



**NATIONAL
WOMEN'S
LAW CENTER**

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The Working Families Tax Relief Act: Making The Tax Code Better Support Women and Families

No matter our race, gender, or background, we all work hard for our families. But today, too many hardworking women, and disproportionately women of color, cannot make ends meet because of unfair pay, unstable work schedules, rising housing costs, and child care that costs more than college tuition. The tax code can help families make ends meet, with refundable tax credits that help working families living paycheck to paycheck, but many low-income workers are excluded if they don't have dependent children or if their earnings are too low. And unfortunately, the current tax code in many ways reinforces inequality – a trend that was only exacerbated by the 2017 tax law's giveaways to the wealthy and large corporations.

The Working Families Tax Relief Act would begin to fix our tax laws to help women and their families keep their heads above water. The Working Families Tax Relief Act also would help make sure that parents can give their children a good start in life. This bill represents an important step towards reorienting the tax code to support women, children and families.

Working women are struggling to make ends meet.

- Women are overrepresented in the low-wage workforce, in jobs that are characterized by insufficient pay and few benefits. Black and Latinx women are particularly overrepresented in this workforce, with their share of low-wage jobs about twice the size of their share of the workforce overall.¹ The low-wage workforce is plagued by unstable and unpredictable work schedules,² nonstandard hours,³ part-time work,⁴ and few benefits like paid sick leave,⁵ making it hard to meet family needs.
- Wages for workers with low pay have stagnated over recent decades.⁶ But while income gains for workers like these have been minimal, living expenses like rent and child care have continued to grow faster than inflation.⁷
- Parents of infants and toddlers may feel especially squeezed by certain costs, like diapers and car seats, when they are at the beginning of their careers.

Refundable tax credits help fill the gaps in family income, and improve children's health, well-being, and future success.

- Refundable tax credits boost families' incomes and help families pay bills, buy groceries, get their car repaired, or save for bigger expenses. The EITC and CTC keep the incomes of millions of people across the country from falling below the poverty line every year.⁸
- These credits are especially important for women,⁹ whose wages, on average, are lower than men's¹⁰ and who predominate in the low-wage workforce.¹¹ In addition, by supporting work, the EITC can play a role in boosting the future Social Security benefits of low-wage workers – which is critical to the economic security of older women.
- Refunds from tax credits like the CTC and EITC improve the well-being of low- and moderate-income households across a variety of measures.
 - Refundable tax credits improve health outcomes, especially for mothers and infants.¹²
 - Research also suggests that refundable tax credits also help children as they grow—they do better in school, are more likely to attend college, and likely have higher earnings.¹³
 - Research finds that the added income from tax credits makes the biggest difference to the youngest and poorest children.¹⁴

But improvements that build on the success of the EITC and CTC are needed.

- While the EITC and CTC have helped increase the economic security and well-being of millions of families, improvements to these credits are long overdue – and the 2017 tax law failed to make these needed changes. For example:
 - The EITC for families should be increased, to counteract longstanding wage stagnation and substantial cost of living increases.
 - The EITC for workers not claiming children should be expanded. Under current law, working people with very low incomes who don't have children or whose children don't live with them are only eligible to claim an extremely small EITC. For tax year 2019, the maximum EITC for these workers was only about \$500 – which fails to mitigate the fact that, once income and payroll taxes are taken into account, these workers' tax liabilities push their incomes below the poverty line.

