

Comments on Samansky, “Tax Policy and the Obligation to Support Children”

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Allan Samansky has written a thorough and thoughtful paper on a difficult subject.¹ Part I of this brief commentary addresses several issues Samansky’s paper raises and suggests possible extensions and clarifications. Part II quickly sketches current legislative developments relating to the taxation of families with children, which are outside the scope of Samansky’s paper but which are relevant to the broader themes of this conference.

I. TAXATION AND THE OBLIGATION TO SUPPORT CHILDREN

I would like to comment on several issues Samansky’s paper raises. In each case, my comments are primarily intended to extend or clarify, rather than take issue with, Samansky’s analysis.

A. Norms

Samansky’s analysis demonstrates that the question of adjusting tax liability for family size raises some fundamental questions about social attitudes toward children. Samansky concludes that policy prescriptions must strike a pragmatic balance among the multiple, overlapping, and sometimes conflicting goals of tax policy toward children.² Although Samansky’s analysis does a good job of illustrating the competing policy goals at stake, it would be useful for the paper to clarify further the norms underlying both Samansky’s conclusions and the policy proposals he discusses. I will consider two examples.

1. *The “Arbitrariness” of Current Law*

Samansky initially argues that current law creates “anomalous” results in the distribution of tax benefits for children.³ Samansky produces tables that show the combined effects on tax liability of personal exemptions, the standard

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¹ Allan J. Samansky, *Tax Policy and the Obligation to Support Children*, 57 OHIO ST. L.J. 329 (1996).

² *Id.* at 380 (concluding that “there is no theoretical approach that should be systematically used for all taxpayers in determining the effect of children on appropriate tax liability”).

³ *Id.* at 329.

deduction, the earned income tax credit ("EITC"), and head-of-household filing status. Samansky's analysis is interesting, because it shows the combined effects of several provisions.⁴ The analysis could, however, benefit from more careful specification of the norms underlying both Samansky's analysis and the rules of current law.

Samansky's tables show that a first or second child may yield quite different tax benefits, both in absolute terms and relative to taxes paid, depending upon income level. For example, Table III (single parents) shows that the tax system provides "paltry benefits for those with adjusted gross incomes of \$25,000 and \$30,000 compared to those with higher and lower incomes" and "substantial tax savings" for high-income heads of households.⁵ The implicit norm in Samansky's analysis seems to be that tax rules should provide a tax benefit of equal dollar value per child at every income level. This norm should be clarified and defended.⁶

If one accepts the equal-tax-benefit-per-child norm, then Samansky is quite right that the pattern of tax benefits is indeed arbitrary. It seems likely, however, that this seeming arbitrariness is the outcome of policymakers' attempts to meet other goals and, perhaps, to reconcile a variety of policy goals. Further, although Samansky is right in noting that legislators seldom justify the dollar amounts and other precise parameters of their policies, it also seems likely that those items *necessarily* have a certain arbitrary quality. No natural law dictates the precise monetary value of tax benefits, and, particularly in today's budget-conscious climate, policymakers may make choices constrained by budget or distributional goals.⁷

In the latter part of the paper, Samansky reaches a similar conclusion, noting that at least some of these seemingly anomalous patterns are the result of

⁴ Compare Jane G. Gravelle, *Federal Income Tax Treatment of the Family* (CRS Report for Congress), reprinted in 91 TNT 202-28 (Sept. 30, 1991) (analyzing prior tax law and concluding that "the tax system is reasonably neutral toward families of different sizes A major exception is at very low income levels where large families with the same ability to pay and families without children are treated more harshly than smaller families with children.").

⁵ Samansky, *supra* note 1, at 342.

⁶ Compare Gravelle, *supra* note 4 (comparing effective tax rates for families of different sizes but the same ability to pay). Gravelle's approach, which compares families of different sizes but similar ability to pay, assumes the answer to the question Samansky is most interested in—whether tax liability should be adjusted for family size at all. Gravelle's tables use the poverty line as the benchmark for comparing the ability to pay of families of different sizes.

