



BACKGROUNDER

Taxes, Economic Policies, and the Family

“Put children and families first: Analyze every policy and program . . . for its impact on children and families, look at every proposal from a family perspective. Poor and vulnerable children have first claim on our common efforts.”

-U.S. Bishops, *Putting Children & Families First: A Challenge for Our Church, Nation and World*, 1991

Legislative Ask

Ensure that all tax and budget decisions support children and families and help them flourish, especially families experiencing poverty. As Congress considers a budget reconciliation package that involves tax and other economic policies that affect families, we ask that they keep in mind how these decisions will impact the most vulnerable families. The life and dignity of families should be the final guiding principle of all economic and tax policy.

Legislative Background

In 2017, Congress passed the Tax Cuts and Jobs Act. The United States Conference of Catholic Bishops (USCCB) [repeatedly engaged](#) with Congress as the legislation was drafted and [warned](#) that the legislation would “raise taxes on the poor and cut taxes on the rich, violating basic principles of justice.” Many of the policies in the 2017 tax legislation are set to expire at the end of 2025. As a result, Congress will aim to pass new tax policy this year, likely as part of a larger package of policies related to the federal budget, using a process known as budget reconciliation. This package could also include funding and structural changes to programs that help families and individuals who are poor and vulnerable meet their basic human needs.

Earlier this month, the USCCB sent a letter to Congress outlining its position on the following issues: protecting human life and dignity, caring for the poor, family formation and strengthening, progressivity of the tax code, adequate revenue for the sake of the common good, avoiding cuts to poverty programs to finance tax reform, incentivizing charitable giving and development, supporting parental choice in education, inclusion of immigrant and mixed-status families, and energy and the environment.

The overarching goal of tax and budget policy ought to be aiding the flourishing of families, especially those with the greatest needs. As the U.S. bishops wrote in *Putting Children and Families First*, “While every family needs support, poor families and families facing discrimination carry the greatest burdens and require the most help. With limited resources, we need to focus assistance on those with the greatest needs.”

Factual Background

Families are facing financial hardship. Many jobs have low pay and lack benefits, security, and stability. The cost of housing, healthcare, and childcare has gone up. Families struggle to build savings to protect against a job loss, an illness, or an unexpected expense. No wonder there is hesitancy to form or grow new families. Specifically, family economic challenges include:

- **Poverty:** In 2023, [36.8 million people lived in poverty](#) in the United States. The number of children living in poverty increased to 10 million, nearly one million more children than the year before.
- **Access to Healthcare:** [Nearly 26 million people](#)—8% of the population—do not have health insurance. More than one in twenty children is uninsured. [More than two in five Americans](#) cannot consistently access and pay for quality healthcare and medicine.

- **Food Insecurity:** Food insecurity is on the rise in the United States with [47.4 million people](#) living in food insecure households, including 13.8 million children.
- **Lack of Affordable Housing:** More households are cost burdened by housing than ever before, with [half of renters](#) spending over 30% of their income on housing. Rents are up [26%](#) nationwide since early 2020, while home prices have reached a record high. Homelessness continued to rise last year, including, alarmingly, a [39% increase](#) among families with children.
- **Wealth Inequality:** In the second quarter of 2024, the [top 10% of wealthiest households held 67% of total household wealth](#) while the bottom 50% of households only held 2.5%.
- **Family Formation:** People with low incomes are [getting married at lower rates](#) than their wealthier peers. Declining male wages are associated with [lower female marriage rates](#). Many [families cite financial reasons](#) for not having as many children as they would like to have.

Policy Recommendations:

- **Child Tax Credit (CTC):** The CTC is a powerful tool to support families and reduce child poverty, but it currently excludes many of the children who need it most. The Child Tax Credit should be restructured so that its benefits are targeted to the poorest families and are available during pregnancy. It should retain the current eligibility for all children with Social Security Numbers.
- **Medicaid:** Medicaid is the primary provider of comprehensive healthcare coverage for low-income and vulnerable individuals and families. [Over 79 million](#) people are enrolled in the program, nearly half of them children. In several states, Medicaid pays for [roughly half or more than half](#) of all child births. Any changes to the Medicaid system should prioritize improvement and access to quality care over cost savings. Reforms such as block grants and per capita caps for Medicaid would increase costs for communities and those in need of care. Structural changes to Medicaid that could leave large numbers of people at risk of losing access to healthcare or that lack the right safeguards and accountability at the state level are unacceptable.
- **Supplemental Nutrition Assistance Program (SNAP):** SNAP is the nation's largest anti-hunger program, serving over [42 million people](#), nearly 40% of whom are children. It should be strengthened and protected. No cuts should be made to benefits and no changes should be made that would reduce access to the program or make it less effective in fighting hunger.
- **Low-Income Housing Tax Credit (LIHTC):** LIHTC is the largest federal program that supports the development of affordable rental housing. It should be expanded and improved to best serve households with the lowest incomes.
- **Progressivity of the Tax Code:** High-income taxpayers should pay a higher tax rate than the working poor. The Tax Cuts and Jobs Act made the tax code less progressive, for example, in changes to the estate tax and the Alternative Minimum Tax. New tax proposals should work to recover the progressive structuring that was lost. Those who stand to benefit the most from proposed tax policies ought to be the ones to bear most of the risk associated with them, rather than those who are struggling and in need.
- **Child and Dependent Care Tax Credit (CDCTC):** The CDCTC helps to offset child care expenses for working families. The credit should be expanded to better help families afford quality care.
- **Adoption Tax Credit:** The adoption tax credit provides important assistance to make adoption less financially burdensome for families. The credit should be made refundable to benefit lower-income families who welcome an adopted child into their home.

Resources

USCCB Letter to Congress on the Budget Reconciliation Package (Jan. 13, 2025).

<https://www.usccb.org/resources/letter-congress-budget-reconciliation-package-january-13-2025>



United States
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