- The CTC needs to be improved so that all low- and moderate-income families benefit. Though the 2017 tax law increased the CTC by \$1,000 for higher-earning families, it left more than 26 million children in low- and moderate-income working families with less than the full \$1,000 per-child increase.¹⁵ This is both because the 2017 law capped the refundable portion to the CTC (at \$1,400 in 2019) and because families cannot receive a refund until they have \$2,500 in earned income.
- Both the EITC and CTC are only currently available as a lump-sum refund at tax time, even though many low-income families go into debt to meet basic expenses throughout the year. These credits should be made available on a more regular basis to adopt to the realities of people's lives and provide greater income smoothing.
- Moreover, the 2017 tax law imposed a new requirement that prevents approximately 1 million children from receiving the CTC: requiring a Social Security Number rather than a Tax Identification Number for children claimed for this credit.¹⁶
- In addition, Puerto Rican families are still treated as second-class citizens. The 2017 tax law's increase for the CTC did not address the fact that Puerto Rican families with one or two children are ineligible for a CTC and that Puerto Rican families that do receive the CTC often receive a far smaller one than families with children on the mainland. Furthermore, Puerto Rican families are ineligible for the federal EITC. Puerto Rico recently instituted its own Commonwealth-funded EITC, but the maximum value for a family with two children is currently \$1,500, compared to \$5,830 for the federal EITC.¹⁷ Increasing Puerto Rico's EITC could help support more women workers, reduce child poverty, and help support economic recovery following the devastation of Puerto Rico by Hurricane Maria.

The Working Families Tax Relief Act would improve the EITC and CTC in ways that would most help low- and moderate-income women, children, and families.

- The Working Families Tax Relief Act of 2019, introduced by Senators Brown, Bennet, Wyden and Durbin, and co-sponsored by nearly the entire Senate Democratic caucus, would build on the EITC and CTC in a number of critical respects:
 - The bill would provide a substantial increase the

EITC for families. Under the proposal, a single mom of two earning \$20,000 a year would get a \$3,700 boost. And a married couple with two young kids making \$45,000 a year would get a \$3,500 boost. That's more money for basic necessities, like diapers, home repairs, or maintaining a car to get to work.

- The bill would also improve the EITC for women not claiming children, including women in low-wage jobs; young women who already experience a wage gap; working mothers without dependent children; women workers who are economically disadvantaged by caregiving for relatives who are seniors or people with disabilities; women workers who do not have children; and older women who need to increase income before retirement. The bill would also make the credit available for younger and older working people who do not claim children, who are currently excluded from the tax credit. In fact, working women would make up over 40 percent of the total number of adults who would benefit from this provision.¹⁸
- The bill would make the full amount of the CTC available to all low- and middle-income families as a refund rather than excluding those with earnings too low to qualify.¹⁹
- In addition, this legislation proposes a Young Child Tax Credit, which would increase the CTC amount for families with children under age 6, reflecting the higher costs that these families often face.
- The bill would allow families to elect to receive a partial early EITC refund of up to \$500, and would allow for advance CTC payments, to help families meet expenses that arise throughout the year. While this provision would help many families, since four in ten adults reported in 2017 that they would be unable to meet an emergency expense of \$400,²⁰ women (and especially women of color) could particularly benefit because single women tend to have even less wealth.²¹
- The bill also provides much needed tax relief for Puerto Rico—providing CTC parity by making the full credit available to Puerto Rican families, including those with one or two children. It will also provide federal matching funds to boost Puerto Rico's EITC.

The Working Families Tax Relief Act would benefit millions of women, children, and families.

- The Working Families Tax Relief Act would help make an estimated 46 million households more secure,

benefiting 114 million people.²²

- If this legislation had been in effect in 2017, over 25 million working women would have benefitted – including almost 4.9 million Black women, nearly 4.8 million Latinx women, 1.3 million AAPI women, and 280,000 Native American women.²³
- The Working Families Tax Relief Act would cut child poverty by 28 percent, lifting 3.1 million children out of poverty and making another 8 million children less poor.²⁴

The Working Families Tax Relief Act would begin to undo the damage caused by exorbitant tax cuts for the wealthy and large corporations by focusing the tax code on supporting women, children, and families.

- For far too long, women and their families have been relegated to the sidelines in tax policy, in favor of the highly speculative theory that they will eventually benefit through trickle-down economics. This theory has repeatedly been debunked.
- The 2017 tax law was no exception. Indeed, the 2017 tax law will increase income inequality because it delivers far more tax benefits to households at the top than those at the bottom or middle. In 2019, over half of the tax law's benefits will go to the top 5% of taxpayers.²⁵ Moreover, it has become increasingly clear that the vast tax cuts for corporations have not “trickled down” to workers—instead, they have mostly benefited rich shareholders and CEOs.²⁶
- The 2017 tax law also exacerbates the racial divide by giving white households nearly 80% of the benefits.²⁷ And, as described above, the 2017 tax law specifically failed to improve refundable tax credits in ways that would help the families who struggle the most.
- In contrast, the Working Families Tax Relief Act is targeted to women, children, and families. And the bill would boost our economy, both because it supports employment and because families who are struggling to make ends meet often spend their tax refunds in their local economy to meet their and their children's needs.