⁷ See generally Michael J. Graetz, *Paint-By-Numbers Tax Lawmaking*, 95 COLUM. L. REV. 609, 667-68 (1995) (describing rumors that the 1990 legislation reduced the family-size adjustment in the EITC to produce more favorable distribution tables).

policies that attempt to accommodate competing policy goals. For example, Samansky initially says that the legislative history provides no rationale for the phaseout of personal exemptions at higher income levels,⁸ but he later argues that a “vanishing” or income-tested personal exemption is appropriate because the affluent do not need the tax benefit as much as poorer families do.⁹ One might also note other policy goals that the drafters of the 1990 legislation surely had in mind: income-testing the exemption raises revenue and increases the progressivity of a given tax package, at least as measured by Congressional distribution tables. Samansky also notes, quite rightly, that the phaseout itself must balance competing policy goals: it targets benefits to lower-income and middle-income families and achieves budgetary savings (thus keeping overall tax rates lower or avoiding budget cuts elsewhere), but does so at the cost of increasing marginal tax rates on upper-income taxpayers, who may reduce work effort (although this latter point is somewhat more contested than Samansky indicates).¹⁰

Samansky’s analysis might usefully pursue this theme of competing policy goals still further. For example, he argues that “Congress has not provided any rationale for the [EITC] percentage amounts or other quantities that it has chosen for taxpayers with or without children” or for limiting the family-size adjustment in the EITC to two children.¹¹ He notes that a second child for an EITC recipient generates a small incremental benefit at low income levels but that at higher income levels the second child generates a large benefit, both in absolute terms and as a percentage of the total EITC benefit.¹²

Samansky should extend this analysis to pursue what the appropriate EITC family-size adjustment should look like, and to consider the competing goals that may constrain the design of a family-size adjustment in the EITC. For example, as Samansky notes, the EITC is “in part, a wage or earned-income supplement for low income persons and, in part, a welfare-type transfer program in which the payment varies with the number of children.”¹³ The earnings subsidy and welfare features of the EITC are clearly in tension with each other. For example, EITC benefits for the lowest-income workers are equal to a percentage of earnings (currently, 34% for workers with one child

⁸ Samansky, *supra* note 1, at 332.

⁹ *Id.* at 345–47.

¹⁰ *Id.* at 362–63.

¹¹ *Id.* at 338.

¹² *Id.* (arguing that “the minimal benefit for very low income parents resulting from the second child is hard to explain” and noting that a first child creates an incremental benefit of \$1793 for a parent with \$6000 of earnings, but that a second child creates an additional benefit of only \$120).

¹³ *Id.* at 336.

and 36% for workers with two or more children).¹⁴ Thus, an EITC-eligible worker with earnings of \$3,000 receives only half the EITC benefit that a worker with earnings of \$6,000 does, even though the lower earner is presumably worse off. No "rational" welfare program would operate this way, but the EITC does so because it is also an earnings subsidy.¹⁵

The linkage between the family size adjustment and the earnings subsidy feature of the EITC makes it impossible to meet Samansky's goal of equal per-child benefits at every income level. Take again the example of two workers, one earning \$3,000 and the other earning \$6,000. At \$3,000 of earnings, a second child increases the EITC benefit by only \$60; at \$6,000 of earnings, a second child increases the EITC benefit by \$120.¹⁶ At either level of earnings, a third child provides a benefit of zero. Is this a "rational" pattern? Certainly not for a welfare program,¹⁷ but on the other hand a pure earnings subsidy might have no family size adjustment at all.

Samansky's analysis should consider further the uneasy integration of welfare and earnings-subsidy concepts in the EITC. Samansky proposes adjusting the EITC for children after the second child and increasing the small second-child benefit.¹⁸ The proposal would be more convincing if it showed, or at least considered, the effects of such proposals on the performance of the EITC as an earnings subsidy, and some approximation of the likely revenue and distributional effects of such a change. There are a number of alternative structures for the EITC family size adjustment, and all raise a number of issues. By analogy to welfare, for example, the EITC might increase by a fixed dollar amount (e.g., \$500) per child, regardless of earnings. Any unconditional transfer appears, however, to be at odds with the EITC's "work incentive" function. Jane Gravelle advocates another approach, arguing that the earnings-subsidy percentage should be constant, but the amount of earnings eligible for the credit should rise with family size.¹⁹ That approach would award larger credits to larger families *only* to the extent that larger families earn more; a family with income fixed at \$x would not receive a larger EITC upon the birth of an additional child. Finally, a paper on family size adjustments ought to take some notice of the currently popular "family cap" proposals, which expressly

¹⁴ I.R.C. § 32(b)(1)(B) (1994).

¹⁵ At higher levels of earnings, the EITC operates more like a welfare program, reducing benefits as earnings rise. See Anne L. Alstott, *The Earned Income Tax Credit and the Limitations of Tax-Based Welfare Reform*, 108 HARV. L. REV. 533, 540-44 (1995).

