Overview

In a state as wealthy as Washington, working people deserve a tax system that equitably supports every community member. We all rely on the public services funded by our tax system, including quality public education and critical infrastructure. However, the tax system that funds our beloved parks, public schools, bridges, ferries, and roads is based on the most regressive tax code in the country. In Washington state, people who make the least money pay up to six times more in taxes as a share of income than the wealthiest one percent. And because of historical and persistent inequities in policies that create barriers to wealth and opportunity for people of color, our tax code has severe racial and social justice implications. Black, Indigenous, and People of Color (BIPOC) in Washington pay higher overall state and local tax rates compared to white households and the overall population.

Our state tax credit for low- to moderate-income households, the Working Families Tax Credit (WFTC), is a community win that has helped to make our tax code more equitable and racially just. Tax credits like the WFTC boost the lowest-paid worker’s incomes with demonstrated positive impacts on communities. This kind of cash boost allows families to achieve greater economic security, improves health outcomes, and has the flexible support families need to put food on the table and pay for emergencies.

The Working Families Tax Credit has already made a meaningful difference in the lives of hundreds of thousands of people in Washington state since its launch in early 2023. This report focuses on the need for lawmakers to expand eligibility for low-income adults without qualifying children, a group that is currently pushed deeper into poverty by the federal tax code and must meet extremely low income thresholds to qualify for the WFTC.

LEARN MORE ABOUT THE WORKING FAMILIES TAX CREDIT:

Read our recent fact sheet on the credit: “Washington state will provide cash to households.”

January 2024
Two key improvements can be made to the WFTC to help struggling Washingtonians. Lawmakers must:

- **Remove the age restriction for people without qualifying children, so anyone 18 and older can qualify for our state tax credit.** The current arbitrary age restriction limits eligibility to people between 25 and 65 years old, unless they are able to claim a child. This excludes seniors who have to work to meet their basic needs, as well as young adults earning low wages and working hard to support themselves and their families.

- **Expand eligibility by increasing the baseline income threshold for people without qualifying children.** In order to qualify for the credit, people without kids currently must meet extremely low-income thresholds—$17,640 for single people, or $24,210 for a married couple. This excludes a large segment of people who are struggling to make ends meet. For example, a single person working full time and making Washington state minimum wage currently cannot qualify for our credit under state law.

Other equitable ways to advance the impact of the credit could include expanding eligibility so more moderate income households and those with no earned income could claim the credit, increasing the size of the credit, providing payments on a monthly basis, and automating the credit payment for people receiving other benefits (like Temporary Assistance for Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP), and Apple Health (Medicaid)). The WFTC is a powerful tool for lawmakers to ensure that every family in Washington state can put food on the table and take care of themselves in the face of financial stress.

### Expanding support for working people 18 and older helps advance economic justice in Washington state

Because the WFTC eligibility requirements are based on outdated assumptions baked into the federal Earned Income Tax Credit (EITC), a 64-year-old making below $17,640 per year can access the up to $315 credit for people without children, but a working 65-year-old making the same amount cannot. This age restriction also affects younger workers: a 24-year-old who is struggling to get by cannot access this credit, but a 25 year old can. Nothing has changed for either of these households other than a birthday.

### Changing eligibility guidelines can help make the credit more impactful

The WFTC already importantly includes some key differences from the federal EITC guidelines. The federal EITC excludes people who use an Individual Taxpayer Identification Number (ITIN) to pay taxes, and has an inequitable “phase in”, which lowers the credit amount for people with the lowest incomes. Advocates in Washington designed the Working Families Tax Credit to remove this inequitable phase-in, ensuring that people with the lowest incomes get the maximum amount of

---

**HOW MUCH CAN PEOPLE WITHOUT QUALIFYING CHILDREN RECEIVE?**

The Working Families Tax Credit refund amounts are based on income level and number of children in the household. The maximum credit for people without qualifying children is $315 (this number increases yearly with inflation). At income levels above $13,900 for a single person and $20,100 for a married couple, the credit amount begins to phase down to a minimum of $50. See an income eligibility visualization for 2024 [here](#).
the credit. Additionally, Washington lawmakers listened to community voices when they included people who file their taxes with an ITIN to ensure undocumented workers can access their credit. In 2023, the legislature continued to improve the credit by expanding eligibility to married people filing separately, a common tax filing status for survivors of domestic violence, and extending the time people have to apply from one year to three years. See our fact sheet for ITIN filers: “The Working Families Tax Credit will help support undocumented and mixed-status families in Washington state.”

