

Can State Earned Income Tax Credits Help Prevent Adverse Childhood Experiences?

Promising Findings from CDC Research and Important Gaps

State earned income tax credits (EITCs) are a tax benefit for families designed to incentivize work. Research supported by CDC's Division of Violence Prevention (DVP) shows that refundable state EITCs hold promise for preventing certain adverse childhood experiences (ACEs) including child abuse and neglect and exposure to adult psychological distress and suicides. However, more research is needed to understand how state EITCs affect other ACEs and to evaluate changes that enhance eligibility or use over time.

Refundable state EITCs are associated with reduced rates of children entering foster care.

- Cases of child abuse and neglect are the most common reasons for children entering the foster care system.
- A DVP funded [study](#) found that states with refundable EITCs have experienced an 11% decrease in foster care entries compared to states without an EITC, while states with a nonrefundable EITC did not experience significant differences compared to states without an EITC.

Increases in refundable state EITCs are associated with decreases in adult psychological distress and suicide and child neglect.

- Childhood exposure to adult psychological distress and suicide are ACEs and may increase risk for other ACEs. Recent DVP-funded studies show that increases in refundable state EITCs are associated with:
 - immediate reductions in reports of frequent mental distress among adults without education beyond high school;
 - lower rates of suicide among adults, and
 - lower rates of child neglect among children ages 17 or younger, with the greatest reduction seen among children ages 5 or younger.

Many families are still not eligible for state EITCs or are eligible but do not apply.

- Caregivers who have lost their jobs, are undocumented, or are too sick to work may not meet eligibility requirements for EITCs in some states and, as a result, their children may not benefit from EITCs.
- Some states have requirements that could affect the EITC eligibility of survivors of intimate partner violence (IPV). For example, survivors who leave their spouses must file taxes as "married filing separately," which makes them ineligible for EITCs in many states.
 - This and other barriers faced by IPV survivors may be one reason for mixed evidence on the impact of state EITCs on rates of IPV.
- More than 1 in 5 eligible taxpayers do not use EITC. [Other research](#) has shown that Hispanic families are the least likely to know about or to ever have received EITC.

What are "refundable" state earned income tax credits (EITCs)?

Both the federal and state EITCs can act as an additional source of income when set as a refundable tax credit. "Refundable" means that the tax filer can receive a payment for the amount of the credit that exceeds their tax bill. Currently, residents in Washington, DC, and nearly half of US states may be eligible to receive a refundable state EITC in addition to the refundable federal EITC by filing for the credit on their income taxes. Refundable state EITC amounts are set by states as a percentage of the federal EITC. In 2019, refundable [state EITC](#) amounts ranged from 3% (in Montana) to 85% (in California) of the federal EITC.

What are adverse childhood experiences (ACEs)?

ACEs are potentially traumatic events that occur in childhood (0-17 years). These events include experiencing violence, abuse, or neglect or witnessing violence in the home. Also included are aspects of a child's environment that can undermine their sense of safety and stability, such as household substance misuse, mental health problems, or parental separation.

How can EITCs help prevent ACEs?

Strengthening economic supports to families can prevent ACEs by increasing economic stability and family income. This improves parents' ability to meet their children's basic needs, helps parents obtain high-quality childcare, and reduces parental stress and depression. [Other research](#) suggests refundable federal and state EITCs have been linked to positive health outcomes, particularly for infants and mothers.



Centers for Disease Control and Prevention
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Closing Research Gaps

More research on strategies for closing gaps in EITC eligibility and on EITC impacts over time could deepen the understanding of how EITCs contribute to preventing ACEs.

Future Directions for CDC's Research on EITCs

Since **2018 and 2019**, DVP has been advancing research on the role of a wide range of economic support policies in addition to EITCs, including the **child tax credit**, temporary assistance for needy families, and Medicaid. This includes studying the impacts of promising economic support policies on ACEs and related risk factors. For example, **DVP-funded research** shows that California's paid family leave policy was associated with lower rates head trauma in children resulting from abuse when compared to seven other states with no such policy. Future directions for research on economic supports for families may also include studying the benefits of combining multiple economic support policies.

To Learn More About EITCs

- **Preventing ACEs: Leveraging the Best Available Evidence** from DVP
- **Essentials for Childhood Framework** from DVP
- **EITCs Overview Information** from CDC's HI-5 Initiative
- **Public Health Action Guide on EITCs** from the CDC Foundation
- **Policy Basics: State Earned Income Tax Credits** from the Center on Budget and Policy Priorities
- **EITC Qualifications and Information** from the Internal Revenue Service (IRS)
- **Increasing Take-Up of EITCs** from California Policy Lab
- **Free help with filing EITCs** from Code for America

Research Supported by DVP

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