



**RESULTS**  
the power to end poverty

# **Low-Income Tax Credits: Creating Economic Opportunity**

# RESULTS

- Working to create the political will to end poverty through advocacy
- Empowering individuals to have breakthroughs in exercising personal and political power
- 30 domestic chapters, 160 core activists, additional network of 1500.
- Domestic campaigns: creating economic opportunity with low-income tax credits, health care for all.
- 71 global chapters, about 375 core activists, additional network of 1600.
- Global Campaigns: microfinance, global health, education for all

# What is Political Will

“We stand by as children starve by the millions because we lack the will to eliminate hunger. Yet we have found the will to develop missiles, capable of flying over the polar cap and landing within a few hundred feet of their target. This is not innovation. It is a profound distortion of humanity’s purpose on earth.”

*-- Retired Republican Senator Mark Hatfield*

# Advocacy Assumptions

- There are solutions to poverty
- Decision makers can be change agents, but will not take action alone.
  - *"I agree with you, I want to do it, now make me do it."* Franklin Roosevelt
- Decision makers need to be educated —they can't and don't know everything.
- Citizens do not feel empowered or able to make change happen. Advocacy training is the missing education.
- Helping others gain & use advocacy skills takes patience, persistence, support.

# How Decision Makers Decide

- Constituents
- Staff
- Colleagues
- Media
- Paid Lobbyists
- Experts
- Personal History



# What do advocates do?

- Learn about the issues/problems
- Define effective solutions
- Create networks and coalitions
- Learn about decision makers
- Define campaigns to influence decision makers based on how they are likely to be influenced

# Advocacy Tactics

- Meet face to face, know the aide
- Editorials, op-eds, LTE, radio
- Sign on letters
- Legislation
- Call in days
- Letter writing
- Public dialogue & birddogging
- Persistence--get a yes or no answer

# Advocacy: What Works

- One to two issues at most
- Bring a powerful story
- Ask a yes or no question
- Get a yes or no answer
- Reaching decision makers requires research of background, past actions
- Stories put a face on the issues and reach people at an emotional level
- Persistence is key--if it won't go away, you have to make peace with it
- Timing is important, one must understand decision making process

# Sample Lobby Meeting Agenda

- Introduction with titles
- Thank you
- Agenda
- Tell a story
- Make the pitch and request
- Be prepared to respond to concerns--find out if information is needed, clarify
- Make plans for follow up
- Follow up, follow up, follow up
- Tool: [2010 Lobby Planning and Reporting Form](#) (Word)

# EPIC Laser Talk: Emphasizing the Economic and Fiscal Perspectives

*\*suggested for conservative Congressional Offices*

**Engage:** The Earned Income Tax Credit (EITC) and Child Tax Credit (CTC) are critical tools in encouraging work, supporting families, and strengthening local economies. From 1986 to 2006, the EITC generated \$500 billion in net tax revenue.

**Problem:** 2009 expansions to the EITC and CTC have helped make work pay for millions of low-income working families and generated significant economic activity, but it could all be undone if these improvements are allowed to expire at the end of this year.

# **EPIC Laser Talk: Emphasizing the Economic and Fiscal Perspectives**

**Inform/Illustrate:** These tax credits promote work and parental responsibility — working parents get larger credits the more they work. Unfortunately, if these expansions expire, so does the added incentive. For example, a minimum wage family with two children working full-time will see their Child Tax Credit cut by \$1,500, from \$1,750 to \$250 in 2011.

# **EPIC Laser Talk: Emphasizing the Economic and Fiscal Perspectives**

**Call to Action:** Will you speak to House Ways and Means Chairman Levin and Ranking Member Camp/Senate Finance Committee Chairman Baucus and Ranking Member Grassley and urge them to support working families by making the 2009 expansions of the Earned Income Tax Credit and Child Tax Credit permanent?

