



Resolution Supporting the Establishment of a Federal Noncustodial Parent Earned Income Tax Credit

Introduction

The Earned Income Tax Credit (EITC) has been a strong anti-poverty program for low-income families, especially for children. Research has found that:

1. More than half of the large increase in employment among single mothers between 1984 and 1996 has been attributed to EITC expansions enacted during this period.¹
2. The EITC reduces child poverty and increased earnings for families with children, lifting 6.3 million people out of poverty in 2010.²

Background

The EITC enjoys wide bipartisan support as one of the country's most effective anti-poverty programs. Targeted primarily at low-income working individuals with children, the maximum benefit for tax year 2018 ranges from \$3,461 to \$6,431 (depending on the number of qualifying children), and the income limit for a single parent with two children is \$45,802. Multiple studies have concluded that the EITC is responsible for substantially increasing the work effort of low-income single parents and lifting millions of children out of poverty each year.³ Noncustodial parents, however, have been largely left out. To qualify for the EITC, a child must have lived with the tax filer for more than half of the tax year. Treated as tax filers without qualifying children,⁴ noncustodial parents' maximum federal EITC is just \$519—and the income limit is similarly low at \$15,270 (\$20,950 for married filers). Thus, as currently structured, the federal EITC fails to substantially encourage or reward work among noncustodial parents, despite the fact that noncustodial parents have an obligation to financially support their children.

NCSEA Position

The federal government should establish a Noncustodial Parent EITC that aligns the benefits available to noncustodial parents as taxpayers without a qualifying child with those benefits provided to custodial parents who generally have the qualifying child. The

¹ "Making Single Mothers Work: Recent Tax and Welfare Policy and its Effects," Russell Sage Foundation, 2001.

² "Policy Basics: The Earned Income Tax Credit," CBPP, February 2012.

³ The IRS calls it an important benefit providing a financial boost to working individuals and families. See publication 596.

⁴ The IRS earned income for purposes of EITC.



NCP EITC should be limited to NCPs who can demonstrate compliance with a court order for child support payable through the Title IV-D child support program.

THEREFORE, NCSEA resolves to urge Congress to:

Amend the existing federal law on earned income tax credits to allow noncustodial parents to apply for a noncustodial parent earned income tax credit under qualifying circumstances.

Adopted by the NCSEA Board of Directors on August 10th, 2014

Re-ratified by the NCSEA Board of Directors on August 11th, 2018