BENEFITS OF PRESERVING & EXTENDING TAX CREDITS FOR FAMILIES IN COLORADO

A Middle Class Prosperity Project Staff Report
Prepared for the State of Colorado

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I. Executive Summary

Billions of dollars of tax breaks are about to expire for both businesses and families. Congress is actively advancing a package of more than $400 billion worth of tax credits for some of the nation's largest corporations,[1] but tax breaks for families should also be part of that package. Critical parts of the Earned Income Tax Credit (EITC) and Child Tax Credit (CTC), tax credits that boost wages for low- and moderate-income working families, are set to expire soon. If they are not renewed, more than fifty million low-income Americans – including 25 million children – could see sharp cuts in their income, making it more difficult to make ends meet and, for some, triggering a fall into poverty.[2]

Families and communities in Colorado have a lot to lose if key provisions in these tax credits expire. Children and families will be pushed into poverty, full-time workers will lose tax credits, and Main Street businesses will suffer.

In 2017, three key tax provisions for working families will expire. First, married low-income workers will be subject to a larger marriage penalty. Second, families with three or more children will see their tax credits cut. Finally, families that earn between $3,000 and $14,600 – including full-time minimum wage workers – will lose access to key tax credits that help with the costs of raising children.[3] If these provisions expire, sixteen million people will be pushed into – or deeper into – poverty.[4]

These credits are important to Colorado families that work hard every day to make ends meet. Tax credits targeted at working families encourage people to get jobs and to stay in those jobs. The credits help people raise their earnings, help them pay for childcare and other expenses, and help lift families out of poverty. Tax credits also strengthen local economies as families put their dollars to work close to home in community businesses. If these tax credits expire, working families in every state in the nation will be harmed. This analysis focuses on the impact of expiring tax credits in Colorado, discussing in detail the impacts of these tax credits in the three largest metro areas in the state.[5] A complete set of figures for all metro areas in the state is included in Table 1.

Key findings of the report include:

1. ***Tens of thousands of Colorado families and children are at risk of losing tax credits.*** Statewide, 183,000 families and 318,000 children are at risk of losing tax credits if key provisions in the EITC or CTC expire. The expiration of these tax credits could push 264,000 people – including 129,000 children – into poverty in Colorado alone. Estimated losses by region include:
    - 94,000 families and 163,000 children in the Denver-Aurora-Lakewood metro area
    - 26,000 families and 44,000 children in the Colorado Springs metro area
    - 9,000 families and 16,000 children in the Fort Collins metro area
    - 24,000 families and 42,000 children in non-metro areas of the state.[6]

2. ***Cuts will cost middle- and low-income families with children the equivalent of months' worth of groceries, utility bills, or car repairs.*** If the tax credit provisions expire, the average Colorado family that currently receives the benefit will lose about

$950 a year. That's enough for a single mother with two children to buy about seven weeks' worth of groceries, cover the cost of needed car repairs, or pay about three months' worth of utility bills.

3. ***Cuts will hurt the Colorado economy.*** Statewide, the expiration of these tax credits will mean a loss of $173 million that would have been spent in local businesses, helping to create jobs and drive economic growth throughout the region. Lost tax credits by region include:
   - $89.0 million in the Denver-Aurora-Lakewood metro area
   - $24.2 million in the Colorado Springs metro area
   - $8.6 million in the Fort Collins metro area
   - $23.1 million in the non-metro areas of the state

4. ***Expanding the Earned Income Tax Credit would help 174,000 Colorado families and individuals, and boost the local economy by another $97.4 million.*** In addition to preventing the expiration of important tax credits, Congress has the opportunity to go further and expand the EITC for low-income workers. Estimated benefits by region include:
   - 87,000 workers in the Denver-Aurora-Lakewood metro area (providing another $48.5 million in benefits)
   - 26,000 workers in the Colorado Springs metro area (providing another $14.5 million in benefits)
   - 9,000 workers in the Fort Collins metro area (providing another $5.0 million in benefits)
   - 23,000 workers in the non-metro areas of the state (providing another $13.0 million in benefits)

   In addition, the maximum tax credit for the Child Tax Credit has not been increased since 2001 and continues to lose value each year. If Congress indexed this credit for inflation, the size of this benefit would keep pace with changes in the economy and the benefits both to families and to different regions in Colorado would be significant.

