CENTER ON POVERTY & SOCIAL POLICY at Columbia University

Antipoverty Effects of Washington DC CTC/EITC Expansions

Policy Simulation
December 2025

In response to a request from the Institute for Taxation and Economic Policy, this memo presents estimates of the antipoverty impacts associated with the recent expansion to the Washington D.C. Child Tax Credit (DC CTC) and Earned Income Tax Credit (DC EITC), as well as two additional options for expanding the DC CTC.

The most recent legislation passed by the Council of the District of Columbia (and subject to mayoral approval) would take effect in tax year 2025[1] and would:

1. Establish a DC CTC that provides a maximum credit of $1,000 per dependent child under the age of 18 and begins to phase out at a rate of 5% for joint filers with adjusted gross incomes (AGIs) exceeding $70,000 and for single/head of household filers with AGIs exceeding $55,000.[2] The DC CTC is also fully refundable and does not have earnings requirements.
2. Expand the DC EITC from an 85% to a full 100% match of the federal EITC for filers with children, and remain at a 100% match for filers without children.[3]

In addition to modeling the impacts of this new legislation on child poverty, we also model two additional expansions to the DC CTC, both of which retain the same phaseout structure, but increase the maximum credit:

- Option 1: Increase the maximum credit to $1,500 per child under age 18
- Option 2: Increase the maximum credit to $2,000 per child under age 18

In the absence of the new policy outlined in the Council's legislation, the DC EITC for families with children would have been calculated as 85% of the federal EITC in tax year 2025, and there would have been no DC CTC. As a result, we use the 85% EITC match as the "current policy" baseline to which we compare the impacts of the Council's legislation and the additional expansions to the DC CTC.

Table 1 presents the poverty impacts associated with the "current policy" DC EITC, the Council's legislation that is pending mayoral approval, and the two proposed additional expansions to the DC CTC described above.

The top row of **Table 1** presents our best estimates of current child poverty rates in Washington DC *before* accounting for any DC EITC or CTC policy. The second row shows the poverty rate *after* accounting for the "current" DC EITC policy for families with children, which is an 85% match of the federal EITC policy. The third row shows the poverty rate after accounting for the expansion to the DC EITC to 100% of the federal EITC policy in isolation. Rows 4 through 6 in **Table 1** present the poverty impacts associated with each of the proposed expansions described above, beginning with the Council's legislation (row 4), then increasing the DC CTC in the Council's legislation to $1,500 per child (row 4), and then to $2,000 per child (row 5).

[1] Credits established for tax year 2025 are claimable by those filing taxes in 2026 for their income from 2025.
[2] The DC CTC also has a separate income threshold of $35,000 for filers who are married and filing separately, but we are unable to account for this in the data.
[3] For tax year 2024, the DC EITC for families with children was equal to 70% of the federal EITC, but this was scheduled to increase to 85% of the federal EITC for the 2025 tax year. The recent legislation that is pending mayoral approval would further raise the match rate for tax year 2025 from 85% to 100% of the federal EITC. The DC EITC also has a slightly extended income eligibility range for filers without children.

Panel A presents the estimated impacts of these policies relative to the child poverty rate *before* accounting for the DC EITC policy (16.3%), and **Panel B** presents impacts relative to the poverty rates after accounting for the "current policy" DC EITC (14.7%). As to be expected, the policy package that combines a 100% match of the federal EITC with the largest CTC amount of $2,000 per child has the most substantial impact on poverty, with the potential to reduce poverty by nearly a third compared to the "current policy" baseline. Importantly, however, any of the below policy packages have the potential to move a substantial number of children out of poverty. This is due, in part, to the fact that the DC CTC would be fully refundable, ensuring that the families with the lowest incomes would be eligible to receive the credit.

