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The House Tax Relief for American Families and Workers Act: A Welfare Catastrophe

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KEY TAKEAWAYS

More than 90 percent of the benefits in the Tax Relief for American Families and Workers Act are new welfare cash payments, not tax cuts for working families.

TRAFWA directs 75 percent of its new cash to single parents, increases marriage penalties, weakens work requirements, and hikes benefits to illegal alien parents.

The bill deliberately increases financial penalties on low-income parents who marry even though current penalties are already as high as $14,544 per year.

On January 31, 2024, the House of Representatives passed the Tax Relief for American Families and Workers Act (TRAFWA).[1] The bill is grossly misnamed; its proponents deliberately disguise its new welfare benefits as tax relief.[2]

In the bill, 91.5 percent of the family "tax relief" is not tax reduction for working families, but new cash welfare benefits for families that currently pay no taxes. According to estimates from the Joint Committee on Taxation, over three years, the bill provides only $2.85 billion in income tax relief to families with children. By contrast, it provides $30.6 billion in new welfare cash payments.[3] If these new cash welfare benefits were extended over 10 years (which is very likely), the total cost would exceed $140 billion.

For the Left, welfare benefits can never be high enough, and TRAFWA reflects this view. Under current law, a single mother with two children who is earning $15,000 per year usually will receive $30,719 per year in welfare payments from the Earned Income Tax Credit (EITC), Additional Child Tax Credit (ACTC), food stamps, child nutrition, and Medicaid. Post-tax income from earnings and welfare combined would be $44,571.

If housing benefits are added, post-tax resources from earnings and welfare would be $57,219, but according to the proponents of TRAFWA, this is not enough. Their bill would deliberately increase benefits for this single-parent family by nearly $2,000 per year.

TRAFWA increases new cash welfare payments predominantly for single-parent families. Of the $30.6 billion in new cash welfare payments, 75 percent will go to single-parent families. The bill embraces the core premise of the traditional liberal welfare state: subsidizing single parenthood as an alternative to marriage. Historically, this aggressive practice has had an enormous negative effect on family formation in the U.S.

TRAFWA increases marriage penalties in welfare. A major issue in the welfare state is the massive financial penalties that welfare programs impose on low-income parents who choose to marry. Current anti-marriage penalties for low-income families are as high as $14,540 per year, but instead of seeking to reduce punitive marriage penalties, the allegedly “pro-family” TRAFWA bill actually increases them.

TRAFWA weakens work requirements in welfare. The bill provides increased cash welfare to families with children through a program called the Additional Child Tax Credit, which provides cash benefits to families with no tax obligations. The ACTC has a nominal work requirement: A custodial parent or couple is allegedly required to work and have earnings to receive benefits. However, the program has a large loophole that greatly weakens the work requirement: The custodial parent can transfer the work obligation to as many as two dozen other individuals. A non-working single parent will then receive cash welfare based on the work of these labor surrogates.

A work requirement that can be readily transferred to more than a dozen surrogates is not a serious requirement. TRAFWA weakens this already porous work requirement by insisting that the parent or the many labor surrogates only have to work every other year to receive annual benefits.

TRAFWA increases welfare payments to illegal alien parents. Millions of illegal immigrant parents who have children born in the U.S. (children known as anchor babies) can receive cash welfare through a deliberate loophole in the current tax code. TRAFWA carefully preserves this loophole and increases the amount of cash welfare an illegal immigrant parent can receive through it.

TRAFWA expands the welfare state, hikes already excessive benefits for single parents, increases fraud, and pumps up cash benefits for illegal immigrants. It increases welfare marriage penalties and weakens work requirements. Every welfare-related change in TRAFWA is an incremental but decisive victory for the Left and a decisive defeat for a pro-family, work-based welfare system.

Not surprisingly, the liberal Center on Budget and Policy Priorities proclaims that TRAFWA is "great news" and sees it correctly as an incremental step toward an even greater welfare state and the complete elimination of welfare work requirements in the near future.[4] The real surprise is that so-called conservative lawmakers have promoted and applauded this anti-family, anti-work catastrophe.

Tax Relief and Transfer Payments

Supporters of TRAFWA claim that its purpose is to provide "tax relief." To analyze this claim, it is important to distinguish between "tax relief" and "transfer payments." Nearly all families with children have some employment and earnings. More than half of families with children pay federal income tax to the federal government. Taxation means that the government confiscates a portion of the family's earnings and allocates those funds to other government purposes or to other families. Tax relief means that the taxes paid by the family are reduced and the family is permitted to keep more of its personal earnings for its own use.

A government transfer payment is very different. With a transfer payment, government extracts resources from one family through taxation and transfers those resources to another family for the second family's use. The transferred resources can take the form of benefits for cash, food, housing, or medical care. Tax relief allows families to retain a greater share of their own earnings; a transfer payment, as the name implies, takes resources from one family and transfers them to another family.

This in no way means that all transfer payments are bad, but economic transfers must be sharply distinguished from family tax reduction. Blending tax relief and welfare transfers together in a single category is a bold act of political obfuscation. This subterfuge deliberately seeks to confuse the public; it is also a very effective mechanism that the Left traditionally has used to fuel the growth of the welfare state.

Welfare Transfer Payments

An important form of transfer payments is means-tested welfare benefits. A means-tested benefit is available only to lower-income persons and not to the general public. For example, food stamps are means-tested, whereas public schools and highways are not. The means-tested welfare system has nearly 90 separate programs that provide cash, food, and housing benefits; medical aid; and small amounts to targeted social services.[5] Major means-tested programs include Temporary Assistance for Needy Families (TANF); the EITC; Supplemental Security Income (SSI); the ACTC; food stamps; the Women, Infants and Children (WIC) food program; school nutrition programs; Medicaid; the Community Health Centers program; the Child Health Insurance Program (CHIP); public housing; and Section 8 housing.

All of these programs provide transfer payments in which financial resources are taxed away from one group of families and transferred to other families, generally in the form of cash, food, housing, or medical benefits. To refer to any of these programs as tax relief is wildly and deliberately misleading.

The welfare state is already enormous. In 2018, before the COVID epidemic, federal and state governments spent nearly $1.2 trillion on means-tested aid programs.[6] Of this, 47 percent or $564 billion was spent on means-tested aid for lower-income families with children, predominately on single parents. This amounts to $47,000 per family distributed evenly within the lowest-income third of all families with children. The figure would be much higher in 2023.

Distribution of Families, Marriage, Taxes, and Welfare

According to the U.S. Census Bureau, there were 36.4 million families with children in the U.S. in 2023. Some 24.65 million, or 68 percent, were families headed by married couples. The other 11.7 million, or 32 percent, were non-married.[7] These families can be subdivided into three groups depending on whether they currently pay income taxes and the amount of means-tested aid they typically receive.

The first group is families who currently pay income tax. In general, these families with children have earnings above $65,000 per year.[8] Some 22.6 million families (62 percent of all families with children) have incomes above that level. Some 85 percent of the families within this group are married. These families pay varying levels of income tax and receive comparatively few means-tested benefits.

