NATIONAL WOMEN'S LAW CENTER

Justice for Her. Justice for All.

A TAX CODE FOR THE REST OF US:

A Framework & Recommendations for Advancing Gender & Racial Equity Through Tax Credits

CENTER ON POVERTY and INEQUALITY
GEORGETOWN LAW

ECONOMIC SECURITY and OPPORTUNITY INITIATIVE

AUTHORS
Melissa Boteach, Amy K. Matsui,
Indivar Dutta-Gupta, Kali Grant,
Funke Aderonmu, Rachel Black

NOVEMBER 2019

ABSTRACT

While the U.S. income tax system is progressive overall, many aspects of the tax code reward wealth-building by the already wealthy and exclude low- and moderate-income families. Given the historical discrimination and ongoing structural barriers that have locked women and people of color out of economic opportunity, such tax provisions not only exacerbate economic inequality, but also amplify gender and racial disparities.

Notable exceptions include the Earned Income Tax Credit (EITC) and the refundable portion of the Child Tax Credit (CTC), which boost low- and moderate-income families' economic security and increase gender and racial equity. This prompts the question: how can our tax code build on this success to better dismantle structural barriers that impede economic security and wealth-building for women and people of color? This report examines our system of existing individual income tax subsidies and complementary direct spending programs that seek to advance policy goals across several categories, including housing, caregiving, transportation, and higher education.

It finds that low-income families, women, and people of color are underserved by both direct spending and tax subsidies due to insufficient revenues to invest in programs supporting economic opportunity, as well as the design of many tax provisions that do not reflect the needs and preferences of families struggling to make ends meet. It then discusses some limitations and benefits of refundable tax credits to help fill the resulting gap and argues that the tax code can and should do more to advance equity, economic mobility, and opportunity for all. It ultimately proposes a framework to help policymakers, advocates, and the public evaluate when and how refundable tax credits can be in service of that goal.

NATIONAL WOMEN'S LAW CENTER
Justice for Her. Justice for All.

ABOUT THE NATIONAL WOMEN'S LAW CENTER

The National Women's Law Center fights for gender justice – in the courts, in public policy, and in our society – working across the issues that are central to the lives of women and girls.

We use the law in all its forms to change culture and drive solutions to the gender inequity that shapes our society and to break down the barriers that harm all of us – especially those who face multiple forms of discrimination. For more than 45 years, we have been on the leading edge of every major legal and policy victory for women.

CENTER ON POVERTY and INEQUALITY
GEORGETOWN LAW

ECONOMIC SECURITY and OPPORTUNITY INITIATIVE

ABOUT THE GEORGETOWN CENTER ON POVERTY & INEQUALITY

The Georgetown Center on Poverty and Inequality (GCPI) works with policymakers, researchers, practitioners, advocates, and people with lived experience to develop effective policies and practices that alleviate poverty and inequality in the United States. GCPI conducts research and analysis, develops policy and programmatic solutions, hosts convenings and events, and produces reports, briefs, and policy proposals. We develop and advance promising ideas and identify risks and harms of ineffective policies and practices, with a cross-cutting focus on racial and gender equity.

The work of GCPI is conducted by two teams: the Initiative on Gender Justice and Opportunity and the Economic Security and Opportunity Initiative.

The mission of GCPI's Economic Security and Opportunity Initiative (ESOI) is to expand economic inclusion in the United States through rigorous research, analysis, and ambitious ideas to improve programs and policies. Further information about GCPI's ESOI is available at www.georgetownpoverty.org. Please refer any questions or comments to gcpiesoi@georgetown.edu.

ACKNOWLEDGEMENTS

AUTHORS

Melissa Boteach is the Vice President for Income Security and Child Care/Early Learning at the National Women's Law Center. She oversees NWLC's advocacy, policy, and public education strategies to ensure that all women and families have the income and supports they need to thrive. Melissa has a Master's of Public Policy from The George Washington University, a master's of Equality Studies from University College Dublin where she studied women in social movements, and bachelor's degrees from University of Maryland in government and Spanish.

Amy K. Matsui is Director of Income Security and Senior Counsel at the National Women's Law Center. She works on a broad range of economic issues affecting low- and moderate-income women and families, with special emphasis on federal and state tax policy. She is a graduate of Stanford Law School and the University of California, Berkeley.

Indivar Dutta-Gupta is Co-Executive Director at the Georgetown Center on Poverty & Inequality where he leads work to develop and advance ideas for reducing domestic poverty and economic inequality, with particular attention to gender and racial equity. Indivar also serves on the National Academy of Social Insurance's board of directors, on the Gates Foundation's Post-Secondary Value Commission's Research Task Force, and in the Institute for Research on Poverty's Employment and Self-Sufficiency Network. He has previously worked at the Center for American Progress, U.S. House of Representatives Ways and Means Committee, and the Center on Budget and Policy Priorities.

Kali Grant is Senior Policy Analyst at the Georgetown Center on Poverty & Inequality's Economic Security & Opportunity Initiative, where she works on issues related to jobs, public benefit programs, health and human services delivery, and tax policy. Kali is a graduate of the McCourt School of Public Policy at Georgetown University, and the John Glenn College of Public Affairs at The Ohio State University.

Funke Aderonmu is a Policy Assistant with the Georgetown Center on Poverty & Inequality's Economic Security & Opportunity Initiative, where she works on issues related to tax and fiscal policy, health and human services, and public benefits. She holds a B.A. from the University of California, Davis.

Rachel Black is a Research Fellow with the Jain Family Institute. Previously, she was the Director of New America's Family-Centered Social Policy program, which advocated a strategy for designing more equitable and inclusive social policies by centering the communities who would be directly impacted. Rachel holds a B.S. from the Georgia Institute of Technology.

ACKNOWLEDGEMENTS

DESIGN & PRODUCTION

Andres de la Roche, *ADELAROCHE DESIGNS*

We thank Estelle Mitchell at National Women's Law Center for her input, research, writing, and, along with Sarah Hassmer and Elizabeth Skerry, editing assistance. We are grateful to Sophie Khan at the Georgetown Center on Poverty and Inequality (GCPI) for her substantial input, research, writing, and editing assistance, as well as figure creation, and Isabella Camacho-Craft and Aileen Carr at GCPI for editing assistance.

We are grateful to the wide variety of experts who participated in our summer 2019 convening on Gender and Tax in Washington, D.C., hosted in partnership with Groundwork Collaborative and the Roosevelt Institute. The convening brought together experts and advocates to explore the ways in which the tax code intersects with gender and opportunities for creating a more equitable tax code. The attendees represented 22 organizations, including educational institutions, think tanks, and advocacy organizations. We also appreciate the generous assistance of Katherine Gallagher Robbins, Sarah Hassmer, Sarah Mickelson, Kim Johnson, Emily Chatterjee, Seth Hanlon, Elaine Maag, Anne Price, and Jackie Vimo, all of whom provided comments on drafts of this report.* Any errors of fact or interpretation remain the authors'.

DISCLAIMER

**Inclusion in the acknowledgement section does not indicate endorsement of the content in this report.*

TABLE OF CONTENTS

NOTE ON TERMINOLOGY

This report analyzes data from multiple sources that use varying terms when referring to different racial groups. Throughout this report, we use the terms "Black women" or "Black men" when the data refer to women or men who are Black or African American and non-Hispanic, unless otherwise specified. We use the terms "Latinx women" or "Latinx men" to refer to women or men who are Hispanic or Latino. Due to slight differences in how white women and men are defined in the sources throughout this report, we use the term "white" to refer to them. Please reference the individual sources cited for further detail on race categories.

INTRODUCTION

The United States advances numerous policy goals through the federal tax system. From supporting workers in the formal labor market to subsidizing wealth-building through homeownership and access to higher education, the tax code plays a major role in advancing our nation's social and economic priorities.

Nowhere does the tax code explicitly state that particular tax provisions are targeted to predominantly benefit households with high incomes and high wealth or to disproportionately exclude low- and moderate-income families. Nor does it explicitly say that white families will benefit more than families of color, or men more than women. But in practice, the federal tax code consistently fails to advance policy goals aligned with the needs and preferences of the most marginalized people in our society. This has disproportionate consequences for low-income households, women, and people of color.

For example, as explained in a companion report, "Reckoning With the Hidden Rules of Gender in the Tax Code,"[a] tax breaks on income generated from extreme wealth allow the already wealthy to face lower tax rates on much of their income than people who earn their income from work – and also allow extreme wealth to be accumulated across generations without facing much or any taxation. Within the income tax system, lawmakers have enacted the Mortgage Interest Deduction (MID), worth tens of billions of dollars and primarily claimed by families earning over $100,000, but no federal tax policy to help working-class families afford rent.[1] And while a Child and Dependent Care Tax Credit (CDCTC) is available to families who can document steady and formal care arrangements, workers in low-paying jobs, many of whom are women or workers of color, may receive no credit due to insufficient tax liability or a job with unpredictable work hours that requires reliance on flexible, informal care arrangements. In response to these inequities, this report offers a framework for leveraging refundable tax credits as a tool to help dismantle structural barriers that impede economic security and wealth-building for women and people of color; support participation in the workforce; and advance overall economic, gender, and racial equity.

This report offers a framework for leveraging refundable tax credits as a tool to help dismantle structural barriers that impede economic security and wealth-building; support participation in the workforce for women and people of color; and advance overall economic, gender, and racial equity.

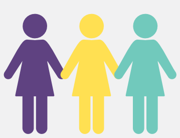
a *Reckoning With the Hidden Rules of Gender in the Tax Code: How Low Taxes on Corporations and the Wealthy Impact Women's Economic Opportunity and Security* outlines how the tax code treats capital and investment income more preferentially than income from work, and thus incentivizes corporations to indulge in stock buybacks and dividends to further enrich their shareholders, rather than improving workers' pay or making productive investments in the economy (disproportionately hurting women and people of color who comprise the majority of the low-paid labor force).

INEQUITABLE TAX PROVISIONS DOUBLY DISADVANTAGE LOW- & MODERATE-INCOME FAMILIES, WOMEN, & PEOPLE OF COLOR

Inequities in the distribution of tax expenditures are immediately apparent across class lines. And because these and many other tax provisions have been designed without reckoning with historical and systemic barriers that have locked women and people of color out of equal access to good jobs and wealth-building opportunities, they also amplify disparities by gender and race.[2] Moreover, insufficient tax revenues – exacerbated by these tax breaks for wealthy households and corporations – constrain spending-side investments to help working people afford housing, child care, and other basic needs, further compounding these disparities.[3] Left out of many tax subsidies and underserved by many spending programs, low- and moderate-income households—among which women and people of color are overrepresented[4] **(see Box 1)** – are doubly disadvantaged. (While this report focuses on gender and race, it is important to note that other marginalized groups – and individuals with overlapping and intersecting marginalized identities, including lesbian, gay, bisexual, transgender, or queer (LGBTQ) individuals, people with disabilities, and immigrants – have been similarly excluded.)[5] Amidst such severe economic, racial, and gender inequities, policymakers would be wise to consider how the tax code can, does, and should shrink these disparities and advance gender and racial equity.

BOX 1. AVAILABLE DATA & THE RELATIONSHIP BETWEEN GENDER, RACE, & ECONOMIC SECURITY

At times, this report assumes that strategies prioritizing economically insecure households, including by income, are likely to disproportionately benefit women and women of color, in turn advancing gender and racial equity. Though this outcome is not guaranteed, available data suggest that this assumption is reasonable.



WOMEN

There is ample evidence of women's increased risk of economic insecurity throughout their lives. Women working full-time, year-round are paid less, on average, than men, and are overrepresented in jobs with the lowest wages.[6] In addition, women experience higher rates of poverty. For example:[7]

- Across the board, women are more likely than men to live in poverty (12.0 percent vs. 8.8 percent in 2018), as well as to face economic insecurity – as defined by income below twice the poverty level – 29.1 percent vs. 23.4 percent in 2018); and
- More than 1 in 3 families headed by unmarried mothers lived in poverty in 2018.

Limitations within the available data make it impossible to isolate the incomes of women within married households when evaluating women's representation among low-and moderate-income households.

BOX 1 CONTINUES ON THE FOLLOWING PAGE

BOX 1 CONTINUES FROM THE PREVIOUS PAGE

This means that data on women of color are, likewise, limited. The data[b] that are available allow us to assess the *representation of single women and women supporting families on their own* at particular income levels. These data make clear that women-headed households are underrepresented among households at the top of the income scale, and overrepresented among households at the bottom of the income scale.[8] Because of these economic disparities, women are likelier to benefit from the EITC and CTC.[9]

PEOPLE OF COLOR

It is well-established that households of color are overrepresented among low- and moderate-income households.[10]

- Black and Latinx households have poverty rates of 20 percent and 16 percent,[11] while Native Americans have a poverty rate of 22 percent;[12] white households have a poverty rate of 8 percent.
- According to the Center on Budget and Policy Priorities, Black and Latinx households are "one-and-one-third times likelier than white households to be in the bottom 60 percent of the income scale, while white households are three times likelier than Black and Latinx households to be in the top one percent;"[13] 90 percent of the wealthiest one percent of households are white.[14]

WOMEN OF COLOR

Unsurprisingly, women of color and immigrant women are even more likely to experience economic insecurity:[15]

- For women of color, poverty rates are even higher than for white women: in 2018, nearly 1 in 5 (19.9 percent) Black women and 1 in 6 (17.5) Latinx women lived in poverty, compared to less than 1 in 14 (7.0 percent) white men who lived in poverty.
- Nearly 2 in 5 families headed by Black women (38.1 percent) and Latinx women (38.0 percent) lived in poverty last year.

More than 1 in 6 (17 percent) foreign-born women lived in poverty in 2017.[16] These data demonstrate that the economic security needs of women, people of color, and their families are acute. Accordingly, this report focuses on making the tax code more equitable and fully inclusive with regard to gender, race, and economic status, prioritizing the needs of low- and moderate-income women – particularly, women of color – and their families. While acknowledging that higher income brackets certainly include women supporting families and people of color who face racial and gender income and wealth disparities,[17] this report takes the view that policy solutions should particularly support those who typically face the greatest barriers to economic security and wealth-building.

b NWLC calculations based on the U.S. Census Bureau, 2016 Current Population Survey, Table HINC-05 Percent Distribution of Households, by Selected Characteristics Within Income Quintile and Top 5 Percent, available at https://www.census.gov/data/tables/time-series/demo/income-poverty/cps-hinc/hinc-05.html.

REFUNDABLE TAX CREDITS CAN ADVANCE ECONOMIC, GENDER, & RACIAL EQUITY

A bright spot in our tax code is the way refundable tax credits – such as the EITC and the refundable portion of the CTC – function as tools for advancing economic, gender, and racial equity.[18] Both credits provide tax refunds that boost the incomes of families with children. These refunds support work by supplementing low wages, especially for women-headed households.[19] These credits are especially important for women of color, who face significant wage disparities when compared to white women and men[20] and who make up a disproportionate share of low-paid workers.[21] In 2019, according to analysis by the Center on Budget and Policy Priorities, the EITC boosted the incomes of 9 million women of color, and the refundable CTC boosted the incomes of 7.25 million women of color.[22] More generally, the EITC and CTC serve a larger proportion of households of color, though a larger number of white households receive these credits.[23]

Research has shown that income from these refundable tax credits improve children's immediate well-being, and are associated with improved health and education outcomes during childhood and adulthood, along with an increase in hours worked and earnings.[24] There is also some evidence that, at the same income level, such gains from added income may be larger for children of color.[25] Particularly when combined with work-supporting policies, like a fair federal minimum wage, and foundational supports, like nutrition assistance and Medicaid, these tax credits help families make ends meet and promote opportunity for women and people of color.

POLICYMAKERS SHOULD BUILD ON THE SUCCESS OF REFUNDABLE TAX CREDITS

The effectiveness of refundable tax credits like the EITC and CTC prompts the overarching question: what is the potential to build on their success and expand their impact? This includes considering when and how refundable tax credits can serve to mitigate or address challenges stemming from systemic barriers due to gender, race, ethnicity, and other identities (such as sexual orientation, disability, and immigration status). It also involves asking how such tax credits can best work alongside other policy tools, strategies, and mechanisms, including labor rights and spending-side investments, to best serve working people.

Too often, however, tax and spending-side investments are designed in isolation or actively pitted against one another,[26] despite sharing similar policy goals. The story is strikingly similar for housing, higher education, caregiving, and transportation. When advocates fight for inclusion of low- and moderate-income people in tax subsidies that primarily benefit the wealthy, proponents of spending-side programs (rightly) underscore that direct spending – especially for programs funded automatically to meet need – is a better way to meet the needs of families with low incomes.[27] But when lawmakers want to pass legislation to help low- and moderate-income people, they worry about the political sustainability of a spending-side investment and (also rightly) note that political realities can necessitate doing more, rather than less, through the tax code.[28] Without a clearly defined role and framework for the tax code to advance the interests of low- to moderate-income people, working people will continue to face a system of income and wealth-building supports that is riddled with holes. The reality is that both arguments have merit: long-term spending-side investments are needed to help families meet basic needs and build wealth, even as there are timely opportunities to make the tax code more equitable and provide additional support to families.

A FRAMEWORK FOR REFUNDABLE TAX CREDITS TO ADVANCE GENDER & RACIAL EQUITY

To help guide policymakers and other stakeholders looking to leverage opportunities to advance economic, gender, and racial equity through the tax code, this report provides an overview of the current landscape of support for several basic needs, key considerations regarding refundable tax credits, and a policy framework for utilizing refundable tax credits to advance equity. Specifically:

SECTION I

- Section I lays out ways in which inequitable tax provisions doubly disadvantage low-income families, underscoring that the tax code is not race- or gender-neutral. Regressive tax policies not only forego the revenue needed to make investments that advance economic opportunity for all, but also subsidize behaviors that women and people of color have historically faced barriers to participating in.[29] The report describes how this phenomenon plays out for housing, child care, transportation, and postsecondary education policies.

SECTION II

- Section II walks through the advantages and limitations of using refundable tax credits as tools to address these inequities. It underscores the importance of tax credits functioning as part of a comprehensive, coherent strategy to increase wages and salaries, build wealth for historically disadvantaged populations, and strengthen other spending-side supports for low- and moderate-income families.

SECTION III

- To make this concrete, Section III outlines a new framework for lawmakers – and for the public and advocates who must hold them accountable – to assess whether and how a refundable tax credit proposal can equitably advance the economic security of women, people of color, low- and moderate-income people, and other disadvantaged communities. If lawmakers use the criteria in the framework as a guide, they would be better equipped to make the tax code work better for "the rest of us."

This discussion could not be timelier. There are an ever-increasing number of tax proposals that seek to make the code fairer and more equitable, as well as bold proposals to strengthen spending for supports such as child care and housing. An understanding of how tax and direct spending programs can, do, or fail to help families meet their foundational needs and build wealth makes it likelier that these proposals truly advance the goals of increasing the economic stability and opportunity of working families, as well as advancing racial and gender equity.

THE TAX CODE & DIRECT SPENDING PROGRAMS DO TOO LITTLE TO ADVANCE EQUITY

Several provisions of the tax system doubly disadvantage low-income families and undermine gender and racial equity by both raising insufficient revenues for direct spending and excluding households from subsidies that could help meet their foundational needs. This section describes the resulting double-squeeze that low- and moderate-income families currently face. More specifically, the section describes how low- and moderate-income families would greatly benefit from support for costs related to housing, caregiving, transportation, and higher education, yet receive limited assistance from both the tax code and direct spending programs at present.

BOX 2. THE FEDERAL TAX CODE IS NOT RACE OR GENDER NEUTRAL

The racial and gender implications of the tax code result, in part, from two interrelated sets of decisions embedded in the code:

1. What and who is taxed or subsidized, and what or who is excluded?
2. What are the individual and collective effects of the taxes and subsidies?

For the first question, it is clear that the presence and absence of various tax code provisions have tangible racial and gender implications. The tax code rewards certain family types, caregiving arrangements, economic decisions, and other behaviors. A review of those tax preferences that evince embedded gender and racial bias reveals many instances of differential impact on women and people of color. As described in "The Faulty Foundations of the Tax Code," an accompanying report in this series, the consequences

BOX 2 CONTINUES ON THE FOLLOWING PAGE

BOX 2 CONTINUES FROM THE PREVIOUS PAGE

BOX 2. THE FEDERAL TAX CODE IS NOT RACE OR GENDER NEUTRAL

may stem most directly from other circumstances strongly related to race and gender, such as formal labor market participation, but, nevertheless, clearly affect racial and gender inequities.[c]

For the second question, tax data by race, and especially gender, are often not readily available **(see Box 1 for more information)**.[d] However, decades of policy choices and private actions erecting barriers to economic opportunity for women and people of color have resulted in well-established income and wealth disparities by race and gender. These dynamics make it virtually certain that tax provisions benefitting or excluding low-income households will have important race and gender equity implications. The second question also recognizes that the total amount of revenue raised – and how it is raised – can increase or limit the government's ability to fund spending-side investments that advance racial and gender equity.

As a result, the tax code is not race- or gender-neutral.

REVENUES & DIRECT SPENDING ARE CONNECTED

The primary function of the U.S. federal tax system is to raise revenue to fund the government and shared national priorities. On the whole, the United States at all levels of government collects less tax revenue as a percentage of gross domestic product (GDP) than most peer countries in the Organisation for Economic Co-operation and Development (OECD), including Canada, the United Kingdom, and Australia.[30] This limited revenue ultimately constricts the federal government's ability to both sufficiently fund direct spending programs that provide foundational supports and make other investments that reduce racial and gender disparities.[31] The United States is not only unusual relative to peer countries for its low revenue take – but also in that it that it invests far less in priorities that are important for reducing gender and racial disparities, including child care (where the United States is ranked near the bottom of other OECD countries), paid leave (where the United States stands alone in not providing paid family and medical leave) and other family supports.[32]

There are many sound options for better harnessing the power of the tax code to address these insufficiencies. Analysis by the Brookings Institution finds that just one percent of the wealth from the top one percent of income ($250 billion each year) would provide sufficient resources to partially or fully address a number of national challenges, such as improving transportation infrastructure, cutting child poverty, or investing in family economic security by funding priorities such as education and health care.[33] And a companion report, "Reckoning With the Hidden Rules of Gender in the Tax Code," discusses a number of other potential tax code changes that would both help restructure the economy in ways that undo gender and racial inequities, as well as produce progressive revenues. Indeed, due in part to this revenue inadequacy, over the last three decades, federal funding for non-defense discretionary programs – which include priorities that are critical for gender and racial equity such as child care and housing supports – has not kept pace with need in the face of rising economic insecurity and inequality.[34]

c *The Faulty Foundations of the Tax Code: Gender and Racial Bias in Our Tax Laws* examines the outdated assumptions along with gender and racial biases embedded in the U.S. tax code. It highlights tax code provisions that reflect and exacerbate gender disparities, with particular attention to those that disadvantage low-income women, women of color, LGBTQ people, people with disabilities, and immigrants.

d *See The Faulty Foundations of the Tax Code* for an extensive discussion of how federal agencies like the IRS could provide more tax data for women, people of color, and other underrepresented groups.

