

The 2015 Expansion of the District of Columbia Earned Income Tax Credit for Childless Workers

*Providing Tax Relief, Encouraging Labor Market Participation and Helping to
Reduce Poverty*

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Issued February 2019

Introduction

The federal Earned Income Tax Credit (EITC) is a refundable tax credit that offsets federal payroll, income and excise taxes for low-income workers. It encourages labor market participation and is credited for lifting nearly 5.8 million people out of poverty in 2016.¹ The District of Columbia Earned Income Tax Credit (DCEITC) entitles all EITC recipients in the city to a 40 percent match, which is the largest local supplemental match in the nation. The combined EITC and DCEITC in the city has also been found to lower poverty rates in the city.

Despite being the largest federal cash transfer program for the nation's poor and near poor families, the EITC is hailed by many as a reasonably effective anti-poverty and work-encouragement program. This perception stems primarily from the large credit amounts that can be earned for recipients with dependent young children across a relatively large income range. However, the EITC for non-elderly, low-income workers without children (hereafter, childless workers) is exceedingly less generous. To help counteract this shortcoming in the federal policy, the District of Columbia increased both the credit amounts and the number of resident-workers eligible for its DCEITC in 2015. In the first year of expansion, the city doubled the number of childless workers that claimed the local credit, including over 9,500 who were not eligible for the federal EITC. It appears that the expanded DCEITC for childless workers not only pushes more low-income households closer to or further above the poverty line and helps to offset these residents' city income, sales and excise taxes, but may also be helping to keep many of the city's lowest income earners from leaving the city.

The Federal Earned Income Tax Credit

One of the primary goals of the EITC that was established by Congress in 1975 was to reduce the growing numbers of low-income single mothers with children receiving federal assistance from Aid to Families with Dependent Children (AFDC) by replacing it with a program that provided cash assistance to working families. A secondary goal was to offset increasingly regressive federal payroll taxes (Social Security and Medicare) of these workers in the 1970s.² Conceptually, the idea was to use the EITC to induce this target population to financially support themselves through employment instead of with solely federal assistance from AFDC. During the late 1970s, the EITC was expanded to offset federal income taxes and excise taxes for workers who "might otherwise be on welfare". And later, the Tax Reform Act of 1986 indexed annual EITC benefits to inflation to prevent claimants from losing benefits and/or eligibility solely due to inflation.

Notwithstanding the number of qualified children³, the current EITC schedule is structured to have three distinct segments based on income levels: 1) a phase-in where the federal credit amount increases at a

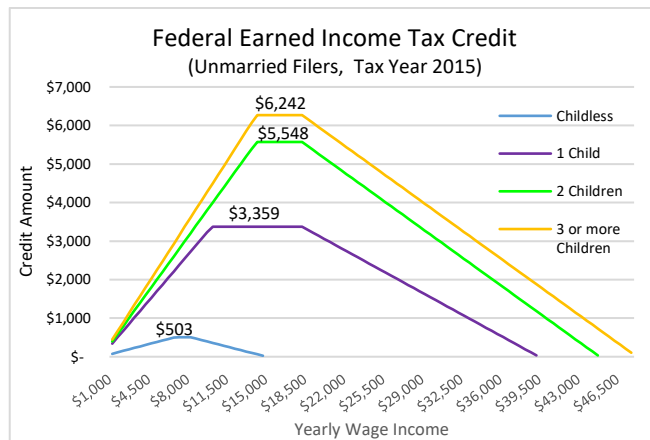
¹ The U.S. Census Bureau developed a supplemental poverty measure and finds that in 2016 the EITC and the Child Tax Credit (CTC) caused 8.1 million fewer people to be considered poor. *Liana Fox. 2017. "The Supplemental Poverty Measure: 2016". Current Population Reports P60-261. Washington, DC. US Census Bureau.* However, the Center on Budget and Policy Priorities separated the effects of the EITC and the CTC and estimated that the EITC lifted 5.8 million people out of poverty. *Center for Budget and Policy Priorities. 2018. "Policy Basics: The Earned Income Tax Credit."*

² The EITC was enacted as part of the Tax Reduction Act of 1975 (P.L. 94-12). Another primary goal of this legislation was to provide fiscal stimulus to the national economy which had fallen into recession in 1973. Senate Committee on Finance: Tax Reduction Act of 1975, Report to Accompany H.R. 2166, 94th Cong., sess., March 17, 1975, S. Report 94-36.

³ A qualifying child for an EITC claimant is one that 1) has a specific familiar relationship to the tax filer (son, daughter, step child or foster child, brother, sister, half-brother, half-sister, step brother, step sister, or descendent of such a relative); 2) share

fixed rate for the lowest range of incomes (to encourage work); 2) a flat amount for an income range above the lowest income; and 3) a phase-out range of the program where the federal credit gradually decreases in value to zero at a fixed rate as income increase (Figure 1).

Figure 1



Source: Author's calculations derived from the Instructions for Form 1040 (2015). Internal Revenue Service.

