

**Your Money.**  
You Earned It.



**Now  
Claim It!**

## **Promote the Earned Income Tax Credit And Child Tax Credit**

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**Date: January 20, 2017**

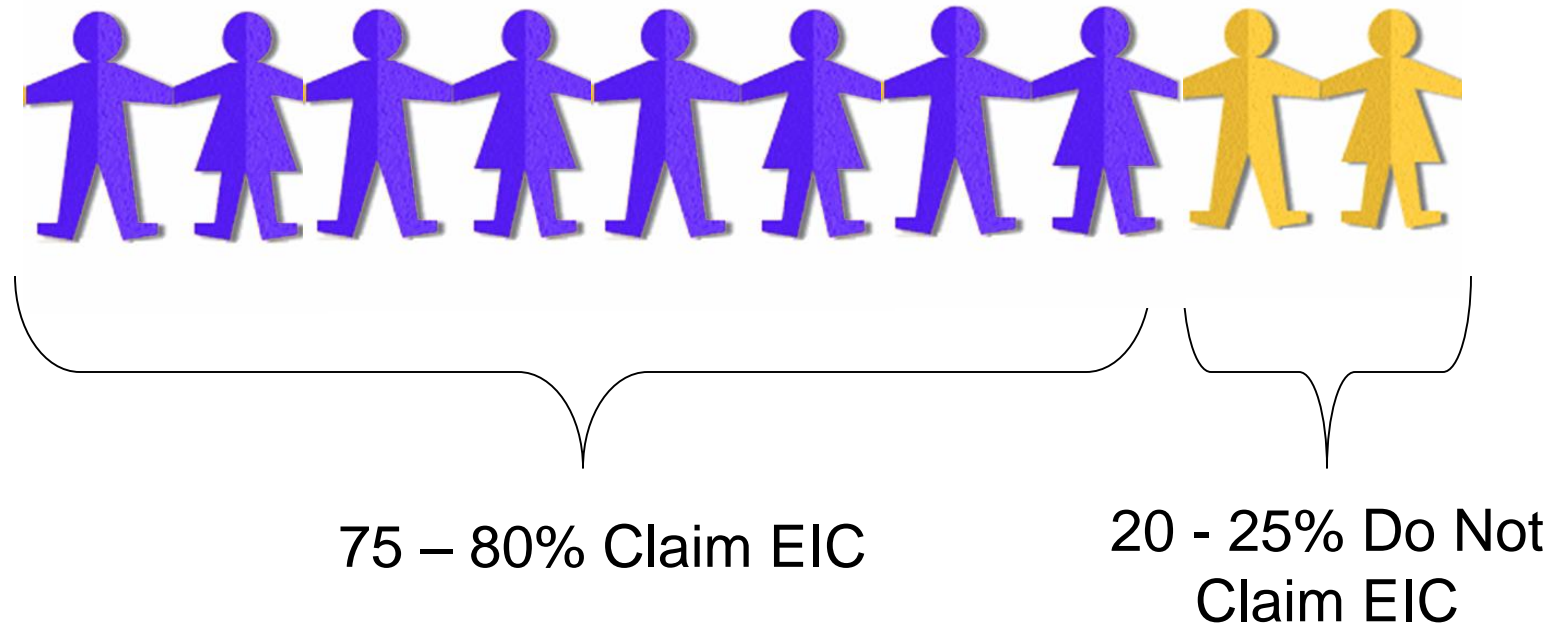
**Presentation by: John Wancheck**

**Organization: Center on Budget & Policy Priorities**

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# Why is Outreach Needed?

