

January 13, 2025

The Honorable Mike Crapo Chairman Committee on Finance U.S. Senate Washington, DC 20510

The Honorable Jason Smith Chairman Committee on Ways & Means U.S. House of Representatives Washington, DC 20515 The Honorable Ron Wyden Ranking Member Committee on Finance U.S. Senate Washington, DC 20510

The Honorable Richard Neal Ranking Member Committee on Ways & Means U.S. House of Representatives Washington, DC 20515

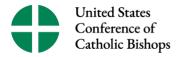
Dear Chairman Crapo, Ranking Member Wyden, Chairman Smith, and Ranking Member Neal:

On behalf of the U.S. Conference of Catholic Bishops' Committees on Domestic Justice and Human Development, Catholic Education, Migration, Pro-Life Activities, and Laity, Marriage, Family Life, and Youth, we write regarding your considerations of a budget reconciliation package involving taxes and other policies that directly affect the security, well-being, and future of every family. Many American families are struggling to meet their basic needs. Others wish to form new families or grow existing ones but are concerned they cannot afford to do so. The moral purpose of the economy is to support the flourishing of families. We ask you to keep in mind the most basic societal unit of the family, especially those struggling the most, and consider the following principles:

- Protect human life and dignity. The sacredness of human life and God-given dignity of the human person are foundational in Catholic social teaching, and the basis for all of the following principles. Consistent with this foundational teaching, we strongly support efforts in Congress to end the taxpayer subsidizing of the largest abortion provider in the country, Planned Parenthood. Our duty to care for immigrants, refugees, and the poor stems from the same life ethic that requires us to protect unborn children. We cannot offer a full witness to the sanctity of life without defending the most vulnerable and weakest members of our society, children in the womb.
- Care for the poor. The U.S. bishops have long emphasized that "[t]he fundamental moral criterion for all economic decisions, policies, and institutions is this: They must be at the service of *all people*, *especially the poor*." Likewise, "[t]he tax system should be continually evaluated in terms of its impact on the poor." Complex economic systems admit of many variables, and certainty about how tax policy will play out over time can be elusive, requiring prudent and honest projections. What should be certain is that the risks associated with tax policy ought not be borne by the most vulnerable. The poor should not be burdened with income taxation as they struggle to meet their daily needs. Expanding the EITC for poor and low-income workers without children could ensure these

<sup>&</sup>lt;sup>1</sup> Economic Justice for All, no. 24 (emphasis in original).

<sup>&</sup>lt;sup>2</sup> Economic Justice for All, no. 202.



individuals are not taxed further into poverty. Expanding and reforming the Low-Income Housing Tax Credit could ensure it better serves the lowest-income households who most struggle to afford housing. Programs designed to support those who are poor and vulnerable and lift them out of poverty and onto the path to full self-sufficiency must be adequately funded.

- Family formation and strengthening. Pope Francis has stressed that "[t]hose services which society offers its citizens are not a type of alms, but rather a genuine 'social debt' with respect to the institution of the family, which is foundational and which contributes to the common good." Instruments of the tax code that benefit the family such as the Child Tax Credit and the Child and Dependent Care Tax Credit are especially important. These credits should be directed towards those who need them most and, if possible, expanded. The Child Tax Credit should be restructured so that its full benefits are targeted to the poorest families and are available during pregnancy. The CTC should also retain the current eligibility for all children with Social Security Numbers, regardless of their parents' immigration status. Additionally, the Adoption Tax Credit ought to be made refundable, so that more families have the opportunity to welcome an adopted child into their home. Further efforts for consideration include removing financial barriers to marriage, ensuring families of all sizes are strengthened, and advancing paid family leave.
- Progressivity of the tax code. As Pope Benedict XVI wrote: "The dignity of the individual and the demands of justice require, particularly today, that economic choices do not cause disparities in wealth to increase in an excessive and morally unacceptable manner....Through the systemic increase of social inequality...not only does social cohesion suffer, thereby placing democracy at risk, but so too does the economy, through the progressive erosion of 'social capital': the network of relationships of trust, dependability, and respect for rules, all of which are indispensable for any form of civil coexistence." As the U.S. bishops have previously written: "the tax system should be structured according to the principle of progressivity, so that those with relatively greater financial resources pay a higher rate of taxation. The inclusion of such a principle in tax policies is an important means of reducing the severe inequalities of income and wealth in the nation." This articulation echoes what Pope St. John XXIII wrote, "In a system of taxation based on justice and equity it is fundamental that the burdens be proportioned to the capacity of the people contributing." Progressivity in structuring a tax code is not an ideological or partisan concept. It is a concern of justice and the health of society.
- Adequate revenue for the sake of the common good. Resources are required for society to defend and promote the common good. The USCCB has affirmed that "the tax system should raise adequate revenues to pay for the public needs of society, especially to meet the basic needs of the poor." In carrying out its responsibilities, "[g]overnment may levy the taxes necessary to meet these responsibilities, and citizens have a moral obligation to pay those taxes."

