



Work Forward

Starting with work. Moving families forward.



With the dramatic changes in the U.S. financial system now dominating conversations at kitchen tables across the country, the reality has hit home: Americans are feeling the effects of the economic downturn firsthand. Opportunities to become or even remain financially secure are at great risk.

Clobbered by pink slips, shrinking nest eggs and falling home values, working families are turning to our nation's leadership to answer this question:

Will we create an economy that works for all Americans?



The Center for Economic Progress (CEP) and the National Community Tax Coalition (NCTC) it leads are dedicated to expanding economic opportunity for low-income working families—using tax time as “the time” for families to get ahead.

During tax time, CEP and NCTC's network of 600 organizations prepare over one million tax returns, bringing back over \$1 billion in refunds to families and communities across the country.

In 2009, we call on Congress and the President to enact legislation and establish regulations that increase tax fairness and advance financial security for all working families.

Working with more than one million low-income families each tax season, CEP and NCTC support efforts to provide working families with:

- **Safe choices in the marketplace**
- **Rights and protections as financial consumers**
- **A hand up, not a hand out, to help working parents succeed**
- **Opportunities to invest in tomorrow**

In doing so, all working families will have an opportunity to participate fully in our economy, and together, we can begin to build strong and prosperous communities.



Create Safe Choices



For many families, their tax refund is the single largest payment they will receive all year and tax time provides an opportunity for an annual financial checkup. With their refund, families can catch up on bills, care for their children and start building their assets—perhaps for the first time.

Low-income families pay an average of \$160 to have their taxes done—money they can't afford to lose. Community tax preparers offer a high-quality choice—one that's free, accessible and equipped to help families claim their full refunds and all the credits to which they are entitled.

Together, we can create choices that improve the financial health of families by:

- Enacting permanent and increased funding for free community-based tax preparation services.
- Establishing basic industry standards for paid tax preparers through eligibility exams and certification requirements.
- Develop an infrastructure for free financial counseling aimed at low- and moderate-income families.

Bottom line: A robust marketplace—including access to free tax and financial counseling—helps level the playing field and encourages sound financial decisions by low-income families.

Protect Our Financial Future

As the subprime mortgage crisis has taught us, when the profit of some is put above the security of all, we all pay. The problem of predatory lending goes much deeper than the declining housing market—particularly in low-income communities. With few banks open for business in these communities and many offering products that don't meet the needs of low-wage workers, families often have little choice but to take their business to the predatory lenders who eagerly serve them.

The result, however, is not greater access to a competitive financial marketplace, but a flurry of high-cost, low-value products and services sold under



complex, confusing and often misleading terms. With limited guidance, working families find themselves in financial quicksand, losing any progress they may have made towards financial security.

Together, we can protect families' financial futures by:

- Restricting Refund Anticipation Loan (RAL) marketing and lending at tax time.
- Extending the Military Lending Act to cap APRs at 36% for all consumers and to cover more credit products.
- Advancing the Credit Cardholders' Bill of Rights to increase transparency and promote the full disclosure of fees, interest rates and rules.

Bottom line: America needs a financial system that builds on the hard-earned wages of working families, not one that drowns families in high-cost debt.

Restore the Value of Work



Work is at the core of the American way of life. The Federal Earned Income Tax Credit (EITC), the Child Tax Credit (CTC), and the Child and Dependent Care Credit promote work while giving parents the financial boost they need to support themselves and their children.

However, not all families benefit from these credits. The CTC and the Child

and Dependent Care Credit leave out millions of low-income children, whose parents earn too little to qualify for the credits.

The EITC's work incentive is much less powerful for parents who do not have custody of their children, but provide for them through child support payments. The maximum EITC for noncustodial parents is one-tenth of the amount available to families with two or more children.

Research suggests that an expansion of these pro-work tax credits would significantly increase the presence of low-income workers in the labor force.

Together, we can restore the value of work in our tax code by:

- Tripling the maximum EITC amount to make more working parents eligible and move America closer to making work pay for everyone.
- Making the CTC available to very low-income families, so that all working parents have the ability to build a better future for their children.
- Increasing the Child and Dependent Care Credit and making it refundable, allowing low-income families to pay childcare expenses while remaining gainfully employed.

Bottom line: The tax code should not favor wealth over work. In this global marketplace, America will be stronger, more secure, and better off if more of its population can participate fully in the labor force and economy.

Invest in Tomorrow

In recent years, personal savings rates in America have reached historic lows; three out of 10 American workers have not been able to save a dime for their retirement. From the highest income brackets to the lowest, one thing is clear—Americans just aren't saving. But without a savings cushion to fall back on, families find that emergencies become crippling catastrophes.