¹⁶ At \$3,000 of earnings, the EITC is \$1,020 for one child and \$1,080 for two children. At \$6,000 of earnings, the EITC is \$2,040 for one child and \$2,160 for two children.

¹⁷ See *infra* note 28 (family cap proposals).

¹⁸ Samansky, *supra* note 1, at 378-80.

¹⁹ Gravelle, *supra* note 4.

deny any additional benefits to welfare recipients for an additional child born while on welfare.

2. Norms and Proposals for Change

Samansky's paper provides a useful summary and analysis of several prominent approaches to adjusting tax liability for family size. Samansky addresses each proposal in turn, noting arguments for and against and reaching his own considered conclusions. Once again, however, the analysis could be sharpened by further clarification of the underlying norms, which would highlight the similarities and differences among proposals and demarcate more clearly the normative basis for Samansky's own proposals.

For example, Lawrence Zelenak distinguishes between the norm of proper income measurement (which he calls a "tax-internal" goal) and other social policy ("tax-external") goals.²⁰ Traditionally, many tax policy scholars have argued that income should be a rough proxy for economic well-being, or "ability to pay." The idea that income tax burdens should be distributed based on economic well-being incorporates a significant social-policy judgment, although it has long been uncontroversial for many tax analysts and so is often used almost as a technical shorthand. The norm of defining income (as a proxy for well-being) as accurately as possible is not the only norm that underlies proposals for the taxation of families with children, however. For example, Zelenak notes that some proposals for tax benefits for children rely on the argument that "families with children are worthy of a federal subsidy because of the positive externalities of well-cared-for-children and the negative externalities of poorly-cared-for ones."²¹

Samansky uses this taxonomy several times; he notes, for example, that tax-credit proposals typically are justified as a subsidy for child-rearing rather than as an adjustment to "ability to pay."²² A more explicit use of these normative distinctions would be helpful, however. For example, the first three proposals Samansky considers are motivated by the income-measurement norm, and the choice among them turns on issues of interpreting the demands of that norm. For analysts concerned with income-as-well-being, the key question is whether larger families are worse off than smaller families with the same income (before any adjustment). Some scholars frame this problem in terms of consumption.²³ The traditional Haig-Simons definition of income,

²⁰ Lawrence Zelenak, *Children and the Income Tax*, 49 TAX L. REV. 349, 357 (1994).

²¹ *Id.* at 357. Or, for example, proposals might be motivated by a view on population policy. *Id.* at 357-58.

²² Samansky, *supra* note 1, at 361.

²³ For example, suppose I earn \$100 this year. I spend \$30 on expenses related to my

roughly paraphrased, includes annual personal consumption expenditures plus accretions to wealth. Thus, devotees of Haig-Simons debate whether expenditures on children are personal consumption, which is taxable, or are instead “something else” which should not be part of the tax base.

These debates are evident in Samansky’s discussions of subsistence-cost exemptions for children, actual-cost exemptions for children, and income-splitting. Advocates of exemptions typically argue that subsistence costs (or actual costs) are not “consumption” and so should be excluded from the tax base entirely.²⁴ The result is a family-size adjustment that distinguishes families with children from families without children at every income level.²⁵ Advocates of income-splitting accept the same income norm but argue that expenditures on children clearly *are* consumption. They propose that the consumption be taxed to the children, however, because the children are the consumers. As Samansky notes, a third possible position is that these expenditures are actually parents’ consumption.

Thus, the main area of disagreement between advocates of exemptions and advocates of income-splitting is the proper definition of “well-being” or “consumption.” The basic conflict here seems to be whether “income” in the sense of “well-being” ought to be broad enough to encompass intangible benefits, like the psychic benefits of having children, or whether it should instead be focused on financial need. The basic problem is that the “consumption” question is too narrow; the question can’t be whether children are “consumption,” but instead whether the underlying notion of well-being *should be* broad enough to encompass the kind of well-being children confer. Samansky’s analysis struggles with some of these ambiguities.²⁶

One basic problem with the debate, framed in this way, is that it seems incapable of resolution, at least without further insight into the normative issues at stake. Competing intuitions about the nature of “consumption” cannot advance the argument very far and can seem formalistic and divorced from real social policy concerns. Here, it becomes clear that Zelenak’s two sets of norms

work (for example, attending legal conferences, or buying office supplies); I also spend \$30 on housing, \$20 on food, \$10 on recreation, and I save the remaining \$10. Under the Haig-Simons definition, my income is \$70, not \$100. The sum of my personal consumption is \$60 (housing, food, recreation), and the addition to my net worth is the \$10 I save. The \$30 spent on work-related items is neither personal consumption nor an accretion to my net worth; in tax terminology, it is a cost of earning income, which is deductible.

