EXPANDING THE CHILDLESS EITC AND MINIMIZING MARRIAGE PENALTIES AMONG CHILDLESS COUPLES

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April 2025

In 2021, Congress temporarily increased the earned income tax credit (EITC) for workers not raising children at home—often called the childless EITC—and temporarily broadened it to include young-adult workers and workers over age 64. Evidence indicates the expansion reduced economic hardships and a larger and more broadly available childless EITC may also increase employment. The expansion drew criticism, however, for increasing marriage penalties in some cases (i.e., providing lower benefits if two workers marry than if they remain unmarried) thereby enlarging inequities based on marital status. That the expansion actually affected marriage rates (or would do so if reinstated) is supported by little evidence, but opposition to such increases in marriage penalties may pose a significant barrier to expansion of the credit in the future. This brief reviews the costs and benefits of the 2021 childless EITC and analyzes two options to expand the current childless EITC while reducing the marriage penalties that could result if two workers not raising children at home marry. A simple reinstatement of the 2021 expansion would cost $14.0 billion in fiscal year 2026. Combining that expansion with the first of the marriage-penalty relief options outlined here would cost $14.7 billion, while combining the expansion with the second option would cost $13.7 billion.

Workers with modest incomes who are not raising children at home receive little assistance from most safety net programs, including tax benefits like the earned income tax credit (EITC; Greenstein 2024). Even though the EITC was extended to workers without children more than 30 years ago, it is limited to such a degree that most low-wage workers who are employed full time do not qualify. As now constituted, the credit is primarily a supplement for part-time work. In addition, the credit offsets only a modest fraction of the federal taxes that low-paid workers owe (which are primarily the Social Security and Medicare payroll taxes they pay on their earnings), with the result that the federal tax system taxes nearly 6 million low-income workers without children into, or deeper into, poverty each year.[1]

In 2021, under the American Rescue Plan Act (ARPA), Congress temporarily increased the EITC for workers without children at home—referred to here as the childless EITC.[2] It also broadened eligibility for the credit to include workers younger than 25 (with some exceptions) and older than 64. This temporary expansion delivered significantly larger benefits than before to over 15 million workers without children at home, doubling the number of such workers receiving the EITC and helping to lessen economic hardships among this group (Crandall-Hollick, Airi, and Auxier 2024). More generally, evidence suggests that increases of this nature in the childless EITC also can raise employment (Miller, Katz, and Isen 2022). However, the expansion was temporary and terminated at the end of 2021.

Both before and after the 2021 expansion, political leaders and analysts from across the political spectrum have called for strengthening the childless EITC on a permanent basis. Examples include former Presidents Obama and Biden and former House Speaker Paul Ryan during their terms in office (Holtz-Eakin, Gitis, and Arndt 2016). Most recently, Senators Michael Bennet and Catherine Cortez Masto and Representatives Dwight Evans and Ro Khanna introduced legislation in April 2025 to reinstate the 2021 expansion.[3] Yet opposition to such proposals has persisted, in no small part because of concerns about the increased marriage penalties that could result when some working couples receive a smaller EITC if married than the combined EITC amounts they would receive as unmarried partners.[4] Thirty-five GOP Senators led by Mitt Romney dispatched a letter making such a pronouncement about the ARPA childless EITC expansion and marriage penalties in 2021, and others have raised similar objections or concerns (Hammond and Orr 2021; Romney et al. 2021; Stone 2024).

Evidence that penalties in the tax code substantially affect marriage rates generally is limited, and even less research shows that penalties in the small childless EITC have such effects (especially because, unlike other households, low-income childless workers receive few other benefits that phase down at the same time as the childless EITC). Nevertheless, marriage penalties remain a concern because they create an inequity between similarly situated couples based on their marital status (CBO 1997; Michelmore 2018; Nichols and Rothstein 2016).[5] In addition, such penalties can encourage tax noncompliance, and some evidence suggests some low-income taxpayers may misreport their marital status to receive a larger EITC (IRS 2014).[6]

In addition, while about 3 in 10 EITC recipients in 2022 had no qualifying children, such filers comprised nearly half of all credit recipients when the childless workers' credit was expanded in 2021.[7] If the expanded childless EITC is reinstated, and if Americans continue to have fewer children, childless EITC recipients could eventually become the majority of credit recipients. Addressing marriage penalties among this population could thus come to be seen as having more importance.[8] Also, approaches to addressing marriage penalties for childless couples could provide a basis for addressing this issue in the credit overall, as discussed later in this brief, although doing so would be considerably more costly than addressing marriage penalties just for childless couples.[9]

The brief analyzes two options to combine an expanded childless EITC along the lines of the 2021 expansion with changes to address increased marriage penalties. (The brief does not examine proposals to reduce other EITC marriage penalties, for example if a low-wage worker not raising children at home married a parent who was raising children at home.)

As discussed below, one option would set the income level at which the expanded childless credit begins phasing down for married filers at twice the level at which it begins phasing down for unmarried filers. The other option would calculate the EITC separately for each worker in a married couple without children, add together the resulting EITC amounts, and phase out the combined amount based on how much the couple's combined income exceeds a phase-down threshold set at twice the threshold for unmarried filers. The first option is simpler; the second option reduces marriage penalties more. (The appendix at the end of this brief discusses several additional options for providing marriage-penalty relief.)

Neither of the two main options examined here would add significantly to the cost of restoring the 2021 expansion. A simple reinstatement of the 2021 expansion would cost $14.0 billion in fiscal year 2026. Combining that expansion with the first of the marriage-penalty relief options outlined here would cost $14.7 billion, while combining the expansion with the second option would cost $13.7 billion. The second option costs slightly less in part because it reduces marriage bonuses that some couples with very different incomes levels receive under current law and that would be larger under the ARPA expansion.

This brief first provides background on the limited safety net for adults who are not elderly or disabled and are not raising children at home, along with an overview of the childless EITC, its history, and research on its effects. The brief then turns to an explanation of marriage penalties in the childless EITC and the factors driving them, followed by analysis of the two options to combine reinstatement of the 2021 expansion with measures to reduce these penalties. The analysis also includes a brief discussion of the budgetary costs of such changes, as estimated by the Tax Policy Center.

THE AUSTERE SOCIAL SAFETY NET FOR PEOPLE WITHOUT CHILDREN AND THE CHILDLESS EITC

For low-income individuals who are not raising children at home and are not elderly or disabled, the US social safety net (i.e., taxes and transfers) is spartan. The federal government neither operates nor funds any broad cash assistance program for such individuals, and most states eliminated or sharply cut back the cash assistance they provided for this population several decades ago.

In addition, this group can receive Supplemental Nutrition Assistance Program (SNAP) benefits for only three months in which they are not employed at least 20 hours a week out of every three years, with rigorous job search not counting as a qualifying work activity—a standard that can be difficult for unskilled workers to meet on a continuous basis.[10] (No time limit exists for how long these individuals can receive SNAP while employed at least 20 hours a week.)

In 10 states, these individuals also lack Medicaid coverage and frequently are uninsured because their state has not adopted the Affordable Care Act’s Medicaid expansion. And in programs that are not entitlements and in which only a fraction of those eligible can be served, such as rental assistance, these individuals often are placed as the bottom of waiting lists (Greenstein 2024, 2025). Finally, as discussed below, the EITC for workers not raising children at home is very limited.

