Policy Feedback and Tax Credits:
Rethinking Invisibility in the Submerged State

This paper explores the potential policy feedback effects of tax credits on low-income Americans based on fieldwork at a free tax clinic. Tax credits such as the Earned Income Tax Credit (EITC) provide substantial benefits to low-income Americans but are not typically viewed as "welfare" because of their delivery through the tax code (Howard 1997). Findings from a large-scale survey reveal that EITC and other submerged state programs are often not viewed as government benefits even by those who receive them, and thus arguably do not promote positive policy feedback effects the way other benefits—such as Social Security or the G.I. Bill—do (Mettler 2011). However, this line of research hinges on the assumption that EITC recipients do not recognize they are benefiting from a government program and that they view tax credits in a fundamentally different way. Based on fieldwork at a tax clinic, I find that many low-income clients are quite aware of the benefits they receive through the tax code and many see getting their taxes done as similar to accessing other government benefits. Indeed, many tax sites actively try to connect clients to other government services (such as health care and SNAP), challenging the idea that recipients would completely de-couple receipt of government benefits and receipt of tax credits. The paper draws findings from this exploratory phase of research and ends with a framework for assessing potential policy feedback effects in a larger study.

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Introduction

In January of 2019, the Trump White House announced that tax refunds would indeed be issued despite the extended government shutdown, during which 90 percent of IRS employees had been sent home without pay. The decision—which went against previous practice and possibly violated the Antideficiency Act—was criticized as being politically motivated, but was justified as a way to "mitigate the impact of the shutdown on everyday Americans" (Paletta et al. 2019). Among other things, the defensive move by the Trump administration underscored the importance of tax refunds and the potential political costs of delaying them. An article on the issue noted that "the average tax refund paid during February last year was more than $3,000, and allowing that money to be paid could prevent an outcry from many taxpayers." (Paletta et al. 2019). The Office for Management and Budget (OMB) justified the decision by arguing that "processing tax refunds was similar to paying Social Security benefits, something that is allowed during government shutdowns." Yet John Koskinen, the former IRS commissioner quoted in the article was dubious about the similarity between Social Security payments and tax refunds, "noting that many Americans rely on monthly Social Security to survive, while IRS refunds are typically a one-time payment. 'It is a different kind of animal,' Koskinen said" (Paletta et al. 2019).

This episode highlights the political importance of tax refunds and their salience to the public, and the Trump administration's awareness of the political costs of delaying them. The OMB decision to do so by treating refunds like Social Security payments was also telling (if controversial to some) and points to something many political scientists have long argued—that targeted redistribution through the tax code constitutes an important element of social policy in the United States. Yet the article focuses on "tax refunds" with no mention of the particular tax credits and deductions that often generate them.

Existing research on the hidden welfare state and the submerged state has uncovered the political forces that lead Congress to enact social policy in the form of tax expenditures, rather than more "traditional" direct social welfare approaches (Howard 1997, 2007; Mettler 2011). Survey experiments have revealed a preference among the public for social spending in the form of tax expenditures (Haselswerdt and Bartels 2015; Faricy and Ellis 2014), yet studies have found that most recipients of such "submerged" programs did not identify receipt of tax expenditures as having "received a government program" (Mettler 2011).

This paper considers the impact of tax expenditures on recipients through analysis of experiences of preparers and clients at a low-income tax preparation site. This on-the-ground study follows a line of research examining the policy feedback effects of benefit receipt in the welfare state, from those who have found positive policy feedback effects and those who find negative ones. The Earned Income Tax Credit (EITC) offers substantial benefits to working families with incomes as high as $55,000, and credit amounts range from a few hundred dollars to as much as $6,431, depending on marital status and number of children (CBPP 2018). In recent years, about 26 million households have received EITC—compared to just over one million adults and less than 2 million children who received TANF (CBPP 2018; Tach and Edin 2017). The EITC program is expensive, costing about 63 Billion Dollars for 2018 (IRS 2019). While 20 percent of eligible households do not claim the EITC, that means that 80 percent of eligible households do—a fairly impressive take-up rate for any government benefit.

This paper addresses the following interrelated research questions: To what degree are benefits as tax credits viewed as government benefits like any other by the people who use them?

What are the differences between "traditional" government benefits and benefits delivered through the tax code, from the point of view of those who benefit from them most? More specifically: What are the policy feedback effects of the EITC (and other refundable tax credits)?

