest wage and receive some child support would be hit especially hard. In many cases, they would lose $1,000 a year and face substantial increases in the taxes they owe to the federal government.

Working families that receive Social Security because they include a family member who is disabled, a widow raising a child and working at a low wage, or an orphan being raised by a low-income worker also would face very large tax increases and benefit losses. The Treasury Department estimates that the average EITC reduction for these families would be $860 a year.

All families with two children, all families with one child and income over $11,630, and all poor workers without children and income below $9,500 would have their EITC reduced or terminated.

- A divorced mother of two children who earns $20,000 a year (in 1995 dollars), incurs $200 a month in child care costs, and receives $250 a month in child support would have her EITC reduced $8,800 over the next seven years. If a tax credit of up to $500 per child also is enacted, the family would suffer a net loss of $4,900 over the next seven years.

  All of this loss would be in the form of a tax increase. The total amount the family paid the federal government in income and payroll taxes would rise $4,900 over the next seven years ~~[illegible]~~ if the child tax credit also is enacted. (It would be even more without the child tax credit.) Under current law, this family would pay $400 in net income and payroll taxes next year and $530 in 2002. If the Roth EITC proposal and the child tax credit both are enacted, the family's tax bill would jump to $800 next year and climb every year after that, reaching $1,280 by 2000 and $1,580 by 2002. The family's taxes

— more —

would triple by 2002, rising more than $1,000 above what they would be under current law.

- Families without child support or Social Security also would be affected. For example, a family of four with two children and $15,000 a year in income (in 1995 dollars) would lose more than $3,000 in EITC benefits over the next seven years.

Proponents of the proposals may claim this is not a tax increase but merely a benefit reduction. Such claims would not be accurate. Since its inception under President Gerald Ford in 1975, the EITC was always intended to offset both payroll and income taxes. For millions of families, the net amount owed to the government from income and payroll taxes would rise under these proposals even if a child tax credit also becomes law.

These proposals have little to do with curbing errors or fraud. Only four percent of the savings from the Roth EITC proposals comes from proposals to curb errors or fraud. The other 96 percent comes from EITC reductions that affect honest working families struggling to raise their children on low wages.

Millions of working families that are staying off welfare and working hard would have their incomes fall and their taxes raised at the same time that the wealthiest families and many of the largest corporations were reaping large tax cuts.

Many of these same working families also could be in jeopardy of losing health care coverage for their children if the deep Medicaid reductions proposed today lead states to eliminate Medicaid coverage for children in working families near or modestly above the poverty line. Under the Senate welfare proposal, these same working families also would have their food stamps cut if they receive them.

Many Republican leaders have championed the EITC in the past as an alternative to raising the minimum wage. Now the Congressional leadership is blocking an increase in the minimum wage, which has sunk to its second lowest level in purchasing power in 40 years, while also proposing to cut the EITC. "They're beginning to pull the rug out from under families caught in low-wage jobs," Center director Robert Greenstein said.

The Center's analysis found that the Roth proposals also would weaken the welfare reform legislation the Senate passed just three days ago by creating disincentives for payment of child support and for increased work.

- The Roth proposal would effectively tax away a portion of child support payments by cutting the EITC for families that receive such support. This would discourage the payment of child support. Furthermore, child support would effectively be taxed twice. The income from which non-custodial parents pay child support would be taxed, with no deduction provided for the child support payments they make. The child support payments would then be taxed a second time when a low-income working mother receives them.

- In addition, the Roth proposal would discourage work because it would increase the extent to which a parent's EITC is reduced if the parent works harder and earns more. Under current law, about 21 cents of each additional dollar a family earns above $11,630 is "taxed away" through an EITC reduction. The Roth proposal would raise this "tax rate" every year so that by 2002, such a family would lose 24 cents for each additional dollar earned above $11,630. By 2005, the family would lose 27 cents for each added dollar earned. By 2010, the family would lose 41 cents for each extra dollar earned.

  This provision would raise each year the overall marginal tax rate these families face — that is the amount by which their taxes are raised and their benefits are reduced for each additional dollar they earn.

