



The Child Tax Credit (CTC) and Earned Income Tax Credit (EITC) dramatically reduce poverty... but they can do more, and we can help make it happen

The **Child Tax Credit (CTC)** and the **Earned Income Tax Credit (EITC)** are two of the most effective tools we have to reduce poverty in the U.S. Both credits help people better afford basic necessities like rent, food, and child care. Both programs have had bipartisan support for decades. In 2023, the CTC and EITC combined [reduced poverty by an estimated 3.4 million](#). Despite these successes, there are still millions of Americans with low incomes who are left behind.

Congress has the ability this year to improve the CTC and EITC. Both can more effectively support families and workers with low wages. Because of the advocacy of RESULTS volunteers, there are members of Congress from all political parties who wish to improve the CTC and EITC. Our opportunity in 2025 is to bring this message to Congress and to our communities. We must dramatically improve the CTC and EITC to meet the needs of modern families.

This policy brief will provide background and context to effectively raise our voices for economic justice through an improved CTC and EITC.

Why tax policy?

The tax code represents the history and priorities of a nation. The U.S. tax code is rife with complexity. There is fairness but also injustice. While it is meant to serve everyone, there are aspects of the tax code that favor the wealthy. For example, income from wealth (e.g., money made on the stock market) is taxed at a lower rate than wages. Homeowners get a mortgage interest deduction while renters get nothing. Through the tax code and other policies, lawmakers have created inequities along racial, gender, and other lines.

But the tax code can also act as an instrument of economic justice. For example, when made accessible to those marginalized by poverty and oppression, the EITC and CTC have provided supports for those struggling against barriers to prosperity. A possible Renter Tax Credit (RTC) can do the same. They are the "[right-side up](#)" parts of the tax code.

2025 is an important year for RESULTS to focus on tax policy. Tax experts have dubbed this year “Taxmageddon” or the “Super Bowl of Taxes.” This is because much of the 2017 *Tax Cuts and Jobs Act (TCJA)* will expire. The 2017 version of the TCJA shifted trillions in tax benefits to the wealthy. Its expiration creates an opening for a major overhaul of the tax code. This does not happen often, which is why RESULTS and our partners have spent years preparing for 2025. Any gains we make in the tax code are likely to last years. This makes our advocacy this year even more critical.



RESULTS advocates focus on the tax code because when it’s written fairly, **the tax code can help achieve lasting economic justice** for millions affected by poverty.

The CTC: How it has evolved and where we are right now

The CTC provides support to households with children. It originally passed into law in 1997 by a Republican-controlled Congress. The underlying concept is that having and raising children is a uniquely expensive undertaking *and* a benefit to society to encourage. Taxpayers can claim a break on their taxes each year based on the number of children in their household and the household’s earnings. There have [been several versions](#) of the CTC since 1997. Each revision generally makes some incremental improvements. For example, the original CTC left out families with the lowest incomes. But in 2021, it was expanded to all families with low incomes for one year. That expansion had a profound impact, helping to cut child poverty almost in half.

The current CTC was enacted as part of the TCJA. It is a \$2,000 per child tax credit that is partially refundable to families who earn enough to qualify. The earnings requirement for the CTC is quite high. A family needs to earn between \$25,000 and \$46,000 to receive the full credit for each of their children, depending on marital status and the number of children in the family.

For families who earn enough for the full credit, the CTC provides \$2,000 per year, per child. This is a huge financial boost for these families. The problem, of course, is that many families work hard all year long, but don’t earn enough to qualify for the full credit or, in some cases, any credit at all. For instance, a single parent working full time at \$10 per hour (\$20,800 per year) does not receive the full credit for even one child (\$1,700). If that same

parent had four children, their CTC would be unchanged at \$1,700, while a higher earning family would see their credit go from \$2,000 to \$8,000. This is the wrong way to support families.

RESULTS believes that the best way to improve the CTC is to make the following policy changes:

- **Provide the CTC to families with the lowest incomes.** As mentioned above, current law imposes a high earnings requirement. Getting rid of or reducing the earnings requirement is critical. It would allow the CTC to reach more families grappling with the direst financial circumstances. *Providing the credit to more families with low incomes is the most important improvement we can make to the CTC.*
- **Make the CTC fully refundable.** In general, a tax credit reduces the amount a household owes in taxes. But millions of Americans in low-wage jobs owe little or no federal income tax (although they pay a lot in other taxes). For these families, a non-refundable credit does them little good. However, a fully refundable credit (like the EITC) still provides households a tax refund equal to the amount of the tax credit (minus taxes owed), even if their tax bill is zero. This means that they get cash in the amount of the refund if they owed less than the refund in taxes.