Tax Expenditures and Policy Feedback

Multiple studies have established tax expenditures as an important form of social policy that must be included in any understanding of the size, shape or beneficiaries of a country's welfare state (Howard 2007; Hacker 2002). Indeed, consideration of "fiscal" forms of welfare—as well as regulation—was recognized as an important part of welfare state configurations even in some early works (Titmuss 1960). Yet because of their very different policy design, tax expenditures function differently from more traditional programs like Social Security or Unemployment Insurance. Scholars have emphasized that the hidden nature of tax expenditures obscures their function, such that they seem "almost to live a life of their own, undisturbed and unexamined," by both their recipients and by government (Surrey 1973). Though tax expenditures are a clear government transfer—which both the United States government and the OECD now regularly count with other spending—they are not well understood by the public and often not viewed as a government benefit by recipients (Howard 1997; Mettler 2011). They were a favored policy tool of Republicans especially, who offered policy through tax credits and deductions as an alternative to more direct forms of spending. Mettler argues that "over the past thirty years, by nurturing and protecting the submerged state, conservatives did not downsize government; rather, they took the lead in restructuring and actually enlarging in, but in ways that elude the public" (Mettler 2011, 19-20).

The hidden nature of tax expenditures has numerous implications for governance. Because tax expenditures are not well understood by the public they may be underutilized by those who qualify for them. Further, most tax expenditures (with the EITC being a very important exception) are upwardly redistributive, benefitting wealthier households more (Mettler 2011). When this aspect of policy is revealed to citizens, they are much less likely to support the policy. Most strikingly in the case of the Home Mortgage Interest Deduction, favorability for the policy dropped substantially among low- and middle-income recipients once information was provided about the fact that upper-income households benefitted from it most (Mettler 2011, 63).

Mettler (2011) raises concerns about the many problematic elements of social policy making through hidden mechanisms like tax expenditures, suggesting such policies are "not only undemocratic but, worse, have degenerative effects on the relationship between citizens and government" (Mettler 2011, 46). If citizens are not aware of and do not understand policies delivered through tax expenditures or their upward- or downwardly redistributive nature, they cannot hold politicians accountable or protest policies they do not like, and opening the door for substantial political influence by interest groups (Hacker 2002). Further, because they do not recognize government action is directly influencing them, those who benefit from tax expenditures will not experience increased trust in government or higher likelihood to engage in politics, as recipients of direct programs sometimes do. "[Submerged] policies fail to make themselves apparent as social programs to most citizens who use them, and they do not appear to convey to beneficiaries any broader messages about government's responsiveness to them or [even of] the fairness of the tax system" (Mettler 2011, 46). In effect, the process of policy feedback is short-circuited because citizens do not understand benefits they are receiving, or that some policies disproportionately benefit the upper-class.

Mettler's study asked submerged state respondents who voted or made political contributions whether a candidate's stance on the program they benefited from influenced their vote/contribution (46). Her findings indicated "that among Americans who have ever utilized submerged policies, those policy experiences barely factor into their motivation for political action, doing so considerably less than their experiences of more visible social policies" (45). She concludes that "[t]hese disparities in policy-focused action flow logically from the differences in the visibility of policies: if beneficiaries barely associate their provisions with government, it stands to reason that usage is unlikely to motivate their political action" (Mettler 2011, 46).

Yet there is reason to suspect that the EITC may function differently from other tax expenditures. Mettler's own study revealed greater awareness of the EITC than other tax credits, and she concedes EITC is more visible than other submerged benefits because it is delivered in a lump-sum refund (Mettler 2011, 6). EITC is also viewed much more favorably across income groups—even more so once information is provided about its downwardly redistributive design (Mettler 2011, 65). Unlike recipients of other "submerged" programs in her study, recipients of EITC had a greater level of knowledge about the credit than the average respondent, even though many low-income recipients were considered "low-knowledge" overall.

The greater visibility of EITC to recipients is anecdotally confirmed in experiences in a free tax clinic, in which clients seemed well aware of the Earned Income Credit and indeed often make plans based on the assumption they will receive a sizable refund at tax time. Thus, instead of assuming that all submerged programs function in the same way (and thus that none of them engender policy feedback effects), this study instead considers the potential policy feedback effects of tax credits targeted at low-income people in particular, notably the Earned Income Tax Credit and the Child Tax Credit.

