

# Expand tax credit for low-income workers in New York

By Ron Deutsch and Reg Foster, Commentary

Published Albany Times Union 5:25 pm, Wednesday, March 15, 2017

A young woman juggling an entry-level administrative job and classes at a community college; a divorced dad working 40 hours a week as a custodian to help support his two kids; a veteran trying to make a living back home after serving our country overseas: They, and millions of other hard-working Americans, struggle to make ends meet because their jobs pay low wages.

In fact, 466,000 workers in New York not raising children in the home — and 7.5 million workers across the nation — are currently taxed into or deeper into poverty, largely because they are left out of the Earned Income Tax Credit that families with children in the home receive. Once taxes are taken, many are actually left below the poverty line.

Someone working full-time at the federal minimum wage earning \$12,494, which is right at the federal poverty line, pays \$1,170 to the federal government — \$214 in federal income taxes and \$956 in payroll taxes — while receiving only \$184 from the EITC. The taxes push them into poverty, and the current EITC isn't nearly enough to lift them out.

During the recent election campaign, political candidates from both parties spoke about wages, trade deals and our economy — all with the goal of helping those living on the brink. Now, in the election's aftermath, it should be clear to members of both political parties that struggling workers face real challenges and need real solutions.

The need in New York is great: 44 percent of working households struggled to afford basic necessities in 2014. That's according to United Way's recent Asset Limited, Income Constrained, Employed report, which examined the needs and hardships of the growing number of working households in our communities with incomes above the federal poverty level but below a basic survival threshold. In Albany County, 38 percent of residents are struggling to make ends meet, and in the city of Albany alone, that figure jumps up to an astonishing 52 percent.

During the 1990s, EITC expansions did more to raise employment among single mothers with children than either welfare reform or the strong economy.

Moreover, the tax credit offers an opportunity for bipartisan cooperation. Expanding the credit for workers not raising children has champions on both sides of the aisle, including House Speaker Paul Ryan, who in supporting an increase of the credit for childless workers said, "We should make sure that in this country it always pays to work."

This is a rare opportunity for bipartisan cooperation that should be taken.

Sens. Charles Schumer and Kirsten Gillibrand of New York have already signed on to legislation sponsored by Sen. Sherrod Brown, D-Ohio, and Rep. Richard Neal, D-Mass., addressing tax credit expansion that would improve the lives of 1.1 million low-wage, childless workers in New

York state, including the 466,000 currently taxed into poverty, 27,000 current and former members of the military, 282,000 young workers, 309,000 Latino workers, 183,000 African-American workers, 113,000 Asian workers and 60,000 workers in rural areas.

The proposal would boost the tax credit for a single, childless worker to \$1,226, which, after taxes, would be \$56 above the poverty line.

The bottom line is that no working American should be taxed into — or deeper into — poverty. Let's use the successful tools we already have to help keep working Americans afloat.

*More Information: Ron Deutsch is executive director of the Fiscal Policy Institute. Reg Foster is president and CEO of the United Way of New York state. The full United Way report can be found at <http://uwnys.org/ALICE>*