Looking beyond labor market incentives to health, well-being, and future earnings of recipients and their children

Bradley L. Hardy
Georgetown University
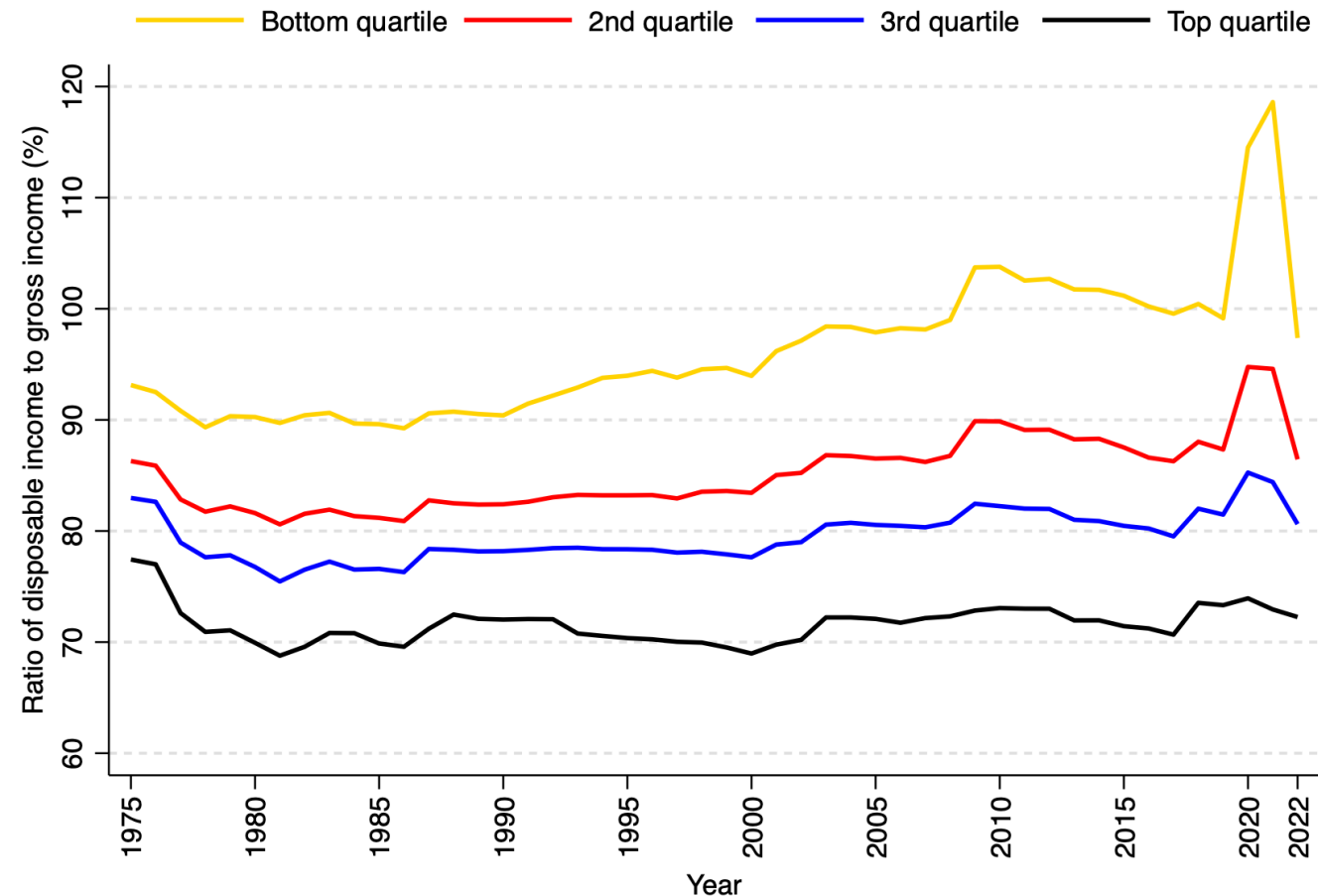
Brookings Institution