²⁴ For an excellent analysis of the consumption debates, see Zelenak, *supra* note 20, at 359–61.

²⁵ *Id.* at 361–65 (arguing for a personal exemption at every income level on the ground that there is no ability to pay on a subsistence-level income).

²⁶ Samansky, *supra* note 1, at 371–74 (considering the effect of children on affluent parents’ consumption).

cannot be understood as entirely distinct from each other. The definition of income is not a matter of logical deduction, but instead is a socially-constructed idea that must serve some social purpose. This point is obvious enough, but it can be lost in debates that seek to fit "children" into rather narrow definitional categories like "consumption."

In addressing these normative issues, Samansky might consider the analogous decision by poverty statisticians and designers of welfare programs to treat larger families as poorer than smaller ones with the same money incomes.²⁷ Although, as Samansky's review of the literature indicates, there is considerable controversy about exactly how to adjust income requirements for family size, there is a fair degree of consensus on the basic point that children increase economic need.²⁸ Poverty statistics are intended to measure financial hardship, and welfare benefits are intended to alleviate it, and that goal may motivate the decision to ignore the psychic benefits of having children. The right question is whether tax policy, which deals not only with the poor but also with more affluent families, should adopt a different approach.

At one point in the paper, Samansky suggests that income-measurement is different at upper-income than at lower-income levels, but here I suspect that he may be importing a different norm into the analysis. In arguing that income need not be adjusted for family size at upper-income levels, Samansky argues that "subsistence" concepts are irrelevant to upper-income families and do not affect their ability to pay.²⁹ Samansky also argues that children are more analogous to consumption in higher-income than in lower-income families.³⁰ Because affluent families have more disposable income, children are more likely to substitute for conspicuous consumption (Samansky offers the example of a custom-made suit) than for basic subsistence needs (Samansky's example is a needed car repair).³¹

²⁷ Although "family cap" proposals change that result by denying welfare benefits for additional children born while the mother is on welfare, the advocates of such proposals justify them as a departure from usual principles of need in order to punish "unacceptable" behavior or to change incentives. Samansky considers poverty thresholds, but only in the context of measuring children's subsistence needs; my point is that the statistics incorporate a normative choice not to consider children as providing "consumption" to their parents, and the interesting question is why tax should take a different approach.

²⁸ The same issues, in theory, arise in poverty measurement and welfare policy—one might argue that children increase their families' well-being and so it is erroneous to presume that larger families are worse off than smaller ones. It is worth considering why this would be a laughable statement in that context but is a seriously debated proposition in taxation.

²⁹ Samansky, *supra* note 1, at 345–47.

³⁰ *Id.* at 371–74.

³¹ *Id.* at 372.

This argument is appealing, but not, I think, on the grounds of proper income measurement, at least as usually stated. The income tax, after all, treats *both* a car repair and a custom-made suit as consumption, and includes as income the money used to buy either. Samansky seems to be arguing here for the (arguably) separate proposition that poorer people are more deserving of social assistance than richer people. One *might* argue that the norm of accurate income measurement cannot be coherently separated from distributional goals of the income tax, but the conventional taxonomy Samansky seems to adopt does treat them separately, so that any contrary argument should be made explicitly. Samansky's paper might consider in more detail Zelenak's response to Richard Goode, who also advocates a vanishing exemption on the grounds that the ability to pay of the affluent is unaffected by subsistence costs.³²

II. CURRENT CONTROVERSIES: CHILD TAX CREDITS AND THE EITC

Current legislative proposals would change significantly the taxation of families with children.³³ The overall effect of these proposals is to increase tax benefits for better-off families and reduce tax benefits for poorer ones.³⁴

A. *Child Tax Credit*

The House of Representatives and the Senate Finance Committee have approved new tax credits for children that would essentially pay \$500 per child to eligible families. Because the credits are not refundable, they would provide no benefit to low-income families who owe no tax and thus have no tax liability to offset. The credits are income-tested; the principal difference between the

³² Zelenak, *supra* note 20, at 367-69.