TABLE 1

Income Level and Marital Status of All Families with Children Under 18 in 2022

Part A: Number of Families with Children, in Millions

Annual Income Level	Married Families with Children	Non-Married Families with Children	All Families with Children
Over $65,000	19.18	3.42	22.60
$30,000 to $65,000	4.34	4.47	8.81
Under $30,000	1.13	3.85	4.98
All Families with Children	24.65	11.74	36.39

Part B: Percentage of All of Families with Children

Annual Income Level	Married Families with Children	Non-Married Families with Children	All Families with Children
Over $65,000	52.7%	9.4%	62.1%
$30,000 to $65,000	11.9%	12.3%	24.2%
Under $30,000	3.1%	10.6%	13.7%
All Families with Children	67.7%	32.3%	100.0%

NOTE: Families with children include family households with children, related subfamilies with children, and non-related subfamilies with children.
SOURCE: Author's calculations based on data from U.S. Census Bureau Current Population Survey.

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The second group of families with children have earned incomes between $30,000 and $65,000. There are 8.8 million families in this group. These families pay no income tax and receive moderate amounts of means-tested welfare. They are divided almost equally between married and non-married families.

The third group is families with earned income between $0 and $30,000. There are nearly 4.9 million families in this group; 77 percent are non-married, and 23 percent are married. This group receives very large amounts of means-tested welfare from programs such as the EITC, the ACTC, food stamps, WIC, public housing, Section 8 housing, and Medicaid.[9]

Table 1 shows the total 36.4 million families with children divided vertically into the three income groups and then divided again horizontally into married and non-married families. More than half of all families with children are in the upper left-hand corner. These are married families that generally pay income taxes. Non-married families are split fairly equally among the three income groups. Ten percent of all families with children appear in the bottom right-hand corner; these are single-parent families with earned incomes below $30,000 that are heavily dependent on welfare benefits.

One could argue that the obvious reason that non-married single-parent families receive many welfare benefits is that they have low levels of earned income and need added support from the government. This is correct, but the issue is more complicated than that. Disproportionate welfare to single parents carries a moral hazard: It undermines marriage. Historically, this type of welfare has led to the rapid collapse of the married family and a rapid rise in non-marital birth rates.[10] It also has greatly increased the non-marital abortion rate.[11]

Welfare transfers must be given to many single-parent families, but this aid must be crafted carefully. Attention must be paid to the aggregate benefits received by single parents, the support given to non-married families relative to married families, and the large financial penalties that the welfare system imposes on low-income parents who choose to marry. Finally, work requirements in welfare have been shown to strengthen marriage by reducing the utility of conventional welfare for single parents relative to the alternative of marriage to the children's father. Serious work requirements in welfare, therefore, can have a strong pro-marriage effect.[12]

How Welfare Harms Marriage

Most Americans believe that marriage should be strengthened, not weakened. One way to strengthen marriage is to remove governmental financial penalties against marriage.[13] Most conservative policymakers view marriage penalties as occurring mainly in the federal income tax. Thus, marriage penalties are seen incorrectly as primarily affecting the top half of the income distribution: those who actively pay income taxes. In reality, marriage penalties in the basic federal income tax code, to the extent they exist, are comparatively small and at worst affect only a small portion of the income of married parents.

The really significant marriage penalties in U.S. society occur in the more than 40 means-tested welfare programs that affect lower-income families with children. These programs, which include food stamps, WIC, the EITC, SSI, and Section 8 housing among many others, provide cash, food, housing, medical care, and social services to approximately the lowest-income 40 percent of families with children: those with incomes below $65,000 per year.

Welfare marriage penalties exist because welfare benefits are based on the joint income within a household. If a single mother marries an employed father, the family's measured joint income will rise sharply; the earnings of the father will be applied to the mother's welfare eligibility, and benefits will be cut sharply or eliminated entirely.[14] This creates a considerable financial incentive *not* to marry.[15] All welfare programs have substantial marriage penalties that, in the aggregate, can represent a large share of the parents' total economic resources. The threat of loss of a comparatively large pool of assistance can provide a substantial disincentive for parental marriage.

For example, take the case of a single mother with two children who has annual earnings of $15,000. The father of the children has annual earnings of $25,000, and the parents are not married. The father may live separately, or he may cohabit with the mother and children. In either case, his presence and income would not generally be reported to the welfare agencies; he would remain "off the books" for purposes of determining the welfare benefits received by the mother.[16]

The mother in the example would receive $6,470 in food stamp benefits, $1,415 in child nutrition subsidies, $6,000 in EITC cash benefits, and $1,875 in ACTC cash benefits. The cash and food benefits would roughly double the mother's economic resources. Total earning and welfare benefits less taxes would come to $29,613. The father would pay Federal Insurance Contributions Act (FICA) tax and income tax on his $25,000 in earnings, leaving him with a net post-tax income of $21,718.[17] The combined resources of the mother and father would be $51,330.

If the mother married the father, the father's earnings would be "on the books" and would be used to determine the family's welfare benefits. Food stamp benefits would be eliminated, and other benefits would generally be cut. On the other hand, the father would no longer pay income tax. Altogether, the effect would be strongly negative: Marriage would cut the parents' combined resources from $51,330 to $$44,286. The effective marriage penalty would be $7,044 or approximately 17 percent of the parents' combined pre-tax earnings.

Forty percent of single mothers at this income level receive Section 8 or public housing benefits. The national average housing subsidy for a single mother at this income level would be $12,648 after deduction of rent payments. The combined earnings and welfare for the unmarried couple would rise to $63,978.[18] If the couple married, the housing subsidy would be cut sharply, and the overall marriage penalty would rise to $14,544.[19] (See Tables 2 and 3.)

Polls show that the public strongly supports removing marriage penalties within the welfare state. Some 82 percent of the public agree that "The welfare system should not penalize parents when they get married."[20] Reducing

TABLE 2

Welfare Marriage Penalties Under Current Law: Mother Earns $15,000 and Father Earns $25,000

NON-MARRIED SCENARIO

The mother and father are not married; they have two school-age children. The parents file for income taxes separately. The non-married father may cohabit or live separately; in either case, he will remain "off the books" for purposes of the mother's welfare eligibility and benefits.

Non-Married Mother's Resources	
Mother's Earnings	$15,000
Food Stamps	$6,470
School Nutrition	$1,415
EITC	$6,000
ACTC	$1,875
Less FICA Tax	$1,148
Less Income Tax	$0
Mother's Post-Tax Resources	$29,613

Non-Married Father's Resources	
Fatther's Earnings	$25,000
Food Stamps	$0
EITC	$0
ACTC	$0
Less income tax	$1,370
Less FICA Taxes	$1,913
Father's Post-Tax Income	$21,718

Non-Married Parents' Combined Income (Without Housing Subsidies)	**$51,330**

With Housing Aid	
Housing Subsidy Net of Rent Payments	$12,648
Non-Married Parents' Combined Income with Housing Subsidies	**$63,978**

MARRIED SCENARIO

The mother and father are married; they have two school-age children. The couple files for income tax as "married filing jointly." The married father is "on the books" for purposes of welfare eligibility and benefits.

Married Parents' Joint Resources	
Married Parents' Joint Earnings	$40,000
Food Stamps	$0
School Nutrition	$1,274
EITC	$4,102
ACTC	$1,970
Less FICA Tax	$3,060
Less Income Tax	$0

Married Parents' Combined Income (Without Housing Subsidies)	**$44,286**

With Housing Aid	
Housing Subsidy Net of Rent Payments	$5,148
Married Parents' Combined Income with Housing Subsidies	**$49,434**

SOURCE: Heritage Foundation calculations based on current tax law and welfare program rules.