Not surprisingly given these limitations, the US social safety net raises few of these individuals out of poverty, as shown in table 1. In 2017, for example, the safety net lifted from poverty 69 percent of elderly individuals, 44 percent of children, and 38 percent of nonelderly or disabled adults raising children who would otherwise be poor (i.e., whose incomes before taxes and transfers left them below the poverty line). But for nonelderly adults not raising children at home and not receiving disability benefits, the safety net lifted from poverty only 8 percent—just 1 in 12—a level virtually unchanged from over half a century ago (Greenstein 2024).

TABLE 1

Share of People Lifted out of Poverty by Government Programs, 1970 and 2017

	1970	2017
Total US population	9%	46%
Children (under 18)	-4%*	44%
Nonelderly adults (18 to 64) not receiving disability benefits who are raising children	-11%*	38%
Elderly adults (65 and over)	37%	69%
Nonelderly childless adults (18 to 64) not receiving disability benefits and not raising children	7%	8%

Source: Reproduced from table 1 in Greenstein 2024
Note: A minus sign indicates that income and payroll taxes pushed more people in the group in question from above the federal poverty line to below it than social programs lifted from below the poverty line to above it. Hence, the net effect of taxes and transfers on this group was to increase poverty rather than reduce it.

Moreover, nonelderly childless adults who do not receive disability benefits account for one of every two Americans who live in deep poverty—below half of the federal poverty line. This group also constitutes a majority of those who are homeless (Greenstein 2024, 2025; HUD 2023).

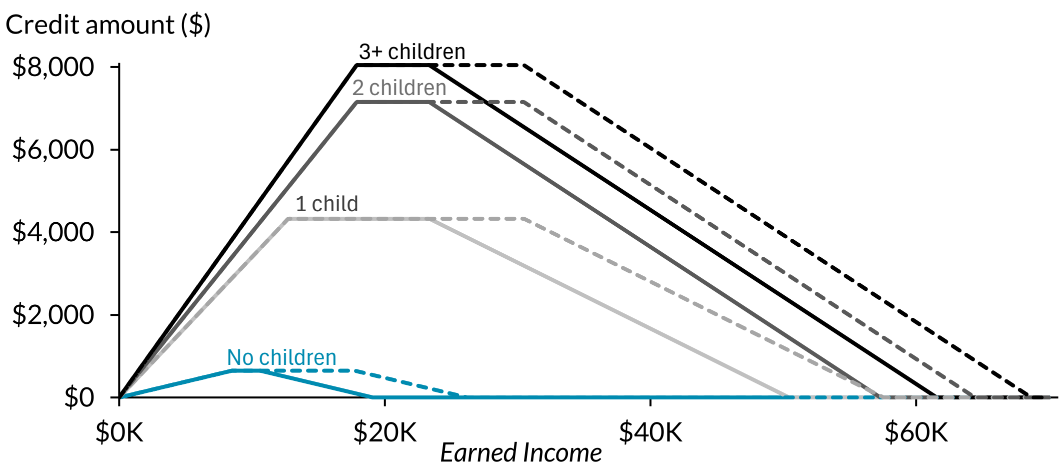
The Childless EITC

Low-income childless individuals who are employed may qualify for the childless EITC. But that EITC is extremely modest, as figure 1 shows. The maximum EITC that a childless worker can receive for 2025 is $649, about one-seventh the maximum EITC for a parent with one child and less than one-tenth the maximum EITC for a parent with two children (Crandall-Hollick, Airi, and Auxier 2024).[11] The average EITC for childless workers is even smaller, $383 in 2022.[12]

FIGURE 1

The Childless EITC is Much Smaller Than the Credit for Those with Children

EITC Amounts by Income for 2025



Source: Authors' calculations based on IRC Section 32 and IRS Revenue Procedure 24-40.
Note: The EITC phases out based on earned income or adjusted gross income (AGI), whichever is greater. AGI assumed to equal earned income.

The childless EITC is so small, in fact, that single workers not raising children at home who work full time year-round for a wage of just $10 an hour in 2025 earn too much to qualify. As a result, the credit primarily benefits part-time workers (although single childless individuals who work half-time for $20 an hour also are ineligible because their earnings are too high).

In addition, consider the dimensions of the EITC that childless workers can receive if they work full-time year-round at the low federal minimum wage of $7.25 an hour, a level that has not been raised or adjusted for inflation since 2009. A childless adult working full-time year-round at the minimum wage could receive an EITC of $308 in 2025—equivalent to about $0.15 an hour.[13]

This helps to explain why, although more than one-quarter of EITC recipients are not raising children, only 4 percent of all EITC dollars go to these workers (Crandall-Hollick, Airi, and Auxier 2024). In fact, the childless EITC is so modest that it falls well short of offsetting the payroll taxes (and the income taxes, if any) that these workers owe, leading to 6 million low-paid childless workers being taxed into, or deeper into, poverty each year (Rachamallu 2024).

Furthermore, childless workers under age 25 are entirely ineligible for the credit, as are childless workers age 65 or older. When the childless EITC was created in 1993, the Clinton administration proposed, and the House of Representatives approved, a credit for childless workers age 22 and older. But the Senate had not included a childless EITC in its version of the legislation, and in the conference committee that ensued, Senate negotiators insisted on reducing the proposed childless EITC's cost. Denying eligibility to childless workers under 25 or over 64 reduced the cost of the proposal by leaving out populations that were perceived at the time as having somewhat less need for the credit (e.g., childless workers under 25 might be getting student aid or some support from family members and those over 64 might be receiving Social Security).

In the years since 1993, some political leaders and analysts from across the political spectrum have called for enlarging the childless EITC. About 10 years ago, both President Barack Obama and House Speaker Paul Ryan proposed nearly identical childless EITC expansions, roughly doubling the maximum credit by raising the credit's phase-in rate from 7.65 percent to 15.3 percent, expanding the earnings range over which childless workers receive the maximum credit, and making more young childless workers eligible by lowering the age of eligibility from 25 to 21 (Holtz-Eakin, Gitis, and Arndt 2016).

The Obama and Ryan proposals did not become law. But they formed a basis for the childless EITC that was enacted for 2021 as part of the American Rescue Plan Act (ARPA). Like the Obama and Ryan proposals, the ARPA expansion increased the credit by doubling its phase-in rate to 15.3 percent (to fully offset payroll taxes for workers in the credit's phase-in range), expanded the earnings range over which workers receive the maximum credit, and broadened the age range for the credit (by extending eligibility to workers age 19 to 24 who were not students or claimed as dependents on another filer's tax return, as well as to workers age 65 and older).[14] Combined, these temporary changes were estimated to cost $12 billion (JCT 2021).

Research on the Expanded Childless EITC

The expanded credit expired after 2021. But the expansion's impact was encouraging. A study of the ARPA expansion's effects on young workers, for example, found that it eased the material hardships they faced and reduced the share of these workers who were behind on rent, producing a 28 percent drop in the share of the lowest-income young childless workers struggling with rent or mortgage payments. The study further observed that improvements in housing stability are strongly related to measures of long-term well-being, like physical and mental health (Crandall-Hollick, Airi, and Auxier 2024; Lee et al. 2024). Other studies also have found beneficial effects from the 2021 expansion on young childless workers (Brown et al. 2025).

In addition, a demonstration project in Atlanta and New York that examined the effects of another version of an expanded childless EITC found that the expanded EITC increased earnings, led to some improvement in employment, and encouraged more workers to file tax returns. If the expanded childless EITC that the demonstration tested were instituted nationally, the evaluators concluded, it likely would result in several hundred thousand additional people going to work (Miller, Katz, and Isen 2022). Other researchers have reached similar conclusions and observed that increasing employment and income among lower-skill adults without children likely would also reduce crime (Bastian and Jones 2021).

