

RESEARCH REPORT

Reducing Child Poverty in the US

Costs and Impacts of Policies Proposed by the Children's Defense Fund

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Information presented here is derived in part from the Transfer Income Model, Version 3 (TRIM3) and associated databases. TRIM3 requires users to input assumptions and/or interpretations about economic behavior and the rules governing federal programs. Therefore, the conclusions presented here are attributable only to the authors of this report.

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Executive Summary

A large portion of US children live in poverty—22 percent according to the official measure, and 18 percent according to the Census Bureau’s Supplemental Poverty Measure (SPM). The SPM shows that child poverty is alleviated by the current safety net, but despite those benefits child poverty has risen over the last decade.

Within that context, the Children’s Defense Fund (CDF) contracted with the Urban Institute to assess the costs and impacts of a variety of policy options that could further reduce child poverty. The policy options defined by CDF include the following:

- Minimum wage increased to a level of \$10.10 in 2014 dollars for covered workers, and 70 percent of that level for tipped workers.
- Transitional jobs program for unemployed and underemployed people in families with children: CDF assumed a participation rate of 25 percent for unemployed individuals with the lowest family incomes.
- A full pass-through and disregard of child support income by the Temporary Assistance to Needy Families (TANF) program, and a \$100 monthly child support disregard per child in the Supplemental Nutrition Assistance Program (SNAP, formerly food stamps).
- Expanded access to housing vouchers for low-income households with children: New vouchers would be available to any household with children with income under 150 percent of the poverty guideline that also satisfied a test of rent burden, with the assumption that 70 percent of those households would be able to use the voucher.
- Increased SNAP benefits for families with children: The maximum SNAP benefit for families with children would be based on the Low-Cost Food Plan levels computed by the US Department of Agriculture (USDA) rather than the Thrifty Food Plan currently used, increasing the maximum benefit by 30 percent.
- Expanded Earned Income Tax Credit: The parameters of the credit would be adjusted to increase the benefits; for example, the maximum credit for a single parent with two children would increase from \$5,036 to \$6,042.
- Fully refundable Child Tax Credit.
- Increased Child and Dependent Care Tax Credit (CDCTC).
- Expanded access to child care subsidies for low-income families with children under age 13: Specifically, child care subsidies would be available to any employed family with income under 150 percent of the poverty guideline wanting that subsidy.

All the options have the potential to directly improve families' economic well-being in the same year that the policies are implemented (as opposed to policies such as improved education with the potential to improve children's well-being in the medium to longer term).

Urban Institute staff analyzed the CDF policies by applying a microsimulation model—the Transfer Income Model, version 3 (TRIM3)—to a large representative sample of US households—the Census Bureau's Current Population Survey, Annual Social and Economic Supplement (CPS-ASEC). The TRIM3 model is a comprehensive and detailed model that can capture both the current operations of tax and benefit programs and the potential impacts of changes to those programs, which has been used for both national and state-level analyses of the antipoverty impact of taxes and benefits. The CPS-ASEC data include information on over 75,000 households, and the information can be used to make reliable inferences about impacts on the entire population; it is the same survey database used to generate official poverty estimates. The analysis used the CPS-ASEC data that captured families' incomes and employment during 2010. We applied the TRIM3 model to the survey data to estimate the economic circumstances of families with children before any of the proposed policies, after each policy individually, and after all policies combined. TRIM3 captured the direct impacts of policies and the interactions among policies. For example, the fact that an increase in a family's earnings affects their tax liability and the amount of safety net benefits they are eligible to receive. We also used the model to impose external estimates of the extent to which increased tax credits might increase labor supply, and the extent to which a minimum wage increase might reduce employment.

To assess the results in terms of poverty, we used the SPM poverty measure. Unlike the official measure of poverty, which considers only a family's cash income, the SPM looks at families' resources more broadly—including the value of in-kind benefits and refundable tax credits, but subtracting taxes that a family must pay as well as the cost of child care and other work expenses for families with employed parents. The SPM allowed all the policies to be considered using the same metric.

Considering all the policies in combination, the impacts on poverty were as follows:

- Overall, the number of children in poverty in 2010 according to the SPM is estimated to fall from 10.9 million to 4.3 million due to the CDF-proposed policies—a drop of 60 percent.
- Among the children who are not raised out of poverty by the policy package, the great majority—4 million—nevertheless see an increase in family economic resources.

