

POLICY

STATE EARNED INCOME TAX CREDIT

A refundable state earned income tax credit of at least 10 percent of the federal credit is one of the five most effective policies a state can implement to ensure children get off to a healthy start and thrive, and that promote greater equity in child wellbeing.

The state earned income tax credit (EITC) is a tax credit for low-income workers, typically calculated as a percentage of the federal EITC. The value and administration of the state EITC is determined by each state, including whether the state credit is refundable (providing a refund to households even in the absence of tax liability).

The most rigorous research studies show that a state earned income tax credit:

IMPACT OF STATE EARNED INCOME TAX CREDIT	EVIDENCE OF IMPACT
Promotes healthy births	<ul style="list-style-type: none"> State EITCs led to increases in birthweight of between 16 grams to 104 grams, depending on the generosity level
Reduces racial disparities in birth outcomes	<ul style="list-style-type: none"> In states with generous, refundable credits, Black mothers saw the greatest reductions in low birthweight (up to 3,760 fewer babies born low birthweight annually)
Increases a family's economic security	<ul style="list-style-type: none"> A \$1,000 increase in the state and federal credit amount led to a \$2,000 increase in annual pretax family earnings during ages 0 to 5 State EITCs boosted mothers' annual wages by 32%
Boosts maternal labor force attachment	<ul style="list-style-type: none"> A 10% state EITC supplement increased employment among single mothers by 2.1 percentage points compared to single women with no children

► Go to pn3policy.org/clearinghouse for the comprehensive evidence review on state earned income tax credit.

pn3policy.org

The prenatal period to age 3 is the most sensitive and rapid period of growth for the brain and body. State policy choices have a substantial impact on the wellbeing of infants, toddlers, and their parents, and on promoting equity among children. See the *Prenatal-to-3 State Policy Roadmap* at pn3policy.org/roadmap for more information on the most effective policies and strategies states can implement to help children thrive from the start.