



## Member Spotlight: Harry Holzer Brings Research to the Frontlines of Budget Debate

JUNE 11, 2025

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Professor Harry Holzer has long studied how federal policies affect workers, families, and the broader economy. So when the chance arose to speak at a rally outside the U.S. Capitol ahead of a House vote on the “Big, Beautiful Bill Act,” he jumped at it. Holzer spoke with SSN about the rally and how this advocacy fits into his broader public engagement goals.

The following conversation has been edited for length and clarity.

### Q&A

**You recently spoke at a rally in DC ahead of the House vote on the reconciliation bill. What was that experience like?**

**Harry Holzer:** It was fun. It was interesting because virtually all the other speakers were either politicians, members of Congress, or people from the advocacy community. I think I was the only academic or researcher, but then I felt like that allowed me to bring a perspective that no one else had.

I thought almost everybody spoke from what you might call a fairness angle. The focus was largely on the point that having tax cuts for high income people while you're cutting Medicaid and food stamps and tax credits for people at the bottom seems very unfair to a lot of people, and I share that point of view. But I wanted to go beyond just the usual fairness perspective to say, is this good for the economy or not?

**Based on your expertise, where did you land on that question?**

I don't think it's good for the economy. I tried to think of all the reasons based on my economic analysis and also what I've learned about what the research and evaluation literature show on the Earned Income Tax Credit, the Child Tax Credit, Medicaid, and SNAP and especially how they affect children and their future productivity.

I've worked in all those areas. In fact, right now, I'm on a National Academies panel producing a big report on the Earned Income Tax Credit and the Child Tax Credit and their potential to further reduce child poverty. A few years ago I was also on a National Academies panel on intergenerational poverty and what policies are needed to reduce that. So I've had exposure to these issues from a variety of different vantage points and that's what I chose to talk about.

I think the biggest argument for why the bill should not pass in its current form is that it adds enormously to federal deficits and federal debt. Over time, it'll add three or more trillion dollars just over the next decade. Now I understand that if you just let all of those tax cuts expire it would probably push the economy into recession. It would be a big tax shock to the economy. But I don't think all of it is needed. I think it's an extremely regressive piece of legislation.

All kinds of people and organizations have estimated that over two thirds of the benefits go to the top 20%. It's really clear that the bottom quintile of people is worse off, both because the tax benefits are so small and the cuts to Medicaid and SNAP outweigh those. So, that's probably the another of the biggest economic argument against the bill in its current form.

And then I don't like how punitive it is to low income people. The work requirements for SNAP and for Medicaid, which are very hard to meet for people with major illness or in weak labor markets. Plus there are all of the other changes where states would have to pick up a lot more of the costs of SNAP. So overall, this bill shouldn't be so expensive, it adds so much to the federal debt and should not do so in a punitive or aggressive manner.

### **How do you see this work fitting into your other public engagement efforts?**

**Harry Holzer:** This rally was specifically about a policy debate that's underway right now. I only get that opportunity from time to time. For instance, I testified in front of the House Committee on Education and the Workforce while one of the sub-committees was debating reauthorization of the Workforce Innovation and Opportunity Act. So once in a while I get an opportunity to engage in real time while the policy is being debated, which is always exciting.

When you're an academic who does research, but who cares a lot about policy, you never know when the argument will be relevant or not. My favorite example of that is in 2007 I co-authored a report on the costs of child poverty to the American economy. This was based on this idea that I also mentioned at the rally that poverty for children reduces their productivity when they become adults and it imposes other costs on US economy. So a few other economists and I got together just to do some very rough calculations of what that cost might be.

It didn't seem to affect any policy discussion for a long time, but then in 2021 when the Biden administration did this dramatic one year expansion of the Child Tax Credit in its COVID relief bill, it seemed to rely heavily on

those arguments, which were echoed in in another National Academies report a few years before that. So, here was this analysis that I did 14 years ago that seemed to lie dormant until all of a sudden it became very relevant, and that's what it's usually like as you watch how research affects policy.

But it's fun if a policy is currently being debated, it makes it even more exciting that you get out and try to cite the research. It doesn't mean that anyone's going to listen to what you say, but it raises the probability that they will.

### **What got you interested in studying the Child Tax Credit and the Earned Income Tax Credit?**

**Harry Holzer:** Well, my interest in the Earned Income Tax Credit, or EITC, has been longstanding. My main interest historically in that has been around the very strong evidence that the EITC has several positive impacts. It raises the employment of parents, but it also leads children to do better in education. For a long time I've been interested in the fact that there's a set of parents and adults who have very little access to the EITC, the group we call childless adults, including non-custodial parents.

For decades I've been interested in the problems of less educated men, and especially less educated Black men, with very low employment rates. They may have children, but in many cases they don't have custody of those children. The amount of EITC that they have access to is very small, so that was the source of my original interest in the EITC, and I've written a number of papers over the years on how to raise the EITC for childless adults and what the research actually shows on that.

The Child Tax Credit, or CTC, has come up more recently because in that one year, when it was dramatically expanded, it had an enormous effect in reducing child poverty. Of course, the CTC wasn't the only thing that was expanded in 2021, many other anti-poverty programs also expanded, but it seemed to be the biggest component of what was expanded. And together, all those things seemed to reduce child poverty by about half in that one year, though we don't know what the long-term effects would be. So my interest in the CTC is more recent, but the evidence suggests it's very important as well.

### **Besides your advocacy on these issues, what else are you working on?**

**Harry Holzer:** I have a longstanding interest in: How do we make low-income people more productive? How do we increase their labor market skills? That leads me to an area that people call workforce development, which is sort of job training plus various support services to help people get and keep decent-paying jobs.

I've done a lot in that area and I'm doing a lot of work on community colleges specifically. By far the biggest providers of workforce development these days are community colleges, in addition to some for-profit colleges. There's roughly a thousand community colleges in America and they wear many hats.

They have to have a more purely academic or liberal arts side because people get associates degrees in liberal arts and often prepare to transfer to four-year schools. But they also have this workforce development side

where there are certificate programs, some for credit, some not for credit, and I'm just very interested in how to make those more productive.

So I have one project with Gordon Hanson at Harvard where we've ranked the thousand or so community colleges in the US on the basis of how well their workforce programs perform. And then we're trying to figure out why are some so much better than others and are there policies that can help?

If you really want people to earn more money at the bottom of the job market, very broadly, there's two approaches. One is you can try to improve people's earnings and that usually means improving their skills, or helping link them to jobs where they can improve their skills. And the other one involves things like these tax credits, which say, "Okay, people have low earnings, how can we subsidize them based on their low earnings?" To me, both approaches are very important, but these days a lot of what I do is on the workforce development and community college side. I hope we learn more about that, which I can then use to badger policymakers into trying to do better on that part of policy as well.

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