

TRANSCRIPT

Ellen Nissenbaum with Whitney Kimball Coe

Presentation at Rural Assembly Everywhere

April 21, 2021

Whitney Kimball Coe:

Hi, everyone. Thank you for hanging in there for some really beautiful music and a wonderful keynote from Kiran Singh Sirah. I hope you're having a wonderful time at Rural Assembly Everywhere. And now, we're going to shift gears just a little bit and talk about policy, policy that affects rural and native communities. So, yesterday we heard remarks from White House Domestic Policy Council Director, Susan Rice, in which she spoke to the need to make historic investments in rural and native people and communities who have long been on the margins.

She said that rural America is home to eight in 10 persistent poverty counties, and that these inequities span generations and they require a generational investment. So, today we want to take a moment to go deeper into one area of investment that that administration elevated in the American Rescue Plan. The earned income tax credit and the child tax credits are proven antipoverty tools that disproportionately benefit the people who need them most, like rural communities. And they've been temporarily expanded to serve more people through the recent Rescue Plan legislation. By some estimates, the CTC expansion alone could cut child poverty nearly in half.

Today, we were hoping to bring you two speakers who could help us better understand how these tax credit expansions could have a generational effect on rural populations, if they remain permanent, especially. So, we're sorry to say that Terri Sewell, co chair of the Congressional Rural Caucus is unable to join us due to a last minute conflict, but we're so pleased to introduce you to the incredible Ellen Nissenbaum, Senior Vice President for Government Affairs for the Center on Budget and Policy Priorities.

Since 1984, Ellen's directed the center's work with federal policy makers and other national organizations to promote equitable and responsible fiscal policies. These efforts encompass a broad range of policy issues like federal budget and tax issues. Her work with policy makers on both sides of the aisle and their staffs has

contributed to major policy improvements that reduce poverty and inequality and promote fiscal responsibility.

She's regarded as one of the leading government affairs directors among nonprofit organizations in Washington. And she helps a broad array of both national and state organizations and coalitions strengthen their impact on federal policies by providing information on these key policy developments and issues.

So, Ellen's been on the Rural Assembly stage before. She's an expert and a passionate advocate for equity and opportunity across the country. She's going to give us a short talk about the importance of EITC and CTC in rural America. And then, she wants to take your questions. These can come across as kind of wonky issues, but they are so applicable to our lives and we need to understand them better. So please, please chat your questions and we will take them to the main stage for Ellen. We'll also be dropping some materials in the chat that will give you more information that is specific to your state and how EITC can affect your state. So, without further ado, I'd like to welcome Ellen to the Zoom stage. Hi, Ellen.

Ellen Nissenbaum: Hi, thank you so much. Great to be with you all.

Whitney: Yeah. So glad you're here. And I'm going to pull up your presentation for you.

Ellen Nissenbaum: Good. Well, as Whitney's doing that, thank you so much to Whitney and Dee and just the incredible crew over there working on this. We are just always in awe and admiration of the work you do, and very excited to be back at the Rural Assembly. I'm going to jump right in, because I have just a little bit of time and want to highlight. So, what I want to talk about, if we move, Whitney, to the next slide, are the EITC and as we lovingly call it the CTC. You may not be familiar with these, so let me just take a minute and tell you about them.

The earned income tax credit, which ironically was started by Governor Ronald Reagan, way back when, is a powerful wage subsidy. It is a tax credit for working families that rises as low wages come up and provides couple thousand dollars for low and moderate and even lower income, middle families. You can see it helped 26 million families, lifts more kids out of poverty than almost any other program. So, very, very important.

The child tax credit helps about 20 million families, well it helps way more than that, but 20 million families got the refundable portion. Let me turn that into English for you. And I apologize, I should've made this simpler. The kid credit is available to families with earnings up to \$400,000. That's a higher income limit

that was put in the Republican Tax Plan in 2017. But if you are a low-income family and let's say you only owe \$300 of taxes, but you qualify for a kid credit, that's \$2,000 a kid, that can not only wipe out your federal taxes, but you get money back. And the money back part is refundable. The same is true for the EITC. In fact, in the EITC, if you don't owe taxes, you can still get money back from the government.

