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## **Earned-income credit lifts working poor out of poverty, boosts children's health and educational outcomes**

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Berkeley - The Earned Income Tax Credit (EITC) is the most effective poverty-fighting program for children in the U.S., according to research from the University of California Berkeley.

The EITC is a federal tax credit for low-and middle-income working people that rewards work and offsets payroll and income taxes. Together with the Child Tax Credit, the EITC lifted 9.2 million people, including 4.8 million children, out of poverty in 2015.

Research from UC Berkeley professor of economics and public policy Hilary Hoynes and others looking at the impacts of the EITC shows that the impact of the tax policy goes far beyond its cash value.

"The gains in income for poor families lead to improvements seen in the longer term, including child cognitive and educational outcomes," said Hoynes.

A new policy brief from the Institute for Research on Labor and Employment, [The Earned Income Tax Credit: a key policy to support families facing wage stagnation](#), looks at how the policy encourages families to work more because it rewards additional earnings.

"This is the first assessment of both the direct and indirect impact of the EITC on poverty. We show that the true anti-poverty effects of the EITC have been underestimated by up to 50 percent," said Hoynes, author of the brief.

The brief highlights leading research by Hoynes and others on anti-poverty programs. They show how the EITC is improving maternal health, leading to fewer high school dropouts, and has dramatically increased employment among single mothers.

Key findings include:

- The 1993 expansion of the EITC lowered mother's risk of cardiovascular disease, metabolic disorder and inflammations, and improved their mental health.
- The expansion led to a reduction in smoking among single mothers with children and pregnant single mothers.
- The EITC expansion reduced the incidence of low birth weight and increased mean birth weight. This improvement in birth outcomes is due to both more prenatal care and fewer negative maternal health behaviors like smoking.
- The EITC raises both math and reading test scores in elementary and secondary school. Large positive effects on math and reading test scores for children aged 8-14, with larger effects for younger children and boys.
- The EITC is associated with higher rates of high school completion (or GED) and also higher college attendance rates. This in turn translates into better employment outcomes and higher earnings.

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