TABLE 3

Aggregate Marriage Penalty Under Current Law Example: Family with Two School-Age Children, Mother Earns $15,000, and Father Earns $25,000

	Mother and Father Are Not Married *Column A*	Mother and Father Are Married *Column B*	Marriage Penalty: Financial Loss of the Couple Due to Marriage *Column A minus Column B*	Marriage Penalty as Percentage of Combined Parental Earnings
Couple's Total Combined Financial Resources Without Housing Subsidies	$51,330	$44,286	$7,044	17.6%
Couple's Total Combined Financial Resources with Housing Subsidies	$63,978	$49,434	$14,544	36.4%

SOURCE: Heritage Foundation calculations based on current tax law and welfare program rules.

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marriage penalties would significantly increase marriage rates. One study, for example, finds that reducing the marriage penalty in the EITC by $1,000 would increase the marriage rate among low-income women by 10 percent. Increasing marriage in this manner would also significantly reduce abortion.[21]

Current Loopholes in EITC and ACTC Work Requirements

As noted, work can have a strong marriage effect. Yet loopholes in the current welfare system diminish that impact.

Some 91.5 percent of the family benefits in TRAFWA are cash welfare payments passed through the Additional Child Tax Credit. The ACTC is a so-called refundable tax credit, but the name is misleading. The ACTC does not refund income tax withholding to taxpayers. No one receiving the ACTC owes or pays federal income tax, nor would they owe tax in the absence of the ACTC. The ACTC does not "refund" income withholding, because the recipient has no tax liability that was withheld in the first place. The ACTC is no more tax relief or tax refunds than are food stamp benefits; it is a simple cash welfare program that happens to be administered by the IRS.[22]

Under current law, parents are ostensibly required to work to obtain ACTC cash benefits, which are designed to increase as earnings increase. However, this work requirement is highly porous and readily evaded through fraud. In the closely related EITC program, only 55 percent of benefits for single parents appear to go to eligible tax filers.[23] Altogether, the data suggest that as many as 6 million tax filers who receive cash payments from the ACTC and EITC for children are not eligible for these benefits. Most are not the custodial parents of the children.[24]

For example, according to IRS data, 14.6 million single unmarried tax filers received the EITC for dependent children in 2017, the last year for which data are available.[25] The problem with this is that, according to Census data, there were only 11.67 million actual non-married, single-parent families with children in the entire population in 2017.[26] Moreover, roughly 2 million of those real single-parent families would have had incomes that were too high to be eligible for the EITC. Another 2.5 million of the parents told the Census that they were out of the labor force, which makes it unlikely that they were truly eligible for the EITC. In other words, probably 6 million or 7 million single working parents were actually eligible to claim the EITC for children, but 14.7 million single tax filers received it.[27]

While there are difficulties in comparing IRS and Census data, the figures indicate that roughly 6 million of the non-married persons claiming the EITC for children were not the actual custodial parents caring for these children. This does not mean that the children themselves were fictitious, but it does mean that someone other than the actual caregiving parent claimed the child.[28]

Fraud and evasion of the existing work requirement are specifically built into the eligibility rules of the ACTC and the parallel EITC cash grant program. Under the law, many persons are legally permitted to claim the child on their tax return and receive cash from both the EITC and the ACTC for the child based on their reported earnings. Potential legal claimants include the custodial parent or married couple; non-married, non-custodial parents; maternal and paternal grandparents; aunts and uncles; spouses of aunts and uncles (if filing jointly); adult sisters or brothers; stepparents and stepgrandparents; stepaunts and stepuncles; and adult stepbrothers and stepsisters.[29]

Legally, any filer claiming a child is supposed to reside with that child for at least half the year, but this requirement is neither enforced nor enforceable. A single parent with no earnings will typically have at least a dozen persons (counting absent non-married parents, grandparents, aunts and uncles, and their spouses) and often as many as two dozen persons with de facto eligibility to claim a child on their tax returns. In almost all cases, a non-working single parent will have no difficulty finding many persons with earnings who can claim each child. The trick is to find potential filers with earnings low enough to maximize EITC and ACTC cash benefits.

Often, single mothers who do not work or work little will transfer the work obligation and eligibility for the EITC and ACTC to the child's non-married cohabiting or absent father. Usually, this individual has never married the mother. If the non-working single parent does not transfer eligibility to a cohabiting or absent father, she will typically transfer eligibility to one of the innumerable relatives listed above, and this individual often will not live with the child.[30] After the work obligation and benefit eligibility have been transferred to an alternate tax filer, the transferred EITC and cash ACTC benefits will be shared between the non-working custodial parent and the surrogate tax filer with each receiving perhaps half of the benefit. A work requirement that can be "transferred" easily to as many as two dozen other people is not a serious requirement.

Altogether, in 2022, it is likely that at least one of every five single parents (or 2.8 million individuals) receiving EITC benefits received them indirectly through labor surrogates.[31] This is probably true for the parallel ACTC program as well. Nearly all ACTC recipients also receive the EITC; both credits have nearly identical eligibility standards for tax filers and differ only slightly in the income levels at which subsidies are provided. All tax filers apply for the EITC and ACTC simultaneously on a single 1040 tax form; whatever eligibility information (or misinformation) is provided on the 1040 for one credit will be provided for the other. Therefore, improper EITC payments due to residence "errors" and claimants without a legal relationship to the child will be duplicated for the ACTC for that child.[32]

What the TRAFWA Bill Actually Does

While proponents claim that TRAFWA provides "tax relief for working families," the bill does nothing of the kind. There are eight significant problems with the TRAFWA approach to welfare/family issues. Specifically, TRAFWA (supported by its accompanying public advocacy):

1. Adopts the time-worn liberal strategy of expanding the welfare state by claiming new welfare payments are "tax relief;"

2. Directs 75 percent of its cash benefits to single-parent families thereby building on the perennial left-wing strategy of using the welfare state as substitute and competitor for "obsolete" husbands;

3. Actively increases the existing penalties against marriage in the welfare state (which are already between $7,000 and $14,500 each year) for most lower-income parents who choose to marry;

4. Actively increases excessive welfare payments to single parents under current law;

5. Actively adopts the permanent Washington bureaucracy's traditional approach of analyzing each of the nation's 90-plus welfare programs in isolation from the other programs, which inevitably leads to unnecessary expansions of the welfare state;

6. Weakens the already porous work requirements in the ACTC program in which millions of non-working single mothers already erroneously receive benefits by designating "labor surrogates" to claim the credit for them;

7. Provides increased cash welfare payments to illegal alien parents, now and in the future; and

8. Provides incremental changes that neatly dovetail with long-term liberal plans to increase welfare for single parents, weaken or remove work requirements in welfare, increase welfare marriage penalties, and increase welfare for illegal immigrants, the ultimate goal of which is to return to a much larger version of the unconditional, work-free cash welfare system that existed before welfare reform.

Welfare, Not Tax Relief. Although the bill claims that its aim is to provide "tax relief" to families with children, it contains very little tax relief for working families. Instead, nearly 91.5 percent of the "family benefits" in the bill are new cash welfare payments to families who pay no federal income taxes (and little or no Social Security tax).[33] Over three years, the bill provides only $2.85 billion in income tax relief to families with children. By contrast, it *provides $30.6 billion in new welfare cash payments*.[34] If these new cash welfare benefits were extended over 10 years (which is very likely), the total cost would exceed $140 billion.[35]

Falsely claiming that new cash welfare benefits are "tax relief" is the centerpiece of liberal efforts to expand the welfare state. This was the hallmark of the "child allowance" plan introduced in President Joe Biden's "Build Back Better Bill" in 2021, which was also promoted as "tax cuts for America's families and workers."[36] TRAFWA's advocates have now borrowed Biden's deceptive rhetoric to conceal the actual welfare expansions in the bill. The enthusiastic adoption of this classic liberal stratagem to enlarge the welfare state by so-called conservatives does not bode well for the future of the welfare system.

