TAX CREDITS FOR WORKING FAMILIES: POWERFUL TOOLS TO IMPROVE HEALTH
Budget and tax policy

What they mean for well-being and equity

Georgia Budget and Policy Institute
August 28, 2018
RWJF mission: Building a Culture of Health in the U.S. where everyone has a fair and just opportunity to be healthy
More than half of state spending goes to education and health care


Total state expenditures are all federal and state funds. State funds are general funds and other state funds combined, excluding bonds.
Even with an improved national economy, states are under numerous fiscal pressures

- All states, except Vermont, must balance their budgets
- 16 states require supermajority for tax increases
- Federal tax bill
  - 29 states minimal revenue gains, no change, or losses
  - Possible federal spending cuts
- 11 states have enacted large tax cuts since 2011

State tax cuts don’t generally lead to sustained economic growth
Large spending cuts during recessions may be bad for our health.
Evidence is emerging on spending and health outcomes

- McCullough et al, AJPM 2017: Counties spending more on public welfare and sanitation (and community health care and public health) were more likely to be associated with being an “over-performing” county in County Health Rankings.

- Chetty et al, JAMA 2016: Communities with greater local government expenditures had less income-related inequality in life expectancy.

- Bradley et, Health Affairs 2016: States with higher ratios of social-to-health spending had improved health outcomes.

- Rigby et al, Health Affairs 2016: States with higher tax credits for poor residents had better health outcomes than those without.
Sales and income taxes are major sources of non-federal revenue

FIGURE 1
Total State General Revenue by Source
2014

<table>
<thead>
<tr>
<th>Source</th>
<th>Revenue Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfers</td>
<td>31.65%</td>
</tr>
<tr>
<td>Sales taxes</td>
<td>23.67%</td>
</tr>
<tr>
<td>Charges and miscellaneous</td>
<td>18.51%</td>
</tr>
<tr>
<td>Individual income taxes</td>
<td>17.91%</td>
</tr>
<tr>
<td>Other taxes</td>
<td>5.60%</td>
</tr>
<tr>
<td>Corporate income taxes</td>
<td>2.67%</td>
</tr>
</tbody>
</table>

States depending less on income taxes (and more on sales taxes) have more regressive tax systems.
An Earned Income Tax Credit (EITC) is progressive

- 24 states with refundable EITC
  - State credits are 5% to 85% of federal credit
- Average annual federal credit is $2,500
  - Median income of recipients is $14,118
  - 27.5 million families and individuals
- Improves economic and health outcomes
Investing in the fiscal health/population health nexus

Center on Budget and Policy Priorities, State Priorities Partnership, and Georgia Budget Policy Institute

- Improved understanding of how state budget and tax decisions affect
- State policymakers giving greater consideration to these health impacts
- Preservation or expansion of state investments in effective public programs
- Fair and sustainable tax systems that create health co-benefits.
- Intensive work in 10 states: CA, GA, KY, MA, NC, NJ, NM, OH, TX, WA
Role of health funders in fiscal (and social) policy

*Provide data to inform decision-making*

- CityHealthDashboard.org

*Explore the effects of social policies on health*

- PoliciesforAction.org

*Conduct analyses on policy reform proposals*

- Urban.org/features/safety-net-solid-ground

*Support multi-sector community development/health strategies*

- SparccATL.org

*Support non-lobbying advocacy on key policy issues*

- American Cancer Society Medicaid initiative
Place matters to well-being and opportunity – states

Georgia in bottom 50% on health outcome indicators

Health, Opportunity and Equity Initiative (HOPE)
National Collaborative for Health Equity, and Texas Tech University, Virginia Commonwealth University
Place matters – cities and neighborhoods

In Climbing Income Ladder, Location Matters
A study finds the odds of rising to another income level are notably low in certain cities, like Atlanta and Charlotte, and much higher in New York and Boston.