We have a massive outreach campaign and toolkit, happy to share it with you all. So, these are very big tax credits. They help low, moderate, middle income families. The kid credit helps higher income. And even if you have very low wages, you can still get that money back. So, you can see there's nothing else in the government that probably lifts more than five million kids out of poverty.

So moving right along. They're very strong and yet we have said for a couple of years that each of these credits has a major hole and it need to be addressed. There is a small part of the earned income tax credit just for very low wage workers who are not raising children. They could have children, they could be providing support, but they're not raising children. The credit has typically been ... It's been around since 1993, hasn't been expanded and it's helping low wage workers between the ages of 19 and 65 that have very low wages. The EITC for families with children is a more generous program.

But for a lot of these low wage workers, they may owe very little income tax, but they still owe a lot of different federal taxes and their taxes are bigger than the tiny EITC they get. Most of these workers get about \$300 a year. The max they ever would get, 500. So, if we are giving them a tiny EITC, but collecting more federal taxes from them, we are pushing low wage workers into poverty. Partly because we're leaving people out. Young workers are not eligible, older workers are not eligible, and the credit is just too small. We absolutely have to have a tax code in the country that doesn't have a tax system that taxes people into poverty or deeper into poverty.

So, that's the hole in the EITC, just the credit for low wage workers. On the kid credit, it also phases in, or it phased in before there was a Rescue Plan, with earnings. So, if you are a child and your parent isn't working, you don't get it, you're shut out. But if you are a family where the earner has very low wages or they work intermittently, you weren't even getting the full \$2,000 per kid, but you were a middle or upper income family, you were getting that full amount. So, that's why 27 million kids either didn't get the kicker at all or got much less, and that is also unacceptable.

So, moving forward, what does the American Rescue Plan do? So, I really want to stress, you can see my red bold here, that they made a change which is really historic, it's really transformational, but it's only for a year, and that, of course we cannot let stand. So, the EITC for these low wage workers in the past, the maximum you could get was 500. We've tripled it. It's now up to \$1,500 and really excited that for the first time in the history of the program, we are now adding young workers and older workers. So, these workers with incomes up to about \$21,000 can get a lot of help. It used to be, if your income was over 16,000, you didn't get any money at all.

So, this is a really, really important tool and this is a group that doesn't get a lot of other help from the Federal Government. The child tax credit's even more exciting, for the first time, all kids up to the income limit of 400,000, all kids are going to get the kid credit. Everybody will get \$3,000 a child. If your child is younger, you get 3,600. But you no longer have to have earnings to qualify. So, it's like a children's allowance that we see in other countries, that we want all kids, poor kids, low income kids, and other kids, up to a certain income limit, to be able to get that support.

So, those are really important, but they only are improvements for one year. So, the next one hot off the press, that we were very happy to do these data runs for Whitney and the Center for Rural Strategies team there, is to really combat the notion that the EITC and the CTC are urban programs, that they help urban or metro families. So if you look at this, almost a fifth of all low wage workers in the country in rural areas would benefit from the expansion. You're looking at cities, it's only 17%. So, it shows you that more low wage workers in rural areas will benefit than in metro. And that's obviously, because as we know, rural wages historically have been lower.

If you look at the kid credit, it's even better than that, in rural areas, almost 100%, 94% of kids are going to benefit from the kid credit either because they're going to be newly eligible or they're going to get a higher credit per child. Significantly more than those in metro areas. In some states the state numbers are so small, we can't do them, but we have provided to Whitney and you all are getting this, a little new fact sheet from the center with state-by-state numbers, as well as a piece we did in March with state-by-state on who would benefit from the kid credit and the EITC.

So, that's really important for us to be lifting up for policy makers, how important these improvements are and how important the credits are for kids and for workers

in rural communities. But we have a historic moment and it is really a very small window of opportunity in front of us to say that these one-year improvements must be made permanent. Next Wednesday, the President of the United States will have a state of the union address and he will release the rest of his so-called Recovery Agenda. We did the American Rescue Plan, now the president wants to look to policies that will build a stronger, more sustainable and more equitable recovery.

