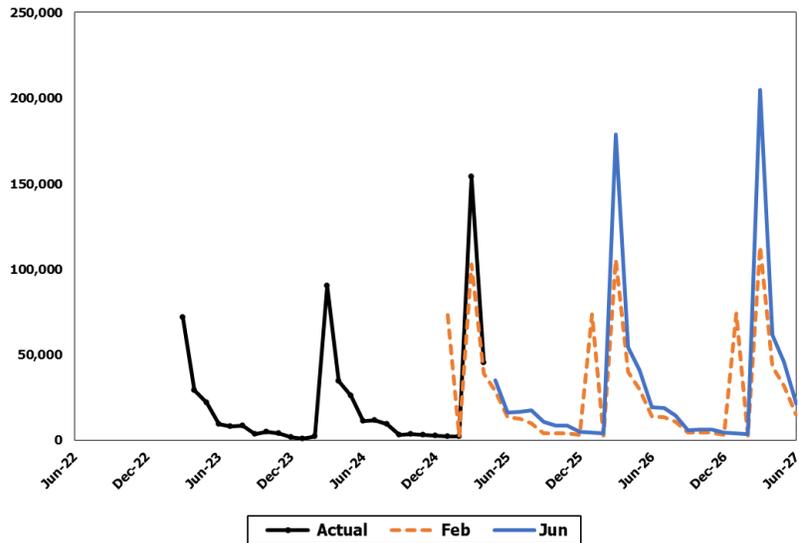
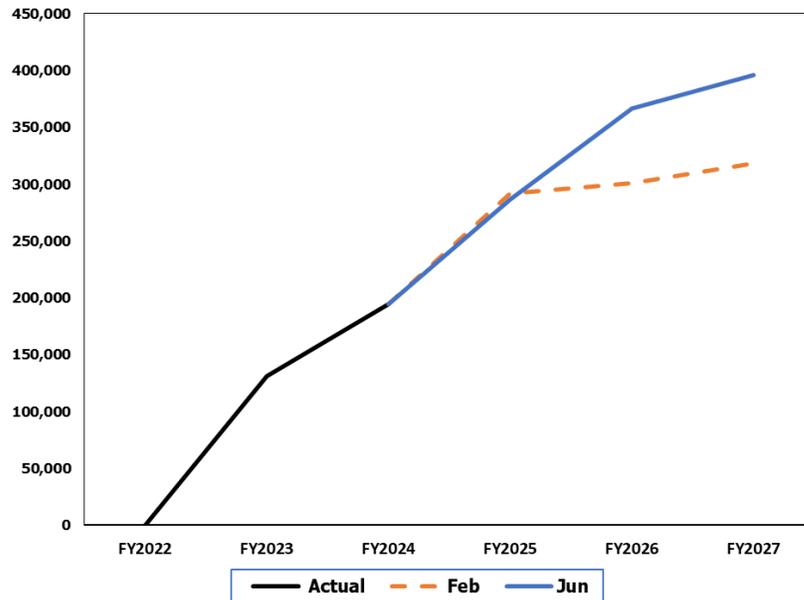


## Working Families' Tax Credit

### Monthly Counts



### Fiscal Year Counts



The 2023 Legislature passed HB 1218, which added a new duty to the Caseload Forecast Council's (CFC) forecast portfolio: the number of households eligible for the Working Families' Tax Credit (WFTC).

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Individuals and families are eligible if they meet all of the following requirements:

- lived in Washington a minimum of 183 days;
- are at least 25 and under 65 years of age OR have a qualifying child;
- filed a federal tax return with a Social Security Number (SSN) or an Individual Taxpayer Identification Number (ITIN);
- eligible for the federal Earned Income Tax Credit on their tax return; and
- meet the income requirements.

Legislation stipulates that the CFC will forecast this program with the following detail:

- 1) the number of eligible people with no qualifying children;
- 2) the number of eligible people with one qualifying child;
- 3) the number of eligible people with two qualifying children; and
- 4) the number of eligible people with three or more qualifying children.

This narrative presents the above categories as a total caseload forecast, but the breakdown is available on request.

The WFTC is offered once per year, with most recipients applying at the same time as they would file federal taxes; for example, 80 percent of FY 25 applicants are forecasted to receive the WFTC in the months of March through June 2025. Because of this cycle, we are reporting fiscal year totals rather than monthly averages in the tables below.

| <b>Forecast Comparisons (Fiscal Year Totals)</b> |                    |                    |                           |                       |
|--|--------------------|--------------------|---------------------------|-----------------------|
| Fiscal Year                                      | Feb-25<br>Forecast | Jun-25<br>Forecast | Feb to June<br>Difference | Percent<br>Difference |
| 2025   | 291,446            | 286,371            | -5,075                    | -1.7%                 |
| 2026   | 300,383            | 366,170            | 65,787                    | 21.9%                 |
| 2027   | 318,144            | 395,822            | 77,678                    | 24.4%                 |

The June 2025 forecast is 5,075 cases or 1.7 percent lower than the February 2025 forecast for FY 2025 and, on average, 71,733 cases or 23.2 percent higher for the 2025-27 Biennium. This increase over the biennium is due to a new projection incorporating the effects of planned outreach this summer.

| <b>Tracking the Current Forecast</b> |                    |         |          |                     |
|--------------------------------------|--------------------|---------|----------|---------------------|
| Month                                | Feb-25<br>Forecast | Actual  | Variance | Percent<br>Variance |
| Jan-25                               | 73,302             | 2,058   | -71,244  | -97.2%              |
| Feb-25                               | 2,026              | 2,036   | 10       | 0.5%                |
| Mar-25                               | 102,716            | 153,863 | 51,147   | 49.8%               |
| Apr-25                               | 38,911             | 45,424  | 6,513    | 16.7%               |

Actuals are tracking, on average, 3,393 cases or 6.3 percent below the February forecast. Monthly numbers for WFTC are less important than yearly as this is a once-a-year benefit; the large variances in the January and March actuals are due to shifting approval counts based on actuals data that came in after the February forecast was finalized.

### Fiscal Year Caseload Change

|          | Fiscal Year | Caseload | Change from Prior Year | Percent Change |
|----------|-------------|----------|------------------------|----------------|
| Actual   | 2023        | 131,352  |                        |                |
|          | 2024        | 194,667  | 63,315                 | 48.2%          |
| Forecast | 2025        | 286,371  | 91,704                 | 47.1%          |
|          | 2026        | 366,170  | 79,800                 | 27.9%          |
|          | 2027        | 395,822  | 29,652                 | 8.1%           |

The increase in the caseload forecast in 2025 is due to a jump in electronic filers compared to 2024. The increase in 2026 and 2027 is due partly to incorporating the projected effects of outreach projects in 2025 and 2026, partly to ongoing uptake increases, and partly to a longer overlapping “backlog” of late filers.

#### *Risks to the Forecast*

Risks to the forecast are high, in that there is very little data on which to base projections for the effect of the outreach projects.