For low-income working families, limited incomes do not fully explain low saving levels. Lack of access to direct deposit, the complexity of products and insufficient incentives make the risk of saving seem far greater than the reward.

Tax incentives to encourage savings, such as the Saver's Credit, leave out many low-income families who do not make enough to qualify but are most in need of emergency savings.



Together, we can give working families the opportunity to invest in a brighter future by:

- Expanding federal matched savings programs to reach all low-wage workers and offer real incentives to save for education and emergencies, as well as for retirement.
- Creating universal savings options to promote direct deposit and access to simple savings products like U.S. Savings Bonds.
- Improving access to higher education through tax credits that are available to all students, no matter their income level or career focus, so they can realize their college dreams.

Bottom line: There has never been a more important time to save, which is why we urge the financial industry and government to work together to encourage all families to build their own nest egg, however large or small.



Working families are the backbone of our economy.

We must reinvest in working families in order to build a stronger workforce, a stronger economy and stronger communities.

Toward that end, we believe in:

- Guaranteeing equality of opportunity to workers and their families who are trying to do better and move forward.
- Modernizing the social safety net—including the tax code—to help people meet their basic needs and become financially secure.
- Promoting a financial system that works for all Americans—a responsible system that serves as a vehicle for building savings, not stripping wealth.

About the Center for Economic Progress

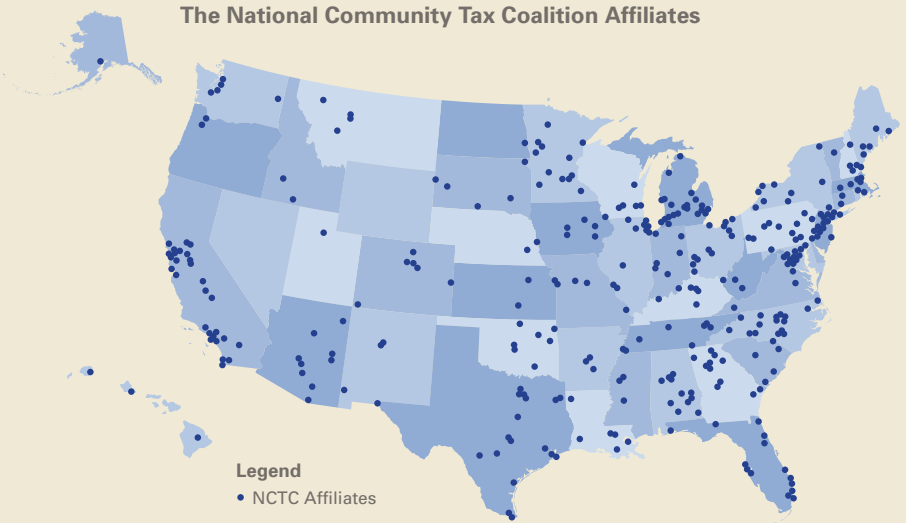
The Center for Economic Progress (CEP) builds a stronger America by helping working families move from financial uncertainty to financial security.

We offer trusted tax and financial counseling in low-income communities; advance policies and practices to create a financial system that works for all; and through the National Community Tax Coalition, lead organizations that promote economic progress for low-wage workers and their families.

About the National Community Tax Coalition

The National Community Tax Coalition (NCTC) works to create a more accessible and equitable tax system for American workers. Our vast and vibrant network of organizations from all sectors of society provides critical, on-the-ground financial services for working families. We actively seek to broaden the reach and impact of community tax preparers and are a leading voice in Washington, DC for low-wage workers and against unfair financial practices. We believe that together, we can strengthen economies, build communities and improve life for all American families.

The National Community Tax Coalition Affiliates



Track Record

- Spearheaded successful efforts to establish \$8 million in federal funding for free, community-based tax preparation (VITA) programs nationwide in 2008. (CEP and NCTC)
- Presented on the issues, challenges and opportunities facing low-income taxpayers and the federal tax code before the President's Advisory Panel on Federal Tax Reform in 2005. (CEP)
- Successfully fought back against sustained (2003 to 2005) IRS attempts to target low-income families for audits and pre-certification solely on the basis of claiming the EITC. (CEP and NCTC)
- Led efforts to establish the Illinois Earned Income Tax Credit in 2001 and expand the credit in 2004. (CEP)

Visit us online

Center for Economic Progress
www.economicprogress.org

National Community Tax Coalition
www.tax-coalition.org

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