Women, children, and families deserve a tax code that helps them make ends meet. More robust tax credits for families, combined with other policies (such as increasing child care assistance, raising the minimum wage, and providing paid family and medical leave), will help create an economy that works for everyone. **The Working Families Tax Relief Act is a critical first step towards making the tax code work for women, children and families.**

State Breakdown of Working Women Who Would Benefit from the Working Families Tax Relief Act

STATE	NUMBER OF WORKING WOMEN	STATE	NUMBER OF WORKING WOMEN
TOTAL US	25,362,000	MISSOURI	530,000
ALABAMA	416,000	MONTANA	91,000
ALASKA	55,000	NEBRASKA	160,000
ARIZONA	526,000	NEVADA	232,000
ARKANSAS	265,000	NEW HAMPSHIRE	88,000
CALIFORNIA	2,845,000	NEW JERSEY	594,000
COLORADO	416,000	NEW MEXICO	176,000
CONNECTICUT	234,000	NEW YORK	1,457,000
DELAWARE	69,000	NORTH CAROLINA	862,000
DISTRICT OF COLUMBIA	46,000	NORTH DAKOTA	60,000
FLORIDA	1,705,000	OHIO	983,000
GEORGIA	885,000	OKLAHOMA	334,000
HAWAII	100,000	OREGON	327,000
IDAHO	141,000	PENNSYLVANIA	964,000
ILLINOIS	975,000	RHODE ISLAND	80,000
INDIANA	565,000	SOUTH CAROLINA	445,000
IOWA	259,000	SOUTH DAKOTA	73,000
KANSAS	239,000	TENNESSEE	574,000
KENTUCKY	383,000	TEXAS	2,264,000
LOUISIANA	429,000	UTAH	232,000
MAINE	108,000	VERMONT	50,000
MARYLAND	433,000	VIRGINIA	628,000
MASSACHUSETTS	465,000	WASHINGTON	526,000
MICHIGAN	807,000	WEST VIRGINIA	146,000
MINNESOTA	431,000	WISCONSIN	464,000
MISSISSIPPI	281,000	WYOMING	46,000

SOURCE: UNPUBLISHED ANALYSIS OF MARCH 2018 CURRENT POPULATION SURVEY DATA AND 2015-2017 AMERICAN COMMUNITY SURVEY DATA BY THE CENTER ON BUDGET AND POLICY PRIORITIES