II. Introduction

Tax credits like the EITC and the CTC encourage work and raise earnings. They are restricted to people who work and designed so that the size of benefits grows with earnings. As a result, they have a powerful effect on the incentive to work: refundable tax credits for workers increase recipients' participation in the labor force, result in higher earnings for low-income families, and reduce income inequality.[7]

Children experience lasting benefits from working-family tax credits. Children in families that receive these credits are more likely to be born healthier,[8] to score higher in math and reading, to enroll in college,[9] and to earn more as adults.[10]

The combined effects of the EITC and CTC lifted 9.4 million Americans out of poverty in 2013. Five million of these Americans – more than half of all those lifted out of poverty – were children. Credits also reduced the impact of poverty for 22.2 million more people, including 8.1 million children. The EITC and CTC do more to lessen the impact of child poverty than any other federal program.[11]

In 2009, as families continued to feel the ripple effects of the financial crisis, lawmakers took important steps to strengthen the EITC and the CTC to offset some of the impact of the recession on working families. Lawmakers raised the earnings threshold at which the credit begins to phase out for married couples so that low-income workers wouldn't be penalized for being married. Recognizing that larger families face higher costs, lawmakers also increased the maximum credit for families with three or more children. Finally, Congress lowered the earnings threshold for qualifying for the child tax credit from $12,500 to $3,000 to help lower-income families. If this provision expires, the earnings threshold would rise again to $14,600, which would mean that the lowest wage workers could not qualify for the credit. These tax credit provisions have been extended twice, in late 2010 and then again in the 2011 "fiscal cliff" deal, but they are set to expire at the end of 2017 if lawmakers do not make them permanent.

If current tax credits expire, millions of low-income working families will pay the price. About 65 percent of families facing loss of tax credits include at least one full-time, year-round worker.[12] Specifically, if Congress does not extend these tax credits:

- Low-income workers who get married will be subject to a larger marriage penalty.
- Families with three or more children will see their benefits cut.
- The lowest-income families would lose access to child tax credits.

In reviewing tax credits, Congress also has an opportunity to expand the EITC for the only group of workers pushed further into poverty by federal taxation: workers without children. When working full time at the minimum wage, these workers receive a miniscule credit (about $23), which is far exceeded by payroll taxes and other taxes they pay.[13] Bills now under consideration in Congress would expand eligibility for the EITC to a larger group of childless workers and would also increase the size of the tax credit they can claim.[14] Many of the workers benefiting from these changes, which also lower the age eligibility for the EITC from 25 to 21, are young adults. Boosting the economic prospects of young workers would mean developing more economic security earlier in life and providing an economic stimulus to the communities where they live.

Despite increases in the cost of living, the Child Tax Credit has not changed since 2001. Congress could index the size of this credit, which went to about 267,000 families in Colorado in 2013, in order to ensure that it keeps pace with changes in the economy. Bills now in Congress would help many of these families by ensuring that the size of the credit keeps up with the cost of living.[15]

III. Methodology:

This analysis focuses on the impacts of expiring EITC and CTC provisions in Colorado, and includes – for the first time – estimates of the impact in each Colorado metropolitan area. Metropolitan area estimates of the number of families and individuals benefiting from expiring EITC/CTC provisions, as well as from expansions to the EITC, are derived from state-level estimates produced by Citizens for Tax Justice and IRS tax data made available by the Brookings Institution.[16] Many metropolitan areas cross state boundaries. This report includes data on all residents of all metropolitan areas that include any part of Colorado.