  Many working families with children and incomes above $11,630 and below about $20,000 already face an effective tax rate of 55 percent to 68 percent. For each added dollar they earn, they now lose about 20 cents in the EITC, 24 cents to 36 cents in food stamp benefits, 7.65 cents in payroll tax and 3 to 4 cents in state income tax. The Roth EITC proposals would raise these marginal tax rates to much higher levels over time, thereby punishing and discouraging work.

September 24, 1995

THE ROTH EITC PROPOSALS

The EITC cuts unveiled September 22 by Senator William Roth are unusually deep.

- The cuts total about $40 billion, nearly double the $21 billion in EITC cuts assumed in the Senate budget resolution and the $23 billion approved by the House Ways and Means Committee.

- *All* families with two children that receive the EITC, all families with one child and income above $11,630, and all poor workers without children who get the EITC would have their credit reduced or terminated. More than 15 billion low- and moderate-income working households would be affected.

- Hardest hit would be low-income working families that receive child support or Social Security. Divorced mothers who work at a low wage and receive modest child support would suffer big losses. So would families in which one parent works but the other is disabled and receives Social Security disability benefits, families in which an elderly grandparent is raising a child and working for low pay to supplement a small Social Security check, families in which a widowed mother who receives a small Social Security check works for low wages, and families in which a low-wage worker is raising an orphan who receives a Social Security survivor's benefit.

- Millions of families would suffer large losses even if the $500 child tax credit also is enacted. Since most low-income working families owe little or no federal income tax, they would benefit little if at all from the new child tax credit. Because the child tax credit is not refundable, most low-income working families would be ineligible for it or receive only a partial credit.

For many families, these EITC cuts would result in substantial tax increases.

- Even if the child tax credit is enacted, millions of these families will owe the federal government more in taxes every year. Their total income and payroll tax burden, net of the EITC, will rise. A substantial number of families ultimately will be hit with tax increases that approach or exceed $1,000 a year. The attached examples show that over the next seven years, many families would owe thousands of dollars more in taxes.

The Roth proposal also would undermine welfare reform.

- It would reduce the incomes of low-income working families and lessen the gains of working over welfare.

- It would discourage the payment of child support. The Roth EITC proposals would effectively tax away a portion of child support payments made to children in low-wage working families by cutting the EITC for families that receive child support. This would reduce the incentive of non-custodial parents to make these payments. It thus runs contrary to the goals of welfare reform.

- The Roth EITC proposals also would discourage and penalize work. Chairman Roth's mark would raise to a higher and higher level *every year* the amount the EITC is reduced for each dollar a parent earns above $11,630.

  Today, a family loses about 20 cents in EITC benefits for each dollar earned above $11,630. The Roth mark would raise that so 10 years from now, a family would lose 27 cents for each additional dollar earned. Families with incomes between $11,630 and about $20,000 already can lose a total of 55 cents to 68 cents for each added dollar they earn; for each extra dollar they earn, their payroll taxes and state income taxes increase while their EITC and food stamp benefits decline. The combined tax increases and benefit losses these families face on the additional amounts they earn constitute their "combined marginal tax rate." Most experts believe the combined marginal tax rate these low-income working families face are already perilously high. Over time, the Roth proposal would raise the combined marginal tax rates these families face to much higher levels, thereby punishing work. By 2010, these families would lose 66 cents to 79 cents for each additional dollar they earn.

  Most poverty experts agree that if marginal tax rates climb too high, the result will be less work. Republicans used to agree with this, too. This provision of the Roth EITC proposal would erect greater disincentives to work, and thereby undermine welfare reform.

CENTER ON BUDGET AND POLICY PRIORITIES

September 23, 1995

HOW FAMILIES WOULD BE AFFECTED BY THE COMBINED EFFECTS OF THE CHILDREN'S TAX CREDIT OF UP TO $500 AND THE EITC PROVISIONS IN CHAIRMAN ROTH'S MARK

The examples below show how families would be affected by the children's tax credit and the EITC provisions in Chairman Roth's mark.

Families that Do *Not* Receive Child Support

- A family of four with two children and $15,000 in income (in 1995 dollars) would lose $3,070 in EITC benefits over seven years and $5,150 over 10 years, compared to current law.[1] The family would receive no child tax credit to mitigate this loss.