With 26 million families benefitting, EITC is the most utilized government program, yet we know little about how recipients themselves view it, and even less about the degree to which they view it as a government benefit or what political effects it might have. Despite political science assumptions that benefits are hidden from view and will not generate positive policy feedbacks, it is worth interrogating whether or not this is the case based on insights from recipients themselves, particularly in the case of refundable tax credits in which the benefit is tangible and much more visible than other tax expenditures. What do citizens learn about government, what messages do they receive, in the process of getting it? Does receiving tax credits potentially influence recipients' levels of political participation or trust in government? In short, what policy feedback effects does receiving the EITC engender?

Insights from the Ground: Observations from a Free Tax Clinic

To begin to address these questions I draw insights from working as a site coordinator for a VITA (Volunteer Income Tax Assistance) site in Hartford, CT. The VITA program is a nationwide network of volunteers trained and organized through the IRS and run locally by non-profit organizations. In the Hartford area it is co-run by United Way and The Village for Children and Families (United Way 2019), who provide trainings (using IRS materials for the IRS VITA Certification) and coordinate volunteers to work at over a dozen free tax preparation sites in the greater Hartford area. Household with incomes less than $55,000 (and with fairly straightforward tax situations) are eligible for free federal and state income tax preparation at these sites, which are generally open from late January until April 15.[1]

The observations detailed in this section are drawn in part from my experience as a site coordinator—attending IRS trainings and monthly VITA site coordinator meetings, from experiences with clients at the clinic, which serve as a kind of fieldwork for how EITC and other credits are delivered explicitly to a low-income clientele (the city of Hartford has a 30 percent poverty rate, and the neighborhood where the clinic is located has a 46 percent poverty rate). The median household income in Hartford is $33,641, and the median household income of clients at our clinic was $14,523. VITA sites are unusual in that they offer free, high-quality tax preparation and in practice are often operated in non-profit organizations that provide some kind of social service to low-income individuals. But as such they provide a useful on-the-ground perspective of thinking through what the process of claiming tax credits looks like, and considering how individuals understand receipt of those credits.

In addition to insights from fieldwork, I also draw on de-identified data from clients' returns and the answers to brief questionnaires that all VITA clients in the area are given. My students also conducted short, anonymous exit interviews with several clients. While these are preliminary sources of data, they serve as a starting point for considering what the feedback effects of such tax credits might be, and more broadly how EITC might be experienced differently from other forms of social provision.

(1) Program Administration: The Myth of "Self-Executing" Benefits, the Role of Paid Preparers, and the IRS as Social Service Provider

[1] I started this clinic adjacent to the campus where I work and staff it with students in my class "Tax Policy and Inequality in Hartford," a community learning course in which students are required to serve as volunteer tax preparers for 6-8 hours per week, in addition to attending a weekly seminar that helps make connections between tax policy and social policy, especially as it relates to the Earned Income and other tax credits.

Part of the political appeal of tax expenditures is that they are imagined to be an efficient, bureaucracy-free way of delivering a benefit—in contrast to the large bureaucracies administering Social Security and other more visible benefits (Mettler 2011, 17). In fact, however, the EITC and other credits merely "shift[] the burden of administration from government to individuals" (Howard 1994). The rules for EITC eligibility are enormously complex—as an illustration, the IRS publication outlining EITC rules and requirements is 41 pages long, whereas the rules for the notoriously complex Alternative Minimum Tax were only 15 pages long (Greenstein et al. 2019, 3). Further, the different credits low-income people may qualify for have different requirements—a child who is a taxpayer's dependent may not count as a "qualifying child" under the EITC, and a qualifying child under the EITC may not actually qualify a taxpayer for the Child Tax Credit (CTC) (Kiel and Eisinger 2018, 3). The requirements for children versus parents being U.S. citizens also vary depending on the credit. All of the varying rules make correctly claiming the EITC and other credits enormously difficult.

In practice most low-income households—at least 52 percent—have their taxes done by a paid preparer (Greenstein et al. 2019, 6), but this presents a number of problems. This important task is essentially outsourced to for-profit paid preparers, who are poorly regulated and some of whom are deeply unscrupulous actors. The cost of paid tax preparers averages around $200 for returns that do not itemize deductions, but this may represent 5 to 15 percent of the credits the individual is receiving, often even more. Many paid preparers offer products such as "Refund Advance Loans" (RALs) which usually carry both a fee and a high interest rate, and can leave filers in a particularly difficult situation if their refund ends up being less than anticipated. The error rates for unenrolled paid preparers are astonishingly high—estimated at 49 percent by recent IRS studies (Greenstein et al. 2019, 6). Despite paying a substantial sum for the service, getting taxes done by a paid preparer opens the filer up to the risk of audit, which can result in disallowing EITC that affects filers' ability to claim the credit for years to come.

