

Racial Equity and Social Justice (RESJ) Impact Statement

EXPEDITED Finance-Working Families Income BILL 14-21: Supplement-Amendments

SUMMARY

The Office of Legislative Oversight (OLO) expects Expedited Bill 14-21 to favorably impact racial equity and social justice in Montgomery County.

BACKGROUND

On April 20, 2021, the Council introduced Expedited Bill 14-21 to expand eligibility requirements for the County's Working Family Income Supplement (WFIS).

Bill 14-21 would increase the number of residents eligible for the WFIS. As an anti-poverty program, the County-funded WFIS matches 100% of the State's Earned Income Tax Credit (EITC) program to provide economic support for low-income families in Montgomery County.¹ According to the County's Cashback website, "about 32,000 Montgomery County households received a credit for tax year 2019, with an average credit of \$546."²

As currently constructed, the WFIS limits eligibility to recipients that are eligible and apply for the Federal and State EITCs.³ As such, current WFIS requirements exclude certain low-income taxpayers with children, including Individual Tax Identification Number (ITIN) holders, because they are typically ineligible for either the Federal or State EITC.⁴ The National Immigration Law Center reports that some immigrant workers rely on ITINs to file their taxes.⁵

According to the American Community Survey (ACS), nearly 9% of Montgomery County's foreign-born residents lived in poverty in 2019 compared to 6% of native-born residents.⁶ The Office of Management and Budget estimates that Expedited Bill 14-21 could benefit 20,000 or more residents in the County.⁷ If implemented, Bill 14-21 would make the following modifications to County law:

- Alter certain requirements for residents to qualify for WFIS; and
 - Generally amend the law governing WFIS tax credit.⁸
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DEMOGRAPHIC DATA

Understanding the impact of Expedited Bill 14-21 on racial equity and social justice in the County requires a review and analysis of local data describing low-income foreign-born residents who might be ITIN holders. As noted in Table 1, 2016 American Community Survey (ACS) data suggests that foreign-born residents from Latin America would disproportionately benefit from Bill 14-21 followed by residents from Asia. For example:

RESJ Impact Statement

- Residents born in Latin America represented 37% of the County's foreign-born population and 44% of the foreign-born residents who lived in poverty¹;
- Residents born Asia also represented 37% of the County's foreign-born population but accounted for 28% of the foreign-born residents who lived in poverty.⁹

Table 1: Places of Birth and Poverty of Foreign-Born Residents in Montgomery County

Place of Birth	Number of Foreign-Born	Distribution of Foreign-Born	Number in Poverty	Distribution of Foreign-Born in Poverty
Latin America	123,164	37%	13,548	44%
Asia	122,601	37%	8,582	28%
Africa	53,433	16%	*	*
Europe	31,249	9%	2,187	7%
North America	3,291	Less than 1%	*	*
Oceania ²	959	Less than 1%	*	*
Total Foreign-Born	334,697	100%	30,122	100%

Source: American Community Survey 5-Year Estimates 2012-2016

*Poverty data are not available for all regions

Further, data compiled in OLO Report 2018-13, *The Two-Generation Approach to Poverty in Immigrant Communities*,¹⁰ suggests that many low-income children in the County would benefit from Bill 14-21. The vast majority of low-income children have at least one foreign-born parent that, unlike a U.S. born parent, might rely on ITINs. More specifically, in 2016:

- 74% of children in families earning up to 200% of the federal poverty level had one foreign-born parent and 70% had two foreign-born parents;
- 79% of children in families earning between 100% and 199% of the federal poverty level had one foreign-born parent and 76% had two foreign-born parents; and
- 64% of children in families earning less than 100% of the federal poverty level had one foreign-born parent and 60% had two foreign-born parents.¹¹

¹ The U.S. Census Bureau defines poverty, using thresholds that establish an average minimal-dollar value equal to an accepted standard of living. People whose income falls below the appropriate threshold value are defined as "living in poverty".