- A family of four with two children, income of $20,000 (in 1995 dollars), and child care costs of $200 a month would have its EITC reduced $3,480 over seven years and $6,500 over 10 years. The family would receive only a tiny children's credit. Its loss after the children's credit is taken into account would be $3,450 over seven years and $6,370 over 10 years.

  Most of this loss would take the form of a tax increase. Under current law, the family would pay no net tax over the next seven years. If the EITC reductions and children's tax credit are enacted, the family will pay tax of $570 by 2000, $760 in 2002, and over $1,090 in 2005. The family will have to pay $2,870 in taxes over the next seven years as a result of these changes in the law. This includes the effect of the children's credit.

Families with Child Support Payments Face Even Larger Losses

Substantial as these losses are, they are significantly smaller than the losses borne by families that receive child support payments. Their losses can only be described as massive.

- A divorced working mother who has two children and earnings of $15,000 (in 1995 dollars) — and receives $167 a month ($2,000 a year) in

[1] The incomes of families in these examples are assumed to keep pace with inflation.

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child support — would lose $6,600 in EITC benefits over seven years and $10,700 over 10 years. After the child tax credit is factored in, she would still lose $4,300 over seven years and $7,350 over 10 years.

- A mother of two children with $12,000 in earnings and $167 a month in child support would lose $6,350 over the next seven years. This family would receive no benefit from the child tax credit.

- A mother of two children who earns $20,000, incurs $200 a month in child care costs, and receives $250 a month in child support would have her EITC reduced $8,800 over the next seven years and $14,900 over 10 years. After the child tax credit is factored in, she still loses $4,900 over seven years and $8,900 over 10 years. Moreover, *all* of this loss shows up as an increase in taxes. This family would pay $400 in net income and payroll tax next year under current law and $530 in 2002. If the proposed EITC reductions and the child tax credit were enacted, she would pay $800 in tax next year, nearly $1,300 by the year 2000 and $1,580 by 2002. By 2005, she would owe more than $2,000 in taxes.

CENTER ON BUDGET
AND POLICY PRIORITIES

September 17, 1995

SUMMARY ANALYSIS OF CHAIRMAN ARCHER'S EITC PROPOSAL

On September 14, House Ways and Means Committee Chairman Bill Archer unveiled a series of reductions in the Earned Income Tax Credit totaling more than $23 billion over the next seven years. The House Ways and Means Committee will vote on this package the week of September 18.

- The proposed EITC reductions would reduce or terminate EITC benefits for more than 14 million of the 19 million low-income working households receiving the EITC — or about three of every four working households that receive the credit.

- About four million very poor workers without children and more than one million working families with children would lose the credit altogether. Another nine million families with children would have their credit reduced.

- Every EITC family with children and income above $11,620 would have its benefits either reduced or terminated.

- Among those affected would be more than one million EITC families that receive Social Security benefits because a family member is disabled, elderly, or a surviving widow (or widower) or orphan. Many of these families would face very large EITC cuts.

The Archer package also includes several provisions proposed by the Treasury Department to reduce error and fraud in the EITC and ensure that undocumented immigrants cannot get the credit. These provisions account for about $1.5 billion of the more than $23 billion in EITC reductions in the package, or less than seven percent of the total. The vast bulk of the reductions come from sweeping EITC benefit cuts, not from measures to reduce error and fraud.

The Center on Budget and Policy Priorities has prepared individual analyses of the three major provisions in the Archer package. These provisions are:

- a proposal to cut the EITC for all families with children that have incomes above $11,620 by increasing the percentage by which the credit is reduced for each dollar of income a family has above the $11,620 level;

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- a proposal to reduce the EITC for families that receive Social Security by counting their Social Security benefits as income when determining their EITC benefit; and

- a proposal to eliminate the EITC for very poor workers without children; childless workers with incomes below about $9,200 now qualify.

The findings in the Center analyses of these three proposals include the following:

- *The Proposal to Phase Down the EITC More Rapidly for Families with Incomes Above $11,620:* This proposal would reduce EITC benefits by close to $9 billion over the next seven years. It would reduce EITC benefits by up to $300 for approximately nine million families with incomes above $11,620. An additional one million families would have their EITC eliminated.

