



Working to Reduce Poverty in America

October 21, 2019

The Honorable Chuck Grassley
Committee on Finance
Chairman,
135 Hart SOB
Washington, DC 20002

The Honorable Ron Wyden
Committee on Finance
Ranking Member,
221 Dirksen SOB
Washington, DC 20002

The Honorable Richard Neal
Committee on Ways and Means
Chairman,
2309 Rayburn HOB
Washington, DC 20515

The Honorable Kevin Brady
Committee on Ways and Means
Ranking Member,
1011 Longworth HOB
Washington, DC 20515

Chair
Charles Cornelio

President & CEO
Sr. Donna Markham OP, PhD

Vice Chair
Robert McCann

Secretary
Martina O'Sullivan

Treasurer
Michael Connelly

Dear Chairmen Grassley and Neal and Ranking Members Wyden and Brady,

I write to you today on behalf of Catholic Charities USA (CCUSA), representing 167 nonprofit diocesan Catholic Charities agencies, collectively serving 12.5 million people in poverty across America. Even in a prosperous economy millions of low-income working families continue to struggle to escape poverty. Catholic Charities agencies remain committed to serving people in need, but without legislative action extending and fixing portions of the tax code it will have an adverse effect on their progress.

As you deliberate on a tax package for the end of the year, the following extensions and fixes should be prioritized:

Expand the Earned Income Tax Credit (EITC) and Child Tax Credit (CTC).

The EITC and CTC are two of the most effective poverty-reducing mechanisms in our country. In 2018 alone, these credits improved the well-being of over 29 million American and protected 8.9 million from falling into poverty, including 4.8 million children. These credits are linked to better infant health, increased school performance and projected improved earnings in adulthood. The totality of the evidence suggests that the EITC and CTC not only decrease poverty in the present, but have the capability of reducing generational poverty.

While the EITC and CTC have lifted millions out of poverty, many remain arbitrarily ineligible for these important credits. The CTC currently excludes 26 million low and moderate income working families from fully receiving the credit. Closing this gap will help many more people avoid falling into poverty.



2050 Ballenger Avenue, Suite 400, Alexandria, VA 22314 | Phone: 703-549-1390 | Fax: 703-549-1656
www.CatholicCharitiesUSA.org

The EITC age qualification should also be altered to 18 and older instead of 25 and older to help younger families have access to the credit. Increasing the maximum eligibility to \$1,460 of the EITC for low-income working adults without children will decrease their tax liability and help avoid taxing them deeper into poverty.

Repeal unrelated business income tax (UBIT). UBIT created a new liability for tax-exempt organizations that provide transportation and other fringe benefits for their employees. Catholic Charities agencies are good stewards of the dollars they receive and remain dedicated to using the majority of their resources for client care. This onerous provision forces many agencies, regardless of budget size, to divert resources to this tax and away from serving the millions of people in poverty.

Establish a 4% minimum housing credit rate for certain housing projects within the Low Income Housing Tax Credit (LIHTC). The affordable housing crisis continues to hinder low income individuals from escaping poverty and reaching self-sufficiency because they spend the majority of their income on housing costs. The shortage of affordable housing construction is perpetuated by an inefficient tax rate within the LIHTC for rehabilitation projects and new construction projects financed with tax-exempt bonds. Establishing a 4% minimum credit rate for these projects allows Catholic Charities agencies the ability to finance more affordable rental units for people living in poverty.

Every day, Catholic Charities agencies witness the dedication and desire of people in poverty working to better their lives and those of their families. I urge you to remember the Catholic principle that work has an intrinsic social dimension, and that a person's work is linked to other people and their community. As you finalize an agreement on a tax package for the end of the year, I encourage you to prioritize a tax code that incentivizes work, does not raise barriers toward progress and helps lift people out of poverty.

Sincerely,

A handwritten signature in cursive script that reads "Sister Donna Markham, OP." The signature is written in black ink and is positioned below the word "Sincerely,".

Sr. Donna Markham OP, Ph.D.
President & CEO
Catholic Charities USA