<sup>&</sup>lt;sup>3</sup> Pope Francis, Homily for the Holy Mass for Families, Samanes Park, Equador (July 6, 2015), <a href="https://www.vatican.va/content/francesco/en/homilies/2015/documents/papa-francesco\_20150706\_ecuador-omelia-guayaquil.html">https://www.vatican.va/content/francesco/en/homilies/2015/documents/papa-francesco\_20150706\_ecuador-omelia-guayaquil.html</a>.

<sup>&</sup>lt;sup>4</sup> USCCB, Letter on Child Tax Credit principles (January 9, 2024), <a href="https://www.usccb.org/resources/letter-congress-regarding-child-tax-credit-january-9-2024">https://www.usccb.org/resources/letter-congress-regarding-child-tax-credit-january-9-2024</a>.

<sup>&</sup>lt;sup>5</sup> See USCCB Testimony to Congress on Paid Leave for further discussion of structuring an effective paid leave policy (October 25, 2023), https://www.usccb.org/resources/testimony-congress-paid-leave-october-25-2023.

<sup>&</sup>lt;sup>6</sup> Caritas in Veritate, no. 32.

<sup>&</sup>lt;sup>7</sup> Economic Justice for All, no. 202

<sup>&</sup>lt;sup>8</sup> *Mater et Magistra*, no. 132.

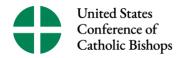
<sup>&</sup>lt;sup>9</sup> Economic Justice for All, no. 202.

<sup>&</sup>lt;sup>10</sup> Economic Justice for All, no.123.



- Avoid cuts to poverty programs to finance tax reform. The loss of revenue created by tax cuts should not be made up by cuts to programs that serve those most in need. There are some discussions of steep cuts to social safety net programs that serve people in poverty, such as SNAP and Medicaid. These programs must be strengthened and protected to ensure an adequate level of nutrition, healthcare, and well-being for our most vulnerable neighbors. Proposals such as overly burdensome work and eligibility requirements, block grants, per capita caps, and reduced funding would act as cuts to vital benefits. Changes that result in the loss of access to life-affirming healthcare and proper nutrition, including for millions of children, are unacceptable. Legislators must avoid creating a situation in which cuts to programs for the poor will be made to seem inevitable and necessary, whether in the short- or longer-term, in order to make tax cuts possible.
- **Incentivize charitable giving and development.** By and large, money given to charity helps those in need. The tax code should encourage voluntary association, mutual aid, and a culture of giving, helping rather than hurting groups who would be asked to do more for the poor if there are cuts to poverty programs. The Tax Cuts and Jobs Act doubled the standard deduction, but did not move the charitable deduction "above the line." This resulted in tax incentives for charitable giving being now primarily available to high income families, and as a result, overall giving has significantly decreased. A new study from researchers at Indiana University and the University of Notre Dame found that, in 2018, following the passage of the TCJA, 23 million households switched from itemizing charitable deductions to the standard deduction and charitable giving dropped by \$20 billion. 11 This diminishes civil society and reduces resources to nonprofits that help the poor. Lawmakers should adopt an "above the line" charitable deduction that would incentivize and assist charitable giving at all income levels and increase the amounts people can give. Excluding these incentives to give to charities, while also cutting anti-poverty programs, would doubly burden the most vulnerable members of our communities. Tax exemptions provided to charitable organizations are crucial to their development and existence. The 501(c)(3) tax exempt status should be maintained in order to allow their invaluable work in caring for the poor, immigrants, families, the environment, and the common good to continue.
- Support parental choice in education. The Catholic Church teaches that parents are the first and primary teachers of their children and therefore have the right to select the best educational environment for their children. Whether in a public, private, or home school setting, parents know the needs of their children. Policies that give parents access to public resources that ensure they are truly free to choose the education that works best for their families should be encouraged. Legislation that provides families in all fifty states access to school choice should be included in any tax package. School choice proposals must not infringe on the rights of religious and private institutions to act in accord with their religious identity or mission and must not discriminate against children based upon their immigration status or that of their family members.
- Inclusion of immigrant and mixed-status families. In speaking about the relationship between families and the economy, we must also recognize the central role of immigrant families within our society. In a country fundamentally shaped by the contributions of immigrants, both culturally and economically, we cannot accept policies that unjustly exclude newcomers, especially when we

<sup>11</sup> See, Xiao Han et al., "Tax Incentives for Charitable Giving: New Findings from the TCJA," NBER Working Paper 32737 (July 2024), <a href="https://www.nber.org/papers/w32737">https://www.nber.org/papers/w32737</a>.



continue to rely on—and collectively benefit from—their labor.<sup>12</sup> With a strong scriptural foundation, <sup>13</sup> the social doctrine of the Church clearly affirms that the "families of migrants have the right to the same protection as that accorded other families," including "the right to respect for their own culture and to receive support and assistance towards their integration into the community to which they contribute." Immigrant workers in particular, whether seasonal, undocumented, or otherwise, must be treated "not as mere tools of production but as persons." For decades, the U.S. bishops have consistently called for a just reform of the U.S. immigration system, <sup>16</sup> while recognizing the importance of targeted and humane enforcement measures that keep our borders and communities safe and secure <sup>17</sup> Any legislation put forward by Congress in the coming months to reform our immigration system, in whole or in part, should respect the inviolable dignity of immigrants and their contributions to our nation. <sup>18</sup> Consistent with past practice <sup>19</sup> the USCCB will carefully evaluate through the lens of the Gospel and Church teaching the specific merits of such bills on a case-by-case basis.

