



IN SUPPORT OF House Bill 2479

An Act improving the earned income credit for working families

Testimony submitted to the Joint Committee on Revenue

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The League of Women Voters of Massachusetts (LWVMA) has for decades supported a range of policies and programs to meet the basic human needs of our population. In particular, it has supported bills to increase the state match of the Earned Income Credit for many sessions of the Legislature without enactment. This year we are supporting House Bill 2479 because it provides for the largest increase for low income families and does not delay its implementation.

Earned Income Credit (EIC) is one of the most successful anti-poverty programs for a number of reasons.

- First and most important, it puts more dollars directly into the hands of people who really need the money to make ends meet. It especially benefits children, who have become much overrepresented in those counted as living in poverty by the shockingly low standard of our federal government.
- Second, it keeps people working because their work is better compensated, and they may even work more hours when they get the chance. This helps family stability and gives workers more experience and skills toward better jobs in the future.
- Third, administration through payroll systems does not require a costly state bureaucracy and avoids the indignity of scrutiny that many social service programs require.
- Fourth, the people eligible for the Earned Income Credit tend to spend the extra dollars quickly and near home, so it has a beneficial effect on the Massachusetts economy.

In addition to increasing the state matching amount of the EIC, the League commends House Bill 2479 for specifically providing that victims of domestic abuse who file separate tax forms can receive the EIC. These victims should receive every protection the state can offer and preserving income is often a critical factor in moving to a safer situation. We also believe that provisions to enhance the publicity given to the EIC and ease of enrollment at workplaces will be helpful in getting more low income workers to sign up. Some of the money that would have gone for federal taxes will, instead, be part of the paychecks of low-income workers that stays in Massachusetts and gets spent for their ordinary expenses.

We realize there are other bills being considered on March 31 that increase the Earned Income Credit, including those proposed by Gov. Baker (HB62) and by Rep. Jones (HB2563). In the end it will be up to the legislature to determine the largest rate for the state match of the federal EIC that can be sustained in the light of all the legitimate calls for expenditures. We strongly believe

in the merits of this tax policy and are calling for an increase of the state match starting in the next fiscal year at the highest level that can be budgeted, instituted in the most timely fashion, and in a manner that assures that those in need have access to the funds.

We have many serious problems in the Commonwealth that are related to poverty or made worse by the struggles that insufficient income brings to families. One of the most obvious is the rise of homelessness, which is directly related to stagnant wages for those at the bottom levels coupled with the unrelenting increase in the cost of housing. As people pay high fractions of their income for apartments, any small emergency can lead to delayed rent payments or frequent moves in the attempt to secure less expensive housing. Soon everything unravels and desperate people seek help from the state. Putting up thousands of families in motels and shelters is fiscally unsound for the state and a tragedy for everyone involved. A modest rise in take-home pay from an increase in the Earned Income Credit won't solve the crisis of homelessness, but it can mitigate the financial struggles of many of the most vulnerable workers.

Poverty also plays a role in other issues that face the Commonwealth. Educational achievements are consistently related to the financial resources of families. We see lower test scores in elementary school and lower high school graduation rates for children from poorer families while we also spend more for remediation and special education. Poverty also affects many health measures of both children and adults through postponed preventive care and inadequate diets. There is an uptick in abuse, neglect and violence in poorer families and communities which need the response of expensive social services and public safety.

The League of Women Voters of Massachusetts urges members of the Joint Revenue Committee to approve House Bill 2479 and to see that it goes into effect as rapidly as possible.