Focusing Subsidies on Single-Parent Families. While 91.5 percent of the support for families with children in TRAFWA is in the form of cash payments, not income tax relief, an additional concern is that 75 percent of these new benefits goes to single-parent families. This is in keeping with the welfare state as a whole: For example, more than 95 percent of assistance to families with children in subsidized housing programs goes to single parents.[37] In the food stamp program, the number is 85 percent;[38] in the EITC, it is 75 percent. Heavily subsidizing single parenthood has been the central thrust of the welfare state since the beginning of the War on Poverty. The hard Left sees subsidization of single parents as a healthful alternative to marriage and as a vehicle to help women escape domination by the "patriarchy."[39]

Of course, single-parent families tend to have low incomes and often require support, but it is a mistake to simply add another benefit on top of the stack of benefits that have been piled on single parents for decades. Key questions need to be answered:

- Does this type of welfare have a moral hazard?
- Does disproportionately subsidizing single parenthood diminish marriage?

The answer to both questions is "Yes." Conventional welfare, focused on single parents, historically had a dramatic and harmful role in undermining marriage. Obviously, aid must be provided to support low-wage single-parent families, but that aid must be crafted carefully. Attention must be paid to the aggregate benefits received by single parents from multiple programs, the relative support given to non-married families compared to married families, and the large financial penalties that the welfare system imposes on low-income parents who choose to marry.

Finally, work requirements in welfare have been shown to strengthen marriage by reducing the utility of conventional welfare for single parents relative to the alternative of marriage to the children's father. But it is not sufficient merely to repeat the word "work" endlessly in promoting legislation. The details and efficacy of any work requirement are critical. History shows that porous requirements have little or no impact.

Increasing Welfare Marriage Penalties. As noted, marriage penalties occur in all means-tested aid programs because when a single mother marries the employed father of her children, his earnings are added to the mother's for purposes of determining eligibility and benefit levels. Reducing

TABLE 4

Aggregate Marriage Penalties Under Current Law and with TRAFWA Example: Family with Two School-Age Children, Mother Earns $15,000, and Father Earns $25,000

	UNDER CURRENT LAW				WITH TRAFWA
	Mother and Father are Not Married *Column A*	**Mother and Father are Married** *Column B*	**Marriage Penalty: Financial Loss of the Couple Due to Marriage** *Column A minus B*	**Marriage Penalty as Percentage of Combined Parental Earnings**	**Marriage Penalty if TRAFWA Enacted**
Couple's Total Combined Financial Resources Without Housing Subsidies	$51,330	$44,286	$7,044	17.6%	$8,119
Couple's Total Combined Financial Resources with Housing Subsidies	$63,978	$49,434	$14,544	36.4%	$15,619

SOURCE: Heritage Foundation calculations based on current tax law and welfare program rules.

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marriage penalties should be the centerpiece of conservative reform.[40] However, TRAFWA does not decrease marriage penalties. In most cases, it increases penalties by $250 to $500 per child. These new penalties are added on top of existing ones. For example, if a single mother who earns $15,000 per year marries the father who earns$25,000, the family will face between $7,044 and $14,544 per year in marriage penalties. TRAFWA would add $1,075 in new marriage penalties, bringing the total to $8,119 and $15,619, respectively.[41] (See Table 4.)

Hiking Excessive Benefits. TRAFWA accepts the liberal premise that the current $1.2 trillion welfare state is not large enough: More money must be spent, primarily to subsidize single parents. But welfare benefits are already very large. For example, in 2023, a single mother with two school-age children who was earning $15,000 per year would also have received $6,000 in cash payments from the EITC, $1,875 in cash payments from the ACTC, $6,470 in food stamps, and $1,415 in school nutrition benefits. Total cash and food aid would have equaled $15,760, more than doubling the parent's effective income.[42] Combined effective income from gross earnings, cash, and food benefits less FICA tax would have been $29,613.[43]

In addition, the family would also be eligible for Medicaid coverage worth, on average, around $14,960, bringing the effective income of the parent to around $44,571.[44] Altogether, these standard welfare benefits would triple the parent's income. In addition, 40 percent of such families would receive Section 8 or public housing aid with a net worth after rent payments of $12,648, bringing total potential resources to approximately $57,219.

But for the Left, welfare benefits can never be high enough. TRAFWA's authors concur, so the bill would add another $1,875 to this family's income, bringing total post-tax resources to $46,446 ($59,094 if the family receives housing aid).

However, the main problem is not simply the immediate increase in welfare benefits: The critical issue is that by camouflaging its welfare increases as "tax relief" and by failing to acknowledge or even hint at the large pile of aid benefits already received by its beneficiaries, the bill creates fertile ground for even larger welfare expansions in the future. Since the overwhelming majority of professed conservatives in the House of Representatives endorsed rather than opposed this round of destructive welfare expansions, there is no reason to believe that they would not readily do so in the future.

Concealing the Welfare State. In Washington, DC, all discussions of welfare policy are governed by a simple, flawed maxim: Each of the 90 means-tested welfare programs must be examined separately and in complete isolation from the remaining programs. It is rare to find any policy paper or news article that does not follow this rule. In this paradigm, each welfare program stands alone and vigilant against a blank canvas. It is presented as the sole bulwark shielding the recipient family from utter deprivation. Of course, in this context, most programs will appear underfunded, and most recipient families will appear to be desperate. This procedure is the perfect mechanism for endlessly expanding the welfare state.

This procedure is like analyzing a baseball game based on what happened in the first inning while ignoring the next eight. In the real world, this gambit would be dismissed immediately as misleading and irrational, but bureaucratic Washington seldom operates in the real world.

The norm of viewing each welfare program in isolation is exacerbated by the committee and subcommittee system in Congress. The sprawling welfare state is spread across most government departments, and most subcommittees have jurisdiction over only two or three programs. With rare exceptions, each subcommittee follows its mandate to examine its two or three programs in isolation while remaining oblivious with respect to the rest of the welfare system. The result is incoherent policy.

The development of and advocacy for TRAFWA followed this same procedure. Expansion of the ACTC was proposed in isolation without consideration of accompanying programs. For example, House Ways and Means Committee Chairman Jason Smith (R–MO) praised the impact of TRAFWA in his home state of Missouri as follows:

> More than 73,920 families in southeast and south-central Missouri claim the CTC. Thanks to the tax relief legislation, a family with three children making minimum wage would now be eligible for a $5,400 credit, which is the maximum amount per child. If Congress does not send this bill to the president's desk, that same family would only be eligible for a credit of $3,462.60.[45]

Typically, Congressman Smith has characterized his program as "tax relief" even though the family in his example would pay no income tax and very little in FICA tax under current law. Moreover, in habitual Washington fashion, Congressman Smith has omitted almost the entire welfare state from his calculation.

The minimum wage in Missouri is $12.00 per hour, so a single parent working full-time would earn roughly $24,000 per year. Adding the enhanced ACTC, the EITC, food stamps, child nutrition, and Medicaid to the annual earnings and subtracting FICA tax would yield total resources of $61,226. If the family also received housing aid, total post-tax resources would reach $68,450.[46] The family would also be eligible for day-care subsidies. Chairman Smith's constituency may or may not be pleased with this outcome; however, they deserve at least to know what the welfare state actually does.

