

## CT EARNED INCOME TAX CREDIT – MAKE WORK PAY!

The Connecticut Earned Income Tax Credit (CT EITC) is a **refundable state income tax credit for lower-income working individuals and families** that is benchmarked to the federal EITC.

**212,000 CT households claimed the federal EITC** in 2021, receiving an average \$2,411 credit<sup>1</sup>. At 41.5%, the CT EITC would return an additional \$1,500, on average, to a family of four to help pay the rent, offset the rising cost of fuel, or put food on the table.

### Our Ask: Maintain the CT EITC at 41.5% of the federal rate into future years.

- The CT Legislature set the EITC at 41.5% in 2022: without action, the CT EITC will revert to 30.5%, a loss equal to the loss of a week's worth of groceries for a family of four.
- For every EITC dollar CT residents earn, they return \$1.24 to the economy.<sup>2</sup>
- Open the CT EITC to qualifying households who file taxes with ITINs (Individualized Taxpayer Identification Number) – hard-working, low-income families who are currently locked-out from the federal and state credits.
- The EITC has narrow income thresholds that are set by the federal government that target working, lower-income CT households: a family of two workers with no children can earn just over \$22,600 adjusted gross income (AGI), a family with two workers and three children can earn just under \$60,000.
- Benchmarking the CT EITC to 41.5% would cost \$54 million per year.<sup>3</sup>

**38%** of Connecticut households were **ALICE** before the pandemic, which means they live paycheck-to-paycheck to make ends meet or lose ground, despite working hard in roles critical to our economy. **ALICE** is an acronym for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed.

For an **ALICE** family of four, an additional

**\$1,500**

covers two months of utility bills or one month of daycare for a toddler.



**ALICE**<sup>®</sup>

<sup>1</sup>National Conference of State Legislators

<sup>2</sup>Moody's Analytics estimate of financial multiplier

<sup>3</sup>Connecticut Voices for Children

Other high cost of living states have prioritized state-level EITCs to provide flexible income to help families meet gaps in rent, food, child care, transportation, medicine, and other essential household items.

40%

New Jersey EITC

50%

Maryland EITC

up to  
85%

California EITC

100%

DC EITC (2026)

125%

South Carolina EITC

### EITC Essentials

- Federal EITC credits range from \$530 for a worker with no children to \$6,935 for a family with 3 or more children.
- For tax year 2022, a family filing jointly with two children can earn just over \$55,500 AGI; a single filer with no children can earn just under \$16,500 AGI.
- Workers must file taxes to receive the credit.

## 2020 ALICE Survival Budget

	Two Adults, 1 Infant, 1 Preschooler (2018 Data)	Family's Expenses in 2022*
Housing	\$1,310	\$1,549
Child Care	\$1,857	\$2,498
Food	\$936	\$1,108
Transportation	\$826	\$977
Health Care	\$742	\$878
Technology	\$75	\$89
Miscellaneous	\$687	\$813
Taxes	\$1,122	\$1,327
<b>Monthly Total</b>	<b>\$7,555</b>	<b>\$9,239</b>
<b>Annual Total</b>	<b>\$90,660</b>	<b>\$110,868</b>
<b>Hourly Wage</b>	<b>\$45.33</b>	<b>\$55.43</b>

\*Based on the US Bureau of Labor Statistics CPI Inflation Calculator; adjusted child care expense calculated using CT Office of Early Childhood, 2022 Early Care and Education Market Rate Survey

### Out of Reach: The Cost of Raising a Family in Connecticut

The cost of basic needs rises faster than non-essentials and wages.

**ALICE** is a data-driven approach to provide reliable and realistic information on the cost of living specific to each state. Updated to include inflation, a family of four needs to earn \$55.43/hour working 40 hours per week, or \$27.71/hour if both adults are working, to support the ALICE Household Survival Budget.



Connecticut United Ways are committed to supporting ALICE and fighting for the health, education, and financial stability of all Connecticut residents.

If you have questions or would like to discuss this policy agenda, please contact:

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For additional information, visit [alice.ctunitedway.org](http://alice.ctunitedway.org).