

Congress of the United States
Washington, DC 20515

August 4, 2020

The Honorable Nancy Pelosi
Speaker of the House
United States House of Representatives
Washington, DC 20515

The Honorable Charles Schumer
Minority Leader
United States Senate
Washington, DC 20510

Dear Speaker Pelosi and Leader Schumer:

We appreciate all you have done to address the hardship caused by the coronavirus and the challenges you face in forthcoming bipartisan negotiations to secure as many of the critical Heroes Act provisions as possible. We are grateful that you included in that legislation a set of valuable improvements in the Child Tax Credit and Earned Income Tax Credit (EITC). We urge you to include provisions passed in the Heroes Act to expand the EITC for very low-wage workers without children. These improvements would provide targeted relief to struggling households — disproportionately benefiting workers of color — and cost-effective stimulus for the economy.

While the EITC is a demonstrated success in reducing poverty and encouraging work among families with children, the very modest size of the credit for low-wage workers *not* raising children, who have much less access to the safety net than families with children, is particularly damaging in this economic crisis. About 5.8 million of these workers aged 19-65 are taxed into poverty, or deeper into poverty, each year because their EITC is too small to offset their federal income and payroll taxes. One million of them are Black.

In 1993, the Congressional Black Caucus worked with the Clinton Administration to develop the EITC for childless workers. Unfortunately, this EITC for childless, low-wage workers was too small then, and has not been adjusted since. Updating and expanding this credit is long overdue for these hardworking Americans.

The Heroes Act expansion would temporarily strengthen the EITC for these childless workers by expanding its size and income eligibility rules and making several groups eligible for the first time. They include young adults ages 19-24 who are trying to get a toehold in the labor market, 65-year-olds, and workers aged 18 who are experiencing homelessness or are former foster children. The \$10 billion cost of these provision is quite modest and will substantially benefit low-wage workers without children.

In all, the Heroes Act expansion would benefit 15.4 million childless adult workers, including 2.9 million Black workers. 4.8 million of these working people, including 709,000 Black workers, and 1.2 million Hispanic workers, are young people aged 19-24 who are ineligible today for any EITC. Expanding the income eligibility rules would provide them with significant relief.

We consider the example of a woman who works 35 hours a week in a convenience store and is paid a little more than the federal minimum wage, earning \$13,700 a year, or slightly above the poverty line. Her EITC of just \$160 does not offset her nearly \$1,200 in federal income and payroll taxes, so the tax code pushes her about \$940 below the poverty line. The Heroes Act expansion would raise her EITC to \$1,145, so she'd no longer be taxed into poverty.

The Heroes Act expansion would boost the income of millions of people getting low pay despite doing essential work during the pandemic, such as preparing food, providing in-home health services, and handling, packaging, or transporting goods. This work has always been important; at the very least it deserves the modest boost from an expanded EITC.

This expansion would also satisfy a key feature of the best fiscal stimulus: getting money to people who need it the most and are likeliest to spend it. Such targeted measures do double duty, relieving people's financial hardship *and* helping the economy by shoring up consumer demand. The EITC improvements would cost a relatively modest \$10 billion and provide high bang for the buck, with each dollar of spending generating \$1.20 in economic activity, Moody's Analytics estimates.

This measure would also be well timed. Households would get their EITC refunds when they file their 2020 tax returns early next year, at a time when the Congressional Budget Office projects unemployment will be still be above 9 percent. Congress may not act on further COVID-19 relief this year, so it's imperative to include these EITC improvements in the next COVID-19 relief bill to ensure automatic, timely stimulus early in 2021.

We hope that you will include the important EITC improvements, along with the CTC improvements, of course, in the list of top priorities from Heroes to ensure they are part of the next bipartisan COVID-19 agreement.

Thank you.

Sincerely,



Dwight Evans
Member of Congress



Cory A. Booker
United States Senator



Kamala D. Harris
United States Senator

_____/s/
Alma S. Adams, Ph.D.
Member of Congress

_____/s/
Karen Bass
Member of Congress

_____/s/
Sanford D. Bishop, Jr.
Member of Congress

_____/s/
Lisa Blunt Rochester
Member of Congress

_____/s/
Anthony G. Brown
Member of Congress

_____/s/
G. K. Butterfield
Member of Congress

_____/s/
André Carson
Member of Congress

_____/s/
Wm. Lacy Clay
Member of Congress

_____/s/
Emanuel Cleaver, II
Member of Congress

_____/s/
Danny K. Davis
Member of Congress

_____/s/
Marcia L. Fudge
Member of Congress

_____/s/
Alcee L. Hastings
Member of Congress

_____/s/
Jahana Hayes
Member of Congress

_____/s/
Steven Horsford
Member of Congress

_____/s/
Henry C. "Hank" Johnson, Jr.
Member of Congress

_____/s/
Robin L. Kelly
Member of Congress

_____/s/_____
Al Lawson
Member of Congress

_____/s/_____
Barbara Lee
Member of Congress

_____/s/_____
A. Donald McEachin
Member of Congress

_____/s/_____
Gregory W. Meeks
Member of Congress

_____/s/_____
Gwen Moore
Member of Congress

_____/s/_____
Joe Neguse
Member of Congress

_____/s/_____
Eleanor Holmes Norton
Member of Congress

_____/s/_____
Donald M. Payne, Jr.
Member of Congress

_____/s/_____
Terri A. Sewell
Member of Congress

_____/s/_____
Bonnie Watson Coleman
Member of Congress