Weakening Work Requirements. TRAFWA greatly expands the erroneously named ACTC. The ACTC is a simple cash-welfare-benefit program that has nothing to do with taxes. As noted, the current ACTC program has a weak work requirement riddled with extensive fraud,[47] and a work requirement that can easily be "transferred" to as many as two dozen other people is not a serious requirement.

Remarkably, TRAFWA takes this already porous and fraud-filled work requirement and further weakens it by insisting that recipients need work only every other year instead of every year. This enfeebles the work requirement on the custodial parent herself and greatly expands the opportunity to game the system by doubling the annual earnings figures that parents and labor surrogates can use to claim the credit.

Subsidizing Illegal Aliens. On the floor of the House of Representatives, Chairman Smith asserted that "[n]o other tax credit or deduction can match the child tax credit's protections from improper claims combined with safeguards against payments to non-U.S. citizens."[48] This assertion is clearly untrue. For example, illegal immigrant parents cannot lawfully claim the Earned Income Tax Credit; however, they can claim and receive cash payments from the ACTC.[49]

The facts are as follows: Under current law, illegal aliens who have children that were born in the U.S. can claim welfare benefits from the ACTC. Around 8 percent of the children born each year are born to illegal immigrant parents. There are at least 4 million such children in the U.S., and the actual number is likely to be much higher.[50] These children, often called "anchor babies," are deemed U.S. citizens and are given Social Security numbers.[51] Illegal immigrant parents are specifically authorized to claim cash welfare benefits through the ACTC by filing with an Individual Taxpayer Identification Number (ITIN).[52] The illegal immigrant parent is not required to have a Social Security number to obtain these benefits and can readily obtain an ITIN.

TRAFWA did not create this deliberate loophole for providing welfare to illegal immigrants. The loophole exists in current law. But the bill does substantially increase the welfare payments per family that can be provided through the loophole, exacerbating rather than fixing an obvious design flaw in the program. Illegal immigrants will receive more welfare after the passage of TRAFWA than they received before its passage.

Dovetailing with Liberal Welfare Plans. A prominent goal of the Left is to remove work requirements from welfare and to restore the work-free, unconditional cash aid that existed before welfare reform. President Biden sought to advance this goal by creating a new "child allowance," which removed the work requirements from the ACTC and greatly increased benefits.[53]

TRAFWA goes at least halfway toward fulfilling President Biden's aims. The bill embraces the premises and goals of the Biden plan, which would greatly increase cash welfare payments (predominantly for single parents) while weakening the already porous work requirements (as explained above). This bill obviously sets the ground for a future "compromise" that would fully enact the Biden "child allowance" program. Overall, the family/welfare provisions represent an enormous political and policy victory for President Biden and the Left.

Harming the Family

The Ways and Means Committee's welfare bill directly and explicitly repudiates the principles of successful welfare reform that have governed the welfare system since the mid-1990s. Welfare reform, instituted in 1996 by a Republican Congress with broad bipartisan support, established work requirements and time limits in the dominant welfare program: Aid to Families with Dependent Children (AFDC). More than 90 percent of recipients in this program were single-parent families.

A principal aim of the reform was to halt the rapid and alarming disintegration of marriage. Family collapse had been advancing steadily for decades. Work requirements and time limits were two tools used to reduce the utility of being a single parent on welfare and raise the relative utility of being married to a working husband. Welfare reform was a dramatic success in saving the family. The ongoing rapid collapse of married families with children came to an abrupt halt. Family structure stabilized. As a result of the changes prompted by welfare reform, some 9 million additional children reside today in married families rather than single-parent families.[54]

Before reform, roughly one in 10 children were born to non-married teenage girls. After reform, this number quickly fell by 60 percent, and non-marital teen abortions fell at a similar rate. The non-marital pregnancy rate had been rising for decades. After reform, this trend promptly reversed course and began to fall steadily. The steady decline in the non-marital pregnancy rate initiated and promoted by welfare reform has contributed to 10 million fewer abortions over nearly three decades.[55]

The dramatic positive progress in strengthening marriage and reducing teen births and abortions occurred because welfare reform reduced the utility of being a single mother on welfare and increased the relative utility of the alternative: marrying and living with the child's father. Yet TRAFWA would increase effective welfare subsidies to single parents relative to married families and weaken work requirements that predominantly affect single parents. It threatens future family formation.

Recovering the Past: Looking To the Future

Conservative welfare reform in the 1990s was a dramatic success. It led to a rapid decline in non-marital teen pregnancies, births, and abortions. It reduced the non-marital birth rate and halted the decline of the married two-parent family. It promoted a sharp and continuous decline in poverty among single-parent families.

Despite this success, some conservatives have long forgotten the principles of this successful reform and now offer scaled-down versions of liberal welfare policies. This is harmful to society. Instead, conservatives should reanimate successful reform principles. Specifically, they should pursue six themes:

1. **Limit** wasteful, fraudulent, and counterproductive welfare spending;
2. **Strengthen** marriage by reducing harmful marriage penalties across the welfare state;
3. **Strengthen** work requirements in all programs, which if done right will have the positive side effect of increasing marriage;
4. **Limit** the excessive welfare benefits that can occur when families receive benefits from many programs simultaneously;
5. **Clearly prohibit** illegal immigrants from receiving welfare; and
6. **View** the welfare state holistically and abandon the deceptive procedure of examining welfare one program at a time.

By strengthening marriage, promoting self-support, raising opportunity, limiting debilitating dependence, and restoring social order, conservatives have a better vision for lower-income communities than does the Left. It remains to be seen whether they have the will to pursue that vision.

Leftward Turn

Much waste and many harmful elements of the ACTC exist in the current welfare system. TRAFWA does not fix any of these problems. Instead, the bill actually makes them worse by softening work requirements, increasing the welfare benefits targeted to single-parent families, boosting the substantial marriage penalties in the welfare system, and hiking welfare payments to illegal immigrant parents. Overall, TRAFWA fails to implement the principles that conservatives have stood for in welfare and family policy for three decades. Instead, it offers scaled-down versions of current liberal policies.

All of the welfare-related provisions in the TRAFWA bill represent incremental but decisive advances for the liberal approach to the welfare state. To conceal what is being done, the bill's designers have hidden these changes behind the smoke screen of "tax relief."

While some conservatives may be deceived, liberals are not. The Center on Budget and Policy Priorities, which focuses on expanding the welfare state, celebrates the "great news" of the passage of TRAFWA in the House and correctly sees the bill as an important incremental step toward an even larger welfare state and the complete elimination of welfare work requirements in the near future.[56] The Center for Law and Social Policy concurs: "This bipartisan tax proposal makes a meaningful step toward a fully refundable and inclusive CTC." Translated, this means that TRAFWA provides a clear pathway to implementing the Left's main goal: the full Biden "child allowance."[57]

While the Left is energized, the current House of Representatives has been quite willing to abandon conservative principles in welfare and family policy in exchange for business tax cuts. Decisive action by conservatives will be required to halt this leftward trend.