  A large number of these families would be worse off than under current tax laws even if the child tax credit of up to $500 also is enacted. The decrease in their EITC would exceed whatever child credit they might qualify for. Furthermore, a significant number of those affected would receive an EITC that would be less than their combined income and payroll taxes; for them, the net effect of the Archer proposal would be an increase in federal taxes.

- *The Proposal to Reduce the EITC for Families Receiving Social Security:* This proposal would require for the first time that Social Security benefits be counted in the determination of EITC eligibility. All families whose adjusted gross incomes exceed $11,620 when Social Security benefits are included in AGI would be subject to EITC cuts. The result would be a reduction in the EITC for more than one million families.

  Those affected include: families in which one parent works for low pay but the other parent is disabled and receives Social Security disability benefits; families in which an elderly grandparent is raising a child and working at a low-wage job; and families raising a child who receives Social Security survivor's benefits because his or her parents have died. Previous Joint Tax Committee estimates suggest these families would lose more than $9 billion in EITC benefits over the next seven years.

  This proposal would effectively place a tax on the Social Security benefits these families receive. For every dollar in Social Security benefits they receive, affected families would lose up to 23 cents in EITC benefits. Up to 23 percent of their Social Security benefits would essentially be taxed away in this manner.

Earlier this year, the House passed a tax bill that would *reduce* taxes on Social Security benefits for the 13 percent of beneficiaries with the highest incomes. Joint Tax Committee estimates show that when this provision is phased in fully, more than 40 percent of the resulting reduction in taxes would go to beneficiaries with incomes exceeding $100,000 and 93 percent of the tax benefits would go to beneficiaries with incomes above $50,000. If the new Archer EITC proposal that affects Social Security beneficiaries also is adopted, the combined effect of the two proposals will be to reduce taxes substantially on Social Security benefits that wealthy beneficiaries receive — further increasing their incomes — while raising taxes on the Social Security benefits a substantial number of low-income beneficiaries receive, thereby lowering their incomes. Furthermore, the proportion of Social Security benefits that would effectively be taxed away from these low-income beneficiaries would be greater than the proportion of benefits taxed away from the wealthiest beneficiaries.

The families affected by this EITC provision would be hit twice. They would lose benefits both as a result of the provision to reduce EITC benefits for families receiving Social Security and as a result of the provision to lower EITC benefits for families with incomes above $11,620.

- *The Proposal to Terminate the Childless Workers Credit:* The Archer package would eliminate the modest EITC that now goes to 4.4 million workers without children who have incomes below $9,200. These workers would lose more than $4 billion over seven years. They would lose up to $324 a year, with the average loss being about $175.

  This credit was designed to offset some or all of the payroll tax these workers pay on their first $4,000 in earnings. If the credit is eliminated, all 4.4 million affected workers would lose this tax offset; they consequently would have to pay more in federal taxes. Stated another way, all of those affected by this proposal would face a tax increase.

  The current small EITC for workers without children provides needed tax relief for a group of poor workers who generally receive little aid from other government assistance programs, who experienced an exceptionally sharp increase in their tax burdens from 1980 to 1993 (the average federal tax burden of the poorest fifth of non-elderly households without children rose 38 percent over this period, vastly exceeding the increase in tax burdens for any other group of households at any income level), and who pay a much higher share of their very small incomes in federal taxes than any other group of low- or moderate-income households in the U.S. population.

Proposed reductions in the EITC are sometimes justified on the grounds that they are needed to deal with error and fraud. As noted above, provisions to reduce error and fraud account for less than seven percent of the EITC reductions in this package. Moreover, in its recent revision of budget estimates released in late August, the Congressional Budget Office reduced its estimate of EITC costs by more than $18 billion over the next seven years. This sharp downward reduction in the CBO estimate apparently reflects the effectiveness of the crackdown on EITC error and fraud that the IRS launched this year.[1] Due in no small part to the crackdown, EITC costs in 1995 are $2.3 billion below what CBO had estimated they would be last winter, and the number of families receiving the EITC declined this year instead of increasing as had been expected.

In short, it appears that EITC reductions of the general magnitude achieved by the Archer proposal are already occurring. The reductions made by the Archer proposals would be in addition to the savings achieved by the IRS crackdown and would be achieved primarily by reducing the benefits and raising taxes for millions of working households that have low incomes and are not guilty of fraud or abuse.

