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ABOUT

EITC Gives a Boost to Women

For too many women in our state, work often does not pay enough. The Earned Income Tax Credit (EITC) helps many hardworking families with low and moderate incomes, especially those with young children, make ends meet and also provides a number of other important benefits for families.

About 410,000 working women in Virginia earn the federal Earned Income Tax Credit (EITC), and 64 percent of households who receive the federal EITC include a woman who is working. In general, families in Virginia who qualify for the federal EITC also can claim the state EITC, and many do. But Virginia unnecessarily restricts its current work credit which prevents many families from receiving the full value that they've earned leaving many hard working women and families economically unsteady. Governor Northam's proposal to strengthen Virginia's EITC would go a long way to boosting the economic security of women.

The EITC helps families afford the necessities like child care, and these credits are a critical tool to boost women's long-term economic prospects. An extensive body of research shows the EITC rewards and encourages work. Past EITC expansions increased work rates among unmarried mothers and helped them enter or remain in the workforce. Earnings also grew faster for women who were eligible for previous EITC expansions relative to similarly situated women who were not. In addition, the increased time spent in the labor force results in greater Social Security benefits for women, which reduces poverty among women later in life.

Researchers also have documented the EITC's positive health impacts for mothers and infants. Studies suggest that the EITC leads to reduced smoking among mothers. Other health effects include improvements in self-reported measures of mental health and overall health and improvements in certain risk measures such as those related to inflammation and blood pressure.

The evidence is clear on the range of benefits. An improved state EITC would help women and families in Virginia.

– *Chris Wodicka, Policy Analyst*

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