

## ECONOMIC UPDATE

April 14, 2022

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### Economic Issue in Focus: Five Ways the American Rescue Plan Will Give People Larger Tax Refunds This Year

With Tax Day approaching on April 18, millions of Americans have already received larger refunds or will get bigger refunds thanks to the American Rescue Plan (ARP).

- 1) Expanded Child Tax Credit (CTC)** – Over 36 million families, including more than 61 million children, are eligible to receive the second half of the expanded [Child Tax Credit](#) when they file their 2021 taxes. While most families received the first half of the expanded CTC via monthly payments last year, all eligible families can receive the full refundable credit of up to \$3,000 or \$3,600 per child this tax season.
- 2) Earned Income Tax Credit (EITC)** – About 17 million working adults not raising children in the home qualified for a larger Earned Income Tax Credit (EITC) under the ARP in 2021. The Rescue Plan nearly tripled the maximum EITC for working adults without dependent children from roughly \$540 to roughly \$1,500, while also extending the credit to groups including younger and older adults.
- 3) ACA Health Care Tax Credits** –The Rescue Plan increased advance premium tax credits and extended the credits to more people enrolled in Affordable Care Act health insurance plans, which reached a record 14.5 million people enrolled this year. Some ACA enrollees claimed the credit up front and paid lower monthly premiums as a result, while others can claim the credit now on their 2021 tax returns, which will reduce the taxes they owe.
- 4) Child and Dependent Care Tax Credit (CDCTC)** – When filing their 2021 returns, millions of Americans can claim the expanded Child and Dependent Care Tax Credit, which will cut taxes this year by an estimated \$2,174 for families with children that receive it. The Rescue Plan significantly increased the value of the tax credit to help families cover child care expenses and care for adult dependents in 2021 and made the full credit refundable to reach more low-income households.
- 5) Recovery Rebate Credit** –Anyone who was eligible for a Rescue Plan direct payment but did not yet receive it can still receive the payment by claiming it as a Recovery Rebate Credit. The Rescue Plan provided stimulus payments to most American households in 2021.

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## Key Economic Indicator To Track: Higher Prices—Exacerbated by Putin’s Invasion of Ukraine—Are Straining U.S. Households’ Budgets and Depriving Them of the Full Benefits of a Strong Economy

The latest inflation data continue to show what U.S. workers and families are feeling: Higher global prices, exacerbated by Putin’s invasion of Ukraine, are straining American households’ budgets and depriving workers and families of the full benefits of a strong economy. Headline inflation was [1.2%](#) in March and was 8.5% over the last 12 months.

Despite significant progress to address supply chain disruptions, Russia’s war against Ukraine pushed up food and energy prices globally, which accounted for more than 75% of March inflation in the U.S. Oil company executives have kept domestic production low to maximize profits, opting to reward shareholders rather than produce more oil leading increases in gas prices alone to make up more than 60% of March’s rise.

The most effective tools at Congress’ disposal to address inflationary pressure long term and promote sustained growth are investments to lower household costs for families and to boost productivity. Investing in children and families, workers and small businesses would lower household costs and promote strong and broadly shared growth.

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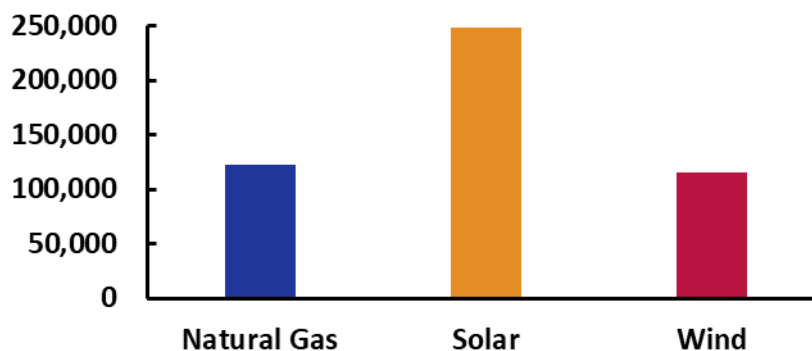
## JEC Spotlight: Investments in the Environment Will Help To Promote Economic Growth

As Earth Day approaches on April 22, 2022, Congress and the Biden administration should build on the investments in the Bipartisan Infrastructure Law to tackle climate change and promote economic opportunities across the country. The economic and social costs of failing to address climate change are significant. Even modest warming could shrink the economy by [hundreds of billions of dollars](#), with higher temperatures raising costs at an increasing rate. Economists estimate two degrees of warming would lower GDP by 0.5% per year, and four degrees would cut GDP by 2.0% annually.

Investing in clean energy production and technology will not only help to avert the significant costs of climate change, but also create well-paying jobs for workers across the country. Within the rapidly expanding electric power sector, wind and solar firms, collectively, employ more workers than natural gas companies. In fact, the Bureau of Labor Statistics projects that jobs that do not require a college degree within the solar and wind power sectors will be among the fastest growing over the next decade.

### Solar and Wind Firms Collectively Employ More Workers Than Natural Gas Firms for Electric Power Generation

Job breakdown by electric power sector, 2019



Source: 2020 U.S. Energy and Employment Report

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## Selected JEC Resources

- [\*Senator Rick Scott's Plan to Raise Taxes on Working Families and Slash Essential Programs Would Cost Jobs and Reduce Economic Growth\*](#)
- [\*The Bipartisan Innovation Bills in Congress Invest in Critical Supply Chains, Support Manufacturing Jobs and Maintain America's Competitive Edge\*](#)
- [\*State-By-State Fact Sheets: February Employment Data\*](#)
- [\*Direct Investments Are Needed to Improve Upward Social Mobility\*](#)
- [\*The U.S. Economy Experienced a Record Rebound During President Biden's First Year in Office\*](#)

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