Even at the outset of the EITC program, there was a desire among some in Congress to cover all low-income workers and not only working parents of dependent children.⁴ Nevertheless, the EITC for childless workers was not enacted into law by Congress until 1994. Unlike for EITC for workers with children, the main rationale for the exceptionally small EITC for childless workers was to partly offset yet another federal gas tax increase included in the Omnibus Reconciliation Act of 1993.⁵ The EITC for childless workers was only made available to adults aged 25 to 64 who were not claimed as dependents on another's tax return (i.e. the only large group of low-income adult workers excluded from the EITC prior to 1993).

Figure 1 illustrates the contrast in the treatment of EITC claimants with and without children in terms of scope and the credit amounts available.⁶ In 2015, the phase-in credit rate (the amount of additional EITC for each additional dollar earned) for childless workers was 7.65 percent whereas the phase-in credit rate

a residence with the taxpayer; and 3) must be under the age of 19 (or age 24, if a full-time student) or be permanently and totally disabled.

⁴ In 1974, Al Ullman, Democratic Chairman of the House Ways and Means Committee, proposed such a policy which would have covered 28 million tax filers. But, Democratic Senator Russell Long was dissuaded from viewing the refundable tax credit as welfare reform and emphasized the tax relief aspect for low income workers with dependents. Subsequently, Senator Long's version of the EITC became law in the Tax Reduction Act of 1975 and covered 6.4 million tax filers. However, the continued increasing federal tax burdens on the nation's non-elderly workers without dependents were becoming so onerous that President Reagan also proposed to Congress to extend the EITC to the nation's non-elderly workers without dependents. But, this particular proposal did not survive final congressional negotiations for the Tax Reform Act of 1986. It was not until President Clinton yet again proposed to extend the EITC to the nation's non-elderly workers without dependents that it was enacted into federal law (in part to offset yet another increase in federal gas taxes in conformance with the Omnibus Reconciliation Act of 1993). Between 1980 and 1993, the average federal tax burden of the poorest quintile of non-elderly households rose 38 percent, dwarfing the increase in tax burdens borne by any other group of households. By 1993, the percentage of income that the poorest fifth of non-elderly households without children were paying in federal taxes was double the percentage income paid by the poorest fifth of families with children. U.S. Congress, Senate Committee on Finance: Earned Income Tax Credit - Hearing Before the Committee on Finance, 104th Cong. 1st sess., June 8, 1995, S. Hrg. 104-117, p. 58.

⁵ Margot L. Crandall-Hollick, "The Earned Income Tax Credit (EITC): A Brief Legislative History," Congressional Research Service, March 20, 2018.

⁶ This analysis will only discuss unmarried EITC and DCEITC claimants since married claimants in the city only comprise 5.4 percent of all claimants.

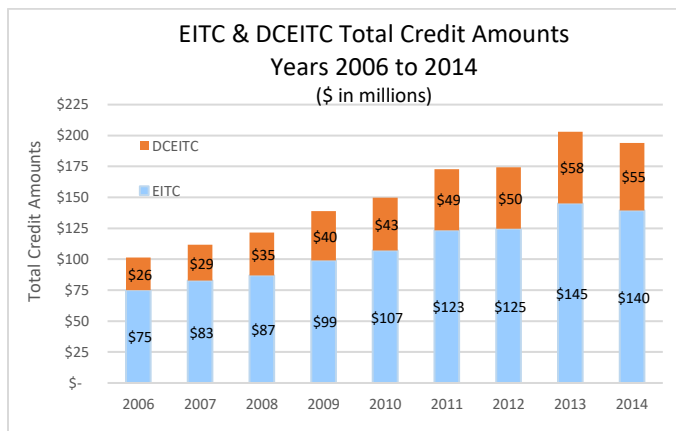
for claimants with children ranged between 34 and 45 percent.⁷ The maximum credit of \$503 for childless workers was only 15 percent of the comparable amount of \$3,359 for claimants with one child. The range of income needed to be eligible for the maximum credit for childless workers spanned only \$1,700 whereas the range of income needed to be eligible for the maximum credit for filers with one child spanned \$8,300. And finally, childless workers that earned more than \$14,800 in income were not eligible for the EITC whereas the maximum income that makes unmarried filers with children ineligible ranged between \$39,100 and \$47,700. Consequently, 25.9 percent of the nation’s EITC claimants in 2015 were childless workers but only received 3.1 percent of the \$68.5 billion in total EITC disbursed that year.⁸

The District of Columbia Earned Income Tax Credit

The DCEITC is a tax benefit for working citizens of the District of Columbia with low to moderate income. It has been coupled to the federal EITC since its inception in 2001 and is a fixed percentage of the federal EITC on an eligible filer’s District of Columbia individual income tax form. In 2001, the DCEITC was equal to 10 percent of the EITC. The local matching rate was increased to 25 percent in 2002, 35 percent in 2006 and finally 40 percent in 2009. Therefore in 2015, for example, if a city income tax filer with three qualifying children received an EITC of \$6,242, he also received a DCEITC of \$2,497 (a 40 percent supplement) after he filed his income taxes with the District of Columbia. The DCEITC helps offsets city income taxes claimants might owe and conceivably even city sales and excise taxes.

