



For Women's Sake, North Carolina Lawmakers Should Bring Back the Earned Income Tax Credit

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North Carolina women are hard at work. Over two million women in the state work for wages and salaries, and over 40 percent of those women are the primary breadwinners for their families. That's more than 800,000 North Carolina women who must provide both financial and caregiving support to spouses or partners, children, parents, and other family members. But, unfortunately, a lot of these women struggle every day to make ends meet for themselves and their loved ones.

Single mother households in North Carolina earn a median income of just \$20,393 a year, and are more likely than any other type of household in the state to live in poverty. Until recently, these households could claim a little extra income from the state Earned Income Tax Credit as a way to keep their heads above water. This credit goes only to employed women and men, and it uses the tax refund system to channel a little more income to them if their wages fall below certain limits. But in 2013 the North Carolina General Assembly voted to eliminate the state credit – making North Carolina the first U.S. state in nearly three decades to roll back this crucial credit providing income support to working families.

Subsequent experience shows that this was an enormous mistake, and one that lawmakers need to remedy soon. As many studies have documented, the Earned Income Tax Credit alleviates poverty and creates incentives for work, especially for less-educated mothers whose wages tend to be low.

At both the national and state levels, the Earned Income Tax Credit is one of the most effective tools that governments have at their disposal to boost incomes at the bottom. In the short-term, it provides a safety net for working families, keeping them above the poverty line. At the state level, the extra money helps offset state and local taxes. By making work viable, the credit improves mental and physical health for many poor mothers and their children.

During the Great Recession of 2009-10 and the anemic economic recovery that followed, working American families needed all the support they could get. During this difficult period, women became increasingly likely to be the primary financial support for their families. In North Carolina between 2010 and 2012, the state Earned Income Tax Credit kept almost 300,000 North Carolinians – including over 150,000 children – out of poverty, shielding them from serious financial instability. At the national level, the federal Earned Income Tax Credit kept an estimated 3.4 million women above the poverty line in 2010 alone.

Years after the recession, North Carolina working mothers are still trying to find their footing in a shaky economy, so this was not a good time to kick one of the legs of the stool out from under them. If the North General Assembly is serious about its oft-proclaimed desire to support working families and strengthen the state's economy, it will reinstate this valuable program.