

Create Economic Mobility by Protecting and Strengthening the EITC and CTC

Please speak directly and/or write to congressional leadership, and in particular House Ways and Means Committee Chairman Paul Ryan and Ranking Member Sander Levin or Senate Finance Committee Chairman Orrin Hatch and Ranking Member Ron Wyden, urging them to make working families their top priority in any tax legislation. Specifically, urge them to:

1. **Protect and strengthen the Earned Income Tax Credit (EITC) and Child Tax Credit (CTC) for low-income Americans by making expiring provisions in those credits permanent.**
2. **Expand the EITC for workers without children.**

We also urge you to **help families save for the future by including asset development strategies for low-income Americans**, such as the Financial Security Credit (FSC), in any tax reform legislation.

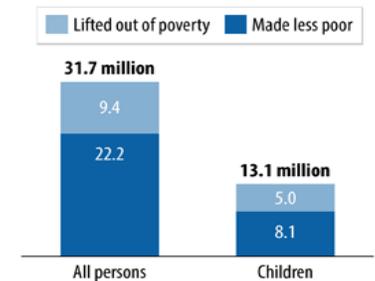
The EITC and CTC Support Working Families

The Earned Income Tax Credit (EITC) and Child Tax Credit (CTC) are financial lifelines for people working in low-wage jobs. The evidence shows that:

- The EITC and CTC encourage work. Only taxpayers who are working can claim the credits, and they encourage people to work more hours.
- The EITC and CTC help families make ends meet and improve the lives of children. Children in families receiving the EITC are more likely to attend college and earn more income as adults.
- The EITC and CTC lift millions of people out of poverty each year and is our best tool for reducing poverty among children.
- The EITC and CTC are good for local economies. EITC and CTC refunds tend to get spent quickly and locally. It is estimated that the EITC generates at least \$1.50 in economic activity for every \$1 spent.

Earned Income Tax Credit and Child Tax Credit Have Powerful Antipoverty Impact

Persons lifted out of poverty or made less poor (using Supplemental Poverty Measure) by EITC and CTC, 2013



Figures may not add due to rounding.

Note: Unlike the Census Bureau's official poverty measure, the SPM counts the effect of government benefit programs and tax credits. Source: CBPP analysis of Census Bureau's March 2014 Current Population Survey and 2013 SPM public use file.

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In January 2013, Congress *temporarily* ensured that families who make under \$13,000 per year can still claim the CTC and preserved the current EITC for married couples and larger families. If these improvements are allowed to expire in 2017, 16 million Americans, including 8 million children, will fall into or deeper into poverty.

In addition, Congress must expand the EITC for single adults. Currently, adults without children in the home (including non-custodial parents who pay child support) receive a very small EITC (maximum of \$500), which results in many of these workers being taxed into poverty. Congress could help these workers by doubling their EITC to \$1,000, lowering the EITC eligibility age from 25 to 21, and increasing the limits on how much income they can earn before losing the credit. Leading Democrats and Republicans already support this idea. These changes would benefit 13.5 million Americans, including 1.5 million non-custodial parents, and would lift 500,000 hardworking Americans out of poverty.

Helping Families Build Financial Security through Savings

Building savings and assets is an integral part of poverty reduction. With savings, low-income children are more likely to go to college and move into the middle class as adults. Sadly, the tax code does little to encourage low-income Americans to save. The Financial Security Credit (FSC) would change that. The FSC is a matched deposit for low-income tax filers who agree to direct deposit all or part of their tax refund into an eligible savings product. A recent pilot program (SaveUSA) has shown that the idea can work. In 2013, Rep. Jose Serrano introduced H.R. 2917, the *Financial Security Credit Act of 2013*, which would put this innovative idea into practice. We ask you to support similar House and Senate legislation when it is introduced in this Congress.