Congress has been alarmed at the high error rate—though they are mostly focused on "overpayments," not individuals who are eligible for credits but fail to claim them—and in 2015 passed reforms making it easier to audit those who claim EITC by withholding all EITC credits until February 15 (Kiel and Eisinger 2018). Because of chronic underfunding of the IRS, auditing processes last several months during which much anticipated credits are withheld from the tax filer, and during which the filer is required to produce documents verifying residency or dependent status that can be especially challenging for low-income households to provide. A recent *Pro Publica* study revealed that 36 percent of all IRS audits are EITC recipients, and that EITC recipients are twice as likely to be audited as households making incomes between $200,000-$500,000 (Kiel and Eisinger 2018, 3). Even the IRS acknowledges that most errors and overpayments in EITC are not the result of intentional fraud on the part of the filer, but rather due to the high error rate of paid preparers (Greenstein et al. 2019). Recent IRS efforts to better regulate paid preparers (by requiring certification and continuing education credits) were struck down as unconstitutional because Congress did not explicitly authorize them (Greenstein et al. 2019).

Thus EITC is not self-executing, but in practice relies heavily on private, for-profit preparers who make tax credit determinations during the tax filing process for a fee, sometimes a hefty one, resulting in returns with errors half of the time. EITC is also not bureaucracy free; rather, the IRS plays an active role in rooting out errors *after* households have already filed taxes to claim their credits. This is not a lack of administration nor a lack of government involvement—it is heavy administration, but on the back end of the process via audit, often with serious and expensive consequences for the individual.

(2) EITC and CTC: Government Benefits Like Any Other?

Political scientists have persuasively made the argument that social tax expenditures should be considered part of the American welfare state (Howard 1997, 2007; Hacker 2002; Mettler 2011). Such policies are simply using different policy tools to meet social welfare ends, and excluding them from understandings of the social safety net obscures important government action that has significant redistributive and social welfare consequences for recipients. As Christopher Howard summarizes this perspective, "The American welfare state may be unusual, but less for its small size than for its reliance on a wide variety of policy tools to achieve what many European welfare states do primarily through social insurance" (Howard 2007, 19).

But are these policies viewed and experienced as government benefits like any other by recipients? Mettler's research strongly argues that they are not—that citizens cannot see such "submerged" policies and thus can simultaneously benefit from government without making the connection that they are doing so. She uses the example of a Tea Party rally sign saying "Keep your government hands off my Medicare!" to show how the lack of traceability of government programs obscures government's role and cuts off potentially positive policy feedback from those who benefit (Mettler 2011, 2).

While Mettler's analysis of the public's lack of understanding of government's role in federally subsidized student loans and in tax deductions like the Home Mortgage Interest Deduction (HMID) is persuasive, I am less convinced that broader findings about the submerged state apply in the same way to refundable tax credits targeted toward low-income populations. Based on experience with clients and insights from tax preparers and other site coordinators in the VITA program, I have found that low-income recipients of tax credits like the EITC and the CTC are not passive and unaware recipients of these credits at all. Yet because the benefits are rolled into one large, lump-sum tax refund (which also includes overpayments through withholding, the tax penalty for not having health insurance, and other deductions and credits), individuals are not always aware of the particular credits and their amounts—even as they are generally quite aware that they will be (or feel they should be) getting a refund. I have rarely encountered clients saying they were expecting—or being upset at not receiving—the Earned Income Tax Credit *per se*. What I have found more often is that clients at the clinic feel generally entitled to "a refund" of a similar size they have received in previous years—without much understanding of the different elements it is composed of.

Part of my hunch that clients see "getting a refund" as akin to applying for and receiving other benefits (like SNAP or Medicaid) is likely influenced by the fact that VITA sites are often located in non-profit organizations that provide other social services. In the Hartford area, the VITA program is run by United Way and The Village for Families and Children, which provide multiple other services that low-income people in the area benefit from. VITA sites here actively connect clients in need with other services—at some locations, asking if the individual would like information about a variety of other services offered by the site is a routine part of the intake process. When individuals lacking health insurance are charged a penalty (the notorious "shared responsibility payment" from the Affordable Care Act, which ends in 2019), many sites provided individuals with information on how to apply for Medicaid or the exchange through our statewide AccessHealthCT program. In this context in particular, it makes sense that tax filers would see the process of getting EITC as part of the patchwork social safety net they deal with all year round. But VITA sites represent only a small fraction of taxes filed nationally—at most 4 percent if the sister program focused on the elderly—Tax Counseling for the Elderly (TCE) is included. Does the same logic actually apply to the majority who file with paid preparers?