GEORGETOWN UNIVERSITY | McCourt School of Public Policy

Some Benefits of the EITC

1. Reduce inequality and low-income by supplementing household incomes
   - Inequality as *one* proxy measure of societal well-being
   - Reduce overall income inequality (Hardy, Krause, & Ziliak 2024; Hardy Hokayem, & Ziliak 2022)
   - Reduce racial income inequality (Hardy, Hokayem, & Ziliak 2022)

2. Can the EITC help shape state-level health, economic, social, & policy outcomes?

3. Can the EITC reduce regional inequality?
   - Collyer, Hardy, & Wimer (2024) expanded CTC impacts on low-cost, high poverty states

Reducing inequality and low-income by supplementing household incomes with the EITC

Reduce overall income inequality & raise incomes of bottom quartile
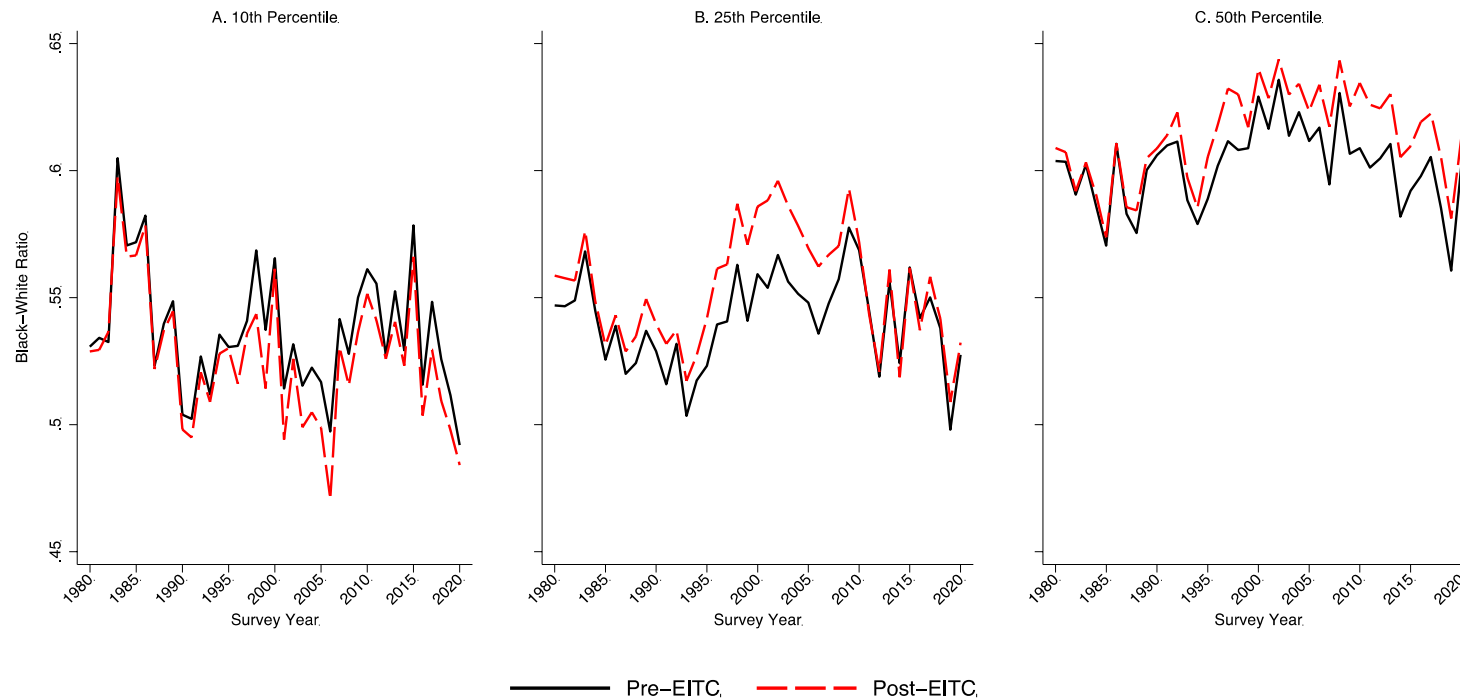

