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Senate Budget Proposal Fails to Include Governor Walker's Tax Cut for Low-Income Working Parents

MADISON, WI – The budget proposal released this week by Republicans in the Wisconsin Senate fails to include a tax cut for low-income working parents that was proposed by Governor Walker. That change would result in more than 129,000 working parents with low incomes paying \$23 million more in taxes a year, compared to Governor Walker's version of the budget.

"Keeping Governor Walker's expansion of the Earned Income Tax Credit would give a much-deserved boost to working parents with low incomes," said Tamarine Cornelius of Kids Forward. "The EITC lets working families keep more of what they earn to help meet basic needs and pay for things that allow them to keep working, such as child care and transportation."

Because parents must work in order to receive the EITC, expanding the EITC creates a powerful incentive to work. "Lawmakers have said they want to increase the number of people working in Wisconsin. Expanding the EITC is one of the most effective ways we have of doing that," Cornelius said.

For families receiving a larger EITC, the advantages can be significant and long-lasting. Receiving a larger EITC is linked to:

- Improved academic outcomes for children including higher test scores in school, especially in math; higher high school graduation rates; and higher college attendance rates.
- Improved health outcomes including reduced rates of low birthweight births; fewer premature births; and lower rates of infant mortality.
- Additional work earnings later in life. A higher EITC or other income boost for poor children is associated with an increase in work hours and higher earnings as adults.

The EITC also plays an important role in improving the economic well-being of communities of color. Research shows that African American and Hispanic families are likely to have some of the biggest improvements in academic and health outcomes that are associated with a larger EITC.

Instead of including Governor Walker's proposal to expand the EITC, the Senate budget proposal includes other tax cuts, some of which are targeted at the wealthy. The Senate budget proposal would eliminate the state's Alternative Minimum Tax, which is aimed at making sure that individuals with high

incomes pay at least some income tax. That move would give a tax cut of \$14 million to people with high incomes.

“Expanding the EITC, as Governor Walker proposed, would keep taxes low for working families, encourage work, and improve academic achievement. It’s a modest investment that reaps outside rewards for families,” said Cornelius. “Legislators should include the EITC expansion in the final version of the budget.”

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Kids Forward, formerly the Wisconsin Council on Children and Families, advocates for effective, long-lasting solutions that break down barriers to success for children and families in Wisconsin. Using research and a community-informed approach, Kids Forward works to help every kid, every family, and every community thrive.