- 1 Nat'l Women's Law Ctr. calculations based on U.S. Census Bureau, 2018 Current Population Survey using Sarah Flood et al., Integrated Public Use Microdata Series (IPUMS): Version 6.0 [Machine-readable database] (Minneapolis: University of Minnesota, 2018).
- 2 See generally Julie Vogtman & Jasmine Tucker, Nat'l Women's Law Ctr., Collateral Damage: Scheduling Challenges for Workers in Low-Wage Jobs and Their Consequences (Apr. 2017), available at <https://nwlc.org/resources/collateral-damage-scheduling-challenges-workers-low-wage-jobs-and-their-consequences/>.
- 3 Julie Vogtman & Karen Schulman, Nat'l Women's Law Ctr., Set Up to Fail: When Low-Wage Work Jeopardizes Parents' and Children's Success 6 (2016), available at <https://nwlc.org/resources/set-up-to-fail-when-low-wage-work-jeopardizes-parents-and-childrens-success/>.
- 4 See, e.g., Anne Morrison & Katherine Gallagher Robbins, Nat'l Women's Law Ctr., Part-Time Workers Are Paid Less, Have Less Access to Benefits—and Two-Thirds Are Women (Sept. 2015), available at <https://nwlc.org/resources/part-time-workers-are-paid-less-have-less-access-benefits%E2%80%94and-two-thirds-are-women/>. In March 2018, 11.5% of women working part-time did so involuntarily. Nat'l Women's Law Ctr. calculations based on U.S. Dep't of Labor, Bureau of Labor Stat., Current Population Survey, Table A-18 Employed and Unemployed Full- and Part-Time Workers by Age, Sex, Race, and Hispanic or Latino Ethnicity, available at <https://www.bls.gov/web/empsit/cpseea18.htm>. Involuntary part-time work is especially common in some low-wage sectors, such as retail work. See, e.g., Daniel Schneider & Kristen Harknett, Wash. Ctr. for Equitable Growth, Schedule Instability and Unpredictability and Worker and Family Health and Wellbeing 16 (Sept. 2016), available at <http://equitablegrowth.org/working-papers/schedule-instability-and-unpredictability/>. In addition, many who work part-time “voluntarily,” especially women, find their employment choices constrained by factors like caregiving responsibilities and challenges securing child care. See Morrison & Gallagher Robbins at 2-3.
- 5 Kayla Patrick, Meika Berlan & Morgan Harwood, Low-Wage Jobs Held Primarily by Women Will Grow the Most Over the Next Decade 2 (Aug 2018), available at <https://nwlc.org/resources/jobs-largest-projected-growth-2012-2022-almost-half-are-low-wage-nearly-two-thirds-are-female-dominated/>; Vogtman & Schulman, *supra* note 3.
- 6 Drew Desilver, Pew Research Ctr., For most U.S. workers, real wages have barely budged in decades (Aug. 7, 2018), <https://www.pewresearch.org/fact-tank/2018/08/07/for-most-us-workers-real-wages-have-barely-budged-for-decades/>; Marr et. al., Ctr. on Budget & Pol'y Priorities, Working Families Tax Relief Act Would Raise Incomes of 46 Million Households, Reduce Child Poverty 9 (Apr. 10, 2019), available at <https://www.cbpp.org/sites/default/files/atoms/files/4-10-19tax.pdf> (hereinafter “WFTRA Would Raise Incomes”).
- 7 Daniella Zessoules & Michael Madowitz, Ctr. for Am. Progress, Workers' Wages Remain Stagnant Despite Gains to Top Earners (Aug. 9, 2018), <https://www.americanprogress.org/issues/economy/news/2018/08/09/454589/workers-wages-remain-stagnant-despite-gains-top-earners>; Rachel West, Melissa Boteach & Rebecca Vallas, Ctr. for Am. Progress, A Plan to Enhance the Child Tax Credit 1 (Aug. 2016), available at <https://cdn.americanprogress.org/wp-content/uploads/2016/08/08122815/ChildTaxCredit-factsheet1.pdf>.
- 8 Jennifer Beltrán, Ctr. on Budget & Pol'y Priorities, Working-Family Tax Credits Lifted 8.9 Million People out of Poverty in 2019 (January 15, 2019), <https://www.cbpp.org/blog/working-family-tax-credits-lifted-89-million-people-out-of-poverty-in-2019>.
- 9 See, e.g., Erica Williams, Ctr. on Budget & Pol'y Priorities, On Equal Pay Day, a Look at How EITCs Help Women in Every State (Apr. 10, 2018), <https://www.cbpp.org/blog/on-equal-pay-day-a-look-at-how-eitcs-help-women-in-every-state>.