Figure 2 shows that city residents claimed \$75 million in EITC in 2006, and \$26 million in DCEITC. In 2014, city residents claimed \$140 million in EITC (85.7 percent more than in 2006), and \$55 million in DCEITC (107.3 percent more than in 2006).

Figure 2



Source: Author’s Analysis of the District of Columbia’s administrative tax data, Years 2006-2014.

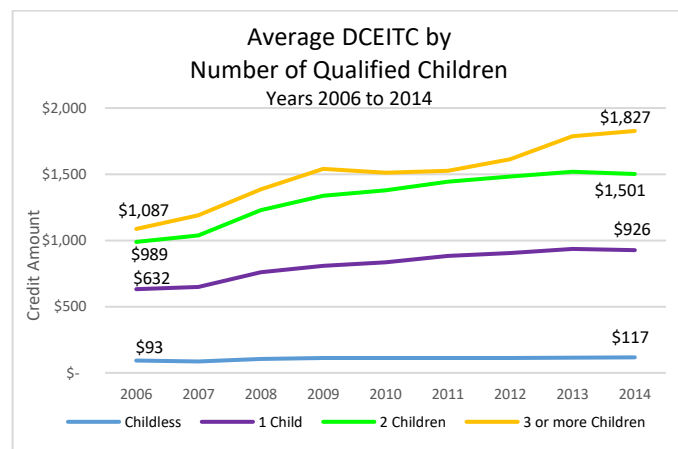
In accord with the policy structure of the EITC shown in Figure 1, the average level amount of DCEITC per claimant over time is affected by the number of qualified children. Figure 3 shows that the average credit amounts designated to childless workers remained extremely low even while being annually

⁷ On the other hand, the phase-out credit rate (the amount of decrease in the EITC for each additional dollar earned) for childless workers was again 7.65 percent whereas the phase-out credit rate for filers with children ranged between 16 and 21 percent. This is the one aspect that favors childless workers.

⁸Gene Falk and Margot L. Crandall-Hollick, “The Earned Income Tax Credit (EITC): An Overview,” Congressional Research Service, April 18, 2018.

adjusted for inflation. Consequently, 23.1 percent of all DCEITC claimants in 2014 were childless workers but only received 2.7 percent of the \$54.5 million in total DCEITC disbursed that year.

Figure 3



Source: Author's Analysis of the District of Columbia's administrative tax data, Years 2006-2014.

Despite the stated limitations of the EITC regarding childless workers (and consequently the DCEITC), the EITC is still hailed as the nation's largest and reasonably effective work-based anti-poverty program.⁹ And, the anti-poverty effects of the EITC in the District of Columbia have been found to be appreciably greater because of the DCEITC's "large" supplement.¹⁰

The District of Columbia Reforms its DCEITC for Childless Workers

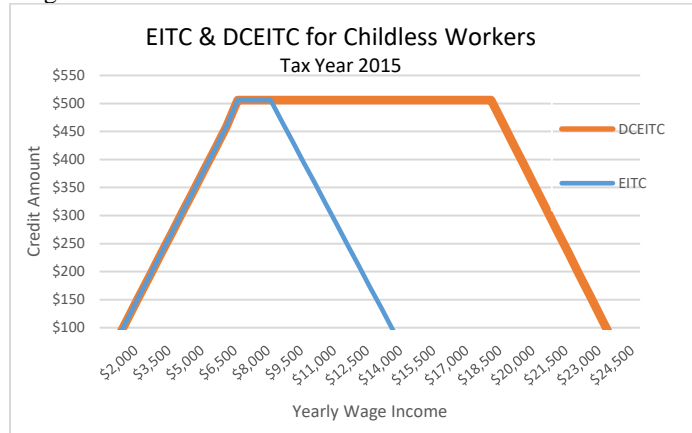
In 2015, the city replaced its DCEITC for childless workers as a fixed percentage of the EITC with a formula that appreciably increased both the local credit amounts and maximum eligible income. In this new formula, the city applies the federal maximum credit amount to a much larger income range (\$6,600 to \$18,111) and the federal phase-out credit rate to higher income levels (\$18,111 to \$24,040). As shown in Figure 4, the DCEITC encompasses all city childless workers eligible for the EITC plus a substantially larger number of workers who earned between \$14,800 and \$24,040 in annual wage income in 2015.¹¹

⁹The continuous expansions of the EITC since its inception reflects a federal policy shift from 1) reliance on the federal minimum wage as an instrument of wage policy, and 2) the AFDC as a means for supplementing the wages of poor single parents with children. U.S. Congress, Senate Committee on Finance: Earned Income Tax Credit - Hearing Before the Committee on Finance, 104th Cong. 1st sess., June 8, 1995, S. Hrg. 104-117, p. 50.