SOME TAX PROVISIONS EXACERBATE GENDER, RACIAL, & ECONOMIC INEQUITIES

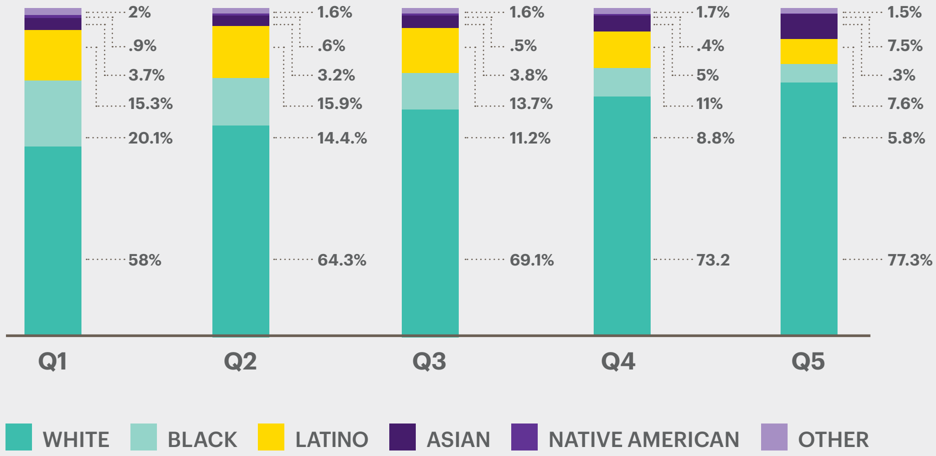
On the whole, the federal tax system is progressively structured, with higher-income households' tax rates representing a greater share of their incomes relative to households with low incomes.[35] Yet, as noted by an accompanying report in the series, "Reckoning With the Hidden Rules of Gender in the Tax Code," historically low rates on high-income and high-wealth households in recent years have enabled extractive behaviors by wealthy individuals and corporations that further economic inequality.[36] In addition, as explored below, the tax code includes a number of provisions – namely nonrefundable credits, exemptions, deductions, and tax breaks on wealth – that largely benefit high-income, predominantly white households with low levels of need and thereby undermine some of the system's overall progressivity (**see Figures 1 and 2**).[37]

These provisions of the tax code interact with other factors, with important consequences for racial and gender equity. For example, historical and structural factors such as unequal pay, disproportionate caregiving responsibilities, and gender and racial discrimination mean that women – particularly women of color – face persistent wage disparities.[38] In 2018, women working full-time, year-round are paid 82 cents for every dollar paid to their male counterparts;[39] wage disparities are even greater for women of color and immigrant women. In particular, Black women make only 62 cents for every dollar paid to white men, while Latinx women are paid 54 cents, Native women are paid 58 cents, and Native Hawaiian and Pacific Islander women are paid 62 cents for every dollar paid to white men.[40] Asian women make 90 cents for every dollar made by white men, but there are wide disparities among sub-populations.[41] Further, immigrant women face a substantial wage gap compared to non-immigrant men: foreign-born women made 67 cents for every dollar made by non-immigrant men in 2017. For some immigrant women of color, the gaps were even larger: for every dollar paid to white, non-immigrant men, Black, Latinx, and Asian immigrant women were paid 58, 48, and 83 cents, respectively.[42]

Wage disparities fuel income disparities,[43] and income disparities fuel wealth disparities.[44] It is no surprise, then, that families of color and single women of color face significant racial and gender wealth gaps. While the median net worth of single white men was $28,900 in 2013, the median net worth of single Latinx women ($100), single Black women ($200), single Black men ($300), and single Latinx men ($950) all underscore the dramatic gender and racial disparities in wealth.[45]

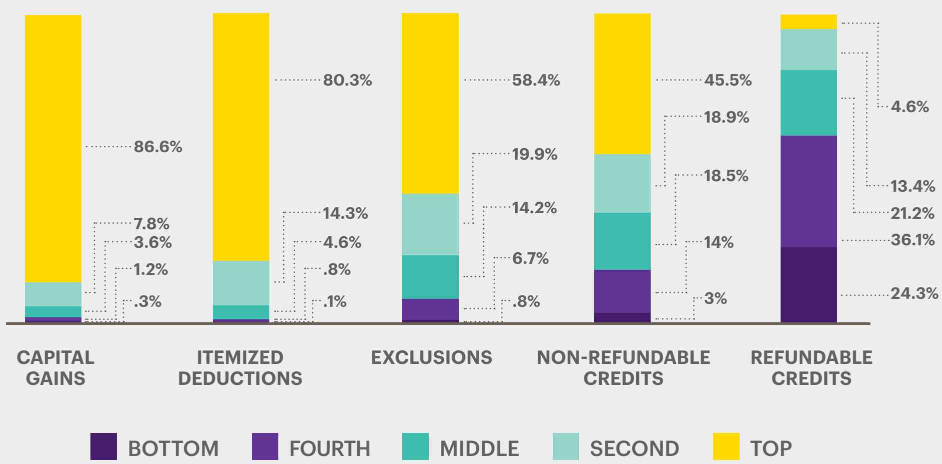
Because families of color and women are overrepresented in lower-income quintiles, they are largely unable to reap the benefits of many tax subsidies aimed at wealthier households. Research from Prosperity Now demonstrates that, while white households are the dominant racial group in each income category, they are especially concentrated in the top three income quintiles where most tax subsidies are claimed.[46] Thus, families who are already advantaged by higher levels of education, job security, higher incomes, accumulated wealth, and structural racial inequities are the ones who receive the bulk of tax subsidies. The inequitable distribution of tax benefits undermines the progressiveness of the federal tax code, as well as gender and racial equity.

FIGURE 1.
BREAKING DOWN INCOME QUINTILES BY RACE SHOWS EXISTING RACIAL INCOME INEQUALITY
Demographic Compositions of Income Quintile, by Race & Ethnicity, 2015



Source: Dedrick Asante-Muhammad, et. al., *The Road to Zero Wealth: How the Racial Wealth Divide is Hollowing Out America's Middle Class*, Prosperity Now & Inst. for Pol'y Studies (2017), https://prosperitynow.org/sites/default/files/PDFs/road_to_zero_wealth.pdf. Note: The income quintiles used in the graphs above were developed by the Urban-Brookings Tax Policy Center and are as follows (in 2015 dollars); bottom quintile ($0-$22,800); second quintile ($22,801-$43,511); middle quintile ($43,512-$72,001); fourth quintile ($72,002-$112,262); top quintile ($112,263 and up).

FIGURE 2.
THE MAJORITY OF TAX SUBSIDIES ARE DISTRIBUTED TO INDIVIDUALS & FAMILIES WITH HIGHER INCOMES
Share of Tax Subsidies, by Income Quintile, 2015



Source: Dedrick Asante-Muhammad, et. al., *The Road to Zero Wealth: How the Racial Wealth Divide is Hollowing Out America's Middle Class*, Prosperity Now & Inst. for Pol'y Studies (2017), https://prosperitynow.org/sites/default/files/PDFs/road_to_zero_wealth.pdf. Note: The income quintiles used in the graphs above were developed by the Urban-Brookings Tax Policy Center and are as follows (in 2015 dollars); bottom quintile ($0-$22,800); second quintile ($22,801-$43,511); middle quintile ($43,512-$72,001); fourth quintile ($72,002-$112,262); top quintile ($112,263 and up).

In light of the structural gender and racial economic disparities discussed above, current federal tax code provisions do not do enough to reduce economic inequality and often reinforce existing inequities. Indeed, part of the federal tax code's progressivity simply offsets economic disparities stemming from regressive state and local tax policies,[47] which generate revenue largely through sales and excise taxes that fall more heavily on low- and moderate-income families.[48] This trend is exacerbated by states' increasing reliance on fines and fees to raise revenues,[49] which disproportionately burdens people with low incomes and people of color.[50]

OUR TAX & SPENDING SYSTEMS PRODUCE HARMFUL GAPS IN ASSISTANCE

Effects on Women, People of Color, & Low- & Moderate-Income Families

Between exclusions from key tax subsidies, under-funded assistance via direct spending, and systemic failures in providing support of the sort that other OECD countries provide for investments that would reduce gender inequity, the gap between what assistance low- and moderate-income families need and what they receive is substantial. For working families struggling to make ends meet, build wealth, and attain economic mobility, this double-bind translates into challenges and unmet needs in various areas of life, including housing, child care, transportation, and postsecondary education. (While this report focuses on these four illustrative policy areas important to women and people of color for which federal assistance exists both through the tax code and through direct spending programs, it does not discuss others, like health coverage.) By failing to meet families' needs, the interplay between these tax code provisions and direct spending programs reinforces entrenched income, gender, racial, and other inequities.

GAPS IN FEDERAL HOUSING SUPPORTS UNDERMINE ECONOMIC SECURITY & EQUITY GOALS

Housing policy is critically important not only to advancing economic security and access to opportunity, but also to equity. A growing body of research links the impact of housing policy as a significant determinant of social and economic mobility. Indeed, studies analyzing economic mobility demonstrate that housing-related factors, including someone's childhood neighborhood, often determine future earnings as an adult and the likelihood of escaping poverty, among other factors.[51] Studies also highlight that these factors are more powerful determinants for Black people relative to white people,[52] with the legacies of structural racism and housing segregation contributing to the significant disparities between Black and white communities.[53]

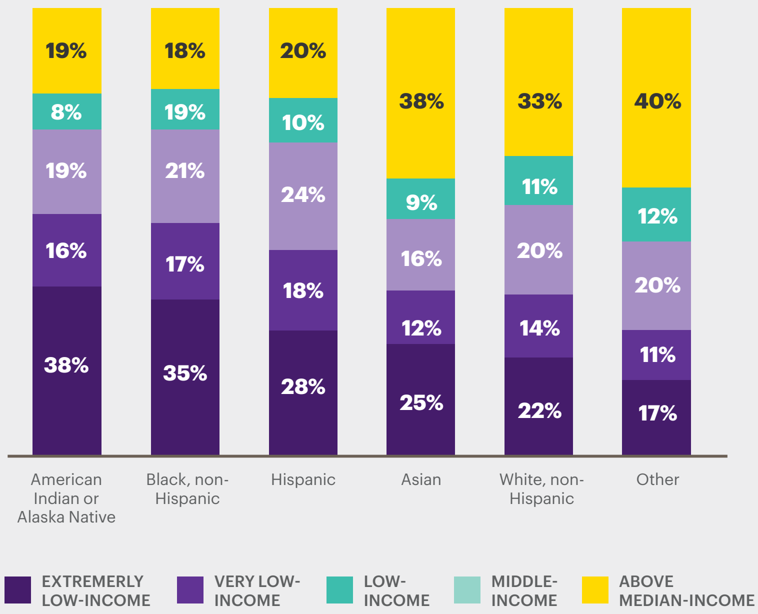
In addition, due to historical and structural federal incentives that continue today, homeownership in the United States remains a core pathway to building wealth for all families.[54] While many people of color lost wealth in the Great Recession as a result of foreclosures precipitated by predatory lending practices,[55] researchers at the St. Louis Federal Reserve estimate that home equity represents 40 percent of the wealth of Black households and 42 percent of the wealth of Latinx households, compared to 25 percent for white households, as of 2017.[56] To the extent that the federal government decides to enact policies that support and incentivize homeownership, doing so in an equitable manner could help reduce wealth inequality for families of color and families with low incomes.[57]

Housing is also one of the largest costs low- and moderate-income families face. For many low- and moderate-income families, rent is simply unaffordable. Unfortunately, for decades, lawmakers have failed to invest in sufficient affordable housing.[58] Today, just 37 rental homes are affordable and available for every 100 families with extremely low incomes looking to rent.[59] A full-time worker earning the federal minimum wage would not be able to afford rent for a modest two-bedroom apartment in any county in the U.S.[60] Of the 11 million extremely low-income (ELI) U.S. renter households,[61] nearly 8 million spend more than half of their income on rent and utilities.[62]

Moreover, women-headed households are much more likely to be housing-burdened (meaning that they spend between 30 and 50 percent of their monthly income on housing costs) than those headed by men.[63] In addition, over half of all renters of color spent more than 30 percent of their monthly incomes on rent and utilities annually in 2018.[64] Renters of color are more likely to be low-income than white renters **(see Figure 3).**[65]

FIGURE 3.
RENTERS OF COLOR ARE MORE LIKELY TO BE LOW-INCOME THAN WHITE RENTERS

Income Distribution of Renters, by Race & Ethnicity, 2017



Source: Andrew Aurand, et al., *Gap: A Shortage of Affordable Homes*, Nat'l Low Income Housing Coal. (2019), https://reports.nlihc.org/sites/default/files/gap/Gap-Report_2019.pdf. Note: "Extremely Low-Income" (ELI) is defined as "Households with income at or below the Poverty Guideline or 30% of Area Median Income (AMI), whichever is higher;" Very Low-Income is defined as "Households with income between ELI and 50% of AMI"; "Low-Income" is defined as "Households with income between 51 percent and 80 percent of AMI;" "Middle-Income" is defined as "Households with income between 81% and 100% of AMI;" "Above Median Income" is defined as "Households with income above 100% of AMI."

FIGURE 4.
FEMALE-HEADED HOUSEHOLDS MAKE UP THE VAST MAJORITY OF HOUSING ASSISTANCE PARTICIPANTS

Percentage of Female-Headed Households, by Housing Program, 2009

Source: Nat'l Low Income Housing Coal., Housing Spotlight, *Who Lives in Federally Assisted Housing?* (2012), https://nlihc.org/sites/default/files/HousingSpotlight2-2.pdf. Note: From the source: "Female-headed households include any household where the primary applicant for housing assistance was female;" Section 202 (Supportive Housing for the Elderly) is a "HUD program [that] provides government loans or grants to nonprofits to develop housing for low income people who are elderly. The program provides both capital grants and rental assistance contracts;" Section 811 (Supportive Housing for People with Disabilities) is a "HUD program [that] provides funding to nonprofits to develop housing with supportive services for very low income adults with disabilities. The program provides rent subsidies to the projects, making them affordable."

While female-headed households make up the vast majority of housing assistance participants **(see Figure 4)**, women with low incomes face particular challenges, in addition to cost, that impact housing stability, including domestic violence and intimate partner violence,[66] sexual harassment by landlords,[67] and divorce.[68] These challenges may be exacerbated by race: For example, in a study of high-poverty neighborhoods from Milwaukee, 1 in 17 Black women faced eviction, as compared to 1 in 33 Black men, 1 in 134 white men, and 1 in 150 white women.[69]

Because of the critical importance of stable and affordable housing in families' lives, the role of homeownership in building wealth for women and families of color, and the acute shortage[70] of affordable housing, federal assistance for families is crucial. To the extent that federal policies to address the housing crisis include both tax assistance and direct assistance – as they currently do – policymakers should do so in a way that is equitable and inclusive. But despite the importance of housing for economic, racial, and gender equity, there are key gaps in federal housing supports that undermine these goals.

THE TAX CODE PROVIDES INEQUITABLE SUPPORT FOR LOW- & MODERATE-INCOME FAMILIES

While direct spending programs generally support more immediate housing needs, like rental assistance, the tax code provides substantial housing support by subsidizing homeownership and consequently, wealth-building. Through the MID, tax filers who itemize deductions can deduct mortgage interest on primary and secondary residences from their taxable income.[71] Because lower-income families are less likely to (1) be homeowners, especially if they are headed by women or are families of color, and (2) itemize deductions, instead taking the standard deduction, the MID is overwhelmingly claimed by higher-income tax filers.[72]

Single women and people of color own homes at lower rates than their white and single male counterparts.[73] Research from the Insight Center finds that, in 2007, only 33 percent of single Black women and 28 percent of single Latinx women-owned homes, compared to 57 percent of single white women.[74] These disparities in homeownership are directly related to decades of race and gender-based discrimination in housing and credit markets.[75] Policies and practices, such as redlining,[76] blockbusting,[77] racialized zoning laws,[78] and discriminatory lending,[79] created racially segregated communities and blocked women and households of color from access to and investment in homeownership, culminating in racial and gender wealth divides that persist today.[80] Families of color lost more of the value of their homes during the recession[81] and men's homes tend to be worth more, and appreciate more in value, compared to women's homes.[82]

But even low- and moderate-income families who own homes may be unable to claim the MID. Families will only choose to itemize deductions if they anticipate that their deductions (which include the MID, the charitable deduction, deduction for excess medical expenses, etc.) will exceed the amount of the standard deduction ($12,200 for single filers and $24,400 for joint filers in 2019).[83] Only about 30 percent of households itemized deductions on their federal tax returns in 2016,[84] and even fewer will likely itemize following the passage of the Tax Cuts and Jobs Act (TCJA) of 2017.[85] Moreover, it is unclear whether the reduction in taxable income provided through the MID provides enough financial incentive to encourage *and* enable families to purchase a home, rather than reward families who are already able to afford to do so.

Congress's Joint Committee on Taxation (JCT) estimated that 73 percent of tax filers claiming the MID in 2018 had incomes above $100,000,[86] though less than 30 percent of all households have incomes that high.[87] In comparison, only 16 percent of households with incomes under $100,000 claimed the MID in 2017.[88] Moreover, among households who claim the MID, higher-income families typically receive greater benefits, since their typically larger mortgages translate into larger deductions. Thus, while the tax code rewards homeownership largely for higher-income households, to the tune of $66 billion in total tax subsidies in 2017,[89] it fails to provide a benefit that encourages and supports homeownership for low- and moderate-income families.[90]

The fact that women and people of color are overrepresented among these families means this tax subsidy reinforces racial and gender inequities and fails to support wealth-building in an equitable way.

DIRECT SPENDING PROGRAMS ALSO PROVIDE INADEQUATE SUPPORT FOR HOUSING

Federal direct spending on affordable housing primarily consists of three separate types of assistance: the Housing Choice Voucher Program, commonly called "Section 8," which provides low-income families with assistance to pay rent at private residences that meet program guidelines; project-based rental assistance (PBRA), which consists of federally subsidized apartments in designated privately-owned buildings; and public housing, which encompasses around 1.1 million units owned by the U.S. Department of Housing and Urban Development (HUD) and operated by local public housing authorities (PHAs).[91] When households have been able to access affordable housing assistance through these programs, it has been a lifeline,[92] particularly for women.[93] Due to chronic underfunding and other structural factors, demand for housing assistance greatly outpaces supply.[94]

Like the Temporary Assistance for Needy Families (TANF) program, the Child Care and Development Block Grant (CCDBG), and most other public benefits programs, household eligibility does not guarantee access to housing assistance, and housing programs are funded through annual appropriations.[95] Within the last two and a half decades, there has been significant federal disinvestment in affordable housing.[96] A series of congressional budget cuts beginning in 2011, most notably under the Budget Control Act (BCA), reduced funding for most housing assistance programs by as much as $6.2 billion, or 13 percent.[97] (This disinvestment was part of automatic cuts to annual spending, justified by budget deficits and the unwillingness of policymakers to raise additional revenues to address them.[98] Nearly a decade later, this funding has not been adequately restored.)[99]

As a result, an even larger share of eligible families does not receive rental assistance. According to HUD, in 2017, over 8.3 million households had "worst-case housing needs," meaning they were eligible for housing assistance but were not receiving it, had incomes below 50 percent of the local median, were spending more than half their income on housing, and/or lived in "severely inadequate" conditions.[100] PHA waitlists for housing vouchers are routinely many years long,[101] and many refuse to add new applicants due to the extreme shortage of vouchers available.[102]

Accordingly, many families with low incomes are forced to navigate between a significant affordable housing shortage, and extremely limited assistance from either the tax code or direct spending housing assistance programs.

GAPS IN CHILD CARE ASSISTANCE HURT CHILDREN & FAMILIES

When people have access to affordable, high-quality child care, they are better equipped to secure and maintain employment (or attend school or training), and their children are set up to succeed at school and beyond. (Unfortunately, the current patchwork system of child care programs and supports – through both the tax code and direct spending programs – is inadequate to meet the child care needs of low- and moderate-income families, with compounding effects for women and families of color).

Child care represents a significant cost for families, with the average annual cost of full-time child care ranging between $3,000 and $20,000, depending on the kind of care, the age of the child, and location.[103] The financial burden of these expenses is most acute for low- and moderate-income families. The Center for American Progress (CAP) finds that parents living in poverty and paying for care for children under age five spend almost one-third of their incomes on care expenses, compared to parents over 200 percent of the poverty line, who spend around 14 percent.[104] Families with low incomes face additional, non-cost related challenges to finding high-quality, affordable child care. These include "nontraditional" work hours that fall outside typical child care center hours,[105] unpredictable schedules that make child care coverage a constant, last-minute struggle,[106] and limited child care options near where they live or work.[107] As a result, low-income parents often have to make difficult choices—such as having to quit or work fewer hours if they cannot access child care,[108] or paying a premium for care that fits their needs – that often are not required of their higher-income counterparts.[109]

CURRENT TAX SUBSIDIES FOR CARE EXPENSES HAVE MANY BARRIERS TO ACCESS

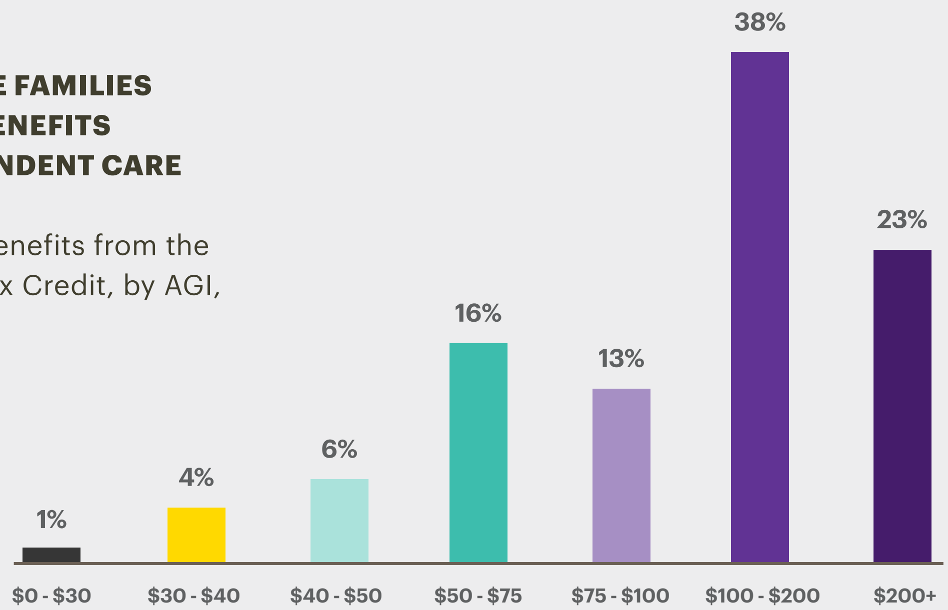
The primary tax subsidy for working parents with care expenses, the federal Child and Dependent Care Tax Credit (CDCTC), is a nonrefundable tax credit that reduces taxes owed by a percentage, based on income, of taxpayers' child or dependent care expenses.[110] Those expenses are capped at $3,000 for one child or dependent and $6,000 for two or more, and the percentage applied ranges between a maximum of 35 percent and a minimum of 20 percent. The CDCTC is theoretically worth a maximum of $1,050 for one child or dependent and $2,100 for two or more children or dependents, but the benefit amount families actually receive depends on their expenses, income level, *and* federal income tax liability.[111] In practice, largely because the credit is non-refundable, many otherwise-eligible families with low incomes do not have enough federal income tax liability against which to apply any CDCTC amounts. Consequently, though out-of-pocket child or dependent care expenses impose a disproportionate burden on low-income families, those same families rarely see the maximum, if any, benefits from the CDCTC.[e]

Instead, the CDCTC overwhelmingly benefits higher-income households **(see Figure 5)**.[112] A 2018 study from the Tax Policy Center examined CDCTC receipt by adjusted gross income (AGI) and average credit amount. The analysis found that for families with children, one percent of the CDCTC's benefits went to families who made $30,000 or less in AGI.[113] Only 11 percent of benefits went to families

FIGURE 5.
MIDDLE- & HIGH-INCOME FAMILIES RECEIVE MOST OF THE BENEFITS FROM THE CHILD & DEPENDENT CARE TAX CREDIT

Estimated Distribution of Benefits from the Child & Dependent Care Tax Credit, by AGI, TY 2018

Source: *Tax Pol'y Ctr., Key Elements of the U.S. Tax System* (2018), https://www.taxpolicycenter.org/sites/default/files/briefing-book/key_elements_of_the_us_tax_system_1.pdf.



