October 15, 2024

The Honorable Darin Lahood
Chair, American Workforce
Committee on Ways & Means
U.S. House of Representatives
Washington, DC 20515

The Honorable Mike Carey
Vice Chair, American Workforce
Committee on Ways & Means
U.S. House of Representatives
Washington, DC 20515

Dear Chair Lahood, Vice Chair Carey, and Distinguished Members of the American Workforce Tax Team:

Thank you for the opportunity to submit comments on the upcoming expiration of provisions of the 2017 Tax Cuts and Jobs Act (TCJA). On behalf of Children's HealthWatch, a national network of pediatricians and child health researchers, we write in support of strengthening the Earned Income Tax Credit (EITC). Specifically, we encourage the American Workforce Tax Team to consider the following expansions that center the needs of families with low incomes and respond to financial realities they face across the country:

1. Strengthen the EITC for workers not raising children in their home;
2. Support citizen children in mixed status families by extending the EITC to individuals who pay and file taxes using an Individual Taxpayer Identification Number (ITIN);
3. Establish a minimum credit for unpaid caregivers;
4. Reduce structural barriers to the EITC and other family tax credits by investing in effective, community-driven outreach efforts and providing adequate resources to the Internal Revenue Service (IRS) to improve customer service and operations.

Children's HealthWatch seeks to achieve health equity for young children and their families by advancing research to transform policy. We accomplish this mission by interviewing caregivers of young children on the frontlines of pediatric care in urban emergency departments and primary care clinics in four cities: Boston, Minneapolis, Little Rock, and Philadelphia. Since 1998, we have interviewed over 80,000 caregivers and analyzed data from those interviews to determine the impact of public policies on the health and development of infants and toddlers.

The EITC is a powerful tool to reduce poverty and boost wages for low wage workers and their families.[i] In 2023, the credit kept 4 million people out of poverty.[ii] Families who receive the EITC primarily use the credit to pay for necessities like food, rent, clothing, and school supplies.[iii] In addition to supporting financial stability, the EITC is associated with health benefits across the lifespan. Previous expansions in the EITC have been strongly associated with a decrease in infants born with low birth weights among pregnant women eligible for the credit.[iv] This relationship is notable because low birth weight is damaging to the long-term health and developmental potential of children and costly to the health system, yet few medical interventions are available that effectively reduce the risk of low birth weight. In addition to benefits for infants, children in families receiving the EITC have fewer behavioral health problems, such as anxiety and depression.[v] These children have better school performance, greater college enrollment, and increased work and earning in adulthood.[vi] Research shows that these academic achievements are amplified with the size of the EITC received, with some suggestion that the benefit of larger EITCs are greater for children of color.[vii] Given these positive health benefits, the Centers for Disease Control and Prevention recently categorized the EITC as one of the 14 key evidence-based, cost-effective interventions for improving health in early childhood.[viii]

Strengthen the EITC for workers not raising children in their home.

The American Rescue Plan Act of 2021 (ARPA) significantly expanded the EITC for workers not claiming dependents – many of whom are noncustodial parent and caregivers. The maximum credit for these workers nearly tripled to just over $1,500, and, for the first time, younger workers (aged 19-24) and older workers (aged 65 and older) became eligible. As a result, the number of recipients without dependent children nearly doubled, providing this population with more than 5 times the total credit dollars compared to previous law in 2019.[ix] This change boosted incomes for eligible low-wage workers by an average of $823, helping them afford rent, groceries, and transportation to and from work.[ix] We encourage the Committee to restore benefit levels for workers without dependent children who currently receive minimal support or are left out of altogether because of their age. In addition, we urge the Committee to consider increasing the narrow income limits for workers without dependent children (currently limited to $18,600 for single filers, and $25,500 for married filers).

Support citizen children in mixed status families by extending the EITC to individuals who pay and file taxes using an Individual Taxpayer Identification Number (ITIN).

Immigrant or mixed-status families who live, work, and pay taxes in the U.S. cannot receive the EITC if any member of the household is ineligible for a Social Security Number (SSN). In addition to deepening inequities among immigrants, this punishes U.S. citizens living in mixed-immigration status households since, under current law, the entire household is excluded if just one member does not have a SSN. This is unfair. We encourage the

Committee to extend EITC eligibility to ITIN filers or, at the very least, allow families to claim the credit for members and children with a SSN.

Establish a minimum credit for unpaid caregivers.

Caregiving is some of the most important work performed in our country, but many caregivers are excluded from valuable work tax credits simply because their work is unpaid. Approximately 38 million family caregivers (11.5% of the population) provide an estimated $600 billion of care each year in America – all uncompensated by the traditional wage and salary model.[x] Mothers providing unpaid care to minor children, parents, and spouses forego an average of $237,000 over their lifetime in compensation and retirement benefits.[xi] Providing a caregiver credit through the EITC, as proposed in the Worker Relief and Credit Reform Act of 2021, would make caregiving pay by providing a credit to those taking care of young children, aging relatives, or family members who are unable to care for themselves. We urge the Committee to consider this improvement to the EITC that will support families and the caregiving economy – an essential component of our economy that often goes unrecognized and unpaid.

Reduce structural barriers to the EITC and other family tax credits by investing in effective, community-driven outreach efforts and providing adequate resources to the Internal Revenue Service (IRS) to improve customer service and operations.

The benefits of the EITC can only be fully felt when accessible. Unfortunately, not all families eligible for the EITC claim the credit. In fact, approximately 20% of eligible workers do not receive the credit.[xii] This disproportionately affects families with the lowest incomes who may not have tax filing obligations and therefore may not know to file to receive the credit. Investing in robust efforts to increase awareness of the EITC is essential for equitable implementation and delivery of the credit. In addition to community-based outreach efforts, we encourage the Committee to provide and maintain dedicated resources to modernize the IRS, including the permanent establishment an accessible, simplified filing system (e.g. Direct File) and increased capacity for customer service. With additional resources provided through the Inflation Reduction Act (IRA), the IRS significantly increased its capacity and customer service during the 2024 tax filing season. Specifically, the IRS reported modernized and improved phone service – including improved phone service, more calls answered, faster response time, and more callback options – expanded in-person hours and help, additional support at volunteer tax filing sites, higher usage of the agency's website, and an uptick in chat bot use.[xiii] Maintaining such investments enable more taxpayers to engage and build trust with government while accessing free services to accurately pay and file taxes.

Expanding the EITC to support workers without dependent children, children in mixed status families, and unpaid caregivers is a meaningful investment with the power to reduce poverty, improve individual and community financial well-being, and promote health. However, it is not a solitary fix. We encourage the American Workforce Tax Team to work across Committee Tax Teams and with its colleagues across the aisle to identify additional opportunities to alleviate tax burden for parents and caregivers (e.g. Child Tax Credit, Child and Dependent Care Tax Credit, and Renter's Tax Credit). In addition, we encourage the Committee to reform the tax code to strengthen the middle class and support families with low incomes, including leveraging opportunities to raise revenue to invest in the EITC and other family support programs (e.g. child care, nutrition).

Sincerely,

Stephanie Ettinger de Cuba, PhD, MPH
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