



The Honorable Richard Neal
Chair
House Ways and Means Committee
U.S. House of Representatives
Washington, DC 20510

The Honorable Kevin Brady
Ranking Member
House Ways and Means Committee
U.S. House of Representatives
Washington, DC 20510

Dear Chairman Neal and Ranking Member Brady:

As members of the faith community, representing a wide range of religious organizations and denominations, we view tax and budget decisions as moral decisions, outlining the priorities of our nation.

We call on Congress to commit to the development of a just tax system, including investment in the renewal of the entire nation's economic wellbeing and protection of vulnerable communities living in poverty. Such investment should be financed through a tax system founded on fairness and shared commitment, where those who have reaped extraordinary benefits contribute justly to the good of all.

The Tax Cuts and Jobs Act failed to faithfully prioritize the needs of people struggling in poverty and instead spend valuable resources enriching the wealthy and large corporations. This is the wrong way forward for our country. The law made the tax code more regressive and shouldered the nation with trillions of dollars of additional deficits and debt. In order to pay for the responsibilities for this and future generations, the country needs to raise revenue and increase the progressivity of the tax code. Low-income families should not have to bear the brunt of the nation's deficits and debt.

We urge you to prioritize the following tax policies in any moving tax legislation:

- Raise revenue from progressive sources, including repealing the 2017 tax cuts that only provided tax relief for the wealthy and corporations.
- Expand the EITC for adults not raising children and workers under age 25;
- For residents of Puerto Rico, expand the EITC and enable families with one or two children to claim the CTC
- Make the CTC fully refundable and available starting with the first dollar of earnings;
- Make the Child and Dependent Care Tax Credit refundable.

The Earned Income Tax Credit (EITC) and the Child Tax Credit (CTC) are America's largest, most effective anti-poverty policy. Together, they prevent more people from falling into poverty than any other program in the country. In 2016, those two credits preventing nearly 9 million people from falling into poverty, including 4.7 million

children. An additional 19.3 million individuals, including 7.2 million children, were made less poor. The EITC and CTC reduce poverty, encourage and reward work, and lead to better long-term health, education, and employment outcomes for children.

Expand the EITC for adults not raising children and workers under age 25

Despite their effectiveness, millions of people remain excluded from the full benefits of these credits. Adults not raising children receive only a minimal EITC. Their maximum benefit is \$519 compared to \$6,431 for a parent with two children and remain the only group taxed into, or deeper into, poverty. Additionally, workers under age 25 are completely excluded from the EITC. Expanding the EITC for adults not raising children and to workers under age 25 will reach important constituencies currently left out of the EITC's reach, disproportionately affecting communities of color and formerly incarcerated individuals.

Enable families in Puerto Rico to claim the same EITC and CTC benefits as the rest of the country

Puerto Rico has significantly higher poverty rates than the rest of the country. However, residents of Puerto Rico are excluded from much of the EITC and the CTC benefits. Low-income workers receive only a nominal EITC. Only families with three or more children can claim the CTC. Congress should fix these disparities by expanding the EITC for Puerto Rican workers and by allowing families with one or two children to claim the CTC.

Make the CTC fully refundable, larger for families with young children, remove the \$1,400 cap, and begin with the first dollar of earnings

The CTC exists to help parents raise their children. However, low-income families are prevented from accessing the full benefit for a number of reasons. First, the income threshold means low-income families miss out on counting their first \$2,500 of earnings. Moreover, low-income families are capped at receiving \$1,400 in the refundable child tax credit rather than the full \$2,000 maximum per child credit that higher-income families receive.

The partial refundability is also a problem and regressive, allowing for wealthy families to claim the full \$2,000 per child while parents working minimum wage get less than the full benefit. In total about 27 million children under age 17 live in families that do not earn enough to qualify for the full CTC.

A larger credit should be available for families with children under the age of six. Young children experience poverty at higher rates than older children and adults.

Make the Child and Dependent Care Tax Credit Refundable

As the reality of two income households are increasingly a necessity for family economic security, the need for childcare assistance continues to rise, especially for low-income families. Currently, families earning too few dollars to incur a tax liability cannot access the Child and Dependent Care Tax Credit. Making this credit fully refundable would help more low-income working parents access child care assistance.

A Faithful Budget addresses how investments in a shared future can be accomplished in a fiscally responsible way. Unpaid for tax cuts that exacerbate this country's deficits and debt will lead to future cuts to critical anti-poverty programs and low-income services. We cannot leave our children a legacy of debt nor a legacy of rising poverty and growing inequality. While job creation and economic revitalization will generate new revenues and reduce families' immediate need to rely on social safety net programs, we believe the tax system should be structured to support investments in programs that create economic opportunity and dignity for all, especially families struggling to make ends meet.

Sincerely,

Bread for the World

Congregation of Our Lady of Charity of the Good Shepherd, US Provinces

Ecumenical Poverty Initiative

The Episcopal Church

Evangelical Lutheran Church in America

Faith in Public Life

Franciscan Action Network

Friends Committee on National Legislation

Leadership Conference of Women Religious

Mazon: A Jewish Response to Hunger

National Advocacy Center of the Sisters of the Good Shepherd

National Council of Churches

NETWORK Lobby for Catholic Social Justice

Office of Social Justice, Christian Reformed Church in North America

Poligon Education Fund

Presbyterian Church U.S.A.

Union for Reform Judaism

United Church of Christ