Salt Lake City – 11.5%
Atlanta – 4.0%

Race also matters to well-being and opportunity

Forysth County

Social & Economic Factors

High school graduation 94%
Some college 79%
Unemployment 4.2%
Children in poverty 7%

% Children in Poverty
- % Children in Poverty (Black) 16%
- % Children in Poverty (Hispanic) 28%
- % Children in Poverty (White) 4%
Equity is essential
Equity can be achieved

**Principles**
- Policy is critical
- Everyone benefits
- Gaps must close

**Strategies**
- Build power
- Promote fairer tax systems
- Invest early
- Target resources
- Foster integration
TAX CREDITS FOR WORKING FAMILIES: POWERFUL TOOLS TO IMPROVE HEALTH
Georgia Work Credit:
A Tool to Improve Health and Promote Equity

August 28, 2018
EARNED INCOME TAX CREDIT (EITC)

• Federal tax credit for families with low and moderate wages

• 1 million Georgia households claimed the federal EITC in 2015 – 2.6 million individuals, including 1.2 million children

• Lifts about a quarter-million Georgians out of poverty each year

• Helps working Georgians afford the basics and work their way into the middle class
EITC's Unique Structure Rewards, Encourages Work
Federal EITC value by income, marriage status and number of children, 2016

- Single
- Married Filing Jointly

Size of Federal EITC

Household Income

- No Children
- 1 Child
- 2 Children
- 3+ Children
29 states and D.C. have their own EITCs - providing a limited credit against state and local taxes

Georgia Work Credit would provide a bottom-up tax cut, saving families up to $630 a year

$303 Million could go into the state economy from a Georgia Work Credit
Jane is a single mother of one in Macon who works fulltime as a cashier, making minimum wage.

- Earns $14,500 annually before taxes
- Owes about $154 a year in Georgia state income taxes
- A refundable Georgia Work Credit at 10 percent of the federal credit comes out to $337 for Jane, delivering her an estimated state refund of $183.
HEALTH BENEFITS DOCUMENTED BY EXTENSIVE RESEARCH

❖ Maternal Health
❖ Infant and Child Health
❖ Mental Health
MATERNAL HEALTH
Georgia Mothers with Less Education Are Less Likely to Receive Prenatal Care

% of Georgia Births in Which Mother Reports Receiving No Prenatal Care, 2016

- Less than HS: 7.7%
- High school graduate: 4.0%
- Some college or associate degree: 2.3%
- Bachelor's degree or higher: 1.1%

Following EITC expansion, mothers with two or more children receiving higher EITC payments increased likelihood of reporting “excellent” or “very good” health by:

1.35 percentage points

BLACK & HISPANIC GEORGIA MOTHERS LESS LIKELY TO REPORT EXCELLENT OR VERY GOOD HEALTH

% of Georgia women with 2 or more children reporting either “excellent” or “very good” health, 2016

- White, Non-Hispanic: 60.9%
- Black, Non-Hispanic: 43.2%
- Hispanic: 27.1%

INFANT AND CHILD HEALTH
Georgia ranks:

5th highest in share of newborns with low birthweights

5th highest in rates of infant mortality

A refundable EITC set at 10 percent of the federal credit is estimated to reduce low birthweight in Georgia by 8.4 percent.

1,047 fewer low birthweight babies each year

LOW BIRTHWEIGHT MUCH HIGHER AMONG BIRTHS TO BLACK MOTHERS

% of low birthweight babies born to mothers with high school education or less, 2017

- White, non-Hispanic: 9.2%
- Black or African-American, non-Hispanic: 15.4%
- Hispanic or Latino, any race: 7.0%
- Asian: 9.8%
- Multiracial: 10.3%

Source: Georgia Department of Public Health OASIS, 2017.
EITC CAN RESULT IN GREATER IMPROVEMENTS FOR BLACK MOTHERS

For every $1,000 increase in the EITC:

- **5.6%** decline in low birthweight among ALL mothers
- **7.2%** decline in low birthweight among BLACK mothers

STATE EITCS AND CHILD HEALTH

**Mother-reported health**

A $100 increase in value of state EITC associated with:

1.2 percentage point decline in mother reporting child to be in fair or poor health status

3.4 percentage point increase in mother reporting child to be in excellent health

**Childhood obesity**

After the adoption of a state EITC, children in non-metropolitan areas experienced larger reductions in obesity.