Based on clients we have spoken with—many of whom have only used paid preparers before—I think it is likely that even EITC recipients who go to paid preparers view them, to some degree, as one of many government benefits they interact with. Clients often bring a large stack of paperwork with them when they come to file taxes—knowing they will need to document their circumstances in some way, but not necessarily which documents they will need specifically to file taxes. Many offer extra documents even after I say I have all I need. Low-income people in America are eligible for and many receive (or have received) other government benefits. Will they necessarily de-couple these processes completely?

The most important way that tax credits are like other government benefits is in the substantial financial relief offered—something that recipients plan for and count on. The main difference is the lump-sum nature of payment, which shapes the kind of use it goes to. My conversations with clients reinforce what other studies have found—refunds are often used to make larger purchases that are very difficult for households who can barely make it paycheck to paycheck—car repairs, buying a new car, putting a down payment on an apartment, or paying down debt are all common ways low-income recipients spend their refunds (Sykes et al. 2015). As one client explained, "I think a lot of people pay down any debt and if they can save they'll save. And there's a few, small number I know, that will use it to go on vacation or use it to, in some way, decompress in their life, whether it be vacation or buying a particular good, but generally it's to pay down debt."

An important feature of how clients experience the process of securing their refunds is that even if people vaguely understand they are receiving credits, there is a lot of confusion about what the different components of their tax refund consist of. Often, a large portion of clients' refunds are actually from the amounts withheld from their paycheck. In my experience (and that of the other volunteers working in the clinic), clients are most focused on the total amount of the refund, with much less understanding of which part of the refund is from the EITC, which from the Child Tax Credit, and which is a return on overpayments through withholding.

This lack of clarity is understandable, given the complexity and sometimes contradictory set-up of tax credits and other elements of the tax code. For example, a child can be claimed as a dependent until age 18 (age 24 if a full-time student), which affects tax status in a beneficial way that can result in a higher standard deduction. However, the Child Tax Credit is only available for children under age 17. In contrast, the EITC can be claimed until that child is 18, but then stops (regardless of full-time student status) (IRS 2018). A parent supporting a teenage child may well be confused by why their care of a child results in substantially different amounts in their refund even as the child remains in their care.

What I have found, though, is that changes in refund amounts due to withholding are as or more common, complicating the ability to purely gauge clients' reaction to and understanding of credits themselves. Lower-income Americans often have several jobs, and they change jobs a lot. It is common for a client to present five W-2 forms, and increasingly common to have 1099 forms for "private contracting" work like driving for Uber or serving as a home healthcare worker. If the withholding on their paychecks was not appropriate for even one of these jobs, clients may have a substantial change in the amount of their refund.

Such year-to-year changes in the amount of tax refunds are often seen by clients as arbitrary and unfair, with clients having their own understanding of whether they should be getting more or less than last year. One client had gotten a slight raise and worked a considerable amount of overtime in the previous year, and was surprised and upset he ended up owing money rather than receiving a refund. The tax preparer explained that he had not had enough withheld from his paychecks, but the client was solely focused on the injustice of having to pay rather than receiving a refund, "I been doing better, and now they're saying I owe them."

Another important aspect of how refunds are experienced by clients is the many ways their situation changes from one year to the next—couples break up, a daughter moves back in with her young children and needs support for the year. Such changes in status can be directly related to credits received, and people move in and out of these statuses. EITC is fairly generous for families with children, but much less so for working poor without kids. Individuals move in and out of those groups. Combined with gaps in employment and changes in employment that result in different levels of withholding, there many factors that contribute to varying refund amounts, not usually well understood by clients.

<u>Implications</u>

Returning to the motivating questions of the paper, how are tax credits understood by those who receive them? And what do low-income Americans learn about policy and government in the process of filing their taxes to get tax credits? What are the policy feedback effects of downwardly redistributive social policy through refundable tax credits? That is, what messages are conveyed (about them as recipients or about government more generally), and does the experience have second-order political effects, such as an increase in political participation or trust in government?