¹⁰Using longitudinal administrative tax panel data for the District of Columbia, the combined effect of the DC supplemental earned income tax credit (DCEITC) and the federal EITC on poverty and income dynamics in the city was assessed for the period 2001 to 2011. The combined EITC and DCEITC was found to raise the likelihood of claimants' net-EITC income being 150 percent above poverty or nearer to 100 percent of poverty (for the lowest income earners) by as much as 9 percent. This is presented as evidence that demonstrates that a large local EITC alongside the federal EITC can be an effective anti-poverty intervention for the working poor. Hardy, B., Muhammad, D., Casey, M., & R. Samudra (2018). EITC Expansions, Earnings Growth, and Inequality: Evidence from Washington DC.

¹¹The District of Columbia adjusts its credit schedule for childless workers annually for inflation.

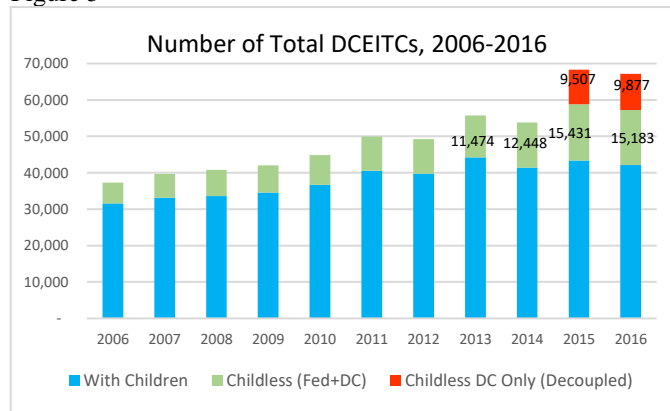
Figure 4



Source: Author's calculation derived from the Instructions for Form 1040 (2015), (Internal Revenue Service) and the 2015 District of Columbia Individual Income Tax Forms and Instructions (Office of Tax and Revenue).

In 2014, there were 53,839 tax filers in the city that received the EITC and DCEITC. These were comprised of 41,391 filers with qualified children and 12,448 without qualified children (Figure 5). With the expansion of the DCEITC for childless workers in 2015, there was a 26.8 percent increase in total DCEITC claimants with nearly all the increase being attributed to 12,490 new childless workers (2,983 who were also eligible for the EITC and 9,507 who were still not eligible for the EITC and not previously eligible for the DCEITC).

Figure 5



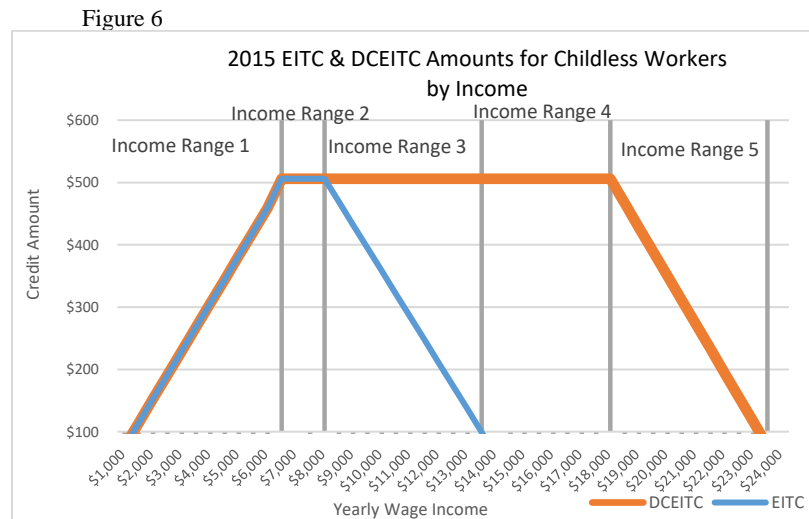
Source: Author's Analysis of the District of Columbia's administrative tax data, Years 2006-2016.

Some Effects Post Reform

The new credit structure for eligible DCEITC childless workers can be parsed into 5 distinct income ranges. Figure 6 shows that Income Range 1 is comprised of wage and salary incomes less than \$6,600, and both the federal and local credits increase by 7.65 cents for every additional dollar of earnings. Income Range 2 is comprised of incomes between \$6,600 and \$8,250, and the applicable credit was \$503 for both the federal and local credits. Income Range 3 is comprised of incomes between \$8,250, and \$14,800. And while eligible recipients in this range received a federal credit that decreased by 7.65 cents for every additional dollar of earnings, each claimant also received a DCEITC of \$503.

Despite the maximum eligible income for the EITC for childless workers being \$14,800, the local policy expansion caused each childless worker with income between \$14,800 and \$18,111 to also receive a

DCEITC of \$503 (Income Range 4). And finally, eligible claimants in Income Range 5 received a local credit that decreased by 7.65 cents for every additional dollar of earnings up to income level \$24,040.