# A Tool To Take Away

## Learn to Speak & Write Powerfully

- **E** - **E**ngage your audience
- **P** – State the **P**roblem
- **I** – **I**llustrate the problem and  
Inform them on solutions
- **C** – **C**all to action

# Tax Policies Can Reduce Poverty and Create Economic Opportunity

- [The Impact on Real People: video from Bread for the World](#)
- Progressive tax policy should help people with lower incomes keep more of what they earn and provide incentives to earn more so as to help them lift themselves out of poverty
- Key tax credits that help low-income working families
  - Earned Income Tax Credit
  - Child Tax Credit
- Asset building policies provide incentives for low-income people to save

# RESULTS' Economic Opportunity Campaign

- Promote expansions of low-income tax credits that increase income and lift people out of poverty
  - Expand the Earned Income Tax Credit for individuals and families
  - Expand the Child Tax Credit so all low-income families can benefit
- Promote low-income savings through programs like the Savers Bonus, Individual Development Accounts and Children's Savings Accounts
- These policies tend to have bipartisan support because they:
  - Support lifting people out of poverty
  - Encourage work
  - Promote personal responsibility

# The Earned Income Tax Credit

- Designed to offset payroll taxes and “reward work” for those in low-income jobs. Began in 1975
- Largest poverty reduction program in the U.S.
  - In 2009, the EITC lifted [6.6 million people](#) out of poverty
    - 3.3 million were children
    - Without the EITC, the poverty rate among children would have been one-third higher
    - Lifts more children out of poverty than any other program
- Sliding scale of eligibility
  - Eligibility based on earned income
  - Size of credit based on income, marital status, family size
- Fully Refundable Credit = tax filer gets a refund if credit is larger than tax liability, even if liability is \$0