- 10 Nat's Women's Law Ctr., The Wage Gap: The Who, How, Why, and What To Do (Oct. 2018), <https://nwlc.org/resources/the-wage-gap-the-who-how-why-and-what-to-do/>.
- 11 Patrick, Berlan & Harwood, *supra* note 5.
- 12 U.S. Dep't of Health & Human Servs., Ctrs. for Disease Control & Prevention, Earned Income Tax Credits Improve the health of working people by increasing their income, <https://www.cdc.gov/policy/hst/hi5/taxcredits/index.html> (last reviewed Mar. 29, 2019); Chuck Marr et. al., Ctr. on Budget & Pol'y Priorities, EITC and Child Tax Credit Promote Work, Reduce Poverty, and Support Children's Development, Research Finds (Oct. 1, 2015), available at <https://www.cbpp.org/sites/default/files/atoms/files/6-26-12tax.pdf> (hereinafter “EITC and CTC Promote”).
- 13 EITC and CTC Promote, *supra* note 12.
- 14 Elaine Maag, How To Improve the Child Tax Credit for Very Low-Income Families, *Forbes* (Apr. 19, 2018), <https://www.forbes.com/sites/beltway/2018/04/19/how-to-improve-the-child-tax-credit-for-very-low-income-families/#14bc4aa12470>.
- 15 Ctr. on Budget & Pol'y Priorities, 2017 Tax Law's Child Credit: A Token or Less-Than-Full Increase for 26 Million Kids in Working Families (Aug. 27, 2018), available at <https://www.cbpp.org/sites/default/files/atoms/files/8-27-18tax.pdf>.
- 16 Jacob Leibenluft, Ctr. on Budget & Pol'y Priorities, Tax Bill Ends Child Tax Credit for About 1 Million Children (Dec. 18, 2017), <https://www.cbpp.org/blog/tax-bill-ends-child-tax-credit-for-about-1-million-children>.
- 17 WFTRA Would Raise Incomes, *supra* note 6, at 9.
- 18 Unpublished analysis of March 2018 Current Population Survey data by the Ctr. on Budget & Pol'y Priorities.
- 19 A National Academy of Science committee developed recommendations for reducing child poverty made a similar proposal—a child allowance—a centerpiece of its package of anti-poverty proposals. See The Nat'l Acad. of Sciences, Engineering & Medicine, A Roadmap to Reducing Child Poverty: Committee on Building an Agenda to Reduce the Number of Children in Poverty by Half in 10 Years (Greg Duncan & Suzanne Le Menestrel eds., 2019).
- 20 Board of Governors of the Federal Reserve System, Report on the Economic Well-Being of U.S. Households in 2017 (May 2018), <https://www.federalreserve.gov/publications/files/2017-report-economic-well-being-us-households-201805.pdf>.
- 21 See, e.g., Amy Castro Baker et al., Asset Funders Network, On Shaky Ground: Stabilizing the Financial Security of Single Women (Dec. 2018), available at <https://assetfunders.org/wp-content/uploads/AFN-Shaky-Ground-Brief-2018.pdf>; Asset Funders Network, Clipped Wings: Closing the Wealth Gap for Millennial Women (Feb. 2019), available at https://insightcced.org/wp-content/uploads/2019/03/AFN_2019_Clipped-Wings_BOOKLET_WEB_final-3.4.19.pdf.
- 22 WFTRA Would Raise Incomes, *supra* note 6, at 1.
- 23 Unpublished analysis of March 2018 Current Population Survey data by the Ctr. on Budget & Pol'y Priorities'
- 24 WFRTRA Would Raise Incomes, *supra* note 6, at 2.
- 25 Nat'l Women's Law Ctr., What's in the Tax Cuts and Jobs Act of 2017: Provisions that Impact Women and Families (Apr. 13, 2018), <https://nwlc.org/resources/the-impact-of-the-trump-tax-cuts-on-women-and-families/>. By 2027, about 83% of the benefits will go to the richest 1%. *Id.*
- 26 Hunter Blair, Econ. Pol'y Inst., Data continues to show little evidence that tax cuts are trickling down to typical workers, and now House Republicans want a do-over (Sept. 19, 2018), <https://www.epi.org/blog/data-continues-to-show-little-evidence-that-tax-cuts-are-trickling-down-to-typical-workers-and-now-house-republicans-want-a-do-over/>.
- 27 Meg Wiehe et. al., Inst. on Tax'n and Econ. Pol'y & Prosperity Now, Race, Wealth and taxes: How the Tax Cuts and Jobs Act Supercharges the Racial Wealth Divide 5 (Oct. 2018), available at https://prosperitynow.org/sites/default/files/resources/ITEP-Prosperity_Now-Race_Wealth_and_Taxes-FULL%20REPORT-FINAL_6.pdf.