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Endnotes

1. See Report 118-353, Part 1, *Tax Relief for American Families and Workers Act of 2024, Report of the Committee on Ways and Means, [U.S.] House of Representatives, on H.R. 7024, Together with Additional Views*, 118th Congress, 2nd Session, January 23, 2024, https://www.congress.gov/118/crpt/hrpt353/CRPT-118hrpt353.pdf (accessed March 4, 2024), and H.R. 7024, Tax Relief for American Families and Workers Act of 2024, 118th Congress, 2nd Session, https://www.congress.gov/118/bills/hr7024/BILLS-118hr7024eh.pdf (accessed March 4, 2024).
2. Besides the welfare provisions, the bill also makes business/corporate tax changes. For a full review of the House bill, see Robert Rector, Preston Brashers, Richard Stern, and Joel Griffith, "The Tax Relief for American Families and Workers Act: Light on Tax Relief and Heavy on Welfare Expansion," Heritage Foundation *Backgrounder* No. 3811, January 27, 2024, https://www.heritage.org/taxes/report/the-tax-relief-american-families-and-workers-act-light-tax-relief-and-heavy-welfare.
3. Table, "Estimated Revenue Effects of H.R. 7024, The 'Tax Relief for American Families and Workers Act of 2024,' Scheduled for Markup by the Committee on Ways and Means on January 19, 2024," Joint Committee on Taxation, JCX-3-24, January 17, 2024 https://www.jct.gov/publications/2024/jcx-3-24/ (accessed March 11, 2024).
4. Center on Budget and Policy Priorities, "House-Passed Bipartisan Tax Bill's Child Tax Credit Expansion Would Help 16 Million Children in Low-Income Families: Statement of Sharon Parrott, CBPP President, on House Passage of Bipartisan Tax Bill Including a Child Tax Credit Expansion," February 1, 2024, https://www.cbpp.org/press/statements/house-passed-bipartisan-tax-bills-child-tax-credit-expansion-would-help-16-million (accessed March 2, 2024).
5. Robert Rector and Vijay Menon, "Understanding the Hidden $1.1 Trillion Welfare System and How to Reform It," Heritage Foundation *Backgrounder* No. 3294, April 5, 2018, https://www.heritage.org/welfare/report/understanding-the-hidden-11-trillion-welfare-system-and-how-reform-it.
6. The 2018 figure is updated from ibid.
7. Table FINC-03, "Presence of Related Children Under 18 Years, All Families by Total Money Income in 2022, Type of Family, Race and Hispanic Origin of Reference Person," in U.S. Department of Commerce, U.S. Census Bureau, "Current Population Survey Tables for Family Income," page last revised August 9, 2023, https://www.census.gov/data/tables/time-series/demo/income-poverty/cps-finc/finc-03.html (accessed March 2, 2024).
8. This number is an approximation; the number for individual families will be higher or lower depending on marital status and the number of children in the family.
9. Many of the families in the third group are identified as poor according to the Census Bureau's annual "official poverty measure" (OPM). In the OPM measurement, a family is counted as in poverty if its annual "money Income" falls below specified income thresholds that are adjusted annually for inflation. For example, in calendar year 2023, the poverty income threshold for a married couple with two children was $30,900. For a single parent with two children, the threshold was $24,549. Table, "Poverty Thresholds for 2023 by Size of Family and Number of Related Children Under 18 Years," U.S. Department of Commerce, U.S. Census Bureau, "Poverty Thresholds," page last revised January 23, 2024, https://www.census.gov/data/tables/time-series/demo/income-poverty/historical-poverty-thresholds.html (accessed March 2, 2024). A huge problem with the OPM measurement is that it ignores almost the entire means-tested welfare state. For example, the Earned Income Tax Credit, the Additional Child Tax Credit, food stamps, benefits from the Women Infants and Children (WIC) food program, school nutrition programs, public housing, Section 8 housing, Medicaid, and Child Health Insurance Program (CHIP) are not counted as income for the official poverty measure. Moreover, earnings and the few benefits that are included are significantly undercounted.
10. Robert Rector, "Marriage, Abortion, and Welfare," Heritage Foundation *Special Report* No. 271, May 22, 2023, https://www.heritage.org/sites/default/files/2023-05/SR271_0.pdf.
11. Ibid.
12. Ibid.
13. See Robert Rector and Jamie Bryan Hall, "Reforming the Earned Income Tax Credit and Additional Child Tax Credit to End Waste, Fraud, and Abuse and Strengthen Marriage," Heritage Foundation *Backgrounder* No. 3162, November 16, 2016, https://www.heritage.org/welfare/report/reforming-the-earned-income-tax-credit-and-additional-child-tax-credit-end-waste.
14. To understand marriage penalties in the welfare system, imagine the federal income tax if the separate schedule for married-filing-jointly were removed and married couples were taxed on the sum of their joint income using the same schedule that is applied to non-married individuals. In such a system, married two-earner couples would face large marriage penalties. Most could substantially reduce their tax burdens by divorcing or never marrying. Marriage rates would plummet. This is exactly how the welfare system operates. In general, welfare programs do not have the equivalent of the married-filing-jointly schedule. The marginal tax rates or benefit-reduction rates are largely the same for married and single-parent families. Marriage to an employed father raises the countable family income, and benefits are sharply cut. This creates substantial disincentives to marriage just as it would if the same simplistic principle were applied to the federal income tax.
15. Marriage penalties should be calculated holistically based on the full package of benefits received rather than on a single program in isolation. Aggregate marriage penalties should be calculated by measuring the joint resources parents will have if they do not marry compared to the resources if they marry.
16. In the current example, the father would be likely to remain "off the books" for all welfare programs but would inevitably become "on the books" if the couple married. In many cases, an employed non-married father is likely to remain "off the books" for food, housing, and medical benefits but may well be "on the books" for purposes of receiving the EITC and ACTC. Whether the father files or does not file for the EITC and ACTC will depend on how much he can receive relative to what could be received by the mother directly or through other labor surrogates.