• Energy and environment. Tax decisions that affect the environment must respect the principle of integral ecology. Decarbonization of the economy—through the replacement of fossil fuels with secure, reliable, affordable, and clean energy—should remain a key priority. However, "no government will be successful in reducing greenhouse gas emissions in the long run if it requires a significant increase of the energy costs of middle- and low-income citizens. In other words, climate goals must represent both the 'cry of the earth' and the 'cry of the poor.'"<sup>20</sup> It follows that tax credits for renewable energy should deliver reliable and affordable energy for all, and tax incentives for electric vehicles should be optimized for "single-vehicle households, ride sharing drivers, used car buyers and middle- and lower-income households" and not "disproportionately benefit high income households that use their cars less."<sup>21</sup>

We appreciate the competing priorities and difficult decisions you will have to contend with in the days ahead. We urge you to seek the common good, uplift those who are most vulnerable among us, and commit to authentic dialogue with one another. Please be assured of our prayers and readiness to assist you in this important work.

<sup>16</sup> USCCB, Catholic Elements of Immigration Reform (Jan. 2025), https://www.usccb.org/resources/immigrationreform.pdf.

https://www.usccb.org/resources/USCCB%20Letter%20on%20H.R.%202.pdf; USCCB Letter to the Senate on the Senate Amendment to H.R. 815 (Feb. 6, 2024),

<sup>&</sup>lt;sup>12</sup> See USCCB, Labor Day Statement 2024 (Aug. 28, 2024), <a href="https://www.usccb.org/sites/default/files/2024-08/Labor%20Day%20Statement%202024\_0.pdf">https://www.usccb.org/sites/default/files/2024-08/Labor%20Day%20Statement%202024\_0.pdf</a>.

<sup>&</sup>lt;sup>13</sup> See, e.g., Matthew 25:31–46, which was the basis for this recent reflection: <a href="https://www.usccb.org/resources/Migration%20and%20the%20Judgement%20of%20the%20Nations.pdf">https://www.usccb.org/resources/Migration%20and%20the%20Judgement%20of%20the%20Nations.pdf</a>.

<sup>&</sup>lt;sup>14</sup> Charter of the Rights of the Family, art. 12.

<sup>&</sup>lt;sup>15</sup> Gaudium et Spes, no. 66.

<sup>&</sup>lt;sup>17</sup> See, e.g., USCCB, "We Stand in Firm Solidarity with Our Immigrant Brothers and Sisters" (Nov. 14, 2024), https://www.usccb.org/news/2024/we-stand-firm-solidarity-our-immigrant-brothers-and-sisters.

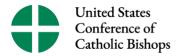
<sup>&</sup>lt;sup>18</sup> USCCB, Statement of Bishop Mario E. Dorsonville on "Migration and the Judgement of the Nations" (Oct. 18, 2022), https://www.usccb.org/resources/Migration% 20 and % 20 the % 20 Judgement % 20 of % 20 the % 20 Nations.pdf.

<sup>&</sup>lt;sup>19</sup> See, e.g., USCCB Letter to the House of Representatives on H.R. 2 (May 5, 2023),

 $<sup>\</sup>underline{https://www.usccb.org/resources/USCCB\%20Letter\%20on\%20Senate\%20Amendment\%20to\%20H.R.\%20815.pdf.}$ 

<sup>&</sup>lt;sup>20</sup> USCCB, Statement on COP 28: U.S. Bishops Call for International Climate Policies that Promote Justice (Nov. 29, 2023), <a href="https://www.usccb.org/news/2023/cop-28-us-bishops-call-international-climate-policies-promote-justice">https://www.usccb.org/news/2023/cop-28-us-bishops-call-international-climate-policies-promote-justice</a>; C/f Pope Francis, Laudato Si', no. 49.

<sup>&</sup>lt;sup>21</sup> USCCB, Comment on four proposed EPA Regulations (June 30, 2023), <a href="https://www.usccb.org/sites/default/files/about/general-counsel/rulemaking/upload/Comment%20on%20EPA%20regulations%206-30-23.pdf">https://www.usccb.org/sites/default/files/about/general-counsel/rulemaking/upload/Comment%20on%20EPA%20regulations%206-30-23.pdf</a>.



Sincerely,

Most Rev. Borys Gudziak

Archbishop of Ukrainian Catholic

Archeparchy of Philadelphia

Chairman, USCCB Committee on Domestic Justice

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Most Reverend David M. O'Connell, C.M., J.C.D

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