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[1] See "CBO Lowers EITC Outlay Estimates by More Than $18 Billion," September 12, 1995.

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KEY FACTS on CENSUS INCOME AND POVERTY REPORT

September 29, 1996

TODAY, THE CENSUS BUREAU RELEASED A REPORT ON INCOME AND POVERTY IN AMERICA IN 1996. HERE ARE SOME OF THE RESULTS:

- **Typical Family Income Up $2,169 Since 1993.** Last year, the median family's income, adjusted for inflation, increased 1.2 percent -- the third consecutive yearly rise. Since President Clinton's Economic Plan passed in 1993, median family income has increased from $40,131 in 1993 to $42,300 in 1996 -- that's a $2,169 increase in income, adjusted for inflation. From 1988 to 1992, median family income fell $1,795, adjusted for inflation.

- **Under President Clinton, The Typical African-American Household's Income Is Up $2,300.** Since 1993, the median income of African-American households has increased from $21,209 to $23,482 -- that's $2,273 or an 11 percent increase, adjusted for inflation, between 1993 and 1996.

- **Income of Typical Hispanic Household Increased $1,400 Last Year.** After dropping the previous year, the income of the median Hispanic household, adjusted for inflation, increased from $23,535 in 1995 to $24,906 in 1996 -- that's an increase of $1,371 or 5.8 percent in one year, the biggest one-year increase on record.

- **All Income Groups Have Seen Incomes Rise Since 1993.** Since 1993, every income group -- from the most well-off to the poorest -- experienced a real increase in their income, with the poorest 20 percent of American households experiencing the biggest percentage increase (6.8 percent).

- **After Rising Sharply for 20 Years, Inequality Has Now Stabilized.** After rising for nearly 20 years, income inequality has stayed constant over the last three years. In 1996, incomes rose at all points in the income distribution on an after-tax basis. And while the real income of the American household at the lowest percentile -- the 20th percentile -- stagnated last year on a before-tax basis, it increased 3.3 percent on an after-tax basis, from $7,927 in 1995 to $8,189 in 1996. EITC

- **Poverty Rate Fell To 13.7 Percent in 1996 -- Down from 15.1 Percent in 1993.** In 1996, the poverty rate declined to 13.7 percent from 13.8 percent the year before. Since President Clinton signed his Economic Plan into law, the poverty rate has declined from 15.1 percent in 1993 to 13.7 percent last year -- that's the biggest three-year drop in the poverty rate in a decade.

- **The African-American Poverty Rate Dropped To Its Lowest Level In History.** In 1996, the African-American poverty rate declined from 29.3 percent to 28.4 percent -- that's its lowest level recorded since data were first collected in 1959. Since 1993, the African-American poverty rate has dropped from 33.1 percent to 28.4 percent -- that's the largest three-year drop in African-American poverty in nearly 30 years (1967-1970).