17. The Federal Insurance Contribution Act (FICA) tax is the Social Security and Medicare payroll tax. An employee pays 7.65 percent of his earnings into FICA. The employer also pays 7.65 percent earnings, although this amount never appears in the employee's gross earnings and most workers do not realize it is paid. When FICA tax figures appear in this paper, they refer to the 7.65 percent deducted from an employee's gross weekly paycheck.
18. If the couple were unmarried, it is likely the father would cohabit in the subsidized unit while remaining "off the books" because the actual residents in a subsidized unit are rarely checked.
19. The figures in the text probably understate the effective marriage penalty from housing programs. The example assumes the non-married parents cohabit in subsidized housing but the father remains "off the books." After marriage, the father is "on the books" and the rent subsidy is cut, but the family would still receive a housing subsidy, albeit of reduced value. This probably understates the deterrence to marriage that housing programs actually provide in low-income communities. If the single mother does not marry, the odds that she will eventually obtain subsidized housing are pretty good. On the other hand, if the couple marries before entering a housing program, the father's added income makes it unlikely that the couple will gain access to housing programs in the first place. (Housing aid is rationed, and there are almost no married couples with children in housing programs.) The act of marriage before entry into a housing program seems in effect to preclude entry into housing programs almost entirely. In that case, the effective overall welfare marriage penalty rises to around $19,000 per year.
20. The Heritage Foundation, American Perceptions Initiative, "Poll: Vast Majority Support Four Simple Fixes to Welfare System," December 2017, https://www.heritage.org/sites/default/files/2017-12/Welfare_OnePager.pdf.
21. Robert Rector, *Marriage, Abortion, and Welfare*.
22. Some might argue that ACTC increases provided in TRAFWA are refunds of the employee and employer share of FICA taxes paid by the tax filer. This is largely inaccurate. For example, together, the employee and employer shares of FICA taxes come to 15.3 percent of an employee's gross earnings. By contrast, under current law, for a low-income employee with two children, the EITC has a value of 40 percent of earnings, the ACTC has a value of roughly 15 percent, and their combined value is therefore 55 percent. TRAFWA would raise this number to 70 percent for a family with two children and 85 percent for a family with three children. If the ACTC and EITC are viewed as offsets for FICA taxes, these credits already fully wipe out those taxes for parents with low and moderate earnings under current law. For example, if the EITC and ACTC are regarded as offsets or "refunds" of full FICA taxes, a single mother with two children pays no FICA tax at all under current law until her annual earnings reach $42,200. TRAFWA provides extensive new cash grants for families with incomes below that level.
23. Linked administrative data indicate that only 55 percent of EITC benefits to heads of single households go to tax filers who are eligible for the payment. See Table 4, "Ratio of Alternative EITC Model Payments to the Internal Recipient File for Tax Year 2016," in Maggie R. Jones and James P. Ziliak, "The Antipoverty Impact of the EITC: New Estimates from Survey and Administrative Data," University of Kentucky Center for Poverty Research *Discussion Paper* DP2019-01, June 2020, p. 39, https://cpr.uky.edu/sites/ukcpr/files/research-pdfs/DP2019-01_0.pdf (accessed March 3, 2024). The informative Jones–Ziliak paper uses a special administrative linking file that joins Census and IRS data at the individual case level. This provides a more accurate picture of who actually receives the EITC. There is a great overlap between the EITC and ACTC; the categorical eligibility standards are the same. If 45 percent of EITC head-of-household filers are ineligible, the same is likely to be true for the ACTC.
24. It is often asserted that the error rate in these programs is due to the complexity of the tax code; this is not true. Most "errors" are the result of obvious false statements about income and residence of the tax filer.
25. Figure A.5, "EITC Returns by Marital Status and Number of Children, Tax Year 2017," in U.S. Department of the Treasury, Internal Revenue Service, National Taxpayer Advocate, *Objectives Report to Congress, Fiscal Year 2020, Volume 3, Special Report to Congress: Earned Income Tax Credit: Making the EITC Work for Taxpayers and the Government: Improving Administration and Protecting Taxpayer Rights*, June 2019, p. 52, https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2020/08/JRC20_Volume3.pdf (accessed March 3, 2024).
26. Table FG5, "One-Parent Unmarried Groups with Own Children Under 18, by Labor Force Status of the Reference Person: 2017," in U.S. Department of Commerce, U.S. Census Bureau, "America's Families and Living Arrangements: 2017," page last revised October 8, 2021, https://www.census.gov/data/tables/2017/demo/families/cps-2017.html (accessed March 3, 2024).
27. A non-married tax filer claiming dependent children would file as a "head of household."
28. The excess number of "single parent" or "head of household" tax filers claiming the EITC appears to be the result of single parents splitting multiple children among several "labor surrogates" in order to maximize EITC and ACTC benefits. At least a million married-couple families also illegally file two separate "head of household" returns in order to maximize benefits. Rector and Hall, "Reforming the Earned Income Tax Credit and Additional Child Tax Credit to End Waste, Fraud, and Abuse and Strengthen Marriage," p. 7.
29. U.S. Department of the Treasury, Internal Revenue Service, *1040 (and 1040SR) Instructions, Tax Year 2023*, p. 17 ("Do You Have a Qualifying Child?"), https://www.irs.gov/pub/irs-pdf/i1040gi.pdf (accessed March 3, 2024). See also ibid., p. 19 ("Is Your Qualifying Relative Your Dependent?").
30. It is illegal for a person who does not reside with a child for at least half of the year to claim the child for purposes of the EITC or ACTC, but this rule is almost never enforced by the IRS. In general, only 1 percent of EITC claims are audited by the IRS. See Margot L. Crandall-Hollick, "Audits of EITC Returns: By the Numbers," Congressional Research Service *Insight* No. IN11952, June 13, 2022, p. 2, https://crsreports.congress.gov/product/pdf/IN/IN11952 (accessed March 3, 2024).
31. Although current figures are not available, evasion of work requirements through labor surrogates by means of a variety of mechanisms has been very common in the past, and there is no reason to believe this practice has decreased. For example, historically, one-fourth of all EITC "improper

payments" have involved "residence" fraud or error. Residence fraud occurs when a single parent allows a labor surrogate such as an absent father or relative to claim a child on his or her tax form to obtain EITC payments for that child, even though the individual does not reside with the child and is therefore ineligible as an EITC claimant. In 2022, one-fourth of all improper payments would mean 1.8 million "residence" error cases. In addition, following historical patterns, in 2022, some 360,000 families were likely to "game" the benefit system by assigning children among relatives within the household in order to maximize benefits. Although this is not illegal, it is an effective mechanism non-working single parents can use to obtain access to the EITC. Finally, in an estimated 660,000 cases, the custodial parent allowed a tax filer with no legal relationship to a child to claim that child on his tax return. See Rector and Hall, "Reforming the Earned Income Tax Credit and Additional Child Tax Credit to End Waste, Fraud, and Abuse and Strengthen Marriage," pp. 7 and 14.

32. According to the Government Accountability Office (GAO), the "improper payment" rate for the EITC in fiscal year (FY) 2022 was 31.6 percent. The rate for the ACTC was reported as 15.8 percent. See Table 1, "Programs Reporting Annual Estimated Improper Payment Rates Greater Than 10 Percent for Fiscal Year 2022," in U.S. Government Accountability Office, *Improper Payments: Fiscal Year 2022 Estimates and Opportunities for Improvement*, GAO-23-106285, March 2023, p. 11, https://www.gao.gov/assets/gao-23-106285.pdf (accessed March 3, 2024). These rates seem too low, and it is difficult to understand why the rates for the two nearly identical and overlapping programs differ strongly. Unfortunately, for years, the government has merely reported the simple rates for these programs while providing no information on the details of the audits. The government simply issues a stark number with no details or serious explanation. The last time the IRS provided significant information on the manifold errors in the EITC was in 2014. See Kara Leibel, *Taxpayer Compliance and Sources of Error for the Earned Income Tax Credit Claimed on 2006–2008 Returns*, U.S. Department of the Treasury, Internal Revenue Service, *Research, Analysis & Statistics Technical Paper*, Publication 5161, August 2014, https://www.irs.gov/pub/irs-soi/15rpeitctaxpayercompliancetechpaper.pdf (accessed March 3, 2024). Although dated, this paper is a gold mine of information on operations and errors in the EITC. The EITC program has changed little over the intervening years, and the nature of the payment errors has probably not changed significantly.

33. For the JCT's estimates of the fiscal impact of TRAWFA (H.R. 7024), see table, "Estimated Revenue Effects of H.R. 7024, The 'Tax Relief for American Families and Workers Act of 2024,' Scheduled for Markup by the Committee on Ways and Means on January 19, 2024," cited in note 3, *supra*. The first row of the estimate deals with the fiscal impact of the act's family provisions, which the JCT estimates will cost $33,493 million. Footnote 1 of the JCT document, which clarifies this estimate, shows means-tested cash outlays as $30,640 of $33,493, or 91.5 percent of the $33,493 fiscal effect. Only $2,853 million, or 8.5 percent, of the funds represents personal income tax relief for families with children.

