Looking Ahead: the Future of EITC and Working Families

November 15, 2018 | 3:00-4:00 ET
Welcome

Carmen Shorter
Senior Manager for Learning
Prosperity Now
Housekeeping

- This webinar is being recorded and will be shared within one week.
- All webinar attendees are muted to ensure sound quality.
- Ask a question any time by typing the question into the text box of the GoToWebinar Control Panel.
- If you experience any technical issues, email gotomeeting@prosperitynow.org.
Prosperity Now’s mission is to ensure everyone in our country has a clear path to financial stability, wealth and prosperity.
Getting the Most Out of Today’s Call

- Join from a quiet space
- Grab a coffee or snack and settle in
- Engage! Send us your questions and comments as you listen
- Reflect on ways to apply what you learn today to your own work
To **connect**, **strengthen** and **inspire** community tax programs so that they can ...

- More effectively & efficiently **deliver critical tax assistance**
- Couple that assistance with other **financial capability services**
- **Advocate for fairer tax policy**

PROSPERITY NOW
TAXPAYER OPPORTUNITY NETWORK
Taxpayer Opportunity Network Members...

- Participate in learning and advocacy opportunities
- Learn about the latest developments in the field
- Access valuable resources for volunteers, program managers and site coordinators
- Get discounts to Prosperity Now and Taxpayer Opportunity Network events

To join or learn more, go to:
prosperitynow.org/get-involved/taxpayer-opportunity-network
What’s in store for today?

- Welcome from TON
- EITC Funders Network Overview
- Foundation Role in EITC Expansion
- EITC Expansion at the State Level
- State Expansion Example
- Q&A and Close
Today’s Speakers

Rebecca Thompson
Program Director
Taxpayer Opportunity Network

Ami Nagle
Coordinator
EITC Funders Network

Don Baylor
Senior Program Officer
Annie E. Casey Foundation
Today’s Speakers

Kamolika Das
State & Local Policy Manager
Prosperity Now

Nan Madden
Director
Minnesota Budget Project
Welcome from TON

Rebecca Thompson
Project Director, Taxpayer Opportunity Network
Prosperity Now
The Plight of Childless Workers

**DIFFERENCE IN EITC BENEFITS BETWEEN WORKERS RAISING AND NOT RAISING CHILDREN**

<table>
<thead>
<tr>
<th>Worker not raising children making $12,060 under the age of 24</th>
<th>Worker not raising children making $12,060 between 25 and 65</th>
<th>Single worker with one child making $12,060</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1.png" alt="Man" /> CREDIT $0</td>
<td><img src="image2.png" alt="Woman" /> CREDIT $215</td>
<td><img src="image3.png" alt="Man with child" /> CREDIT $3,373</td>
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Overview of the Challenge

Ami Nagle
Coordinator
EITC Funders Network
Who We Are

Goals
The goals of the EITC Funders Network include:
- Increase communication among funders about EITC-related projects across the country;
- Explore issues confronting the field;
- Discuss ways to sustain and scale-up EITC work; and
- Leverage funding for EITC-related projects

Thematic Pillars
- Outreach and Tax Preparation
- Policy
- Benefits Access
- Financial Empowerment

Our Members
- Almost 300 members
- Community foundations, family foundations, public charities, corporate philanthropy

What We Do
- Meetings
- Webinars
- eNewsletter
- Website
- Consultation
Why the EITC as a Strategy?