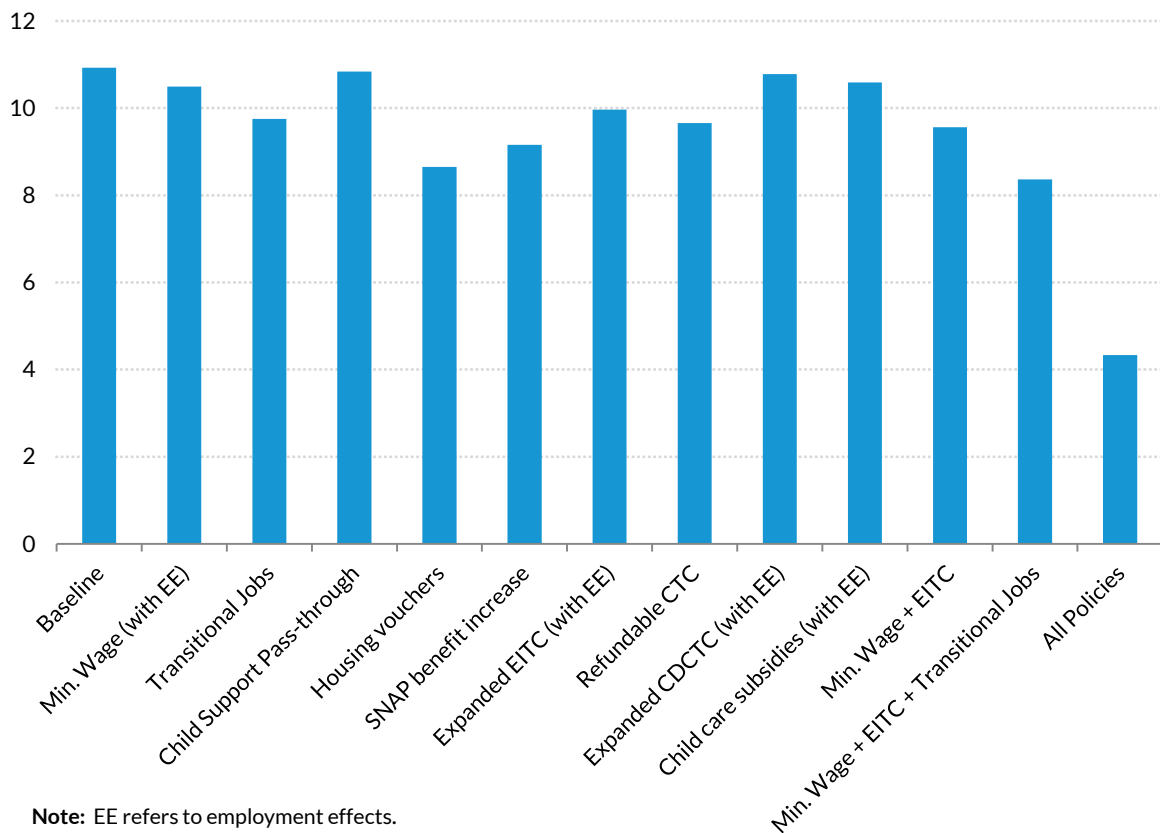
- The poverty gap for families with children—the aggregate amount of money by which the incomes of poor families with children fall below their poverty thresholds—fell from \$40.5 billion to \$15.0 billion, a drop of 63 percent.

The individual policies had varying impacts on child poverty (figure A).

- Minimum wage increase: The proposed minimum wage increase reduces child poverty by 4 percent when we assume that there would also be wage increases for workers earning slightly below the current minimum or slightly above the new minimum, as well as a small amount of job loss. The impacts of the minimum wage are muted by the fact that many minimum wage workers do not work full-year full-time, as well as the fact that increases in earnings may be offset by reductions in safety net benefits.

