



Federation of Protestant Welfare Agencies



## Young Adult Earned Income Tax Credit (YA-EITC) Cost Estimate

### Eligible Youth Workers:

There are approximately 1.3 million young adults between ages 16-24 denoted as “in labor force” in New York State.<sup>1</sup> However, those who would qualify for our Young Adult Earned Income Tax Credit (YA-EITC) proposal are only those established as an independent household, do not have children, and have annual earnings within the eligible income range (up to \$12,590 per year).

In New York State, there are approximately 20,000 young adults who would qualify for the Youth EITC based on age, household status, and earnings in 2007.<sup>2</sup> We project that an additional 2,000 otherwise out-of-work youth and young adults would become employed due to the incentive created by the YA-EITC, bringing the total eligible young workers to 22,000.

### Projected Credit Amounts:

- Average credit of \$280 for individuals in: (approx. 75%, or 15,000 youth)
  - Phase-in range (Earnings of \$0 – \$6,000)
  - Phase-out range (Earnings of \$7,000 - \$12,600)
    - Subtotal cost: \$4.2 million (at 100% take-up)
- Maximum credit of \$560 for individuals in: (approx. 20% or 5,000 youth)
  - Plateau range (\$6,000 - \$7,000)
    - Subtotal cost: \$2.8 million (at 100% take-up)

Cost estimate for NYS assuming 100 percent take-up rate. = \$7 million

### Final Cost Estimates:

**Year 1: \$1.4 million (20 percent take-up rate)**

**Year 2: \$2.1 million (30 percent take-up rate)**

**Year 3 and thereafter: \$3.5 million (50 percent take-up rate)**

### Outreach

We believe that it will be important to conduct outreach to inform young adults of their eligibility for the credit. In Years 1 and 2 combined, we estimate the cost for this outreach at \$100,000.

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<sup>1</sup> U.S. Census Bureau, 2006 American Community Survey. Available at: <http://factfinder.census.gov>.

<sup>2</sup> [Current](#) Population Survey, 2007.