These and other studies also have noted that expanding the childless EITC may have some spillover benefits for children because many "childless" workers are noncustodial parents of children to whom they may contribute some support, and a number of other childless workers live with children whom they cannot claim on their tax returns because the children are 19 or older and not in school full time or 24 or older (Crandall-Hollick, Airi, and Auxier 2024).

One other notable research finding regarding the 2021 expansion is that a very large share of the expansion's benefits went to workers in the South; 43 percent of the childless workers receiving the expanded 2021 EITC lived in Southern states. This likely reflects the fact that a larger share of workers in the South are paid low wages (Crandall-Hollick, Airi, and Auxier 2024).

In light of such findings, an array of policy analysts with varying political perspectives have called for expanding the childless EITC. For example, in a 2024 report, a bipartisan group of policy analysts led by Isabel Sawhill of Brookings and Michael Strain of the American Enterprise Institute (and including analysts from the Bipartisan Policy Center, the Urban Institute, the Hoover Institution, the American Action Forum, the Committee for a Responsible Federal Budget, and various universities) issued a strong call for an expanded childless EITC. Strong support for substantially expanding the childless EITC also comes from policy analysts at the Center on Budget and Policy Priorities, who have issued reports calling for such a measure (Marr 2023; Rachamallu 2024) and from analysts at the Columbia University Center on Poverty and Social Policy and Young Invincibles (Brown et al. 2025).

The bipartisan group observed that the childless EITC currently offers only a few hundred dollars to these workers, that economic mobility rates among some childless workers are too low, and that the evidence offers optimism that a sizeable increase in the childless EITC could draw more people "from the sidelines into the workforce" (Grand Bargain Committee 2024, 9). One member of this group, Douglas Holtz-Eakin, also wrote earlier that strengthening the childless EITC would benefit the economy "by lifting individuals out of poverty and providing incentives for those not currently employed to work, earn, and produce" (Holtz-Eakin, Gitis, and Arndt 2016, 14).

An earlier Tax Policy Center paper summed up this perspective, observing that "a larger EITC for childless workers would buffer fluctuations in income that can occur in many low-wage jobs that make it difficult to meet ongoing needs and unexpected expenses. It would also provide a work incentive to a population whose labor force participation has declined over time and that has historically received limited benefits from social safety net programs. And such investments earlier in adulthood could help more workers, especially younger workers, move toward greater financial stability," which in turn could help provide them "a firmer foundation for important life events like marriage and children" (Crandall-Hollick, Airi, and Auxier 2024, 9).

WHAT DRIVES MARRIAGE PENALTIES IN THE EITC AND HOW THE ARPA EXPANSION AFFECTED THEM

A marriage penalty occurs in the tax code when some couples pay more in taxes—or for those without income tax liability, receive less in net tax benefits—if they are married than if they are unmarried. When tax code features create marriage penalties for some couples, they also may result in some other couples receiving marriage bonuses—or more in net tax benefits if they are married than if they are unmarried.

Today, the structure of the childless EITC creates marriage penalties by reducing the net benefit some dual-earner couples receive from the tax system if they marry (Crandall-Hollick and Hughes 2018; Crandall-Hollick and Landers 2022; JCT 2001). Whether a dual-earner couple faces a marriage penalty from the childless EITC—and if the couple does, the size of the penalty—depends on how much each partner in the couple earns and where that places them in the EITC benefit structure.

The benefit structure has three parts, known as the phase-in, the plateau, and the phase-out.

- **Phase-in:** Workers (or married couples) receive a credit equal to a percentage of their total household earnings (now set at 7.65 percent), up to the earnings level at which the benefit phase-in ends and the benefit plateau starts. That earnings level is $8,490 in 2025, and it results in a maximum credit of $649 (7.65 percent of $8,490).[15]
- **Plateau**: The credit amount remains flat (at $649 in 2025) until household earnings reach the level at which the plateau ends and the benefit phase-out starts. In 2025, the plateau extends from $8,490 to $10,620 for nonmarried childless filers and from $8,490 to $17,730 for married joint filers. The income level at which the plateau ends and the credit starts to phase out is known as the phase-out threshold.
- **Phase-out:** The value of the credit then declines over the phase-out income range, falling by 7.65 percent for each dollar of a household's income above the phase-out threshold, until the credit falls to zero.[16] Prior to 2002, the income level at which the credit begins phasing down was the same for married and unmarried filers. Today, as a result of legislation enacted in 2001[17] and 2009,[18] the phase-out threshold is significantly higher for married than unmarried filers; in 2025, it is $17,730 for married joint filers and $10,620 for unmarried individuals. This difference in the phase-out thresholds for unmarried and married EITC filers reduces marriage penalties but does not eliminate them.

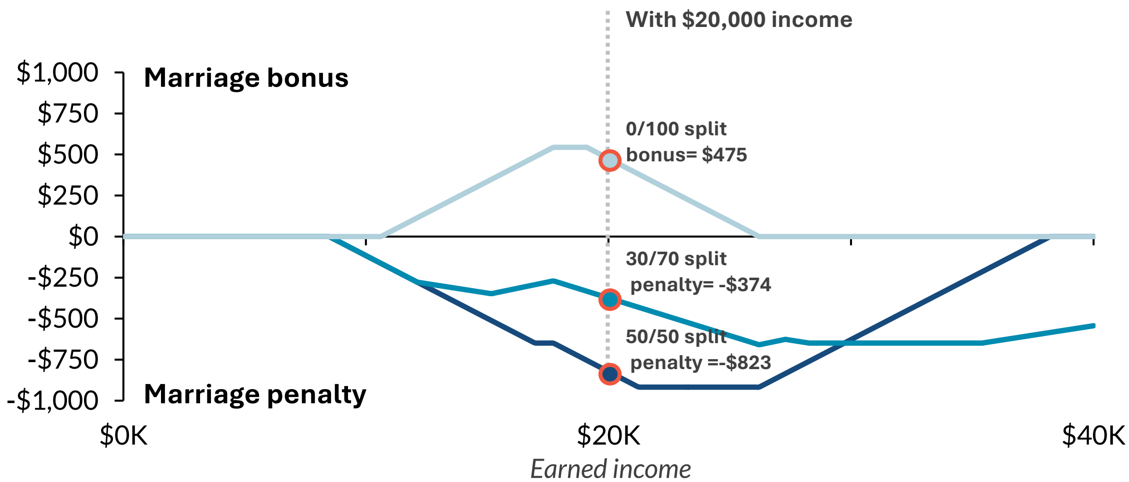
A childless couple where both spouses work is likely to face a marriage penalty if both workers have significant (and similar) earnings and their combined income will place them in the EITC's phase-out range if they get married. Some childless couples in which both spouses work may also face marriage penalties if their combined income places them on the credit's plateau, since the maximum credit amount they can receive as a married couple is no larger than the maximum credit each worker in a couple receives individually if they are unmarried.

In contrast, if a couple's combined earnings place them in the credit's phase-in range or if one spouse has no earnings, then marriage either has no effect on the value of the credit they receive or increases their credit (i.e., provides them with a marriage bonus). Under both current law and the ARPA expansion, roughly three times as many childless couples who are EITC beneficiaries receive a marriage bonus (about 15 percent) as face a marriage penalty (about 5 percent). Whether a particular childless couple will be subject to a marriage penalty (or receive a marriage bonus) depends not only on their combined household income and where it places them in the EITC benefit structure, but also on the *share* of the income that each spouse earns (the "income split").[19] Penalties are more common among low-income childless couples where income is relatively evenly split, primarily because that makes it more likely the couple's combined income will place them in the credit's phase-down range if they marry (see figure 2).