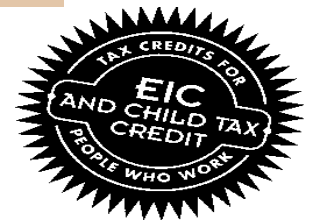
## *EITC Eligible Workers*



# Great Philadelphia EITC History

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- ❑ **Campaign for Working Families**
- ❑ **Pathways PA**
- ❑ **You Earned It Philly**
- ❑ **IRS estimates 82% of eligible workers in PA claim EITC**



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***Who is at Risk of Missing  
Out on Refundable  
Tax Benefits?***



# Who Might Miss Out on the EITC and CTC?

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- Workers not required to file returns

In 2016:

- \$20,700 for a married couple
- \$13,350 for head of household
- \$10,350 for a single filer

- Workers just entering labor force
- New parents
  - Foster, adoptive, grandparents
- Divorced or separated custodial parents
- Workers newly eligible due to a reduction in income or loss of employment



# Challenges to Claiming the EITC

- ❑ Workers without children
- ❑ Workers who don't speak English as a first language
- ❑ Tax filing requirement, fees
- ❑ Eligible population fluctuates



# IRS Research Findings on EITC

- 2005 study estimated national participation at 75% (now 80%)
- 16% of those eligible don't file a return
- Workers without children – 44% don't claim – 1.4 million
- Workers with one child – 24% don't claim - 2.3 million

<http://www.irs.gov/pub/irs-soi/09resconeitcpart.pdf>



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# ***Reaching Out to Promote the Credits***