AGI (In Thousands)

e This is despite the fact that the CDCTC tries to compensate for the higher burden on low- and moderate-income families by calculating the credit amount using a larger percentage of care expenses for those families.

who made $50,000 or less. In contrast, 61 percent of benefits went to families who made $100,000 or more.[114] Moreover, among families receiving the credit, higher-income families received a larger average credit than lower-income families.[115] The unequal distribution of CDCTC benefits has implications for race and gender equity, as households of color and women supporting families on their own are less likely to fall within the income tiers that benefit the most from the credit.

Families with low incomes can also face challenges claiming the CDCTC due to the type of care utilized. While many families may feel more comfortable having a relative or someone they know care for their infant or toddler, very low-income families are more likely to use Family, Friend, or Neighbor (FFN) care for children under age six, in large part because of its lower cost[116] – though with support, families could more easily afford center-based care, family child care homes, or other, more formal arrangements. Families also may choose FFN care because they need flexibility, care outside of traditional work hours, or care on a shifting schedule to cover a parent's work arrangements. This is especially critical for women of color, who are the most likely to be employed in low-paying jobs with unpredictable schedules.[117] The National Women's Law Center (NWLC) found that in 2016, of children under age six who were regularly in non-parental relative care, 31 percent were Black; 25 percent were Latinx; 23 percent were Asian or Pacific Islander; and 23 percent were white.[118] But families often find it difficult to keep track of payments made to child care providers in cash or on an irregular basis, or to get tax identification information from relatives or friends, as they generally need to do to claim the CDCTC.[119] As a result, low- and moderate-income families, among whom women and families of color are disproportionately represented, are largely left out of tax subsidies for child care[120] – despite the fact that they cannot work, go to school, or attend training without this foundational support.

DIRECT SPENDING PROGRAMS PROVIDE INSUFFICIENT SUPPORT FOR CARE EXPENSES

The largest source of federal child care funding, the Child Care and Development Block Grant (CCDBG), provides funding to states to help low- and moderate-income families afford care. CCDBG funding also improves the quality of child care and other aspects of the child care system. Child care assistance payments through CCDBG are made in real-time as child care expenses accrue, thus covering more of a family's actual child care expenses (for families who qualify and are able to receive assistance).[121] And research demonstrates that child care assistance helps mothers find employment – and stay employed.[122]

Unfortunately, CCDBG is chronically and drastically underfunded relative to need. Just 1 in 6 children eligible for federal child care assistance received it in 2013 (the most recent year for which data are available).[123] Inadequate child care assistance particularly impacts children of color.[124]

According to NWLC, in 2018, 19 states had waitlists or froze intake for child care assistance, and four states had more than 20,000 children on their wait list.[125] In addition, applying for direct child care assistance may be burdensome and frustrating for parents: the process can be so time-consuming that it can cost parents income from lost hours or put them at risk of losing their jobs.[126]

Taken together, the tax code and direct spending programs provide insufficient or nonexistent child care expense assistance for many low-income working families, particularly women-headed families and families of color, despite significant need among these families. Further, the tax code provides child care subsidies to higher-income families that are often unavailable to lower-income families.

UNADDRESSED TRANSPORTATION NEEDS COMPOUND MANY FAMILIES' CHALLENGES

Transportation expenses can consume significant portions of low- and moderate-income families' budgets.[127] Over the past two decades, the decentralization of jobs away from urban areas and out to the suburbs and exurbs (areas beyond a city and its suburbs) has impacted transportation costs for low- and moderate-income families.[128] Since 2000, 61 percent of communities with high poverty rates and 55 percent of "majority-minority" communities have seen a decline in the proximity of jobs, meaning workers in these communities need to travel further to get to their jobs.[129] Moreover, when institutions are spread out within communities without adequate public transit infrastructure, families can find it difficult to enroll their children in educational programs (such as public prekindergarten, Head Start, or child care), or access better quality jobs.[130] In addition to long distances, individuals and families in rural areas face other transportation challenges, including lack of infrastructure, low population density, and safety concerns.[131] This "spatial isolation" takes the greatest toll – either in terms of time or expense – on workers with the lowest incomes.[132]

For many workers, especially workers of color, a lack of access to a vehicle creates barriers to job attainment, retention, and advancement.[133] Disparities in transportation access mirror larger racial inequities. Data from the American Community Survey show a greater share of Black, Latinx, and Asian workers lack access to a vehicle, compared to white workers.[134] For example, almost three times as many Black workers lack a vehicle than white workers.[135] Asian and Black workers are almost four times as likely, and Latinx workers three times as likely, to commute to work by public transit than their white counterparts.[136]

Women and parents also face barriers to accessing transportation, particularly options that preserve their personal safety and work with their child care arrangements.[137] A 2018 study of transit experiences in New York City found that, on average, women paid an additional $26-50 per month relative to men to access safer forms of transportation.[138] Women with low incomes may have fewer resources to pay for safer transit options.[139] In addition, for parents with low incomes, transportation may complicate securing child care arrangements. For example, in a survey of low-income parents in Oakland, Calif., "transportation problems" were cited as one of the top three concerns about the child care system among those with unpredictable or irregular schedules.[140] Families may be disincentivized from participation in early care and childhood education (ECE) programs by long commute times to programs, school, or work (or sometimes all three and more),[141] and transportation issues can lead to late arrivals or absences for parents and children alike, placing jobs, educational experiences, and access to supports at risk.

THE TAX CODE PROVIDES LIMITED & INEQUITABLE TRANSPORTATION-RELATED SUBSIDIES

Employers can offer employees the opportunity to use pre-tax income (up to $260 per month per employee) to defray certain transportation costs, such as parking and public transit.[142] However, this tax subsidy is of limited utility to low- and moderate-income families. First, an employer must voluntarily offer the benefit and, in 2016, only six percent of employees reported having access to subsidized commuting (with only two percent of workers in the lowest 25 percent of income having such access).[143] Since, under the TCJA, employers may no longer deduct such expenses from their own taxes, they may be less likely to do so now.[144] Second, this tax subsidy requires workers to defer income they may not be able to forego. Third, the form of the tax subsidy (an exclusion from income) is of less value to low- and moderate-income families than a refundable credit – and of more value to higher-income employees per dollar of transportation expenses. As a result, this tax subsidy is regressive and likely *increases* gender and racial inequities.[145]

LOW- & MODERATE-INCOME FAMILIES HAVE VERY LIMITED ACCESS TO TRANSPORTATION BENEFITS THROUGH DIRECT SPENDING PROGRAMS

There is no dedicated program for providing transportation assistance to low-income individuals and families. The TANF program, primarily a cash assistance and work support program, theoretically recognizes transportation access as a critical work support.[146] In reality, fewer than 1 in 4 low-income families with children receive income assistance through TANF, and transportation support through TANF is negligible at best.[147] In sum, for the vast majority of low-income working families, transportation expense assistance is not offered through either the tax code or direct spending programs. Consequently, transportation costs can make it more expensive, and thus harder, for low-income workers to actually go to work.

CURRENT POSTSECONDARY EDUCATION ASSISTANCE LEAVES STUDENTS WITH UNMET NEEDS

Postsecondary education is considered to be central to accessing economic opportunity and mobility, with higher levels of education correlated with higher earnings and more stable employment.[148] But many students are constrained by cost. As the costs of higher education continue to rise,[149] so do the hurdles for students from low- and moderate-income families.[150] In 2016, 63 percent of all undergraduate students had some level of unmet financial need, after accounting for financial aid.[151]

These costs can be especially daunting for students who are already facing significant barriers to higher education, such as underfunded public schools, structural racism and gender discrimination, as well as other factors.[152] For a growing group of "non-traditional" students who are financially independent of a parent or guardian, financial challenges can be especially acute.[153] Many of these independent students are parents, who manage classes, caregiving, and often employment.[154] These non-traditional students have higher levels of unmet financial need [155] and food insecurity [156] than their peers who remain dependents.[157] At four-year public universities, 68 percent of independent students face unmet need relative to 54 percent of dependent students.[158] Overall, more than 90 percent of full-time independent college students with incomes below $28,356 had unmet financial need in 2011-2012,[159] the most recent year for which data are publicly available.

Higher education costs have racial and gender equity implications: without financial support, students with unmet needs are more likely to work more hours, accrue more loans and debt, or quit school altogether.[160] Students of color hold more debt than their white counterparts, on average, with Black students borrowing more than their white and Latinx counterparts.[161] In 2011-2012, Black women had the highest mean cumulative debt for students graduating with a bachelor's degree, compared to white men, white women, Latinx women, and Asian women.[162] In the long term, increased debt can result in lower job satisfaction levels, a decrease in personal savings, and lower rates of buying a home.[163] Research on the racial wealth gap highlights educational debt as a key driver of existing wealth disparities.[164]

SUPPORT FOR POSTSECONDARY EDUCATION IN THE TAX CODE WARRANTS REFORM TO ADVANCE EQUITY

The federal tax code provides a number of subsidies for higher education expenses, including the American Opportunity Tax Credit[165] (AOTC). In 2009, the AOTC – a temporary replacement for the Hope Scholarship Credit – was enacted as part of the American Recovery and Reinvestment Act (ARRA).[166] ARRA made the AOTC more generous than the Hope Credit, including by making it partially refundable (up to $1,000, out of a maximum credit amount of $2,500).[167] As a result, the AOTC potentially reached an estimated four million additional students.[168]

In FY 2009, 40 percent of households claiming the AOTC had AGI below $30,000, a dramatic improvement over the share of low-income households claiming the Hope Credit.[169]

Though 15 percent of AOTC benefits are claimed by families with incomes over $100,000,[170] the AOTC's reach nonetheless demonstrates the difference even partial refundability can make for low- and moderate-income families. However, the AOTC represents only a fraction of higher education expenses.[171]

In contrast, other education-related tax subsidies, including "529" college savings plans, are skewed heavily to higher-income households. These plans – first created in the mid-1990s as tax deductions, and then later restructured under the 2001 Tax Relief Act[172]– provide generous state and federal tax benefits: investment gains and withdrawals for eligible expenses are exempt from federal and state income tax.[173] Low- and moderate-income families are unlikely to open 529 plans. First, these families often cannot spare income to contribute to savings accounts like 529 plans.[174] Second, the form of the tax subsidy (exclusion from taxable income)[f] provides less value for these families than, for example, a refundable tax credit.[175] In contrast, higher-income families who can already afford to put extra income into savings can use these accounts as tax shelters,[176] opening them for multiple children or grandchildren and building significant, tax-exempt savings. Account owners can use 529 account funds to save for higher education expenses, indirectly encouraging their children to plan to attend college, and (under the 2017 tax law) for private school tuition for students enrolled in prekindergarten[177] through high school.[178]

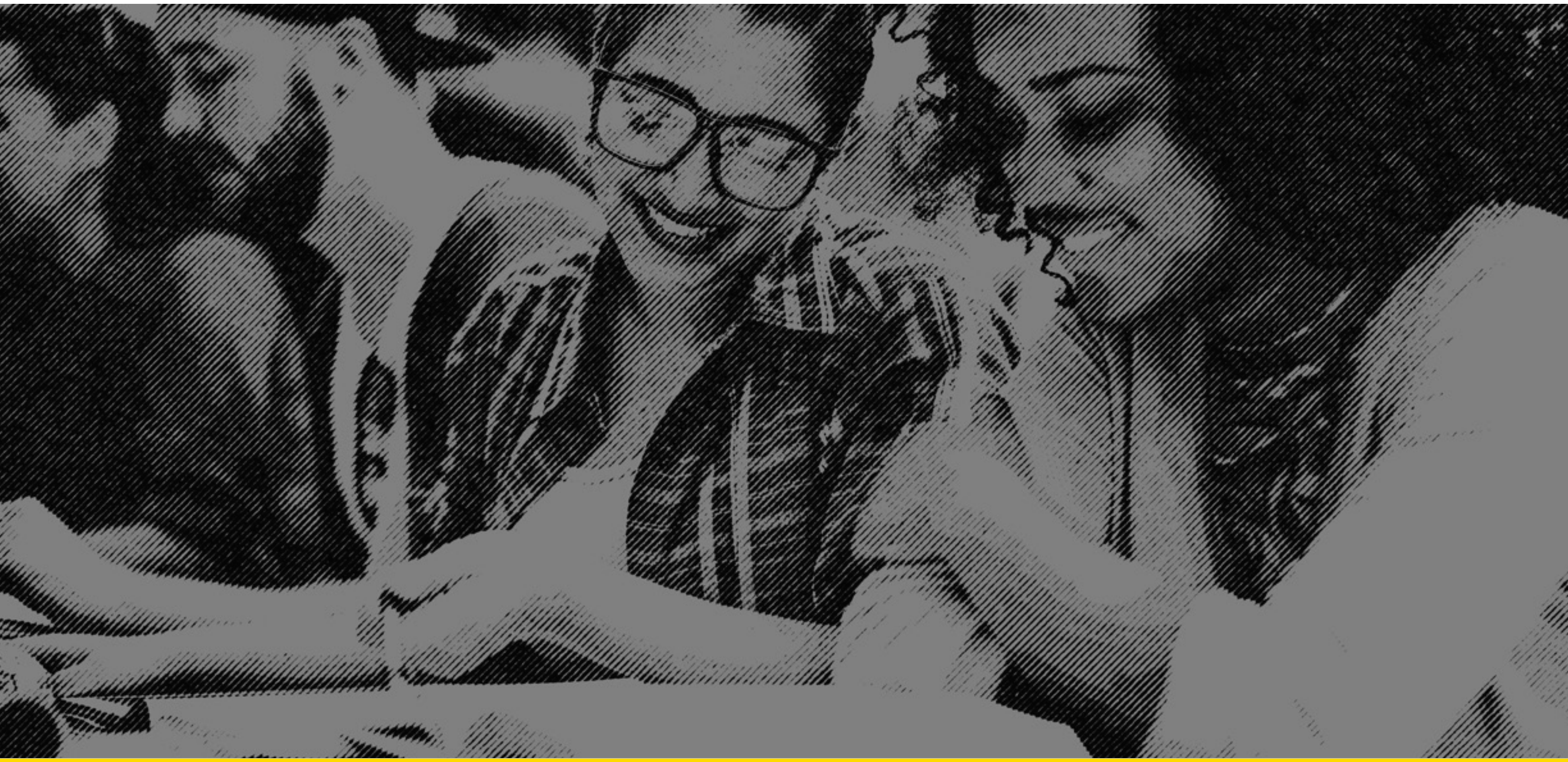
f In addition to federal tax subsidies for 529 plans, 33 states and the District of Columbia provide additional deductions or credits for contributions to 529 plans—which similarly tends to advantage higher income households the most. *See* Pew Charitable Trusts, *How Governments Support Higher Education Through the Tax Code* (2017), https://www.pewtrusts.org/en/research-and-analysis/reports/2017/02/how-governments-support-higher-education-through-the-tax-code.

DIRECT SPENDING FOR FINANCIAL AID INCREASINGLY FALLS SHORT

Direct spending programs, primarily the Pell grant program, offer postsecondary support for low-income students and families. Pell grants are direct federal grant funds awarded to students with financial need pursuing undergraduate degrees or enrolled in certain post-baccalaureate programs.[179] Trends within the Pell grant program demonstrate a clear increased demand. The majority of students receiving Pell Grants are independent students, a number that has increased from 39 percent in the 1977-1978 school year to 51 percent in the 2016-2017 school year.[180] In 2017, Pell covered only 29 percent of the average total costs for tuition, fees, and room and board at public four-year universities, which was the lowest number in over 40 years and much lower than the 79 percent it covered in 1975.[181] Additionally, tuition at public institutions has risen as a result of states not raising adequate revenue, which has made Pell less valuable.[182]

The failure of Pell values to keep pace with the accelerated growth of postsecondary educational expenses[183] leaves low- and moderate-income students struggling to fill the gap. Moreover, the complex Pell grant application process can deter students from pursuing possible financial assistance. The Free Application for Federal Student Aid (FAFSA) form required for Pell grants is three times the length of a typical federal income tax form and includes over 180 questions that can be difficult for students or their families to navigate.[184] In the 2003-2004 school year, an estimated 1.5 million students who were likely eligible for Pell grants, worth around a maximum of over $4,000 at that time,[185] did not file the FAFSA.[186] A 2017 study found that students who did not fill out the FAFSA collectively lost $2.3 billion in federal grant funds for college.[187]

In sum, in their current form, neither tax subsidies nor direct spending programs adequately or equitably support low- and moderate-income families, women-headed families, and families of color.



OPPORTUNITIES & CHALLENGES FOR ADVANCING EQUITY THROUGH REFUNDABLE TAX CREDITS

Low- and moderate-income families – and the women-headed households and families of color overrepresented among them – are currently underserved by both tax provisions and direct spending programs when it comes to housing, child care, transportation, and higher education needs. This section discusses how in contrast to many tax subsidies discussed earlier, which largely exclude low- and moderate-income people, refundable tax credits like the EITC and CTC promote economic security for millions of families and serve as a tool for increasing economic equity. Refundable tax credits can also be used to advance gender and racial equity.

Refundable tax credits are not a one-size-fits-all policy solution, however. As section III describes in greater detail, policymakers should carefully consider whether, when, and how to use tax credits to complement direct spending to support low- and moderate-income families. Depending on the particular policy goal, non-fiscal policies like raising the federal minimum wage, refundable tax credits, increased and sustained investments in direct spending programs, reimagining those programs altogether – or a combination of all of these options – would advance gender, race, and economic equity. Also, policymakers should contemplate whether, and how, existing tax subsidies – especially those that conspicuously exclude low- and moderate-income families to the overwhelming benefit of the wealthy – may need to be reformed or even eliminated. This Section walks through some advantages and limitations of providing assistance as refundable tax credits, especially as compared to direct spending programs (see the Appendices for examples of how the framework can be applied to current policy proposals).

Policymakers should contemplate whether, and how, existing tax subsidies – especially those that conspicuously exclude low- and moderate-income families to the overwhelming benefit of the wealthy – may need to be reformed or even eliminated.

BUILDING ON THE SUCCESSES OF THE EITC & CTC

Refundable tax credits like the EITC and the CTC are tax policies that increase racial, gender, and economic equity. Refundable tax credits also enable workers with low and moderate incomes who pay other taxes, but have little or no federal income tax liability, to receive a refund. The EITC and the Additional Child Tax Credit (ACTC) (the refundable portion of the CTC) are the two refundable tax credits with the most significant impact on low- and moderate-income families.[188] The EITC is designed to support and reward work; the amount of the EITC depends on income, number of children, and marital status.[189] For Tax Year (TY) 2019, the EITC is worth a maximum of $6,557 for workers with more than two children, with smaller credit amounts for workers claiming fewer children or not claiming children.[190] The CTC, which is designed to help families meet the costs of raising children, is worth up to $2,000 per child.[191] The CTC is partially refundable, up to $1,400 for TY 2019, for families with at least $2,500 in earned income.[192]

Refunds from the EITC and the ACTC boost the incomes of low- and moderate-income families and support work by supplementing low wages.[193] These credits also help offset federal payroll taxes,[194] as well as state taxes, such as sales taxes, which disproportionately burden low- and moderate-income families.[195] The Center on Budget and Policy Priorities estimates that the EITC and ACTC kept 7.9 million people out of poverty in 2018, including 4.2 million children.[196] Indeed, these credits keep more families out of poverty than any other federal program, excluding Social Security.[197] Research has demonstrated that income boosts provided by these refundable tax credits improve children's immediate well-being and are associated with improved health and education outcomes during childhood and adulthood, along with an increase in hours worked and earnings.[198]

Importantly, the EITC and CTC particularly benefit women, households of color, and women of color. The EITC and ACTC benefit a larger proportion of households of color than white households,[199] and the share of women of color (both women filing tax returns themselves and as spouses) benefiting from the CTC and ACTC is significantly larger than the share of white women benefiting from these credits.[200] In addition, Black, Latinx, and Native American women have larger average EITC credit amounts than white women.[201] (Latinx and Native American women also have larger average ACTC amounts than white women.)[202]

THE POTENTIAL FOR ADVANCING EQUITY THROUGH REFUNDABLE TAX CREDITS

In addition to providing assistance to low- and moderate-income families where none might otherwise be available, refundable tax credits offer some advantages as compared to direct spending programs.[g]

These advantages (and others) would likewise apply to additional refundable tax credits.[203]

IN PARTICULAR, REFUNDABLE TAX CREDITS LIKE THE EITC AND CTC:

- Have track records of reaching families, since refundable credits can be claimed through a single annual income tax return;
- Offer many families savings and purchasing power beyond what they might have otherwise, since benefits arrive in a lump-sum; and
- Have a higher likelihood of reaching eligible families than some direct spending programs, which are limited by capped funding or other design challenges.

g Refundable tax credits may also be viewed more positively by recipients. Benefits administered through the tax code reinforce the identity of the beneficiary as a taxpayer. Not only does this association confer political benefits previously mentioned, it makes the receipt of benefits a point of pride. Indeed, as Kathy Edin and Luke Shaefer discuss, the delivery of the EITC as a refund tied to work "lends the impression that the government benefit is 'earned,' a just reward for hard work." They also find that there is some delivery dignity with tax credits as tax filing may be seen as more respectful than the going to the "welfare office." Kathryn Edin & Luke Shaeffer, $2 A Day: Living on Almost Nothing in America 172 (2015).

REFUNDABLE TAX CREDITS HAVE A DEMONSTRATED TRACK RECORD OF REACHING FAMILIES

The tax system already administers a wide range of benefits, including refundable tax credits like the EITC and CTC, to millions of taxpayers every year with high participation rates.[204] This administration could certainly be improved, including by adequately funding the IRS. But some aspects of tax code administration, even as it currently exists, weigh in favor of providing more assistance in the form of refundable tax credits like the EITC and CTC.

