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≡ Menu

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

Gordon B. Dahl

Lance Lochner

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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, including

controlling for a wide range of family characteristics, including parental education, H31, I21, I38, J13)

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## Additional Materials

[Replication Package \(3.86 MB\)](#)

[Online Appendix \(115.86 KB\)](#)

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## JEL Classification

**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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