Source: Author's calculation derived from the Instructions for Form 1040 (2015), (Internal Revenue Service) and the 2015 District of Columbia Individual Income Tax Forms and Instructions (Office of Tax and Revenue).

In 2015, the city gained 2,983 new claimants who were eligible for both the EITC and the DCEITC (Income Range 3), and 9,507 new DCEITC claimants who were not eligible for the EITC (Income Ranges 4 and 5) as shown in Table 1.

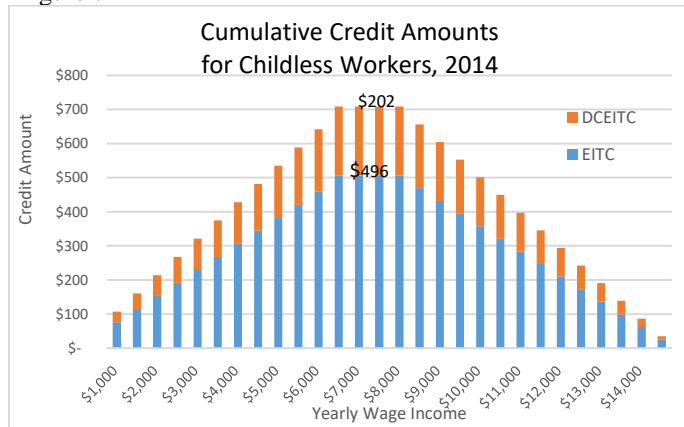
Table 1

District of Columbia Earned Income Tax Credit for Childless Workers by Income Level in 2015								
	# of Claimants	Mean Wage	Median DCEITC	Average DCEITC Credit Rate*	Average DCEITC Amount	Total DCEITC (\$in mill)	Average EITC Amount	Total EITC (\$in mill)
Income Range 1 (Income LT \$6,500)	6,286	\$3,438	\$265	100.0%	\$267	\$1.68	\$267	\$1.68
Income Range 2 (Income \$6,500-\$8,250)	1,948	\$7,385	\$503	100.0%	\$503	\$0.97	\$500	\$0.97
Income Range 3 (Income \$8,250 - \$14,800)	7,198	\$11,494	\$503	192.3%	\$503	\$3.60	\$264	\$1.53
Income Range 4 (Income \$14,800-\$18,111)	3,486	\$16,462	\$503	na	\$503	\$1.74	na	na
Income Range 5 (Income \$18,111-\$24,040)	6,021	\$20,987	\$219	na	\$233	\$1.40	na	na
Total	24,938	\$12,413	\$425	127.2%	\$353	\$9.40	\$299	\$4.19

*Average credit rate is the average DCEITC as a share of the average EITC for respective filers.
Source: Author's Analysis of the District of Columbia's administrative tax data, Tax Year 2015.

Not only did the city enhance its local credit for childless workers beginning in tax year 2015 by increasing the eligible income for childless workers from \$14,800 to \$24,040, but it also increased the local credit amounts. The maximum EITC for a childless worker in 2014 was \$496, and the maximum local credit amount she could receive was \$198 (Figure 7). For an exceptionally narrow income range (\$6,600 to \$8,150), respective filers (12.8 percent of all DCEITC childless workers) claimed a combined maximum amount of \$694. Workers that earned more than \$14,550 that year were not eligible for neither the federal nor local credit.

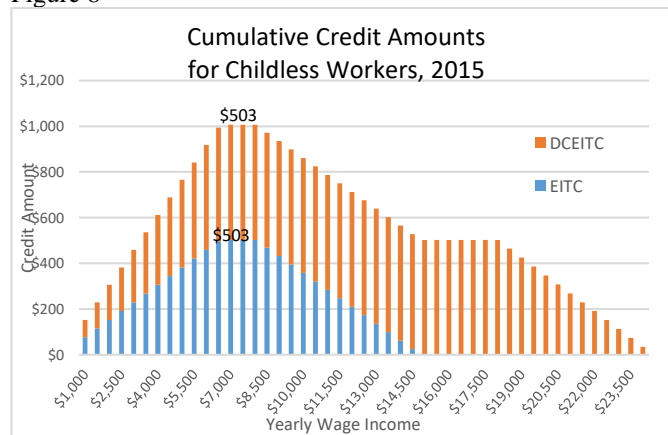
Figure 7



Source: Author's calculation derived from the Instructions for Form 1040 (2014), (Internal Revenue Service) and the 2014 District of Columbia Individual Income Tax Forms and Instructions (Office of Tax and Revenue).

In 2015, however, 12,632 claimants (50.7 percent of all DCEITC childless workers) that earned between \$6,600 to \$18,111 in income received a DCEITC of a maximum amount of \$503 (Figure 8). And further, claimants with income between the narrow range of \$6,600 and \$8,250 received a combined EITC and DCEITC of \$1,006. Stated differently, childless workers with income less than \$8,250 received a DCEITC that was a 100 percent match of their federal credit, and claimants with income between \$8,250 and \$14,800 received a DCEITC that was an average of 192.3 percent more than their EITC.