³³ The discussion contained in this section is current as of October, 1995. Since Samansky's paper was submitted to the conference in October, 1995, there has been a fair amount of legislative action. The House and Senate agreed on a conference bill containing the changes discussed below with some modifications. See H.R. 2491, 104th Cong., 1st Sess. (1995). The President, however, vetoed the bill. See Message Returning Without Approval to the House of Representatives Budget Reconciliation Legislation, 31 WEEKLY COMP. PRES. DOC. 2140 (Dec. 6, 1995). As a result, the ultimate fate of these legislative proposals has yet to be determined.

³⁴ In a recent study, the Treasury Department notes that the Senate tax plan, which includes both the new child tax credit described below and EITC cuts, would increase taxes for families with incomes of up to \$30,000 per year. Almost half of the benefits of the package would go to families earning \$100,000 or more. *Senate Finance Tax Plan Tilts Benefits Towards Upper-Income Families*, reprinted in 95 TNT 205-15 (Oct. 20, 1995). This analysis counts cuts in the EITC as a "tax increase" and does not incorporate changes in AFDC.

House and Senate alternatives is that the House proposal would begin to phase out credits at family incomes of \$200,000, while the Senate proposal would begin phaseout at incomes of \$110,000 for married couples and \$75,000 for single parents.³⁵ Both proposals cost more than \$20 billion annually, and both provide benefits primarily to middle- and upper-income families.³⁶

Critics of the proposals argue that these expensive tax cuts for affluent families with children are, in effect, being financed by contemporaneous cuts in welfare programs for poor families with children.³⁷ Advocates of the child tax credits respond that “[t]his tax cut is for taxpayers.”³⁸

B. EITC

Both the House and Senate are considering cuts in the EITC. The House bill would cut the EITC by about \$24 billion over seven years;³⁹ the Senate bill would make cuts of \$42 billion over the same period.⁴⁰ The two bills would both repeal some measures taken to expand the EITC in 1993. For example, the Senate bill would reduce the size of the EITC available to families with children, and both bills would repeal the small EITC granted to workers without children to offset the Social Security payroll tax. In addition, both bills would restrict EITC eligibility by including more items of income in the

³⁵ The Senate child tax credit proposal is included in the reconciliation bill, which is reprinted in 95 TNT 206-2 (Oct. 23, 1995). The House child tax credit proposal was passed earlier this year as part of the “Contract With America Tax Act,” H.R. 1215, which is reprinted in 95 TNT 50-3 (March 14, 1995).

³⁶ The House credit would cost about \$23 billion per year, and the Senate credit would cost about \$22 billion per year. Revenue estimates for the House bill are reprinted in 95 TNT 84-65 (May 1, 1995); revenue estimates for the Senate bill are reprinted in 95 TNT 202-12 (Oct. 17, 1995).

³⁷ The House and Senate have both passed bills that would end the entitlement status of AFDC, convert AFDC and other programs into block grants, and reduce funding from projected levels. See Robert Pear, *Senate Welfare Plan Cuts \$41 Billion Over Seven Years*, N.Y. TIMES, May 26, 1995, at A18; Robert Pear, *House Backs Bill Undoing Decades of Welfare Policy*, N.Y. TIMES, March 25, 1995, at A1 (describing proposed cuts in welfare programs).

³⁸ See Fred Stokeld, *Gramm Defends GOP Tax Cuts*, 95 TNT 205-6 (Oct. 20, 1995) (quoting Senator Gramm).

³⁹ Joint Committee on Taxation, *Estimated Budget Effects of Reconciliation Provisions As Approved by the Committee on Ways and Means*, reprinted in 95 TNT 188-34 (Sept. 26, 1995).

⁴⁰ For descriptions of House and Senate committee action, see Robert D. Hershey, Jr., *Panel Cuts Tax Credit Plan*, N.Y. TIMES, Sept. 20, 1995, at B8; Fred Stokeld, *Finance Approves Major Scaleback of EITC*, 95 TNT 192-1 (Oct. 2, 1995).

income base that determines phaseout of the credit.⁴¹ The Treasury Department estimates that the Senate Finance Committee cuts would result in an average tax increase of \$352 for 17 million low-income working families.⁴²

Current proposals to cut the EITC are puzzling because the EITC had strong bipartisan support until very recently.⁴³ In 1993, legislators of both parties approved a significant expansion of the program, following a large increase in 1990. The EITC seemed to occupy an ideal political position: it allowed legislators to give money to the "deserving" (working) poor and to claim that the program would encourage welfare recipients to work.⁴⁴ What explains the sudden change? Much of the substantive debate has focused on whether the EITC is an effective work incentive and whether the program is rife with fraud. These arguments, however, are both overstated and familiar; there is no new substantive development that would explain the EITC's sudden reversal of fortune.

