NATIONAL WOMEN'S LAW CENTER
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Harm to Families, Giveaways to Billionaires: How the House Republican Reconciliation Bill Makes Our Tax Code Less Equitable and Leaves Women and Families Behind

All of us will need to receive or provide care for ourselves or a loved one at some point in our lives, as well as put food on the table and access health care. While families struggle with rising costs, including groceries, rent, and health care, as well as finding and affording care for their loved ones, Republican leaders in Congress are moving a bill that would make their struggles even more difficult. We should be raising more tax revenue from the wealthiest individuals and big corporations to support the programs families rely on to meet basic needs, like Medicaid and the Supplemental Nutrition Assistance Program (SNAP), and go further to build and invest in child care, paid leave, and aging and disability care and other long-overdue public supports that would help families and communities thrive, and foster sustainable economic growth. These investments would help more families meet their caregiving needs and build their financial security, while helping to grow a robust economy. But rather than moving us toward these goals, House Republicans advanced policies that harm families that are already struggling and give away massive amounts of federal revenue in tax cuts that benefit the wealthy.

Cuts in the House Republican reconciliation bill harm women and families

On a party-line vote, Republicans in the House passed a reconciliation bill, H.R. 1, with the largest cuts in history to Medicaid and SNAP. These cuts will inflict significant harm on women, particularly Black women and women of color, and families. For example, cuts to Medicaid are expected to result in an estimated 15 million people losing their health care, and cuts to SNAP put about 11 million people at risk of reduced food assistance or the loss of that assistance entirely. These program cuts primarily affect people with low incomes, among whom women of color and women-headed households are overrepresented. Because the bill also contains significant tax cuts for the wealthy, it represents a large transfer of income away from struggling families to the super rich. People with very low incomes will be sicker and hungrier, putting many lives at risk if this legislation is enacted, all so that the wealthy can have more tax breaks.

"My youngest child is 8 years old. My eldest is 20, and I have a 13-year-old.

Right now, I'm not receiving any food assistance, but I do have clients who rely on SNAP. And cuts to SNAP would be horrible for families. It's so sad to hear that there are children who are not having dinner. Or there are children that are coming [to my child care center] and they did not have breakfast because there's not enough food at home. These are things that should not be happening. Our children should not be going hungry."

– Merline Gallegos
Las Cruces, New Mexico
Mother and owner of a home-based child care center

In addition to causing deep harms to individuals and families, significantly cutting federal programs like Medicaid and SNAP will strain state budgets and threaten other priorities, like care. For example, Medicaid is the largest source of federal funding for states to provide health coverage and long-term care for low-income residents, making up nearly one-third of state budgets. Either states will need to raise revenue to balance their budgets, or they will need to make cuts of their own. If states choose to maintain Medicaid coverage at the same levels, most states would need to come up with hundreds of millions of dollars in state funding, either by raising additional revenue or cutting other programs.

IMPACTS ON THE CARE WORKFORCE

Paid child care workers provide care to nearly 10 million children, and direct care workers provide critical long-term care to nearly 6 million disabled people and older adults. This workforce is overwhelmingly women, and disproportionately women of color and immigrant women. This workforce is chronically underpaid and undervalued, which means that they rely heavily on basic needs programs like SNAP and Medicaid to support themselves and their families. Taking those benefits away means that care workers will have an even harder time making ends meet.

- **Medicaid provides funding for aging and disability care that pays many direct care workers' wages.**
- **43% of child care workers and nearly half of direct care workers rely on programs like Medicaid, SNAP and TANF because they aren't paid enough to meet their basic needs.**
- **Direct care workers are often forced to leave the profession because of low pay and few benefits.**

Medicaid cuts will compromise direct care workers' wages, and, combined with cuts to other programs and supports, will drive more people out of the profession, making it even harder for disabled and older adults to find direct care workers and forcing many people to go without the vital care that they need.

A large portion of the care workforce are immigrants, who will be even more affected as the bill targets them for additional harm by taking away eligibility for some benefits, making them less likely to apply for others they remain eligible for, and more funding for mass deportations that cause extreme harms from family disruptions.

Family caregivers, who are largely unpaid, also rely on Medicaid to support themselves –and to support the needs of their disabled loved ones in their homes. In 2022, Medicaid paid for two-thirds of home care spending.

The deep cuts to Medicaid included in the House Republican-passed bill will therefore directly harm care workers, and cause ripple effects throughout the already fragile care system.

