

TRUMP BUDGET: CUTS TO EARNED INCOME AND CHILD TAX CREDITS

President Trump's budget is devastating for working families. The budget slashes \$40 billion from the Earned Income Tax Credit and Child Tax Credits that make a real difference for 31.8 million people, including 13.2 million children.

Trump's Budget Included A \$40 Billion Cut To The Earned Income And Child Tax Credits

TRUMP'S BUDGET WOULD REQUIRE EARNED INCOME AND CHILD TAX CREDIT CLAIMANTS TO HAVE SOCIAL SECURITY NUMBERS, EXPECTED TO SAVE \$40 BILLION OVER TEN YEARS

Trump's Budget Proposed \$40.4 Billion In Cuts To The Earned Income Tax Credit And Child Tax Credit, By Requiring Claimants To Have Social Security Numbers. According to CNN Money, "Mulvaney noted that the Trump plan would require working adults whose low income otherwise qualifies them for the Earned Income Tax Credit and the Child Tax Credit to have a Social Security number. The goal is to prevent illegal workers from claiming them, even if they have children who are American citizens. The administration estimates the change would save \$40.4 billion over a decade." [CNN Money, [5/23/17](#)]

The Earned Income And Child Tax Credits Helped Alleviate Poverty For 31.8 Million People, Including 13.2 Million Children

THE EARNED INCOME TAX CREDIT HAS PROVIDED RELIEF TO MILLIONS OF LOW AND MODERATE-INCOME WORKING PEOPLE

The Earned Income Tax Credit (EITC) Has Provided A Federal Tax Credit For Low- And Moderate-Income Working People. According to the Center on Budget and Policy Priorities, "The Earned Income Tax Credit (EITC) is a federal tax credit for low- and moderate-income working people. It encourages and rewards work as well as offsets federal payroll and income taxes. Twenty-six states, plus the District of Columbia, have established their own EITCs to supplement the federal credit." [CBPP, [10/21/16](#)]

In 2015, The EITC Lifted 6.5 Million People Out Of Poverty And Reduced The Severity Of Poverty For 21.2 Million More

Center On Budget And Policy Priorities: "In 2015, The EITC Lifted About 6.5 Million People Out Of Poverty, Including About 3.3 Million Children." According to the Center on Budget and Policy Priorities, "In 2015, the EITC lifted about 6.5 million people out of poverty, including about 3.3 million children. The number of poor children would have been more than one-quarter higher without the EITC. The credit reduced the severity of poverty for another 21.2 million people, including 7.7 million children. In combination with the Child Tax Credit (CTC), the EITC lifts even more families with children out of poverty (see figure)." [CBPP, [10/21/16](#)]

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THE CHILD TAX CREDIT HAS HELPED WORKING FAMILIES WITH THE COSTS OF RAISING CHILDREN

The Child Tax Credit (CTC) Has Helped Working Families Offset The Cost Of Raising Children By Reducing Their Tax Burdens By \$1,000 Per Eligible Child. According to the Center on Budget and Policy Priorities, “Enacted in 1997 and expanded with bipartisan support since 2001, the Child Tax Credit (CTC) helps working families offset the cost of raising children. It is worth up to \$1,000 per eligible child (under age 17 at the end of the tax year). Taxpayers eligible for the credit subtract it from the total amount of federal income taxes they would otherwise owe. For example, if a couple with two qualifying children would owe \$4,600 in taxes without the credit, they would owe \$2,600 in taxes with it, because the credit would reduce their tax bill by \$1,000 for each child.” [CBPP, [10/21/16](#)]

In 2015, The CTC Lifted About 2.8 Million People Out Of Poverty And Reduced The Severity Of Poverty For 13.3 Million More

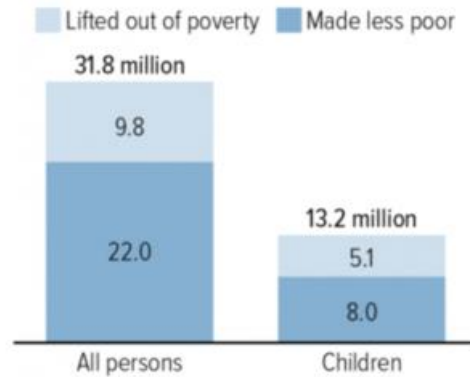
Center On Budget And Policy Priorities: In 2015, The CTC “Lifted Approximately 2.8 Million People Out Of Poverty, Including About 1.6 Million Children.” According to the Center on Budget and Policy Priorities, “Despite these shortcomings, which policymakers should address, the CTC is a powerful weapon against poverty. It lifted approximately 2.8 million people out of poverty, including about 1.6 million children, and lessened poverty for another 13.3 million people, including 6.6 million children in 2015. It lifts even more families with children out of poverty when combined with the Earned Income Tax Credit (EITC).” [CBPP, [10/21/16](#)]

