

# Fast Facts

## Invest in West Virginia Families with a Refundable Earned Income Tax Credit

Jessie Ice | Senior Policy Analyst  
February 2019



West Virginians who work should be able to support their families and afford their basic needs. Unfortunately, too many jobs in West Virginia pay too little for workers and their families to make ends meet. 23% of workers in West Virginia are employed in low-wage jobs and over a quarter of those live in poverty.<sup>i</sup>

The Earned Income Tax Credit (EITC) is a proven tool to help boost the income of the working poor—opening the door to the middle class for those living in poverty. West Virginians who earn the EITC work in their communities as cashiers and daycare workers, home health aides and coffee baristas. By rewarding work, the federal EITC supplemented the earnings of 159,000 West Virginians in 2015.<sup>ii</sup> With an average credit of \$2,230, this amounts to **\$355 million introduced into the hands of hard-working West Virginians in 2015.**

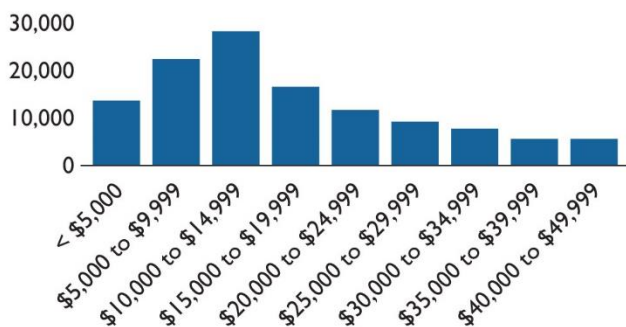
By piggybacking on the federal EITC, a refundable West Virginia EITC could provide a bottom-up tax cut to the poorest workers in the state—those existing below the poverty line. Overwhelmingly, federal EITCs went to taxpayers with children, working to boost families out of poverty. State EITCs do the same. Current state EITCs range from 3.5% to 40% of the federal EITC. A 15% West Virginia EITC could put an estimated **additional \$48.2 million into the hands of working families each year.**<sup>iii,iv</sup>

Through a refundable West Virginia EITC, each West Virginia House district would see an injection of over **\$700,000** on average and each West Virginia Senate district would see **\$2.8 million** on average flowing each year straight to workers from a state EITC alone.<sup>v</sup>

### EITC is a benefit for states because it has been shown to:<sup>6</sup>

- Be an effective anti-poverty tool by directly increasing the amount of money available to low-income families
- Encourage people to work and continue working
- Provide funds for transportation, childcare, and other daily necessities
- Increase money spent in local economies
- Lead to better educational outcomes for low-income children
- Increase positive child and maternal health outcomes

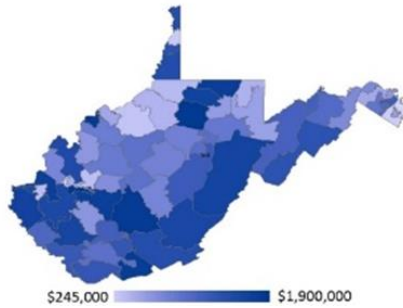
### WV Workers Existing Below the Poverty Line Benefit Most from the Federal EITC



Adjusted Gross Income of WV Federal EITC Recipients

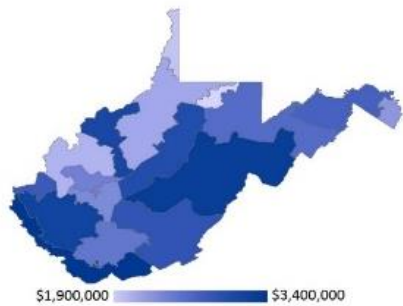
West Virginia is missing out on a proven method to help our working poor move towards the middle class. 29 states and the District of Columbia have passed EITC legislation to boost families that work but struggle to make ends meet. West Virginia can do the same with a refundable EITC.

## Projected WV EITC Total by West Virginia House Legislative District



1	\$873,923	18	\$398,432	35	\$1,837,381	52	\$418,311
2	\$82,034	19	\$1,123,710	36	\$1,473,846	53	\$450,232
3	\$859,527	20	\$525,011	37	\$463,395	54	\$534,742
4	\$886,379	21	\$575,400	38	\$420,365	55	\$640,803
5	\$404,338	22	\$956,589	39	\$395,907	56	\$545,165
6	\$410,209	23	\$461,622	40	\$462,317	57	\$523,696
7	\$384,813	24	\$1,025,704	41	\$483,636	58	\$465,623
8	\$435,387	25	\$522,564	42	\$1,009,017	59	\$430,895
9	\$499,875	26	\$580,210	43	\$1,066,741	60	\$509,692
10	\$1,723,643	27	\$1,620,311	44	\$572,892	61	\$640,226
11	\$504,617	28	\$881,491	45	\$522,668	62	\$456,879
12	\$461,079	29	\$581,133	46	\$490,650	63	\$560,198
13	\$907,758	30	\$529,978	47	\$505,311	64	\$524,860
14	\$478,207	31	\$546,852	48	\$1,748,375	65	\$437,527
15	\$332,383	32	\$1,669,845	49	\$452,235	66	\$345,617
16	\$1,362,513	33	\$519,782	50	\$1,261,425	67	\$244,830
17	\$941,467	34	\$489,368	51	\$1,370,083		

## Projected WV EITC Total by West Virginia Senate Legislative District



1	\$2,283,102	6	\$3,390,476	10	\$2,949,397	14	\$2,896,221
2	\$2,560,408	7	\$2,994,575	11	\$3,165,751	15	\$2,897,850
3	\$2,980,793	8	\$2,685,591	12	\$2,951,970	16	\$2,633,400
4	\$2,421,297	9	\$2,794,212	13	\$1,928,355	17	\$2,681,408
5	\$2,907,727						

<sup>i</sup> [https://wvpolicy.org/wp-content/uploads/2018/5/WVCBP\\_SOWVVV2017-FINAL-.pdf](https://wvpolicy.org/wp-content/uploads/2018/5/WVCBP_SOWVVV2017-FINAL-.pdf)

<sup>ii</sup> 2015 is the latest year the EITC data is available

<sup>iii</sup> <https://www.esspri.uci.edu/files/docs/2016/ESSPRI%20Working%20Paper%202016%20Neumark%20and%20Williams.pdf>

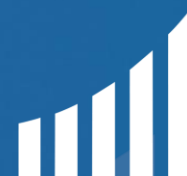
<sup>iv</sup> 2015 EITC data available from: <https://tpc-eitc-tool.urban.org/>

<sup>v</sup> A standard formula to estimate a state EITC is to assume 90% of those that file for a federal EITC would file and qualify for a state EITC. Credits for a WV EITC are calculated at 15% of the federal credit amount.

<sup>vi</sup> [https://mlpp.org/wp-content/uploads/2018/03/2019-budget-priorities\\_restore-state-eitc.pdf](https://mlpp.org/wp-content/uploads/2018/03/2019-budget-priorities_restore-state-eitc.pdf)

### West Virginia Center on Budget & Policy

8 Capitol Street, Fourth Floor  
 Charleston, WV 25301  
 Tel 304-720-8682 | Fax 304-720-9696  
 Like us on Facebook  
 Follow us on Twitter @WVCBP  
 Visit us at [wvpolicy.org](http://wvpolicy.org)



WEST VIRGINIA CENTER ON  
**BUDGET & POLICY**

Data-driven policies. Shared prosperity.