

# Income Support Programs Save Lives and Improve Health

## *Raising Incomes through SSI, EITC, and Increasing the Minimum Wage Is More Critical Than Ever during the COVID-19 Pandemic*

Lisa Dubay and Nye Harte

Income support programs do more than reduce income inequality; they also improve health and health equity, particularly for women and children. And research shows higher minimum wages and programs like the earned income tax credit (EITC) and Supplemental Security Income (SSI) prevent suicides and improve children's health.

Raising incomes for low-wage workers is more critical than ever. As the country struggles to recover from the pandemic-driven recession, preserving and expanding income supports will help improve health equity and well-being. Drawing on recent data and analyses, this fact sheet provides evidence of these policies' effectiveness.

### BY THE NUMBERS

A **10 percent increase** in the minimum wage could reduce nondrug suicides among less educated adults by **2.7 percent**.

A **10 percent increase** in the EITC could reduce nondrug suicides by **3.0 percent**.

Increasing both the minimum wage and the EITC by **10 percent** could prevent **787** suicides annually.

A **\$1 increase** in the minimum wage over the first five years of life is associated with a **10 percent increase** in a child's probability of being in excellent health later in childhood.

Receipt of SSI could prevent **15 percent** of new chronic conditions in children under 3.

### RAISING INCOMES FOR LOW-WAGE WORKERS SAVES LIVES

Even before the pandemic, higher death rates among less educated adults have been linked to worsening economic conditions and stagnating incomes for people without a college degree.

The minimum wage and the EITC are two of the most important policy levers for raising incomes for low-wage workers.

- Research shows raising incomes at the low end of the income distribution through these programs can reduce suicides, saving more than 750 lives per year. These effects are larger and more statistically significant for women.
- A \$1,000 increase in the maximum available EITC is associated with reductions in mothers' likelihoods of reporting any poor mental health days in the past month. This decrease is 4.0 percent among married mothers and 4.7 percent among unmarried mothers.

### INCOME SUPPORTS IMPROVE CHILDREN'S HEALTH

Increasing the minimum wage and supporting and expanding the EITC and SSI have long-lasting positive effects on children's health.

Childhood exposure to higher minimum wage leads to considerable improvement in children's general health. A \$1 increase in the minimum wage over the first five years of a child's life is associated with approximately

- a 10 percent increase in the child's probability of being in excellent health later in childhood
- and a 25 to 40 percent decrease in missed school days due to illness or injury.



Increased childhood exposure to the EITC is associated with improved self-reported health and reduced obesity rates in adulthood. These effects are more substantial for children raised in single-parent households and households with parents who have less educational attainment.

In New York, SSI had a positive impact on the health of children ages 8 and younger with disabilities and reduced Medicaid costs, resulting in

- 30 percent lower Medicaid expenditures on these children,
- fewer hospital readmissions, shortened stays, and fewer specialist services,
- and a slower rate at which chronic conditions emerged in early life, which reduced later-life Medicaid spending.

## RECOMMENDED ACTION

As the country responds to the pandemic-driven recession, increasing the minimum wage and expanding the EITC and SSI can increase incomes and improve health equity and well-being.

## DEFINITIONS

**The earned income tax credit** is a refundable tax credit that provides substantial cash benefits to low-income working families with children. A central component of the US safety net, it benefits about 25 million families.

**Supplemental Security Income** provides aged, blind, and disabled people with cash to meet basic needs for food, clothing, and shelter.

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