FIGURE 2

Marriage Penalties are More Likely When Spouses Earn Similar Amounts

Differences in Childless EITC Amounts from Marriage by Income Split for 2025



Source: Authors' calculations.
Notes: Earned income reflects total for couple and is assumed to equal their adjusted gross income (AGI).

As noted above, ARPA's childless EITC expansion made the childless EITC considerably larger. Figure 3 plots the childless EITC in 2025 under current law against what the childless EITC would provide for 2025 if the ARPA expansion were still in effect.

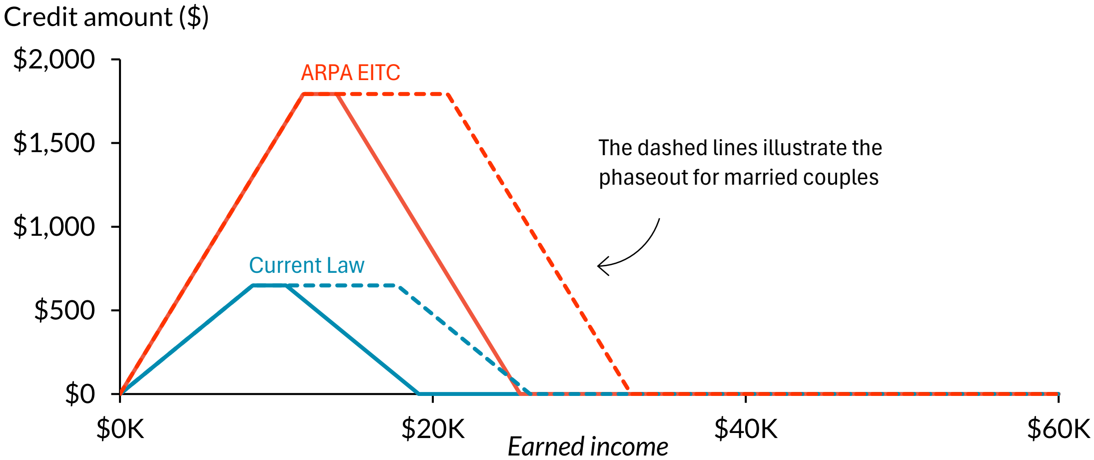
As figure 3 and figure 4 illustrate below, an expansion like that in effect in 2021 both increases the credit amount and increases potential marriage penalties for childless couples in which both spouses work and earn similar amounts. The penalties are smaller in cases where one spouse earns substantially more income than the other, and in cases where one spouse earns all of the income (0/100 income split), the expansion causes marriage *bonuses* to increase.

In fact, the share of married childless EITC beneficiaries that would face marriage penalties under reinstatement of the ARPA expansion is modest. Roughly 5 percent of married childless EITC recipients are estimated to face a marriage penalty both under current law *and* if the ARPA expansion were reinstated in 2025, though the size of the penalties would generally be larger under the ARPA expansion, as figure 4 indicates) [20] And, as outlined below, options exist to address these penalties.

FIGURE 3

The ARPA Expanded Childless EITC Would Be Larger and Available to Workers with Somewhat Higher Incomes

Childless EITC mounts by Income for 2025

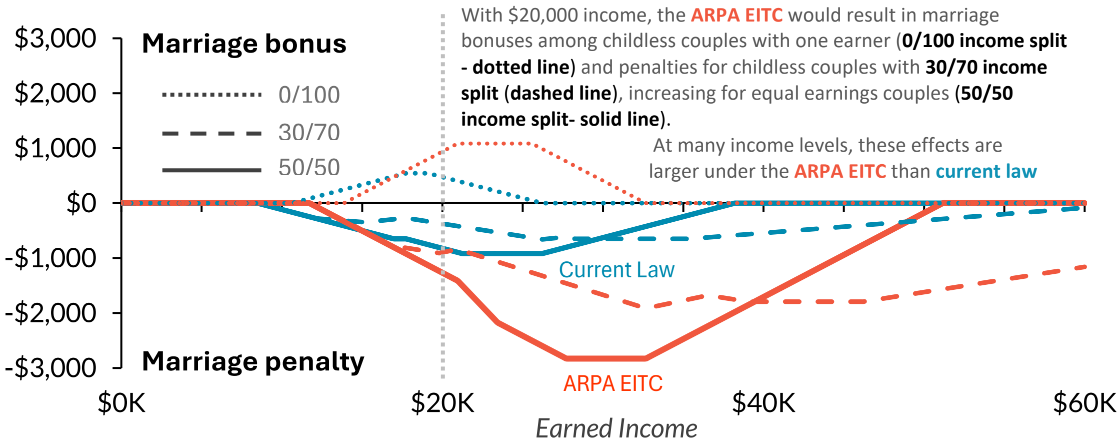


Source: Authors' calculations.
Note: The EITC phases out based on earned income or adjusted gross income (AGI), whichever is greater. AGI assumed to equal earned income.

FIGURE 4

The ARPA Expanded Childless EITC Increases Marriage Penalties for Workers with Similar Incomes Who Marry

Differences in Childless EITC Amounts from Marriage by Income Split for 2025



Source: Authors' calculations.
Notes: Earned income reflects total for couple and is assumed to equal their adjusted gross income (AGI).

POLICY OPTIONS TO REDUCE MARRIAGE PENALTIES IN THE ARPA EXPANDED CHILDLESS EITC

In this part of the brief, we consider two options to expand the childless EITC while reducing marriage penalties for married couples not raising children at home. These options are briefly summarized in table 2 and described in more detail below. As discussed in the appendix, policymakers could also consider other options for combining childless EITC expansion with marriage-penalty relief, although those options tend to be less well-targeted on households with low incomes than the options presented here.

TABLE 2

Summary of Options to Address Marriage Penalties in the Expanded Childless EITC

	ARPA Childless EITC	Option 1	Option 2
Phase-in rate	15.3%	15.3%	15.3%
Maximum credit	$1,793	$1,793	$1,793
Earned income amount End of phase-in range and beginning of plateau	$11,720	$11,720	$11,720
Unmarried (Single and head of household filers)			
Phase-out rate	15.3%	15.3%	15.3%
Phase-out threshold amount End of plateau and beginning of Phase-out range	$13,860	$13,860	$13,860
Income where credit = $0 End of phase-out range	$25,579	$25,579	$25,579

Married (Joint filers)			
Phase-out rate	15.3%	15.3%	Calculate the childless EITC separately for each spouse using the unmarried formula above. Then combine spouses' childless EITCs, and if their combined earned income (or AGI whichever is greater), is more than $27,720, phase down the combined credit at a rate of 15.3% for each dollar over this threshold.
Phase-out threshold amount End of plateau and beginning of phase-out range	$20,950	$27,720	
Income where credit = $0 End of phase-out range	$32,669	$39,439	

Source: Authors' calculations.

Description of Options

OPTION 1

This option would combine restoring the 2021 childless EITC expansion with increasing the income level at which the childless EITC begins to phase down for married couples (the phase-out threshold) so that it is set at *twice* the level at which the EITC begins to phase down for unmarried filers.