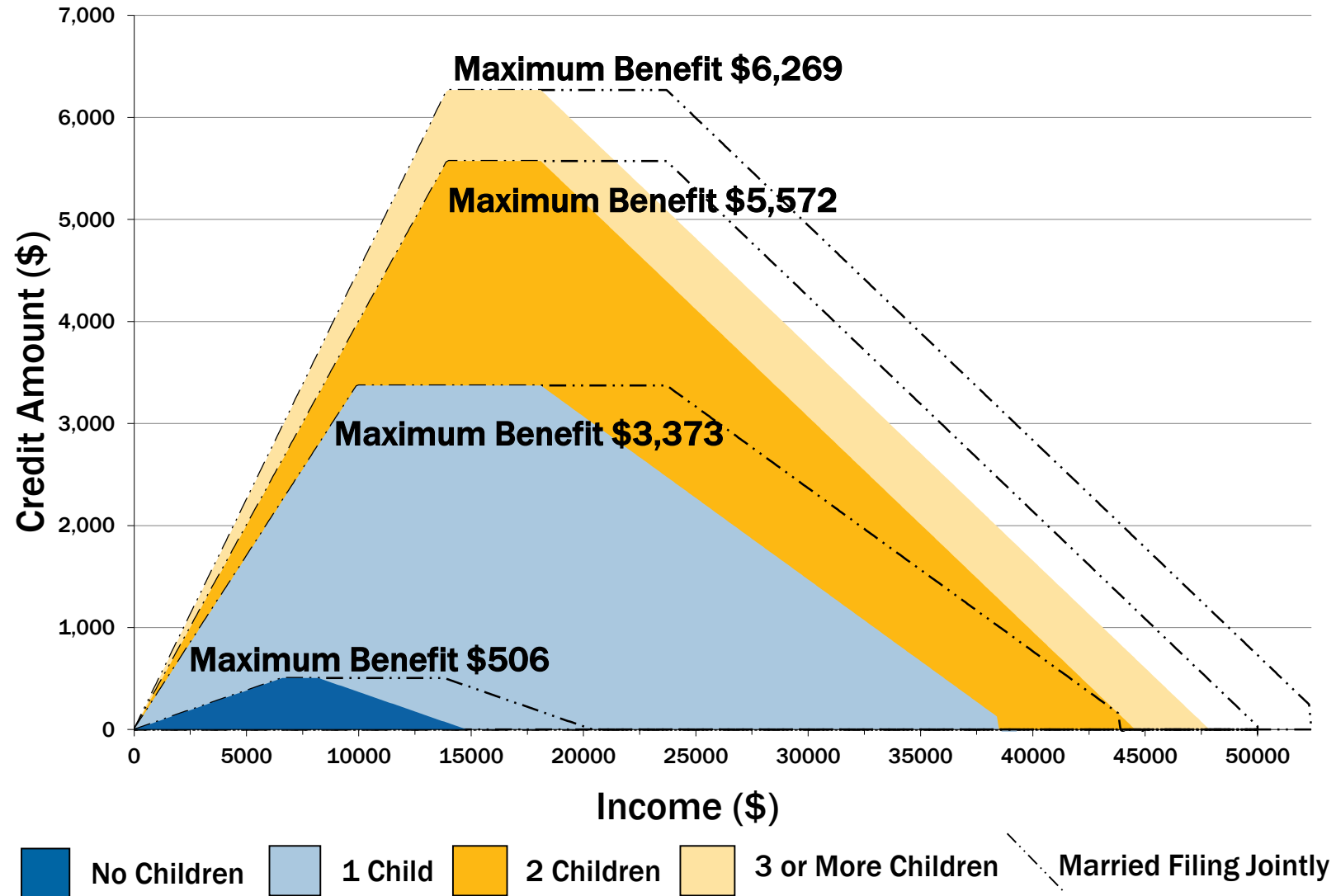
# Finding Those Eligible Not Claiming

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- Very low incomes = small credit amounts
- Intermittent workers at low wages
  - Language barriers
  - New parents
  - Disabilities
  - Re-entry
- Identify specific categories – where to find these workers
- Who best communicates with them?



# The Federal EIC in Tax Year 2016



# Promoting the Credits

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## ***Build partnerships to connect with eligible workers:***

- ❑ Nonprofit health and human services providers
- ❑ Community organizations and institutions
- ❑ Faith-based groups
- ❑ Civic/service organizations
- ❑ Labor unions
- ❑ State and local government agencies (esp. public benefits)
- ❑ Employers and local businesses
- ❑ Utility companies
- ❑ Media
- ❑ IRS



# *The Center on Budget and Policy Priorities'* **National Tax Credit Outreach Campaign Can:**

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- ❑ Provide an Online Tax Credit Outreach Kit
- ❑ Arrange a conference call or webinar to help organizations develop an outreach strategy
- ❑ Connect you to online resources:
  - EIC/CTC flyers in 24 languages
  - EIC Estimator
  - Detailed Outreach Strategies Guide
  - Sample Press Release
  - EIC & CTC FAQs and much more!

**[www.eitcoutreach.org](http://www.eitcoutreach.org)**



# EITC Outreach Tips to Reach Taxpayers & Community Partners

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# Tax Credit Outreach Kit



- Tax Credit Facts & Details
- [www.eitcoutreach.org](http://www.eitcoutreach.org)
- Outreach Strategies
  - Institutions
  - Communities

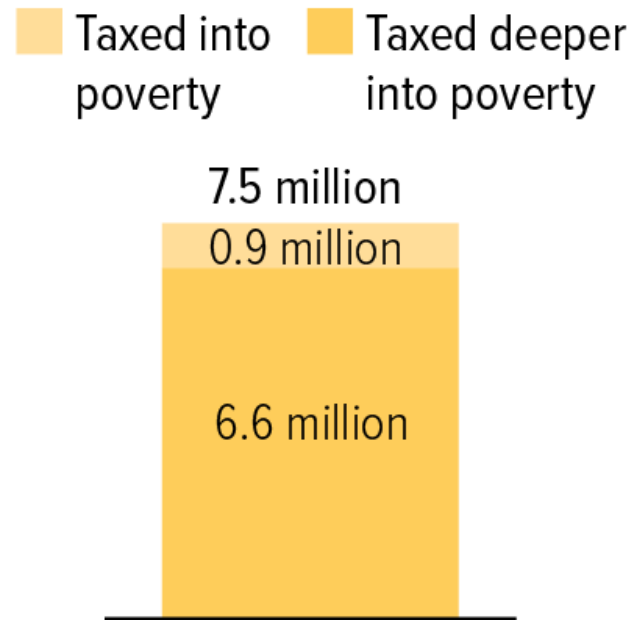
# Strengthening the EITC for Childless Workers

Promote Work, Reduce Poverty

- Single childless adults begin owing income taxes *below* the poverty line
- Receive little or no EITC
- Face significant payroll taxes
- Federal tax code taxes about 7.5 million childless into or deeper into poverty

# Federal Taxes Push Millions of Childless Workers Into or Deeper Into Poverty

Childless workers taxed below federal poverty line, based on payroll and income taxes