Further updates and changes from the federal EITC eligibility criteria are needed to better support Washingtonians and to advance economic justice for everyone. In recognition of how this arbitrary age restriction excludes people who most need this cash boost, the American Rescue Plan Act temporarily modified the federal EITC requirements in 2021 to expand eligibility to younger and older workers without dependents. Eight states have modified their state EITC requirements to include younger workers, and three of those states (California, New Jersey, and Illinois) also include workers 65 and older. In order to maximize the benefits of our state tax credit for workers and families who are struggling to get by, it is time for Washington to join this movement by removing the age restriction and raising the very low income threshold for working people without children.

What would an annual cash boost mean to you?

Ariana’s story

“Here in the lower Yakima Valley, one of the things that I have noticed the most is that students, and especially young adults, have to go out and work in order to help their families, whether it’s to help with groceries, or with rent, or to help support their other siblings. I’m 18 years old, and I started working when I was 15. I have a lot of friends that also started working at a very young age. My brothers started working in the cherry fields when they were even younger than me. We don’t have great public transportation here, so on top of going to school and working I have been trying to save for a car, so I can help my parents out more and also get to school. However, when it comes time to do your taxes, you get very little back. Last year I didn’t get anything back. So getting some cash back through the Working Families Tax Credit would help me be able to continue to support my family, and also save up for my own future.”

Ariana Vargas is a community college student and advocate who lives in the lower Yakima Valley. She works at Nuestra Casa, an organization that supports immigrants in Yakima.

Young adults in our state need support to make ends meet

Young workers between the ages of 18 and 24 are strong contributors to their local economies, and yet many of them experience poverty due to low wages, the struggle of balancing obligations of work and school, and rising costs of housing and other basic needs. Extending

WHO ARE THE YOUNG ADULT WORKERS WHO ARE CURRENTLY EXCLUDED FROM THE WORKING FAMILIES TAX CREDIT?

The following young adult workers would be supported by removing the age restriction:

- Foster youth aging out of the foster system
- Young LGBTQ+ people without familial financial support
- Community college students who are balancing work and school while trying to get by
- Young adults trying to get a foothold in the labor market
eligibility for the WFTC to young working people can strengthen the current and future economic health of communities across Washington.

Adequate income is a critical part of stability and long-term success for young adults. The minimum age requirement of 25 for workers without qualifying children to receive the federal EITC is based on the assumption that young adults receive familial support in their transition to adulthood, which is untrue for many and disproportionately unlikely for young people of color. Additionally, in order to claim their own EITC, young adults cannot be claimed as a dependent, meaning that the young adult workers who would benefit from the WFTC are supporting themselves.

Young workers earning less than $30,000 a year are more likely than the general population in Washington state to identify as Black, Latinx, or multiracial. Given the legacy of racist policies blocking Black, Indigenous and People of Color from building wealth in our state, these young people are more likely to have grown up in poverty. Black and Native American young people are also overrepresented in the foster care system, and as a result, are left with less resources from their families on average. LGBTQ+ young people are also more likely to have less familial support and experience greater housing instability because of family conflict and aging out of the foster care system.

