The EITC & State-Level Labor Market Interventions

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Making Work Count: Strategies for Promoting Economic Mobility
There are differences in social & economic mobility across the U.S.

- Role of “place” as a determinant of socioeconomic outcomes in America

- A land of opportunity suggests

  future success ≠ family background

- What role can labor market policies like EITCs play?
Low Parental Income & Adult Child Incomes

What other factors potentially influence these observed outcomes?

• Do these contemporary outcomes have structural, historical determinants?

• State & local policy choices – current & past?
  • EITC, TANF, min. wages, economic development
  • Race & policy (Hardy et al. 2018): historical policies & impacts
State Labor Market Policy Differences

2019 State Minimum Wages (DOL)

2019 State EITC (CBPP)

Six States Expanded Their Earned Income Tax Credits in 2019

Note: EITCs in 25 states are refundable, meaning households receive the full value of the credit they earn even if it exceeds their income tax liability. States with non-refundable EITCs are Delaware, Hawaii, Ohio, Oklahoma, South Carolina, and Virginia.

Source: CBPP analysis
Race, Mobility, & Historical Poverty in the U.S.

2010 Black Population (U.S. Census)

Historical Factors & Persistent Poverty

Figure 1: U.S. Counties with Persistent Poverty from 1959 - 1999

Hardy et al. (2018)

The EITC

• Refundable EITCs: States follow & supplement the federal EITC
  • A maximum of $9000 for DC claimants

• Promotes work + associated benefits (health insurance, retirement, etc.)

• Used for expenses, deferred maintenance, repairs, debt & bills, etc.
Combining the EITC w/ other Supports

• EITCs provide liquidity for families w/ limited resources

• Community college opportunities—can workers find the credentials they seek?
  • Information
  • Partnerships w/ industry

• Public-private (industry) partnerships to connect workers to training & employment opportunities
  • Ex. National Fund for Workforce Solutions
  • Apprenticeships

• Housing-TANF-SNAP interactions
Thank You

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