Table 1. Predicted antipoverty impacts associated with new DC EITC/CTC and additional expansion options

		Panel A: Reduction Relative to No Policy		Panel B: Reduction Relative to "Current Policy"	
	Child Poverty Rate	**Percent Reduction**	**N Children Moved**	**Percent Reduction**	**N Children Moved**
(1) Without DC EITC	16.3%	-	-	-	-
(2) With "current policy" DC EITC (85% match of federal EITC)	14.7%	9.8%	2,100	-	-
(3) With DC EITC as 100% match of federal EITC*	14.5%	11.1%	2,300	1.4%	300
(4) With 100% match of federal EITC and $1,000 CTC per child under age 18	11.8%	27.9%	6,000	20.0%	3,800
(5) With 100% match of federal EITC and $1,500 CTC per child under age 18	11.4%	29.9%	6,300	22.3%	4,300
(6) With 100% match of federal EITC and $2,000 CTC per child under age 18	10.0%	38.9%	8,300	32.3%	6,200

* The effects of the expansion of the DC EITC to a 100% match of the federal EITC relative to the "current policy" should be interpreted with caution given that it is a smaller expansion compared to the proposed CTC expansions.
Based on population size estimate of 130,018 children in Washington DC (source: https://data.census.gov/table?q=washington+dc+dp05)
Note: Due to rounding, some estimates may not correspond with separate figures.

Estimates are based on the most recent available data from the American Community Survey (ACS).[4] All estimates reflect the estimated impact of these programs and the proposed expansions based on their value in 2025 dollars. The model behind these estimates does not account for possible behavioral responses to these policies or possible financing mechanisms, both of which could alter the results. The model assumes full take-up of these credits by eligible families. See the Methods section for additional information on the data and approach used to produce these estimates.

Methods

Data for this simulation are pooled from 3 years of the American Community Survey (2019, 2022, and 2023). We exclude the peak years of the COVID-19 pandemic to maintain a more consistent sample. The analysis compares household resources and poverty rates, measured using the Supplemental Poverty Measure, before and after including income associated with the proposed credits, which were calculated according to the described policies. The effects of federal and state Child Tax Credits as they are structured for 2025 were modeled for DC. This includes the latest version of the federal Child Tax Credit that increases

[4] Data for this simulation are pooled from 3 years of the American Community Survey (2019, 2022 and 2023). We exclude the peak years of the COVID-19 pandemic to maintain a more consistent sample.

the per-child maximum credit from $2,000 to $2,200 but retains the same phaseout structure per the budget reconciliation bill (H.R.1) that was passed in July 2025. Credit amounts and parameters were adjusted for inflation in each respective year to reflect their effects on the poverty rate according to their structure in 2025 and value in 2025 dollars. The model behind these estimates does not account for possible behavioral responses to these policies or possible financing mechanisms, both of which could alter the results. The model assumes full take-up of these credits by eligible families.

The ACS data used in this analysis were retrieved from IPUMS USA (Ruggles et al. 2025), including variables related to the Supplemental Poverty Measure developed by Fox, Pacas, and Glassman (2020). Estimates of poverty measured using the SPM typically rely on data from the Current Population Survey Annual Social and Economic Supplement (CPS ASEC) as the CPS ASEC includes the detailed income and program participation data required to construct the SPM. However, the ACS offers a substantially larger sample size and more granular geographic coverage than the CPS ASEC, making it well-suited for generating reliable estimates at the state and sub-state levels. We also adjusted the underlying ACS data to reflect our estimates of tax liabilities and credits. These are based on tax units constructed by the Center on Poverty and Social Policy.[5] Tax liabilities are estimated using NBER's TAXSIM.

As the CPS-ASEC is the official dataset used to measure poverty under the SPM, we designed a method to improve the alignment of ACS-based estimates with those from the CPS-ASEC. We apply a raking adjustment (iterative proportional fitting) to recalibrate the ACS person-level weights. This procedure adjusts the weights so that the marginal distributions of key variables – age group, race/ethnicity, sex, highest educational attainment in the household, and SPM poverty brackets – conform to corresponding distributions in the CPS-ASEC. By addressing differences in survey design, measurement, and coverage, this reweighting enhances the validity of ACS-based SPM estimates for use in state and small-area estimates or subgroup analyses.

[5] See Appendix A of Collyer et al. 2025 for a description of this construction.