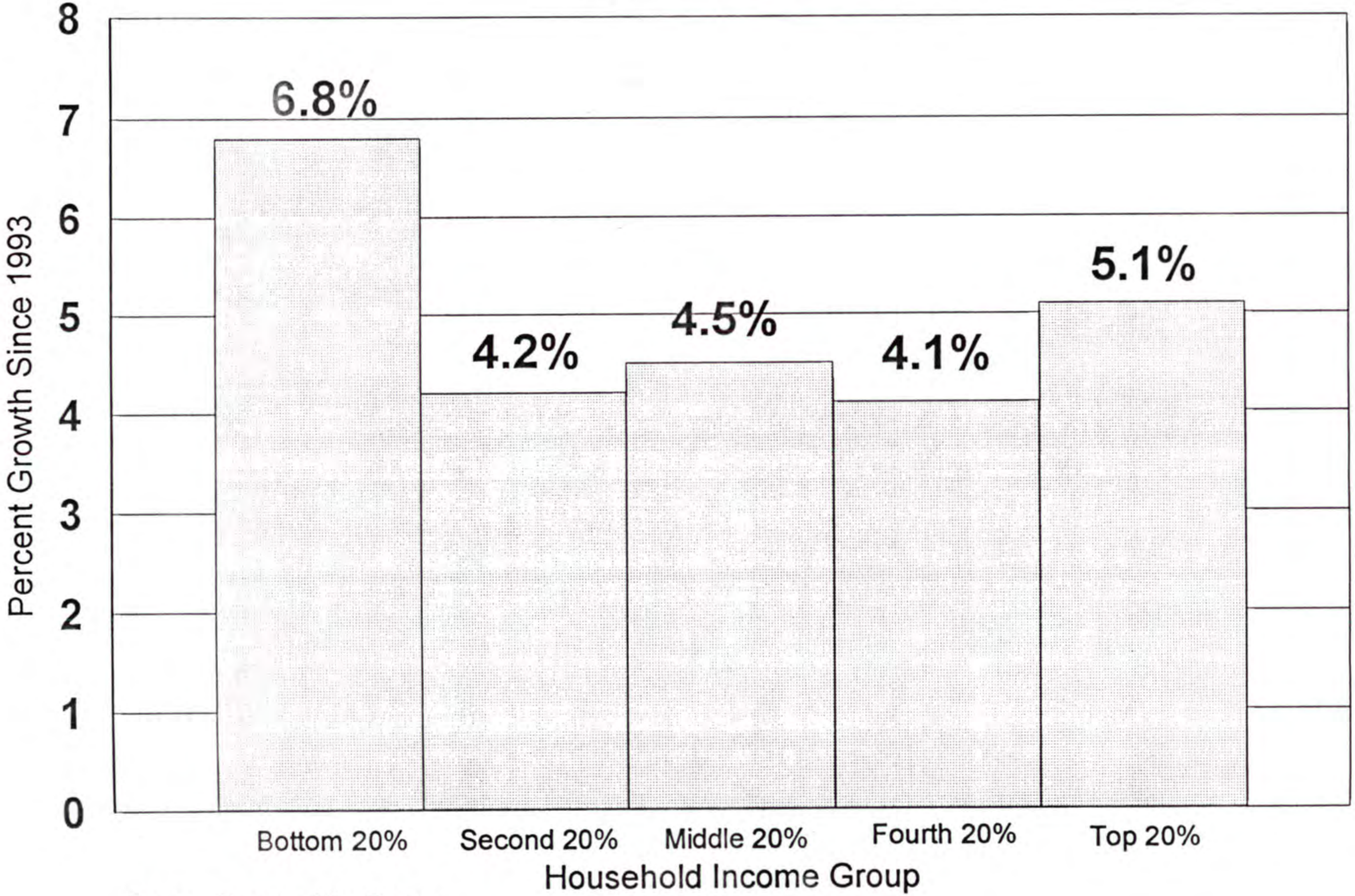
- **Under President Clinton, Largest Three-Year Drop in Child Poverty Since 1960s.** In 1996, the child poverty rate declined from 20.8 percent to 20.5 percent. Since President Clinton signed his Economic Plan into law, the child poverty rate has declined from 22.7 percent to 20.5 percent -- that's the biggest three-year drop in nearly 30 years (1966-1969).

- **Child Poverty Among African-Americans Down To Lowest Level in More Than 20 Years.** In 1996, the African-American child poverty rate fell from 41.9 percent to 39.9 percent -- its lowest level since 1974. Since 1993, the child poverty rate among African-Americans has dropped from 46.1 percent to 39.9 percent -- that's the biggest three-year drop on record.

- **4.3 Million People Lifted Out of Poverty By EITC -- Double The Number in 1993.** In 1993, President Clinton expanded the Earned Income Tax Credit, providing a tax cut for low-income working families. In 1996, the EITC lifted 4.3 million people out of poverty -- that's 2.2 million more people than were lifted out of poverty by the EITC in 1993.

- **More Children In Working Families Without Health Insurance.** The number of Americans without health insurance increased by 1.1 million to 41.7 million in 1996. Nearly three-quarters of this increase was due to a rise in the number of uninsured children (up 800,000), most of whom (500,000) were above the poverty line. These are precisely the kids who will benefit from the $24 billion investment in children's health care the President signed into law in August -- the biggest children's health care investment since the enactment of Medicaid in 1965.

Growing Together: 1993-1996



Source: Bureau of the Census.