Obesity rate in *non-metropolitan* areas of Georgia: 31%

Obesity rate in *metropolitan* areas of Georgia: 28.8%


MENTAL HEALTH
GEORGIANS WITH LOWER WAGES REPORT MORE POOR MENTAL HEALTH DAYS

Mean # of days in the past 30 days adults reported their mental health was not good, 2016

- Less than $25K: 5.6
- $25-$49,999: 3.7
- $50-$74,999: 3.0
- $75K or more: 2.0

Source: America's Health Rankings, 2016.
INCREASE IN EITC REDUCED POOR MENTAL HEALTH DAYS

$500 increase in EITC payments reduced the number of poor mental health days by 19 percent for low-income mothers with two or more children.

ECONOMIC IMPACT OF POOR MENTAL HEALTH DAYS

One poor mental health day is associated with:

- 2.3% reduction in per-capita income growth in poorer (more rural) counties
- 0.87% reduction in per-capita income growth in wealthier (more urban) counties

Larger EITC payments are associated with higher scores for children on a behavioral index that includes measures such as peer conflict, hyperactivity, anxiousness and depression.

Younger Georgians More Likely to Have a Major Depressive Episode in the Past Year

Mean # of days in the past 30 days adults reported their mental health was not good, 2016

- Ages 12-17: 10.1%
- Ages 18-25: 8.9%
- Age 26 or Older: 6.1%

Source: National Survey on Drug Use and Health, 2014-2016

GEORGIA WORK CREDIT: A TOOL TO BOOST INCOME AND HEALTH
A WIN-WIN POLICY

• 29 states and D.C. have a state EITC

• Improve economic security AND promote health equity and improved well-being for families

• Provide economic benefits to Georgia through money injected into local economies AND savings from health improvements

Nearly 2 in 3 Georgians support a Georgia Work Credit, according to a July 2018 poll
FOR MORE INFORMATION & TO STAY INVOLVED, VISIT:
WWW.GBPI.ORG
AND
GEORGIAWORKCREDIT.ORG

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TAX CREDITS FOR WORKING FAMILIES: POWERFUL TOOLS TO IMPROVE HEALTH
Effects of EITC on Birth Outcomes: Research Findings

KA Komro, PhD, S Markowitz, PhD, MD Livingston, PhD, & AC Wagenaar, PhD
Emory University Rollins School of Public Health & Dept of Economics
S Burris, JD, Temple University Beasley School of Law
Understanding How Law Affects Health
Scientific Contributions from Multiple Disciplines

• Law
• Social & Behavioral Sciences
• Epidemiology
• Economics
• Statistics


http://publichealthlawresearch.org/theory-methods

1. Minimum Wage Laws
2. Earned Income Tax Credit (EITC)
3. Unemployment Insurance
4. Temporary Assistance for Needy Families (TANF)

R01 funded by the National Institute on Minority Health and Health Disparities, 2015-2019

Social Determinants of Birth Outcomes

Conceptual Framework

Socioeconomic & Political Context
- Family Economic Security Policies

Socioeconomic Position
- Poverty
- Gender & Racial Discrimination

Mediators
- Health Behaviors
- Toxic Stress Weathering
- Health Care Access & Quality

Birth Outcomes
- Low Birth Weight
- Preterm Birth
- Infant Mortality
Effects of state-level Earned Income Tax Credit laws in the U.S. on maternal health behaviors and infant health outcomes

Sara Markowitz\textsuperscript{a}, Kelli A. Komro\textsuperscript{b,*}, Melvin D. Livingston\textsuperscript{c}, Otto Lenhart\textsuperscript{d}, Alexander C. Wagenaar\textsuperscript{b}
Contribution

1. Strong quasi-experimental and longitudinal design
   - state-level EITCs
   - multiple policy changes over 20 years
2. Presence and generosity of state EITCs
   - infant health outcomes
   - possible mechanisms via maternal health behaviors
State EITC

