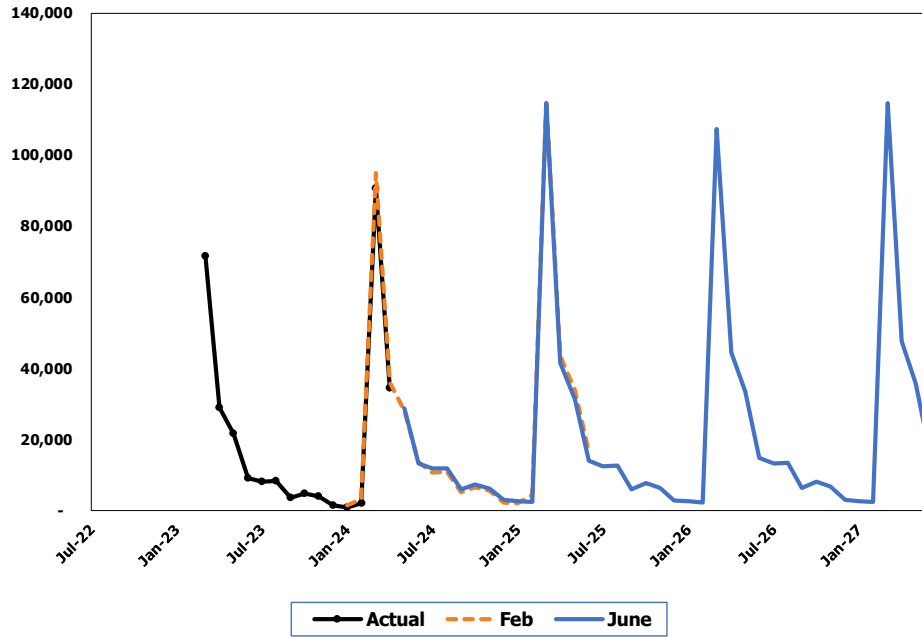
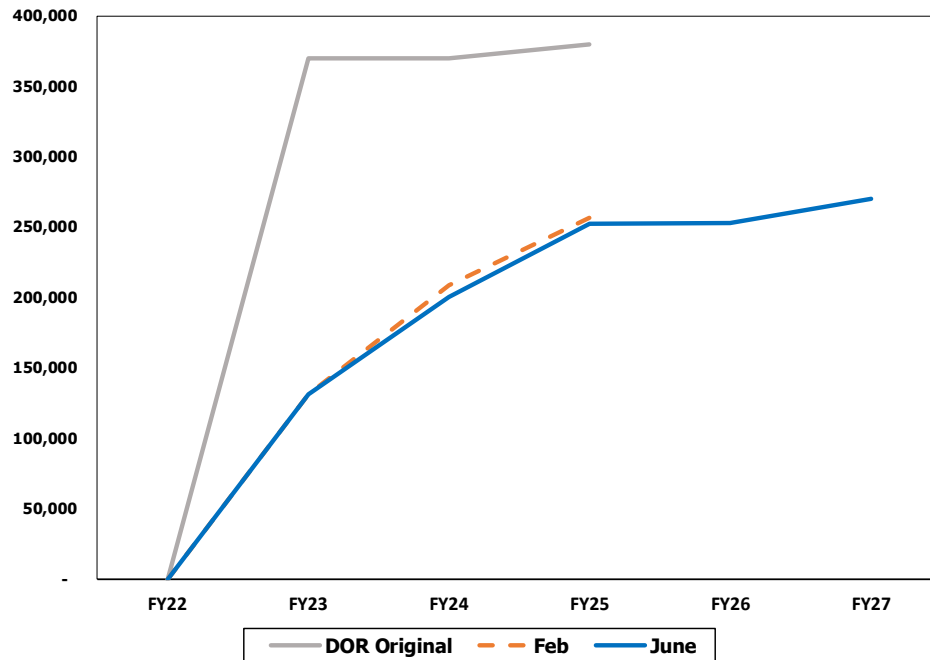


Working Families' Tax Credit

Monthly Counts



Fiscal Year Counts



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

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.
- Meet the income requirements.

Legislation stipulates that the Caseload Forecast Council 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% 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.

Forecast Comparisons (Fiscal Year Totals)

Fiscal Year	Feb-24 Forecast	Jun-24 Forecast	Feb to Jun Difference	Percent Difference
2024	208,928	200,729	-8,200	-3.9%
2025	256,752	252,842	-3,910	-1.5%
2026		253,291		
2027		270,155		

The June 2024 forecast is, on average (calculated yearly), 6,055 cases or 2.6 percent lower than the February 2024 forecast for the 2023-25 Biennium.

Tracking the Current Forecast

Month	Feb-24 Forecast	Actual	Variance	Percent Variance
Jan-24	1,382	933	-449	-32.5%
Feb-24	3,308	2,125	-1,183	-35.8%
Mar-24	95,068	90,733	-4,335	-4.6%
Apr-24	36,091	34,519	-1,572	-4.4%

Monthly actuals are tracking, on average, 1,884 cases or 5.5 percent below the February forecast. The variance in January and February is due to the small numbers of applicants in

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these months prior to the Federal tax filing deadline leading to high percentage variance calculations. The variance in March and April is due to a slightly overestimated uptake rate assumption in the February forecast.

Fiscal Year Caseload Change (FY Totals)

	Fiscal Year	Caseload	Change from Prior Year	Percent Change
Actual	2023	131,521		
Forecast	2024	200,729	69,208	52.6%
	2025	252,842	52,113	26.0%
	2026	253,291	449	0.2%
	2027	270,155	16,864	6.7%

The decreasing growth in the caseload over the next four years is partly based on the assumption that WFTC participation rates will converge to the participation rates seen in Washington for the federal Earned Income Tax Credit (EITC), with a slight upward adjustment due to WFTC eligibility for people who file using an Individual Taxpayer Identification Number (ITIN) rather than a Social Security Number (SSN). The decreasing growth is also partly due to DOR projections of the number of total WFTC eligible families over the next four years.

Risks to the Forecast

Risks to the Working Families’ Tax Credit forecast are moderately high because, while this is a new program and forecast, the forecast methodology fits actual data reasonably well for most of fiscal years 2023 and 2024. Continuing forecast accuracy will depend heavily on assumptions about uptake because there is very little historical data on which to base the forecast. There is also a risk to the forecast from tax software providers adding full WFTC integration over time; for example, TurboTax should be added in calendar 2024.