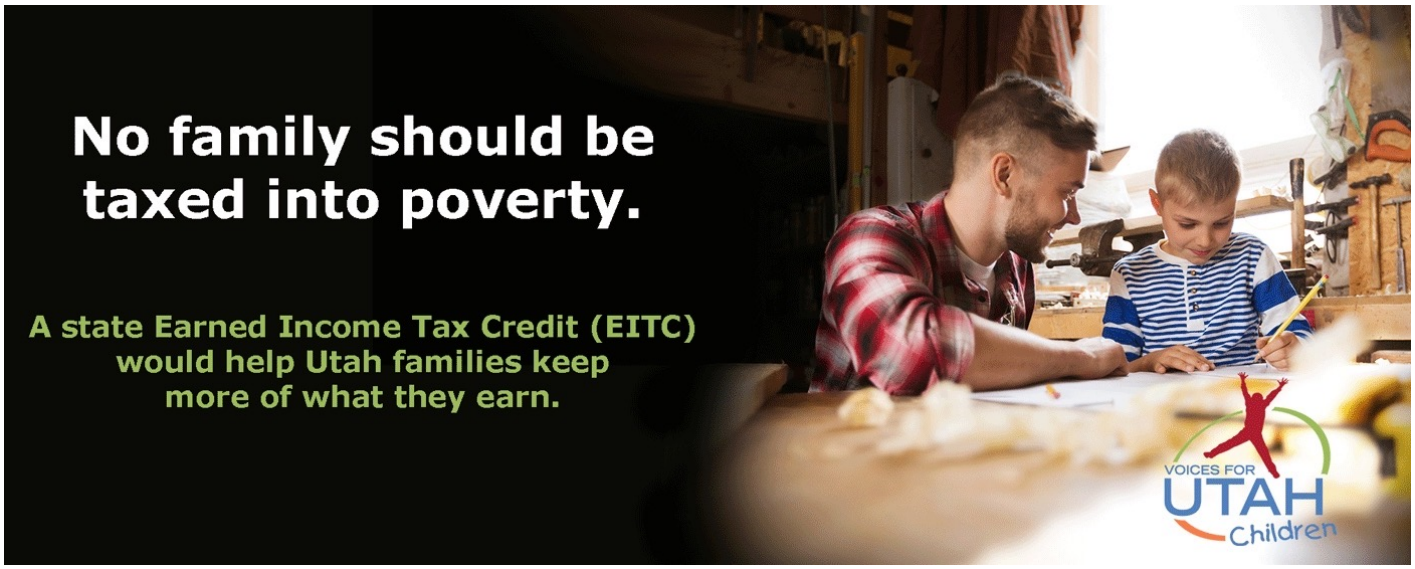
Utah needs earned-income tax credit to break poverty cycle

Published: Monday, 06 March 2017 14:50
Written by: Matthew Weinstein



This op-ed by Matthew Weinstein of Voices for Utah Children and Derek Monson of the Sutherland Institute *was originally printed in* the Salt Lake Tribune on February 18, 2017*.*

For some children in Utah, poverty is their inheritance. By no choice of their own, they have never experienced life outside the world of welfare dependence.

As these children grow older, they face a daunting choice: continue in the lifestyle they know and grew up in, or transition toward an unfamiliar life of self-reliance. Even if these young people have a healthy desire for the latter, it can be a difficult road with many personal, cultural, educational, economic and policy barriers.

Fortunately, we can do something to tear down some of these barriers. Specifically, the Utah Legislature can start by passing HB294 — Utah Intergenerational Poverty Work and Self-Sufficiency Tax Credit.

This proposal would help those seeking a way out of intergenerational poverty by lowering tax barriers and allowing them to keep more of what they earn through employment. At the federal level, this policy is called the Earned Income Tax Credit (EITC). Creating an EITC for Utahns in intergenerational poverty makes sense on

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several levels.

Utah has been on the forefront of states seeking solutions for intergenerational poverty, and HB294 is a natural extension of those efforts. It provides a helping hand to those in intergenerational poverty when they reach the stage of being able and willing to achieve self-reliance through work.

Intergenerational poverty reflects at least a second generation of poverty, often with the higher level of discouragement and family dysfunction that commonly comes with that experience. It is deeper and tougher to climb out of than stereotypical poverty, which is usually due to a temporary setback like the loss of a job. Giving the full financial and human rewards of self-reliance through earned success to such families makes it more likely that their efforts to stay out of poverty will be successful.

Utah ranks No. 1 in the nation for social mobility. A child growing up in poverty in Utah has a better chance of making it into the middle class than in any other state. This is largely thanks to a culture that embraces two-parent families and a strong work ethic. Utah has the highest rate of two-parent families in the nation, translating into a relatively small share of children growing up in poverty. Utah also has labor force participation rates for both men and women that exceed the national average.

Utah also recently earned a No. 2 ranking in the nation for evidence-based policymaking, as determined by the Pew-MacArthur Results First Initiative. Few policies have as much evidence in support of their effectiveness as the EITC.

A Congressional Research Service report in 2014 found that the federal EITC lowered the proportion of American families in poverty between 14 and 30 percent, depending on marital status and family size. Currently its top advocate in Washington is House Speaker Paul Ryan, who has proposed expanding it further, saying, "This is one of the few programs that have shown results. It encourages people to work by increasing the rewards of work."

The EITC makes sense not only for those in poverty, but for the economy and taxpayers as well. For example, Glenn Hubbard, dean of Columbia Business School and chairman of the Council of Economic Advisers under President George W. Bush, has said, "[the] EITC truly is our best option for supporting work." Stanford University's Hoover Institution has concluded that "the EITC is probably the most

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cost-effective anti-poverty program the federal government operates."

HB294 would make Utah the 27th state in the nation to enact a state EITC. While this policy will not solve intergenerational poverty, it will add an effective tool to fighting poverty in Utah. It will also provide practical assistance to those seeking to overcome some of the greatest economic challenges that families in Utah face, and at a very reasonable cost.

Just as importantly, it shows that in our communities, we believe that a child's future inheritance should be more than their parents' poverty.



March 30, 2017 is Love UT Give UT!

It’s a day for Utahns to give to the nonprofits that make Utah special. Every donation to Voices for Utah Children through Love UT Give UT gives Voices a chance to win matching grants and prizes—and gives you a chance to win a car!

And you don't have to wait! Donate now at http://bit.ly/loveUTchildren.

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For 30 years now, Voices for Utah Children has called on our state, federal and local leaders to put children's needs first. But the work is not done. The children of 30 years ago now have children of their own. Too many of these children are growing up in poverty, without access to healthcare or quality educational opportunities.

How can you be involved?

Make a tax-deductible donation to Voices for Utah Children—or join our Network with a monthly donation of $20 or more. Network membership includes complimentary admission to Network events with food, socializing, and opportunity to meet child advocacy experts. And don't forget to join our listserv to stay informed!

We look forward to the future of Voices for Utah Children and we hope you will be a part of our next 30 years.

Special thanks to American Express for sponsoring our 30th Anniversary Year.



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