Under a fully refundable CTC, a single parent earning \$20,800 per year with one child would receive the current max credit in the form of a \$2,000 refund from the CTC. Under the current “partially refundable” CTC, they only get \$1,700.

- **Deliver the CTC in monthly payments.** Currently, the CTC is only available as a lump sum payment when workers file taxes every year. But we all know that many household costs are due each month. Costs like rent, food, heat, child care, and clothing for fast-growing kids come up at least monthly. Parents should have the choice to receive their CTC benefit as a monthly payment so they can use it when it is needed most — when the bills come due.
- **Increase the CTC amount.** Politicians on both sides of the aisle have suggested increasing the credit amount. RESULTS would also like to see a higher credit amount, but only if that credit goes to families with low incomes. Increasing the

amount only would continue the current policy. The current policy leaves [18 million kids out of the full credit](#) simply because their parent's earnings are too low.

RESULTS identified these CTC priorities in partnership with those among us who have lived experience with poverty and have received the CTC. [RESULTS Experts on Poverty](#) have spoken out in the media and in congressional briefings/meetings. They continue to deliver important calls for creating a more just and equitable CTC that provides meaningful support to families. RESULTS is also a member of the [ABC \(Automatic Benefit for Children\) Coalition](#) that forms its policy platforms from a [Parent Advisory Board](#) of people with lived experience. We will continue to join our voices with our fellow RESULTS volunteers and those of the coalition in advocating for its priorities:

1. All children should be eligible for a child allowance,
2. The allowance should provide meaningful support,
3. The allowance should be available in regular payments, and
4. Availability of the allowance should have no strings attached — meaning full refundability and no work requirements.

These are the priorities that shape RESULTS' long-term goals for permanent CTC expansion.

The EITC: How it has evolved and where we are right now

2025 is the 50th anniversary of the EITC, which was created by the *Tax Reduction Act* of 1975. Originally called a “work bonus”, it provided a credit in the amount of 10 percent of the first \$4,000 in wages a worker earned (meaning a maximum credit of \$400). Like the CTC, the original EITC was only available to workers who claimed children as dependents on their taxes. Unlike the CTC, the EITC was designed as an anti-poverty program from its start. It provided support to families with the lowest incomes. Over the years the EITC has been improved multiple times, typically with bipartisan support. The improvements either raised the maximum credit amount or made the credit available to new populations. For example, workers who do not claim dependents on their taxes now receive the credit.

The EITC is earned by families starting with their first dollar in wages. The credit gradually increases at that first dollar. It maxes out a modest income ([generally between \\$10,000 and \\$30,000 per year, depending on family size](#)). Then, it gradually decreases once the family's income reaches a certain level.

Because the EITC was originally created for workers who claim dependents, it is far more generous to working families than workers who don't claim dependents. First, only workers not claiming dependents between the ages of 25 to 64 qualify. This leaves out millions of young workers and seniors in the workforce. Second, the difference in the credit amount for these groups is vast. For a family with three or more children, the maximum EITC is \$8,046. For a worker without dependents, the maximum EITC is \$649. Finally, the income range for workers without dependents to receive the maximum EITC is incredibly small. A low-wage worker without dependents must earn \$7,000 to get the maximum EITC but then starts to lose it at \$10,000. At \$19,000 of income, that worker would get nothing. The EITC for workers who don't claim dependents is often called the "childless" EITC, but that is misleading. Many claimants support children or dependents but cannot claim them on their taxes. Most often this is because someone else has full official custody of the children. Even still, these workers often provide critical support to their kids.

Congress should expand the EITC for workers who do not claim dependents on their taxes by making the following policy changes:

- **Increase the maximum credit amount.** The average EITC claimed for these workers is around \$300. *They pay more in payroll taxes, making these low wage workers the only group taxed into poverty each year.*
- **Adjust the income range and phase in.** More workers should be able to claim the maximum amount and they should not lose their EITC at such low levels of income. Currently, most workers start losing the credit while their wages are below the federal poverty line.
- **Provide the credit to adult workers of all ages.** The current credit for workers who do not claim dependents is only available to workers between the ages of 25 to 64. This leaves out seniors and youth aging out of foster care who need the support provided by the EITC. The groups left out are often groups who need these tools badly.