IV. Findings

1. ***Tens of thousands of Colorado families and children are vulnerable to cuts in antipoverty tax credits.***

   In Colorado, 183,000 families and 318,000 children are at risk of losing tax credits if key provisions in the EITC or CTC are allowed to expire.[17] The expiration of these tax credits could push 264,000 people, including 129,000 children, into poverty.[18]

   Expiring provisions in the EITC and CTC will hit about 94,000 families and 163,000 children in the Denver-Aurora-Lakewood metro area, about 26,000 families and 44,000 children in the Colorado Springs metro area, about 9,000 families and 16,000 children in the Fort Collins metro area, and about 24,000 families and 42,000 children in non-metro areas of the state.

   The CTC expiration would affect the greatest number of families: approximately 65,000 in the Denver-Aurora-Lakewood metro area, 18,000 in the Colorado Springs metro area, 5,000 in the Fort Collins metro area, and 16,000 in non-metro areas of the state. Our analysis also estimates 43,000 families in the Denver-Aurora-Lakewood metro area, 13,000 families in the Colorado Springs metro area, 4,000 families in the Fort Collins metro area, and 11,000 families in non-metro areas of the state will be impacted by expiring EITC provisions.

2. ***Cuts will have a significant impact on middle- and low-income families with children***.

   If tax credit provisions are allowed to expire, Colorado families that receive at least one of the benefits will see their income drop by an average of about $950.[19] Family income will drop by an estimated $950 in the Denver-Aurora-Lakewood metro area, $950 per family in the Colorado Springs metro area, and $950 per family in the Fort Collins metro area. Families in the non-metro part of the state will lose about $950 per year.

   The average income lost by Colorado families when these tax-credit provisions expire is enough for a single mother with two children to buy about seven weeks' worth of groceries,[20] cover the cost of needed car repairs,[21] or pay about three months' worth of utility bills.[22]

Expiring provisions in the CTC will have the biggest impact, causing an estimated average income loss of $1,030 per recipient family in the Denver-Aurora-Lakewood metro area, $1,030 per recipient family in the Colorado Springs metro area, and $1,030 per recipient family in the Fort Collins metro area. Recipient families in non-metro parts of the state will lose about $1,030.

Cuts to the EITC alone will mean an estimated average income loss of $520 per recipient family in the Denver-Aurora-Lakewood metro area, $520 per recipient family in the Colorado Springs metro area, and $520 per recipient family in the Fort Collins metro area. Families in non-metro areas of the state will lose about $520.

3. ***The Colorado economy will suffer if tax credits expire.***

Working families who receive refundable tax credits create jobs in their communities – more jobs than most tax credits or cuts because the income from these tax credits tends to be spent immediately by those who receive them.[23] EITC recipients spend half of their refunds immediately on items like car repair, furniture or appliance purchases, or child-related costs, funneling money into local businesses.[24]

Statewide, our analysis finds that the expiration of these tax credits will mean a loss of $173 million in money that otherwise would have been spent in local businesses, helping to create jobs and drive economic growth in the region. It will mean lost tax credits worth approximately $89.0 million in the Denver-Aurora-Lakewood metro area, $24.2 million in the Colorado Springs metro area, $8.6 million in the Fort Collins metro area, and $23.1 million in non-metro parts of the state.

4. ***Expansion of the Earned Income Tax Credit could help 174,000 Colorado families and individuals, and provide $97.4 million statewide in benefits.***[25]

In addition to preserving the current structure of refundable tax credits targeted at working families, Congress should go further and expand the EITC for workers without children. Currently, even when working full time at the minimum wage, these workers receive a very small credit (about $23). Because these small EITC benefits do not offset the cost of federal payroll taxes, childless workers are the only group of taxpayers that the federal tax system pushes deeper into poverty.[26] Children also benefit from this expansion of the EITC. Proposals lower the age eligibility for the EITC from 25 to 21, so many workers who would receive the tax credit are young adults. Additionally, boosting the economic prospects of young workers means they are better able to pass on these advantages to their children when they become parents, as well as contribute to economic growth for all in the communities where they live.

