



Spotlight: Iowa



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In Iowa, 7% of residents are living in poverty and an additional third of residents are struggling economically, living under 200% of the federal poverty line. The Iowa EITC program was designed to reduce the tax burden on working families and to alleviate poverty. The EITC has helped taxpayers meet basic needs such as transportation and childcare, while giving them the opportunity to put money aside for emergencies.

Summary

Iowa’s EITC program matches 15% of the federal EITC benefit, and like the federal EITC, the credit is refundable. Refundability enables eligible taxpayers to get the full value of the credit rather than simply subtracting from their tax liability. Like California, Iowa’s EITC matching program has increased its financial commitment over the lifetime of the policy. Between 2013 and 2014, the EITC match rose from 7% to 15%.

Increasing Outreach

The Iowa EITC program employs a notable outreach strategy to increase the number of working families and children who can benefit from it. Outreach is funded through a yearly budget appropriation. As in California, grants to nonprofits and other entities account for much of the state’s outreach efforts.

Iowa’s program includes direct outreach, led by the Institute for Social Economic Development Ventures, which collaborates with 20 coalitions across the state. In 2014, these combined efforts reached nearly 15,000 working people in Iowa. Outreach efforts also include tax preparation assistance for low-income residents. The state provides grant funding to a local nonprofit that provides these services in order to expand usage of the EITC benefits.

Iowa Families See Gains From EITC

“When I was a single mom raising my two boys, the earned income tax credit saved us. I was working full time and was not receiving any additional help in government aid or child support. During that time, the money I received through the EITC went immediately into my savings account, and we would use it only for emergencies as they came up throughout the year. That money saved me and my family.”

—Iowa Citizen Action Network member

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 + \text{ DIRECT OUTREACH} \\
 + \text{ 20 COALITIONS} \\
 \hline
 = \text{ 15,000 WORKING PEOPLE IN IOWA}
 \end{array}$$



Centers for Disease Control and Prevention
National Center for Injury Prevention and Control

Program Impact

In 2013, 650,000 people, including 370,000 children had claimed both the federal and state EITCs, along with the child tax credit. These combined policies lifted an estimated 70,000 people out of poverty. The Iowa Revenue Board found that for tax year 2014, 10.8% of working families who claimed a combination of the federal and state EITC were lifted above the poverty line.

$$\begin{array}{l} + \text{ CLAIMED FEDERAL AND STATE EITC'S} \\ \text{ CHILD TAX CREDIT} \\ \hline = \text{ PEOPLE OUT OF POVERTY} \end{array}$$

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Continuing the Work

Directing resources toward community-driven outreach efforts has helped Iowa increase the number of working families benefiting from the EITC. Following the state's expansion of its EITC match in 2014, additional outreach efforts helped more eligible working families benefit from this expansion. Continued outreach investments can contribute to increasing household income levels and community resiliency. These are effective policies for implementing the child abuse and neglect prevention strategy of improving economic supports to families.