CBPP: In 2015, The CTC Lessened Poverty For 13.3 Million People, Including 6.6 Million Children. According to the Center on Budget and Policy Priorities, “Despite these shortcomings, which policymakers should address, the CTC is a powerful weapon against poverty. It lifted approximately 2.8 million people out of poverty, including about 1.6 million children, and lessened poverty for another 13.3 million people, including 6.6 million children in 2015. It lifts even more families with children out of poverty when combined with the Earned Income Tax Credit (EITC).” [CBPP, [10/21/16](#)]

THE EITC AND CTC TOGETHER HAVE HELPED ALLEVIATE POVERTY FOR NEARLY 32 MILLION

Earned Income Tax Credit and Child Tax Credit Have Powerful Antipoverty Impact

Millions of persons lifted out of poverty or made less poor (using Supplemental Poverty Measure) by EITC and CTC, 2015



Note: Unlike the Census Bureau's official poverty measure, the SPM counts the effect of government benefit programs and tax credits.

Source: CBPP analysis of Census Bureau's March 2016 Current Population Survey and 2015 SPM public use file.

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[CBPP, [10/21/16](#)]

Tax Credits Aimed At Reducing Poverty Have Made A Difference For Real American Families

THE CREDITS HAVE HELPED AMERICAN FAMILIES SAVE MONEY AND AFFORD MORE THAN JUST THE BASICS

EITC Money Helped Fulicia Stevens Repair Her Credit And Start Saving Money. According to The Atlantic, “Fulicia Stevens said she's ready to repair her credit and start saving money. In past years, she'd spent her refund replacing her kids' worn belongings, or buying furniture to replace broken pieces in her house.” [The Atlantic, [4/14/15](#)]

- **EITC Money Helped Fulicia Stevens Replace Her Children's Belongings And Home Furniture.** According to The Atlantic, “Fulicia Stevens said she's ready to repair her credit and start saving money. In past years, she'd spent her refund replacing her kids' worn belongings, or buying furniture to replace broken pieces in her house.” [The Atlantic, [4/14/15](#)]

EITC Money Helped 47-Year-Old Boston Resident Dorothy O'Neill Save Money To Visit Her Family Out Of State. According to The Atlantic, “The people waiting here at the Roxbury Center for Financial Empowerment will find out, with the help of a cast of volunteer tax preparers, whether they qualify for the Earned Income Tax Credit, a program that makes available \$55 billion annually to the working poor. ‘I'm going to save it. I want to take a trip, sooner or later, down to see my family in the South,’ Dorothy O'Neill, a 47-year-old woman who works for an industrial-cleaning company in Boston, told me outside the tax-prep office. She hadn't gotten the tax credit before, but she'd been working for more than a year, and

after a friend told her about the tax credit, she'd headed down to the office to check it out. She was waiting to find out how much she'd receive." [The Atlantic, [4/14/15](#)]

EITC Money Helped A Boston Mother Take Her Children Clothes Shopping And Pick Out What Her Kids Actually Wanted. According to The Atlantic, "One mother told the researchers that she can usually provide her children with what they need, but not what they want. With the refund, she was able to take them to T.J. Maxx and let them pick out their own clothes. 'It might have been a couple of dollars more expensive, or it might have been even double the price, but the point was they got what they needed and at the same time they felt like a million bucks. Because they got actually what they wanted. My kids felt like a million dollars,' she said." [The Atlantic, [4/14/15](#)]

The Child Tax Credit Was Estimated To Provide \$57 Billion To 35 Million Families In 2016, Mostly Going To The Bottom 80 Percent Of Earners. According to Elaine Maag of the Urban Institute, "The child tax credit (CTC) provides a credit of up to \$1,000 per child under age 17. In 2016, the UrbanBrookings Tax Policy Center (TPC) estimates the credit—including the refundable portion¹—will deliver \$57 billion to 35 million families, nearly 70 percent of all families with children. Least likely to receive the credit are families in the highest 20 percent of the income distribution, because the credit phases out with income." [Elaine Maag – Urban Institute, "Reforming the Child Tax Credit," [12/2015](#)]