Additionally, adolescents and young adults face the highest poverty rates of any age group in the United States. According to recent research from the University of Washington, 55% of householders between the ages of 18 and 24 do not have earnings that are sufficient to meet their basic needs (see Chart 1). Young people, ages 18 to 24, had higher unemployment rates than adults, ages 25 to 44, before the pandemic, and they remained higher at the end of 2022. And yet, this

![Chart 1](chart1.png)

More than one half of Washingtonians ages 18 to 24 cannot meet their basic needs

Percentage of householders in Washington state below the Self-Sufficiency Standard

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Percentage Below Self-Sufficiency Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-24</td>
<td>55%</td>
</tr>
<tr>
<td>25-34</td>
<td>29%</td>
</tr>
<tr>
<td>35-44</td>
<td>30%</td>
</tr>
<tr>
<td>45-54</td>
<td>22%</td>
</tr>
<tr>
<td>55-64</td>
<td>25%</td>
</tr>
</tbody>
</table>

Source: 2021 Self-Sufficiency Standard, Center for Women’s Welfare, University of Washington

LGBTQ+ young people are also more likely to have less familial support and experience greater housing instability because of family conflict and aging out of the foster care system.
Working seniors also need support to make ends meet

We should all be able to retire with enough support to meet our needs. However, more adults who are 65 years and older are working now than at any point during the previous 25 years. From 1994 to 2023, the share of adults ages 65 to 69 participating in the labor force increased from 22% to about 33%.\(^6\) Nationally, this group was also the only age category to experience an increase in poverty rates in 2021.\(^7\) While, national poverty rates for people older than 65 decreased slightly in the most recent calculations from 2022, in Washington state, poverty rates for seniors increased by 13% during the same period, going against the national trend.\(^8\)

Poverty rates for this age group vary significantly by county, with older adults experiencing the highest rate of poverty in Yakima County (17%).\(^9\)

Someone relying on Social Security benefits to cover the cost of living has seen significantly less purchasing power as inflation has soared over the last two years.

For example, a couple of retirement age with a mortgage in Whatcom County needs $4,147 per month in order to meet their basic needs.\(^20\) As of October 2023, the average monthly benefit for a retired worker is $1,844, or a total of $3,688 for a couple. This means this couple is $459 per month short of keeping up with their costs.\(^21\) If the couple works to make up for this deficit, the additional boost of $300 from the WFTC can make a big difference in the couple’s ability to cover costs such as car repairs or groceries. Working adults who are 65 years and older are also disproportionately more likely to be Black, Asian, Native, Native Hawaiian or Pacific Islander, Latinx, or multiracial.\(^22\)

A cash boost from the WFTC would help working seniors put food on the table, cover healthcare costs, and more.

**What would an annual cash boost mean to you?**

### Virginia’s story

“Last year, I was so excited to receive the $600 from the Working Families Tax Credit, because I currently take care of my grandson full time. I do everything, from doctor’s appointments, to school clothes and supplies, and putting food on the table. However, I know if I didn’t have my grandson, I would have been ineligible for the tax credit this coming year. I’m 65, but I’m still working, because my Social Security payment at $1,080 a month doesn’t begin to cover my Tacoma rent at $1,800 a month, and food stamps are only $113 a month. So many grandparents are raising their grandchildren, or helping support them, even if they are not able to claim them on their taxes. I have three friends who are helping with grandkids right now, but they won’t be eligible because of the age restriction. That extra boost from the tax credit is so impactful, whether it’s to help out with rent, or to pay for groceries, to pay down debt. Working people should be able to qualify regardless of their age.”

Virginia Parham is a Tacoma grandma and activist. She advocates for mass liberation for people impacted by the carceral system. She has three adult children, and takes care of her oldest grandson.
Raising the income threshold for the credit can help more people meet their basic needs

The current income threshold for people without dependent children to receive the WFTC—less than $17,640 for individuals and less than $24,210 for married households—is simply way too low. According to the Self-Sufficiency Standard, a realistic measure of the cost of basic needs by family type, nowhere in Washington state can someone earning $17,640 adequately meet their basic needs. In fact, in seven counties in Washington state, the cost of yearly rent for a one-bedroom apartment alone is more than $17,640 (see Chart 3). The WFTC is a powerful tool lawmakers can use to do more for people who are being forced to make decisions like skipping meals, putting off buying health insurance or medication, or not seeing the dentist.

Additionally, increasing the base credit return to a more meaningful amount of $500 or more would provide greater support for community members whose wages are not enough to meet basic needs in Washington state, and who do not qualify for other cash assistance programs, like Temporary Assistance for Needy Families (TANF).

