
March 23, 2017
Carmen Shorter
Senior Manager for Learning, Field Engagement
CFED
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• Ask a question any time by typing the question into the text box of the GoToWebinar Control Panel.
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AGENDA

• The Racial Wealth Gap
• Upside-Down Tax Code & Right-Side Up Tax Policies
• Protective & Progressive Tax Policy Advocacy
• Panel Discussion
• Audience Q&A
• Next Steps & Close
Presenters

Emanuel Nieves
Senior Policy Manager, CFED

Yuqi Wang
Policy Analyst, NCLR

Chad Bolt
Legislative Analyst, CFED

Christopher M. Brown,
Director for Financial Security, PolicyLink
Co-Chair, Tax Alliance for Economic Mobility
Emanuel Nieves
Senior Policy Manager, CFED
The Asset Building Policy Network (ABPN) is a coalition of the nation’s preeminent civil rights and advocacy organizations committed to expanding economic opportunities for low-income members of communities of color.

Our strategy:

Increase and incentivize access to responsible and appropriate financial products and services to enable savings, investment and wealth-building.

Promote financial capability and basic protections for consumers.

Strengthen small businesses with better access to credit, capital, and technical assistance resources.
THE GROWING RACIAL WEALTH DIVIDE

Source: The Ever-Growing Gap, CFED & The Institute for Policy Studies
FUTURE OF THE RACIAL WEALTH DIVIDE

THE GROWING RACIAL WEALTH DIVIDE

Source: The Ever-Growing Gap, CFED & The Institute for Policy Studies
DRIVERS OF THE RACIAL WEALTH DIVIDE

- Lower homeownership rates, home values; higher % of income going to rent
- Greater rates of unemployment
- Income inequality & lower returns on income earned
- Limited ability to weather a financial emergency
- Increased exposure to wealth-stripping products and services
- Lower higher education attainment & wealth insulation
- Lower entrepreneurship rates & business values
- Non-existent retirement savings

Drivers of the racial wealth divide.
Extreme Wealth Inequality is Exacerbating the Racial Wealth Divide
DRIVERS OF THE RACIAL WEALTH DIVIDE

THE 400 RICHEST AMERICANS OWN MORE WEALTH THAN THE ENTIRE BLACK POPULATION, PLUS ONE-THIRD OF THE LATINO POPULATION, COMBINED

Source: The Ever-Growing Gap, CFED & The Institute for Policy Studies
REACHING RACIAL WEALTH EQUALITY

Source: The Ever-Growing Gap, CFED & The Institute for Policy Studies

Abolition of slavery in the United States

We are here

Latino wealth reaches 2018 White wealth level

Black wealth reaches 2018 White wealth level

1620

1865

1964

2013

2037

2241
• 1790-1960s: The exclusion of communities of color along with many others from immigrating and/or becoming citizens to soothe both the cultural and economic concerns of White Americans.

• 1934-1960s: Federally sanctioned housing discrimination through the practice of “redlining”, which shut out households of color from the opportunity to purchase and invest in the largest driver of wealth in this country: a home.

• 1935: The exclusion of farmworkers and domestic workers—who were predominately people of color—from coverage under the Social Security Act of 1935.

• 1938: The exclusion of a number of tip-based professions predominantly held by Black workers—such as servers, shoe shiners, domestic workers and Pullman porters—from the first minimum-wage protections enacted as part of the Fair Labor Standards Act of 1938.

• 1944: Biased distribution of G.I. Bill benefits by officials within the Department of Veterans Affairs, which resulted in an unequal distribution of benefits—such as low-cost home mortgages and tuition assistance—for service members of color.
Chad Bolt
Legislative Analyst, CFED
Public Policy & The Racial Wealth Divide

The Rising Cost of Unfair Upside-Down Tax Programs
The Rising Cost of Unfair Upside-Down Tax Programs

- **Homeownership**: $229 Billion
- **Savings & Investments**: $227 Billion
- **Higher Education**: $32 Billion
- **Retirement**: $172 Billion
The Rising Cost of Unfair Upside-Down Tax Programs

Source: Building an Equitable Tax Code: A Primer for Advocates, PolicyLink
# Public Policy & The Racial Wealth Divide