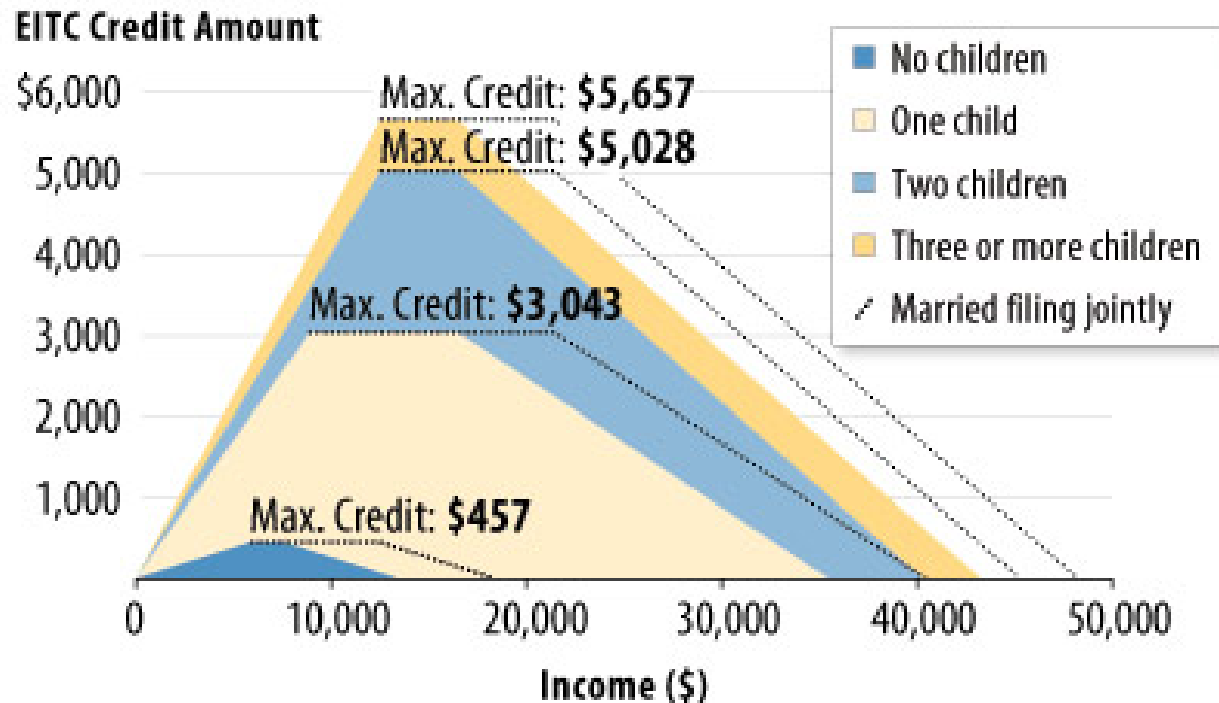
# Recent Improvements to the EITC

## American Recovery and Reinvestment Act

- RESULTS and our allies pushed for EITC improvements in the economic recovery bill (ARRA)
- Married couples can now earn more income before the EITC phases out, which reduces the “marriage penalty”
  - Before ARRA, a single low-income worker would lose all or part of the EITC if he/she married another low-income worker
- Families with 3 or more children may now receive an EITC up to 45% percent of their income
  - Before ARRA, cap was 40%, same as 2-children families
- ARRA expands the EITC for 2009 and 2010 — expires in 2011!

# ARRA Improvements to EITC

## The Federal Earned Income Tax Credit in Tax Year 2009



Note: Married couples with income in the phaseout range qualify for a higher credit than singles—shown by dashed lines.

Source: [Center for Budget & Policy Priorities](#)

Without ARRA, the increased EITC for families with three or more children would not exist. Also, the incomes where the EITC “phases out” (i.e. decreases) for married couples filing a joint tax return would be lower. These changes ensure that many low-income families will get a higher EITC and more incentive to find and maintain work.

# EITC Improvements: 2010 Requests

- Make the EITC improvements in the ARRA for married couples and large families permanent.
  - The improvements will increase the credits for an estimated 7 million families and make 900,000 families newly eligible.
  - Unfortunately, under current law, they will expire at the end of this year!

# EITC Improvements: Looking Ahead

- Increase the EITC for persons without children (or without children in the household)
  - 2010 maximum credit for head of household with 2 kids = \$5036
  - 2010 maximum credit for adult with no kids = \$457
  - Many non-custodial parents fall into this category, making it more difficult to meet child support obligations