Adults without dependent children face limited support and high barriers to accessing benefits

Working people without dependent children receive limited governmental resources, even when struggling to cover basic costs like rent. For example, rental assistance programs, which are extremely under-resourced, particularly in high-cost places like western Washington, serve less than one in five eligible, non-elderly adults without children at home. Adults who cannot claim a child also cannot access TANF, which serves only families with children.
The exclusion of this demographic from benefits is not for lack of need. One in four households without qualifying children, both single adults and married couples, are living below 200% of the Federal Poverty level (FPL) in Washington state.\textsuperscript{25} This translates to $12,880 for a single person or $26,500 for a household of four. This number worsens when broken down by race and ethnicity: 41% of Native adults, 35% of Black adults, and 33% of Latinx adults without qualifying children are low income. By contrast, just 23% of white adults without qualifying children are low income.

When the annual income eligibility threshold is increased to $30,000 for single people without children, the total Washington state population eligible for the WFTC increases by 94%. The increases are more profound for select single, childless populations of color, including for Native Hawaiian and Pacific Islander and Native adults, with both groups increasing by over 160% (see Chart 4).

**Expanding eligibility can help recognize the work of unpaid caregivers**

The way the WFTC is structured fails to recognize the systems of family care that exist in Washington today. The reality is that for many Washingtonians, home life does not necessarily consist of two adults above 25 and under 65 with children. Many working people across Washington who are not able to claim a “qualifying child” on their tax return are nevertheless playing a caregiver role. They are caring for children, grandchildren, and elderly adults, or they are supporting family members financially. (See the full criteria for qualifying children here.)

In the United States, at least 17.7 million individuals are caring for someone age 65 and older who has a limitation in their physical, mental, or cognitive functioning.\textsuperscript{26} Multigenerational households are increasingly common, and are especially common for immigrant households and people of color, in part because they can help provide a safety net against rising costs.\textsuperscript{27} Restrictive eligibility guidelines for the WFTC further devalues the care work of younger caregivers supporting their parents or grandparents, who are more likely to be people of color.\textsuperscript{28} Raising the income threshold for working adults without qualifying children would help to benefit more people who are caring for family members, and struggling to make ends meet. Expanding the credit to people without any earned income would also go a long way toward recognizing the critical work of unpaid family caregivers in Washington state.

---

**Chart 3**

Raising the WFTC income threshold would help people struggling to afford housing

Annual cost of rent for a single adult compared to the WFTC eligibility threshold

---

Source: Washington State Budget and Policy Center Calculations: data from the Department of Housing and Urban Development, Fair Market Median Rents
Expanding WFTC eligibility has an outsized positive impact for many communities of color

Percent increase of WFTC eligibility for single people without children when annual income limit increases to $30,000, by race/ethnicity

<table>
<thead>
<tr>
<th>Race/Ethnicity</th>
<th>Total population increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asian</td>
<td>116%</td>
</tr>
<tr>
<td>Black</td>
<td>88%</td>
</tr>
<tr>
<td>Latinx</td>
<td>134%</td>
</tr>
<tr>
<td>Multiracial</td>
<td>91%</td>
</tr>
<tr>
<td>Native American/Alaska Native</td>
<td>160%</td>
</tr>
<tr>
<td>Native Hawaiian and Pacific Islander</td>
<td>181%</td>
</tr>
<tr>
<td>Other</td>
<td>163%</td>
</tr>
<tr>
<td>White</td>
<td>88%</td>
</tr>
</tbody>
</table>

Source: Budget and Policy Center Calculations: data from American Community Survey 5-year Public Use Microdata Sample

Lawmakers must take action to create a more equitable Working Families Tax Credit

The WFTC provides an annual cash boost to people across Washington state, allowing hundreds of thousands of families to put food on the table, cover an unexpected car repair, or pay down debt. However, many people who would benefit from the credit are unintentionally left out because of restrictive eligibility guidelines. Expanding the credit to younger and older working people, and raising the too-low income threshold for working people without children is an important change that lawmakers can make.
Lawmakers can start here:

- **Remove the arbitrary age restriction and allow all working people 18 and older to claim their credit:** Lawmakers have the opportunity to pass House Bill 1075/ Senate Bill 5249 and expand the WFTC to working Washingtonians 18 years and older. This bill would benefit 1,140,000 working people in Washington state (see Chart 2). Policymakers should prioritize this expansion in order to make sure that all working Washingtonians can access this cash boost regardless of age.

