

scarce, and helping to reduce the severity of recessions by providing timely economic stimulus.

Addressing Wage Stagnation and Helping Low-Wage Workers

While economic growth is strong, too many workers continue to see their wages stagnate, making it hard for them to get ahead. The Budget seeks to improve wage growth through a series of investments in the Nation's economy—from infrastructure to research and development—and also includes targeted policies to address wage stagnation directly.

Raising the Minimum Wage. In a Nation as wealthy as the United States, no one who works full time should have to raise his or her family in poverty. The value of the minimum wage, which has not increased in more than five years, has failed to keep pace with the higher costs of basic necessities for working families. The Administration supports raising the minimum wage so hard-working Americans can earn enough to support their families and make ends meet. Raising the minimum wage is good for workers, their families, and for the economy. Many companies, from small businesses to large corporations, recognize that raising wages is good for their bottom lines because it boosts productivity, reduces turnover and increases profits.

The President has already taken an important step by ensuring that those working on new and replacement Federal contracts receive a higher minimum wage. The Administration is encouraged that 17 States and the District of Columbia have passed increases in their minimum wage since the President called for a minimum wage increase during his State of the Union address in February 2013. Those increases will benefit an estimated seven million workers as of 2017. As the President continues to encourage States, cities, and businesses to act, he stands ready to work with the Congress to pass legislation to

increase the minimum wage for the rest of the workforce as soon as possible.

Building on the Success of the Earned Income Tax Credit (EITC) and Child Tax Credit (CTC). The EITC and CTC are among the Nation's most effective tools for reducing poverty and encouraging people to enter the workforce. The 2016 Omnibus permanently extended Recovery Act expansions of the EITC and CTC for families with children that were scheduled to expire after 2017. These provisions provide a tax cut of about \$900 on average for 16 million working families a year. If the expansions had been allowed to expire, more than 16 million people—including eight million children—would have fallen into, or deeper into, poverty in 2018. With the expansions in place, the EITC and CTC lift more children out of poverty than any other Federal program.

Because the EITC available to workers without children and to non-custodial parents is so small, they largely miss out on these antipov-erty and employment effects of the EITC. The Budget would double the EITC for so-called “childless workers”—workers who are not raising dependent children, as well as noncustodial parents—and make the credit available to workers with earnings up to about 150 percent of the poverty line. It would also expand eligibility to single workers between the ages of 21 and 24 and ages 65 and 66, so that the EITC can encourage employment and on-the-job experience for young adults, as well as older workers, and harmonize the EITC rules with ongoing increases in the Social Security full retirement age. The proposal would reduce hardship and improve financial security for 13.2 million low-income workers struggling to make ends meet, while encouraging and supporting work.

The Budget also proposes providing funding for an EITC for Puerto Rico as part of a package to help the Commonwealth recover from an economic and fiscal crisis. (See text box below.)