



PRESS RELEASE
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Coalition calls for refundable state EITC

Today on Tax Day, a coalition of organizations that advocate on behalf of Ohio's working poor called on policymakers to improve Ohio's Earned Income Tax Credit by making it refundable.

The EITC boosts the income of working people who earn low wages. The federal credit is one of the nation's most effective antipoverty programs. Ohio is one of 29 states that have an EITC. Earlier this month, Governor DeWine signed a transportation budget that reformed Ohio's credit by increasing it from 10 to 30 percent of the federal credit and removing the income cap. While these are needed improvements, these reforms will extend Ohio's EITC to only about 1% more of the poorest families. The key to making an EITC effective is to make it refundable, like the federal credit and EITCs in 24 other states.

The coalition, which includes Policy Matters Ohio, Toledoans United for Social Action, the Ohio Poverty Law Center, the Women's Public Policy Network, the Ohio Association of Food Banks and Voices for Ohio's children, said refundability is necessary to extend the EITC to more families who need it.

"Refundability matters and it's what makes the EITC beneficial for our poorest working families," said Kalitha Williams, project director for Policy Matters. "When a tax filer's refundable EITC credit is larger than their taxes owed, they receive the difference in a refund. We know that families use their refunds to take care of their basic needs and make ends meet."

The Ohio Association of Food Banks helped over 170,000 Ohio households file their taxes for free, connecting them with nearly \$125 million in federal EITC refunds, according to Executive Director Lisa Hamler-Fugitt. "For many families, the federal EITC, which is a refundable tax credit, provides an annual boost that allows them to pay for major expenses like household repairs, car payments and car insurance, and even pay down medical debt and student loans," she said.

Director of the Ohio Poverty Law Center Susan Jagers said the clients her organization serves earn lower wages but pay growing shares of their incomes in regressive taxes like the sales tax. "We ask that the legislature take a third step and make the credit refundable," she said. "This will put money in the hands of low-income working families and reimburse them for other taxes paid. In turn, these families will spend the money on goods and services in their communities. It is a win-win for families and communities."

Refundable credits are especially important to women. Nearly seven in 10 minimum wage workers are women, and women of color represent a disproportionate share of these workers – particularly black women, according to Erin Ryan of the Women's Public Policy Network. "Women are the backbone of many families, taking on the dual role as both caregiver and breadwinner for their households, and a strong state EITC is particularly important for their livelihood," Ryan said.

Research shows that families receiving a refundable credit have healthier children who do better in school. “\$1,000 of EITC income reduced rates of low birth weight by 7 percent overall, and by 8.2 percent among African Americans,” said Brandi Slaughter, CEO of Voices for Ohio’s Children. “Children of families receiving the refundable EITC tend to achieve higher scores in math and reading, have higher graduation rates, and are more likely to attend college.”