

CAUSAL FACTORS AFFECTING OBESITY: A CROSS- STATE EXAMINATION OF THE EARNED INCOME TAX CREDIT

Miguel Sanchez
Department of Economics, Ithaca College
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Sponsor: Dr. Elia Kacapyr
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Abstract

The EITC was enacted as a temporary program in the mid 1970's to incentivize low-income mothers to work by offsetting income taxes and rising costs of living. Several studies have touched on the wide-ranging benefits to recipients and their children ranging from reductions in low birth weights for babies born to recipients to improvements in generational mobility outcomes. This paper contributes novel findings to the literature on determinants of obesity from a tax policy perspective, specifically the EITC. Past studies have used credit sizes to explore the EITC's relationship to BMI's, however, in this paper average EITC credits are used in conjunction with participation rates to see the relationship with obesity. Using cross-sectional and time series data from various sources, this study analyzes the prevalence of obesity in the US and its relationship to average credits and participation rates in the EITC program from 2014 to 2018. The results indicate that the EITC has a highly statistically significant relationship with obesity rates when controlling for state-specific fixed effects.

JEL Classification: C33, G18, H24