

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

The Connecticut Earned Income Tax Credit (CT EITC) is a refundable state income tax credit for low- to moderate-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 \$1,000**, on average, to our families 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.

- On average, Connecticut workers would receive a \$1,000 CT credit.
- For every EITC dollar CT residents earn, they return \$1.24 to the economy—supporting local businesses and communities as they meet family needs.<sup>2</sup>
- 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.
- Open the CT EITC to qualifying households who file taxes with ITINs—many of CT's hard working and low-income families are currently locked—out from the federal and state credit.
- 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

**\$1,000**

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

## EITC Essentials

- 31 states plus D.C. use EITCs to bolster the financial security of lower-income workers, particularly families.<sup>4</sup>
- For tax year 2023, a family filing jointly with two children must earn just under \$60,000 AGI to qualify for the EITC.
- Federal EITC credits range from \$600 for a worker with no children to \$7,430 for a family with 3 or more children.
- Workers must file taxes to receive the credit and state policies vary with regard to refundability.

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

<sup>4</sup>Urban Institute

## ALICE Survival Budget

	Two Adults, 1 Infant, 1 Preschooler	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 quantify the cost of a basic household budget in each county in each state, and to show how many households are struggling to afford it. 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).