Households demonstrate eligibility for tax subsidies, including refundable tax credits like the EITC and CTC, annually when filing their federal tax returns. This structure may facilitate claims by independent contractors, contingent workers, and other workers who experience fluctuating hours and income throughout the year and may thus face difficulties applying for and receiving benefits from direct spending programs under existing program rules. Moreover, each tax filer may claim all the relevant tax subsidies (including all of the refundable tax credits for which they may be eligible)[h] on a single federal return, as opposed to submitting separate applications for various direct-spending programs (likely sent to different agencies). While claiming refundable tax credits like the EITC can be complicated, it may be less onerous and time-consuming than completing application processes for many direct spending programs.[205] Further, free tax preparation assistance is available to many low- and moderate-income tax filers through programs such as the Volunteer Income Tax Assistance (VITA) program, which could be expanded to reach even more eligible filers[206] **(see Box 5).**

REFUNDABLE TAX CREDITS FACILITATE FLEXIBILITY & PURCHASING POWER

Refunds from the EITC and CTC are currently distributed once a year, after tax filers' federal tax returns are filed and processed, often providing significant lump sums.[207] Taxpayers receiving these refunds rarely have access to comparable amounts of cash during the year, given that almost 40 percent of adults would not have enough cash (or its equivalent) to meet an unexpected $400 expense.[208] Tax refunds thus provide low-and moderate-income families with flexibility and buying power,[209] allowing them the autonomy to decide how best to meet their family's financial needs.[210] Indeed, some low- and moderate-income families prefer receiving a significant lump-sum, one-time payment.[211]

In contrast, the level of cash assistance to families in poverty distributed through direct spending programs (principally TANF) has plummeted in recent decades. Only around a quarter of TANF funds go directly to families in the form of cash assistance, compared to 70 percent in 1996,[212] and, in almost all states, the amount of TANF assistance is not enough to move a family of three over half the poverty line. In addition, TANF participation has declined for all families in poverty – from 68 percent of eligible families in 1996 to 23 percent in 2017.[213,i]

h Most tax credits require a separate worksheet or schedule, all of which are filed with the federal return.

i In addition, tax refunds offer anonymity to the recipient, since they are issued as a check, or deposited into the taxpayer's bank account (if they have one), compared to the administration of direct spending programs, which can place indirect or direct financial restrictions on the people receiving benefits and are easily identifiable. *See* Jeanine Grant Lister, *The Poor Are Treated Like Criminals Everywhere, Even the Grocery Store,* PostEverything (Apr. 1, 2015), https://www.washingtonpost.com/posteverything/wp/2015/04/01/the-poor-are-treated-like-criminals-everywhere-even-at-the-grocery-store/. Additionally, tax refunds can be split among multiple accounts, providing the flexibility to meet multiple financial needs, from a basic checking account to savings or retirement. *See* I.R.S., Taxpayers Can Get Faster Tax Refunds With Direct Deposit (Apr. 10, 2019), https://www.irs.gov/newsroom/taxpayers-can-get-faster-tax-refunds-with-direct-deposit.

REFUNDABLE TAX CREDITS ARE RESPONSIVE TO NEED

When households meet eligibility criteria for refundable tax credits like the EITC and the CTC, they typically receive the claimed tax benefits.[214] In contrast, many eligible families are not served by direct spending programs. First, many direct spending programs are not designed as federally guaranteed benefits. This insufficient funding limits the number of families who can be served. For example, as discussed in Section I, underfunding of direct spending programs for housing assistance[215] and child care assistance[216] has resulted in fewer families being served and significant waitlists, among other restrictions. In addition, some direct spending programs, like TANF, are unable to be responsive to changes in need, due to structural limitations that limit or cap funding levels.[217] Static funding requires that states reduce the number of people served, benefit size, or other programming as the value of that funding erodes due to inflation.[218] In fact, the Center on Budget and Policy Priorities estimates that 99 percent of TANF participants receive a benefit below the level available when the program was established in 1996.[219] Notably, EITC (and Medicaid) participation rates are higher than those for housing assistance[220] and TANF – which, unlike refundable tax credits and Medicaid, do not serve all eligible claimants (housing assistance because it is subject to inadequate discretionary funding[221] and TANF because it is structured as a block grant).

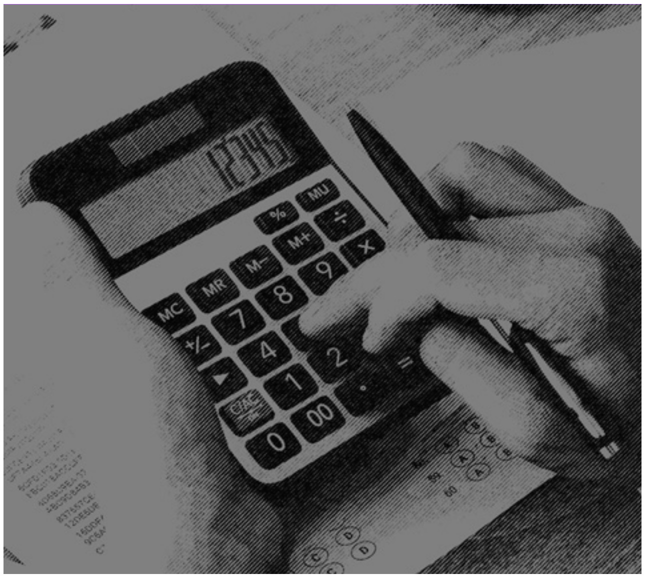
ADDRESSING CHALLENGES & LIMITATIONS OF REFUNDABLE TAX CREDITS TO ADVANCE EQUITY

Refundable tax credits like the EITC and CTC do have some limitations that if addressed, could further boost their reach and impact.

IN PARTICULAR:

- To the extent that they require earned income, the EITC and CTC exclude those who are not in the formal labor market (including many students, people with work-limiting disabilities, and caregivers), are unemployed, or have very low earnings;
- The complexity of the EITC, especially, and the CTC can make it challenging and sometimes costly for low- and moderate-income taxpayers to claim these credits; and
- The timing of the delivery of tax assistance limits the extent to which refundable tax credits can (1) smooth income levels throughout the year for workers with fluctuating incomes and (2) help low- and moderate-income families meet expenses as they arise throughout the year.

Policymakers could further improve refundable tax credits like the EITC and CTC by addressing these limitations, and should also attempt to mitigate these limitations in the design of additional refundable tax credit proposals intended to advance similar policy goals.



REQUIRING EARNED INCOME HAS EQUITY IMPLICATIONS

Requiring earned income to be eligible for refundable tax credits like the EITC and CTC can undermine the credits' equity impacts. The EITC requires taxpayers to have earned income or self-employment income in order to claim the credit, and the CTC similarly requires taxpayers to have earnings in order to receive a refund.[222] As a result, taxpayers with very low or no earnings may receive limited – or no – benefit from these refundable tax credits.

According to the Urban Institute, in 2019, insufficient earnings prevented approximately 16.8 million people (including adults and children) from receiving the maximum EITC, and 16.1 million people were fully excluded due to lack of earnings.[223] The earned income requirements have limited these credits' benefits for the families most disadvantaged in the labor market, like families in which adults have lost jobs in a particular tax year and reported little earned income, but received unemployment insurance benefits, which do not qualify for the purposes of claiming the EITC or refundable CTC. Those who face structural racism and ongoing discrimination and harassment on the basis of race, gender, sexual orientation, or other identities[224] which are barriers to employment, may also be affected by the earned income requirements of the credits. Even during the longest economic expansion in U.S. history, the unemployment rate for Black workers remains nearly twice that of white workers.[225] Moreover, the latest Bureau of Labor Statistics (BLS) data from the second quarter of 2019 show that unemployment rates for Black women and Latinx women are 5.6 percent and 4.3 percent respectively, compared to 3.1 percent for white women.[226] The earned income requirement can also limit or exclude claims by students (including independent students and student-parents), people with job-limiting disabilities, and people – predominantly women – who are unable to participate in formal work because of unpaid caregiving responsibilities.[227]

BOX 3. THE EITC & WORKERS WITHOUT QUALIFYING CHILDREN

Low income workers without qualifying children cannot benefit from the CTC or the larger EITC for families with children.[228] For workers not claiming children, the EITC is worth only a maximum of $529 for TY 2019 – and is available only to workers between the ages of 25 and 64. This means that tax obligations can actually push this group of low income workers below the poverty line.[229] Improving the EITC for workers not claiming qualifying children would address this gap.[230] In addition, wage stagnation for low- and moderate income workers over the past several decades[231] indicates that the EITC for families with children should be increased to mitigate these effects.

Further, the TCJA limited the amount of the refundable CTC to $1,400 in 2019, even though it increased the amount of the CTC from $1,000 to $2,000 per eligible child.[232] This leaves nearly 29 million children in households with at least one working parent not receiving the full benefit of this increase.[233] Researchers at Columbia University's Center on Poverty and Social Policy (CPSP) have found that among Black children and Latinx children, around half will receive less than the full credit compared to 23 percent of white children. The researchers also found that 70 percent of children in women-headed households will receive less than the full credit, compared to 25 percent of children in two-parent households.[234]

Legislation has been introduced that would address both the earned income requirement and the limit on the amount of the refundable CTC (**see Appendix 2**).[235]

BOX 4. EXCLUDING IMMIGRANT FAMILIES HAS EQUITY IMPLICATIONS ACROSS BOTH TAX PROVISIONS & SPENDING PROGRAMS

Like many other federal benefit programs, both means tested and universal, the EITC and CTC exclude or limit the benefit for families that include undocumented immigrants (many of whom are people of color).

Undocumented immigrants do not qualify for a Social Security Number (SSN), but they can use an Individual Tax Identification Number, or ITIN, to file tax returns. However, they cannot claim the EITC if any person on their tax return lacks a SSN that is valid for employment.[236] Similarly, following the passage of the TCJA, if children claimed for the CTC do not have valid SSNs, the claiming taxpayer will be unable to receive both the refundable and non-refundable portions of the CTC.[237] (If children do have SSNs, they can be claimed for the CTC if their parents are undocumented and file using an ITIN.)[238] As a result, millions of children and families are unable to benefit from these credits. In particular, the TCJA ended the CTC for roughly one million children (overwhelmingly "Dreamers" who were brought to this country by their parents),[239] many of whom are Latinx.[240] Further, when recipients of Deferred Action for Childhood Arrivals (DACA) status (which is slated for termination by the Trump Administration) lose their DACA status, they will also lose eligibility for the EITC, even though many have U.S.-born citizen children.

Moreover, the ongoing attacks on immigrant families affect many mixed-status families, whose members are a combination of U.S citizens, legal permanent residents, and undocumented immigrants.[241] The "chilling effect" of the Trump administration's attacks on immigrant families means that many families are not enrolling in public benefits or claiming tax credits for which they are eligible out of fear that participation could jeopardize their or a family member's current status or future chances to obtain lawful permanent residency.[242] As the Center on Budget and Policy Priorities has observed, "some evidence indicates that Spanish-speaking and Latino families, particularly in rural areas, may be less aware of the EITC than some other eligible populations, although residents of areas with high concentrations of immigrants also appear to have higher EITC participation rates."[243] While Latinx families, and particularly Latinx women, benefit significantly from the EITC and CTC and do so at higher rates than white households,[244] these exclusions and broader policies to terrorize immigrant families can undermine economic security for immigrants as well as the families and communities that they contribute to.[245]

THE LEVEL OF COMPLEXITY CAN AFFECT ACCESS

The EITC is a complicated tax credit to claim; the IRS publication on the EITC that individuals are supposed to use when preparing their tax returns is 40 pages long.[246] This complexity leads many EITC recipients to resort to paid tax preparers.[247] In 2013, 3 in 5 households who received the EITC paid for a tax preparer, costing them about $990 million in fees.[248] These costs reduce families' tax refunds and, effectively, constitute de facto access fees. Importantly, families of color are particularly likely to bear these costs: over 70 percent of Latinx and Black low-income families report using paid tax preparers.[249] Unfortunately, the use of paid preparers does not guarantee compliance. The Treasury Department found that unenrolled paid preparers (i.e., preparers "who are neither attorneys, certified public accountants, nor enrolled agents") make errors at a higher rate than other types of preparers.[250]

The complexity of the EITC may not only impose filing costs, but also increase the risk of IRS enforcement action. (A companion report, "The Faulty Foundations of the Tax Code," also examines potential inequities in IRS enforcement and proposes some policy solutions to prevent them.) As IRS funding has declined, the audit rates for high-income households have declined at a faster rate than for low-income households claiming the EITC,[251] despite the much more significant problems with tax evasion in upper-income households and corporations, which contributes 15 times more to the "tax gap" than errors in claiming the EITC.[252] Specifically, in 2018, 43 percent of all individual audits were of EITC recipients, totaling 382,000 returns.[253] While this is less than two percent of EITC filers,[254] reporting from ProPublica has found that the zip codes with the highest EITC audit rates, located in the rural South, were disproportionately Black, raising significant equity concerns.[255] Audits also create chilling effects, decreasing the rate of audited filers' future claiming of the EITC.[256]

Zip codes with the highest EITC audit rates were disproportionately Black.

BOX 5. TAX FILING ASSISTANCE & OTHER TAXPAYER ORIENTED CHANGES CAN REDUCE EITC ERRORS

Advocates and policy analysts have identified a number of ways to reduce some of the negative consequences of the EITC's complexity.

For example, the Taxpayer Advocate Service has recommended regulating paid preparers as a way to reduce erroneous claims of the EITC.[257] The VITA program has also proven effective in assisting low-income taxpayers at no cost to them and has the highest accuracy rate of preparer types. Increasing funding for this successful program could also reduce barriers to claiming the EITC.[258] Increasing IRS funding, re-evaluating some of the agency's EITC audit procedures, and shifting from an "enforcement" towards a "compliance" mindset also might mitigate the consequences of the EITC's complexity for low- and moderate-income households.

Some requirements of the CTC are also complicated. For example, parents who are divorced can "trade off" the ability to claim the CTC; such arrangements can be complicated for tax filers to document.[259] (More generally, substantial changes to family structures in the U.S. overall as well as changes to particular families' structures over time can make claiming children for the CTC, as well as the EITC, challenging for many families.)[260] In addition, partial refundability of the CTC adds complexity in terms of how to claim the credit, and may add confusion for the filer over the refund amount. Similarly, a Government Accountability Office (GAO) report indicated that the complexity of the AOTC resulted in nearly 1 in 4 middle-class families eligible to receive the AOTC claiming less than the maximum to which they were entitled.[261]

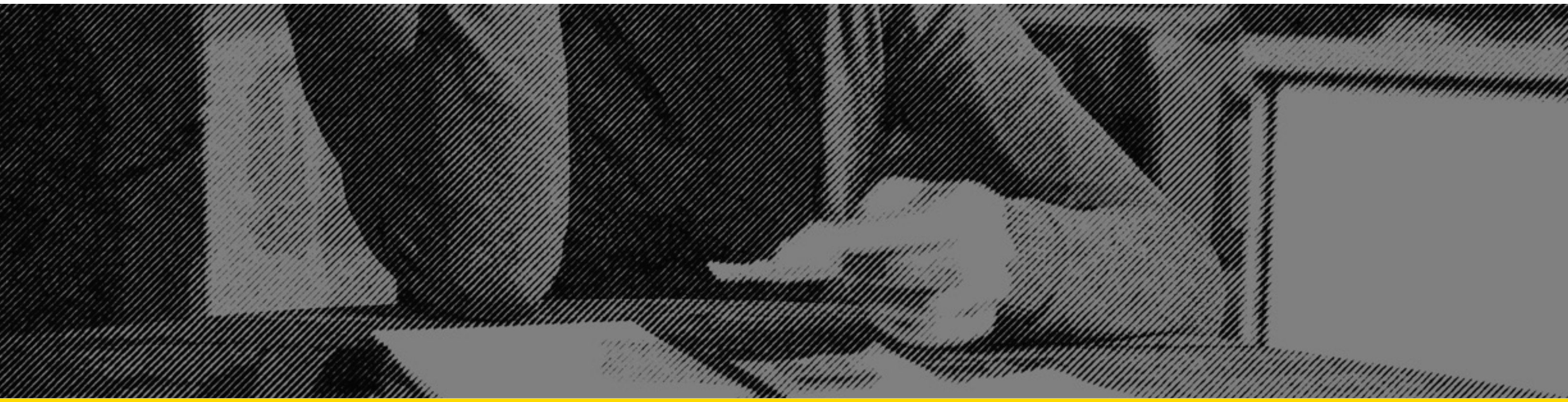
There are existing administrative and legislative proposals to reduce the complexity of refundable credits like the EITC, as well as mitigate the consequences of their current complexity.[262] Policymakers should also prioritize ensuring that new refundable tax credits are not unduly complex.

THE TIMING OF BENEFITS SHOULD WORK WITH FAMILIES' ECONOMIC REALITIES

As discussed earlier, the receipt of tax refunds as a lump sum provides advantages for low- and moderate-income families, including the opportunity to reduce accumulated debt, make large purchases or investments they might not otherwise have the cash to undertake, and put aside savings or otherwise build assets.[263] However, receiving tax refunds from the EITC and CTC as a lump sum fails to address ongoing liquidity needs of resource-constrained families, who may resort to payday lenders or other predatory financial products throughout the year – accruing interest rates that erode the value of lump-sum payment relative to receiving the credit in more periodic intervals.[264] This can be particularly problematic for workers with fluctuating incomes, such as seasonal or contingent workers.

Moreover, when tax credits are intended to help families meet particular costs – such as expenses for higher education – the timing of refunds are often disconnected from the kind of expenses they are intended to subsidize. For example, costs such as tuition and fees are due at the beginning of the semester, but the AOTC cannot be claimed until tax-filing season begins; families often wait more than a year after paying these expenses before they receive tax assistance.[265] Likewise, even if the CDCTC were to be made refundable, child and dependent care expenses remain ongoing.

While many families prefer lump-sum payments and have budgeted around the timing of them, some households could benefit from the option to elect periodic or advance payments throughout the year,[266] which could help with food, housing, and other ongoing costs. Bipartisan legislative proposals to establish periodic or advance payment options for the EITC and CTC exist, and have attracted widespread support.[267]



A POLICY FRAMEWORK FOR ADVANCING EQUITY THROUGH REFUNDABLE TAX CREDITS

This section proposes a framework to assist policymakers and policy influencers in evaluating, designing, and strengthening refundable tax credits to most effectively and equitably advance economic security and opportunity, particularly for women and people of color. As set forth in Section I, when spending-side programs and tax policies are designed in isolation or actively pitted against one another,[268] low- and moderate-income people fall through the cracks. As outlined in Section II, there are advantages and limitations to using refundable tax credits as a strategy to fill those gaps.

This third section aims to provide lawmakers with the tools to navigate the interplay between direct spending programs and tax policies and determine when and how to best use a refundable tax credit as a policy tool to advance equity. Appendices 1 and 2 then provide illustrative applications of the framework to proposals to strengthen the CDCTC as well as to the Working Families Tax Relief Act (which would strengthen the EITC and CTC).

Previous analyses have laid important groundwork about considerations to effectively leverage the tax code to advance specific policy goals.[269] The framework outlined in this section builds on this work and is designed as a decision tree in which policy and political context are both central inputs. Thus, when the political or policy context shifts, the answers can adjust accordingly, placing a greater emphasis on spending side investment over tax credits, or vice versa, as the context requires. This adaptable design ensures lawmakers and other policy influencers avoid two common traps: (1) allowing the perfect to become the enemy of the good; or (2) championing small-scale proposals that can undermine more effective and visionary policy solutions. While this framework is not exhaustive, it is intended to help policymakers propose and enact effective and equitable refundable tax credits.

Based on the answers to these questions in the framework below, lawmakers should be able to answer the central question of this report: would this tax proposal advance income, gender, racial, and/or other forms of equity? And they should feel confident that their proposal does so, in ways that are grounded in both practical and political considerations and yet consistent with advancing a longer-term and more visionary policy agenda.

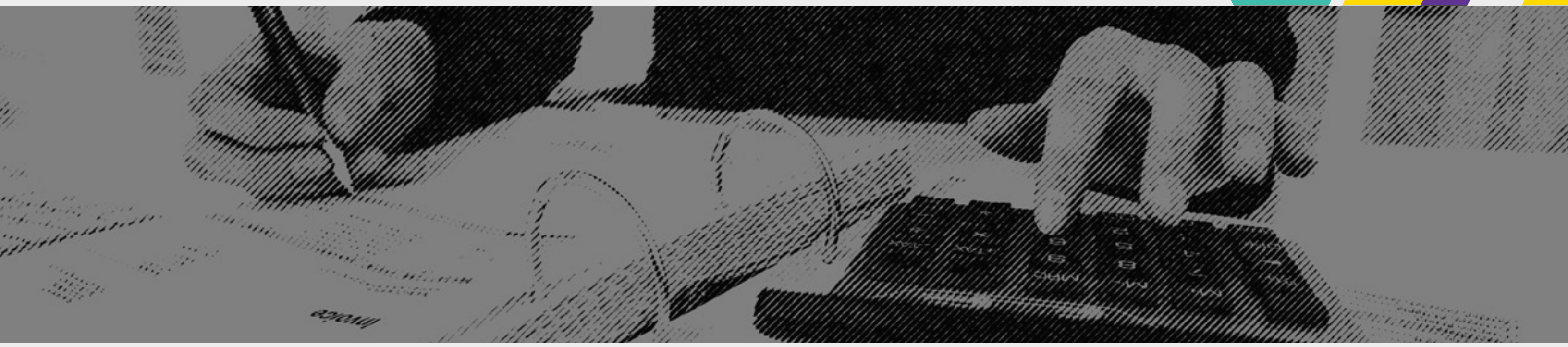


FIGURE 6. AN EQUITY FRAMEWORK FOR EVALUATING REFUNDABLE TAX CREDITS & PROPOSALS TO REFORM THEM

OVERARCHING QUESTIONS	GUIDING QUESTIONS	NEXT STEPS/GUIDANCE
QUESTION 1. What is the policy goal?	**A.** Is there any reason to not equitably reach low- and moderate-income people, women, people of color, LGBTQ people, people with disabilities, immigrant families, or other historically disadvantaged groups as a part of this policy goal?	The answer should always be “no”.
	B. Is there an existing tax subsidy intended to further this policy goal that excludes low- and moderate-income people, women, people of color, or other historically disadvantaged groups?	If the answer is no, determine if there is a spending side program that could be strengthened as part of the strategy to achieve the policy goal (**see question 1C**). If the answer is yes, based on the revenue effects and potential for the tax subsidy to reach low- and moderate-income families, lawmakers should evaluate if it is better to (1) eliminate the existing tax expenditure altogether (since it does not help those who need it most and the revenue could be put to better use); or (2) to significantly reform it in a way that increases equity creation of a refundable credit.
	C. Is there a direct spending program that also seeks to achieve this policy goal?	If there is no tax or spending program, proceed to **Question 2** to see how, if at all, a new tax credit proposal could equitably advance the policy goal. If there is a direct spending program, see discussion in **Question 2** below.