## The Rising Cost of Unfair Upside-Down Tax Programs

<table>
<thead>
<tr>
<th>TAX BENEFITS FOR</th>
<th>MILLIONAIRES</th>
<th>WORKING FAMILIES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SAVINGS &amp; INVESTMENTS</strong></td>
<td>$126,448</td>
<td>$10</td>
</tr>
<tr>
<td><strong>HOMEOWNERSHIP</strong></td>
<td>$10,636</td>
<td>$16</td>
</tr>
<tr>
<td><strong>RETIREMENT</strong></td>
<td>$9,889</td>
<td>$64</td>
</tr>
<tr>
<td><strong>HIGHER EDUCATION</strong></td>
<td>$0</td>
<td>$84</td>
</tr>
<tr>
<td><strong>TOTAL FOR 2015</strong></td>
<td>$146,973</td>
<td>$174</td>
</tr>
</tbody>
</table>
Four Flaws that Make Wealth-Building Tax Programs Upside Down

1. Itemized deductions exclude most households from benefits.

2. Most tax programs increase support as a household’s tax rate increases.

3. The larger the asset, the more the support.

4. Timing and structure of benefits prevent many workers from benefiting.
Not All Tax Benefits Are Upside-Down

The Earned Income Tax Credit (EITC): The Most Effective Anti-Poverty Tool

- Structured as a wage subsidy, the EITC actually functions as a lump-sum payment received at tax time.
- Last year, 27 million tax filers claimed the EITC, receiving an average benefit of $2,454.
- EITC claimants tend to primarily use their tax refunds to save, pay down debt, and invest in long-term assets.
- Unique lump-sum form of tax-time support has a positive impact on workers and their children as it promotes work, reduces poverty and supports children’s development.
- In 2015, the EITC lifted about 6.5 million people out of poverty, including about 3.3 million children. Without the EITC, one-quarter more children would have been poor. In addition, the EITC helps to reduce the severity of poverty in families; in 2015, it helped 21.2 million people—including 7.7 million children—do just that.
- The specter of “fraud” persists even though other factors contribute to overclaims. These factors create confusion—not fraud.
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- Several ways you can help in the moment
- Hear how to most effectively engage your members of Congress

www.cfed.org/policy/cfeds_2017_advocacy_campaigns
Yuqi Wang
Policy Analyst, NCLR
NCLR’s Advocacy Work around Progressive Policies
NCLR’s Advocacy Work around Progressive Policies
EITC & CTC Gains in the Protecting Americans from Tax Hikes (PATH) Act of 2015

• The PATH Act is a $680 tax deal that made a number of tax credits permanent or extended others for 5 years.

• Critical 2009 improvements to the EITC and Child Tax Credit (CTC) were made permanent:
  – EITC permanence: Increased EITC amount for workers with three or more children, reduced marriage penalty
  – CTC permanence: permanently sets threshold amount to $3,000

• Permanently extending EITC and CTC improvements helped 13 million families with 25 million children, including 5 million Latino families with 9 million children.
Expanding EITC

• Due to EITC restrictions, 7.5 million workers not raising children, including 1.7 million Latinos, are not qualified for the EITC. (CBPP 2015)

• Some of the people excluded are workers under age 25, people earning minimum wage, and older workers above the age of 66.

• EITC Expansion proposals include:
  – Raising income threshold to include workers earning minimum wage
  – Expanding eligibility age criteria to include young workers and older workers
  – Increasing EITC amounts paid to workers not raising children
Defending EITC and CTC

• Proposals that want to limit CTC to just Social Security holders.
  – An estimated 85% of families that will be harmed by disqualifying ITIN filers from claiming the CTC are Hispanic.
  – Proposals to disqualify ITIN filers will harm 1 out of 4 Hispanic children, the majority of whom are U.S. citizens, living in mixed-status families.
  – Limiting the CTC adds to the tax burden of low-wage earning workers, and millions of children and their families would face greater poverty, hunger, and other severe hardships.

