

Saving Private Ryan's Tax Refund: Poverty Relief for ALL Working Poor Military Families

By Francine J. Lipman*

Sergeant Horvath: This time the mission IS a man [and his/her family].
Saving Private Ryan (1998)

The lower ranks of the armed services are part of an exploding population of working poor in America. The U.S. Department of Defense estimates that thousands of military families live in poverty and that 40% of lower ranked soldiers face “substantial financial difficulties.” Given the current economic crisis as well as unprecedented tours of duty per soldier in Iraq and Afghanistan (because of historically few soldiers, many soldiers are deployed five or six times with minimal downtime), thousands of soldiers and their families are suffering great financial hardship. Not surprisingly, many soldiers not able to make it to the next paycheck become victims of high priced short-term debt. Military towns have the highest concentration of payday lenders nationwide.

Private Reiben: I got a bad feeling about this one.

Captain Miller: When was the last time you felt good about anything?

As a long time resident of San Diego, I was shocked when a few years ago I first witnessed military families standing in line for public assistance. Sadly the situation is not new, but the public exposure of this problem is a recent phenomenon. Food bank pantry trucks were allowed onto bases across the country before September 11, 2001. Because of enhanced security rules, these trucks have been banned from all bases. As a result, military families must leave the base to receive free emergency groceries. Military families interviewed at Camp Pendleton Marine Corps Base in San Diego acknowledged that “For several days at the end of each paycheck period, they often have almost nothing to eat—sometimes absolutely nothing,” reports Loretta Schwartz-Nobel in her book *Growing Up Empty (HarperCollins Publishers 2002)*. “That’s when they turn up desperate at food pantries, soup kitchens, bread lines, because they’ve literally run out.” Some families, too embarrassed to ask for assistance, maintain their dignity, but go hungry.

For too many soldiers, poverty—often compounded by mental and physical problems—eventually does steal everything, including their dignity. One out of every three homeless men (or more than 260,000 fathers, sons, and brothers) sleeping on concrete sidewalks, in doorways or cardboard boxes has served in the armed forces. Women veterans are four times more likely to be homeless than their civilian counterparts. Most of these homeless veterans served America for three or more years.

Financial hardship can be destructive for any family. Military families face the additional stresses of separation from loved ones, hazardous jobs and in 2010 more than eight years of war. Family turmoil can compromise a soldier’s career

as well as put the safety and security of fellow soldiers and the entire country at risk. Soldiers’ mission readiness, focus and effectiveness in protecting the United States depend upon the safety and financial security of families at home.

Captain Miller: Upham’s talking about our duties as soldiers. We’re given a mission and we follow orders and that supersedes everything, including our mothers.

Corporal Upham: Yes, sir. Thank you, sir.

Congress and the military have responded to this crisis with tax assistance and new programs designed to end veterans’ homelessness; help military spouses find better jobs; provide subsistence grants, and teach families how to budget their

One out of every three homeless men sleeping on concrete sidewalks, in doorways or cardboard boxes has served in the armed forces.

* Professor of Law, Chapman University School of Law, Orange, CA.

limited resources. In May 2008, with overwhelming bipartisan, bicameral support Congress passed and President Bush signed into law the Heroes Earnings Assistance and Relief Tax Act (the "HEART Act"). Among other benefits, the HEART Act exempts married military taxpayers filing a joint tax return from the Social Security number requirements for the 2008 recovery tax rebate. As Congressman Rangel stated during the debate in the House of Representatives, "This fix was necessary because in the zeal to impose anti-immigrant philosophy, language was added to the legislation for the stimulus rebate payments which now has a negative effect on some of our military and their families, even as they are off fighting a war." 154 CONG. REC. H4171 (2008). As a result of this change more than 10,000 military families, previously barred from part of or their entire rebate because either spouse or their children did not have a Social Security number, received economic stimulus payments of up to \$1,200, plus an additional \$300 for each qualifying child.

We owe no greater duty than the one we owe to the members of the Armed Forces and their families.... Tens of thousands are immigrants.... Our duty to these brave men and women obligates us to ensure that their focus stays on their mission and on the safety and security of those they serve with. We must do all we can to reduce the stresses of war on the families of these brave men and women.

Rep. Zoe Lofgren, Chairwoman of the House Subcommittee on Immigration, in *Immigration Needs of America's Fighting Men and Women, Hearing Before Subcomm. on Immigration of the House Comm. on the Judiciary, 110th Cong., 2d Sess. (2008).*

Since 1975, the EITC with bipartisan support has offset payroll taxes and subsidized low wages for working poor families. This tax benefit has lifted millions of hardworking families out of poverty every year and stimulated their deteriorating communities with billions of dollars spent for necessary goods and services.

Each year about 8,000 noncitizens join the United States armed forces. About 1.5% of the armed forces are noncitizens and 5% are foreign born. Countless soldiers have immigrant spouses. Under current immigration laws, unauthorized spouses and children of military personnel do not have an easy way to obtain Social Security numbers. Without valid Social Security numbers military spouses cannot work and the entire family is barred from receiving any earned income tax credit (the "EITC"). Unlike the 2008 recovery tax rebate, these families cannot file as married filing separately to receive a portion of this tax benefit. Married filing separately taxpayers are denied any EITC. The denial of EITC benefits in addition to an immigrant spouse's inability to work is a recipe for financial disaster.

Captain Miller: Things have taken a turn for the surreal.

The EITC is one of the largest and most successful antipoverty programs for working poor families in America today. In 2008, 24 million families received \$48 billion in refundable EITC benefits. For 2009, Congress has increased EITC benefits to up to \$5,657. To qualify for EITC benefits both spouses and at least one of their children must have a valid Social Security number irrespective of

whether or not one works. As a result many of the same military families who were barred pre-HEART Act from the 2008 economic stimulus rebate have been and will continue to be barred from critical EITC benefits every year.

Private Jackson: Seems to me Cap'n this mission is a serious misallocation of valuable military resources.

Since 1975, the EITC with bipartisan support has offset payroll taxes and subsidized low wages for working poor families. This tax benefit has lifted millions of hardworking families out of poverty every year and stimulated their deteriorating communities with billions of dollars spent for necessary goods and services. Similar to the 2008 economic stimulus rebate (pre-HEART Act) certain military families are banned from this life-changing tax benefit.

Americans say we support the troops and their families. The tragic plight of thousands of military families and hundreds of thousands of veterans tells a different truth. Congress must fix this problem in the EITC immediately to ensure that every military family has a fighting chance in the war at home against poverty.

Private Jackson: Be not that far from me, for trouble is near; haste Thee to help me. ■