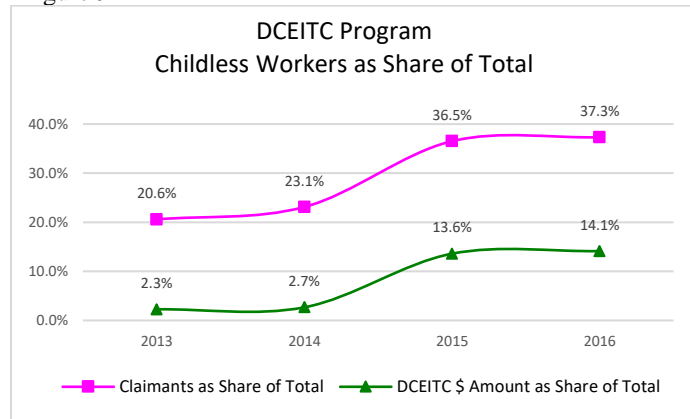
Figure 8



Source: Author's calculation derived from the Instructions for Form 1040 (2015), (Internal Revenue Service) and the 2015 District of Columbia Individual Income Tax Forms and Instructions (Office of Tax and Revenue).

Figure 9 shows that the expansion of the DCEITC for childless workers had a meaningful effect on the distribution of the program's resources between claimants with qualifying children and claimants without qualifying children. In 2014, 23.1 percent of all DCEITC claimants were childless workers, whereas in 2015 they were 36.5 percent of all claimants. Childless workers claimed 2.7 percent of the program's credit amount in 2014 but 13.6 percent in the following year. The average DCEITC amount for childless workers was \$117 in 2014 but \$353 in 2015.

Figure 9



Source: Author's Analysis of the District of Columbia's administrative tax data, Years 2013-2016.

The District of Columbia is the only jurisdiction in the nation¹² with a local refundable credit

- 1) for claimants with children that is 40 percent of their respective EITC;
- 2) for some childless workers that tends to be more than double their EITC; and
- 3) for some childless workers ineligible for the EITC.

It may be that the DCEITC is also incentivizing continued city residency for a growing number of the city's lowest income earners with its relatively "large" refundable tax credits that could be used to help counter the rapidly rising costs of living in the city.

Additional Descriptive Data

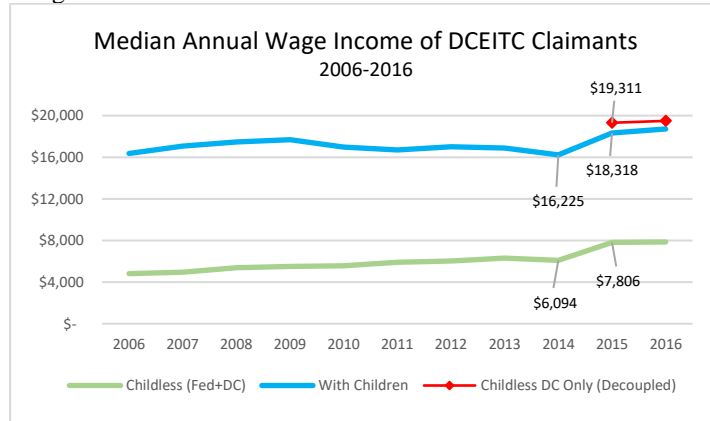
Median Incomes

As shown in Figure 10, the median annual wage income for DCEITC claimants with children in 2015 was \$18,318, but the median annual wage income for DCEITC childless workers that also received a EITC was \$7,806. This suggests that claimants with children have been distinctively different from claimants without children. One of the major distinctions being that claimants with children tend to work full-time or near full-time throughout the year at relatively low wage rates, whereas childless workers tend to work part-time (voluntarily or involuntarily) throughout the year.

However, the median annual wage income for the DCEITC new childless worker claimants who are not eligible for the EITC was \$19,311 in 2015. This suggests the local policy expansion added childless workers that tended to work full-time or near full-time throughout the year but still at relatively low wage rates.

¹²Currently, the DCEITC is the largest state or local refundable supplement to the EITC in the country. Among neighboring states, Maryland offers a 25.5 percent refundable or a 50 percent non-refundable EITC. Maryland claimants can choose to claim either, but not both. Virginia has a 20 percent non-refundable EITC. National Conference of State Legislatures. <http://www.ncsl.org/research/labor-and-employment/earned-income-tax-credits-for-working-families.aspx>

Figure 10

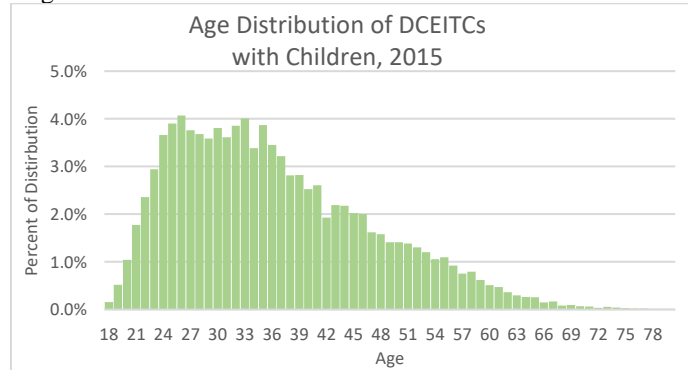


Source: Author's Analysis of the District of Columbia's administrative tax data, Years 2006-2016.

