



FEDERATION OF PROTESTANT WELFARE AGENCIES

Working Young Adult Earned Income Tax Credit (EITC)

Historically, the EITC has always been promoted primarily as a support for working families. However, given the reality of young people entering the workforce and the high cost of higher education, it is essential that we extend this vital work support to employed young adults.

Examples:

1. **Low-income full-time student age 21 working part-time**, currently earning \$6,000 per year.
 - Would receive an EITC equal to approximately \$560.
 - EITC benefit would supplement earnings and help this low-income student afford the costs of living plus the costs of tuition, fees and other education expenses.
2. **Young adult living independently at age 17**, high school drop-out who recently completed GED preparation program and is **working part-time**, currently earning \$4,000 per year and also receiving public assistance and Food Stamps.
 - Would receive an EITC equal to approximately \$400.
 - EITC benefit would supplement earnings and work supports, strengthen the incentive to work, and also make it more feasible to continue pursuing education and training leading to a career path.
 - This young adult would receive a higher EITC benefit as their earnings increase up to a certain earnings level.
3. **Part-time worker age 23 interested in beginning part-time vocational education and training program**, currently earning \$9,000 per year.
 - Would receive an EITC equal to approximately \$350.
 - EITC benefit would eliminate much of the tax burden placed on this young adult and provide an earnings supplement that would make participation in an education and training program more feasible.
4. **Young adult who just aged out of foster care at age 18**, not currently working or in school, but participating in a job readiness program and looking for employment.
 - Eligibility for EITC would provide an incentive for this disconnected youth to enter the workforce.

**Note: Estimates of EITC amounts are based on Tax Year 2007 income eligibility, credit amounts, and phase-out rates. Available in August 2007 NYS Department of Tax & Finance EITC Report, Table 1: http://www.tax.state.ny.us/pdf/stats/stat_pit/eitc/ny_state_and_ny_city_earned_income_tax_credits_analysis_of_credit_claims_for_2005.pdf*