Expanding the EITC for childless workers could help 174,000 Colorado families and individuals, and provide $97.4 million statewide in tax credits. The Council of Economic Advisers estimates that a substantial portion of the workers benefiting from this type of EITC expansion would be African-American and Latino men, particularly those without a college education. Expanding the EITC would also encourage labor force participation in these groups, which were hard hit by the recession.[27]

Our analysis finds that this expansion would benefit approximately 87,000 workers in the Denver-Aurora-Lakewood metro area (providing another $48.5 million in benefits), 26,000 workers in the Colorado Springs metro area (providing another $14.5 million in benefits), 9,000 workers in the Fort Collins metro area (providing another $5.0 million in benefits), and 23,000 workers in non-metro areas of the state (providing another $13.0 million in benefits).

Even the modest benefit expansions proposed by bills now under consideration in Congress would go a long way toward helping workers make ends meet.[28] Childless workers in Colorado would see an average tax credit of $560 from an EITC expansion, which would pay for about eight weeks' worth of groceries or about two months' worth of utility bills.[29]

Finally, indexing the maximum size of the Child Tax Credit to inflation would ensure that this benefit keeps pace with the economy. In Colorado, about 267,000 families received the low-income part of the CTC in 2013, but the maximum value of this credit (currently $1,000) has not changed since 2001 and continues to erode in value.

V. Conclusion

Colorado families work hard every day to make ends meet. The Earned Income Tax Credit and the refundable Child Tax Credit help families put food on the table, buy school supplies, and pay monthly bills. Evidence shows these tax credits also produce lasting health, education, and earnings benefits for families and children. Tax credits strengthen local economies as families put their dollars to work close to home in community businesses.

Families and communities in Colorado will be hit hard if key provisions in these tax credits expire. Children and families will be pushed into poverty, full-time workers will lose tax credits, and Main Street businesses will suffer. As Congress considers $400 billion worth of permanent tax breaks for corporations, legislators should also permanently strengthen and extend tax credits for working families.

Table 1: Impact of Preserving and Extending Tax Credits for Low-Income Families in Colorado

Metro Area	# of families benefiting from expiring EITC and CTC reforms	# of kids in these families	Total economic value $ (millions)	# of families and individuals benefiting from EITC expansion	Total economic value of EITC expansion $ (millions)
Denver-Aurora-Lakewood, CO	94,000	163,000	89.0	87,000	48.5
Colorado Springs, CO	26,000	44,000	24.2	26,000	14.5
Fort Collins, CO	9,000	16,000	8.6	9,000	5.0
Boulder, CO	8,000	13,000	7.2	7,000	4.0
Greeley, CO	10,000	17,000	9.5	9,000	5.3
Pueblo, CO	7,000	13,000	6.8	8,000	4.2
Grand Junction, CO	5,000	9,000	4.8	5,000	2.9
Non-metro areas of CO	24,000	42,000	23.1	23,000	13

[1] In September 2015, the House Ways and Means Committee approved bills with permanent tax breaks for business that cost $409 billion over the next decade (H.R. 1430, H.R. 961, H.R. 2510, H.R. 765). Joint Committee on Taxation estimates from: JCX-118-15, JCX-120-15, JCX-122-15, JCX-124-15 (online at https://www.jct.gov/publications.html?func=select&id=74).

[2] Chuck Marr, Bryann Dasilva, and Arloc Sherman, *Letting Key Provisions of Working-Family Tax Credit Credits Expire Would Push 16 Million People Into or Deeper into Poverty,* Center on Budget and Policy Priorities (September 11, 2015) (online at http://www.cbpp.org/research/federal-tax/letting-key-provisions-of-working-family-tax-credits-expire-would-push-16).

[3] The Bureau of Labor Statistics defines "full time worker" as someone who works 35 hours or more per week. A worker earning the federal minimum wage of $7.25/hour and working 35 hours a week would earn $13,195 annually.

[4] Chuck Marr, Bryann Dasilva, and Arloc Sherman, *Letting Key Provisions of Working-Family Tax Credit Credits Expire Would Push 16 Million People Into or Deeper into Poverty,* Center on Budget and Policy Priorities (September 11, 2015) (online at http://www.cbpp.org/research/federal-tax/letting-key-provisions-of-working-family-tax-credits-expire-would-push-16).

