



OPINION

## How tax credits could help fight poverty, income inequality for families in Massachusetts (Guest viewpoint)

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Massachusetts is a tale of two economies. While some enjoy the vast wealth in our state, many families live paycheck to paycheck and struggle to make ends meet. Despite more than a decade of economic growth, a job in Massachusetts often does not pay workers a life-sustaining wage. Even for those in the middle class, many cannot purchase a home, pay their bills on time or cover their families' basic needs.

The expansion of our state's economy has also done relatively little to narrow the existing gaps in income and wealth along racial and ethnic lines. We need major policy reforms in order to repair damage done by current and historic policy and practices that have and continue to exclude certain groups of people from opportunity. Massachusetts ranks near the top of states with the [worst income inequality](#) in the country. In the Boston Metropolitan area, the wealth and income gap between the city's richest and poorest residents is particularly stark and falls along [racial and ethnic lines](#). These disparities are exacerbated by the nature of unjust policies that further marginalize women, people with low incomes, and immigrants.

One proven way to support workers and their families and close the racial income and wealth gap is through tax policy, particularly the highly successful Earned Income Tax Credit (EITC) and Child Tax Credit (CTC), which families can claim when they file income taxes. The EITC and CTC are two of our nation's most effective programs for lifting people out of poverty. The Working Families Tax Relief Act, a landmark new proposal co-sponsored by Senators Elizabeth Warren and Edward Markey, is currently pending before Chairman Richard Neal's House Ways and Means Committee, would expand both of these credits. This summer, Chairman Neal championed major improvements to EITC and CTC through a bill that temporarily extends certain tax breaks and we applaud his leadership in taking steps toward

making a down payment on these changes. Helping millions of children in the U.S., these improvements to EITC and CTC would make 788,000 Massachusetts families more financially secure and benefit more than 1.8 million residents across the state.

The Working Families Tax Relief Act stands in stark contrast to the 2017 tax law enacted by Congress, which was [heavily tilted toward the nation's wealthiest households](#) and the most profitable corporations. While it provided massive tax cuts to wealthy families and corporations, the tax law provided only a very small CTC increase (between \$1 to \$75 for the year) to 317,000 children in low-income working families in Massachusetts. Moreover, it actually decreased the future value of the EITC. This 2017 tax law is just one example of how current policy decisions continue to widen the opportunity gaps that exist in our communities.

The Working Families Tax Relief Act would give working people a needed boost. Under the bill, a single mother of two earning \$20,000 a year would receive a \$3,670 increase in her tax return. And, a married couple with two young kids making \$45,000 a year would get a \$3,500 increase. That would mean more money to buy basic necessities, make needed home repairs, maintain a car to get to work, or, in some cases, get the additional education or training needed to secure a better, higher-paying job.

Children would benefit over the long-term as well. Research has shown the EITC improves the health of children – babies are born healthier, and parent and child health are both improved through the alleviation of economic stress. Kids whose families receive EITC do better in school, are more likely to attend college, and thus earn more as adults. That's important not only for the children, but for all of us as we seek to strengthen our country for the future.

Helping families stay financially stable is particularly pressing in Massachusetts, where the high cost of living makes it easy to fall behind. The Working Families Tax Relief Act represents a big step forward in helping workers earn enough to help them and their families stay afloat. Passage of the bill would be one important step toward closing racial income and wealth gaps and promoting health in the Commonwealth.

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