• Draft Executive Order on public charge
  – Proposes restricting the grant of green cards for low-skilled, low-income immigrants
  – Make legal permanent residents already in the United States more vulnerable to deportation
  – Activate dormant policies requiring immigrants’ sponsors to repay benefits received
NCLR’s Advocacy Work around Progressive Policies

2017 NCLR Community Leaders Action Summit
March 28-30
Kellogg Conference Center at Gallaudet University
Washington, DC

actionsummit.nclr.org
Christopher M. Brown
Director for Financial Security, PolicyLink
Co-Chair, Tax Alliance for Economic Mobility
• Over 40 local and national advocates, policy experts, and racial justice organizations looking to turn the tax code right side up

• Co-Chaired by CFED & PolicyLink

• Awareness, Advocacy & Policy Change
The Rising Cost of Unfair Upside-Down Tax Programs

Source: Building an Equitable Tax Code: A Primer for Advocates, PolicyLink
Principles for Reform:
How to Make the Tax Code Work for All

**Principles for Reform: Housing and Homeownership Tax Expenditures**

**About the Tax Alliance for Economic Mobility**
The Tax Alliance for Economic Mobility, co-led by CFED and PolicyLink, convenes racial justice advocates, asset-building advocates, tax reform experts, and researchers to identify near- and longer-term policy priorities to expand savings and investment opportunities for lower-income households through reform of the U.S. tax code. The Alliance includes a coalition of national organizations that have agreed on shared principles and are working to educate and engage their networks about why equitable, inclusive, and progressive tax reform is crucial to building the long-term security of families, communities, and the national economy.

**Reform Principles Snapshot**
- Close loophole to allow low- and moderate-income renters to become homeowners.
- Increase benefits for renters.
- Increase homeownership opportunities for low-income households.

**Principles for Reform: Retirement Savings Tax Expenditures**

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**Reform Principles Snapshot**
- Expand access to workforce retirement accounts among low- and moderate-income Americans.
- Help low- and moderate-income savers build their account balances by encouraging and/or matching individual contributions.
- Reform existing retirement savings tax subsidies to ensure that lower-income workers receive their fair share of support.

**Policy Principles: Tax Credits for Low-Income Workers**

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**Policy Principles Snapshot**
- Build on the opportunity-boosting successes of the EITC and CTC by strengthening these credits and making them more inclusive.
- Build on the success of the federal CTC by expanding it at the state level.
- Increase take-up and improve accessibility.
- Protect low-income working families when strengthening program integrity.
WE BELIEVE THAT TAX REFORM SHOULD WORK FOR ALL.

Get Involved! Sign Up for Tax Alliance Updates

www.taxallianceforeconomicmobility.org
PANEL DISCUSSION

Emanuel Nieves
CFED

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NCLR

Chad Bolt
CFED

Christopher M. Brown
PolicyLink
Questions?
NCLR’s Advocacy Work around Progressive Policies

DO YOU NEED TO RENEW YOUR ITIN?

START

Will you file a 2016 tax return using your ITIN?

YES

Have you used your ITIN on a 2013, 2014, or 2015 tax return?

NO

RENEWAL NOT REQUIRED AT THIS TIME

YES

Does your ITIN have 78 or 79 as the middle digits (i.e., 9XX-78-XXXX or 9XX-79-XXXX)?

NO

RENEW

NEED TO RENEW? SEND THESE DOCUMENTS TO THE IRS BEFORE OR WHEN YOU FILE YOUR 2016 TAX RETURN:

- IRS W7 ITIN renewal form
- Proof of foreign status and identity
- If applicable, required documents for dependents

Get help renewing your ITINs. Visit nclr.us/ITIN for information.

FAMILY OPTION

ITIN holders required to renew can also renew their sponsors’ and dependents’ ITINs at the same time, even if those ITINs are not yet expired.

SAME ITIN AFTER RENEWAL

After ITIN holders renew, they will use the same ITIN number in their 2016 tax returns.

FOR MORE RESOURCES ON RENEWING ITINs AND DETAILS OF THE RENEWAL SCHEDULE, VISIT nclr.us/ITIN
THANK YOU!

Emanuel Nieves  
Senior Policy Manager, CFED  
e: enieves@cfed.org

Yuqi Wang  
Policy Analyst, NCLR  
e: ywang@nclr.org

Chad Bolt  
Policy Analyst, CFED  
e: cbolt@cfed.org

Christopher M. Brown,  
Director for Financial Security, PolicyLink  
e: chris@policylink.org