

March 31, 2015

Dear Members of the Joint Committee on Revenue,

As a pediatrician, what if I told you I could write a prescription that would reduce the risk of pre-term births, low birth weight babies, and improve children's health in Massachusetts? Well, that prescription exists, and it's called the Earned Income Tax Credit (EITC).

Studies have shown \$1,000 of EITC income generated by the 1993 expansion reduced rates of low birth weight by 7 percent overall, and by 8.2 percent among African Americans - in high-poverty neighborhoods, the reduction was 13-15 percent. An increase in the state EITC to 50 percent of the federal credit would act like a prescription to improve the health of my patients by directly helping their families put food on the table, pay rent, and keep the heat and the lights on.

A large-and-growing body of economic research finds previous expansions to the EITC have increased participation in the workforce, and spurred economic mobility and opportunity. Beyond these economic benefits, researchers have also demonstrated the EITC's effectiveness in addressing a number of other factors that reduce poverty and improve children's health.

The Federal Reserve Bank of Chicago found EITC recipients buy more healthy food items including fresh fruits and vegetables, meat and poultry, and dairy products during the months when most refunds are paid. EITC also improves educational outcomes for young children in low-income households – each \$1,000 increase (in 2001 dollars) in annual income for two to five years improves children's school performance on a number of measures, including test scores. Others have shown that after adding income from the EITC, the incidence of severe housing cost burden among EITC-eligible households in 1999 decreased by 15% overall, and by 31% among families with two children.

Passage of H2479, "An Act Improving the Earned Income Credit for Working Families," filed by Representative Marjorie Decker and other legislators, would provide families even greater benefits. Increasing the state EITC to 50% would provide a maximum benefit for working families of \$3,121 and close various loopholes in the existing state EITC. We urge the committee to favorably report out legislation that expands the state's EITC level.

Thank you for considering our request.

Sincerely,

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