This would represent an expansion of the EITC marriage-penalty relief for childless couples first enacted as part of marriage-penalty relief for all EITC beneficiaries in 2001 and then strengthened in 2009 (Crandall-Hollick 2022). It is the most straightforward way to reduce marriage penalties for this group. While reducing marriage penalties for some childless couples, it would increase marriage bonuses for other childless couples, especially married couples in which the spouses have very different earnings levels.

Under this option, the phase-down threshold for married couples with no children would be $27,720 in 2025, twice the $13,860 level for unmarried filers without children. Thus, if partner A earned $20,000 and partner B earned $10,000 (and their earnings were their only source of income), their combined income of $30,000 would place them in the credit's phase-out range, and they would be eligible for a credit of $1,444 as illustrated in **table 2**. In comparison, if the 2021 childless EITC expansion were restored *without* this marriage penalty relief, their EITC in 2025 would be $408. For this couple, Option 1 would reduce their EITC marriage penalty by over $1,000.

OPTION 2

This option would combine restoring the 2021 childless EITC expansion with calculating the childless EITC separately for each worker in a married couple, adding the resulting credit amounts together, and phasing down the combined credit amount based on the couple's combined income.

This is a moderately more complex way to address marriage penalties. Under it, each worker in a married couple calculates their credit individually, based on their earned income and using the benefit structure for unmarried filers. The couple then combines their credit amounts and phases down the combined amount based on the degree to which their combined earned income (or AGI if greater) exceeds a phase-out threshold that, here as well, is set at twice the phase-out threshold for unmarried filers.

For example, if the ARPA expansion were reinstated, spouse A earned $20,000, and spouse B earned $10,000, each spouse would first calculate their credit separately. Spouse A would calculate their credit to be $854, while spouse B would be eligible for a credit of $1,530 as illustrated in table 3. Their combined credit would thus be $2,384. Because their combined earned income of $30,000 exceeds the $27,720 phase-out threshold for married couples, their $2,384 combined credit would be reduced to $2,035, which would be the credit amount they would receive. For this couple, Option 2 would reduce their EITC marriage penalty by over $1,600.

TABLE 3

EITC Calculation under the ARPA Expanded Childless EITC and Option 2 for 2025

	ARPA Childless EITC			Option 2		
	Partner A	Partner B	Married couple	Partner A	Partner B	Married couple
Earned income	$20,000	$10,000	$30,000	$20,000	$10,000	$30,000
Childless EITC	$854	$1,530	$408	$854	$1,530	$2,035
Difference in couple's EITC amount from marriage			-$1,976			-$349

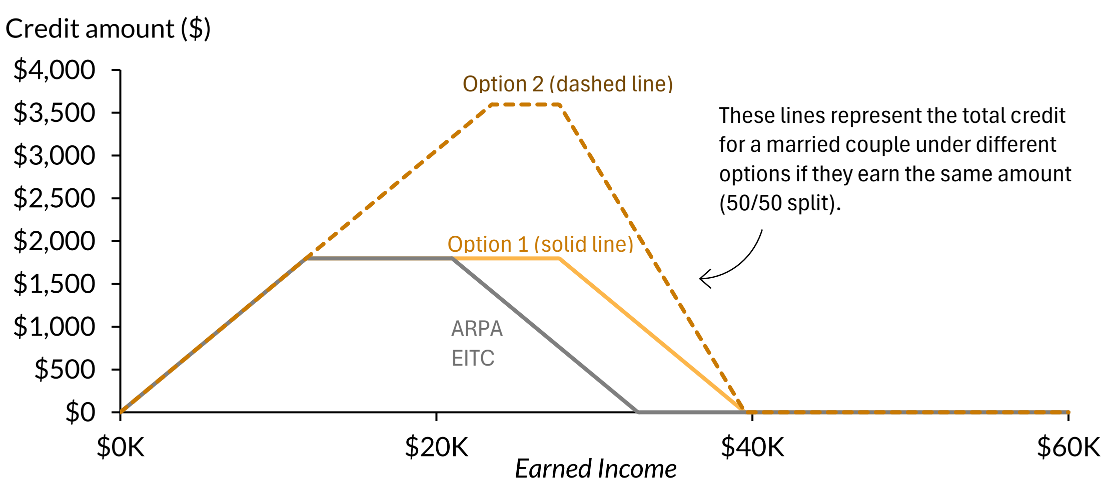
Source: Authors' calculations.

This option would result in a substantially larger credit than under option 1 for many married childless couples whose combined income is relatively evenly split between them (see figure 5). Where the spouses earn very different amounts, it would lead some childless couples to receive an EITC that, while significantly larger than under current law, would be somewhat smaller than the credit they would receive if the 2021 expansion were reinstated *without* marriage-penalty relief (See figure 6).

FIGURE 5

Options Would Increase the ARPA Childless EITC for Many Married Couples Earning Similar Incomes

Childless EITC Amounts by Income for 50/50 Income Split for 2025



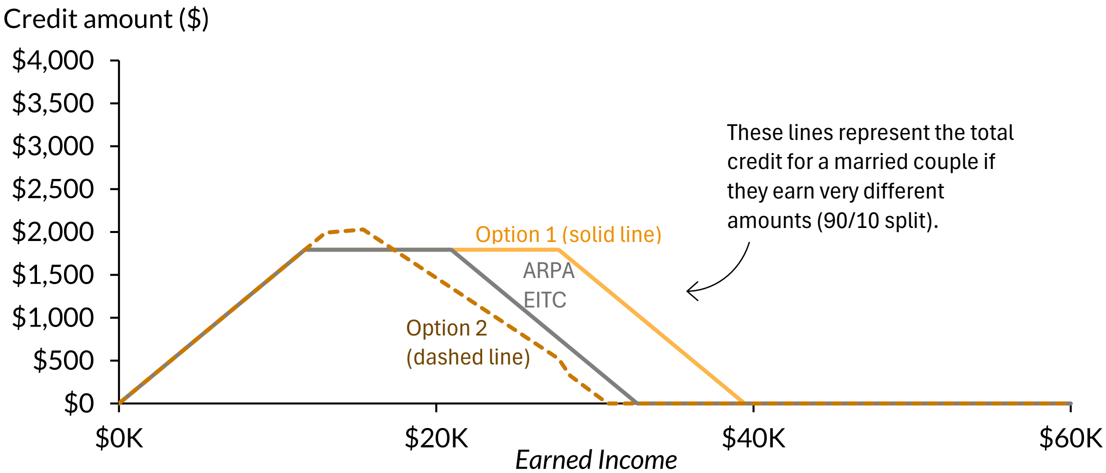
Source: Authors' calculations.
Note: The EITC phases out based on earned income or adjusted gross income (AGI), whichever is greater. AGI assumed to equal earned income.

Compared with option 1, option 2 is a somewhat more extensive reform of the childless EITC that reduces marriage penalties more overall (especially for couples earning similar amounts), while also reducing marriage bonuses more (especially for couples earning very different amounts). From a distributional standpoint, both option 1 and option 2 are well-targeted on workers with low incomes.[21]

FIGURE 6

Option 2 Would Result in a Somewhat Smaller Credit Than the ARPA EITC for Couples with Very Different Incomes

Childless EITC Amounts by Income for 90/10 Income Split for 2025



Source: Authors' calculations.
Note: The EITC phases out based on earned income or adjusted gross income (AGI), whichever is greater. AGI assumed to equal earned income.