Age Distributions

It appears that extending the federal EITC to childless workers has increased the demographic diversity among EITC claimants. Figure 11 shows that the age of a majority of the DCEITC claimants with qualifying children in 2015 ranged between the mid-20s and mid-30s. They had a mean age of 36.3 and median age of 34.5. This seems reasonable since this population of claimants tends to generally be in the prime child-bearing and/or young child-raising years of their lives.

Figure 11



Source: Author's Analysis of the District of Columbia's administrative tax data, Tax Year 2015.

In contrast, Figure 12 shows the age distribution of childless worker claimants is slightly bi-modal. While the primary peak is age 25, there is another very small peak at mean age 55.¹³ This indicates that these childless adults are comprised of two distinct demographic groups. The larger demographic is comprised of young claimants (likely the relatively newest and youngest entrants into the labor force) working part-time voluntarily or involuntarily. And, the smaller but still perceptible demographic appears to be older (and maybe retired) workers also working part-time voluntarily or involuntarily. The 1993 federal policy expansion appears to have made younger and older claimants newly eligible for the EITC, and the 2015 local expansion made even more younger and older claimants newly eligible for the DCEITC. Figure 13

¹³ Childless workers who claim the EITC must be between the ages 25 and 64. This age requirement does not apply to EITC claimants with qualifying children.

shows that DCEITC childless workers who did not receive the EITC because of their higher income still had an identical age distribution as childless workers that received both the EITC and DCEITC.

Figure 12

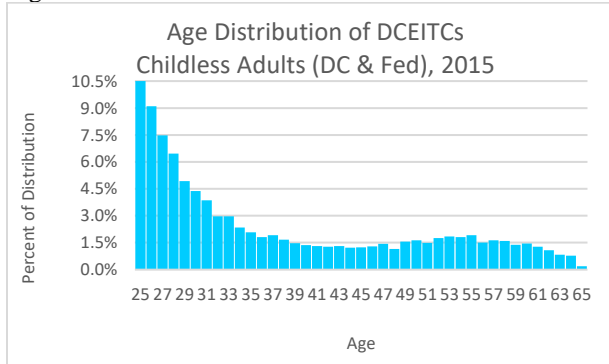
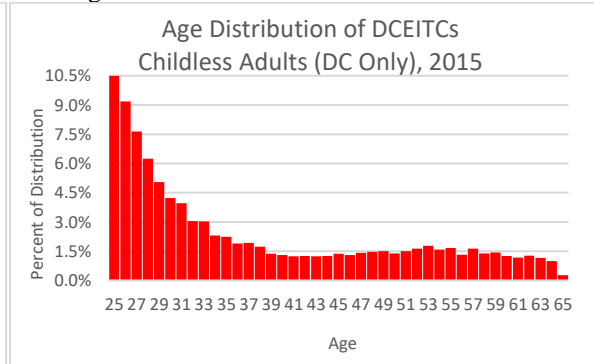


Figure 13



Source: Author's Analysis of the District of Columbia's administrative tax data, Tax Year 2015.

EITC & DCEITC by Gender

The EITC was initially created to give a meaningful federal tax credit to a relatively monolithic group - low-income single mothers with dependent children.¹⁴ Both the EITC and DCEITC for childless workers not only added age, income and work status (part-time workers) diversity to the program, it also increased gender diversity. Using data analytics software to conduct a gender analysis of the first names of all DCEITC claimants/tax filers in 2015, it was found that a plurality of DCEITC claimants with qualified children had female first names, but a plurality of childless workers that received both the EITC and the DCEITC had male first names.¹⁵ (Table 2)

Table 2

A Gender Analysis of DCEITC Claimants By Program Status for 2015			
Gender	DCEITC with Qualified Children	DCEITC Childless Workers	
		Fed & DC	DC Only
Female	45.5%	33.0%	34.9%
Male	25.7%	45.1%	42.9%
Unknown	28.8%	21.9%	22.2%

Source: Author's Analysis of the District of Columbia's administrative tax data, Tax Year 2015.

While it may have been a trope for decades that EITC claimants were by and large low-income women with children, Table 2 shows that a significant share of District of Columbia claimants is male. With at least 25 percent of claimants with children and almost 50 percent of claimants without children being male, this suggests that neither the DCEITC claimants with or without children are monolithic with regards to gender. And, extending the credit to childless workers is growing the number of low-income males into the overall program.