These are the priorities that shape RESULTS' long-term goals for permanent EITC expansion.

Opportunities and challenges in 2025 for CTC and EITC

The 119th Congress will have Republican control in the House of Representatives, the Senate, and the White House. Because of this trifecta, Republicans have the option of using

the [“reconciliation” process](#), which allows them to pass certain bills in the Senate with a simple majority vote. This means the filibuster is not an option to stop bills from passing.

Utilizing the reconciliation process, this Congress will oversee the [expiration of many provisions](#) in the 2017 *Tax Cuts and Jobs Act*. There are some expiring tax breaks for corporations and some for individuals. This includes the CTC, which would revert its per-2017 level of \$1,000 per child. It is up to Congress to decide which tax breaks will expire, which will be renewed, and which will be improved.

Due to the composition of Congress, it is unrealistic to believe we can achieve all the above policy goals for the CTC and EITC. **However, we can still have a positive impact on the CTC and EITC choices made by Congress.** Even modest changes can have a profound impact on people experiencing poverty. There are both Republican and Democratic lawmakers who have become quite vocal in their support for CTC. We will look to build on that. There were also many promises about taxes made during the election and the Republican majority is currently considering [numerous tax proposals](#).



The bipartisan Tax Relief for American Families and Workers, which almost passed in 2024, expanded the CTC very little. Yet, it still would have benefitted 16 million children in families with low incomes. The families of half a million children could have lifted themselves above the poverty line.

During the 2024 campaign, Vice President JD Vance famously floated a \$5,000 CTC in an [interview with CBS](#) and also said that the CTC “shouldn’t have this massive cutoff” for families with low incomes. Also, Sen. Josh Hawley (R-MO) recently [spoke on the Senate floor](#) to highlight the virtue of the CTC:



“Under our current system, too many families do work. Under our current system, too many do pay considerable sums in taxes but do not qualify for tax relief in any meaningful way. It is time to change that and make this relief available for working families.”

In the same speech, Sen. Hawley proposed monthly payments, something Republicans have previously opposed.

We agree, but will they follow through on these promises? Our job is to make sure they do. To hold them accountable for their election promises and remind them that improving the CTC and EITC is a priority for families all over the country.

And we have proof that this can happen, even with a hostile Congress. In 2024, RESULTS volunteers pushed Republicans and Democrats alike to pass the *Tax Relief for American Families and Workers Act*. The bill passed the Republican-controlled House with a 357-70 majority. Sadly, we could not get it to pass the Democratically-controlled Senate. It is important to note that 169 House Republicans voted for the bill that made big improvements to the CTC. We can build on that support and advocate for something similar in the reconciliation package.

On the EITC, there is a lot of bipartisan support for fixing the age requirements mentioned above. But there are also headwinds. A [recently released policy document](#) from House leadership outlines efforts to weaken the EITC. For years, conservative policy experts have advocated to expand the CTC but also pushing to cut the EITC to pay for it by, for example, cutting EITC benefits for families with multiple children and eliminating head of household filing status. It is bad policy and bad politics to ask low income, mostly single mothers, to finance a CTC increase for higher income earners.

Congress must use the expiration of the TCJA as an opportunity to make a more just and equitable tax code that supports the families and workers who need it most. To achieve that goal, Congress must take steps like improving the CTC and EITC as outlined above. Additionally, Congress must not use other vital anti-poverty programs like Medicare, Medicaid, WIC, and SNAP to pay for other tax priorities. Improvements made to the CTC or EITC should not come at the cost of other important support (many of which are used by the same populations). It is no consolation to get a higher CTC only to lose your health care or food assistance at the same time. Likewise, improvements made to the CTC should not come at the expense of the EITC or head of household filing status.



Congress needs to hear from you on these important issues and at this extremely important time!

Talk to members of Congress about these vital programs. Share stories of why these programs are so important. Educate and activate communities through the media, presentations, and conversations with family, friends, and colleagues. Help build a unified network of volunteers raising their voices to end poverty and ensuring that Congress prioritizes kids, families, and workers in tax legislation this year.

For more strategies and resources, see these links:

- [Tax Credits Leave Behind](#)
- [CTC/EITC Laser Talk](#)
- [Congressional district and state level data on CTC](#)
- [EITC earnings and eligibility information](#)
- [Common Myths about the CTC \(and why they're not true\)](#)
- [Blog: Making the Conservative Case for the CTC](#)
- [Training: Motivational interviewing members of Congress](#)
- [Training: Researching your member of Congress](#)