- In 1994, 5 states had an EITC → In 2013, 26 states had an EITC
- State-specific EITC ranges from 3.5% to 40% of the federal amount, varies by number of children and refundability

**EITC summary measure**

<table>
<thead>
<tr>
<th>States with no EITC</th>
<th>States with an EITC, <strong>nonrefundable</strong> payments, and payments <strong>less than 10%</strong> of the federal amount</th>
<th>States with an EITC, <strong>refundable</strong> payments, and payments <strong>less than 10%</strong> of the federal amount</th>
<th>States with an EITC, <strong>nonrefundable</strong> payments, and payments <strong>10% or more</strong> of the federal amount</th>
<th>States with an EITC, <strong>refundable</strong> payments, and payments <strong>10% or more</strong> of the federal amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>least generous</strong></td>
<td><strong>most generous</strong></td>
<td><strong>least generous</strong></td>
<td><strong>most generous</strong></td>
</tr>
</tbody>
</table>


Generosity of State EITCs
Families with One Child

1994

2013
## Birth Outcome Results

<table>
<thead>
<tr>
<th></th>
<th>Dependent Variables</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Birth Weight in Grams</td>
</tr>
<tr>
<td>Low EITC No Refund</td>
<td>9.44</td>
</tr>
<tr>
<td>Low EITC With Refund</td>
<td>16.85</td>
</tr>
<tr>
<td>High EITC No Refund</td>
<td>12.68</td>
</tr>
<tr>
<td>High EITC With Refund</td>
<td>27.31</td>
</tr>
</tbody>
</table>
Quantile Regression Results

Fig. 2. Effects of EITC Generosity on Birth Weight Using Unconditional Quantile Regression at 5th through 95th Quantiles. Note: N = 30,780,950. Solid marker indicates point estimate is statistically significant at the 5% level.
Conclusions

• More generous EITCs associated with reductions in probability of LBW
  • 0.3 to 0.8 percentage-point reductions
  • 4% to 11% reductions
  • 4,300 to 11,850 fewer babies born LBW every year among women with high school education or less

• If Georgia implemented a refundable EITC at 10% or more of the federal, based on results we estimate
  • 1,047 fewer LBW babies per year in Georgia
Effects of Changes in Earned Income Tax Credit: Time-series Analyses of the Experience in Washington DC

A.C. Wagenaar, M.D. Livingston, S. Markowitz & K.A. Komro

Under review
EITC in DC

• Four distinct policy changes over 8 year period
• Percentage of the federal EITC, fully refundable

- 1990: Study period begins
- 1995
- 2000: DC’s EITC initiated at 10%
- 2005: DC’s EITC increased to 25%
- 2008: DC’s EITC increased to 35%
- 2010: DC’s EITC increased to 40%
- 2015: Study period ends
Bottom Line: Effects in DC

• 40% tax credit → 40% decrease in low birth weight births from baseline

• Prevents an estimated 349 low-weight births per year in DC
Effects of State-level Earned Income Tax Credit Laws on Birth Outcomes by Race and Ethnicity

K.A. Komro, S. Markowitz & M.D. Livingston, A.C. Wagenaar,

Under review
Health Inequities

• Health inequities in birth outcomes by mother’s income, education level and race
  • Percent low birth weight births (2016)
    • Hispanic women: 7% to 9.5%
    • non-Hispanic white women: 7%
    • non-Hispanic black women: nearly 14%
  • Caused by a complex set of social factors across the life course
    • income inequality
    • education achievement gaps
    • residential segregation
    • toxic environment exposures
Results

• Larger beneficial effect among black mothers compared with white mothers for the probability of low birth weight and gestation weeks

• No significant differences in birth outcomes between Hispanic and white mothers
We’re Just Getting Started

- Minimum wage and EITC interactive effects
- Minimum wage and EITC optimum legal constructions
- TANF effects on maternal, infant and child outcomes
- Exploring differential effects by race/ethnicity
- Additional health outcomes
- Additional policies affecting social determinants
- Continued monitoring and coding of legal changes

Thank You! Kelli

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