First, on the issue of program administration. Despite the myth of self-executing benefits, the EITC and other tax credits are largely administered by for-profit tax preparers of varying quality and reliability. In some ways, the delegation of authority for administering benefits to private actors is not unusual in the American welfare state (Morgan and Campbell 2011), yet the individualized, ad hoc, and fairly unregulated nature of that delegation is stark in the case of low-income tax preparation. Because the burden is on the individual, this is not a situation of government contracting out of program administration (as in Medicare or TANF), which has at least some level of accountability. The role of paid preparers—and the fact that individuals are on their own in finding them—does seem like it would obscure government's role in providing tax credits.

Yet is government really invisible if one is filing their taxes? Rather, I think government is quite visible in the form of the IRS, but viewed primarily as a force that will potentially stand in the way of a refund that is perceived as truly deserved, rather than as the apparatus that determines eligibility or aids application as a prototypical application process for a direct benefit (like Medicaid or Unemployment Insurance) would be. Paradoxically and in ways that are potentially problematic, the for-profit industry is quite successful at conveying the message that recipients are entitled to tax credits, as exemplified in the tax preparation company Jackson Hewitt's claim that "Our trusted Tax Pros will get you every credit and deduction you deserve," backed by their "Maximum Refund Guarantee."

The place where government is clearly visible to EITC is in the threat or reality of audit by the IRS. Here the IRS is not a means to getting a benefit, or even a place to apply for one. Rather, the IRS is the place that will deny benefits after the fact, often in a drawn out process that can last over a year (Greenstein et al. 2019). The lack of appropriate funding for the IRS contributed to a general decrease in audits since 2011, but now EITC recipients represent one third of all IRS audits—congressional legislation has increased the burden on the IRS to audit erroneous EITC claims, even as it has cut funding for the department (Kiel and Eisinger 2019). The example of the IRS presents a particularly stark instance of the "skeletal state" in which a lack of appropriate administrative capacity threatens government function and, in this case, also receipt of benefits (Morgan and Campbell 2011). At the state level in Connecticut at least, the Department of Revenue Service's (DRS) total lack of administrative capacity leads to a very strict credit claiming process for the state-level EITC, with very strict deadlines and little room to appeal them. The Connecticut DRS has a policy of requiring additional documentation for every new state EITC claimant and everyone who has been denied the credit in the past. One DRS official admitted the benefits "have to reach a certain threshold" before the state will bother to audit them, meaning that some of the poorest recipients are at greater risk of audit because their benefits are higher.

The program design of EITC, its evolution into a large, once-a-year payment, and the ad hoc administration by multiple actors, many of them for-profit, both make the credit visible to the consumer, but also obscure the particulars of that policy. In terms of material benefits, there is clearly a positive policy feedback in terms of resource effects, with EITC associated with increases in parent and child well-being and child educational outcomes (Tach and Edin 2017, 552). However, the delivery as part of a large refund that is a combination of other credits and also withholding obscures the way EITC works which, along with EITC's complicated rules, can lead to confusion on the part of the taxpayer about the rules and size of the actual credit, and thus disappointed and frustrated when they do not receive as big a refund as they expect.

In terms of second-order political effects—though the credit is not entirely understood, it is visible enough to clients to cause an uproar if it were under threat of cut. Interestingly, despite lacking a clearly organized policy constituency, EITC has enjoyed fairly consistent bipartisan support and several expansions, and to my knowledge was not even considered for cuts in the recent tax overhaul. Politically, EITC's appeal came from its focus on wage workers, its framing as "tax relief" and generally being a potential concession to Democrats in debates about welfare, raising the minimum wage, and tax cuts (Howard 1994, 2007). EITC recipients in one study say they experienced receiving benefits through tax filing as less stigmatizing than going to a welfare (Sykes et al. 2015), which would suggest positive effects. Yet the face of the role of government is the IRS, which would seem to engender suspicion or resentment of government if anything, not positive effects on participation or trust in government. EITC recipients may vaguely understand that government is providing tax credits, but they also likely see government (in the form of the IRS) as an obstacle to receiving taking what you deserve away.

The EITC is far more visible to recipients than assumed in broad accounts of submerged state, but the nature of any feedback effects (on participation, views of government) are less clear at this early stage of research. In future research I had planned interviews with taxpayers asking their understanding of the role of government in delivering tax credits, gathering detailed information about which other government programs they use, and asking taxpayers to compare the experiences. Discrete effects of receiving EITC may be difficult to gauge because many low-income recipients deal with multiple direct programs simultaneously. Based on the observations described here, I would also be attentive to asking about past interactions with the IRS, as well as differentiating between clients who recognize the credits specifically, versus those who generally expect to receive a refund, without necessarily understanding the parts it is made of.

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