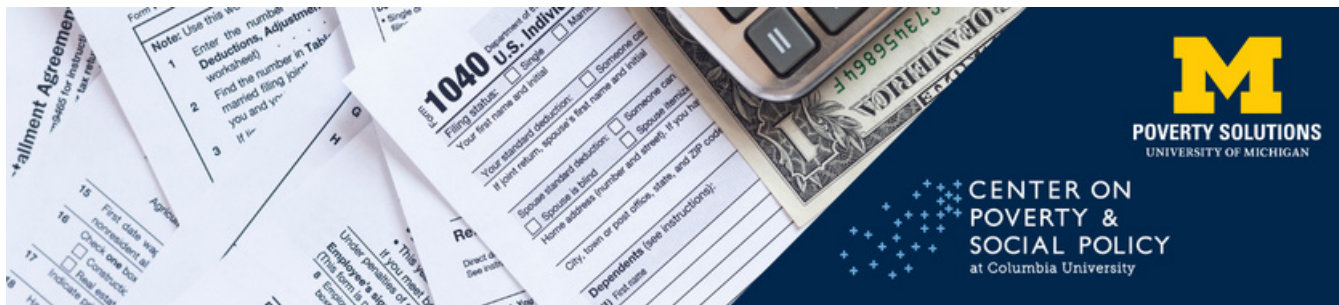




EXPANDING THE EARNED INCOME TAX CREDIT FOR CHILDLESS YOUNG ADULTS IMPROVES HOUSING SECURITY: EVIDENCE FROM THE 2021 AMERICAN RESCUE PLAN ACT

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KEY FINDINGS

The 2021 American Rescue Plan Act expanded the Earned Income Tax Credit (EITC) for childless adults by including young adults ages 19 to 24. In our study we find:

- The expansion reduced the likelihood that young adults were behind on their rent or mortgage payments by 29%, or about 55,000 young adults nationwide during tax season of 2022.
- Rates of overdue housing payments rose again after the expansion expired.
- The EITC also may have improved young adults' ability to pay for routine expenses and to have enough food to eat.

INTRODUCTION

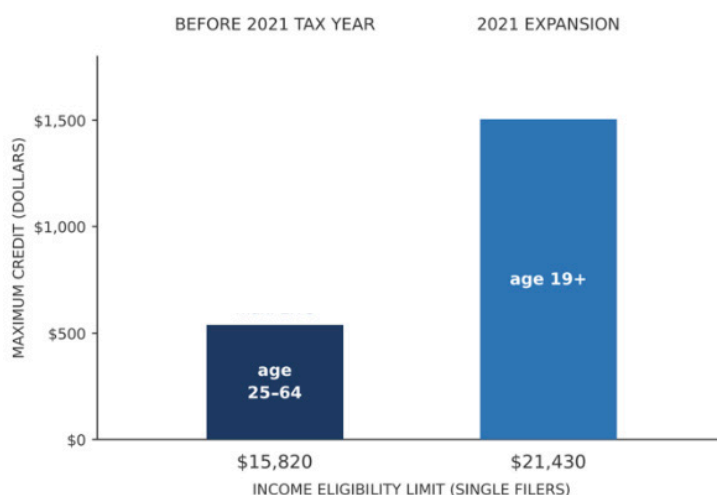
Young adults ages 18 to 24 in the United States face some of the highest poverty rates of any age group: 1 in 5 lives in poverty,¹ and over half have incomes below 200% of the poverty threshold (approximately \$32,000 for a one-person household in 2024).² High living costs and increasing difficulty securing stable full-time employment further complicate the transition from childhood to financial independence.³ Yet major tax and cash transfer programs, including the Earned Income Tax Credit (EITC), have historically excluded childless young adults.

The EITC is a refundable tax credit for low- and moderate-income workers that lifts about 4.4 million people above the poverty line each year.⁴ However, the EITC for workers without children — the so-called “childless EITC” — has historically been very limited.⁵ Before 2021, the maximum credit was only \$538 and was restricted to workers ages 25–64 with earned income below \$15,820.

In March 2021, the American Rescue Plan Act (ARPA) temporarily expanded the childless EITC for one year by:

1. nearly tripling the maximum credit from \$538 to \$1,502,
2. lowering the minimum age of eligibility from 25 to 19⁶ for non-student tax filers, and
3. raising the income eligibility limit from \$15,820 to \$21,430 (\$27,380 for joint filers) (see Figure 1).

Figure 1: Changes to the Childless EITC Under the American Rescue Plan Act



The expanded EITC was delivered as a lump-sum payment through tax refunds when workers filed their 2021 returns in early 2022. However, the expansion applied only to tax year 2021, and the credit reverted to its pre-ARPA parameters in 2022, once again excluding workers under age 25.

