

## **Crapo Statement at Hearing on Anti-poverty and Family Support Provisions in the Tax Code**

*June 14, 2023*

**Washington, D.C.**--U.S. Senator Mike Crapo (R-Idaho), Ranking Member of the U.S. Senate Finance Committee, delivered the following remarks at a hearing entitled "Anti-Poverty and Family Support Provisions in the Tax Code."

*As prepared for delivery:*

"Thank you, Mr. Chairman.

"Today we focus on anti-poverty and family support provisions in the tax code. It is important to have a conversation about existing provisions, what has worked in the past, and what more can be done.

"If there is one message to distill today, it is that if America is serious about reducing poverty and supporting families, work works. Without work, there is no chance society will achieve either aim. Successes here will be grounded in those from the past.

"In 1996, I joined a bipartisan, bicameral group of colleagues, including some in this room today, in voting to pass the welfare reform bill. In the decades since, this landmark legislation's reforms have led to undeniable intergenerational progress.

"One of welfare reform's key changes was to replace an ineffective cash-handout system with one focused on incentivizing work, job training and self-sufficiency.

"One of our witnesses, Bruce Meyer, has written extensively about the lessons of welfare reform and parallels for today.

"Another, Grant Collins, has extensive practical experience with pro-work anti-poverty interventions.

"The decisive, transformational results of welfare reform speak for themselves, including: marked increases in work and earnings for single mothers, almost doubling these for some cohorts; sharp poverty reductions, with consumption poverty declining by more than 70 percent since 1996 to just 3.7 percent in 2018; and broad declines in benefit dependence, including a five-fold reduction in those needing temporary assistance.

"As President Biden—who as a Senator voted in favor of welfare reform—said at the time: 'I think everyone here believes that work should be the premise of our welfare system.'

"Not surprisingly, recent polling from May shows that nearly two-thirds of Americans support work requirements for recipients of government benefits.

“Welfare reform proves that we can exercise common sense, and be compassionate and fiscally responsible all at the same time.

“These lessons were applied, for example, when Republicans first proposed the child tax credit in their Contract with America, and were retained when they enacted the credit in 1997, expanded it in 2001 and 2009 and doubled it in the momentous 2017 tax reform bill.

“In 2017, Republicans also doubled the standard deduction, lowered tax rates for the hundreds of millions of lower and middle-class Americans, and stretched these lower rates further through expanded tax brackets.

“All of these changes put money back into the pockets of working families and it is no surprise that after the bill’s enactment, Americans’ disposable personal income jumped, up nearly 87 percent in the first quarter of 2018 over the last quarter of 2017.

“I look forward to hearing more from today’s witnesses on the key lessons learned from these successes in reducing poverty and supporting working families.

“In recent years, some seem to have forgotten what previously worked and have pushed for changes to government assistance that appear generous but, in the end, will certainly not solve poverty, or even just child poverty.

“The direct costs for these ideas are enormous.

“Indirectly, data show they actually become an impediment to intergenerational growth and upward mobility.

“Just this past February, for example, results of a cash-allowance program being piloted in Spain arrived.

“The program has already had ‘sizeable and adverse employment effects,’ with aid recipients being 20 percent less likely to work and families receiving benefits 14 percent less likely to have any family member working.

“As another example, in October 2022, the nonpartisan JCT evaluated Democrats’ partisan, temporary changes to the child tax credit and they reached two critical conclusions.

“First, they estimated a staggering cost to continue them: more than \$1.2 trillion in the budget window, to say nothing of the years beyond.

“Second, they confirmed that the provision disincentivizes work, with a ‘dynamic’ cost estimate factoring in work and growth that approached \$1.4 trillion—more than its headline estimate.

“Evidence is sometimes warped to manufacture contrary conclusions. But Professor Meyers and Mr. Collins will tell us that an honest accounting of the data is clear: unconditional, direct-transfer policies simply do not achieve their aim of actually reducing poverty and dependency, even if they are called a tax credit.

“There are many thoughtful, compassionate and prudent ideas worth considering to ensure that our social safety net is strong for those who need it most.

“What makes no sense is to undo the good that has already been done through harmful policy—whether in the name of equity, morality or anything else. Progress requires building upon yesterday’s gains, not tearing them down.

“Thank you, Mr. Chairman.”