

and passion for the environment on to their two sons, Eric and Edward. Michael and Teri would often travel to wilderness locations together.

Michael Slater believed it was his obligation—and the obligation of all of us who are here today—to ensure that what we have today will be here for the next generation to enjoy tomorrow. These are the words Michael Slater lived by.

Mr. Speaker, I salute Michael Wylie Slater today and I ask my fellow Members of Congress to join me in honoring the life and legacy of this member of the community who will be so deeply missed.

INTRODUCTION OF LEGISLATION
TO EXPAND THE EARNED IN-
COME TAX CREDIT

HON. WILLIAM J. COYNE

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 20, 2001

Mr. COYNE. Mr. Speaker, since its inception in 1975, the Earned Income Tax Credit, or EITC, has been an important part of the Federal Government's "safety net" of programs for Americans living in poverty. Its effect on children is especially significant. Over the years, the EITC has succeeded in lifting more children out of poverty than any other government program.

The EITC was conceived as a "work bonus" alternative to a proposal to provide cash welfare to low-income two-parent families. It was also seen as a way to lighten the burden of Social Security taxes on low-income workers. Over the years, the credit has been expanded and increased. This program demonstrates the way in which government can improve the lives of its citizens in a meaningful way.

However, notable pockets of poverty remain in our country. For instance, 29 percent of all children in families having three or more children subsist at incomes below the poverty level. This is more than double the poverty rate among children in smaller families. Nearly three of every five poor children in this country live in families with three or more children.

Recently the General Accounting Office (GAO) determined that 4.3 million eligible households did not claim the EITC in 1999, forgoing \$2.6 billion in credits. The preponderance (about 81 percent) of the \$2.6 billion in unclaimed credits would have gone to households with three or more children. Households with no eligible children would have received most of the remainder. The non-participation rates for these two groups, 37 percent for households with three or more children and 55 percent for childless households (as compared to roughly 95 percent for all other households), are convincing evidence that more needs to be done to expand and simplify the EITC program.

The current structure of the EITC fails to help larger families, with three or more children, since the highest level of credit is given to families with two or more children. Combining these larger families with families having two children ignores the unique needs of large families, which have experienced more

difficulty in moving from welfare to work due to increased family expenditures such as child care costs.

Today I am introducing legislation to remedy this problem by creating a new EITC benefit level for families with three or more children. This new level, with a credit percentage of 45 percent, will provide a higher benefit for these families than what they currently receive under the "two or more children" category (which has a 40 percent credit rate).

My bill also will double the credit percentage for workers with no qualifying children from 7.65 percent to 15.3 percent. This change recognizes the fact that there is virtually no safety net for people in this category, who face high federal tax burdens. The 15.3 percent credit percentage is the amount needed to offset the full amount of the payroll tax, including the employer's share. In his paper, "should the EITC for Workers Without children be Abolished, Maintained, or Expanded?" Robert Greenstein, of the Center on Budget and Policy Priorities, notes that single workers are the only group in the United States who begin to owe federal income tax before their income reaches the poverty line; the federal income tax codes taxes them somewhat more deeply into poverty. Besides offsetting the full amount of the payroll tax (which most economists believe is borne by workers in the form of lower wages), Mr. Greenstein states that expanding the credit might also serve two other beneficial purposes—it might draw more single workers into the labor force and it should raise the incomes of some poor, non-custodial fathers, thereby increasing their ability to pay child support.

In addition, the bill will increase EITC benefits for all family categories by raising the maximum creditable earnings used to calculate the credit. For all eligible individuals with children, this amount for the year 2002 will be \$10,710, the annual wages of a full-time worker earning the minimum wage. Isabel Sawhill and Adam Thomas, of the Brookings Institution, in their paper "A Hand Up for the Bottom Third: toward a New Agenda for Low-Income Working Families," note that those who work full-time at a low wage job do not necessarily qualify for more benefits than do those who work less than full-time. They suggest that extending the maximum creditable earnings to the level corresponding with a full-time, minimum-wage salary would be in keeping with the EITC program's goal of "making work pay." In other words, workers could be expected to work more hours if the income eligibility range for the EITC were extended or if the credit earned were increased. For childless workers, the maximum creditable earnings will rise to \$6,000, approximately 60 percent of those wages.

Taken together, in 2002, these changes would provide the following maximum EITC amounts: Household with no qualifying children \$918 (an increase of \$542); household with 1 child \$3,641 (an increase of \$1,135); household with 2 children \$4,284 (an increase of \$144); household with 3 or more children \$4,820 (an increase of \$680).

In order to balance program costs, my bill increases the phaseout rates for all categories to allow benefits to phase out at the same income level as is the case under current law.

Finally my bill makes two important changes to the administration of the EITC—it eliminates the investment income disqualification test and it simplifies the rules for an abandoned spouse to qualify for the credit.

At a time when our country is undergoing so much change, we must not forget that our low-income families continue to remain at the margins of our economy and could be the first to suffer the effects of the current economic downturn. Their needs existed before the tragic events of September 11 and probably have only worsened since then.

I believe that the creation of the additional EITC category involving three or more children will benefit approximately 3.2 million households, thereby further reducing poverty among larger families. In addition to helping larger families to make ends meet, this new benefit level will provide these families with funds for upward mobility and asset building capabilities. Even a moderate increase in income will assist these families to improve their circumstances and work toward escaping poverty.

This bill also will benefit the U.S. economy by providing additional incentives for more people, especially low-income women, to join the work force. The economic stimulus function of my bill cannot be overlooked, especially at a time when we are providing inducements for corporations and higher income earners.

The Center on Budget and Policy Priorities supports this legislation as a "bill that would better reward and encourage work, reduce poverty among the working poor, and simplify the EITC." They further state "This is one of the most worthy initiatives policymakers could pursue."

I urge my colleagues to join me in this effort to further enhance the highly successful EITC by supporting this legislation, and, in doing so, by supporting a respectable income level for those Americans who are, and have been, left behind.

A PROCLAMATION IN MEMORY OF
JEREMY W. KIDD

HON. ROBERT W. NEY

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 20, 2001

Mr. NEY. Mr. Speaker, Whereas, Jeremy W. Kidd is lovingly remembered by his parents, family and friends;

Whereas, Jeremy made each day of his life full of excitement and goodness;

Whereas, Jeremy always had a smile on his face and brought smiles to the faces of all those he came in contact with; and

Whereas, Jeremy's kindness and consideration to others will always be remembered by all whose lives he touched;

Therefore, I invite my colleagues to join with me and the citizens of Ohio in mourning the loss of Jeremy W. Kidd, yet celebrating his life and his memory.