Leveraging this temporary change, we examine whether extending the EITC to young adults — a group with high rates of economic hardship and historically excluded from most government transfers — reduced material hardship. We examine three forms of hardship: not having enough food to eat (food insufficiency), falling behind on

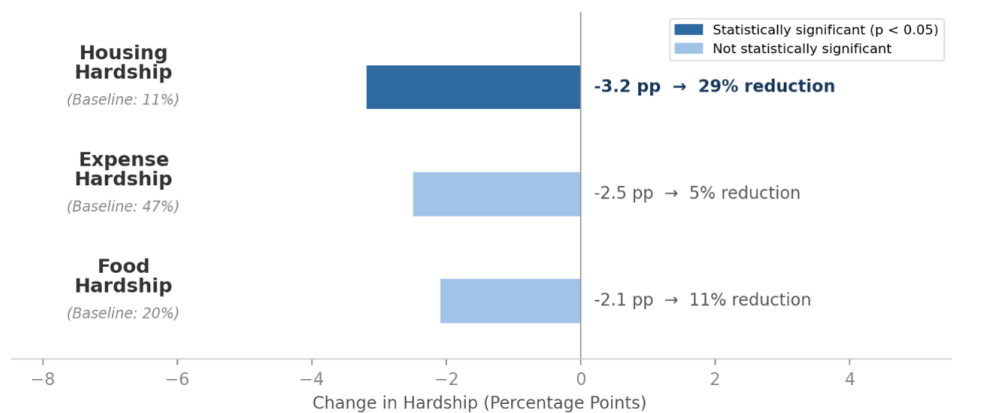
rent or mortgage payments, and difficulty covering routine household expenses such as utilities, car payments, and medical bills.

Using nationally representative data from the 2021–2023 U.S. Census Bureau’s Household Pulse Survey, the study includes 10,199 childless adults with incomes below \$25,000 who were most likely to be eligible for the expanded EITC. We compare young adults aged 19–24 who became newly eligible for the expanded childless EITC in 2021 to adults aged 25–34 who were eligible for the credit the whole time. The 25–34 group and data from 2021 and 2023 — before and after people received the expanded EITC returns in 2022 — provide benchmarks for what would have happened in the absence of the policy change. Because broad economic shocks would affect both age groups and all years similarly, differences in hardship that emerge specifically for 19 to 24 year olds in 2022 are attributed to the EITC expansion and are unlikely to be driven by other factors. For more detail on our methodological approach, [see our full paper](#). Our findings show that this temporary credit helped young working adults better make ends meet.

The expanded childless EITC reduced the share of young adults who reported being behind on their rent or mortgage payments by almost one-third (29%, or a reduction of 3.2 percentage points). The reduction was concentrated in April 2022, when most tax refunds were received, and disappeared after the expansion expired, suggesting that many young adults used the lump-sum refund to catch up on overdue housing payments. Nationally, this means that among the roughly 1.7 million young adults with low incomes living in households that rent or carry a mortgage, about 55,000 avoided falling behind during the 2022 tax season.⁷

We also see reductions in food insufficiency and difficulty paying for routine expenses, but these are smaller and less consistent than the reduction in people behind on housing payments. It is an encouraging pattern but not an established effect of the temporary childless EITC expansion.

Figure 2: The Expanded EITC Helped Young Adults Catch Up on Rent and Mortgage Payments



CONCLUSION

This study demonstrates that even a modest, temporary expansion of the childless EITC can meaningfully reduce hardship for childless young adults with low incomes, particularly in addressing housing needs. The 2021 expansion reached about 6.4 million eligible young workers ages 19 to 24, of whom 4.3 million claimed the credit at a cost of approximately \$3.7 billion.⁸

Our findings, drawn from the lowest-income segment of this group, indicate that the credit measurably reduced housing hardship among those most likely to be struggling with housing challenges. The findings support making the 2021 childless EITC expansion permanent in all three of its parts: extending eligibility to young adults aged 19–24, increasing the credit

amount, and raising the income limit so that the credit reaches more workers with low-wages.

While Congress sets the rules for the federal credit, states can also tailor their own EITCs to better support childless young workers. As of 2026, 32 states have their own EITCs, typically structured as a percentage of the federal credit, and nine have already extended eligibility to childless workers under age 25.⁹ States with existing EITCs can similarly lower age thresholds and strengthen benefits for young workers, or states can consider implementing new EITCs.

ABOUT THE AUTHORS

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ENDNOTES

- 1 Wimer, C., Nam, J., Garfinkel, I., Kaushal, N., Waldfogel, J., & Fox, L. (2020). [Young adult poverty in historical perspective: The role of policy supports and early labor market experiences](#). *Social Science Research*, 86, 102390.
- 2 Hawkins, J. (2019). [The rise of young adult poverty in the US](#). Issue Brief, 342.
- 3 Bialik, K., & Fry, R. (2019). Millennial life: How young adulthood today compares with prior generations. Pew Research Center, 14. Williamson, H., & Côté, J. E. (2022). Advanced introduction to youth studies. Edward Elgar Publishing.
- 4 Center on Budget and Policy Priorities. (2025). [Policy basics: The Earned Income Tax Credit](#).
- 5 Note, these workers may in fact have a child, but they are referred to as “childless” only because they cannot claim the child on their taxes —typically because the child does not live with them for more than half the year.
- 6 Age eligibility was lowered down to 18 years old for former foster youth.
- 7 Estimated by applying the 3.2 percentage-point reduction to the weighted number of childless adults ages 19–24 in households with incomes under \$25,000 who rent or hold a mortgage, averaged across Household Pulse Survey weeks in the 2022 tax season.
- 8 Crandall-Hollick, Margot, Nikhita Airi, and Richard Auxier, 2024. “[How the American Rescue Plan’s Temporary EITC Expansion Impacted Workers Without Children](#).” Urban-Brookings Tax Policy Center, Washington, DC. Cost estimated with average credit amount for 19-24 year olds (\$866) multiplied by 4.3 million recipients.
- 9 Godinez-Puig, L., & Garriga, G. (2026). [How state tax systems can support young workers: Lessons learned from state expansions of Earned Income Tax Credits](#). *WorkRise*.