



## Summary of Mayor Bloomberg's Proposed Expansion of the Federal Earned Income Tax Credit

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To increase income, employment and child support collections for low-income families, non-custodial parents, and singles without children, Mayor Bloomberg proposes the following changes to the federal EITC:

- **Significantly increase the EITC benefit for working individuals without qualifying children (includes singles without children and non-custodial parents) to encourage work and make work pay.**

*Proposal.* Lower the qualifying age for working individuals without qualifying children to 21 (from 25), increase the phase-in/out rate to 15.3% (from 7.65%), the maximum benefit to \$1,236 (from \$412), and the maximum income to qualify to \$18,040 (from \$12,120).

*Example.* A working individual without qualifying children who earns \$11,000 would receive \$1,083 in federal EITC benefits, compared to \$86 under current law.

- **Remove the existing marriage penalty.**

*Proposal.* Currently, both parents' earnings are counted when calculating the EITC, whereas only one parent's income is counted in unmarried families. As a result, married families receive significantly less in EITC benefits than unmarried couples with children – "the marriage penalty". To eliminate the marriage penalty, the parent who claims the children will receive the current EITC rates for families and the other parent will be eligible for the single rates (outlined above). Working married couples without children will be allowed to file for the EITC individually under the single rates (outlined above).

*Example.* A married family with one child who earns \$22,000 jointly (\$11,000 for each parent) would be eligible for \$3,700 in federal EITC benefits, compared to roughly \$1,598 under the current EITC.

*Example:* A married couple without children who earns \$22,000 jointly (\$11,000 each) would be eligible for a combined EITC of roughly \$2,000 under the expanded EITC, compared to \$0 under the current law.

- **Implement a work requirement to encourage work.**

*Proposal.* Individuals without qualifying children and at least one parent in married families with children will be required to work 30 hours per week for at least half of the year (26 weeks). Singles and married couples without qualifying children who do not meet the work requirement will receive no EITC and married families with children not meeting the work requirement will not be eligible for the marriage penalty relief, but would still be eligible under the current EITC rates for families with children.

- **Ensure that no deadbeat dads benefit from the proposed EITC policy.**

*Proposal.* To encourage child support payments and ensure that the EITC is not subsidizing fathers who are not paying, we propose that the IRS check federal child support enforcement data prior to providing the credit, similar to what is currently implemented in New York State. Non-custodial parents (usually fathers) who are not current on their child support will not be eligible for the EITC.

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