Hardy, Krause, & Ziliak (2024)

Reduce overall income inequality
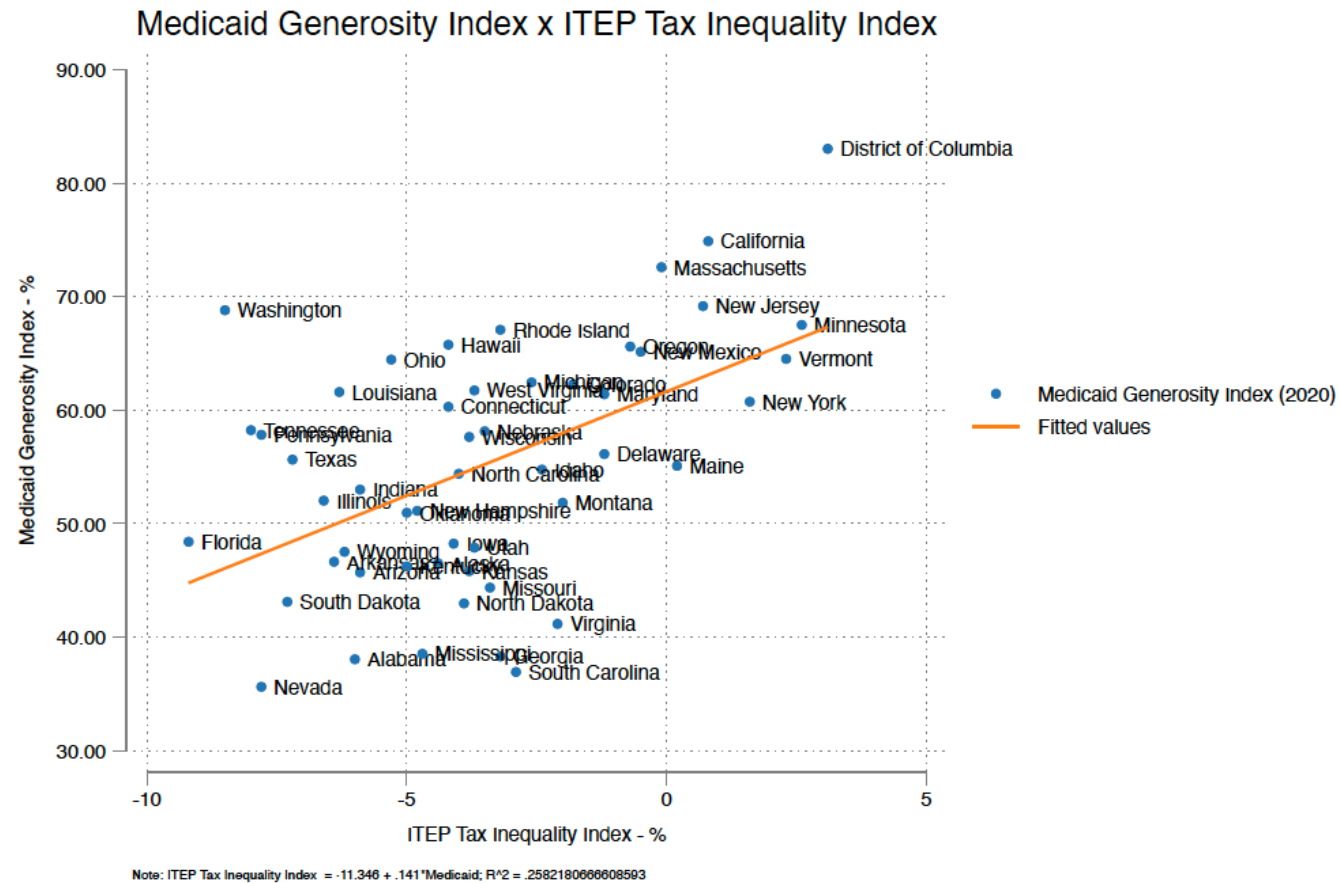

Hardy, Hokayem, & Ziliak (2022)

Reduce Black-White income inequality

A. 10th Percentile.   B. 25th Percentile.   C. 50th Percentile.

Black-White Ratio

Survey Year.