FIGURE 6 CONTINUES ON THE FOLLOWING PAGE

OVERARCHING QUESTIONS	GUIDING QUESTIONS	NEXT STEPS/GUIDANCE
QUESTION 2. How would this proposed tax credit complement any direct spending programs that further this policy goal & target low- & moderate-income families?	**A.** If a complementary direct spending program exists that also seeks to achieve this policy goal, is it funded to automatically reach all who are eligible, or otherwise fully funded?	If there is not a direct spending program that is already successfully reaching low-income families and fully funded, a tax credit can be helpful in filling in gaps or reaching more families.
	B. If so, does the proposed tax credit subsidize expenses or behaviors not covered by the spending-side program?	If there is a fully-funded spending program, return to **Question 1** and consider the efficacy of a new tax credit. Alternatively, ensure the design of the credit is complementary to existing spending programs, for example, by subsidizing expenses and behaviors not covered by the programs.
	C. Is the activity being subsidized best provided through the private market or as a public good?	If the answer is the private market, a refundable tax credit can be a helpful tool to bolster families' income to purchase the good/service on the private market. If the answer is that the activity is either best provided by the government or best provided by the private market but with a significant role for the government in setting standards and guidelines, a tax credit should only serve an ancillary function.
QUESTION 3. Does the structure of the tax credit proposal meet the needs and/or preferences of low- & moderate-income families?	**A.** Is the proposed tax subsidy in the form of a fully refundable tax credit?	If not, return to **Question 1A**. Lawmakers should revisit the proposal to ensure full refundability.
	B. Does the proposed tax credit address specific barriers faced by low- and moderate-income people (including in claiming existing tax subsidies)?	In designing equitable refundable credits, lawmakers should consider not only income barriers (by making the credit fully refundable), but also barriers to claiming the credit, such as documentation requirements.
	C. Is the proposed tax credit simple, easy to claim and administer, and unlikely to give rise to additional enforcement efforts?	If the answer is no, it is important to revisit the design of the credit.
	D. Given the timing of the activity, would the option of ongoing, real-time payments or in-kind benefits assist low- and moderate-income families, as well as a lump-sum refund?	If the latter, a tax credit can be a stronger tool to reach the policy goal. If the former, consider if it is possible to create a well-functioning and attractive periodic payment option for the proposed tax credit. If not, does a lump-sum refund serve an important, though ancillary function?

1. WHAT IS THE POLICY GOAL?

By asking policymakers and policy influencers to articulate the goal of their tax proposal, this overarching question seeks to set the expectation that the policy goal should be inclusive.

Is there any reason to not equitably reach low- and moderate-income people, women, people of color, LGBTQ people, people with disabilities, immigrant families, or other historically disadvantaged groups as part of this policy goal?

The first sub-question in the framework reminds policymakers that there is rarely, if ever, a rationale for excluding low- and moderate-income households, women, people of color, and other marginalized groups from tax policy proposals that further policy goals like supporting work, meeting basic needs, and building wealth and access to opportunity.

Is there an existing tax subsidy intended to further this policy goal that excludes low- and moderate-income people, women, people of color, or other historically disadvantaged groups?

This sub-question should lead policymakers to take concrete steps to address existing tax subsidies that exclude people with low and moderate incomes, women, people of color and others. Insofar as tax subsidies already exist, equity in the tax code can only be achieved by both (1) ensuring that women and people of color have equitable access to tax provisions; and (2) that the tax code provides enough revenue to adequately fund our shared priorities.

Overall, policymakers need to cut back on tax expenditures that exclude low- and moderate-income households – many of which forego significant amounts of tax revenue, undercutting investment on the spending side. As set forth above, this report takes the view that part of policymakers' decision-making process should be to consider who in our country most needs tax assistance in furtherance of specific policy goals, and that policymakers should target tax policies accordingly.

Is there a direct spending program that also seeks to achieve this policy goal?

As the discussion in Section I of this report makes clear, the existence of a direct spending program does not obviate the utility of a refundable tax credit. Rather, it invites an analysis of whether a tax credit along with direct spending assistance could further the policy goal. Moreover, as flagged under Question 2 below, even if direct spending programs with the same goal were able to fully assist all eligible people, refundable tax credits may still serve a complementary function that both increases economic security and advances equity. In any event, there is no rationale for excluding historically marginalized groups from receiving tax subsidies or limiting their potential benefits up front.

2. HOW WOULD THIS PROPOSED TAX CREDIT COMPLEMENT ANY DIRECT SPENDING PROGRAMS THAT FURTHER THIS POLICY GOAL & TARGET LOW- & MODERATE-INCOME FAMILIES?

Question 2 assesses the proposed tax credit's function and how the credit would align with any direct spending program designed to further the same policy goal. This inquiry is necessary to ensure that the tax proposal does not inadvertently undercut more ambitious and comprehensive proposals to advance the policy goal and that the tax proposal is explicitly intended to fill gaps in funding or function of direct spending programs (rather than duplicate efforts of direct spending programs). Notably, the answers to this question may change over time, as funding fluctuates, policies are modified, or bolder, visionary proposals are enacted.

If a complementary direct spending program exists that also seeks to achieve this policy goal, is it funded to automatically reach all who are eligible, or otherwise fully funded? If so, does the proposed tax credit subsidize expenses or behaviors not covered by the spending-side program?

The questions in this section of the framework invite policymakers to consider tax credit proposals in the context of both a long-term, ambitious policy vison and in the context of how they can be complementary to direct spending programs as they exist now – in the current budget climate, and in light of historic underfunding of many direct spending programs. The first sub-question, in particular, pushes policymakers to consider whether a direct spending program has the capacity to provide assistance to all those who need it. If not, refundable tax credits can fill gaps caused by insufficient assistance from direct spending programs.

These sub-questions also require policymakers to think clearly about how tax credits can be leveraged to complement and amplify spending-side supports to boost the economic security of low- and moderate-income families, even if direct spending programs are fully funded and can provide benefits for all those who need them. For example, under CCDBG, child care providers can charge parents copayments, and in some states, can charge parents the difference between the CCDBG voucher amount and the rates the provider would ordinarily charge.[270] These costs can place a strain on low-income families' budgets. Copayments are not reimbursed under CCDBG, but families can claim them as expenses for the CDCTC,[271] providing a complementary role for the CDCTC even in a world where child care assistance is fully-funded.

Is the activity being subsidized best provided through the private market or as a public good?

The sub-question seeks to explore other reasons for which assistance provided through direct funding programs might be the best, or at least the primary, means of furthering a policy goal for low- and moderate-income people: if the good or activity being subsidized is best provided as a public good (or a regulated private good), or whether it can be provided by the private market. Specifically, this question asks policymakers to consider whether it is acceptable to provide low- and moderate-income people with resources to procure the good or service on the market, or whether the good or service in question is best provided through a government program. This may be because the government may be best positioned to enforce standards and guidelines, which the private market is unlikely to provide on its own. In such a case, while a tax credit can be a complementary policy, a more comprehensive spending-side policy that addresses these and other systemic needs should be the primary tool to advance a policy goal. A tax credit can assist the spending-side policy as a complementary policy. In contrast, if the good is something like homeownership or additional income, then a refundable tax credit might be well-suited to provide a more significant share of assistance.

3. DOES THE STRUCTURE OF THE TAX PROPOSAL MEET THE NEEDS &/ OR PREFERENCES OF LOW- & MODERATE-INCOME FAMILIES?

This question is intended to ensure that policymakers focus on centering low- and moderate-income women and people of color in the policy's design.

Is the proposed tax subsidy in the form of a fully refundable tax credit?

Fundamental to tax subsidies increasing equity is their availability to low- and moderate-income people. Low- and moderate-income families simply do not have sufficient tax liability to claim or meaningfully benefit from tax provisions that are not refundable credits. Even nonrefundable tax provisions otherwise intended to benefit lower-income families, like the CDCTC, are in the end not available to those families because of their lack of refundability. Thus, tax subsidies must take the form of a fully refundable tax credit so that they can provide additional resources to low- and moderate-income families.[273]

Does the proposed tax credit address specific barriers faced by low- and moderate-income people (including in claiming existing tax subsidies)?

The second sub-question invites policymakers to ensure that tax policies are designed to fully include low- and moderate-income people. For example, as discussed above, requiring families to have at least $2,500 in earned income in order to receive the refundable portion of the CTC (or ACTC) means that very low-income households with children – who could use a substantial tax refund to defray the costs of raising children – will be unable to do so or will receive less than upper-income households.[274] By asking policymakers to consider barriers low-income families face, the framework intends to spur policymakers to address and resolve limitations, like the earned income requirement for a benefit designed to offset the costs of raising children.

Is the proposed tax credit simple, easy to claim and administer, and unlikely to give rise to additional enforcement efforts?

Careful design and implementation of refundable tax credits will consider how to avoid or minimize certain administrative and compliance challenges that may arise. As discussed above, the complexity of the EITC's requirements leads many low- and moderate-income families to rely on paid tax preparers, which (at best) reduces the net gain they receive from a tax refund and (at worst) may place them at greater risk of audit, because of the well-established error rates of paid preparers when preparing tax returns claiming the EITC. All else equal, tax policies that are simple to claim and administer would more adequately serve low- and moderate-income people and reduce inequality overall – including because IRS enforcement resources can be further deployed to investigate higher-income tax filers who contribute more significantly to the tax gap.[275]

Given the timing of the activity, would the option of ongoing, real-time payments or in-kind benefits assist low- and moderate-income families, as well as a lump-sum refund?

The final sub-question asks policymakers to consider ensuring that the timing of assistance is coordinated with the accrual of expenses that are intended to be subsidized. In general, assistance through direct funding programs is provided on an ongoing basis, as costs are incurred, while tax refunds are received as a lump sum payment once a year, after a federal tax return is filed. If ongoing, real-time payments are necessary, policymakers may consider providing assistance primarily through direct spending programs. Alternatively, they should consider whether or not there are ways to administer periodic payments of refundable tax credits. The advantages of lump-sum refund payments (such as facilitating savings or asset-building) for low-income families should lead policymakers to provide periodic or advance payments as an option, but not as the sole form of the benefit.

WOULD THIS TAX PROPOSAL ADVANCE INCOME, GENDER, RACIAL, AND OTHER FORMS OF EQUITY?

The framework is intended to help policymakers answer this ultimate question. In addition to the analysis guided by the questions in the framework, policymakers should utilize policy tools such as inclusive budgeting and equity impact statements (both of which are described in a companion report, "The Faulty Foundations of the Tax Code").[276] If policymakers cannot conclude that the tax provision or proposal would advance equity, they should go back to square one and revisit the design of the tax proposal.

Taken together, these questions should help lawmakers answer the fundamental question: Would this tax proposal advance income, gender, racial, and other forms of equity?

IS THIS TAX CREDIT PROPOSAL ADVANCING EQUITY?

- Is it fully refundable?
- Does the activity it subsidizes reflect needs and preferences of low- and moderate-income people?
- If there is an existing spending program, does the credit fill a gap in assistance?
- Does it provide an income boost that will help working families afford goods on the private market, or build wealth?
- Does it limit adding new documentation or administrative requirements?

CONCLUSION

Refundable tax credits have the potential to fill gaps in assistance for low- and moderate-income families underserved by both the tax code and direct spending programs and, in doing so, address racial, gender, and socioeconomic disparities.

Of course, raising the federal minimum wage is an essential and primary policy tool to increase incomes for many households, and direct spending is often a superior policy option for reaching families through supports such as rental assistance or child care. But, as this report illustrates, refundable tax credits can serve as important complementary policy tools for equity, bolstering (rather than undercutting) efforts to increase investments in working families through direct spending programs that provide foundational assistance as well as through policies that raise wages and strengthen worker protections and supports. While the tax code is in effect not gender- or race-neutral, policymakers can leverage refundable tax credits to ameliorate some of its existing embedded inequities as well as mitigate broader systemic barriers to economic inclusion and mobility that most affect women and people of color.

In sum, for refundable tax credits to meet their full potential, policymakers must be clear about their goals and purpose, thoughtful in their design, and intentional about advancing gender and racial equity. The framework proposed by this report is a key resource to do just that – arming lawmakers with the tools to make the tax code work for the rest of us.

APPENDICES

APPENDIX 1.

APPLYING FRAMEWORK TO THE CHILD & DEPENDENT CARE TAX CREDIT ENHANCEMENT ACT OF 2019 & ALTERNATIVE REFUNDABLE CDCTC

The CDCTC Enhancement Act of 2019, introduced by Sen. Bob Casey and Rep. Danny Davis, would (1) make the CDCTC refundable, (2) increase the maximum credit amount from $2,100 to $6,000, (3) increase the income level at which the maximum credit is available, and (4) index the credit amounts for inflation.[277]

Even with full refundability, one ongoing dilemma is how to reduce the documentation challenges faced by low- and moderate-income families who use informal (or multiple) care arrangements because of unpredictable work schedules, the cost of more formal care, transportation challenges, and other barriers. An NWLC idea under development is an alternative, fully refundable CDCTC for families who attest on their tax forms that they work, are in training or educational programs to prepare for work, or are looking for work; fall under a certain income limit; and have children in child care. This credit would have reduced documentation requirements.

I. ***What is the policy goal?*** To help families with the costs of the child or dependent care required for adults in the family to work, look for work, or go to school.

A. ***Is there any reason to not equitably reach low- and moderate-income people, women, people of color, LGBTQ people, people with disabilities, immigrant families, or other historically disadvantaged groups as part of this policy goal?*** No.

B. ***Is there an existing tax subsidy intended to further this policy goal that excludes low- and moderate-income people, women, people of color, and other historically disadvantaged groups?*** Yes—the nonrefundable CDCTC and the Dependent Care Assistance Plan. (See earlier discussion).

C. ***Is there a direct spending program that also seeks to achieve this policy goal?*** Yes, CCDBG.

II. ***How would this proposed tax credit complement any direct spending programs and other policies that further this policy goal and target low- and moderate-income families?***

A. ***If a complementary direct spending program exists that also seeks to achieve this policy goal, is it funded to automatically reach all who are eligible, or otherwise fully funded?*** No.

B. ***If so, then does the proposed tax credit subsidize expenses or behaviors not covered by the spending-side program?*** Child care assistance should be tackled comprehensively on the spending side and NWLC has collaborated with a range of organizations to lay out principles for an effective policy solution. However, even if child care assistance were fully funded, the enhanced or alternative CDCTC could cover complementary expenses, including parent co-payments.

C. ***Is the activity being subsidized best provided through the private market or as a public good?*** In the case of care for children and dependents, there is a strong role for government in ensuring quality standards, a well-trained and fairly compensated workforce, and adequate supply—none of which the market will provide on its own.[278] Thus, direct spending should be the primary policy vehicle through which to advance the policy goal, but there is a strong case for strengthening the CDCTC as a complementary policy.

III. ***Does the structure of the tax credit proposal meet the needs and/or preferences of low- and moderate-income families?***

A. ***Is the proposed tax subsidy in the form of a fully refundable tax credit?*** Yes.

B. ***Does the proposed tax credit address specific barriers faced by low- and moderate-income people (including in claiming existing tax subsidies)?*** Yes, for both. The CDCTC Enhancement Act recognizes that moderate-income families need help paying for child care by increasing the income levels at which the maximum credit is available to $120,000 (currently, $15,000). The alternative CDCTC recognizes that low- and moderate-income families are more likely to use informal care – especially for infants and toddlers – but may face administrative challenges for claiming the CDCTC as currently structured.

C. ***Is the proposed tax credit simple, easy to claim and administer, and unlikely to give rise to additional enforcement efforts?*** Yes, for both. The CDCTC Enhancement Act builds upon the same administrative structure as the current credit; the alternative CDCTC requires an attestation rather than documentation.

D. ***Given the timing of the activity, would the option of ongoing, real-time payments or in-kind benefits assist low- and moderate-income families, as well as a lump-sum refund?*** Child and dependent care costs are ongoing and must be paid monthly. In addition, the cost of care is so significant that it is hard for families to "float" the costs until taxes are filed.[279] Therefore, CCDBG should be the primary policy tool to help families afford child and dependent care, but a refundable tax credit can fill important gaps in assistance.

IV. ***Would this tax proposal have a positive impact on low- and moderate-income people, women, people of color, and others?*** Yes; it was estimated in 2006 that over a million families would benefit if the CDCTC were just made refundable, most of them with incomes under $30,000.[280]

APPENDIX 2.

APPLYING FRAMEWORK TO THE WORKING FAMILIES TAX RELIEF ACT

The Working Families Tax Relief Act of 2019, introduced by Senators Brown, Bennet, Durbin, and Wyden and Representatives Kildee and Evans, would improve the EITC for workers not claiming children and strengthen the CTC.[281]

SPECIFICALLY, THE BILL WOULD:

- Significantly expand the amount of the EITC for workers not claiming children, and expand the age range for eligibility to 19-67 (instead of 25-64 as under current law);
- Allow workers to choose a $500 advance on their EITC refund;
- Make the CTC fully refundable;
- Allow families to choose to receive their CTC in advance monthly installments; and
- Create a new, $3,000 Young Child Tax Credit for families with children under age 6.

I. ***What is the policy goal?*** Increase families' incomes to address wage stagnation and the increasing costs of raising children.

A. ***Is there any reason to not equitably reach low- and moderate-income people, women, people of color, LGBTQ people, people with disabilities, immigrant families, or other historically disadvantaged groups as part of this policy goal?*** No.

B. ***Is there an existing tax subsidy intended to further this policy goal that excludes low- and moderate-income people, women, people of color, and other historically disadvantaged groups?*** No.

C. ***Is there a direct spending program that also seeks to advance this policy goal?*** Not really, given the severe underfunding of TANF, although a robust minimum wage is a strong complement to the EITC.

II. ***How would this proposed tax credit complement direct spending programs that further this policy goal and target low- and moderate-income families?***[282]

A. ***If a complementary direct spending program exists that also seeks to achieve this policy goal, is it funded to automatically reach all who are eligible, or otherwise fully funded?*** No.

B. ***If so, then does the proposed tax credit subsidize expenses or behaviors not covered by the spending-side program?*** N/A.

C. ***Is the activity being subsidized best provided through the private market or as a public good?*** The private market (payment of wages).

III. ***Does the structure of the tax proposal meet the needs and/or preferences of low- and moderate-income families?*** For example:

A. ***Is the proposed tax subsidy in the form of a refundable tax credit?*** Yes.

B. ***Does the proposed tax credit address specific barriers faced by low- and moderate-income people (including in claiming existing tax subsidies)?*** Yes; in its current form, the EITC for workers not claiming children is not large enough to keep the incomes of low-paid workers from being pushed below the poverty line by federal income taxes;[283] the refundable CTC (or ACTC) is limited to $1,400 of the $2,000 CTC amount and requires $2,500 in earned income to be claimed.[284] The Working Families Tax Relief Act would eliminate these limitations to both the EITC for workers not claiming children and the CTC. In addition, the bill would address the higher cost of raising young children, which places a higher burden on families with lower incomes.[285]

C. ***Is the proposed tax credit simple, easy to claim and administer, and unlikely to give rise to additional enforcement efforts?*** The proposed credits build on the existing EITC and CTC infrastructures, with the exception of offering a new option of a $500 EITC advance payment and advance monthly installments of the CTC, which will likely require some administrative innovations.

D. ***Given the timing of the activity, would the option of ongoing, real-time payments or in-kind benefits assist low- and moderate-income families, as well as a lump-sum refund?*** There is no specific activity being subsidized.

   i. ***If the former, is it possible to create a periodic payment option for the proposed tax credit?*** The bill proposes an advance of up to $500 of the EITC and advance monthly payments of the CTC to help with expenses as they arise throughout the year.

   ii. ***If the former, does a lump-sum refund serve an important, though ancillary function?*** Yes.

IV. ***Would this tax proposal have a positive impact on low- and moderate-income people, women, people of color, and others?*** Yes; together, the bill's EITC and CTC expansions would increase the incomes of approximately "24 million white families, nine million Latinx families, eight million Black families, and two million Asian families."[286] If this legislation had been in effect in 2017, over 25 million working women would have benefitted—including almost 4.9 million Black women, nearly 4.8 million Latinx women, 1.3 million Asian women, and 280,000 Native American women.[287]

ENDNOTES

1 Drew Desilver, *The biggest U.S. tax breaks*, Pew Research Ctr. (2016), https://www.pewresearch.org/fact-tank/2016/04/06/the-biggest-u-s-tax-breaks/; Kriston Capps, *Cory Booker and Kamala Harris Want a Monthly IRS Tax Credit for Rent*, City Lab (2019). https://www.citylab.com/equity/2019/03/tax-refund-rent-payment-affordable-housing-assistance/584065/; Ctr. for Budget & Pol'y Priorities, *New Federal Renters' Credit Proposal*, https://www.cbpp.org/new-federal-renters-credit-proposal (last visited Sept. 25, 2019); TaxSlayer, *Do Renters Qualify for A Tax Deduction?* (Sept. 25, 2019), https://www.taxslayer.com/blog/do-renters-qualify-for-a-tax-deduction/.

2 *See, e.g.*, Nat'l Women's Law Ctr., *The Republican Tax Plan: What's at Stake for Women and Families* 1, 1-3 (2017), https://nwlc-ciw49tixgw5lbab.stackpathdns.com/wp-content/uploads/2017/11/GOP-Tax-Plan-Whats-at-Stake-for-Women-and-Families-FINAL.pdf (using calculations based on U.S. Census Bureau, 2016 Current Population Survey, table hInc-05 Percent distribution of households, By selected characteristics Within Income Quintile and top 5 percent, available at https://www.census.gov/data/tables/time-series/demo/income-poverty/cps-hinc.html to conclude that female-headed households were underrepresented among households receiving the bulk of tax benefits of the TCJA); Darrick Hamilton & Michael Linden, *Hidden Rules of Race Are Embedded in the New Tax Law*, Roosevelt Inst. 1, 1 (2018), https://rooseveltinstitute.org/wp-content/uploads/2018/05/Hidden-Rules-of-Race-and-Trump-Tax-Law.pdf (using 2016 Current Population Survey to conclude that "The richest Americans are the disproportionate beneficiaries of the Trump tax law, and the richest Americans are also disproportionately white."); Chye-Ching Huang & Roderick Taylor, *How the Federal Tax Code Can Better Advance Racial Equity*, Ctr. on Budget & Pol'y Priorities 1, 19 (2019), https://www.cbpp.org/research/federal-tax/how-the-federal-tax-code-can-better-advance-racial-equity; *see also* Michael Leachman, Michael Mitchell, Nicolas Johnson, & Erica Williams, *Advancing Racial Equity Through State Tax Policy*, Ctr. Budget & Pol'y Priorities 1, 1 (2018), https://www.cbpp.org/research/state-budget-and-tax/advancing-racial-equity-with-state-tax-policy.

3 William G. Gale & Aaron Krupkin, *Did the Tax Cuts and Jobs Act Pay for Itself in 2018?*, Tax Pol'y Ctr. (2019), https://www.taxpolicycenter.org/taxvox/did-tax-cuts-and-jobs-act-pay-itself-2018.

4 *See, e.g,* Nathan Joo & Ricard V. Reeves, *White Still: The American Upper-Middle Class*, Brookings Inst., (2017), https://www.brookings.edu/blog/social-mobility-memos/2017/10/04/white-still-the-american-upper-middle-class/; *see also* Nat'l Women's Law Ctr., *supra* note 2 (using calculations based on U.S. Census Bureau, 2016 Current Population Survey, table hInc-05 Percent distribution of households, By selected characteristics Within Income Quintile and top 5 percent, available at https://www.census.gov/data/tables/time-series/demo/income-poverty/cps-hinc.html to conclude that female-headed households were underrepresented among the top 20 percent of households and overrepresented among the bottom 20 percent of households); Hamilton & Linden, *supra* note 2; Huang & Taylor, *supra* note 2.

