



COMMUNITY ACTION BOARD

April 16, 2024

The Honorable Andrew Friedson  
President, Montgomery County Council  
100 Maryland Avenue  
Rockville, Maryland 20850

Dear Council President Friedson, Council Vice President Stewart, and Members of the Montgomery County Council:

**We, the undersigned organizations, request that the Council fully fund the Working Families Income Supplement in FY25 so that it will return to a 100% match of the state's Earned Income Tax Credit.** All of our groups and organizations work to reduce poverty and help families and individuals move towards the Self-Sufficiency Standard. We do this through advocacy and direct services, including Volunteer Income Tax Assistance (VITA) programs, which provide free tax assistance to low-to-moderate income households. We have seen firsthand the incredible positive impacts of the Earned Income Tax Credit, along with the County's supplement, the WFIS.

Research consistently shows that the EITC, Child Tax Credit, and other credits that support lower-income workers are some of the best tools available to help families become financially stable. EITC expansions have also been linked to increased birthweights<sup>1</sup>, with larger impacts for births to African American women, to improved maternal health<sup>2</sup>, and to decreases in children entering foster care<sup>3</sup>. The EITC is also a racial equity tool as research has shown its greater impact on reducing poverty for households of color<sup>4</sup>. Research finds these benefits are also conveyed through the Child Tax Credit.

Last year's Family Prosperity Act was a significant victory because it made the expansions of the Maryland EITC established during the pandemic permanent. The expansions are estimated to have impacted 45,000 County residents filing tax returns including dependents, 21,000 County filers without dependents, and 5,300 ITIN filers. The larger refunds that lower-income taxpayers received helped households pay for basic necessities such as rent and food, reduce debts, and put money into savings.

<sup>1</sup><https://pubs.aeaweb.org/doi/pdfplus/10.1257/pol.20120179>

<sup>2</sup>[https://www.kellogg.northwestern.edu/faculty/garthwaite/htm/EITC\\_Health\\_Final\\_Draft.pdf](https://www.kellogg.northwestern.edu/faculty/garthwaite/htm/EITC_Health_Final_Draft.pdf)

<sup>3</sup><https://journals.sagepub.com/doi/full/10.1177/1077559519900922>

<sup>4</sup><https://www.cbpp.org/research/state-earned-income-tax-credits-help-build-opportunity-for-people-of-color-and-women>

Montgomery County's support for lower-income workers is reflected in the fact that our County is one of only a few local jurisdictions in the country with its own tax credit/supplement for lower-wage households. It is important to note that the WFIS plays a particularly critical role in the County due to the extremely high cost of living. For example, the Montgomery County Self-Sufficiency Standard for a household with two working adults, one preschooler, and one school-age child is \$122,943, over four times the federal poverty level<sup>5</sup>. Full funding for the WFIS would allow more County households to cover the cost of necessities like housing, child care, and food, bringing them closer to the Self-Sufficiency Standard.

Another feature of the WFIS that sets Montgomery County apart is the inclusion of ITIN filers, who are ineligible for the federal EITC and many federal programs. Including ITIN taxpayers in the WFIS is yet another way to support our neighbors who are struggling to make ends meet and providing full funding for the WFIS will do more to help them.

Until this year, the WFIS had been a 100% match of the state's EITC for most of its 20+ year history. We understand that returning to a full match of the state credit is a significant request that will require an additional \$17 million. As advocates for the low-income community with a deep understanding of programs that truly help our neighbors, we strongly believe that the Working Families Income Supplement is worth the investment. Full funding for the WFIS reflects the County's strong commitment to lower-income residents and to programs that are effective in helping residents move towards the Self-Sufficiency Standard.

**The undersigned organizations/groups support full funding for the Working Families Income Supplement so that it will return to a 100% match of the Maryland EITC.**

- Montgomery County Community Action Board
- CASA, Inc.
- CASH Campaign of Maryland
- Community Reach of Montgomery County
- Cross Community - The Equity Center
- Eastern Montgomery Emergency Assistance Network
- Everyday Canvassing
- Gaithersburg Beloved Community Initiative
- Hungry 4 Change
- Interfaith Works
- Jewish Council for the Aging of Greater Washington
- Manna Food Center
- Maryland Center on Economic Policy
- Maryland Community Action Partnership
- Mid-County United Ministries
- Montgomery County Children's Opportunity Alliance
- Montgomery County Head Start Parent Policy Council
- Olney HELP
- Prosperity Now
- Shepherd's Table
- Upper Montgomery Assistance Network (UMAN)

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<sup>5</sup>[https://www.montgomerycountymd.gov/HHS-Program/Resources/Files/MDMontCo2023\\_SSS.pdf](https://www.montgomerycountymd.gov/HHS-Program/Resources/Files/MDMontCo2023_SSS.pdf)