² According to National Geographic, Oceania is dominated by Australia. The other two major landmasses of Oceania are the microcontinent of Zealandia, which includes the country of New Zealand, and the eastern half of the island of New Guinea, made up of the nation of Papua New Guinea. Oceania also includes three island regions: Melanesia, Micronesia, and Polynesia (including the U.S. state of Hawaii).

RESJ Impact Statement

ANTICIPATED RESJ IMPACTS

OLO anticipates that Bill 14-21 will extend WFIS benefits primarily to immigrant families, because children from foreign-born parent(s) account for the vast majority of children impacted by poverty in Montgomery County. Combined, Latinx and Asian residents account for 81% of all foreign-born residents that experience poverty in Montgomery County. OLO anticipates that current low-income ITIN holders with children are also disproportionately Latinx and Asian. As such, OLO anticipates that Expedited Bill 14-21 will favorably impact racial equity and social justice in the County by increasing incomes among low-income Latinx and Asian households with children.

METHODOLOGIES, ASSUMPTIONS, AND UNCERTAINTIES

This RESJ impact statement and OLO's analysis rely on several information sources, including Census data and OLO reports to understand trends and disparities in poverty by race and ethnicity locally. These include:

- American Community Survey
- *Racial Equity Profile Montgomery County*, OLO Report 2019-7¹²
- *The Two-Generation Approach to Poverty in Immigrant Communities*, OLO Report 2018-13
- Unpublished data provided by OMB.

OLO also visited the websites of the National Immigration Law Center¹³ and the American Immigration Council¹⁴ for information.

RECOMMENDED AMENDMENTS

The County's Racial Equity and Social Justice Act requires OLO to consider whether recommended amendments to bills aimed at narrowing racial and social inequities are warranted in developing RESJ impact statements.¹⁵ OLO has determined that the key provisions included in Expedited Bill 14-21 adequately address RESJ in the County. Consequently, this RESJ impact statement does not offer recommendations.

CAVEATS

Two caveats to this racial equity and social justice impact statement should be noted. First, predicting the impact of legislation on racial equity and social justice is a challenging, analytical endeavor due to data limitations, uncertainty, and other factors. Second, this RESJ statement is intended to inform the legislative process rather than determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

¹ Montgomery County Cashback Website <https://www.montgomerycountymd.gov/Cashback/Resources/Files/WFIS-fact-sheet.pdf>

² Ibid

RESJ Impact Statement

³ Montgomery County Council, Bill 14-21, Finance-Working Families Income Supplement-Amendments, April 2021, Montgomery County, Maryland. https://apps.montgomerycountymd.gov/ccllims/DownloadFilePage?FileName=2705_1_14346_Bill_14-2021_Introduction_20210420.pdf

⁴ Ibid

⁵ Ibid

⁶ Selected Characteristics of the Foreign-Born Population by Period, American Community Survey, United States Census, 2019. <https://data.census.gov/cedsci/table?q=montgomery%20county,%20maryland&tid=ACSST1Y2019.S0502> and https://data.census.gov/cedsci/table?q=Foreign_Born&tid=ACSST1Y2019.S0502

⁷ Unpublished data provided by OMB provided by Stephen Roblin, Performance Management and Data Analyst, OLO, April 2021.

⁸ Bill 14-21

⁹ American Community Survey

¹⁰ Natalia Carrizosa, The Two-Generation Approach to Poverty in Immigrant Communities, OLO Report 2018-13, December 2018, Office of Legislative Oversight, Montgomery County, Maryland. https://www.montgomerycountymd.gov/OLO/Resources/Files/2018_Reports/OLOREport2018-13.pdf

¹¹ Ibid

¹² Jupiter Independent Research Group, Racial Equity Profile Montgomery County, OLO Report 2019-7, July 2019, Office of Legislative Oversight, Montgomery County, Maryland.

¹³ National Immigration Law Center <https://www.nilc.org/issues/taxes/itinfaq/>

¹⁴ American Immigration Council <https://www.americanimmigrationcouncil.org/research/facts-about-individual-taxpayer-identification-number-itin>

¹⁵ Montgomery County Council, Bill No. 27-19 Racial Equity and Social Justice, Montgomery County, MD.