5 Anthony C. Infanti, Our Selfish Tax Laws 110 (Cambridge, MA: MIT 2018).

6 *See, e.g.*, Nat'l Women's Law Ctr., *The Wage Gap: The Who, How, Why, and What to Do*, 1,1 (2019), https://nwlc.org/resources/the-wage-gap-the-who-how-why-and-what-to-do/ (hereinafter "*The Wage Gap*"); Jasmine Tucker & Kayla Patrick, *Low-Wage Jobs Are Women's Jobs: The Overrepresentation of Women in Low-Wage Work*, Nat'l Women's Law Ctr. 1,1 (2017), https://nwlc.org/resources/low-wage-jobs-are-womens-jobs-the-overrepresentation-of-women-in-low-wage-work/.

7 Nat'l Women's Law Ctr., *National Snapshot: Poverty Among Women & Families*, 1, 1-3 (2018), https://nwlc-ciw49tixgw5lbab.stackpathdns.com/wp-content/uploads/2018/09/National-Snapshot.pdf.

8 Nat'l Women's Law Ctr., *supra* note 2, at 1.

9 *See, e.g.*, Kayla Patrick, Jasmine Tucker & Amy Matsui, *By the Numbers: Data on Key Programs for the Well-Being of Women & Families*, Nat'l Women's Law Ctr., 1, 1 (2018), https://nwlc-ciw49tixgw5lbab.stackpathdns.com/wp-content/uploads/2018/06/FINAL-By-The-Numbers.pdf; Chuck Marr & Yixuan Huang, *Women of Color Especially Benefit from Working Family Tax Credits*, Ctr. on Budget & Pol'y Priorities (2019), https://www.cbpp.org/research/federal-tax/women-of-color-especially-benefit-from-working-family-tax-credits; Samantha Waxman, *State EITCs Make Work Pay for People of Color and Women*, Ctr. on Budget & Pol'y Priorities (Aug. 31, 2018, 9:45 AM), https://www.cbpp.org/blog/state-eitcs-make-work-pay-for-people-of-color-and-women.

10 *See, e.g.*, Joo & Reeves, *supra* note 4; Rakesh Kochhar & Anthony Cilluffo, *Appendix A: Income Distributions of whites, blacks, Hispanics and Asians in the U.S., 1970 and 2016*, Pew Research Ctr. 1, 40 (2018), https://www.pewsocialtrends.org/2018/07/12/appendix-a-income-distributions-of-whites-blacks-hispanics-and-asians-in-the-u-s-1970-and-2016/.

11 Kaiser Family Found., Poverty Rate by Race/Ethnicity 2017, https://www.kff.org/other/state-indicator/poverty-rate-by-raceethnicity/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D (last visited Sept. 25, 2019).

12 *Id.*

13 Huang & Taylor, *supra* note 2 at 1.

14 *Id.*

15 Nat'l Women's Law Ctr. calculations based on U.S. Census Bureau, 2017 Current Population Survey, using Sarah Flood, Miriam King, Renae Rodgers, Steven Ruggles, and J. Robert Warren. Integrated Public Use Microdata Series, Current Population Survey: Version 6.0 [dataset]. Minneapolis, MN: IPUMS, 2018. https://doi.org/10.18128/D030.V6.0.

16 Nat'l Women's Law Ctr. calculations based on U.S. Census Bureau, Current Population Survey, 2017 Annual Social and Economic Supplement, *available at* https://www.census.gov/programs-surveys/cps.html.

17 Danyelle Solomon & Christian E. Weller, *When a Job Is Not Enough*, Ctr. for Am. Progress (2018), https://www.americanprogress.org/issues/race/reports/2018/12/05/461823/job-not-enough/.

18 Huang & Taylor, *supra* note 2 at 14; Marr & Huang, *supra* note 9.

ENDNOTES

19 Chuck Marr, Chye-Ching Huang, Arloc Sherman & Brandon Debot, *EITC and Child Tax Credit Promote Work, Reduce Poverty, and Support Children's Development, Research Finds*, Ctr. Budget & Pol'y Priorities 1, 1 (2015), https://www.cbpp.org/sites/default/files/atoms/files/6-26-12tax.pdf.

20 *See, e.g.*, *The Wage Gap*, *supra* note 6, at 1.

21 *See, e.g.*, Tucker & Patrick, *supra* note 6.

22 Marr & Huang, *supra* note 9, at 2.

23 Huang & Taylor, *supra* note 2, at 14.

24 Marr et al., *supra* note 19, at 11.

25 Arloc Sherman & Tazra Mitchell, *Economic Security Programs Help Low-Income Children Succeed Over Long Term, Many Studies Find*, Ctr. on Budget & Pol'y Priorities 1, 7 (2017), https://www.cbpp.org/research/poverty-and-inequality/economic-security-programs-help-low-income-children-succeed-over.

26 Harry Stein, *Budgeting for Public Investments and Economic Growth*, Ctr. for Am. Progress 1, 2 (2016), https://www.americanprogress.org/issues/economy/reports/2016/09/14/143064/budgeting-for-public-investments-and-economic-growth/.

27 Eric Toder, *Tax Cuts or Spending – Does it Make a Difference?*, Urban Inst. 1, 1 (2000), https://www.urban.org/sites/default/files/publication/63871/410261-Tax-Cuts-or-Spending-Does-it-Make-a-Difference-.pdf.

28 *Id.*

29 Alexandra Thornton, *Taking Stock of Spending Through the Tax Code*, Ctr. for Am. Progress (2019), https://www.americanprogress.org/issues/economy/reports/2019/07/25/472678/taking-stock-spending-tax-code/.

30 Org. for Econ. Co-Operation and Dev. (OECD), *Revenue Statistics 2018: Tax Revenue trends in the OECD* 1, 6 (2018), https://www.oecd.org/tax/tax-policy/revenue-statistics-highlights-brochure.pdf; Tax Pol'y Ctr., Briefing Book: How do U.S. compare internationally?, https://www.taxpolicycenter.org/briefing-book/how-do-us-taxes-compare-internationally (last visited Sept. 25, 2019).

31 Huang & Taylor, *supra* note 2 at 1; Martin Guzi & Martin Kahanec, *Income Inequality and the Size of Government: A Casual Analysis*, IZA Inst. of Labor Econ. 1, 15 (2018), http://ftp.iza.org/dp12015.pdf.

32 Org. for Econ. Co-Operation and Dev. (OECD), Social Policy Division, Directorate of Employment, Labour and Social Affairs, *Public Spending on Childcare and Early Education* 1, 2 (2019), https://www.oecd.org/els/soc/PF3_1_Public_spending_on_childcare_and_early_education.pdf; Org. for Econ. Co-Operation and Dev. (OECD), *Data: Family Benefits Public Spending*, https://data.oecd.org/socialexp/family-benefits-public-spending.htm (last visited Sept. 10, 2019).

33 Isabel V. Sawhill & Christopher Pulliam, *Six Facts About Wealth in the United States*, The Brookings Inst. (2019), https://www.brookings.edu/blog/up-front/2019/06/25/six-facts-about-wealth-in-the-united-states/.

34 Ctr. on Budget & Pol'y Priorities, *Policy Basics: Non-Defense Discretionary Programs* 1, 5 (2019), https://www.cbpp.org/research/federal-budget/policy-basics-non-defense-discretionary-programs; Chad Stone, et al., *A Guide to Statistics on Historical Trends in Income Inequality*, Ctr. on Budget & Pol'y Priorities 1, 1, https://www.cbpp.org/research/poverty-and-inequality/a-guide-to-statistics-on-historical-trends-in-income-inequality (last visited Aug. 28, 2019).

35 Alexandra Thornton & Galen Hendricks, *Ending Special Tax Treatment for the Very Wealthy*, Ctr. for Am. Progress 1, 2 (2019), https://www.americanprogress.org/issues/economy/reports/2019/06/04/470621/ending-special-tax-treatment-wealthy/.

36 Huang & Taylor, *supra* note 2 at 1.

37 *Id.*

38 Jocelyn Frye, *Racism and Sexism Combine to Shortchange Working Black Women*, Ctr. for Am. Progress (2019), https://www.americanprogress.org/issues/women/news/2019/08/22/473775/racism-sexism-combine-shortchange-working-black-women/.

39 Chandra Childers, et al., *Pay Equity & Discrimination*, Inst. for Women's Pol'y Research, https://iwpr.org/issue/employment-education-economic-change/pay-equity-discrimination/ (last visited Sept. 19, 2019).

40 Nat'l Partnership for Women & Families, *America's Women and the Wage Gap* 1, 1 (2019), http://www.nationalpartnership.org/our-work/resources/workplace/fair-pay/americas-women-and-the-wage-gap.pdf; *The Wage Gap*, *supra* note 6, at 1.

41 Nat'l Partnership for Women & Families, *supra* note 40.

42 Nat'l Women's Law Ctr. calculations based on U.S. Census Bureau, 2017 Current Population Survey, using Sarah Flood, Miriam King, Renae Rodgers, Steven Ruggles, and J. Robert Warren. Integrated Public Use Microdata Series, Current Population Survey: Version 6.0 [dataset]. Minneapolis, MN: IPUMS, 2018. https://doi.org/10.18128/D030.V6.0.

43 Lawrence Mishel, Elise Gould, & Josh Bivens, *Wage Stagnation in Nine Charts*, Econ. Pol'y Inst. 1, 1 (2015), https://www.epi.org/publication/charting-wage-stagnation/.

44 *See generally* Amy Traub, et al., *The Racial Wealth Gap: Why Policy Matters*, Inst. for Assets & Soc. Pol'y & Demos 1, 1 (2016), https://www.demos.org/research/racial-wealth-gap-why-policy-matters; Heather McCulloch, *Closing the Women's Wealth Gap: What It Is, Why It Matters, and What Can Be Done About It*, Closing the Women's Wealth Gap 1, 5 (2017), https://womenswealthgap.org/wp-content/uploads/2017/06/Closing-the-Womens-Wealth-Gap-Report-Jan2017.pdf; Dedrick Asante-Muhammad, Chuck Collins, Josh Hoxie, & Emmanuel Nieves, *The Road to Zero Wealth: How the Racial Wealth Divide is Hollowing Out America's Middle Class*, Prosperity Now & Inst. For Pol'y Studies 1, 7 (2017), https://prosperitynow.org/sites/default/files/PDFs/road_to_zero_wealth.pdf; Angela Hanks, Danyelle Solomon & Christian Weller, *Systematic Inequality: How America's Structural Racism Helped Create the Black-White Wealth Gap*, Ctr. For Am. Progress (2018), https://www.americanprogress.org/issues/race/reports/2018/02/21/447051/systematic-inequality/.

ENDNOTES

45 Mariko Chang, *Women and Health: Insights for Grantmakers*, Asset Funders Network 1, 6 (2015), https://assetfunders.org/wp-content/uploads/Women_Wealth_-Insights_Grantmakers_brief_15.pdf.

46 Asante-Muhammed, et al. *supra* note 44 at 16.

47 Huang & Taylor, *supra* note 2 at 2.

48 Inst. on Taxation & Econ. Pol'y, *Fairness Matters: A Chart Book on Who Pays State and Local Taxes* (2019), https://itep.org/fairness-matters-a-chart-book-on-who-pays-state-and-local-taxes-2019/.

49 Alicia Bannon, Mitali Nagrecha, & Rebekah Diller, *Criminal Justice Debt: A Barrier to Reentry*, Brennan Ctr. for Justice 1, 1 (2010), https://www.brennancenter.org/sites/default/files/legacy/Fees%20and%20Fines%20FINAL.pdf.

50 Huang & Taylor, *supra* note 2 at 9-10. For low-income people of color, something as minor as a parking ticket can erode the savings they have, limit job prospects, and even lead to imprisonment. *See* STOP Campaign Research & Recommendations, POWER-PAC Ill., *Stopping the Debt Spiral* 6 (2018) (respondent unable to work for public school because of debt to city); Peter Edelman, *How it Became a Crime to be Poor in America*, The Guardian (Nov. 6, 2017), https://www.theguardian.com/commentisfree/2017/nov/06/how-poverty-became-crime-america (poor people lose their liberty and often lose their jobs, are frequently barred from a host of public benefits, may lose custody of their children, and may even lose their right to vote.); Abby Shafroth & Larry Schwartzol, Nat'l Consumer Law Ctr., Inc., & Criminal Justice Pol'y Program at Harvard Law Sch., Confronting Criminal Justice Debt: The Urgent Need for Reform 2 (2016).

51 Equality of Opportunity Project, *The Geography of Upward Mobility on America: Children's Chances of Reaching Top 20% of Income Distribution Given Parents in Bottom 20%*, http://www.equality-of-opportunity.org/neighborhoods/ (last visited Aug. 27, 2019); Corianne Payton Scally, et al., *The Case for More, Not Less*, Urban Inst. 1,3 (2018), https://www.urban.org/sites/default/files/publication/95616/case_for_more_not_less.pdf.

52 Raj Chetty, et al., *Race and Economic Opportunity in the United States: An Intergenerational Perspective*, NBER 1, 42 (2018), http://www.equality-of-opportunity.org/assets/documents/race_paper.pdf.

53 William Julius Wilson, *Don't Ignore Class When Addressing Racial Gaps in Intergenerational Mobility*, Brookings (Apr. 12, 2018), https://www.brookings.edu/blog/social-mobility-memos/2018/04/12/dont-ignore-class-when-addressing-racial-gaps-in-intergenerational-mobility/.

54 Jonathan Gruber, et al., *Encouraging Homeownership Through the Tax Code*, Brookings (2017), https://www.brookings.edu/articles/encouraging-homeownership-through-the-tax-code/.

55 Christopher Famighetti & Darrick Hamilton, *The Great Recession, education, race, and homeownership*, Econ. Pol'y Inst. (May 15, 2019), https://www.epi.org/blog/the-great-recession-education-race-and-homeownership/; *see also* Amy Castro Baker, Folosade Famakinwa & Stacia Martin-West, *On Shaky Ground*, Asset Funders Network 1, 4 (2019), https://assetfunders.org/wp-content/uploads/AFN-Shaky-Ground-Brief-2018.pdf.

56 William R. Emmons, *Homeownership and the Racial Wealth Divide*, Fed. Reserve Bank of St. Louis 1, 1 (2017), https://www.stlouisfed.org/publications/housing-market-perspectives/2017/homeownership-racial-wealth-divide.

57 Traub et al, *supra* note 44, at 9; Jung Hyun Choi, Alanna McCargo, & Laurie Goodman, *Three Differences between Black and White Homeownership that Add to the Housing Wealth Gap*, Urban Inst. (Feb. 28, 2019), https://www.urban.org/urban-wire/three-differences-between-black-and-white-homeownership-add-housing-wealth-gap.

58 Matthew Johnson, *Stepping Up: How Cities Are Working to Keep America's Poorest Families Housed*, Urban Inst. (2015), https://www.urban.org/features/stepping-how-cities-are-working-keep-americas-poorest-families-housed.

59 Andrew Aurand, et al., *Gap: A Shortage of Affordable Homes*, Nat'l Low Income Housing Coal. (2019), https://reports.nlihc.org/sites/default/files/gap/Gap-Report_2019.pdf (hereinafter "*Gap Report*").

60 Andrew Aurand, et al., *Out of Reach*, Nat'l Low Income Housing Coal. 1, 2 (2019), https://reports.nlihc.org/sites/default/files/oor/OOR_2019.pdf.

61 Note: Households with extremely low incomes are households with incomes below the federal poverty level, or 30 percent of the area median income (AMI) of their respective region. For more information *see id*.

62 *Gap Report*, *supra* note 59 at 1.

63 Robynn Cox, et al., *Measuring population estimates of housing insecurity in the United States: A comprehensive approach*, Washington Ctr. for Equitable Growth 1, 36 (2017), https://equitablegrowth.org/wp-content/uploads/2017/12/12192017-WP-measuring-housing-insecurity.pdf.

64 Kasey Wiedrich & David Newville, *Vulnerability in the Face of Economic Uncertainty*, Prosperity Now 1, 7 (2019), https://prosperitynow.org/sites/default/files/resources/2019_Scorecard_Key_Findings.pdf.

65 *Gap Report*, *supra* note 59, at 1.

66 Nat'l Network to End Domestic Violence, *16 Things You May Not Know About Housing for Survivors* (2017), https://nnedv.org/latest_update/16-things-may-not-know-housing-survivors/.

67 Rigel C. Oliveri, *Sexual Harassment of Low-Income Women in Housing: Pilot Study Results*, 83 Mo. L. Rev. 598, 600 (2018), https://scholarship.law.missouri.edu/mlr/vol83/iss3/6/.

68 Julia Mikolai & Hill Kulu, *Short- and long-term effects of divorce and separation on housing tenure in England and Wales*, 72 Population Studies 17, 17 (2018), https://www.tandfonline.com/doi/full/10.1080/00324728.2017.1391955.

ENDNOTES

69 Matthew Desmond, *Poor Black Women Are Evicted at Alarming Rates, Setting Off a Chain of Hardship*, MacArthur Found. 1, 2 (2014), https://www.macfound.org/media/files/HHM_Research_Brief_-_Poor_Black_Women_Are_Evicted_at_Alarming_Rates.pdf.

70 *See* Johnson, *supra* note 58; *see also* Edward L. Glaeser & Joseph Gyourko, *The Impact of Zoning on Housing Affordability*, Nat'l Bureau of Econ. Res., 1, 6 (2002), https://www.nber.org/papers/w8835; *Gap Report*, *supra* note 63, at 1.

71 I.R.S., *Is the mortgage interest and real property tax I pay on a second residence deductible?*, https://www.irs.gov/faqs/itemized-deductions-standard-deduction/real-estate-taxes-mortgage-interest-points-other-property-expenses/real-estate-taxes-mortgage-interest-points-other-property-expenses-5 (last visited Sept. 25, 2019).

72 *See* Tax Alliance for Econ. Mobility, *Principles for Reform: Housing and Homeownership Tax Expenditures* 1, 1 (2019), https://www.taxallianceforeconomicmobility.org/wp-content/uploads/2019/01/Tax_Alliance_Housing_and_Homeownership_Principles_2019-FINAL.pdf.

73 Wiedrich & Newville, *supra* note 64 at 2; Kusum Mundra & Ruth Uwaifo Oyelere, *Single and Investing: Homeownership Trends among the Never Married*, IZA 1, 3 (2016), http://ftp.iza.org/dp9935.pdf.

74 Mariko Chang, *Lifting as We Climb: Women of Color, Wealth, and America's Future*, Insight Ctr. for Community Econ. Dev., 1, 12 fig.4 (2010).

75 Emily Badger, *Self-Fulfilling Prophecies: How Redlining's Racist Effects Lasted for Decades*, N.Y. Times, Aug. 24, 2017, https://www.nytimes.com/2017/08/24/upshot/how-redlinings-racist-effects-lasted-for-decades.html.

76 Brent Gaspaire, *Redlining (1937-)*, Black Past, (2012), http://www.blackpast.org/aah/redlining-1937.

77 Arnold Hirsch, *Blockbusting*, Encyclopedia of Chicago 1, 147, http://www.encyclopedia.chicagohistory.org/pages/147.html (last visited Sept. 25, 2019).

78 Christopher Silver, *The Racial Origins of Zoning in American Cities* 1, 2, https://pdfs.semanticscholar.org/9164/42b6954752799fb256beb60e8e34676c2252.pdf?_ga=2.78038036.1668152939.1571951210-1920403473.1567540666; Kimberly Quick, *Exclusionary Zoning Continues Racial Segregation's Ugly Work*, Century Found, (2017), https://tcf.org/content/commentary/exclusionary-zoning-continues-racial-segregations-ugly-work/?session=1.

79 Rick Rothacker & David Ingram, *Wells Fargo to Pay $175 Million in Race Discrimination Probe*, Reuters, July 12, 2012, https://www.reuters.com/article/us-wells-lending-settlement/wells-fargo-to-pay-175-million-in-race-discrimination-probe-idUSBRE86B0V220120712.

80 Terry Gross, *A 'Forgotten History' of How the US Government Segregated America*, NPR, May 3, 2017, https://www.npr.org/2017/05/03/526655831/a-forgotten-history-of-how-the-u-s-government-segregated-america; Badger, *supra* note 75.

81 Sarah Burd-Sharps & Rebecca Rasch, *Impact of the US Housing Crisis on the Racial Wealth Gap Across Generations*, Soc. Sci. Research Council 1, 4 (2015), https://www.aclu.org/sites/default/files/field_document/discrimlend_final.pdf.

82 Baker, et al. *supra* note 55.

83 Ctr. on Budget & Pol'y Priorities, *Policy Basics: Tax Exemptions, Deductions, and Credits* 1, 1 (2019) https://www.cbpp.org/research/federal-tax/policy-basics-tax-exemptions-deductions-and-credits (last visited Sept. 25, 2019); I.R.S., *IRS provides tax inflation adjustments for tax year 2019* (Nov. 15, 2018), https://www.irs.gov/newsroom/irs-provides-tax-inflation-adjustments-for-tax-year-2019.

84 Tax Pol'y Ctr., *What are itemized deductions and who claims them?*, https://www.taxpolicycenter.org/briefing-book/what-are-itemized-deductions-and-who-claims-them (last visited Sept. 25, 2019).

85 Note: The Tax Policy Center estimates about 11 percent of households will itemize deductions following the 2017 Tax Law. For more information *see* Tax Pol'y Ctr., Urban Inst. & Brookings, *T18-0001 - Impact on the Number of Itemizers of H.R.1, The Tax Cuts and Jobs Act (TCJA), By Expanded Cash Income Level* (2018), https://www.taxpolicycenter.org/model-estimates/impact-itemized-deductions-tax-cuts-and-jobs-act-jan-2018/t18-0001-impact-number.

86 Author's calculations based on Joint Comm. on Taxation, *Tables Related to the Federal Tax System as in Effect 2017 through 2026: Table 6.–Distribution of Tax Benefit for Mortgage Interest Deduction* 1, 7 (2018), https://www.jct.gov/publications.html?id=5091&func=startdown.

87 U.S. Census Bureau, *Table S1901: Income in the Past 12 Months (In 2017 Inflation-Adjusted Dollars) 2013-2017 American Community Survey 5-Year Estimates*, https://factfinder.census.gov/bkmk/table/1.0/en/ACS/17_5YR/S1901 (last visited Sept. 25, 2019).

88 Austin J. Drukker, Ted Gayer & Harvey S. Rosen, *The Mortgage Interest Deduction: Revenue and Distributional Effects*, Tax Pol'y Ctr. 1, 2 (2018), https://www.taxpolicycenter.org/publications/mortgage-interest-deduction-revenue-and-distributional-effects/full.

89 *Id.*

90 Even a tax provision intended to help low- and moderate-income families become homeowners, the First Time Homebuyers Credit, failed to adequately help these families. The FTHC, which was created in 2008 as part of the Housing and Economic Recovery Act but expired in 2010, was worth $7,500 but was required to be repaid over 15 years. *See* Barbara Sard & Robert Greenstein, *Costly Isakson Homebuyer Tax Credit Amendment Would Be Ineffective Stimulus*, Ctr. on Budget & Pol'y Priorities 1, 2 (2009), https://www.cbpp.org/sites/default/files/atoms/files/2-9-09hous1.pdf; Douglas Rice & Robert Greenstein, *Proposed Expansions of Homebuyer Tax Credit Would be Highly Inefficient and Squander Federal Resources*, Ctr. on Budget & Pol'y Priorities 1, 5 (2009), https://www.cbpp.org/research/proposed-expansions-of-homebuyer-tax-credit-would-be-highly-inefficient-and-squander.