[5] Metro area boundaries are defined by the Census Bureau (http://www.census.gov/population/metro/). Metro areas are composed of counties, and may cross state lines. (https://www.whitehouse.gov/sites/default/files/omb/assets/fedreg_2010/06282010_metro_standards-Complete.pdf). This report includes data on all metro areas that include any county located in the state.

[6] Because some metro areas cross state boundaries, metro area totals may include EITC and CTC recipients from multiple states and may add up to more than the statewide totals.

[7] For a review of academic research on the EITC, including labor market effects, see: V. Joseph Hotz and John Karl Scholz, 2003. "The Earned Income Tax Credit." In Moffitt, Robert A. (ed.), *Means-Tested Transfer Programs in the United States*, 141–198. University of Chicago Press, Chicago, IL (online at http://www.nber.org/chapters/c10256.pdf). An updated review of research published since 2003 is discussed in: Austin Nichols and Jesse Rothstein, 2015, "The Earned Income Tax Credit (EITC)," NBER Working Paper No. 21211 (online at http://www.nber.org/papers/w21211.pdf). Thomas Hungerford, 2010, "The Redistributive Effect of Selected Federal Transfer and Tax Provisions." *Public Finance Review* 38: 450-472. Although the refundable portion of the CTC is a newer program and less academic research has directly evaluated this policy, the structure of the CTC is similar to the EITC (most notably, eligibility depends on earned income and benefits phase in as earnings increase).

[8] Hilary W. Hoynes, Douglas L. Miller, and David Simon. 2012. "Income, the Earned Income Tax Credit, and Infant Health," NBER Working Paper No. 18206 (online at http://www.nber.org/papers/w18206.pdf). Naci Mocan, Christian Raschke, and Bulent Unel. 2013. "The Impact of Mothers' Earnings on Health Inputs and Infant Health," NBER Working Paper No. 19434 (online at http://www.nber.org/papers/w19434). Kate W. Strully, David H. Rehkopf, and Ziming Xuan. 2010. "Effects of Prenatal Poverty on Infant Health: State Earned Income Tax Credits and Birth Weight." *American Sociological Review* 75: 534-562.

[9] Raj Chetty, John N. Friedman, and Jonah Rockoff. 2011. "New Evidence on the Long-Term Impact of Tax Credits." IRS Statistics of Income Paper Series (November 2011) (online at https://www.irs.gov/pub/irs-soi/11rpchettyfriedmanrockoff.pdf). Gordon B. Dahl, and Lance Lochner. 2012. "The Impact of Family Income on Child Achievement: Evidence from the Earned Income Tax Credit." *American Economic Review* 102: 1927-56. Michelle Maxfield. 2013. "The Effects of the Earned Income Tax Credit on Child Achievement and Long-Term Educational Achievement." Working Paper (November 14, 2013) (online at http://econ.msu.edu/seminars/docs/20131114%20Maxfield%20EITC%20Child%20Education.pdf). Dayanand S. Manoli and Nicholas Turner. 2014. "Cash-on-Hand and College Enrollment: Evidence from Population Tax Data and Policy Nonlinearities." NBER Working Paper No. 19836 (online at http://www.nber.org/papers/w19836).

[10] Raj Chetty, John N. Friedman, and Jonah Rockoff. 2011. "New Evidence on the Long-Term Impact of Tax Credits." IRS Statistics of Income Paper Series (November 2011) (online at https://www.irs.gov/pub/irs-soi/11rpchettyfriedmanrockoff.pdf). Greg J. Duncan, Kathleen M. Ziol-Guest,