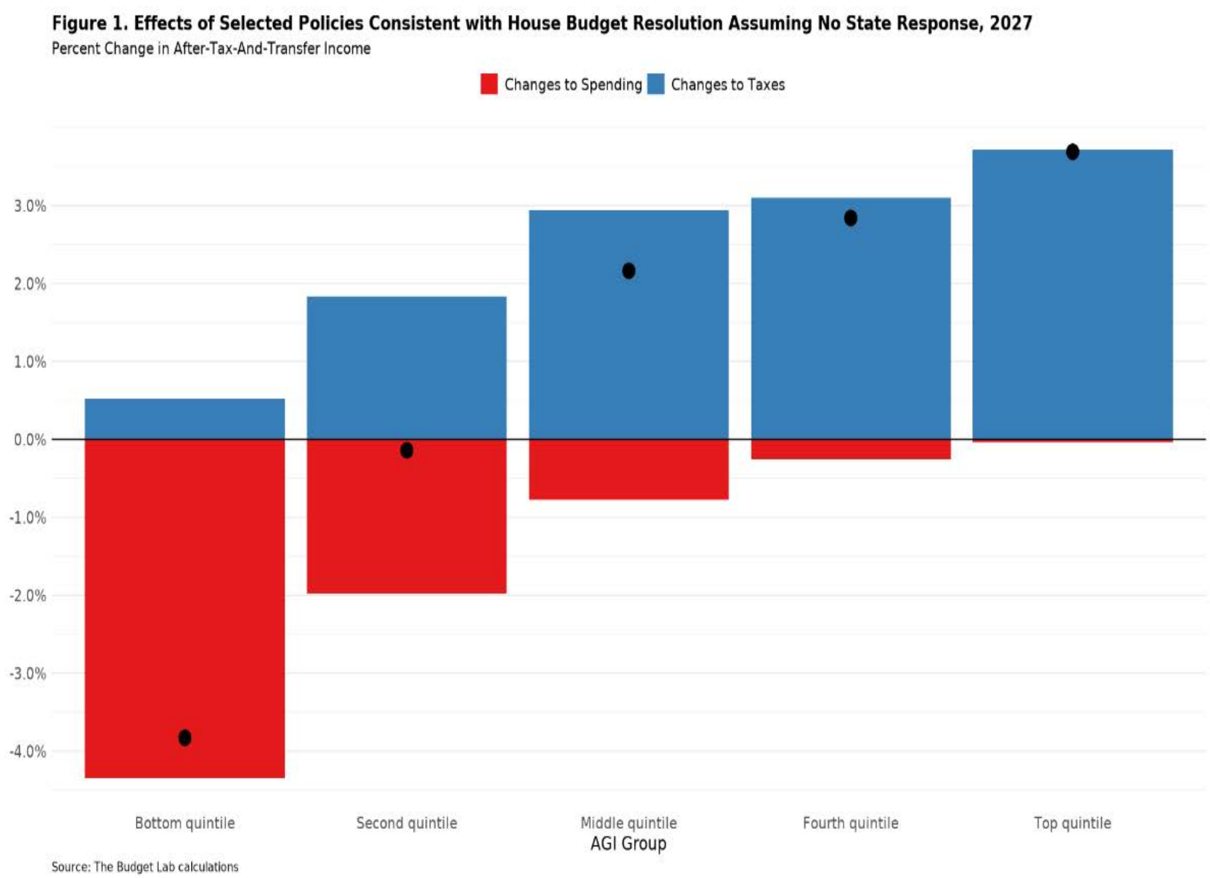
"Medicaid is something that I need for my family, as a single mother. I can't purchase health insurance for all of my children. For example, my son fell and broke his arm, and I didn't have to worry that if I took him to the hospital I would have to pay, because he's on Medicaid. That's a relief for us, and gives us less stress, because obviously our income is not enough for me to meet their health care needs otherwise. My parents are elderly. My dad is diabetic, he's 80 years old, and he's been very sick. Medicaid is something that has helped him with health care. He has worked his entire life. He's worked in the fields, in agriculture. So it's so unfair, that Congress wants to cut these benefits when our parents worked their whole lives."

"What would we do if we lost these benefits? I don't even want to think about it, to be honest. We would have to choose between paying the rent or mortgage, or buying food, or paying for health insurance. Honestly, it would mean we could experience homelessness because health insurance is not cheap."