91 Ctr. on Budget & Pol'y Priorities, *Policy Basics: Public Housing* 1, 2 (2017), http://www.cbpp.org/research/policy-basics-public-housing (last visited Sept. 25, 2019).

92 *Id.*

93 Nat'l Low-Income Housing Coalition & Nat'l Women's Law Ctr., *Cutting Housing Assistance Is a Bad Deal for Women* 1, 1 (2018), https://nlihc.org/sites/default/files/NLIHC-NWLC-Cutting-Housing-Bad-for-Women.pdf.

ENDNOTES

94 G. Thomas Kingsley, *Trends in Housing Problems and Federal Housing Assistance*, Urban Inst. 1, 6 (2017), https://www.urban.org/sites/default/files/publication/94146/trends-in-housing-problems-and-federal-housing-assistance.pdf; Will Fischer & Barbara Sard, *Chart Book: Federal Housing Spending Is Poorly Matched to Need*, Ctr. on Budget & Pol'y Priorities 1, 10 (2017), https://www.cbpp.org/research/housing/chart-book-federal-housing-spending-is-poorly-matched-to-need#Five.

95 Cong. Research Serv., *Income Eligibility and Rent in HUD Rental Assistance Programs: Frequently Asked Questions* 1, 3 (2017), https://www.everycrsreport.com/reports/R42734.html.

96 Douglas Rice, *Chart Book: Cuts in Federal Assistance Have Exacerbated Families' Struggles to Afford Housing*, Ctr. on Budget & Pol'y Priorities 1, 4 (2016), https://www.cbpp.org/research/housing/chart-book-cuts-in-federal-assistance-have-exacerbated-families-struggles-to-afford.

97 *Id.* at 2.

98 Benjamin H. Harris, *Five reasons why the sequester's automatic spending cuts are bad policy*, Tax Pol'y Ctr. (2013), https://www.taxpolicycenter.org/taxvox/five-reasons-why-sequesters-automatic-spending-cuts-are-bad-policy.

99 Rice, *supra* note 96 at 7.

100 U.S Dept. of Housing & Urban Development, Office of Pol'y Development & Research, *Worst Case Housing Needs: 2017 Report to Congress* (2017), https://www.huduser.gov/portal/sites/default/files/pdf/Worst-Case-Housing-Needs.pdf.

101 Andrew Aurand, et al., *The Long Wait for a Home*, Nat'l Low Income Housing Coal. 1, 3 (2016), https://nlihc.org/resource/housing-spotlight-volume-6-issue-1; *see also* Corianne Payton Scally, et al., *The Case for More, Not Less: Shortfalls in Federal Housing Assistance and Gaps in Evidence for Proposed Policy Changes*, Urban Inst. 1, 9 (2018) (reporting long waiting lists for public housing), https://www.urban.org/sites/default/files/publication/95616/case_for_more_not_less.pdf.

102 Scally, et al. *supra* note 101 at 8.

103 K. Haynie, J. Stewart, and J. Tercha, *The U.S. and the High Cost of Child Care*, Child Care Aware of America (forthcoming 2019).

104 Rasheed Malik, *Working Families Are Spending Big Money on Child Care*, Ctr. for Am. Progress 1, 3 (2019), https://www.americanprogress.org/issues/early-childhood/reports/2019/06/20/471141/working-families-spending-big-money-child-care/.

105 Julie Vogtman & Karen Schulman, *Set Up to Fail: When Low-wage Work Jeopardizes Parents' and Children's Success*, Nat'l Women's Law Ctr. 1, 1 (2016), https://nwlc.org/wp-content/uploads/2016/01/FINAL-Set-Up-To-Fail-When-Low-Wage-Work-Jeopardizes-Parents%E2%80%99s-and-Children%E2%80%99s-Success.pdf.

106 *Id.*; Kali Grant, et al., *Unworkable & Unwise: Conditioning Access to Programs That Ensure a Basic Foundation for Families on Work Requirements*, Georgetown Ctr. on Poverty & Inequality (2019), http://www.georgetownpoverty.org/wp-content/uploads/2019/02/Unworkable-Unwise-20190201.pdf.

107 Rasheed Malik, et al., *America's Child Care Deserts in 2018*, Ctr. for Am. Progress (2018), https://www.americanprogress.org/issues/early-childhood/reports/2018/12/06/461643/americas-child-care-deserts-2018/.

108 Nat'l Women's Law Ctr. calculations based on US Census Bureau, 2018 Current Population Survey using IPUMS. Five percent of women working part-time in the low-wage workforce report working part-time because of child care problems, and 17 percent report working part-time because of "other family/personal obligations." *Id.*

109 Leila Schochet, *The Child Care Crisis Is Keeping Women Out of the Workforce*, Ctr. for Am. Progress (2019), https://www.americanprogress.org/issues/early-childhood/reports/2019/03/28/467488/child-care-crisis-keeping-women-workforce/.

110 Nat'l Women's Law Ctr. *Family Tax Credits* 1, 1 (2018), https://nwlc.org/wp-content/uploads/2018/09/Family-Tax-Credits-2018.pdf.

111 *Id.*

112 Tax Pol'y Ctr., *How does the tax system subsidize child care expenses?* (2018), http://www.taxpolicycenter.org/briefing-book/how-does-tax-system-subsidize-child-care-expenses.

113 *Id.*

114 Nat'l Women's Law Ctr. calculations based on Urban-Brookings Tax Policy center Microsimulation Model (version 0718-1).

115 Tax Policy Ctr., *supra* note 112.

116 Nat'l Women's Law Ctr., *Family, Friend, and Neighbor Care: Facts and Figures* 1, 4 (2018), https://nwlc-ciw49tixgw5lbab.stackpathdns.com/wp-content/uploads/2018/03/family-friend-neighbor-care-fact-sheet-final.pdf (hereinafter "FFN").

117 Jasmine Tucker & Kayla Patrick, *Women in Low-Wage Jobs May Not Be Who You Expect*, Nat'l Women's Law Ctr. 1, 1 (2017), https://nwlc.org/resources/women-in-low-wage-jobs-may-not-be-who-you-expect/.

118 FFN, *supra* note 116, at 1.

119 I.R.S., *Instructions for Form 2441, Child and Dependent Care Expenses* 1, 3 (2018), https://www.irs.gov/pub/irs-pdf/i2441.pdf.

ENDNOTES

120 The other tax provision that assists families with work-related child care expenses, 26 U.S.C.A. § 129 (Dependent Care Assistance Plans), is even more skewed to higher-income families. This section allows employees to exclude up to $5,000 of employer-provided child care assistance from taxable income. The most common form of this benefit allows employees to contribute pre-tax dollars to a Dependent Care Flexible Spending Account (FSA), and then use those funds to reimburse child or dependent care expenses. This provision is far more likely to benefit higher-income taxpayers, because it (1) requires the employer to offer the benefit and (2) requires the employee to forgo income *which he or she will lose, if he or she does not use it to reimburse child or dependent care expenses*. Unsurprisingly, in 2016, only 10 percent of total benefits from this provision went to families with gross income below $75,000. U.S. Dep't of Treasury, Office of Tax Analysis, Child Care Tax Benefits in 2016, Table 2: Families Benefiting and Amount of Benefit from the Exclusion of Dependent Care Benefits: Tax Year 2016, available at https://www.treasury.gov/resource-center/tax-policy/tax-analysis/Documents/Child-Care-Tax-Benefits-2016.xlsx.

121 U.S. Dept. of Health & Human Serv., Early Childhood Training & Technical Assistance System, Fundamentals of CCDF Administration, *Payment Practices and Timeliness of Payments*, https://ccdf-fundamentals.icfcloud.com/payment-practices-and-timeliness-payments (last visited Sept. 25, 2019).

122 Heather Boushey, *Staying Employed After Welfare: Work Supports and Job Quality Vital to Employment Tenure and Wage Growth*, Econ. Pol'y Inst. 10-12 (2002), http://www.epi.org/publication/briefingpapers_bp128/; Nicole D. Forry & Sandra L. Hofferth, *Maintaining Work: The Influence of Child Care Subsidies on Child Care-Related Work Disruptions*, J. of Fam. Issues 32 (3), 346-368 (2011), https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3242446/pdf/nihms339887.pdf.

123 Nina Chien, *Factsheet: Estimates of Child Care Eligibility and Receipt for Fiscal Year 2013*, U.S. Dept. of Health and Human Servs., Office of Human Servs. Pol'y, Office of the Assistant Sec'y for Planning and Evaluation 1, 2, https://aspe.hhs.gov/system/files/pdf/258491/ChildCareSubsidyEligibility.pdf. The significant boost in CCDBG funding starting in FY 2018—an increase of $2.37 billion, bringing total federal funding to $8.14 billion—can help reverse these trends and enable more families to receive child care assistance. However, further federal and state funding will be needed to fully address the unmet need and close other existing gaps in child care assistance.

124 Christine Johnson-Staub, *Equity Starts Early*, Ctr. for Law & Soc. Pol'y 1, 10 (2017), https://www.clasp.org/sites/default/files/publications/2017/12/2017_EquityStartsEarly_0.pdf.

125 Karen Schulman, *Overdue for Investment*, Nat'l Women's Law Ctr. 1, 5 (2018), https://nwlc-ciw49tixgw5lbab.stackpathdns.com/wp-content/uploads/2018/11/NWLC-State-Child-Care-Assistance-Policies-2018.pdf. Note that some states do not maintain waitlists; otherwise, this number might well be higher.

126 Brigid Schulte, *Parents miss work, lose jobs trying to get child-care subsidy*, Washington Post, May 15, 2013, https://www.washingtonpost.com/local/parents-miss-work-lose-jobs-trying-to-get-child-care-subsidy/2013/05/15/3031ac2c-ba59-11e2-b94c-b684dda07add_story.html?utm_term=.1cd8ccaa3760.

127 Diane Whitmore Schanzenbach, et al., *Where Does All the Money Go: Shift in Household Spending Over the Past 30 years*, Brookings 1, 2 (2016), https://www.brookings.edu/wp-content/uploads/2016/08/where_does_all_the_money_go.pdf.

128 Steven Raphael & Michael Stoll, *Job Sprawl and the Suburbanization of Poverty*, Brookings 1, 1 (2010), https://www.brookings.edu/research/job-sprawl-and-the-suburbanization-of-poverty/.

129 Elizabeth Kneebone & Natalie Holmes, *The growing distance between people and jobs in metropolitan America*, Brookings 1, 1 (2015), https://www.brookings.edu/wp-content/uploads/2016/07/Srvy_JobsProximity.pdf.

130 Erica Greenberg, Gina Adams, & Molly Michie, *Barriers to Preschool Participation for Low-Income Children of Immigrants in Silicon Valley*, Urban Inst. 1, 7 (2016), https://www.urban.org/sites/default/files/publication/76991/2000586-Barriers-to-Preschool-Participation-for-Low-Income-Children-of-Immigrants-in-Silicon-Valley.pdf.

131 Rural Health Information Hub, *Barriers to Transportation in Rural Areas*, https://www.ruralhealthinfo.org/toolkits/transportation/1/barriers (last visited Sept. 26, 2019).

132 Evelyn Blumenberg & Margy Waller, *The Long Journey to Work: A Federal Transportation Policy for Working Families*, Brookings 1, 2 (2003), https://www.brookings.edu/wp-content/uploads/2016/06/20030801_Waller.pdf.

133 Harry J. Holzer & Karin Martinson, *Can We Improve Job Retention and Advancement among Low-Income Working Parents?* Urban Inst. 1, 15 (2005), https://www.urban.org/sites/default/files/publication/51721/311241-Can-We-Improve-Job-Retention-and-Advancement-among-Low-Income-Working-Parents-.PDF.

134 Algernon Austin, *To Move is to Thrive: Public Transit and Economic Opportunity for People of Color*, Demos (2017), https://www.demos.org/research/move-thrive-public-transit-and-economic-opportunity-people-color#Public-Transit-Use-for-Travel-to-Work-Among-People-of-Color.

135 *Id*.

136 *Id. at* 2.

137 Sarah M. Kaufman, Christopher F. Polack, & Gloria A. Campbell, *The Pink Tax on Transportation*, NYU Wagner, Rudin Ctr. for Transportation 1, 2 (2018), https://wagner.nyu.edu/files/faculty/publications/Pink%20Tax%20Report%2011_13_18.pdf; Kneebone & Holmes, *supra* note 129 at 9.

138 Kaufman, et al., *supra* note 137 at 6.

139 Urbanism Next, *Towards Transit Equity for Women* (2019), https://urbanismnext.uoregon.edu/2019/03/27/towards-transit-equity-for-women/.

140 Parent Voices Oakland, *Parent Engagement Study: Informal Care in East Oakland* 1, 8 (2017), https://drive.google.com/file/d/0B-bQJ732ilLaY3FvODctay0y-WTg/view.

141 Greenberg, et al., *supra* note 130 at 7.

142 I.R.S., Publication 15-B: Employer's Tax Guide to Fringe Benefits (2019), https://www.irs.gov/publications/p15b#en_US_2019_publink1000193741.

ENDNOTES

143 U.S. Dept. of Labor, Bureau of Labor Statistics, Table 40. Quality of life benefits: Access, private industry workers (2016), https://www.bls.gov/ncs/ebs/benefits/2016/ownership/private/table40a.htm.

144 Stephen Miller, *What Happens After Tax Law Scuttles Employers' Deduction for Commuting Benefits?*, SHRM, Dec. 12, 2017, https://www.shrm.org/resourcesandtools/hr-topics/benefits/pages/commuting-benefits-deduction.aspx.

145 Tax Pol'y Ctr., *How Might Low- and Middle-income Households be Encouraged to Save?*, https://www.taxpolicycenter.org/briefing-book/how-might-low-and-middle-income-households-be-encouraged-save (last visited Sept. 26, 2019).

146 U.S. Dept. of Transportation, *Use of TANF, WtW, and Job Access Funds for Transportation* 1, 1 https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/Use_Of_TANF_0.pdf (last visited Sept. 26, 2019).

147 Ctr. on Budget & Pol'y Priorities, *Chart Book: Temporary Assistance for Needy Families* 1, 2 (2019), https://www.cbpp.org/research/family-income-support/chart-book-temporary-assistance-for-needy-families.

148 Jennifer Ma, Matea Pender, & Meredith Welch, Education Pays 2016: The Benefits of Higher Education for Individuals and Society, College Board 1, 7 (2016), https://trends.collegeboard.org/sites/default/files/education-pays-2016-full-report.pdf.

149 Nat'l Ctr. for Education Statistics, U.S. Dept. of Education, *Fast Facts: Tuition Costs of Colleges and Universities*, https://nces.ed.gov/fastfacts/display.asp?id=76 (last visited Sept. 26, 2019).

150 Sandy Baum, et al., *Beyond Need and Merit: Strengthening State Grant Programs*, Brookings 1, 2-3 (2012), https://www.brookings.edu/wp-content/uploads/2016/06/0508_state_grant_chingos_whitehurst.pdf.

151 Urban Inst. *Financial Aid: Unmet Need*, http://collegeaffordability.urban.org/financial-aid/financial-need/#/unmet_need (last visited Sept. 26, 2019).

152 Nat'l Women's Law Ctr., *Let Her Learn*, https://nwlc.org/resources/let-her-learn/ (last visited Sept. 26, 2019).

153 Lindsey Reichlin Cruse, Eleanor Eckerson, & Barbara Gault, *Understanding the New College Majority: The Demographic and Financial Characteristics of Independent Students and their Postsecondary Outcomes*, Inst. for Women's Pol'y Research 1, 1 (2018), https://iwpr.org/publications/independent-students-new-college-majority/.

154 Gina Adams, Teresa Derrick-Mills, & Caroline Heller, *Strategies to Meet the Child Care Needs of Low-Income Parents Seeking Education and Training*, Urban Inst. 1, xi (2016), https://www.urban.org/sites/default/files/publication/84326/2000938-Strategies-to-Meet-the-Child-Care-Needs-of-Low-Income-Parents-Seeking-Education-and-Training.pdf.

155 Cruse, et al., *supra* note 153 at 2.

156 Ctr. on Budget & Pol'y Priorities, *Food Insecurity: Better Information Could Help Eligible College Students Access Federal Food Assistance Benefits* 1, 15 (2018), https://www.gao.gov/assets/700/696254.pdf.

157 At two-year public colleges, 68 percent of students who are financially independent from a parent or guardian have unmet needs compared to 62 percent of financially dependent students. *See* Urban Inst., *supra* note 151.

158 *Id.*

159 Amy Ellen Duke-Benfield, *Bolstering Non-Traditional Student Success: A Comprehensive Student Aid System Using Financial Aid, Public Benefits, and Refundable Tax Credits*, Ctr. for Law & Soc. Pol'y 1, 1 (2015), https://www.luminafoundation.org/files/resources/bolstering-nontraditional-student-success.pdf.

160 *Id.*

161 Mark Huelsman, *The Debt Divide: The Racial and Class Bias Behind the "New Normal" of Student Borrowing*, Demos 1, 1 (2015), https://www.demos.org/research/debt-divide-racial-and-class-bias-behind-new-normal-student-borrowing.

162 Kevin Miller, *Deeper in Debt: Women and Student Loans*, Am. Ass'n of Univ. Women, Tbl. 6 (2017), https://www.aauw.org/aauw_check/pdf_download/show_pdf.php?file=deeper-in-debt.

163 Huelsman, *supra* note 161.

164 Traub et al., *supra* note 44, at 23; Am. Ass'n of Univ. Women, *At Work, Dads Get a Bonus, but Moms Get a Penalty. What Gives?* (2016), https://www.aauw.org/2016/05/06/dads-get-a-bonus-but-moms-get-a-penalty/; Chang, *supra* note 45.

165 In addition to the AOTC, the Lifetime Learning Credit (LLC) offers financial support to income-eligible students to cover educational expenses. The LLC can be used to pay for undergraduate, graduate, and professional education, and there is no limit to the number of years a student can claim the credit. In FY18, the income eligibility limit for the LLC was a household income of $67,000 for single filers and $134,000 for joint filers. *See* I.R.S., *Lifetime Learning Credit*, (2019), https://www.irs.gov/credits-deductions/individuals/llc. Eligible families can claim *either* the AOTC or the LLC for a particular student in a particular tax year. *See* I.R.S., *Education Benefits – No Double Benefits Allowed*, https://www.irs.gov/credits-deductions/individuals/education-benefits-no-double-benefits-allowed (last visited Sept. 17, 2019).

166 American Recovery and Reinvestment Act of 2009, Pub. Law 111-5, https://www.congress.gov/bill/111th-congress/house-bill/1/text.

167 The AOTC is worth a maximum of $2,500, while the maximum Hope Credit was $1,800 in 2009. The AOTC can also be claimed for a maximum of four years, whereas the previous limit for claiming the Hope Credit was two years. U.S. Dept. of the Treasury, *The American Opportunity Tax Credit* 1, 2 (2010), https://www.treasury.gov/resource-center/tax-policy/Documents/Report-AOTC-2010.pdf.

168 Gillian Brunet, Robert Greenstein, & Chye-Ching Huang, *House and Senate Recovery Packages Would Improve Higher-Education Tax Credits*, Ctr. on Budget & Pol'y Priorities (2009).

ENDNOTES

169 Author's calculations based on U.S. Dept. of the Treasury, *supra* note 167 at 18.

170 *Id.*

171 *Id.*

172 Kathryn Flynn, *The History of the 529 Plan*, Savingforcollege.com (2014), https://www.savingforcollege.com/articles/infographic-history-of-529-plan.

173 College Savings Plans Network, *529 Plan Advantages & Benefits* https://www.collegesavings.org/plan-advantages/ (last visited Sept. 26, 2019).

174 Richard V. Reeves & Nathan Joo, *A Tax Break for 'Dream Hoarders': What to Do About 529 College Savings Plans*, Brookings (2017), https://www.brookings.edu/research/a-tax-break-for-dream-hoarders-what-to-do-about-529-college-savings-plans/.

175 Nat Malkus, Richard V. Reeves, & Nathan Joo, *The Costs, Opportunities, and Limitations of the Expansion of 529 Education Savings Accounts*, Brookings 1, 4 (2018), https://www.brookings.edu/research/the-costs-opportunities-and-limitations-of-the-expansion-of-529-education-savings-accounts/.

176 Reeves & Joo, *supra* note 174.

177 Alan Gassman, *New IRA Guidance On Pre-Kindergarten 529 Plans and Other Issues*, Forbes, Aug. 8, 2018, https://www.forbes.com/sites/alan-gassman/2018/08/08/new-ira-guidance-on-pre-kindergarten-529-plans-and-other-issues/.

178 Malkus, et al., *supra* note 175, at 1.

179 Benefits.gov, *Federal Pell Grants*, https://www.benefits.gov/benefit/417 (last visited Sept. 26, 2019).

180 CollegeBoard, *Trends in Student Aid 2018* 1, 27 (2018), https://trends.collegeboard.org/sites/default/files/2018-trends-in-student-aid.pdf.

181 Spiros Protopsaltis & Sharon Parrott, *Pell Grants – a Key Tool for Expanding College Access and Economic Opportunity – Need Strengthening, Not Cuts*, Ctr. on Budget & Pol'y Priorities 1, 1 (2017), https://www.cbpp.org/research/federal-budget/pell-grants-a-key-tool-for-expanding-college-access-and-economic-opportunity.

182 Michael Mitchell et al., *Unkept Promises: State Cuts to Higher Education Threaten Access and Equity*, Ctr. on Budget & Pol'y Priorities 1, 3 (2018), https://www.cbpp.org/sites/default/files/atoms/files/10-4-18sfp.pdf.

183 Lauren Walizer, *When Financial Aid Falls Short*, Ctr. for Law & Soc. Pol'y 1, 8 (2018), https://www.clasp.org/sites/default/files/publications/2018/12/2018whenfinancialaidfallsshort.pdf.

184 Abigail Hess, *Bill Gates: The American College Financial Aid System is Failing Students*, CNBC, (May 4, 2018), https://www.cnbc.com/2018/05/04/bill-gates-the-american-financial-aid-system-is-failing-students.html.

185 James B. Stedman, *Federal Pell Grant Program of the Higher Education Act: Background and Reauthorization*, Cong. Research Serv. 1, 9 (2003), https://www.everycrsreport.com/files/20030318_RL31668_9c02891dad9c360f5b205022f070b3314db35a29.pdf.

186 Doug Lederman, *1.5 Million Aid-Eligible Students Don't Apply*, Inside Higher Ed (2006), http://www.insidehighered.com/news/2006/02/10/15-million-aid-eligible-students-dont-apply.

187 Anna Helhoski, *How Students Missed Out on $2.3 Billion in Free College Aid*, NerdWallet (Oct. 9, 2017), https://www.nerdwallet.com/blog/loans/student-loans/missed-free-financial-aid/.

188 Tax Pol'y Ctr., *How Does the Earned Income Tax Credit Affect Poor Families?*, https://www.taxpolicycenter.org/briefing-book/how-does-earned-income-tax-credit-affect-poor-families (last visited Sept. 26, 2019); Tax Pol'y Ctr., *Can Poor Families Benefit From the Child Tax Credit?*, https://www.taxpolicycenter.org/briefing-book/can-poor-families-benefit-child-tax-credit (last visited Sept. 26, 2019).