Pre–EITC.   Post–EITC.

Hardy, Hokayem, & Ziliak (2022)

Are State & Federal EITC Policies Connected to a Broader Set of State Policy Choices & Outcomes?

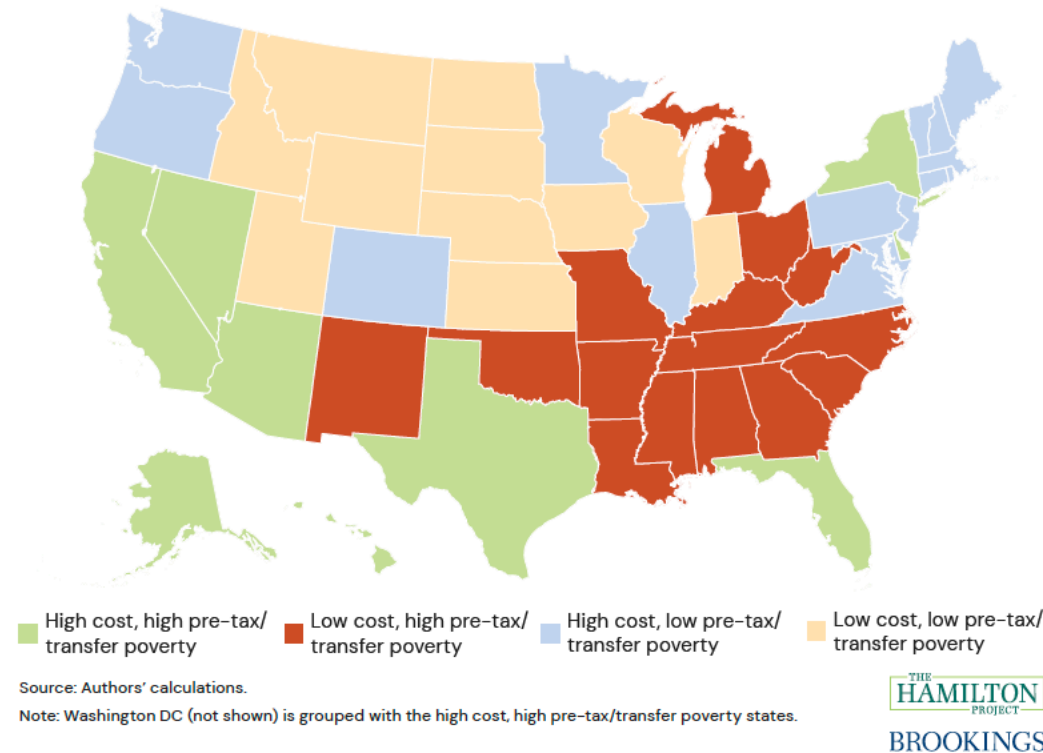# Relationship between state tax policy progressivity and Medicaid generosity

Medicaid Generosity Index x ITEP Tax Inequality Index

Note: ITEP Tax Inequality Index = -11.346 + .141*Medicaid; R^2 = .2582180666608593

Hardy, Ruffini, Cancian, DeLeire, & Eissa (2025)

Can the EITC Have Larger Impacts Between States? CTC as a proof-of-concept?