and Ariel Kalil, 2010, "Early-Childhood Poverty and Adult Attainment, Behavior, and Health." *Child Development* 81: 306-325.
[11] Chuck Marr, Chye-Ching Huang, Arloc Sherman, and Brandon Debot*, EITC and Child Tax Credit Promote Work, Reduce Poverty, and Support Children's Development, Research Finds*, Center on Budget and Policy Priorities (October 1, 2015) (online at http://www.cbpp.org/research/federal-tax/eitc-and-child-tax-credit-promote-work-reduce-poverty-and-support-childrens).
[12] Chuck Marr, Bryann Dasilva, and Arloc Sherman, *Letting Key Provisions of Working-Family Tax Credit Credits Expire Would Push 16 Million People Into or Deeper into Poverty,* Center on Budget and Policy Priorities (September 11, 2015) (online at http://www.cbpp.org/research/federal-tax/letting-key-provisions-of-working-family-tax-credits-expire-would-push-16).
[13] Chuck Marr and Chye-Ching Huang, *Strengthening the EITC for Childless Workers Would Promote Work and Reduce Poverty*, Center on Budget and Policy Priorities (February 20, 215) (online at http://www.cbpp.org/research/strengthening-the-eitc-for-childless-workers-would-promote-work-and-reduce-poverty).
[14] S. 1012 (Working Families Tax Relief Act of 2015), H.R. 902 (Earned Income Tax Credit Improvement and Simplification Act 2015), H.R. 3005 (Julia Carson Responsible Fatherhood and Healthy Families Act of 2015) and H.R. 2721 (Pathways Out of Poverty Act of 2015), S.473 (SONG Act), S.1994 (TRAFFIC Relief Act).
[15] S.1012 and H.R.902 both contain provisions to index the maximum value of the CTC to inflation.
[16] Our analysis estimates the number of beneficiaries in each metro area by adjusting CTJ's figures on the number of families and children benefiting from EITC and CTC reforms in each state and using IRS data on the share of a state's EITC and refundable CTC filers living in each county. IRS data at the county level is made available by the Brookings Institution (http://www.brookings.edu/research/interactives/eitc). Citizens for Tax Justice, *Making the EITC and CTC Expansions Permanent Would Benefit 13 Million Working Families* (February 20, 2015) (online at http://ctj.org/ctjreports/2015/02/making_the_eitc_and_ctc_expansions_permanent_would_benefit_13_million_working_families.php#.VhVIhytmoms). CTJ's estimates of the effects of expanding the EITC for childless workers models the impact of the Working Families Tax Relief Act of 2015, which increases the maximum benefit for childless workers from $503 to $1,400 and lowers the eligibility age of childless workers from 25 to 21. Citizens for Tax Justice, *Proposed Expansion of EITC to Childless Workers Would Benefit 10.6 Million Individuals and Families* (March 4, 2015) (online at (http://ctj.org/ctjreports/2015/03/proposed_senate_expansion_of_eitc_to_childless_workers_would_benefit_106_million_individuals_and_fam.php#.Vio3NCtmoms).
[17] Citizens for Tax Justice, *Making the EITC and CTC Expansions Permanent Would Benefit 13 Million Working Families* (February 20, 2015) (online at http://ctj.org/ctjreports/2015/02/making_the_eitc_and_ctc_expansions_permanent_would_benefit_13_million_working_families.php#.VhVIhytmoms).
[18] Chuck Marr, Bryann Dasilva, and Arloc Sherman, *Letting Key Provisions of Working-Family Tax Credit Credits Expire Would Push 16 Million People Into or Deeper into Poverty,* Center on Budget and Policy Priorities (September 11, 2015) (online at http://www.cbpp.org/research/federal-tax/letting-key-provisions-of-working-family-tax-credits-expire-would-push-16).
[19] Citizens for Tax Justice, *Making the EITC and CTC Expansions Permanent Would Benefit 13 Million Working Families* (February 20, 2015) (online at http://ctj.org/ctjreports/2015/02/making_the_eitc_and_ctc_expansions_permanent_would_benefit_13_million_working_families.php#.VhVIhytmoms).
[20] Grocery costs for the USDA's "low-cost plan" estimates for a family of three (one parent between the ages of 19 and 50 and two children, 2-3 years and 6-8 years) are $130.52. "Official USDA Food Plans: Cost of Food at Home at Four Levels, U.S. Average, August 2015," (September 2015) (online at http://www.cnpp.usda.gov/sites/default/files/CostofFoodAug2015.pdf).
[21] Ruby Mendenhall, Kathryn Edin, Susan Crowley, Jennifer Sykes, Laura Tach, Katrin Katz, and Jeffrey R. Kling, 2012, "The Role of the Earned Income Tax Credit in the Budgets of Low-Income Households*."* *Social Service Review* 86: 367-400. Ungated version online at: http://users.nber.org/~kling/eitc.pdf. The Bureau of Labor Statistics' Consumer Expenditure Survey reports that Americans spend about $835 a year on "maintenance and repairs" for vehicles. BLS, Table 1800: Region of Residence: Average Annual