We have the opportunity when the president sends those proposals to Congress next week, to make these improvements permanent. There are press reports that have emerged in the last day or two, as well as last week, that indicate that the president is likely to take the one-year expansions and extend them through 2025, why 2025? A lot of the 2017 tax cuts that were put into place are sunset then, so there's going to be a lot of changes in the tax code. But we really think this is the opportunity and a historic moment for transformational policy that will address some disparities, racial, ethnic, demographic, and really helping people in rural communities.

So, we really want to lean in and work with our leaders in Congress to say, now is the moment to make these expansions permanent. We can afford to do so. There are lots of ways of raising progressive revenue to help pay for making these permanent." These are expensive, they're over a trillion and a half dollars to make them permanent over the next 10 years and we can do that and pay for it over time. So, we are working very closely with Whitney and the crew to see what we can do next week to lift up how important these are, to really elevate the voice about these are a part of any recovery package for rural communities and children, must have these made permanent.

We'll be working on a sign on letter that Whitney and others will be able to get to you. We're going to be doing some aligned work on social media and communications. All of this needs to move forward in the next several weeks. The president will lay out the plan next week. The Congress will take the next several weeks to decide what they like from the plan, what they want to add. And then, between now and August, Congress is expected to move forward on what will really be historic legislation. So, let me stop there, Whitney, and see if there are questions or other comments. Thank you so much for letting me share this information and for bringing your collective energy and attention to this critical support for rural families and workers.

Whitney: Oh my goodness. Thank you so much, Ellen, and for being with the Rural Assembly for so long and helping us educate ourselves a little more about

this topic and be part of, hopefully a national movement, that's going to raise the visibility around it. We do have a few questions from the field. One is, "Will the new CTC be for 2022 tax filings or can families get these funds sooner?"

Ellen Nissenbaum.: Oh, that's a fabulous question. I love whoever asked me that question.

Whitney: Daphne Victoria Martinez.

Ellen Nissenbaum.: Did not make that clear. So, the really interesting thing is when we passed the Rescue Act about a month ago, Congress wanted the additional relief, particularly for the child tax credit, to help families now, because we know that the COVID crisis isn't over and we know that it's going to take a long time for some communities to come back into a recovery, because look what happened in the big depression, recession of 2009. So, we understand based on a new announcement from the IRS commissioner last Tuesday, that starting in July, families that have claimed the kid credit in the past will be able to get a part of the kid credit in advance in a monthly basis for tax year '21. If families didn't file it before in the past, that's obviously a problem and that's an issue, because we're adding families to the credit.

One of the single most important things coming out of the American Rescue Plan and the White House is now doing very intense work on this, and you guys could really help, is the implementation. When they announced that the kid credit is going to be available to some families starting this summer, there are millions of families that didn't file a tax return and never got their stimulus checks, they can still get those checks. And if we could get families to file, they can retroactively claim those stimulus checks and then they will be in the system for the kid credit. Again, it's only a part of the credit because we don't want families next year to find out that their family situation changed and they owe money back.

So, from this year, again, based on what the administration said, some families will be able to claim a part of the kid credit every month, they don't have to, they can opt out if they'd prefer a big check in January or February, between now and next year. And then, if we can make this permanent, then families would have a continued option to get a part of their credit in advance every month. The EITC is more complicated, that will remain a tax credit that you have to file and you would get as a lump sum payment in the filing season.

But in the old days and historically, it's been pretty much the case based on a lot of survey data, that a lot of families actually prefer getting a big check. They want

that check to put a down payment on a new place to live, or to finally pay the car, or to pay off the braces, whatever bill. This gives families with kids, an option, right? That they can get the kid credit monthly. For low wage workers without kids, for the EITC, they will not get the benefit of this expansion until they file next year.

Whitney: Okay.

