

# LIFTING *Children and Families* out of POVERTY

**Economic security for Kansas children and families is the cornerstone of a strong economy and a prosperous state. When working families are able to provide healthcare, shelter, food, and other basic necessities for their children, they are able to provide a stable foundation for learning and future development. The Earned Income Tax Credit (EITC) is a common sense way to let working families keep more of what they earn to make ends meet, and those dollars flow right back into Kansas businesses and communities.**

## WHY IS THE EITC IMPORTANT?

The state-level EITC only goes to working families and benefits more than 280,000 Kansas children, ensuring their needs are met and putting them on a better path.

The EITC is an effective investment that helps families afford the basics like child care and transportation—things that help them keep working—and it reduces the need for public assistance.

## A SMALL INVESTMENT WITH BIG IMPACT

For the 280,000 Kansas children in families receiving the EITC, the investment lasts a lifetime. Because children in these families have their needs better met, they have better health outcomes, better school performance, and an increased likelihood of college enrollment—all of which can mean working more hours and earning more in their adulthood.<sup>1</sup>

## THE EITC AND CHILD POVERTY

Too many Kansas children live in families that struggle to get by—18% of Kansas children live in families with incomes below the poverty line (\$20,090 a year or less for a family of three).<sup>2</sup> Without the EITC, thousands more Kansas children would be living below the poverty line.

## HOW IT WORKS

The EITC is a common sense tax credit that boosts the incomes of working families at tax time. The amount of EITC that Kansans can claim depends on the recipient's income, marital status, and number of children. To calculate the Kansas EITC, a recipient would multiply their federal EITC by 17%—a federal EITC of \$100 would produce a \$17 rebate from the state.

## PROTECTING THE KANSAS EITC

With limited access to other work supports, the EITC must be preserved. The Department for Children and Families has made significant changes to other anti-poverty programs with the stated purpose of promoting work—the EITC is a proven way to get families off assistance and working.

Because of recent policy changes, fewer and fewer Kansas children and families are able to access the safety net, including Temporary Assistance for Needy Families, the Supplemental Nutrition Assistance Program, Medicaid, and child care assistance. Other state tax credits that help working families, such as the Child and Dependent Care Credit, were eliminated as part of the 2012 tax changes. The EITC is directly targeted to working families, and cutting or eliminating it would run contrary to the goals of promoting work.

## WHO CAN BENEFIT FROM THE EITC?

A single parent with two children who is making minimum wage at a full-time job can work all year without taking a day off and still end up almost \$5,000 below the 2015 poverty guideline of \$20,090 for a family of three.

## STRONG SUPPORT FOR THE EITC

One of the most outspoken advocates of the EITC was former President Ronald Reagan, who included a major expansion of the credit in a tax package that he dubbed “the best anti-poverty, the best pro-family, the best job creation measure to come out of Congress.”



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<sup>1</sup> “Earned Income Tax Credit Promotes Work, Encourages Children’s Success as School, Research Finds.” Marr, Huang and Sherman, Center on Budget and Policy Priorities, 2015.

<sup>2</sup> “Kansas KIDS COUNT.” Kansas Action for Children, 2015.