– Patty Ortiz
Albuquerque, New Mexico
Mother and teacher's assistant in a youth development program

Extending and expanding the expiring provisions of the 2017 tax law overwhelmingly benefits the richest and costs trillions

The tax cuts House Republicans passed are skewed to the wealthy. One estimate calculates that the top 0.1% would see an average tax cut of $390,070 per year. Another estimate shows the top 1% by income would see an average tax cut of $70,320 per year, while the bottom 20% would see an average tax cut of just $130 per year. But even that modest amount would be immediately consumed by increased costs as a result of cuts to federal programs. The combined effect of tax policy changes with proposed cuts to Medicaid and SNAP means families in the bottom 40% would see no net benefit from tax cuts, and the bottom 20% would lose on average $805 per year overall. In short, the bill would take money from low-income families and give it away to the wealthiest people in the country in tax breaks.



Source: The Budget Lab at Yale

"The price of food right now is ridiculous. It eats up your wallet so badly, and if you qualify for SNAP benefits, you only can make a very small amount of money. I don't know how we will survive if they go ahead with these cuts. It's just going to be really hard. I'm envisioning in my head, multiple generations having to live in one household to pool together in order for a family to survive. I can't fathom my daughter and her child moving out of my home because they won't make it. They just won't make it. . . And if you're giving tax breaks to rich folk, you're helping them do better or retain more of what they already have."

– Tineaka Robinson

North Charleston, South Carolina

Mother and support technician for medically homebound students

Extensions and expansions of temporary provisions of the 2017 tax law drive the transfer of federal revenues from low-income families to the super wealthy. For example:

- **Income Tax Rates**: The 2017 tax law lowered most income tax rates and adjusted tax brackets. This provided a much larger tax break to wealthy families. The top marginal tax rate, which applies to income above $626,350 in 2025, was lowered from 39.6% to 37%. Extending this change alone, rather than allowing it to expire, costs $360 billion over ten years.
- **"Pass-Through" Business Income Deduction**: The 2017 law also included a new deduction for "pass-through" business income, which is taxed on personal tax returns, and is concentrated among wealthy households. Over half of the benefit of this tax deduction goes to households with more than $1 million in annual income. House Republicans extended this provision and increased the deduction from 20% to 23%, costing over $800 billion over ten years.
- **Estate Tax**: The estate tax was also weakened in 2017 by increasing the amount wealthy families can pass on to heirs before owing any estate tax. House Republicans extended this increased exemption amount so that individuals can pass on $15 million dollars ($30 million for married couples) exempt from the estate tax. The estate tax is designed to break up dynastic wealth, but continuing to weaken it means fueling growing wealth inequality. Over ten years, extending this increased exemption costs $212 billion. These tax breaks primarily benefit white families, who hold the most wealth.

House Republicans included several smaller provisions that may incrementally lower taxes for some families with more moderate incomes. These provisions include temporary tax exemptions for income from tips and overtime, a deduction for interest on auto loans, and a deduction for some seniors. The bill also temporarily increases the maximum Child Tax Credit (CTC) amount to $2500, while simultaneously removing eligibility for immigrant families, as discussed below. Though their proponents claim these tax breaks mean the bill is a boon to families, these smaller provisions are less helpful for families than their proponents suggest. In addition, these tax breaks exclude the lowest income families that will be most affected by cuts to Medicaid, SNAP and more, by design. As noted above, any decrease in taxes from these provisions is dwarfed by the losses many families will experience from cuts to Medicaid, SNAP and more. Taken together, they do not affect the overall skew of the tax bill to most benefit the wealthiest individuals.

Tax cuts that benefit the wealthy reduce gender and racial equity, especially when combined with program cuts

The more tax cuts are skewed to the wealthy, the more they disproportionately leave out women and women of color. Systemic discrimination, both historic and ongoing, means women and LGBTQIA+ people, especially those facing multiple forms of discrimination, are at greater risk of economic insecurity throughout their lives. Gender and racial wealth gaps measure the disparities in financial security driven by this discrimination. In the most recent calculations, for every dollar of wealth owned by a single white man, single Black women own 8 cents and single Latinas own 14 cents.

Women are underrepresented among top earners, and women supporting families on their own have the lowest median income among family households. Women make up nearly two-thirds of the workforce in the 40 lowest paid jobs, and these workers are disproportionately women of color. In addition, Black and Latinx tax filers represent a much smaller portion of tax filers at the top of the income distribution than at the bottom. Therefore, if a tax bill is passed which disproportionately skews benefits to the top, it will exacerbate disparities by gender and race in the tax code and our economy more broadly.

