

United Way Worldwide

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April 15, 2013

The Honorable Lynn Jenkins
United States House of Representatives
1027 Longworth House Office Building
Washington, DC 20515

The Honorable Joseph Crowley
United States House of Representatives
1436 Longworth House Office Building
Washington, DC 20515

Dear Representatives Jenkins and Crowley:

On behalf of United Way Worldwide, I write in strong support of the Earned Income Tax Credit (EITC) and Child Tax Credit (CTC) – two essential credits that help millions of *working* families gain financial stability. As *the House Ways and Means Committee Tax Reform Working Group on Income and Tax Distribution* contemplates tax reform, we urge you to protect these credits and to strengthen opportunities for children and families in reform.

Enacted by Congress in 1975 and significantly expanded in the late 1980s and early 1990s, the Earned Income Tax Credit was created to reduce the tax burden on lower-income workers, supplement their wages, and encourage greater participation in the workforce. It has become the nation's largest and most effective anti-poverty program, significantly increasing the number of single parents leaving welfare for employment. Research suggests that the EITC positively impacts children and families far beyond the limited timeframe during which families claim the credit. In fact, studies show that the EITC encourages work, reduces poverty, and also improves child health and academic achievement, increasing the likelihood of college attendance and improving prospects for higher earnings when children become adults.

Across the United States, because of the EITC, approximately 27.5 million low and moderate-income households have greater financial stability – stability that creates opportunity for children and allows families to make necessary savings and investments in their future. More than 340 United Ways across the United States help individuals and families access the credit through community Volunteer Income Tax Assistance (VITA) and other programs. The EITC advances the common good and should be protected in reform. Additionally, the recent EITC improvements that help provide marriage penalty relief as well as modestly higher support for families with three or more children should be made permanent. Congress should also look to formally authorize the community VITA grant program in tax reform.

The components of the Child Tax Credit that are geared toward lower-income families are also particularly helpful and should be sustained. Recent improvements mean that lower income families can begin to access the refundable nature of the credit when earnings surpass

\$3,000, as opposed to \$13,050. Combining this improvement with the boost in the credit from \$500 to \$1,000 per child means that the CTC has an instrumental role to play in reducing child poverty.

Just as the EITC and CTC support working families, local United Ways covering every congressional district in the country are making sound investments to advance education, income and health opportunities, all made possible by the charitable deduction. We also encourage your full support of maintaining current charitable giving incentives so that United Way and our network of 37,000 nonprofit partners may continue to provide complimentary private support for children and families in need across the country.

In closing, as you consider tax reform and deficit reduction strategies, know that the EITC and CTC work. Together in 2011 the Earned Income Tax Credit and Child Tax Credit lifted 9.4 million people out of poverty, including 4.9 million children. United Way has seen their successes first-hand and knows how valuable the credits are for promoting work and supporting children. As you contemplate reform, make a smart investment in the future of our children. Please protect the Earned Income Tax Credit and the lower-income provisions of the Child Tax Credit as well as make the temporary improvements permanent.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Taylor". The signature is fluid and cursive, with a prominent initial "S" and a long, sweeping underline.

Steve Taylor
Senior Vice President and Counsel for Policy
United Way Worldwide