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≡ Menu

The Impact of Family Income on Child Achievement: Evidence from the Earned Income Tax Credit

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Article Information

Abstract

Using an instrumental variables strategy, we estimate the causal effect of income on children's math and reading achievement. Our identification derives from the large, nonlinear changes in the Earned Income Tax Credit. The largest of these changes increased family income by as much as 20 percent, or approximately \$2,100, between

1993 and 1997. Our baseline estimates imply that a \$1,000 increase in income raises

combined math and reading test scores by 6 percent of a standard deviation in the

United States. Our estimates are robust to a wide range of alternative specifications and are

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H24 Personal Income and Other Nonbusiness Taxes and Subsidies; includes inheritance and gift taxes

H31 Fiscal Policies and Behavior of Economic Agents: Household

I21 Analysis of Education

I38 Welfare and Poverty: Government Programs; Provision and Effects of Welfare Programs

J13 Fertility; Family Planning; Child Care; Children; Youth

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