



SUPPORT OUR
PUBLIC POLICY
IN THE AREA OF
INCOME



United Way of Miami-Dade

POLICY ISSUE **Increasing Income**

Key Question: What policies help individuals and families increase income?

The Earned Income Tax Credit (EITC)

The EITC is the largest and most effective federal aid program for low- to moderate-income workers. It is a refundable federal income tax credit for eligible working individuals and families. The EITC can increase an individual's or family's annual income by as much as 15 percent. Enacted by Congress in 1975, the tax credit was created to reduce the tax burden on lower-income workers, supplement their wages, and encourage greater participation in the workforce.

Recognizing the potential economic benefit to both families and communities, organizations nationwide have formed campaigns to educate families about the availability and benefits of the EITC. United Ways have been a key leader in this movement, helping thousands of families claim billions in EITC refunds across the more than 250 communities where they are involved. In Florida, Prosperity Campaigns connect low-wage workers to existing economic benefits programs available to them such as the Earned Income Tax Credit (EITC). These Prosperity Campaigns put money back into the pockets of hard working families and help boost the local and state economies.

In an effort to further lift more families and individuals from economic hardships, states can enact their own EITC program that builds on the federal credit. This gives states the opportunity to design the credit according to their populations' needs and available resources.

Related Links

[Florida Prosperity Campaign](#)

[United Way EITC Fast Facts](#)

[CFED EITC Information](#)

Workforce Development

To be financially stable, people must have steady jobs and sufficient income to support themselves and their families. Workforce development programs and opportunities allow individuals to compete in the job market by gaining or strengthening the skills necessary to obtain and maintain a job and to advance at their current workplace or to secure a better job elsewhere.

On March 20, 2009, Governor Charlie Crist announced that \$165 million in American Recovery and Reinvestment Act (ARRA) funds was designated for Florida's workforce system. (Source: [Workforce Florida, Inc. 2009 Legislative Update](#)). With Florida's unemployment rate at 10% and Miami-Dade's unemployment rate at 9.6%, it is crucial to improve our workforce development (Source: US Census Bureau, May 2009).

Related Links

[South Florida Workforce](#)

[United Way Workforce Fast Facts](#)

Credit Repair and Debt Reduction

Credit repair strategies help individuals improve their credit history and credit scores, which are used by lenders, landlords, and increasingly by employers. Debt reduction is directly linked to credit repair. Reducing household debt through regular payments can reduce the amount of interest paid on loans. For many lower-income individuals and families, the credit score is a significant barrier to accessing resources that could help them become financially stable.

Many low income individuals are unable to access loans without paying exorbitant interest rates. Infamous "payday loans" are a source where they use to access funds. Due to the nature of payday loans, people who access them are handicapped in their ability to improve their credit ratings.

Florida legislation has introduced the new "Credit Enhancement Loan" through which unbanked and underbanked individuals could access cash. Credit enhancement loans could be as high as \$3,000, would prohibit prepayment penalties, require enrollment in financial literacy classes or credit counseling programs, establish a regulatory and auditing framework intended to protect consumers, and prohibit an individual from securing more than one credit enhancement loan at a time.

Related Links

[United Way Credit Repair Fast Facts](#)

Anti-Predatory Lending Policy

Predatory lending refers to a range of practices, including deception, fraud, or manipulation, that a mortgage lender may use to make a loan with terms that are disadvantageous to the borrower. Many families are suffering today because of these abusive practices in the mortgage lending market. Predatory mortgage lending practices strip borrowers of home equity and threaten families with foreclosure, destabilizing the very communities that are beginning to enjoy the fruits of our nation's economic success.

Although the federal government enacted law in 1994 that intended to provide protection for high-risk buyers, there are still major loopholes for abusive practices. States can enact policy that restrict high-cost loans, strengthen regulation and licensing of mortgage lenders, and require lenders to ensure that the borrower is able to repay the loan.

Florida is one of twenty-five states to have an anti-predatory lending law. The Florida Fair Lending Act of 2002 requires disclosures for high-cost home loans; requires lenders of high-cost home loans to provide notice to borrowers prior to taking foreclosure actions; allows borrower to cure default; and provides that the lender who violates this act forfeit interest in high-cost home loan.

An example of predatory lending is the "Refund Anticipation Loan" (RAL). They are short-term loans secured by taxpayers' expected federal income tax refunds. Instead of waiting to receive the refund, RAL customers borrow against all or part of the expected amount. Florida is one of the many states who do not regulate RALs. There are a number of mechanisms that can be implemented in statute to protect consumers from RALs.

Related Links

[Florida Fair Lending Act](#)

[CFED Predatory Lending](#)

[Payday Lending](#)