CTC Poverty Reduction by State Characteristics, 2021
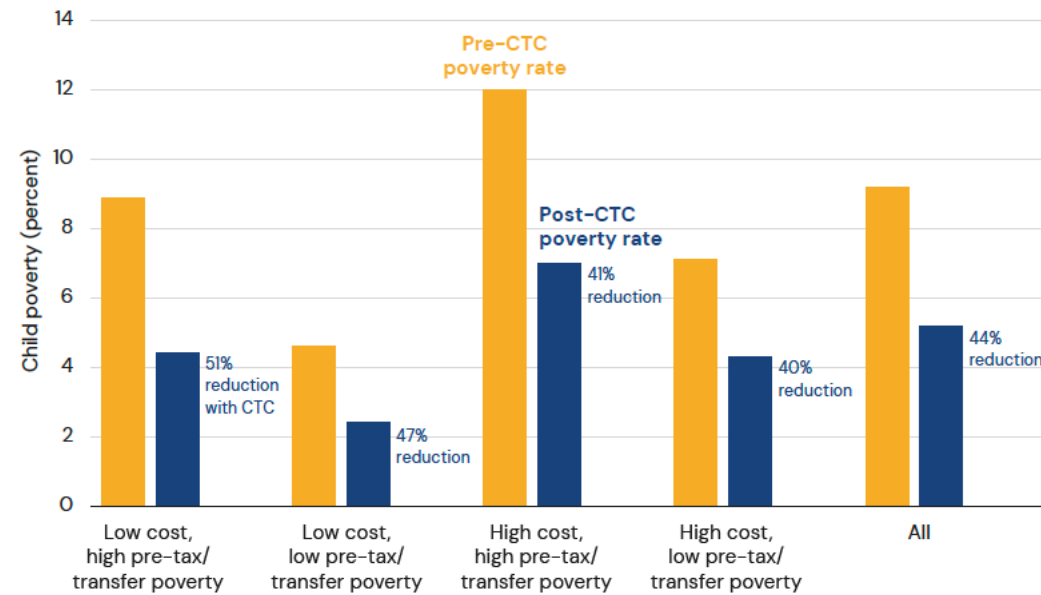

FIGURE 1
Child Poverty and Purchasing Power, by State

Legend:
- High cost, high pre-tax/transfer poverty
- Low cost, high pre-tax/transfer poverty
- High cost, low pre-tax/transfer poverty
- Low cost, low pre-tax/transfer poverty

Source: Authors' calculations.
Note: Washington DC (not shown) is grouped with the high cost, high pre-tax/transfer poverty states.

THE HAMILTON PROJECT
BROOKINGS

Collyer, Hardy, & Wimer (2023)

CTC Poverty Reduction by State Characteristics, 2021

FIGURE 2

Effect of CTC, by State Characteristics

Collyer, Hardy, & Wimer (2023)
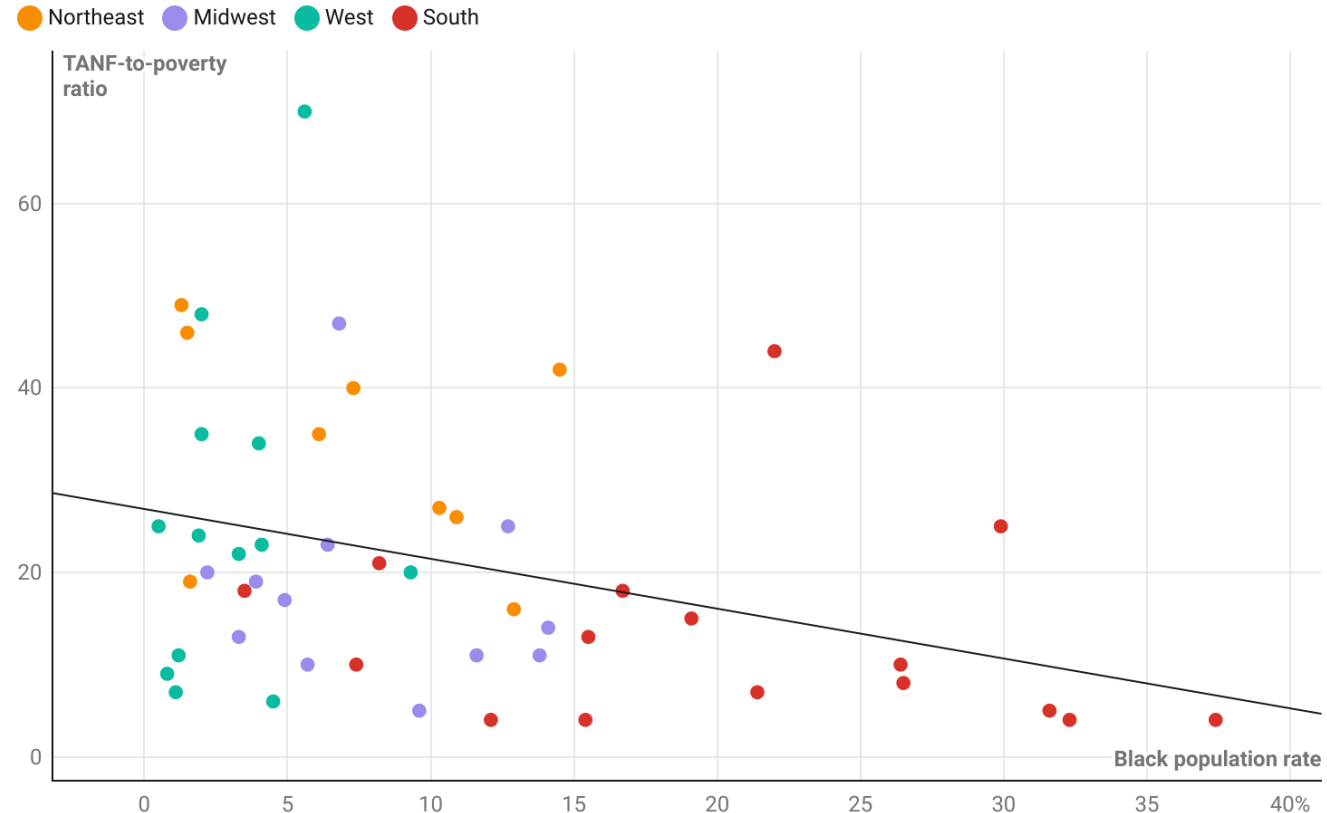
TANF-to-Poverty Ratio & Race