Ellen Nissenbaum.:

If people want to email me, or I can do this with Whitney, we can both get you the outreach tools to help more families file, so that they get the stimulus checks and the kid credit. And then, we will have a lot of information coming out of the center when Treasury announces how they're going to be distributing these monthly checks or the monthly payments, we'll have more information to send out.

Whitney:

And likewise, the Rural Assembly will be working with you, Ellen, and CBPP to get those resources to the Rural Assembly too. So, people can check in at the Rural Assembly, we have logged an EITC page that you can go to for all of those resources as well. Another question has to do with, we've got a lot of local leaders here watching, and I think, all of them want to know how do we raise the visibility of the importance of EITC in our communities? What are the tools for explaining it and advocating for it?

Ellen Nissenbaum.:

So, we actually have this very cool campaign that we started back in the late '80s when the EITC, this was again under Ronald Reagan, they did a massive expansion of the EITC and at the same time, they said that millions of low-income families didn't have to file taxes anymore and we're like, "Oh my God, they don't have to file taxes, but they have to file to get the credit." So, we now have a fabulous kit with all kinds of languages, with all kinds of posters and flyers and we urge massive plagiarism. You should take 100% credit for this stuff, put your name on the top. But you could through religious groups, through civic groups and things, start making sure the filing season is extended, right? That people know that the EITC is a really important tool that has had a long history of bipartisan support for helping low wage workers.

It is helping them make ends meet by helping to provide an additional income security boost, and families need to, and workers need to file for it, even if they don't owe federal income tax. And there's all kinds of social media graphics and

things we can do on that. The increase of the EITC doesn't take effect, like people won't see that till next year. For the kid credit, there's a huge array of social media and other tools, I think probably more families are aware of the kid credit. But what families won't know is that there's more money coming in from these credits to rural communities than there are urban communities. Back in the day when we started that outreach campaign, when I started this in, I forget, '86 or '88, the EITC was thought of as an economic development tool because these families are spending that money most likely in their local communities, in their states.

And so, it is a powerful tool to help families with children, the EITC, in this case, we're helping low wage workers. We're giving them income support and we know that most of that money is going to rebound to the economic benefit within that community and in that state. So, there's been a ton of work on graphics and messaging and this and that, and we can just make sure to send Whitney the links for that. You can also go on the center's website and just put in EITC outreach kit and you'll get all of those materials as well.

Whitney:

And it's cdpp.org, but we'll accept those links and put them out. I think we have time for one more question. And this was kind of interesting, this idea of could we combine filing for earned income tax credits with rural vaccinations? Have you heard that one before?

Ellen Nissenbaum.:

That's an interesting one. So, remember, our filing season is January to April, right? But right now the filing season goes through May. So, we are still trying to get people who have not filed to do so. There's a huge push from the IRS and lots of groups, we've been working with United Way and a lot of other groups to say, "If you haven't filed, file." Mostly because we're really trying to get people the stimulus checks. The filing season ends in May, but people could still file and retroactively claim those. So, if there was a fact sheet, for example, on the stimulus checks, and that people who were eligible can still claim them, that's a fabulous idea. You could also combine that with some information about the kid credit. Maybe that's something that Whitney and I could follow up on.

The president has appointed Gene Sperling, an old friend of the center and worked for President Clinton, President Obama. It's almost like Gene EITC Sperling. This guy has done more for the credit than almost anybody in the country. Gene has just reached out to a bunch of us to say, "Please help us educate the public. Please help

us do outreach." And so, we will connect Gene and the administration with Whitney and the team, and think about that and some other creative ways that you all could help people get the stimulus checks, people get the kid credit, all of those things.

Whitney:

I love it. I love it. Gosh, thank you so much for giving us your time and helping unpack this really important tax credit. And I love seeing your cat [crosstalk 00:21:05].

Ellen Nissenbaum.:

Maybe we should put a big sign on her or something, "EITC is important in rural communities." We can just send her around on a tour. So, thank you so much for having me. We are really here to help in any way we can. We are so grateful for anything you can do to help us on the outreach. And also, we've really got this amazing advocacy moment to help make these improvements permanent and we don't want to let that slip. So, we look forward to working with you, all of you, on all of this. Thank you so much.