34. In addition, the bill provides approximately $2 billion in subsidized housing support for low-income single-parent families. Specifically, it provides $6,258 million in spending for "affordable housing." Given current spending patterns, 33 percent of this, or $2,084 million, would go to families with children. Of this $2,084 million, approximately 95 percent, or $1,990, would be expected to go to non-married or single-parent families and 5 percent to married families. These figures are calculated from data in HUD User, "Picture of Subsidized Households" for all programs nationwide in 2023. See U.S. Department of Housing and Urban Development, Office of Policy Development and Research (PD&R), "Dataset/Assisted Housing: National and Local: Picture of Subsidized Households," https://www.huduser.gov/portal/datasets/assthsg.html (accessed March 8 2024).

35. It could be argued that the increased expenditure totals provided by the Joint Committee on Taxation are too high because many single-parent filers already receive the high ACTC payments for a second, third, and additional children by dividing their children among multiple "labor surrogates," each filing separately. However, the TRAFWA provisions do make it far easier for single parents to obtain higher ACTC cash payments.

36. Robert Rector and Jamie Hall, "Biden 'Child Allowance' Is a Bait and Switch That Offers Zero Long-Term Tax Relief: Instead, It Permanently Eliminates Work Requirements," Heritage Foundation *Backgrounder* No. 3636, July 8, 2021, https://www.heritage.org/sites/default/files/2021-07/BG3636.pdf.

37. As noted, statistics on households that received housing assistance from Section 8 housing, public housing, and related programs are provided in HUD User, "Picture of Subsidized Households" for all programs nationwide in 2023. See note 34, *supra*. Data for all housing programs nationwide show that households with children comprised 33 percent of all subsidized units in 2023. Of these, 30 percent were households with a single adult, and 3 percent had two or more adults. Generously assuming that half of the households with two adults were married-parent households, this would mean that 95 percent of subsidized units with children were single-parent or non-married units.

38. Table A.14.a, "Distribution of Participating Households, Individuals, and Benefits by Household Composition, Pre-pandemic Period," in Kathryn Cronquist and Brett Eiffes, *Characteristics of Supplemental Nutrition Assistance Program Households: Fiscal Year 2020*, U.S. Department of Agriculture, Food and Nutrition Service, Office of Policy Support, *Supplemental Nutrition Assistance Program Report* No. SNAP-21-CHAR, June 2022, p. 83, https://fns-prod.azureedge.us/sites/default/files/resource-files/Characteristics2020.pdf (accessed March 11, 2024). The figures include all SNAP households with children and without a married head of household.

39. Radical feminists are driven to rage by the simple prospect of even a small portion of government resources being used to strengthen marriage. See Martha Fineman, Gwendolyn Mink, and Anna Marie Smith, "No Promotion of Marriage in TANF!" *Social Justice*, Vol. 30, No. 4 (2003), pp. 126–134.

40. One of the popular features of TRAFRWA is that it increases the ACTC benefit for the second child and additional children in a married family. This could be a useful feature in an overall EITC/ACTC reform, but it should be done in a fiscally prudent way that does not increase benefits for single parents and that reduces rather than increases marriage penalties. This is not what TRAFWA does.

41. By a fortunate accident, the bill does not appear to increase marriage penalties on married families where only one parent works. On the other hand, it does nothing to reduce existing penalties, which can be extremely high. For example, if a non-working single mother with two children in public housing married a father making $35,000 per year, the marriage penalty would be over $20,000 per year.

42. Some may argue that these figures are too high because welfare programs have participation rates of less than 100 percent, meaning that many persons who are eligible for benefits do not actually receive them. However, we have seen with respect to the EITC that the number of non-married tax filers claiming the EITC for children greatly exceeds the number of working single parents who are eligible for benefits. The same is true for food stamps.
43. Updated figures based on Robert Rector and Rachel Sheffield, "Five Myths About Welfare and Child Poverty," Heritage Foundation *Backgrounder* No. 3176, December 20, 2016, https://www.heritage.org/welfare/report/five-myths-about-welfare-and-child-poverty.
44. Some families that are eligible for Medicaid do not actively enroll in the program; however, the fact that they are not enrolled does not mean that they will be denied medical care. Whenever they seek medical care, they will be immediately enrolled and receive services.
45. Office of Congressman Jason Smith, "Tax Relief for Missouri's Working-Class Families," *Weekly Capitol Report*, February 9, 2024, https://jasonsmith.house.gov/newsroom/documentsingle.aspx?DocumentID=5360 (accessed March 3, 2024).
46. Calculations based on program benefits in Congressman Smith's district in southern Missouri. Details available on request.
47. See Rector and Hall, "Reforming the Earned Income Tax Credit and Additional Child Tax Credit to End Waste, Fraud, and Abuse and Strengthen Marriage."
48. Remarks of Representative Jason Smith in debate on the Tax Relief for American Families and Workers Act of 2024, *Congressional Record*, Vol. 170, No. 18 (January 31, 2024), p. H357, https://www.congress.gov/118/crec/2024/01/31/170/18/CREC-2024-01-31.pdf (accessed March 5, 2024).
49. In both the EITC and ACTC programs, a claimed child must have a valid Social Security number. To obtain the EITC, illegal immigrant parents must themselves have personal Social Security numbers that are valid for work. However, illegal immigrant parents are not required to have a Social Security number to obtain the ACTC; they are explicitly permitted to obtain and use an Individual Taxpayer Identification Number (ITIN) to claim ACTC cash payments. See Steven A. Camarota and Karen Zeigler, "Estimating Illegal Immigrant Receipt of Cash Payments from the EITC and ACTC," Center for Immigration Studies, May 13, 2021, https://cis.org/sites/default/files/2021-05/camarota-eitc-actc-5-21_0.pdf (accessed March 3, 2024).
50. Jeffrey S. Passel and Paul Taylor, "Unauthorized Immigrants and Their U.S.-Born Children," Pew Hispanic Center *Report*, August 11, 2010, https://www.pewresearch.org/hispanic/2010/08/11/unauthorized-immigrants-and-their-us-born-children/ (accessed March 3, 2024).
51. As noted, to be an eligible "qualifying child" for either the EITC or ACTC program, the child must have a valid Social Security number.
52. U.S. Department of the Treasury, Internal Revenue Service, "2023 Instructions for Schedule 8812," page last reviewed or updated December 21, 2023, https://www.irs.gov/pub/irs-prior/i1040s8--2023.pdf (accessed March 3, 2024).
53. Rector and Hall, "Biden 'Child Allowance' Is a Bait and Switch That Offers Zero Long-Term Tax Relief: Instead, It Permanently Eliminates Work Requirements," p. 1.
54. Rector, *Marriage, Abortion, and Welfare*, p. 11.
55. Ibid., p. 27.
56. Center on Budget and Policy Priorities, "House-Passed Bipartisan Tax Bill's Child Tax Credit Expansion Would Help 16 Million Children in Low-Income Families: Statement of Sharon Parrott, CBPP President, on House Passage of Bipartisan Tax Bill Including a Child Tax Credit Expansion."
57. Press release, "CLASP Urges Bipartisan Tax Proposal to Address Child Poverty and Racial Inequality," Center for Law and Social Policy, January 16, 2024, https://www.clasp.org/press-room/press-releases/bipartisan-tax-proposal-address-child-poverty-inequality (accessed March 3, 2024). The release specifies that "*[t]his statement can be attributed to Indivar Dutta-Gupta, president and executive director of the Center for Law and Social Policy.*" Emphasis in original.