Impact of the Options on Hypothetical Families

For low-income childless couples who earn similar amounts and thus are more likely to face marriage penalties under a reinstatement of the 2021 expanded EITC, option 2 reduces penalties to the same degree or more than option 1 does on a family-by-family basis and reduces penalties by more overall (see figure 7). Option 2 also reduces marriage *bonuses* for couples in which the spouses earn very different amounts (see figure 8).

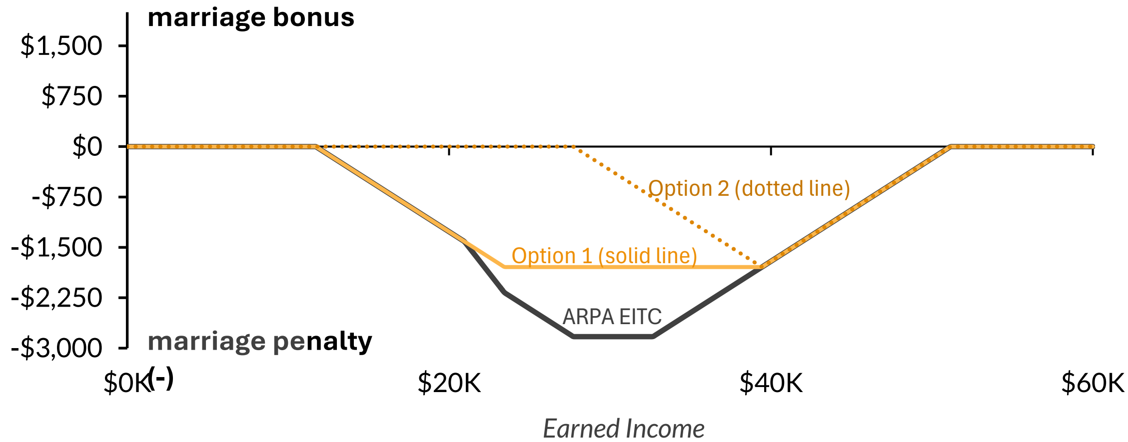
Neither option eliminates marriage penalties entirely for childless couples. To do that, one could calculate the childless EITC purely on an individual basis, so that a couple received the same overall EITC amount whether married or unmarried.

Such an approach, however, would pose other problems: it would enable very-high-income married couples with one low-earning spouse to receive the credit and would thereby extend the EITC far up the income ladder, pushing up costs (Gale 2024). Options 1 and 2 avoid that problem. (Option 2 also could encourage work by both spouses in a married couple, since the level of the credit they receive would depend in part on each spouse's earnings.)

FIGURE 7

Option 2 Reduces Marriage Penalties Considerably More Overall Than Option 1 for Couples Who Earn Similar Amounts

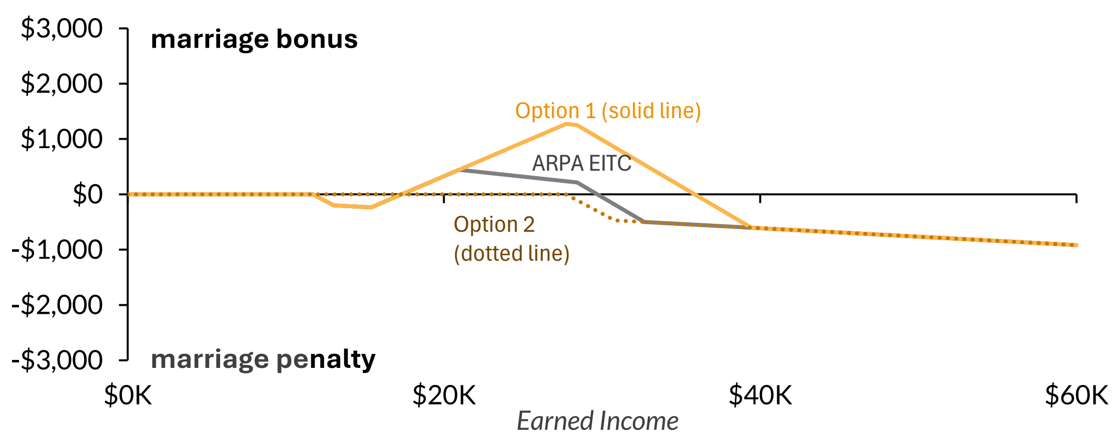
Differences in Childless EITC Amount from Marriage for 50/50 Income Split for 2025



Source: Authors' calculations.
Notes: Earned income reflects total for couple and is assumed to equal their adjusted gross income (AGI).

FIGURE 8

For Some Married Couples Who Earn Very Different Amounts Option 2 Will Reduce Marriage Bonuses



Source: Authors' calculations.
Notes: Earned income reflects total for couple and is assumed to equal their adjusted gross income (AGI).

BOX 1

Addressing Marriage Penalties When a Childless Worker Marries a Worker with Children

This brief examines options to reduce marriage penalties in the EITC when two workers who are not raising children at home marry. Marriage penalties can also arise when a worker without a child marries a worker with one or more children. Addressing those marriage penalties would require more changes to the overall EITC, not just to the credit for workers not raising children. Nonetheless, both option 1 and option 2 as discussed in this report could provide a framework for broader reforms.

For example, option 1 could be implemented relatively straightforwardly across the entire credit, making the phase-out threshold for married EITC filers with children twice the level for unmarried filers with children. The Tax Policy Center estimates that if Congress were to implement such a change to the current-law EITC for 2025, it would cost around $8 billion for that year.[22] This estimate does not include the cost of providing marriage penalty relief under an expanded childless EITC like in option 1. Given that marriage penalty relief for an expanded childless EITC as under option 1 would cost less than $ 1 billion annually, we would reasonably expect that implementing option 1 for *both* the expanded childless EITC *and* the current-law EITC for filers raising children would cost roughly $9 billion annually or a little less. (This does not include the $14 billion annual cost of reinstating the ARPA childless EITC expansion.)

Implementing an option 2-like reform for the entire EITC would be more complicated.[23] Something like option 2 could be easier to achieve for workers with children if Congress were to bifurcate the EITC into a distinct worker benefit based on individual earnings and a child benefit such as an expanded version of the CTC. The impact of such an approach on low-income families would depend, however, on the proposal's details; it could leave substantial numbers of low-income working families with children considerably worse off, if their increased CTC equaled less than their current EITC and CTC combined. Action could be taken to minimize the number of low-income families receiving lower benefits, by raising the CTC amount per child sufficiently to offset all or most lower-income families' EITC losses. But if the full CTC amount per child continued to go to married families with incomes up to $400,000 a year (and in part to many married families in the $400,000 to $500,000 range), such an approach would raise the overall cost of these credits substantially (and thereby make such changes harder to enact). See, for example, Crandall-Hollick 2025.

Revenue Impact

Not surprisingly, option 2 costs somewhat less than option 1, as table 4 below indicates. The difference, however, is not large. And both options are in roughly the same price range as reinstating the 2021 expansion *without* marriage-penalty relief.[24] Restoring the 2021 childless EITC with no other changes would cost $14.0 billion in fiscal year 2026. Combining the 2021 expansion with marriage-penalty relief under option 1 would raise the cost to $14.7 billion. Combining it with marriage-penalty relief under option 2 would cost $13.7 billion. (The appendix at the end of this brief discusses two additional marriage-penalty relief options, one of which would phase out the credit for married joint filers at half the rate that it phases out for unmarried filers, and the other of which is a somewhat simpler but less-well-targeted version of option 2.)