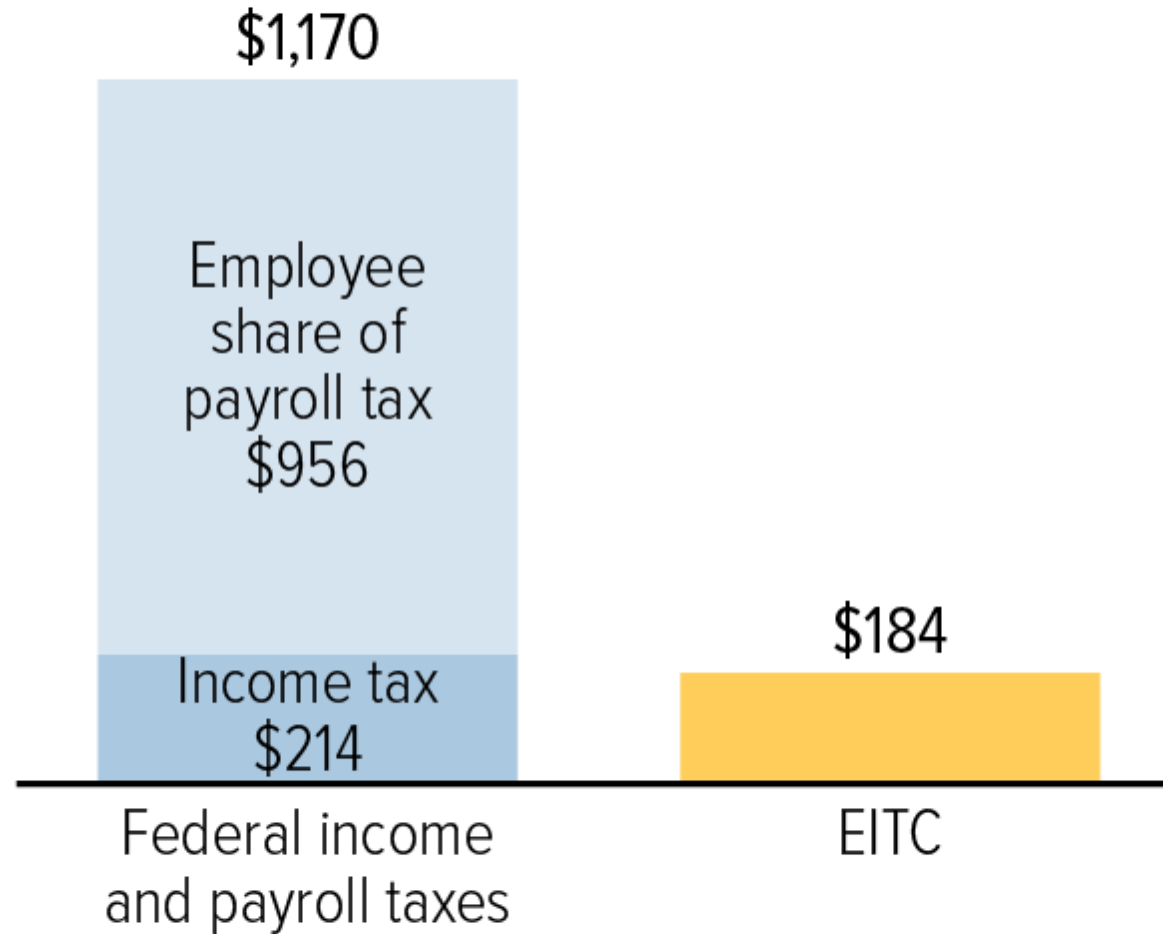


Childless workers = filers not claiming dependents for EITC purposes.

Source: CBPP analysis of the March 2015 Current Population Survey using Census Bureau estimated taxes



