



Credit Where Credit Is Due

The Successful Tax Programs Lifting Massachusetts Families Out of Poverty

The Earned Income Tax Credit (EITC) and Child Tax Credit (CTC) are two widely successful tax credit **programs for improving family economic security and well-being.**

Combined, the credits lift more low- and moderate-income people out of poverty than any other federal program except Social Security.

Families use these credits to reduce their income taxes or receive a refund check. The EITC and CTC have been shown to:

Keep people out of poverty. In Massachusetts, the EITC benefits about 400,000 families and the CTC benefits about 230,000 families. About 150,000 people in Massachusetts were kept out of poverty each year by the EITC and CTC. Multiple studies show that the EITC and CTC help families reduce stress by enabling them to better manage household finances, use the money for necessary expenses, and build their savings.

Improve educational outcomes. Extensive research has **linked these tax credits with improved educational achievement.** For instance, the EITC has been linked to improved test scores as well as higher high school graduation rates and college enrollment. Better educational outcomes can, in turn, improve health and economic mobility.

Boost health. Studies show that these **tax credits tend to improve the well-being of infants, mothers, and entire neighborhoods.** The extra boost from the EITC has also been linked to other predictors of health outcomes, such as better access to prenatal care, improved ability to purchase nutritious foods, and reduction of financial stress.

Encourage people to work. One study found that **EITC expansions were the most important reason that employment rose among single mothers with children** during the 1990s. The EITC had a larger impact in increasing work than the strong economy or policy changes in cash assistance programs.





The Path to Future Progress

Benefits of Expanding Tax Relief Programs:

► **Expanding both the federal EITC and CTC could help give a boost to 1.9 million Massachusetts families.**

Legislation currently before Congress—the Working Families Tax Relief Act—could increase the federal EITC and CTC and extend these credits to some of the lowest-income workers and families who currently cannot benefit. With these expansions, **a quarter of Massachusetts taxpayers could see some combination of tax cuts or refunds averaging \$1,820 in 2020.**



► **Massachusetts Workers Who Will Benefit From Expansion:**

Industry	Number of Workers
Cashiers	32,400
Nursing, Psychiatric, Home Health Aids	27,300
Retail Salespersons	22,600
Cooks	21,800
Janitors and Building Cleaners	21,200
Waitstaff	20,000

► **Expanding the EITC and CTC Could:**

- Help give a boost to more than a quarter of the entire Massachusetts population
- Be a modest step towards advancing racial equity—by helping people of color make ends meet
- Improve long-term health for working families with and without children
- Give children the best shot at educational success and give the youngest children an additional boost

