



November 5, 2015

## Vote to Improve and Make Permanent the EITC and the CTC in 2015

Dear Senator,

On behalf of The Leadership Conference on Civil and Human Rights, a coalition charged by its diverse membership of more than 200 national organizations to promote and protect the rights of all persons in the United States, we urge you to ensure that any agreement that makes any business tax extenders permanent also permanently extends the Earned Income Tax Credit (EITC) and Child Tax Credit (CTC) improvements. It would be unconscionable to provide tax breaks to corporate interests while neglecting to also act on pro-work tax credits that have been proven to alleviate poverty for millions of low-income working families and children.

The EITC and CTC are federal tax credits that supplement the incomes of low- and moderate-income families each year, including military families, and are two of the most important tools that the nation has in its arsenal to fight poverty. Both tax credits are only eligible to people who are working, and because they are refundable tax credits, some low-income families who earn too little to incur much, if any, tax liability can qualify for a partial tax credit.

If Congress allows these credits to expire at the end of 2017, the consequences will be dire: approximately 50 million Americans (half of whom are children) would lose all or part of their tax credits. Communities of color would bear a particularly heavy burden. If key provisions of the EITC and CTC are allowed to expire at the end of 2017, 2 million African American families would lose an average of about \$1000 each, about 5 million Latino working families would lose an average of about \$1,000 each, and 800,000 Asian American working families would lose an average of about \$800 each.<sup>i</sup>

The EITC and CTC are proven ways to encourage and reward work, offset federal payroll and income taxes, and raise living standards for families throughout our nation. The data also demonstrate that children from working families that receive these supplemental tax credits do better in school, are more likely to attend college, have better health, and can be expected to work and earn more as adults.<sup>ii</sup>

Although the EITC and CTC are proven poverty fighting tools, they can and should be improved.

- First, the lack of coverage in the EITC for low-wage working people without children is problematic and should be addressed. Currently, low-income childless adults and non-custodial parents are not covered by the EITC. The EITC should be expanded to cover low-wage, childless working people, rather than taxing this group of almost 8 million workers further into poverty. A childless adult working full time at the minimum wage (and earning \$14,500) faces a substantial tax burden, yet receives an EITC of just \$23.

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- Second, there must be oversight of paid preparers who assist low- and moderate-income families with filing their EITC and CTC claims. This is necessary in order to ensure program integrity of these important tax credits and to reduce error rates.

This investment in our nation's families is not only a good decision for our current economy, it is also an investment in our future. Congress should take the opportunity to make these tax credits permanent at the earliest opportunity, to expand the EITC to cover childless workers, and to provide necessary oversight of paid preparers.

For these reasons, we strongly urge you to support making permanent the EITC and CTC along with any corporate tax extender deal. Thank you for your consideration. If you have any questions, please contact Emily Chatterjee, Senior Counsel, at (202) 466-3648.

Sincerely,



Wade Henderson  
President & CEO



Nancy Zirkin  
Executive Vice President

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<sup>i</sup> Center on Budget and Policy Priorities. Figures reflect Census-based estimates of the percentage distributions of affected persons by race and ethnicity (based on a CBPP analysis of demographic data and Census-estimated tax credits in the U.S. Census Bureau's March 2014 Current Population Survey public use file) multiplied by total actual numbers of filers from preliminary IRS data for 2013, or (for the expiring 2009 provisions) multiplied by estimates of total filers affected by these provisions in 2015 as estimated in April 2015 by the U.S. Treasury Department's Office of Tax Analysis. Figures are for tax filers identifying themselves as Asian alone, excluding those who are bi-racial, multiracial, or Hispanic.

<sup>ii</sup> Center on Budget and Policy Priorities: *EITC and Child Tax Credit Promote Work, Reduce Poverty, and Support Children's Development, Research Finds* (April 3, 2015) <http://www.cbpp.org/research/federal-tax/eitc-and-child-tax-credit-promote-work-reduce-poverty-and-support-childrens?fa=view&id=3793>.