TABLE 4

Revenue Impact from Options to Address Marriage Penalties in the Expanded Childless EITC

In Addition to Revenue Impact of Extending the TCJA

	Expanded childless EITC	Option 1	Option 2
10-year cost (billions $) (FY2025–34)	$135.4	$141.4	$133.2
FY2026 cost (billions $)	$14.0	$14.7	$13.7
10-year cost of extending the TCJA (billions $) (FY2025–34)			$4,115.7

Source: Tax Policy Center Table T25-0105 and Joint Committee on Taxation (JCT) Table 25-0-026.
Notes: The cost of extending the TCJA is from the Congressional Budget Office and excludes debt service costs. Distributional estimates for expanded childless EITC in 2025 can be found in Tax Policy Center Table T25-0107. Distributional estimates for options 1 / option 2 can be found in T25-0109 / T25-0113.

CONCLUSION

The childless workers' EITC is very modest, and the safety net for childless individuals is sparse. Existing studies on the 2021 expanded childless EITC or similar programs, while limited, indicate that a larger credit can reduce materials hardships and may increase labor force participation of childless workers, improving their financial situations (Crandall-Hollick, Airi, and Auxier 2024; Lee et al. 2024).

Doing so by itself, however, would enlarge the marriage penalties that two childless workers who marry can face, especially if they both have significant. Although little evidence indicates that such penalties would have a pronounced impact on marriage rates, it would be more equitable to reduce such penalties than to have them increase, and doing so should increase the chances of securing the enactment of a childless EITC expansion.

This brief demonstrates that it is possible to combine restoration of the 2021 childless EITC with marriage-penalty relief and that this can be done without significantly raising the expansion's cost. The brief provides two options for accomplishing that: One option is simpler, while the other reduces marriage penalties (as well as marriage bonuses) to a greater degree and costs slightly less. (The brief does not address penalties and bonuses that can occur if a childless worker marries a parent raising children.)

How large a concern the modestly greater computational complexity of the second option can be debated. All else equal, simpler is better. Yet with the high share of EITC filers who now use a paid preparer, commercial software, or VITA services, this somewhat greater complexity may not significantly increase burden for most taxpayers (Goldin 2018). The second option also has the virtue of encouraging work among both spouses in a married couple, since its value is based in part on each spouse's earnings.

APPENDIX

Below are two additional options to address marriage penalties in the childless EITC, referred to here as options 3 and 4. Option 3 is an alternative to option 1, while option 4 is a variant of option 2.

Under option 3, instead of making the income level at which the EITC starts phasing down for married couples twice the level at which it starts phasing down for unmarried filers, as option 1 does, the phase-out thresholds would remain the same as under the ARPA expansion but the EITC would phase down for married filers at *half* the rate at which it phases down for unmarried filers—at 7.65 percent instead of 15.3 percent. In the main text of this brief, we focus on option 1 rather than this option because of targeting concerns: this option provides a smaller credit than option 1 to couples with incomes between about $21,000 and $34,500 in 2025, and a larger credit to couples with incomes between about $34,500 and $44,000. This option thus is somewhat less well-targeted than option 1 and extends the EITC for married filers higher up the income scale, as the table below shows.

Option 4 is a somewhat simpler version of option 2. In the main text, we focus on option 2 rather than this option because this option, too, is less well-targeted and extends significantly further up the income scale (to as high as $51,000 for childless married couples), creates more marriage bonuses, and costs modestly more than option 2. Under it, each spouse in a couple would first compute their EITC individually based on their earnings but *without* their EITC amounts being phased down if a spouse's income exceeded the phase-out threshold. The spouses would then combine their credit amounts and phase down the *combined* amount to the extent that it exceeded the phase-out threshold for married filers, which would be set at twice the phase-out threshold for unmarried filers. Thus, if both spouses earned $15,000 in 2025, they would each qualify for a credit of $1,793 in the first step of the computation (15.3 percent of $11,720, which is the earnings level at which the phase-in range ends). They would then add these amounts, producing a combined credit of $3,586, which would be phased down based on the extent to which their combined income of $30,000 exceeded the phase-out threshold for married filers of $27,720. This would produce a final credit of $3,237.

TABLE A.1

Summary of Additional Options to Address Marriage Penalties in the Expanded Childless EITC

	ARPA childless EITC	Option 3	Option 4
Phase-in rate	15.3%	15.3%	15.3%
Maximum credit	$1,793	$1,793	$1,793
Earned income amount End of phase-in range and beginning of plateau	$11,720	$11,720	$11,720
Unmarried (Single and head of household filers)			
Phase-out rate	15.3%	15.3%	15.3%
Phase-out threshold amount End of plateau and beginning of phase-out range	$13,860	$13,860	$13,860
Income where credit = $0 End of phase-out range	$25,578	$25,578	$25,578
Married (Joint filers)			
Phase-out rate	15.3%	7.65%	15.3%
Phase-out threshold amount End of plateau and beginning of phase-out range	$20,950	20,950	$27,720
Income where credit = $0 End of phase-out range	$32,669	$44,387	Depends on maximum credit. If

			each spouse earned at least $11,720, the couple would be eligible for a maximum credit of $3,586 ($1,793 each). This credit would fully phase out when their income reached $51,158.
Budgetary cost (FY2026)	$14.0 billion	$14.6 billion	$14.8 billion
Distributional impact tables	T25-0107	T25-0111	T25-0115

Source: Authors' calculations.

NOTES

[1] Rachamallu, Kiran, "About 14 Million Low-Income Adults Not Raising Children at Home Would Benefit from Permanently Expanded EITC." *Center on Budget and Policy Priorities* (blog). September 19, 2024, https://www.cbpp.org/blog/about-14-million-low-income-adults-not-raising-children-at-home-would-benefit-from-permanently.

[2] We refer to the credit as the "childless" EITC for simplicity throughout this brief. et many "childless" workers, while not having children living at home, may support, care for, or otherwise be connected to a child but not be able to claim the child for the EITC because the workers do not live with or are not related to the child. Indeed, some estimates suggest that among childless workers 18 to 64 years old, 40 percent are parents, and 5 percent are noncustodial parents of minor children. See Bauer, Lauren, Bradley Hardy, and Olivia Howard. 2024. "The Safety Net Should Work for Working-Age Adults." Washington, DC: The Hamilton Project. https://www.hamiltonproject.org/wp-content/uploads/2024/04/20240417_THP_SafetyNet_BauerEtAl_Paper.pdf.

[3] On April 9, 2025, several senators introduced the Tax Cuts for Workers Act that would reinstate the 2021 ARPA expanded EITC. See "Cortez Masto, Colleagues Introduce Bill to Cut Taxes for Working Americans," https://www.cortezmasto.senate.gov/news/press-releases/cortez-masto-colleagues-introduce-bill-to-cut-taxes-for-working-americans/.

[4] The issue of marriage penalties in the ARPA childless EITC was discussed by Steuerle at the time. See Steuerle, C. Eugene. 2021. "Biden's Expanded EITC Adds Significant Marriage Penalties." Washington, DC: Urban-Brookings Tax Policy Center. https://taxpolicycenter.org/taxvox/bidens-expanded-eitc-adds-significant-marriage-penalties.

[5] Some argue that the lower costs faced by married couples is one policy justification for marriage penalties. As Carrasso and Steurle note, "The notion that married households enjoy economies of scale and lower costs overall than two single households with the same combined income provides one rationale for the practice in our tax and transfer systems of levying higher taxes on married households while paying them lower benefits." Carasso, Adam, and C. Eugene Steurle. n.d. "How Marriage Penalties Change under the 2001 Tax Bill." Washington, DC: Urban Institute. https://www.urban.org/sites/default/files/publication/60426/410491-How-Marriage-Penalties-Change-Under-the-Tax-Bill.PDF.