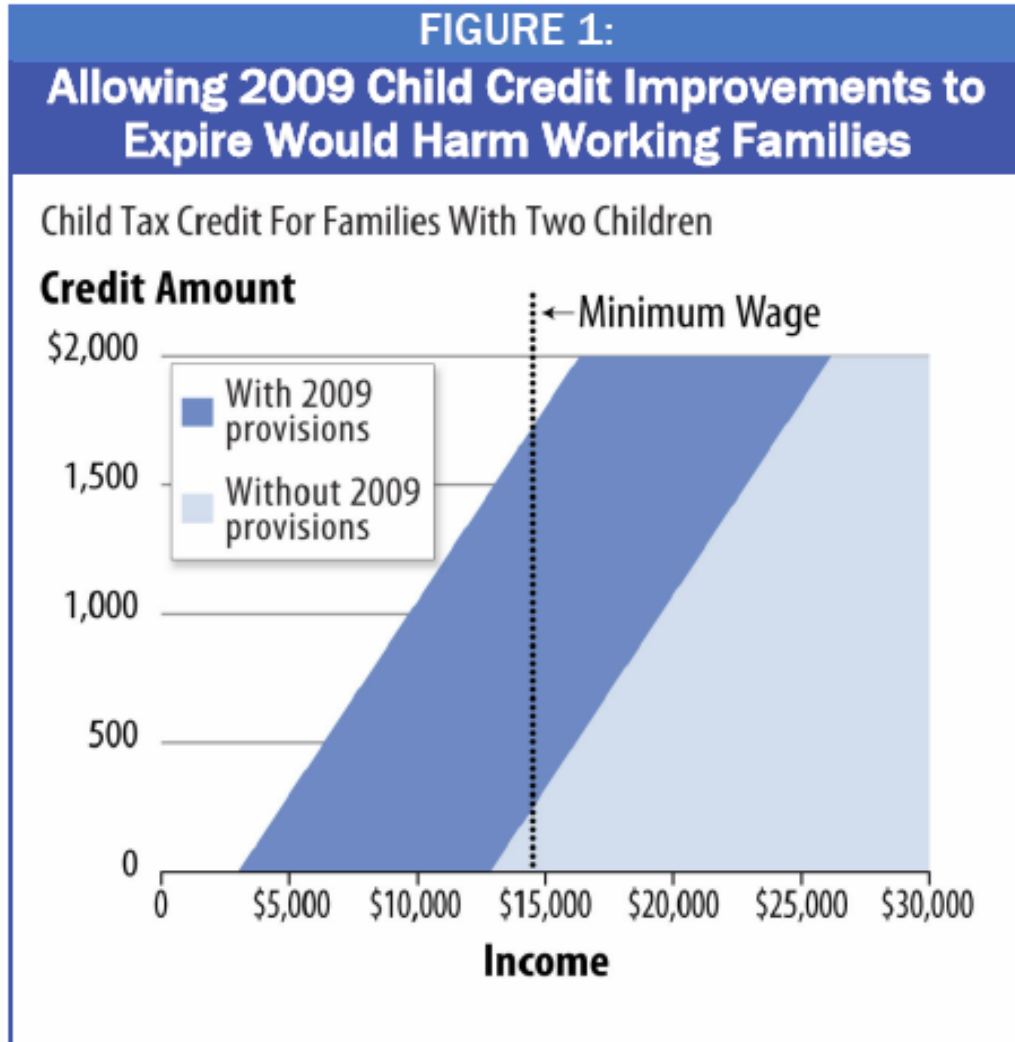
# The Child Tax Credit

- Tax credit designed to offset expenses of raising a child
- Allows for maximum tax credit of **\$1,000 per child**
- **Based on income**
  - Phases out at \$75,000 for single parents, \$110,000 for married parents
- **Must earn a minimum income** to be eligible (currently \$3,000)
- **Partially refundable**
  - Unlike EITC, CTC is not fully refundable
  - If credit exceeds tax liability, tax filer gets the **lesser** of:
    - Remaining credit, OR
    - 15% of income above the minimum income threshold

# Recent CTC Improvements

- **American Recovery and Reinvestment Act**  
(February 2009)
  - Building on the momentum created in 2008, RESULTS and our allies pushed to make families making between \$3,000 and \$13,000 eligible for the CTC
    - Another 13 million children will benefit in 2009 and 2010
    - Large impact on low-income working families working full-time at minimum wage — 82 percent of expanded CTC benefits go to parents earning above \$10,000

# ARRA Improvements to CTC



Under ARRA, Congress expanded the CTC to count earnings between \$3,000 and \$13,000. The Center on Budget and Policy Priorities estimates this opened up the CTC to another 3 million new children and expanded the credit for ten million more.

Source: [Center for Budget & Policy Priorities](#)

# CTC Legislative Developments

- Jobs for Main Street Act of 2010 (H.R. 2847) passed by House in December 2009
  - o Includes a refundable CTC available to families starting with their first dollar of earnings
  - o At a cost of \$2.3 billion, removes the \$3,000 floor for 2010, cuts taxes for 16 million families, and makes the CTC available to all low-income working families with children in 2010
  - o Also provides that such increases in refunds do not count in determining eligibility or benefits for federal or federal/state programs such as SNAP (food stamps) or TANF
  - o Unfortunately, the Senate is unlikely to take up the House's further expansion of the CTC, so we are focused on retaining the expansions passed in ARRA.

# CTC Improvements: 2010 Requests

- Make the \$3,000 eligibility limit established by ARRA in 2009 permanent.
  - o A minimum wage family with two children working full-time will see their Child Tax Credit of about \$1,750 go to only \$250 in 2011, a loss of \$1,500.
  - o If this threshold expires, it will push 600,000 children back into poverty immediately
  - o And, it will deepen the poverty for another 4 million children.
  - o See [CBPP's breakdown of how many will be impacted in your state.](#)

# CTC Improvements: Looking Ahead

**Lower the income threshold to \$0 and eliminate inflation adjustments**

- Allows all low-income families to participate

**Make the Child Tax Credit fully refundable**

- Would simplify CTC and increase the refund amount for low-income families
  - At the \$3,000 threshold, a family must earn at least \$9,667 to receive the full \$1,000 CTC as a refund. This means that families below \$9,667 get a ***smaller*** refund than those at or slightly above that income
  - If made fully refundable, the lowest income families would receive the full credit as a refund

# Making the Case for Tax Credits

**When it comes to preserving ARRA improvements to CTC and EITC, research shows:**

- o Pro-credit messages that focus on promoting work, strengthening families and parental responsibility are much more effective than those focused on poverty reduction.
- o Preserving the CTC expansion is best framed as allowing workers between \$13,000 and \$3,000 to be eligible rather than lowering the threshold to \$3,000.
- o The image of a full-time, minimum-wage working parent having their credit reduced from \$1,800 to \$320 is a powerful example.

