



The Earned Income Tax Credit & the Child Tax Credit:

Critical support for rural working families

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The Earned Income Tax Credit (EITC) and Low-Income Child Tax Credit (CTC)

- The EITC and CTC are **refundable** tax credits for low- and moderate-income working families, which together **lift 9.4 million people out of poverty**.
- **Average EITC benefit was over \$3,000** for a family with children in 2013.
- The CTC is worth up to **\$1,000 per child**.
- Children in families receiving income boosts from these tax credits have **better health and perform better in school**, research suggests.



Working-Family Tax Credits Help at Every Stage of Life

The Earned Income Tax Credit (EITC) and Child Tax Credit (CTC) not only reward work and reduce poverty for low- and moderate-income working families with children, but a growing body of research shows that they help families at virtually every stage of life:



Improved infant and maternal health



Better school performance



Greater college enrollment



Increased work and earnings in the next generation



Social Security retirement

Note: For further details on the research, see Chuck Marr, Chye-Ching Huang, and Arloc Sherman, “Earned Income Tax Credit Promotes Work, Encourages Children’s Success at School, Research Finds,” CBPP



EITC and CTC Boost Economic Security of Rural Working Families

- About **4.8 million rural working households** receive the EITC, the low-income portion of the CTC, or both.
- They lifted **1.1 million** people in rural communities out of poverty
 - and another **2.4 million** closer to the poverty line.



EITC and CTC Boost Economic Security of Rural Working Families

- Nationwide, eligible **rural filers are more likely to claim the EITC and low-income CTC than urban filers are.**
- These tax credits were worth **\$14.4 billion** to rural communities in 2013.



Tax Credits For Rural Families At Risk if Lawmakers Fail to Act

- Unless Congress acts, key provisions of the EITC and CTC will expire at the end of 2017, eliminating all or part of the EITC, CTC, or both for **2.6 million rural families** now earning the credits.
- **1.6 million people** in rural areas would be pushed into, or deeper into, poverty.



Bottom Line: Opportunity – and risk – for the EITC/CTC

- Tax negotiations underway
- Business tax breaks expiring – some may be made permanent (others temporary)
- Critical opportunity to make the EITC/CTC improvements permanent
- Significant risk to the credits if the popular business breaks are made permanent, and tax credits for working families are left out.