189 Ctr. on Budget & Pol'y Priorities, *Policy Basics: The Earned Income Tax Credit* 1, 1 (2019), https://www.cbpp.org/research/federal-tax/policy-basics-the-earned-income-tax-credit (hereinafter "*Policy Basics: EITC*").

190 *Id.* at 4.

191 Tax Pol'y Ctr., *What is the Child Tax Credit?*, https://www.taxpolicycenter.org/briefing-book/what-child-tax-credit (last visited Sept. 26, 2019).

192 *Id.*

193 *Policy Basics: EITC*, *supra* note 189 at 2. Note: Although the ACTC targets working families, the credit is not as generous for people with limited federal income tax liability, since only up to $1,400 can be received as a refund for each child. For more information *see* Tax Pol'y Ctr., *supra* note 191.

194 Tax Pol'y Ctr., *How Does the Federal Tax System Affect Low-Income Households?*, https://www.taxpolicycenter.org/briefing-book/how-does-federal-tax-system-affect-low-income-households (last visited Sept. 26, 2019).

195 Tax Pol'y Ctr., *How Do Taxes Affect Income Inequality?*, https://www.taxpolicycenter.org/briefing-book/how-do-taxes-affect-income-inequality (last visited Sept. 26, 2019).

196 Danilo Trisi, *Programs Targeted for Cuts Keep Millions from Poverty, New Census Data Show*, Ctr. on Budget & Pol'y Priorities (Sept. 10, 2019), https://www.cbpp.org/blog/programs-targeted-for-cuts-keep-millions-from-poverty-new-census-data-show.

197 Elaine Maag, *Who Benefits from Expanding the EITC or CTC?*, Urban Inst. 1, 1 (2018), https://www.urban.org/sites/default/files/publication/98829/who-benefits-from-expanding-the-eitc-or-ctc_understanding-the-intersection-of-the-eitc_0.pdf.

ENDNOTES

198 Marr et al., *supra* note 19.

199 Huang & Taylor, *supra* note 2, at 14.

200 Marr & Huang, *supra* note 18, at 1.

201 *Id.* at 2.

202 *Id.*

203 Lily Batchelder et al., *Efficiency and Tax Incentives: The Case for Refundable Tax Credits*, 59 Stan. L. Rev. 28, 72 (2006), http://www.stanfordlawreview.org/wp-content/uploads/sites/3/2010/04/batchelder.pdf; Fred T. Goldberg Jr., Lily Batchelder & Peter R. Orszag, *Reforming Tax Incentives into Uniform Refundable Tax Credits*, Brookings 1, 8 (Aug. 2006), https://www.brookings.edu/research/reforming-tax-incentives-into-uniform-refundable-tax-credits/.

204 Tax Pol'y Ctr., *Key Elements of the U.S. Tax System* 49, 56, https://www.taxpolicycenter.org/sites/default/files/briefing-book/key_elements_of_the_us_tax_system_1.pdf (last visited Sep. 26, 2019) (hereinafter "TPC Key Elements").

205 U.S. Gov't Accountability Office, *Federal Low-Income Programs: Eligibility and Benefits Differ for Selected Programs Due to Complex and Varied Rules* 31, https://www.gao.gov/assets/690/685551.pdf. Applying for direct spending programs may become tougher if some Trump Administration proposals relating to public benefits programs are fully implemented, since many shrink eligibility and require additional bureaucracy and administrative complexity. Grant, et al., *supra* note 110, at 14.

206 Michael Auslen, *Analysis: The Case for Making Volunteer Tax Assistance Permanent*, Prosperity Now (July 24, 2018), https://prosperitynow.org/blog/analysis-case-making-volunteer-tax-assistance-permanent; Am. Bar Ass'n, *Volunteer Income Tax Assistance and Tax Counseling for the Elderly* (Feb. 5, 2019), https://www.americanbar.org/groups/taxation/tax_pro_bono/vita_programs/.

207 TPC Key Elements, *supra* note 204, at 73.

208 Board of Governors of the Federal Reserve System, *Federal Reserve Board Issues Report on the Economic Well-Being of U.S. Households* (May 23, 2019), https://www.federalreserve.gov/newsevents/pressreleases/other20190523b.htm.

209 Batchelder, Goldberg & Orszag, *supra* note 203, at 72.

210 Marr et al., *supra* note 19 at 15.

211 *See, e.g.*, Mahita Gajanan, *Many Americans Are Shocked by their Tax Returns in 2019. Here's What You Should Know*, Time, Feb. 20, 2019, https://time.com/5530766/tax-season-2019-changes/; Michelle Singletary, *Why You Should Love That Tax Refund Less*, Wash. Post (Feb. 14, 2019), (citing Dan Ariely & Jeff Kreisler, Dollars and Sense: How We Misthink Money and How to Spend Smarter), https://www.washingtonpost.com/business/2019/02/14/why-you-should-love-that-tax-refund-less/?utm_term=.f3f699a70ed4. *But* see text accompanying notes 263-267 for a discussion of alternative models for payment timing.

212 Liz Schott, LaDonna Pavetti & Ife Floyd, *How States Use Federal and State Funds Under the TANF Block Grant*, Ctr. on Budget & Pol'y Priorities 1, 2 (2015), http://www.cbpp.org/research/family-income-support/how-states-use-federal-and-state-funds-under-the-tanf-block-grant.

213 Floyd, Ife, Ashley Burnside, & Liz Schott, *TANF Reaching Few Poor Families*, Ctr. on Budget & Pol'y Priorities 1, 1 (2018), https://www.cbpp.org/research/family-income-support/tanf-reaching-few-poor-families.

214 Ctr. on Budget & Pol'y Priorities, *Policy Basics: Federal Rental Assistance* (2019), https://www.cbpp.org/research/federal-tax/policy-basics-federal-tax-expenditures (hereinafter "*Federal Rental Assistance*"). Note that families may not receive a tax refund or may receive a reduced refund for any number of reasons, ranging from previous tax debt, to past-due child support obligations, or defaulting on student loans. *See* IRS, Topic No. 203 Reduced Refund (2019), https://www.irs.gov/taxtopics/tc203. *See also* Annie Nova, *The Government Took Single Mom's $3,063 Tax Refund to Cover Her Student Loans. She's Trying to Get It Back*, CNBC (Apr. 23, 2019), https://www.cnbc.com/2019/04/23/more-student-loan-borrowers-are-getting-their-tax-refunds-seized.html.

215 Libby Perl & Maggie McCarty, *Income Eligibility and Rent in HUD Rental Assistance Programs: Frequently Asked Questions*, Cong. Research Serv. 1, 3 (2017), https://www.everycrsreport.com/reports/R42734.html.

216 Matthew Melmed, *High Quality Childcare: A Critical Ingredient for Nurturing Success*, Zero to Three (2016), https://www.zerotothree.org/resources/1492-high-quality-childcare-a-critical-ingredient-for-nurturing-success.

217 Cara Brumfield et al., *Structurally Unsound: The Impact of Using Block Grants to Fund Economic Security Programs*, Geo. Ctr. on Poverty & Inequality 1, 37 (2019), https://www.georgetownpoverty.org/wp-content/uploads/2019/02/Georgetown-Block-Grant-Report-02272019.pdf.

218 Ashley Burnside & Ife Floyd, *TANF Benefits Remain Low Despite Recent Increases in Some States*, Ctr. on Budget & Pol'y Priorities 1, 6 (2019), https://www.cbpp.org/research/family-income-support/tanf-benefits-remain-low-despite-recent-increases-in-some-states.

219 *Id.* at 1.

220 *Federal Rental Assistance*, *supra* note 214, at 2.

221 Campaign for Housing and Community Development Funding, *Statement on Deficit Reduction and Housing and Community Development Funding*, https://nlihc.org/sites/default/files/CHCDF_Deficit_Reduction_Statement.pdf (last visited Sept. 26, 2019).

222 IRS, *Earned Income, Self-employment Income and Business Expenses* (2018), https://www.eitc.irs.gov/tax-preparer-toolkit/frequently-asked-questions/earned-income-self-employment-income-and-business; Ctr. on Budget & Pol'y Priorities, Get It Back Campaign, *What is the Child Tax Credit (CTC)?*, https://www.eitcoutreach.org/learn/tax-credits/child-tax-credit/ (last visited Sept. 26, 2019).

ENDNOTES

223 Elaine Maag, Donald Marron & Erin Huffer, *Redesigning The EITC: Issues In Design,Eligibility, Delivery, and Administration*, Tax Pol'y Ctr. 1, 15 (2019), https://www.taxpolicycenter.org/sites/default/files/publication/157275/redesigning_the_eitc.pdf.

224 *See, e.g.*, Nat'l Women's Law Ctr., *Out of The Shadows: An Analysis of Sexual Harassment Charges Filed by Working Women* 1, 5 (2018), https://nwlc.org/resources/out-of-the-shadows-an-analysis-of-sexual-harassment-charges-filed-by-working-women/; Lincoln Quillian, Devah Pager, Ole Hexel & Arnfinn H. Midtbeen, *Meta-analysis of field experiments shows no change in racial discrimination in hiring over time*, 114 PNAS 10870, 10870 (2017), https://www.pnas.org/content/pnas/114/41/10870.full.pdf.

225 Rich Miller & Jeanna Smialek, *Powell Says U.S. Labor Market 'Very Strong' by Many Measures*, Bloomberg, Dec. 6, 2018, https://www.bloomberg.com/news/articles/2018-12-06/powell-says-u-s-labor-market-very-strong-by-many-measures; U.S. Census Bureau, *Current Population Survey, E-16. Unemployment Rates by Age, Sex, Race, and Hispanic or Latino Ethnicity* (2019), https://www.bls.gov/web/empsit/cpsee_e16.htm.

226 U.S. Census Bureau, *supra* note 225.

227 AARP & Nat'l Alliance for Caregiving, *Executive Summary: Caregiving in the U.S.* 1, 9 (2015) https://www.caregiving.org/wp-content/uploads/2015/05/2015_CaregivingintheUS_Executive-Summary-June-4_WEB.pdf ("Six in ten caregivers report having to make a workplace accommodation as a result of caregiving, such as cutting back on their working hours [or]. . .taking a leave of absence.").

228 Ariel Jurow Kleiman, *Low-End Regressivity*, Tax Law Rev., Forthcoming; San Diego Legal Studies Paper No. 18-365, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3163618.

229 Chuck Marr et al., *Working Families Tax Relief Act Would Raise Incomes of 46 Million Households, Reduce Child Poverty*, Ctr. on Budget & Pol'y Priorities 1, 1 (2019), https://www.cbpp.org/research/federal-tax/working-families-tax-relief-act-would-raise-incomes-of-46-million-households.

230 *Id.*

231 Marr et al., *supra* note 19 at 2.

232 Elaine Maag, *Who Benefits from the Child Tax Credit Now?*, Tax Pol'y Ctr. 1, 1 (2018), https://www.taxpolicycenter.org/sites/default/files/publication/152986/who_benefits_from_the_child_tax_credit_now_0.pdf.

233 *Id.*

234 Sophie Collyer et al., *Left Behind: The One-Third of Children in Families Who Earn Too Little to Get the Full Child Tax Credit*, Colum. U., Ctr. on Poverty & Soc. Pol'y & Children's Res. & Educ. Inst., 1, 3 (2019), https://static1.squarespace.com/static/5743308460b5e922a25a6dc7/t/5cda0024be4e5b0001c6bdc7/1557790757313/Poverty+%26+Social+Policy+Brief_Who+Is+Left+Behind+in+the+Federal+CTC.pdf.

235 Working Families Tax Relief Act of 2019, H.R. 3157, 116th Cong. (2019); American Family Act of 2019, S. 690, 116th Cong. (2019); Economic Mobility Act of 2019, H.R. 3300, 116th Cong. (2019).

236 26 U.S.C.A. § 32(m).

237 26 U.S.C.A. § 24(h)(7). *See* 26 U.S.C.A. § 24(h)(4)(C) (stating the taxpayer can, instead, receive a nonrefundable $500 credit for dependents who are not eligible for the CTC). *See also* Tax Pol'y Ctr., *Tax Policy Center Briefing Book: How Did the Tax Cuts and Jobs Act Change Personal Taxes?*, https://www.taxpolicycenter.org/briefing-book/how-did-tax-cuts-and-jobs-act-change-personal-taxes (last visited Sept. 13, 2019).

238 26 U.S.C.A. § 24(h)(7).

239 Chye-Ching Huang, *Fundamentally Flawed 2017 Tax Law Largely Leaves Low- and Moderate-Income Americans Behind*, Ctr. on Budget & Pol'y Priorities 1, 9 (2019), https://www.cbpp.org/federal-tax/fundamentally-flawed-2017-tax-law-largely-leaves-low-and-moderate-income-americans.

240 Wyatt Clarke, Kimberly Turner, & Lina Guzman, *One Quarter of Hispanic Children in the United States Have an Unauthorized Immigrant Parent*, Nat'l Research Ctr. on Hispanic Children & Families 1, 1 (2017), https://www.hispanicresearchcenter.org/wp-content/uploads/2019/08/Hispanic-Center-Undocumented-Brief-FINAL-V21.pdf.

241 Nathan Solis, *Immigrant Advocates Denounce HUD Plan to Evict Mixed-Status Families*, Courthouse News Service, June 26, 2019, https://www.courthousenews.com/immigrant-advocates-denounce-hud-plan-to-evict-mixed-status-families/.

242 Hamutal Bernstein et al., *One in Seven Adults in Immigrant Families Reported Avoiding Public Benefit Programs in 2018*, Urban Inst. 1, 1 (2019), https://www.urban.org/research/publication/one-seven-adults-immigrant-families-reported-avoiding-public-benefit-programs-2018.

243 Huang & Taylor, *supra* note 2, at 26.

244 *Id.* at 14.

245 Leighton Ku et al., *How Could the Public Charge Proposed Rule Affect Community Health Centers?*, Geiger Gibson/RCHN Community Health Found. Research Collaborative 1, 3 (2018), https://publichealth.gwu.edu/sites/default/files/downloads/GGRCHN/Public%20Charge%20Brief.pdf; Jennifer Laird et al., *Forgoing Food Assistance out of Fear: Simulating the Child Poverty Impact of Making SNAP a Legal Liability for Immigrants*, Socius 1, 1 (2019), https://journalistsresource.org/studies/government/immigration/public-charge-immigration-health-research/.

246 *See also* Nat'l Taxpayer Advocate, *Special Report to Congress, Earned Income Tax Credit: Making the EITC Work for Taxpayers and the Government, Improving Administration and Protecting Taxpayer Rights* 1, 8 (2019), https://taxpayeradvocate.irs.gov/objectivesreport2020-v3; IRS, Publication 596 (Earned Income Credit) (2019), https://www.irs.gov/pub/irs-pdf/p596.pdf.

ENDNOTES

247 Rachel Black, *Waste, Fraud, and Abuse, Oh My!*, New America (2011), https://www.newamerica.org/asset-building/the-ladder/waste-fraud-and-abuse-oh-my/.

248 David Rothstein & Rachel Black, *Improving the Tax Preparation Experience*, New America 1, 2 (2015), https://static.newamerica.org/attachments/1678-improving-the-tax-preparation-experience/PaidTaxPrep-Report-FINAL.pdf.

249 Elaine Maag, *Paying the Price? Low-Income Parents and the Use of Paid Tax Preparers*, Urban Inst. 1, 3 (2005), http://webarchive.urban.org/UploadedPDF/411145_B-64.pdf.

250 Robert Greenstein, John Wancheck, & Chuck Marr, *Reducing Overpayments in the Earned Income Tax Credit*, Ctr. on Budget & Policy Priorities 1, 6 (2019), https://www.cbpp.org/research/federal-tax/reducing-overpayments-in-the-earned-income-tax-credit.

251 Huang & Taylor, *supra* note 2 at 18.

252 Jesse Eisinger & Paul Kiel, *Who's More Likely to Be Audited: A Person Making $20,000 — or $400,000?*, ProPublica (2018), https://www.propublica.org/article/earned-income-tax-credit-irs-audit-working-poor#; Huang & Taylor, *supra* note 2 at 19.

253 Paul Kiel, *It's Getting Worse: The IRS Now Audits Poor Americans at About the Same Rate as the Top 1%*, ProPublica (2019), https://www.propublica.org/article/irs-now-audits-poor-americans-at-about-the-same-rate-as-the-top-1-percent.

254 Author's calculations based on Nat'l Conf. of State Legislatures, *Tax Credits for Working Families: Earned Income Tax Credit (EITC)* (Mar. 25, 2019), http://www.ncsl.org/research/labor-and-employment/earned-income-tax-credits-for-working-families.aspx.

255 Kiel, *supra* note 253.

256 John Guyton et al., *Working Paper No. 24465: The Effects of EITC Correspondence Audits on Low-Income Earners*, Nat'l Bureau of Econ. Res. 1, 1 (2019), https://www.nber.org/papers/w24465.pdf.

257 Taxpayer Advocate Serv., *Return Preparer Oversight: The IRS Lacks A Coordinated Approach to Its Oversight of Return Preparers and Does Not Analyze the Impact Of Penalties Imposed on Preparers* 1, 105 (2018), https://taxpayeradvocate.irs.gov/Media/Default/Documents/2018-ARC/ARC18_Volume1_MSP_07_RETURNPREPARER.pdf.

258 Auslen, *supra* note 206.

259 I.R.S., *Publication 501: Dependents, Standard Deduction, and Filing Information* (2018), https://www.irs.gov/publications/p501. For additional discussion of complexities raised because of children's living arrangements, *see* Elaine Maag, H. Elizabeth Peters & Sara Edelstein, *Increasing Family Complexity and Volatility: The Difficulty in Determining Child Tax Benefits*, Tax Pol'y Ctr. 1, 1 (2016), https://www.taxpolicycenter.org/publications/increasing-family-complexity-and-volatility-difficulty-determining-child-tax-benefits/full.

260 Maag et al., *supra* note 259.

261 Mark Huelsman, *Enhancing Tax Credits to Encourage Saving for Higher Education Advancing the American Opportunity Tax Credit and Reforming the Saver's Credit*, New America 1, 2 (2010), https://static.newamerica.org/attachments/8579-inequality-education-employment-and-savings/Enhancing_Tax_Credits_to_Encourage_Saving_for_Higher_Education.1b8835c262294b64ab621862dec3a1a6.pdf.

262 Greenstein et al., *supra* note 250 at 6-11.

263 Dayanand S. Manoli & Nicholas Turner, *Cash-on-Hand and College Enrollment: Evidence From Population Tax Data And Policy Nonlinearities*, NBER 1, 2 (2014), https://www.nber.org/papers/w19836.pdf.

264 Mathieu R. Despard, Dana C. Perantie, & Michal Grinstein-Weiss, *Do EITC Recipients Use Tax Refunds to Get Ahead? New Evidence from Refund to Savings*, Semantic Scholar (2015), https://pdfs.semanticscholar.org/86cc/b8fb8d53dfb5a4c8c8f25323016de6de7258.pdf.

265 Steve Holt, *Help When it's Needed: Advancing the AOTC*, Ctr. for Law & Soc. Pol'y & Ctr. for Postsecondary & Econ. Success 1, 4-5 (2014), https://www.clasp.org/sites/default/files/public/resources-and-publications/publication-1/Help-When-Its-Needed-Advancing-the-AOTC.pdf.

266 Steve Holt, *Periodic Payment of the Earned Income Tax Credit Revisited*, Brookings Inst. 1, 4 (2015), https://www.brookings.edu/wp-content/uploads/2016/07/HoltPeriodicPaymentEITC121515.pdf.

267 *Id.* at 10-11, 17.

268 Stein, *supra* note 27, at 2.

269 Lily Batchelder & Eric Toder, *Government Spending Undercover: Spending Programs Administered by the IRS*, (2010), https://www.americanprogress.org/issues/economy/reports/2010/04/13/7580/government-spending-undercover/.

270 *See, e.g.*, Schulman, *supra* note 125, at 11-15.

271 26 CFR § 1.21-1 - Expenses for household and dependent care services necessary for gainful employment; I.R.S., Publication 501: Child and Dependent Care Expenses (2018), https://www.irs.gov/publications/p503#en_US_2018_publink1000203302.

272 Tax Pol'y Ctr., *T13-0277 - Make the Child and Dependent Care Credit Fully Refundable, Baseline: Current Law, Distribution of Federal Tax Change by Expanded Cash Income Level, 2015* (2015), https://www.taxpolicycenter.org/model-estimates/options-child-and-dependent-care-credit/make-child-and-dependent-care-credit-fully-2.

273 Goldberg et al., *supra* note 203.

ENDNOTES

274 Elaine Maag, *The Lowest-Income Families Could Receive Larger Child Tax Credits with a Few Changes to the Tax Code*, Tax Pol'y Ctr. (2019), https://www.taxpolicycenter.org/taxvox/lowest-income-families-could-receive-larger-child-tax-credits-few-changes-tax-code.

275 Paul Kiel, *Lawmakers Just Confronted the IRS Over Tax Audits That Target the Poor*, ProPublica (2019), https://www.propublica.org/article/lawmakers-to-irs-commissioner-charles-rettig-system-stacked-for-the-rich.

276 *Inclusive budgeting* is a tool that can help policymakers determine whether women, people of color, and other historically disadvantaged groups are excluded from existing tax expenditures. *Equity impact statements* can help assess whether tax proposals would have a positive, or negative, impact upon these groups.

277 Child and Dependent Care Tax Credit Enhancement Act of 2019, S. 931, 116th Cong. (2019).

278 Simon Workman, *Where Does Your Child Care Dollar Go? Understanding the True Cost of Quality Early Childhood Education*, Ctr. for Am. Progress (Feb. 14, 2018), https://www.americanprogress.org/issues/early-childhood/reports/2018/02/14/446330/child-care-dollar-go/.

279 Econ. Pol'y Inst., *Child Care Costs in the United States* (July 2019), https://www.epi.org/child-care-costs-in-the-united-states/.

280 Jeffrey Rohaly, *Reforming the Child and Dependent Care Tax Credit*, Tax Pol'y Ctr., 1, 2 (May 30, 2007), https://www.taxpolicycenter.org/sites/default/files/alfresco/publication-pdfs/411474-Reforming-the-Child-and-Dependent-Care-Tax-Credit.PDF.

281 Working Families Tax Relief Act of 2019, H.R. 3157, 116th Cong. (2019).

282 *Id.*

283 Chuck Marr & Yixuan Huang, *Childless Adults Are Lone Group Taxed Into Poverty EITC Expansion Could Address Problem*, Ctr. on Budget & Pol'y Priorities, 1, 2 (Jun. 10, 2019), https://www.cbpp.org/research/federal-tax/childless-adults-are-lone-group-taxed-into-poverty.

284 TPC Key Elements, *supra* note 204.

285 Marr et al., *supra* note 229, at 12.

286 *Id*. at 2.

287 Nat'l Women's Law Ctr., *The Working Families Tax Relief Act: Making The Tax Code Better Support Women and Families* 3 (May 2019), https://nwlc-ciw-49tixgw5lbab.stackpathdns.com/wp-content/uploads/2019/05/Working-Families-Tax-Relief-Act-Factsheet.pdf.