

The Increased Antipoverty Effects of the Expanded Childless Earned Income Tax Credit in 2021

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The 2021 American Rescue Plan (ARP) made numerous changes to antipoverty policies that provide income support to individuals and families experiencing a period of poverty or low income. One such policy was the portion of the Earned Income Tax Credit (EITC) available for childless tax filers (hereafter, childless EITC).¹

Historically, the childless EITC was a small credit, with a maximum value of \$500, and available only to workers in a very narrow income band: the maximum credit was available to workers beginning at \$7,100 in annual income and began to phase out for single filers at \$8,800 and for married filers at \$14,820. The ARP increased the maximum credit to just over \$1,500, approximately tripling the childless EITC for 2021. It also expanded the income band for those eligible: making single filers with incomes up to \$11,610 and married filers with incomes up to \$17,550 eligible for the full credit.²

This fact sheet compares the poverty rates of childless adults in a period before the expansion: 2019, with poverty rates in the year of the expansion: 2021. Table 1 focuses on two groups of childless adults who face high poverty rates: young adults aged 18-34, and the narrower subset of these young adults aged 18-24. For both age groups, Table 2 provides results by race and ethnicity and by education level. For all childless adults, but especially for young adults, the temporary expansion of the childless EITC enhanced its antipoverty effects.

Table 1. Effect of childless Earned Income Tax Credit on adult and young adult poverty rates

		Poverty Rate		Poverty Reduction	
		No EITC	With EITC	Percentage Point	Percent Change
All Childless Adults	2019	12.4%	12.3%	0.1 p.p.	1.0%
	2021	10.3%	10.0%	0.3 p.p.	3.3%
All Childless Young Adults (18-34)	2019	13.6%	13.3%	0.3 p.p.	2.0%
	2021	10.9%	10.2%	0.7 p.p.	6.0%
All Childless Young Adults (18-24)	2019	18.6%	18.0%	0.6 p.p.	3.3%
	2021	14.6%	13.6%	1.0 p.p.	7.2%

Source: Produced by the Center on Poverty and Social Policy (povertycenter.columbia.edu) using the 2022 and 2020 CPS ASECs, retrieved from IPUMS-CPS, University of Minnesota (ipums.org).

¹ Here, ‘childless’ refers to adults who do not claim qualifying children on their tax return; some do not have children, but others may have children who live with them for less than six months out of the year, have children but do not have custody of them, or live with non-biological children who they cannot claim for tax purposes.

² It also increased the rate at which the credit phases out; see Crandall-Hollick, M.L. (2022) [The “Childless” EITC: Temporary Expansion for 2021 Under the American Rescue Plan Act of 2021 \(ARPA; P.L. 117-2\)](#). CRS Insight IN11610. Washington DC: Congressional Research Service.

Table 2: Effect of childless Earned Income Tax Credit on young adult poverty rates, by race/ethnicity and education

Race/Ethnicity		All Childless Young Adults 18-34				All Childless Young Adults 18-24			
		Poverty Rate		Poverty Reduction		Poverty Rate		Poverty Reduction	
		No EITC	With EITC	Percentage Point	Percent Change	No EITC	With EITC	Percentage Point	Percent Change
Asian, Non-Latino	2019	17.3%	16.8%	0.5 p.p.	2.8%	29.4%	28.1%	1.3 p.p.	4.5%
	2021	17.0%	16.4%	0.6 p.p.	3.8%	28.2%	26.9%	1.3 p.p.	4.5%
Black, Non-Latino	2019	19.8%	19.6%	0.2 p.p.	1.0%	25.4%	24.9%	0.5 p.p.	1.9%
	2021	13.6%	13.1%	0.5 p.p.	3.8%	16.6%	15.9%	0.7 p.p.	4.2%
Latino	2019	16.5%	15.8%	0.7 p.p.	4.2%	21.3%	19.9%	1.4 p.p.	6.2%
	2021	14.7%	13.6%	1.1 p.p.	7.5%	18.1%	16.2%	1.9 p.p.	10.2%
White, Non-Latino	2019	10.2%	10.1%	0.1 p.p.	0.8%	14.1%	14.0%	0.1 p.p.	1.3%
	2021	8.1%	7.5%	0.6 p.p.	6.8%	11.2%	10.4%	0.8 p.p.	7.4%
Education Less than High School	2019	23.1%	22.4%	0.7 p.p.	3.3%	21.4%	20.3%	1.1 p.p.	5.1%
	2021	20.6%	19.5%	1.1 p.p.	5.5%	17.2%	15.8%	1.4 p.p.	8.3%
High School Diploma or GED	2019	16.7%	16.4%	0.3 p.p.	1.6%	17.2%	16.8%	0.4 p.p.	2.7%
	2021	13.1%	12.2%	0.9 p.p.	6.5%	14.1%	12.9%	1.2 p.p.	8.1%
Some College, No Degree	2019	17.5%	16.9%	0.6 p.p.	3.3%	—	—	—	—
	2021	12.8%	11.7%	1.1 p.p.	8.7%	—	—	—	—
Associate's Degree	2019	10.2%	10.2%	0.0 p.p.	0.7%	—	—	—	—
	2021	9.1%	8.7%	0.4 p.p.	3.9%	—	—	—	—
Bachelor's Degree or Higher	2019	8.0%	7.9%	0.1 p.p.	0.7%	—	—	—	—
	2021	6.8%	6.6%	0.2 p.p.	3.1%	—	—	—	—

Source: Produced by the Center on Poverty and Social Policy (povertycenter.columbia.edu) using the 2022 and 2020 CPS ASECs, retrieved from IPUMS-CPS, University of Minnesota (ipums.org). We only show two education groups for young adults aged 18-24 given that large percentages of this group are still completing education.

Note: Totals may not sum exactly due to rounding.

Methods

To calculate the effects of the childless EITC, we used data from the 2020 and 2022 Current Population Surveys' Annual Social and Economic Supplements (CPS-ASEC), which cover calendar years 2019 and 2021, respectively. We accessed the data through the University of Minnesota's IPUMS website (cps.ipums.org). To identify childless tax units, we utilized Census tax unit identifiers, and selected tax units with no children under the age of 18 flagged as in the tax unit by the Census Bureau. We then calculated poverty rates for various groups of childless adults in both years, with and without counting resources from the EITC. For the 2020 CPS-ASEC, we used Census provided entropy weights to account for COVID-related nonresponse to that year's survey.

Conclusion

Refundable credits like the EITC provide meaningful income boosts for those who receive them. The ARP expansion resulted in a notable, but temporary, dip in annual poverty rates for childless young adults. The expansion expired after 2021, however, and the EITC reverted back to its standard form—with a lower maximum credit for childless adults—in 2022. Absent further policy interventions or strong improvements in the labor market, it is likely that poverty rates for this population group will also revert to prior levels in future.

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