FIGURE A

Children under 18 in SPM Poverty (millions)

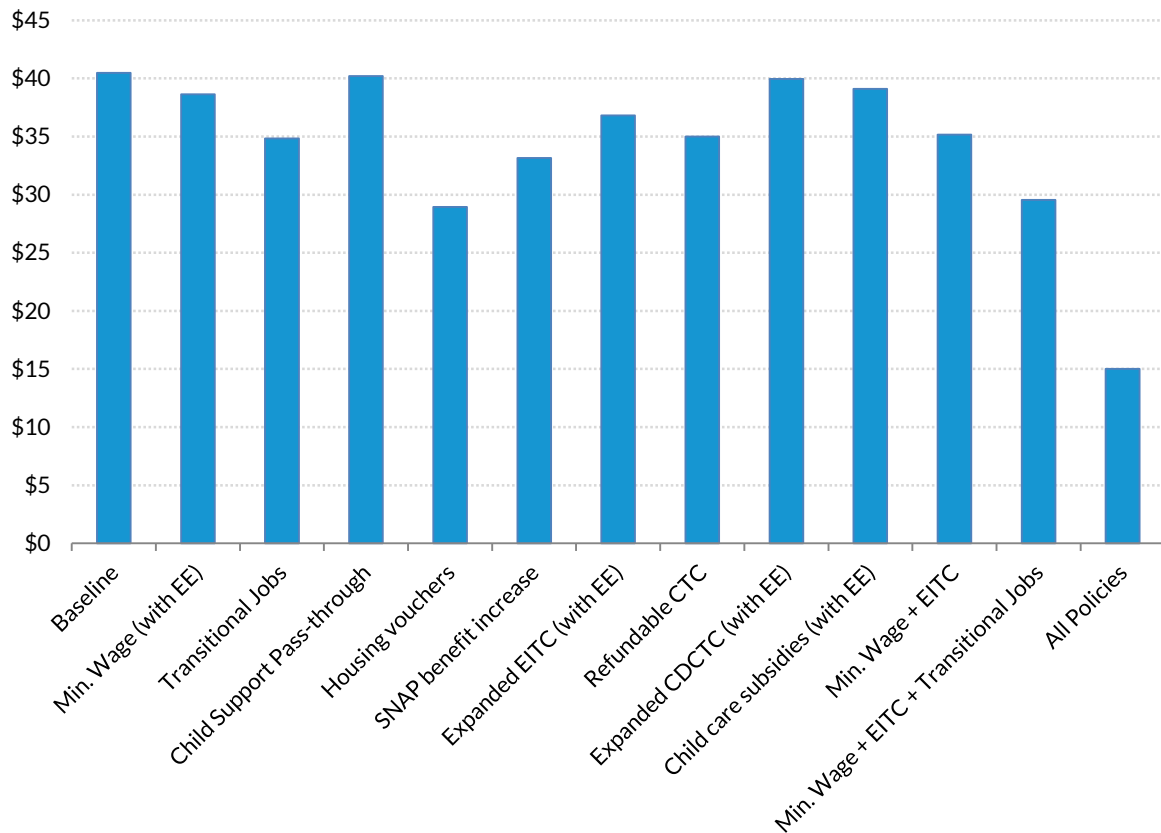


- Transitional jobs program: This was the most effective of the policies focused on cash income. When transitional jobs are available to individuals in families with children, and with an assumed maximum take-up rate of 25 percent (for non-workers with below-poverty income), 2.5 million parents and guardians are modeled to take the jobs, earning an average of \$10,630 in the year. Child poverty falls by 10.7 percent from this one policy.
- Modified treatment of child support by the TANF and SNAP programs: This policy reduces child poverty by 0.8 percent. The impact is muted by the fact that relatively few families receive TANF, and only a minority of those families have child support paid on their behalf.
- Expanded access to housing vouchers for low-income households with children: This was the most effective individual policy, reducing poverty by 21 percent. New housing vouchers were provided to 2.6 million households, with an average annual subsidy of approximately \$9,400.
- Increased SNAP benefits: This was the second most effective individual policy, reducing child poverty by 16.2 percent. The benefit increase helped all 10.7 million families with children receiving SNAP in the average month of the year under actual 2010 policies, with a \$1,896 increase in the maximum annual benefit for a three-person family; an additional 1.3 million families began receiving SNAP due to the benefit increase.
- Expanded Earned Income Tax Credit: When modeled with the assumption that the increased EITC would cause some non-working single parents to enter the labor force, child poverty was reduced by 8.8 percent.
- Fully refundable Child Tax Credit: Of the three changes to tax credits, this change had the greatest antipoverty impact. It allowed an additional 4.4 million tax units to receive the credit, and increased the credit available to others, reducing child poverty by 11.6 percent.
- Increased Child and Dependent Care Tax Credit (CDCTC): This had the least impact of the three proposed changes to tax credits, reducing child poverty by 1.3 percent. The impacts on families' economic well-being are limited by the fact that many low-income families have low child care expenses.
- Expanded access to child care subsidies: The policy that guarantees child care subsidies for families under 150 percent of the poverty guideline also has limited antipoverty impact. When we assume that families would take the subsidy if they had child care expenses before the policy, and if we also assume some increase in labor supply, child poverty is reduced by 3.1 percent.