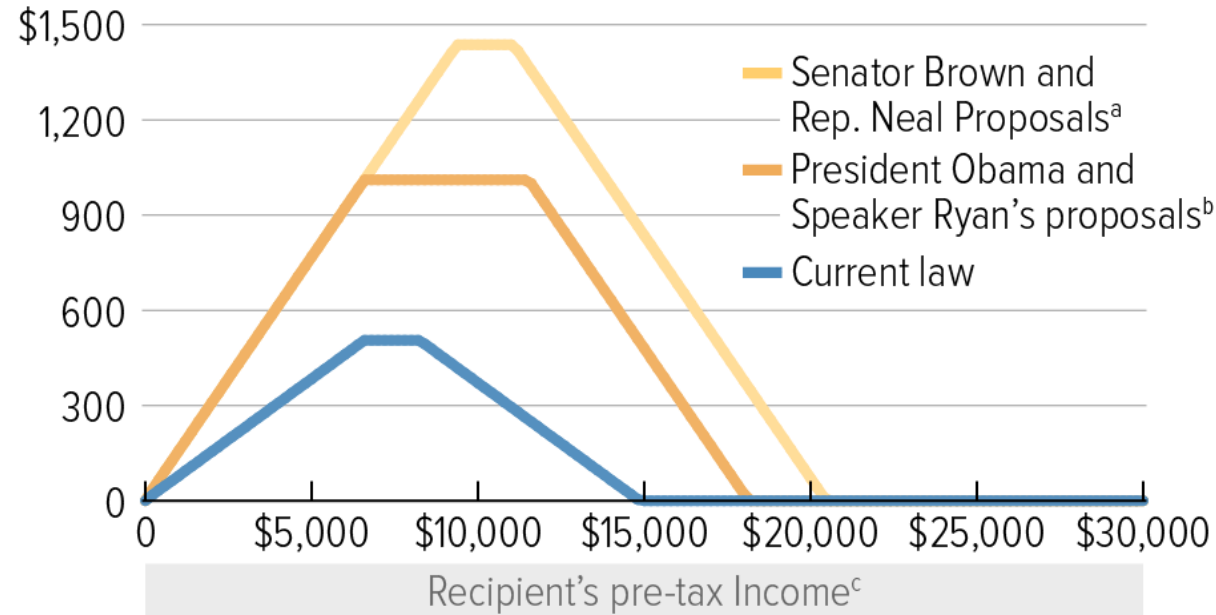
Single childless adult with poverty-line earnings  
of \$12,494, 2016



Note: Estimated poverty line of \$12,494 is produced using the 2015 Census poverty line, adjusted for inflation as estimated by the Congressional Budget Office. Economists

## Proposals Would Substantially Expand Childless Workers' EITC

Earned Income Tax Credit amount, 2016



<sup>a</sup>Working Families Tax Relief Act of 2015 (S. 1012), Earned Income Tax Credit Improvement and Simplification Act of 2015 (H.R. 902) assuming same inflation adjustment as S. 1012

<sup>b</sup>President's FY2016 budget; Speaker Ryan's "Expanding Opportunity in America" discussion draft

<sup>c</sup>Assumes all income is from earnings (as opposed to investments, for example)

# Childless Adults Taxed Into Poverty; Earned Income Tax Credit (EITC) Proposals Would Help Address Problem

A single childless adult with poverty-level wages in 2016 (\$12,494) owes \$1,170 in income taxes and payroll taxes (employee share).

## Current law

Under current law, she receives an EITC worth just \$184.

Federal taxes push her \$986 into poverty.

## Obama and Ryan proposals

Under nearly identical EITC expansions from President Obama and House Speaker Ryan, her EITC would rise to \$870.

Better, though federal taxes would still push her \$300 into poverty.

## Brown and Neal proposals

Under proposals from Sen. Sherrod Brown and Rep. Richard Neal, her EITC would rise to \$1,226, more than offsetting her federal tax liability.

After taxes, she would be \$56 above the poverty line.

Source: CBPP analysis of Internal Revenue Code, President's 2016 budget, Speaker Ryan's "Expanding Opportunity in America" discussion draft, Working Families Tax Relief Act of 2015 (S. 1012), and Earned Income Tax Credit Improvement and Simplification Act 2015 (H.R.902). Assumes Neal proposal uses same inflation adjustment as Brown proposal.

# Elements of EITC Expansion

Legislation proposed in 2016

- Lower eligibility age from 25 to 21
- Increase phase-in rate (from 7.56% to 15.3% of earnings)
- Increase maximum credit (from \$500 to \$1,000 - \$1,400)
- <http://www.cbpp.org/research/federal-tax/childless-adults-are-lone-group-taxed-into-poverty>