[6] The 2014 IRS EITC compliance study found that EITC recipients misreporting of their marital status resulted in between $2.3 billion and $3.3 billion of the EITC claimed in error. EITC marriage penalties could also have a modest effect in discouraging secondary earners in married couples from working, although research that finds these effects has focused on recipients with children (Eissa and Hoynes 2004).

[7] See IRS Statistics of Income (SOI) Table 2.5 for 2022 and 2021, available at https://www.irs.gov/statistics/soi-tax-stats-individual-statistical-tables-by-size-of-adjusted-gross-income.

[8] For example, see Teddy Rosenbluth, "Why Are So Many Americans Choosing Not to Have Children." *New York Times*, July 31, 2024, https://www.nytimes.com/2024/07/31/health/fertility-births-vance.html.

[9] For examples of broader EITC marriage-penalty reforms that also reduce penalties for claimants *with* children, including cases in which a childless worker marries a working parent with children at home, see Burman, Leonard. 2019. "A Universal EITC: Sharing the Gains from Economic Growth, Encouraging Work, and Supporting Families." Washington, DC: Urban-Brookings Tax Policy Center. https://www.taxpolicycenter.org/publications/universal-eitc-sharing-gains-economic-growth-encouraging-work-and-supporting-families/full, Nunns, James, Elaine Maag, and Hang Nguyen. 2016. "An Option to Reform the Income Tax Treatment of Families and Work." Washington, D.C.: Urban-Brookings Tax Policy Center. https://taxpolicycenter.org/publications/option-reform-income-tax-treatment-families-and-work, Ellwood, David, and Isabel Sawhill. 2000. "Fixing the Marriage Penalty in the EITC." https://www.brookings.edu/wp-content/uploads/2016/06/20000920.pdf, and Hammond, Samuel, and Robert Orr. 2022. "How to Fix Marriage Penalties without Leaving Single Parents Behind." Washington, DC: The Niskanen Center. https://www.niskanencenter.org/how-to-fix-marriage-penalties-without-leaving-single-parents-behind/.

[10] State and local areas experiencing elevated unemployment can obtain temporary waivers from the three-month limit.

[11] See IRS Revenue Procedure 2024-40 for 2025 inflation adjusted levels, https://www.irs.gov/pub/irs-drop/rp-24-40.pdf ,

[12] See IRS Statistics of Income (SOI) Table 2.5 for tax year 2022 at https://www.irs.gov/statistics/soi-tax-stats-individual-statistical-tables-by-size-of-adjusted-gross-income.

[13] A worker earning $7.25 an hour, 40 hours a week for 52 weeks a year would earn $15,080. That level of earnings would place them in the phase-out of the childless EITC (for unmarried workers the credit phases out when earned income (or adjusted gross income if greater) is above $10,620. The $649 credit phases down by 7.65 percent when income is above this threshold. Hence a childless unmarried worker with $15,080 earnings would receive an EITC of $308 for 2025.

[14] For students, the ARPA expansion lowered the eligibility age from 25 to 24. For former foster-care youth and youth who were homeless, it lowered the age to 18.

[15] For the purposes of the EITC, earned income is defined as wages, tips, and other compensation included in gross income. It also includes net self-employment income (self-employment income after deduction of one-half of Social Security payroll taxes paid by a self-employed individual). Other types of income, including nontaxable combat pay and certain nontaxable Medicaid waiver payments, may also be included in earnings for the purposes of the EITC. Certain forms of income are not considered earnings for the purpose of the EITC. These include pension and annuity income, income of nonresident aliens not from a US business, income earned while incarcerated for work in a prison, and TANF benefits paid in exchange for participation in work experience or community service activities. Finally, taxpayers who claim the foreign earned income exclusion (i.e., they file Form 2555 or Form 2555EZ with their federal income tax return) are ineligible to claim the EITC.

[16] The EITC is phased out based on earned income or adjusted gross income, whichever is larger. Parameters of the credit are annually adjusted for inflation.

[17] The Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA: P.L. 107-16).

[18] The American Recovery and Reinvestment Act of 2009 (ARRA; P.L. 111-5). Note that the temporary expansion of marriage penalty relief in ARRA was extended temporarily by P.L. 111-312 before being made permanent by P.L. 112-240.

[19] For a visualization of the role of household income and income splits on marriage penalties and bonuses, see Pomerleau, Kyle. 2015. "Understanding the Marriage Penalty and Marriage Bonus." Washington, D.C.: The Tax Foundation. https://taxfoundation.org/research/all/federal/understanding-marriage-penalty-and-marriage-bonus/#_ftn2.

[20] TPC estimates that in 2025, most married childless EITC recipients under both current law and ARPA—about 80 percent—face neither penalties nor surpluses from marriage in terms of the size of the credit they receive.

[21] See distribution by percentile in Tax Policy Center Tables T25-0109 and T25-0113 available at https://taxpolicycenter.org/tax-model-analysis/expanding-childless-eitc-minimizing-marriage-penalties-among-childless-couples. Distributional estimates by income levels are also available.

[22] See Tax Policy Center Table T25-0054 available at https://taxpolicycenter.org/tax-model-analysis/increasing-marriage-penalty-relief-eitc.

[23] The EITC for workers with children subsidizes both low-income workers and children. While each spouse in a dual-earning couple earns their income separately, children are supported and raised jointly by the couple, and it is less clear how an EITC for workers with children could be calculated individually for each worker. What would happen, for example, among two spouses who were raising two children if the EITC were calculated initially on a per-worker basis? Would one spouse claim the EITC for workers with two children based on their individual earnings, while the other spouse claimed the childless EITC? Would each spouse claim the EITC for workers with one child based on their individual earnings? Once these individual EITCs were combined, at what rate and above what threshold would they phase out for the married couple?

[24] Data provided from the IRS Statistics of Income (SOI) for 2021 when the credit was expanded shows that most childless EITC recipients are unmarried: for 2019, 89 percent of childless EITC recipients were unmarried, while for 2021 this share was 90 percent. Data from 2021 indicate that when the credit was expanded to older workers, older EITC recipients (65 years and older) were much more likely to be married than younger workers. About one-third of childless EITC recipients in 2021 who were 65 years or older were married, while 10 percent of childless EITC recipients 25 to 64 years old were married, and less than 1 percent of those under 25 were married. If the childless EITC is expanded under the options described in this report, estimates from TPC models indicate that most childless filers receiving the credit would be unmarried; TPC estimates that across all options examined here, fewer than one in five recipients of the childless EITC are married. Like the SOI data for 2021, the Tax Policy Center's estimates of these options suggest that childless EITC recipients who are married and filing jointly tend to be older than single and head of household filers who receive the childless EITC.

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ACKNOWLEDGMENTS

This brief was funded by Arnold Ventures. We are grateful to them and to all our funders, who make it possible for the Urban-Brookings Tax Policy Center to advance its mission. The authors wish to thank Elaine Maag and Tracy Gordon for their helpful comments and feedback during review, Nikitia Airi and David Weiner for their work modelling the impact of these options, and Alexandria Dallman for editorial support.

The views expressed are those of the authors and should not be attributed to the Urban-Brookings Tax Policy Center, the Urban Institute, the Brookings Institution, their trustees, or their funders.

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