Additionally, the bill harms families by taking the Child Tax Credit (CTC) away from millions of children in immigrant families. Under the 2017 tax law, families cannot claim a child with an individual taxpayer identification number (ITIN) for the CTC. (ITINs are tax processing numbers for individuals who aren't eligible for Social Security numbers.) This restriction already prevents one million children from benefiting from the credit and harms already economically disadvantaged immigrant communities. In the bill that passed the House, Republicans restricted eligibility for immigrant families even further, by preventing parents with ITINs from claiming the CTC. This new change would prevent 4.5 million citizen and lawfully present children in immigrant families from benefiting from the credit.

Taken together, the bill's tax provisions exacerbate existing inequities, harm families of color, and will work to deepen gender and racial wealth gaps.

Big tax cuts make further program cuts more likely in the future and move big investments further out of reach

The immediate harms that will result if the House Republican reconciliation bill becomes law will be further exacerbated by the fiscal trajectory lawmakers will set us on if they pass trillions of dollars in tax cuts. Many lawmakers claim tax for the wealthy will benefit the entire economy, but the evidence shows that decades of tax cuts at the top have not "trickled down" to average workers or low-income families. In particular, research shows that the large tax cuts passed in 2017 did not boost wages for workers or generate economic growth. Recent analysis of the tax cuts currently being considered in Congress indicates they will in fact slow long-term economic growth. This drag on the economy would especially hurt low-income families.

Because of previous large tax cuts at the top, the U.S. already faces high and rising debt levels. Rather than seeking to close this gap by changing course and ensuring the wealthiest and big corporations pay their fair share in taxes, lawmakers repeatedly claim they must cut programs. This bill is no exception. In addition to immediate cuts, its further exorbitant tax cuts will only exacerbate this dynamic in the future, as it adds $2.4 trillion dollars to the national debt. Diminished federal revenues going into the future would mean high deficits, increased borrowing costs, and rising threats of even more program cuts over time. It also puts the big investments we need – like a child care guarantee, paid family and medical leave, and robust funding for aging and disability care – further out of reach.

Congress could make different choices that would make the tax code more equitable, raise revenues and allow us to invest in people

House Republicans have chosen to prioritize tax cuts at the top at the expense of people with low and moderate incomes. Many other choices are available to lawmakers, which would make the tax code more equitable, raise revenue and allow us to expand, rather than cut, investments in women and families. For example:

- **Corporate Tax Rate**: Congress could raise the corporate tax rate. In 2017, when Republicans in Congress cut the corporate tax rate from 35% to 21% in 2017, more than 80% of the gains went to the top 10% of the income distribution. Raising the corporate rate to 28% would generate $1.35 trillion in additional federal revenue, and research indicates it would benefit the economy by addressing income disparities and promoting a more equitable distribution of wealth. Beyond merely raising revenue, corporate taxes play a crucial role in regulating industries and rebalancing economic power, shifting it from predominantly white shareholders and business executives to workers and consumers.
- **Capital Gains**: Congress could also ensure wealthy individuals and families are paying more of their fair share by raising the tax rate on capital gains so that it matches the tax rate high earners pay on their salaries, and by closing a loophole that allows many wealthy families to avoid paying capital gains taxes at all. One such proposal would raise $289 billion over 10 years, and other strategies to address this inequity would raise $102 billion to $147 billion over 10 years. Another proposal for a "millionaires surtax" would add an additional 10% tax on a broad range of income, including capital gains, for anyone making more than $1 million per year. This tax would raise $1.5 trillion over 10 years.
- **Estate Tax**: Rather than weakening the estate tax, Congress could strengthen it so that more wealthy heirs are subject to the estate tax. One such proposal would raise $430 billion over 10 years.
- **Child Tax Credit**: Finally, rather than stripping the CTC from millions of families, Congress could restore and expand refundable tax credits so that the lowest income families can access them.

These options would move us closer to a tax code that works for women and families, not just the wealthy few. Advancing policies like these would allow Congress to raise revenue in a progressive manner so that the wealthiest people and corporations, who are in the best position to contribute to our tax system, are paying their fair share. This would be a more equitable way for Congress to address the national debt, rather than using deficits as a reason to make performative and punitive benefit cuts that are shouldered by the families who need them the most. Making our tax code fairer and more equitable would thus create more fiscal space to address pressing national concerns, like the care crisis, with investments that could make a material difference in the lives of families. Instead, Republican majorities in Congress are choosing once again to give away tax breaks to the wealthy at the expense of the rest of us, bringing more harm to women and families that are already struggling.

It doesn't have to be this way. Instead, lawmakers in Congress should focus on keeping their promises to voters: lower costs for everyday people, invest in women, families, and communities, and make the tax code and the economy work better for all of us.