- Poverty Reduction
- Economic Security
- Health
- Employment
- Race and Gender Equity
On the Horizon

- Improving EITC Participation
- Connecting EITC/Free Tax Prep to Community Engagement
- Connecting Benefit of EITC to New Philanthropic Audiences
- Expanding/Improving the EITC
- EITC as a Building Block Toward Universal Basic Income
Qualifications:

- Promote and/or enhance existing EITC policies to include and benefit young workers (under 25)
- Only open to statewide 501c3 organizations and partnerships

**Step 1:** express interest (**DEADLINE: Nov. 21**)

- Email Don Baylor, Jr. (**dbaylor@aecf.org**); cc: Velvet Bryant (**vebryant@aecf.org**)
- SUBJ: Young Worker Opportunity Fund
  - Include lead organization(s) and key partners in email text

**Step 2:** Casey will invite up to 7 applicants to apply (Nov. 27)

**Step 3:** Applicants notified (Dec. 17)
EITC Expansion at the State Level

Kamolika Das
State & Local Policy Manager
Prosperity Now
29 states plus DC have enacted their own version of the federal EITC to help working families meet basic needs.

- Of these 29, 12 states and DC have a refundable state EITC that’s at least 15% of the federal credit – our criteria for an adequate state EITC.

- In recent years, a number of states have enacted and/or boosted their state EITCs.
How Can States Improve their EITCs?

- **Value:** Increase the value of the credit (Montana’s is only 3%!)

- **Refundability:** Make the credit refundable, so that taxpayers can receive a refund if their tax liability is reduced below zero.

- **Outreach:** Increase funding for EITC education and outreach in low-income communities, especially communities of color; this also includes increasing funding for volunteer tax preparation services.

- **Eligibility:**
  - *By income:* Adjust eligibility levels to account for high cost-of-living areas (DC’s maximum credit extends to 150% of the poverty line and the credit fully phases out at twice the poverty line).
  - *By age:* Expand eligibility to adults under 25 and over 65.
  - *By immigration status:* Expand eligibility to working immigrants with Individual Taxpayer Identification Numbers (ITINs).
  - *By dependency status:* Expand eligibility to workers not raising children.
What Does the Research Say?

- **Tax Credits for Workers and Their Families (TCWF) Focus Group**
  - In a July 2017 focus group, TCWF found that many low-wage workers without dependent children were noncustodial parents who spent a large portion of their income providing for their children.

- **MDRC Paycheck Plus Demonstration Pilot Program**
  - This pilot program simulated expanding the maximum EITC for childless workers to $2,000 in NYC and Atlanta.
  - Paycheck Plus increased income and employment among participants and also increased child support payments and the rate of tax filing.
Who Has Expanded Eligibility to “Childless Workers”?

- District of Columbia (2014)
- Minnesota (2017)
- California (2018)
- Maryland (2018)
Is Your State Pursuing This?

- Did your state legislature introduce any bills last year about this?
- Do you have plans to contact your legislators about the need to expand state EITC eligibility?
- Contact the State & Local Policy team for support!

Example of online campaign from last year
The Future of EITC and Working Families

Nan Madden
Director
Minnesota Budget Project
Minnesota’s State EITC

Working Family Credit, Tax Year 2015

Size of Credit

$0  $500  $1,000  $1,500  $2,000

$10,000  $20,000  $30,000  $40,000  $50,000

Household Earnings

- Single, No Children
- Married, No Children
- Single, One Child
- Married, One Child
- Single, Two or More Children
- Married, Two or More Children
Responding to the Concerns of Greater Minnesota

Percent of Households Receiving the Working Family Credit

Source: Minnesota Department of Revenue Tax Year 2013 data on households filing Minnesota income taxes
MAKE THE TAX SYSTEM MORE FAIR. The Working Family Credit is one tool that is known to help make our overall tax system less burdensome for low-income families. Because people of color in Minnesota are more likely to have low incomes—for African American households, median income is less than half that of white households—they also feel the burden of a regressive tax code. Even with the positive changes made in the 2013 session to narrow the gap in tax burden, more steps are necessary and possible. One step this session is to update the Working Family Credit to mirror its federal counterpart the Earned Income Tax Credit by reducing marriage penalties. An estimated 54,000 families would benefit from this change and receive an average $334 larger credit.
Working with Partners to Demonstrate Local Impact
Discussion

What questions do you have?

Share them in the Questions box!
Final Thoughts
Key points and next Steps before we go
Thank you!

*Please complete our survey!*