**Congress will take up tax legislation in September, so the time to act is now!**

## **EPIC Laser Talk: Additional Requests**

**Inform/Illustrate:** Furthermore, improvements to both of the low-income tax credits are needed to provide a critical lift for people who will still be struggling to get ahead, such as low-income single adults without children in the household, and the lowest income families with kids still experiencing recurring joblessness. We have spent hundreds of billions of dollars on Wall Street bailouts and tax cuts for the wealthy — we must also use our resources to help our citizens in low-paying jobs survive and meet their basic needs.

**Call to Action:** Will you work with House Ways and Means Chairman Levin and Ranking Member Camp/Senate Finance Committee Chairman Baucus and Ranking Member Grassley to triple the EITC for single workers without children? Also, will you work to lower the income threshold of the Child Tax Credit to zero and making the credit fully refundable to benefit all low-income children and their families?

# EPIC Laser Talk: Emphasizing the Moral Imperative to End Poverty

*\*Suggested for more progressive Congressional Offices*

**Engage:** The Earned Income Tax Credit (EITC) lifts 6.6 million Americans out of poverty every year, and half of them are children. The Child Tax Credit (CTC) is the largest tax code provision benefiting families with children.

**Problem:** Expansions made to low-income tax credits in 2009 will expire at the end of 2010, resulting in more than 600,000 children falling back into poverty.

# EPIC Laser Talk: Emphasizing the Moral Imperative to End Poverty

**Inform/Illustrate:** Congress did the right thing in expanding the CTC and EITC in 2009. Unfortunately, these important provisions are temporary; the daily struggle to make ends meet is not. Low-income workers and their families need to know that their hard work and effort to make a better life for themselves and their children is still valued. Allowing the EITC and CTC expansions to expire undermines all that they have worked for these last few years and will weaken families and communities. As we look at Congress' agenda for this year, this is our best opportunity to secure lasting investments in low-income communities through tax credits.

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# Building Savings and Assets

- **Creating savings and wealth is the clearest pathway out of poverty**
  - Improved household stability
  - An orientation toward the future
  - Enhanced welfare of offspring
- **RESULTS continues to support low-income asset building policies**
  - **IDAs:** Matched savings accounts with public or private lending institutions
  - **Children Savings Accounts:** Birth savings accounts with matching deposits for low-income children
  - **Saver's Bonus:** matched savings account through federal tax return (IDA with more streamlined process)
  - **Saver's Credit:** gives tax credit for monies saved for retirement (non-refundable credit at this time)
- There are bills related to these proposals in Congress (see packet) but they are **unlikely to move this year**
- When Congress takes up the **broader tax reform debate**, this will be the best opportunity to push these asset-building strategies; **RESULTS continues to be involved in discussions and strategies to move these ideas forward**

# Economic Opportunity Resources

## RESULTS

[www.results.org](http://www.results.org)

## Center on Budget and Policy Priorities

[www.cbpp.org](http://www.cbpp.org)

## National Community Tax Coalition

[www.tax-coalition.org](http://www.tax-coalition.org)

## Center for Economic Progress

[www.centerforprogress.org](http://www.centerforprogress.org)

## Center for Tax Justice

[www.ctj.org](http://www.ctj.org)

## Tax Policy Center

[www.taxpolicycenter.org](http://www.taxpolicycenter.org)

## Coalition on Human Needs

[www.chn.org](http://www.chn.org)

## Corporation for Economic Development

[www.cfed.org](http://www.cfed.org)

## New America Foundation's Asset Building Project

[www.assetbuilding.org](http://www.assetbuilding.org)

**RESULTS**  
the power to end poverty

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