

Anti-Poverty and Family Support Provisions in the Tax Code
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Thank you, Chairman Wyden, Ranking Member Crapo and distinguished members of the Senate Finance Committee, for inviting me to testify on Anti-Poverty and Family Support Provisions in the Tax Code.

I lead Workforce Development for The Fedcap Group, a nonprofit organization dedicated to improving the economic well-being of those with barriers to employment. I wish to offer insights from my current role and my former role as the Deputy Director of the Office of Family Assistance (OFA), the federal agency that oversees the Temporary Assistance for Needy Families (TANF) program. Earlier this year, I appeared before the House Committee on Ways & Means where I discussed some of the current loopholes that impact that program, and I provided some recommendations on how we can address the needs of those with real barriers and needs for assistance. Specifically, I testified that TANF Maintenance of Effort (MOE) spending can be more directly tied to efforts that reward work and retention. [Source: [Grant-Collins-Written-Testimony7.pdf \(house.gov\)](#)]

Work and wages are critical to families and children and are a step toward reducing intergenerational poverty. Bipartisan welfare reform has been successful in improving incomes and reducing poverty through work.

The Earned Income Tax Credit, or EITC, is one such work-focused incentive designed to assist workers with very limited means. As the largest federal aid program targeted to the working poor, EITC encourages people to work without disincentivizing them by taking away portions of their wages or reducing their benefit.

Thirty-one (31) states currently offer a state or local EIC, with varying degrees of refundable credits. [Source: [States and Local Governments with Earned Income Tax Credit | Internal Revenue Service \(irs.gov\)](#)] Added to the federal EITC, state and local credits serves as an important tool to further reward work and improve real life chances for parents and children in the process.

A National Institute's of Health report on the EITC in March of 2022 detailed the following:

Multiple studies have investigated the impacts of income supplements like the EITC for family well-being (e.g., Hoynes et al., [2015](#)). Higher disbursements from the EITC

have been linked to improved birth outcomes (Hamad & Rehkopf, [2015](#); Hoynes et al., [2015](#)), improved child achievement (Dahl & Lochner, [2012](#)), increased likelihood of college enrollment (Manoli & Turner, [2018](#)), short-term improvements in child behavior, home quality scores (Hamad & Rehkopf, [2016](#)), and food security (Batra et al., [2021](#)). Research on the EITC also finds some evidence of positive effects on adults (particularly mothers') physical and mental health (Gangopadhyaya et al., [2020](#); Lenhart, [2019](#)), and that receipt of the EITC during childhood has sustained, positive effects on long-term educational attainment and economic outcomes (Bastian & Michelmore, [2018](#)).

I'd like to share several examples of states that used TANF funds to provide a state refundable EITC. In Louisiana, a strategic collaboration among agencies following Hurricane Katrina resulted in over eight million dollars in EITC payments and nearly another three million in child tax credits. We were able to do this because of an intensive and effective EITC campaign aimed at reaching the many displaced residents – some of whom were plunged into poverty due to job and other losses following the hurricane. [source: [Earned Income Tax Credit \(EITC\) Louisiana Initiative: Helping Families Rebuild after Hurricane Katrina Final Report | U.S. DHHS - ACF - OFA](#)].

While at HHS we continued our state efforts to drive higher uptake rates for those employed to help more enter and sustain work. We found it critically important to support local action campaigns like the one in Michigan (Benton Harbor), where locals went door to door to raise awareness about the EITC/CTC and increased the uptake rate for TANF adults from 48 percent to 84 percent. [source: [Strengthening Self Sufficiency Welfare Peer TA Report #146 | U.S. DHHS - ACF - OFA](#)]. OFA sponsored additional events like this in Idaho, Kentucky, and Missouri where according to EITC experts “at any given time 25% of the low wage working population does not participate in the EITC program and 48% of working TANF adults that qualify do not either.”

More recently states have chosen to implement additional credits or tax relief to eligible low-income families during times of extra hardship, such as many working families experienced as a result of the COVID-19 pandemic and subsequent economic fallout. In [New York State](#), for example, in 2021, the state enacted a relief package to provide an additional average \$270 per recipient. These efforts were paired with free tax preparation services to ensure that those who were eligible actually obtained the credits at no additional cost.

In my role with The Fedcap Group, we have demonstrated that it is possible to remove barriers to employment for people who have not had a clear path, including people

with physical or intellectual disabilities, people with mental health or are in recovery from substance use disorders, and people with previous justice system involvement. Over the past decade we have placed almost 170,000 people in jobs. [Source: [2022 Annual Report - The Fedcap Group](#)].

When government supports hard working Americans through the tax code by rewarding work for lower-income earners that can help springboard them out of poverty – the individuals, their communities, and our nation benefit.

Thank you, Chairman Wyden, Ranking Member Crapo, for the opportunity to testify. I look forward to answering any questions you might have.