- **Expand eligibility by raising the income threshold for working people without qualifying children:** Policymakers should increase the income thresholds for workers without qualifying children so that more working Washingtonians struggling to cover basic costs can access the cash boost from the WFTC. An increase of the minimum threshold to $30,000 for single filers without dependents would almost double the amount of people able to access the credit. This expansion would also have an outsized benefit for communities of color, especially Native, Latinx, and Native Hawaiian or Pacific Islander communities, making our tax code more racially equitable (see Chart 4).

Moving forward, there are other easy fixes that lawmakers can make to strengthen the credit as an anti-poverty tool and a tool for racial justice. Expanding eligibility so more moderate income households and those with no earned income could claim the credit, raising the base amount of the credit for workers without children to a more meaningful amount, providing payments on a monthly basis, and automating the credit payment for people receiving other benefits (like TANF or SNAP) are all strong policy recommendations that would expand the credit’s impact, strengthen our communities, and give people some breathing room from financial stress.
Notes

**Self-Sufficiency Standard.** The Self-Sufficiency Standard is a budget-based, living-wage measure that defines the real cost of living for working families at a minimally adequate level. The Standard is an affordability measure and an alternative to the official poverty measure used by the U.S. Census Bureau. It is currently used by the Washington State Economic Security Department to define income adequacy. For more information, visit the [Center for Women’s Welfare](https://www.centerforwomenswelfare.org).

**Assumptions and methods.** This brief utilizes the 2021 5-year American Community Survey (ACS) Public Use Microdata Sample (PUMS) to estimate the number of people without children who would be eligible if the income threshold is increased. Because the ACS data does not explicitly account for tax status, several assumptions were made. For example, for households that had children and more than two adults, the additional adults were counted with a “single” tax status if they did not have any of their own children present. For other assumptions, please reach out to Annie Kucklick, MSW, consulting analyst with the Washington Budget and Policy Center.

**A note about data.** Wherever possible, data are disaggregated to provide a preliminary understanding of disparities by race, ethnicity, and nativity. Data is not always available for all races and ethnicities, which we recognize is problematic given our country’s long history of cultural erasure. Data about gender are also rarely available for transgender and nonbinary people. The terminology used by data sources to describe people’s identities can also be limited and/or inconsistent. As a result of all of this, the statistics throughout this report tell a limited story. And in some cases, the numbers don’t reflect people’s lived experiences. The Budget and Policy Center is committed to continuing to engage with the communities represented in this data to better understand the stories, voices, and people behind the numbers. We are also committed to engaging with the communities left out of this data – as well as to advocating for better, more accurate, and inclusive data.
Endnotes


5. This income threshold is accurate for tax year 2023. The income limits increase slightly each year. See more information here: https://workingfamiliescredit.wa.gov/eligibility


15. U.S. Census Bureau, 2021 ACS 5-year Public Use Microdata Sample [Data File]


18. U.S. Census Bureau, 2022 American Community Survey 1-Year Estimates

19. U.S. Census Bureau, 2022 American Community Survey 1-Year Estimates

20. The Elder Index™ [Public Dataset] Boston, MA: Gerontology Institute, University of Massachusetts Boston, ElderIndex.org


22. According to Washington State Budget and Policy Center calculations using the 2021 5-year American Community Survey Public Use Microdata Sample.


25. According to Washington State Budget and Policy Center calculations using the 2021 5-year American Community Survey Public Use Microdata Sample.


29. Eligibility would increase 94% based on Washington State Budget and Policy Center analysis of the 2021 5-Year ACS Public Use Microdata Sample (PUMS).
The Washington State Budget & Policy Center is a research and policy organization that works to advance the economic well-being of all Washingtonians.

budgetandpolicy.org

@budget_policy
budgetandpolicy
WA Budget & Policy