The best empirical evidence suggests that the EITC probably has a small positive or negative effect on total hours of work by EITC recipients but does induce some nonworkers to go to work and is mildly successful in increasing work hours by the lowest-paid workers.⁴⁵ The EITC may reduce work hours slightly for some higher-earning workers, although it is difficult to object if these workers, who are already more strongly attached to the labor force, take a little extra time off from work to spend with their families.⁴⁶

Recent claims about EITC fraud are also overstated. Although a 1994 IRS study found errors that would disallow 26% of EITC benefits claimed, that figure probably overstates current EITC compliance problems. The IRS would have detected and disallowed some of those claims, and the study examined electronically-filed returns, which typically are unusually likely to contain errors. The IRS study also suggests that half the errors were mistakes, not fraud, and there is some early evidence that recent improvements in IRS compliance efforts seem to be working. Although the EITC does face some

⁴¹ The Senate bill is reprinted in 95 TNT 206-12 (Oct. 23, 1995); the House bill is reprinted in 95 TNT 189-13 (Sept. 27, 1995).

⁴² Repeal of the tax credit for childless workers results in an average tax increase of \$173 for about 4 million workers with incomes below \$9,500. The reduction in the EITC is offset for some, but not all, families by the \$500 per child tax credit.

⁴³ See, e.g., Sara Rimer, *Cutting Tax Credit Means Much to Those with Little*, N.Y. TIMES, Oct. 16, 1995, at A1. Reagan called the EITC "the best antipoverty, the best pro-family, the best job creation measure to come out of Congress."

⁴⁴ See Alstott, *supra* note 15, at 537-39.

⁴⁵ See, e.g., Jane G. Gravelle, *The Earned Income Tax Credit: Effects on Work Effort* (CRS Report for Congress), reprinted in 95 TNT 181-39 (Sept. 15, 1995) (summarizing studies of the EITC's effect on labor supply).

⁴⁶ See Alstott, *supra* note 15, at 556.

inevitable administrative limitations, these are a tradeoff for other administrative benefits.⁴⁷

These characteristics of the EITC are not news. Well before 1993, policy analysts had pointed out that the EITC is somewhat prone to noncompliance and may discourage work effort by some recipients.⁴⁸ The change is more likely a product of the current, desperate search for revenue to fund tax cuts, and the ideological shift in Congress brought about by the 1994 election. Thanks to the 1990 and 1993 legislation, the EITC grew to be a major transfer program; the annual cost of the EITC now exceeds by a large amount federal expenditures on AFDC.⁴⁹ The EITC is, thus, a much larger and potentially lucrative budget target than ever before.⁵⁰ In addition, in recent years, conservative journalists have begun attacking the EITC with increasing fervor as a "fraud-riddled giveaway that makes AFDC seem positively civilized."⁵¹ As hostility to income-tested redistributive programs has reached a new high, this time the EITC has been lumped with "welfare" instead of with "work."⁵²

⁴⁷ For a discussion of these tradeoffs, *see id.* at 564-89.

⁴⁸ *See, e.g.*, the sources cited in *id.* at nn. 58 & 211.

⁴⁹ *See, e.g.*, HOUSE COMM. ON WAYS AND MEANS, 103D CONG., 2D SESS., OVERVIEW OF ENTITLEMENT PROGRAMS: 1994 GREEN BOOK 389 (Comm. Print 1994) [hereinafter 1994 GREEN BOOK] (estimating that federal expenditures on benefits and administrative costs under AFDC are \$14.3 billion in 1995); *id.*, at 678 (estimating that total expenditures on the EITC in 1995 are \$21.1 billion).

⁵⁰ A Republican press release points out that "the EITC will cost over \$193 billion over the next seven years and will continue to be one of the fastest growing government transfer programs." *Senate Budget Committee Bulletin Responds to Critics of EITC Plans*, 95 TNT 104-62 (May 30, 1995).

⁵¹ Lisa Schiffren, *America's Best-Kept Welfare Secret*, THE AM. SPECTATOR 24 (April 1995).

⁵² *See, e.g.*, Stokeld, *supra* note 38 (quoting Senator Gramm as saying that the EITC is "basically a welfare rather than a tax program"); John Godfrey, *Republicans Defend Finance Committee's Proposed EITC Cuts*, 95 TNT 187-1 (Sept. 25, 1995) (quoting Senator Don Nickles as describing the EITC as the "fastest-growing, most fraudulent welfare program").

