



Department of Social Development and World Peace

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May 21, 2007

Ways and Means Committee
The House of Representatives
Washington, D.C. 20515

Dear Representative:

As Congress takes up tax legislation, I write on behalf of the United States Conference of Catholic Bishops to express our hope that that the well-being of poor families and their children receives priority consideration. I urge you to find effective ways to help families escape poverty by strengthening both the Child Tax Credit (CTC) and the Earned Income Tax Credit (EITC). The Bishops' Conference would welcome and support efforts to improve and expand these essential elements of the national safety net.

Our faith calls to us to measure public policy decisions by whether they enhance or undermine the lives of those most in need. In his Encyclical, *God is Love*, Pope Benedict XVI reminded us: "Politics is more than a mere mechanism for defining the rules of public life: its origin and its goal are found in justice, which by its very nature has to do with ethics. The State must inevitably face the question of how justice can be achieved here and now." (# 28)

As pastors, we see the struggles of low wage workers in our communities. Poor families often turn to the Church for help. We serve them in our parishes and our Catholic Charities agencies as they seek food, clothing, and shelter. We see their suffering and sense their pain as they try to make a decent life with very low wages. Too often poor families and workers are not heard or present in public policy debates. They do not have powerful lobbyists, but poor people have compelling needs that should have a priority claim on our consciences and the choices made in Congress.

I urge you to strengthen the "refundable child credit" so it will better reach the poorest of working families. The Child Tax Credit as it is now structured leaves behind millions of poor and working families because to qualify for the credit families must have a minimum level of earnings. This minimum level is indexed to the inflation rate and increases each year. Originally, families earning over \$10,000 a year could benefit from the credit; in 2007, families have to earn over \$11,750. This means that working families earning \$11,750 or less a year are ineligible for the child tax credit.

Incredibly, a family with a full-time year-round minimum wage worker—40 hours a week for 52 weeks earns \$10,700—is ineligible for the credit. (Even if the minimum wage were increased to \$7.25 an hour, a full-time minimum wage worker would still be eligible for only a partial credit and would see this credit shrink each year due to inflation.) As you know, families earning more than \$11,750 can receive \$150 for every \$1,000 they earn, up to a maximum of \$1,000 per child. Therefore, a family with two children gets the full benefit when its earnings reach about \$25,000. The current statutory limits prevent some 10 million children in poor

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families from receiving any benefit from the credit and another 10 million from receiving full benefits. Simple justice requires that “the least among us” not be left out of this important effort to assist working families in raising their children.

While low income people may have very small—or no—income tax liability, they do pay a significant part of their wages in Medicare and Social Security payroll taxes. The Earned Income Tax Credit was designed to give the working poor some relief from the very regressive effects of rising payroll taxes. Very low income childless workers, a group that has access to very few forms of public assistance, get little help from the current program. Even though payroll taxes cut their meager wages, very low-wage workers are permitted to claim a maximum benefit of only \$428 when their income is around \$6,000. As their modest income rises, the amount of help diminishes and is fully phased out around \$13,000. This program also should be reformed and strengthened to help the most vulnerable in our midst.

As you know, the Catholic Bishops have been strong supporters of both the Earned Income Tax Credit and the child tax credit because these essential programs help lower income working families raising children live in decency and with dignity. Until Congress acts, poor working people will be short-changed under current law. Our faith and moral principles call us to stand up for these families and children and insist their needs should take priority in the coming tax debate. We believe it is a matter of simple justice.

With every best wish, I am,

Sincerely,



Most Rev. Nicholas DiMarzio, Ph.D., D.D.
Bishop of Brooklyn
Chairman, Domestic Policy Committee