

U.S. SENATORS TAMMY BALDWIN AND CORY BOOKER

# THE STRONGER WAY ACT



*TAX REFORM TO REWARD WORK  
JOBS TO RAISE INCOMES*

For decades, some in Washington have argued that if we simply reward large corporations and the wealthiest among us with tax cuts, their gains would “trickle down” to everyone else. These policies haven’t worked and this is a promise that hasn’t been kept. Yet today in Washington the same approach is being offered in tax reform proposals that favor those at the top with massive tax cuts to big corporations, millionaires, and billionaires.

As a nation we must do more to build an economy that works for everyone. Far too many Americans have been left behind by Washington and the gap between the richest and poorest communities continues to grow. Many working families are being held back, trapped in a cycle of poverty.

The Stronger Way Act is bold tax reform legislation that rewards work and creates a new partnership to support local jobs programs that will raise incomes for working families.

## **TAX REFORM THAT REWARDS WORK: THE EARNED INCOME TAX CREDIT**

### *RAISING INCOMES FOR WORKING FAMILIES*

The Stronger Way Act recognizes that we can do more to strengthen the economic security of working families with targeted tax reform like expanding the Earned Income Tax Credit (EITC) for working families with children.

The Stronger Way Act increases the rate at which the Earned Income Tax Credit phases in for working families with children to both encourage work and target additional dollars to low-income working families. Workers with earnings above 50 percent of the poverty line will receive the maximum EITC, as will people working full-time at the minimum wage. This tax reform would reward work and benefit 63 million people, including nearly 29 million children of working parents.

For example, a single working mother with two children making poverty-level wages would earn a tax credit increase of more than \$2,200 under this reform. A working married couple supporting three children on an income of \$20,000 per year would earn a \$3,500 tax credit boost to help promote income growth for this family.

### *MAKING WORK PAY FOR WORKERS WITHOUT CHILDREN*

Currently, a childless adult working full-time and earning minimum wage receives little to no Earned Income Tax Credit and can be taxed into poverty. We need to make work pay for everyone by extending this tax credit to workers without dependent children.

The Stronger Way Act proposes strengthening the Earned Income Tax Credit for workers without dependent children as an effective way to promote work, boost income, and reduce poverty. It would make more workers eligible for the EITC and expanding this anti-poverty tax credit would benefit more than 20 million workers without dependent children. This reform also ensures that 6.9 million workers are not taxed into poverty, as they are under current tax law.

These workers would be eligible to earn a tax credit of about \$1,500 under this reform to offset federal payroll and income taxes and help meet their basic needs. For example, a 30-year-old worker without dependent children making poverty-level wages of about \$12,500 currently receives an Earned Income Tax Credit of \$180. The Stronger Way Act allows this working taxpayer to earn the maximum credit of about \$1,500.



# THE STRONGER WAY ACT



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## TAKING ON CHILD POVERTY: THE CHILD TAX CREDIT

We have a moral responsibility to take bolder action to confront childhood poverty. Substantial research shows that children in families receiving working family tax credits do better in school, are more likely to attend college, and can be expected to earn more as adults. Together with the Earned Income Tax Credit, the Child Tax Credit can lead to income growth for working parents and improved educational outcomes for young children in low-income households.

The Stronger Way Act will strengthen and improve the Child Tax Credit by making the tax credit refundable for all families starting with the first dollar earned. This tax reform simplifies the tax code, makes the credit more consistent with the Earned Income Tax Credit, and targets additional Child Tax Credit benefits to very low-income families, who are most in need.

For all working families receiving the Child Tax Credit, The Stronger Way Act also increases the rate at which the credit phases in and ties the current maximum credit of \$1,000 per child to inflation to ensure its real value is not eroded by rising household costs of food, housing, and transportation for working families.

## THE DIGNITY OF WORK: A NATIONAL COMMITMENT TO TRANSITIONAL JOBS

Poverty is a problem that government cannot confront alone. Taking on a problem that is holding millions of Americans back is a shared responsibility. It is going to take a national commitment and investment in local partnerships between government, businesses, and non-profits working together to confront poverty.

Transitional jobs have helped lift workers up and out of poverty, moving our unemployed into the workforce. Transitional job programs providing employment and job training have been implemented in more than 20 states, including Wisconsin and New Jersey, where there has been a long history of bipartisan support. However, without a national commitment to transitional jobs, the scale and scope of these programs are limited.

We now need a federal commitment to support these efforts. Investing in transitional jobs can break down barriers and provide people living in poverty with the dignity of work, income, and workforce readiness skills.

The Stronger Way Act creates a federal commitment to making transitional jobs available by establishing a new jobs grant program at the Department of Labor. This will build a new federal partnership with state and local governments, businesses, and non-profit organizations. With this new partnership, we can strengthen state and local efforts to move people out of poverty and into the workforce.