Expenditures and Characteristics, Consumer Expenditure Survey, 2013-2014 (online at http://www.bls.gov/cex/2014/region/region.pdf).

[22] "Utilities, fuels, and public services" category from: BLS, Table 1800: Region of Residence: Average Annual Expenditures and Characteristics, Consumer Expenditure Survey, 2013-2014 (online at http://www.bls.gov/cex/2014/region/region.pdf).

[23] Andrew Goodman-Bacon and Leslie McGranahan, 2008, "How Do EITC Recipients Spend Their Refunds?" Federal Reserve Bank of Chicago's *Economic Perspectives* 32: 17-32 (online at https://www.chicagofed.org/publications/economic-perspectives/2008/2qtr2008-part2-goodman-etal).

[24] Ruby Mendenhall, Kathryn Edin, Susan Crowley, Jennifer Sykes, Laura Tach, Katrin Katz, and Jeffrey R. Kling, 2012, "The Role of the Earned Income Tax Credit in the Budgets of Low-Income Households." *Social Service Review* 86: 367-400. Ungated version online at: http://users.nber.org/~kling/eitc.pdf. Because low-income individuals are more likely to be credit-constrained, they are more likely to spend tax refunds quickly. Spending on low-income households through tax cuts or transfer payments are more effective forms of economic stimulus than spending on higher-income households. CBO, *Options for Responding to Short-Term Economic Weakness* (Jan. 2008) (online at https://www.cbo.gov/sites/default/files/110th-congress-2007-2008/reports/01-15-econ_stimulus.pdf). Alan S. Blinder and Mark Zandi, *The Financial Crisis: Lessons for the Next One* (Oct. 15, 2015) (online at http://www.cbpp.org/research/economy/the-financial-crisis-lessons-for-the-next-one).

[25] Citizens for Tax Justice, *Proposed Expansion of EITC to Childless Workers Would Benefit 10.6 Million Individuals and Families* (March 4, 2015) (online at http://ctj.org/ctjreports/2015/03/proposed_senate_expansion_of_eitc_to_childless_workers_would_benefit_106_million_individuals_and_fam.php#.VkINcb9moms).

[26] Chuck Marr and Chye-Ching Huang, *Strengthening the EITC for Childless Workers Would Promote Work and Reduce Poverty*, Center on Budget and Policy Priorities (February 20, 215) (online at http://www.cbpp.org/research/strengthening-the-eitc-for-childless-workers-would-promote-work-and-reduce-poverty).

[27] Executive Office of the President and the U.S. Treasury Department, *The President's Proposal to Expand the Earned Income Tax Credit* (Mar. 2014) (online at https://www.whitehouse.gov/sites/default/files/docs/eitc_report_0.pdf).

[28] S. 1012 (Working Families Tax Relief Act of 2015), H.R. 902 (Earned Income Tax Credit Improvement and Simplification Act 2015), H.R. 3005 (Julia Carson Responsible Fatherhood and Healthy Families Act of 2015) and H.R. 2721 (Pathways Out of Poverty Act of 2015), S.473 (SONG Act), S.1994 (TRAFFIC Relief Act).

[29] The USDA estimates that the "low-cost plan" for a male, age 19-50, costs $67.08 a week (http://www.cnpp.usda.gov/sites/default/files/CostofFoodAug2015.pdf). "Utilities, fuels, and public services" category from: BLS, Table 1800: Region of Residence: Average Annual Expenditures and Characteristics, Consumer Expenditure Survey, 2013-2014 (online at http://www.bls.gov/cex/2014/region/region.pdf).