- The ratio of families receiving TANF assistance to the number of families with children living in poverty. For example:
  - A TANF-to-poverty ratio of 20 means that for every 100 families with children in poverty, 20 are on TANF
- MS: ratio of 4, poverty at 37.4%

Cawthorne-Gaines, Hardy, & Schweitzer (2021)

State-by-state TANF-to-poverty ratio compared with the Black population rate, 2019

● Northeast   ● Midwest   ● West   ● South

TANF-to-poverty ratio

Black population rate

Note: The TANF-to-poverty ratio is the ratio of families receiving TANF assistance to the number of families with children living in poverty. For example, a TANF-to-poverty ratio of 20 means that for every 100 families with children in poverty, 20 are on TANF. For more explanation see Danilo Trisi and LaDonna Pavetti, "TANF Weakening as a Safety Net For Poor Families" (Washington: Center on Budget and Policy Priorities, 2012), available at https://www.cbpp.org/research/tanf-weakening-as-a-safety-net-for-poor-families. Data on the TANF-to-poverty ratio were not available for the District of Columbia.

Chart: Center for American Progress • Source: U.S. Census Bureau, "Annual State Resident Population Estimates for 6 Race Groups (5 Race Alone Groups and Two or More Races) by Age, Sex, and Hispanic Origin: April 1, 2010 to July 1, 2019," available at https://www.census.gov/data/tables/time-series/demo/popest/2010s-state-detail.html (last accessed July 2021); Laura Meyer and Ife Floyd, "Cash Assistance Should Reach Millions More Families to Lessen Hardship" (Washington: Center on Budget and Policy Priorities, 2020), available at https://www.cbpp.org/research/family-income-support/cash-assistance-should-reach-millions-more-families-to-lessen.

Some questions to start the fire

1. Inequality is a summary measure – what underlying economic-social processes & interactions are altered as a result of reducing inequality via the EITC?
   - Inequality reduction by pulling up the bottom of the distribution
2. Does the EITC provide unique benefits to workers in specific states & regions
   - Areas with the weakest supports for workers & families?
3. How do federal and state-level EITC policy changes shape the diffusion of other state-level policies?
   - Can the federal EITC encourage state-level progressivity – shifting to income taxation from reliance on retail sales taxes?

bradley.hardy@georgetown.edu

GEORGETOWN UNIVERSITY | McCourt School of Public Policy