The individual policies also had varying impacts on the poverty gap (figure B). The increase to housing vouchers had the largest impact on the poverty gap for families with children, and the SNAP benefit increase was the next most effective.

FIGURE B

Poverty Gap for Families with Children (\$ billions)



Note: EE refers to employment effects.

Considering both the number of children in poverty and the poverty gap, the impact of the package as a whole is much larger than the impact of any individual policy. Different policies address the needs of children living in different circumstances. For example, while several policies focus on parents who are already employed, the transitional jobs policy would assist parents and guardians who are currently unemployed or underemployed, and the increases to SNAP benefits and housing vouchers are not tied to employment.

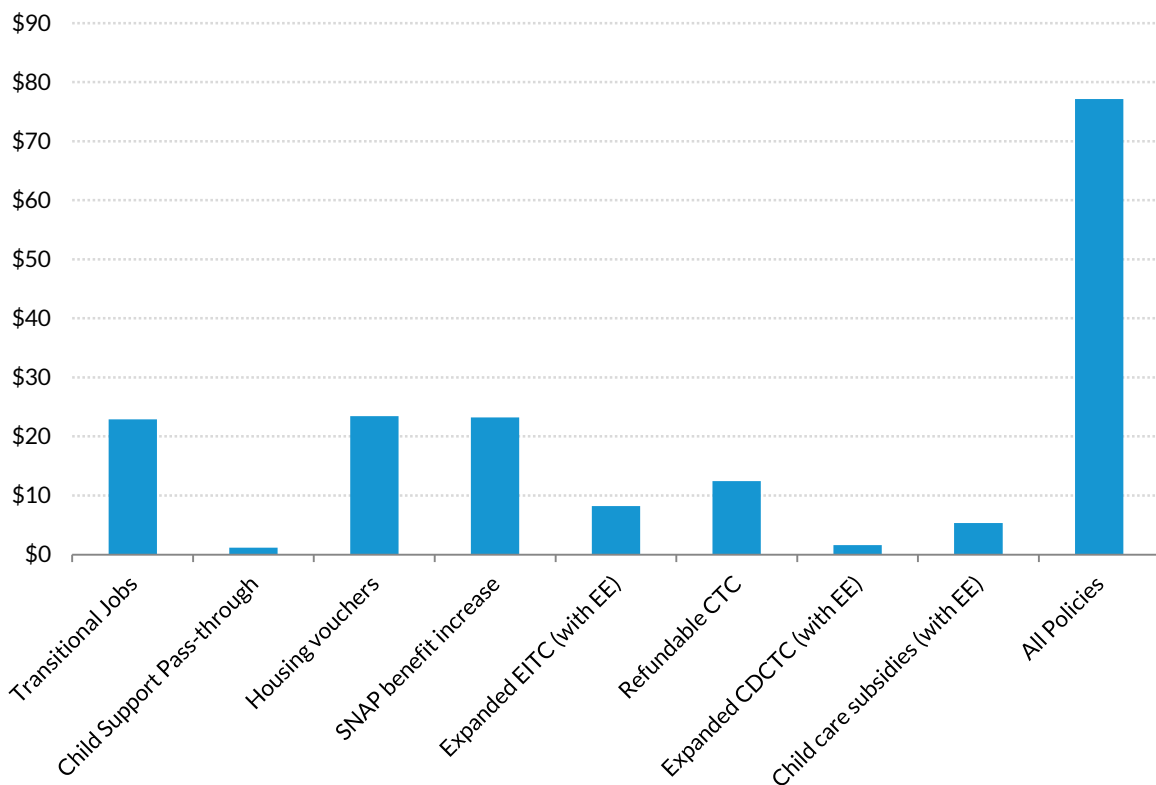
The antipoverty impacts of the package are broad-based. Poverty declines for all racial/ethnic groups, in all regions of the country, in both metropolitan and nonmetropolitan areas, and for children living with both working parents/guardians and non-working parents/guardians. There is somewhat less poverty reduction for children living in a family headed by an unauthorized immigrant, for teenagers, and for Hispanic children.