¹⁴Athreya, K., Reilly, D., & Simpson, N (2014) Single Mothers and the Earned Income Tax Credit: Insurance without Disincentive? IZA Discussion Paper No. 8114.

¹⁵ About 22-29 percent of the names could not be classified as either male or females due to being very uncommon and/or ethnic first names as reported on city income tax forms.

Household Composition

One of the goals of the EITC is to help low-income families live above the poverty line. However, some low-income families and households have more than one income earner. Cohabitation has increased dramatically in the U.S.,¹⁶ and some tax filers change their tax filing status and living arrangements to maximize their income tax refunds.¹⁷ Therefore, it is possible that a nontrivial number of childless workers live in low-income households with other income earners¹⁸ or even in low-income households where there is another EITC/DCEITC claimant with qualifying children.¹⁹ One possible policy implication of childless workers (particularly unmarried men) receiving the EITC and/or the DCEITC is the enhanced direct financial support via tax credits to secondary (and maybe even tertiary) income earners in low-income households. In these cases, extending the EITC to childless workers and expanding the DCEITC to even more childless workers will in effect be extending additional tax relief, income support and inducements for labor market participation to secondary (and maybe tertiary) income earners living in these same low-income households. Providing the EITC and DCEITC to these types of households are likely to only further enhance the antipoverty effects of both the EITC and the DCEITC.

Fiscal Impact

In 2013 and 2014, the District of Columbia spent approximately \$1.4 million per year for its DCEITC for 12,000 childless workers. A fiscal impact analysis found that the substantial expansion of the DCEITC for childless workers resulted in an additional fiscal outlay of \$7.8 million in 2015, and this includes an additional \$3.3 million for tax credits for claimants ineligible for the EITC (Table 3).

Table 3

Fiscal Impact of the Expansion of the DCEITC for Childless Workers 2015 & 2016			
(in millions)			
	(Coupled with EITC)	DC Only (Decoupled from EITC)	Total Net Impact
2015	\$4.5	\$3.3	\$7.8
2016	\$4.5	\$3.4	\$7.9
Total	\$9.0	\$6.7	\$15.7

Source: Author’s Analysis of the District of Columbia’s administrative tax data, Tax Years 2015 and 2016.

¹⁶ Reid, M., Goulb, A., and Vazan, P. (2014) Cohabiting Partners and Domestic Labor in Low-Income Black Families. *Journal of Family Issues*. Vol. 18(4): 470-484.

¹⁷Edin, K., Tach, L. and Halpern-Meeekin, S. (2013). Tax Code Knowledge and Behavioral Response Among EITC Recipients: Policy Insights from Qualitative Data. *Journal of Policy Analysis and Management*. Vol. 33(2): 413-439.

¹⁸ Using data analytics software to conduct an address analysis to assess the possibility of 2015 DCEITC childless workers cohabitating with another income tax filer (i.e. having the same home address listed on the income tax form), it was found that out of 8,114 DCEITC childless workers 1,446 (17.8 percent) of them shared a home address with another city income tax filer. The average annual wage/salary for the childless worker in this analysis was \$13,093, and the average wage/salary for the other cohabitating tax filers was \$35,616. For this small sample, this suggest that childless workers are secondary or tertiary income earners in respective households.

¹⁹ In another address analysis using data analytics software to assess the possibility of multiple 2015 DCEITC claimants living in the same household, it was found that out of 23,031 DCEITC claimants 2,074 (9.0 percent) of them shared a home address with another DCEITC claimant. (In regard to administrative tax data, errors/omissions in the data reporting, collection and processing of tax filers’ home address are common. When more than one tax filer lists a specific premise address without an apartment number as the home address, it is problematic to discern the exact number of single -family housing units at that specific location. To control for such errors/omissions, the above two micro analyses were limited to 2015 city tax filers who were 12-month residents that only listed an apartment number as part of their full home address on their tax forms.)

Conclusion

The District of Columbia substantially expanded its DCEITC for childless workers beginning in 2015. The city increased the eligible income for childless workers from \$14,800 to \$24,040, and substantively increased the credit amounts such that they tended to be 127 percent of their respective EITC. In 2015, there was a 26.8 percent increase in total DCEITC recipients with nearly all the increase being attributed to 12,490 new childless workers (2,983 who were also eligible for the EITC and 9,507 who were not eligible for the EITC).

It appears that the expanded DCEITC for childless workers is not only providing additional income support and security for relatively low-income wage households, encouraging labor market participation and further enhancing the anti-poverty effects, the DCEITC is also helping to offset city income, sales and excise taxes for a growing number of income earners in low income households. Additionally, it may be that the DCEITC is also incentivizing continued city residency for a growing number of the city's lowest income earners with higher refundable tax credits that could be used to help counter the rapidly rising costs of living in the city.

There is currently a policy discussion among many state and local leaders on the merits of a universal basic income, as well as how to implement such a policy within the context of existing programs aimed at assisting low-income households. The manner in which the District of Columbia implemented its DCEITC for childless workers may offer a few insights for the advocates of such a novel policy.