The model is able to estimate the costs of the policies, to the extent that those costs can be calculated at the family level. (Administrative costs and macroeconomic implications are not assessed.) Key findings regarding costs were as follows:

- The policies would increase government expenditures by \$77.2 billion.
- Considering the benefit programs that are directly modified by the proposed policies (housing subsidies, SNAP, and child care subsidies) and several others that interact with the proposed policies (unemployment compensation, TANF, and others), the estimated costs of benefit programs increase by \$40.3 billion, or 14.9 percent.
- Considering payroll taxes and federal and state income taxes, tax collections fall by an estimated \$0.7 billion, due to the combined impact of increased tax credits, the increased minimum wage, transitional jobs, and the assumed increase in labor supply due to the EITC policy and the policies related to child care.
- The three most expensive individual policies are the transitional jobs program, housing voucher expansion, and SNAP benefit increase (figure C).

FIGURE C

Total Government Costs of Proposed Policies (increase in program benefits minus increase in tax liability) (\$ billions)



In relative terms, the estimated cost of the entire package equals 0.5 percent of the size of United States' gross national product in 2010 (\$15.0 trillion), 11 percent of the aggregate 2010 benefits paid in Social Security retirement and disability benefits, or about 16 percent higher than the 2010 cost of SNAP benefits.

The change in the poverty gap—a total reduction of \$28.2 billion across all poor families—is 36.5 percent of the total estimated cost of the package. In other words, for each dollar of new government spending, the poverty gap is reduced by 36.5 cents. The remaining money increases families' incomes to levels above the SPM poverty threshold, or helps families whose incomes were already above the poverty level before the simulation.

Several caveats are important to note in considering the results of the analysis. Important caveats relevant to individual policy options include the following:

- The estimated employment effects of a minimum wage increase—higher wages for workers earning slightly above the new minimum, and some job loss—are based on the economic literature and are uncertain.
- The modeling of new jobs due to increased tax credits is based on the economic literature and also involves uncertainty.
- We do not capture potential broader impacts of the minimum wage increase on the economy (such as impacts on small employers), which could in turn affect either low-income families or government tax collections, nor do we capture the potential broader economic impacts of increased labor supply.
- In modeling the policies related to child support income, we do not capture the fact that some noncustodial parents might increase their child support payments if they knew that their children would be able to retain those benefits. Also, the estimates capture the effect of passing through and disregarding currently due child support. Additional antipoverty effects would be achieved if all past due support (arrears) were distributed to current and former welfare recipients.

Other important caveats apply to the analysis as a whole, as follows:

- The analysis is based on data representing the population, economy, and policies in 2010; the relative impacts of policies would be different today.
- We do not incorporate into the model how the new programs would be paid for. Different approaches could affect families' economic well-being in various ways. For example, if new programs were paid for by reducing spending on existing programs or by altering the tax

system in some way, this could have direct impacts on the economic well-being of some low-income families.

- In the longer run, reductions in poverty for today's children could have benefits on their education, health, and employment as young adults and as parents, which could reduce future poverty levels.
- Despite the caveats, the analysis shows the potential for a comprehensive package of policies to greatly reduce the child poverty rate, and to improve the economic circumstances of almost all poor children.

Introduction

Approximately one in five American children live in families that face substantial economic hardship. The exact numbers vary by methodology, with the most recent official poverty statistics counting 22.3 percent of the under-18 population as poor in 2012. The Census Bureau's Supplemental Poverty Measure (SPM), which considers the impacts of in-kind benefits and taxes, shows 18.0 percent as poor in 2012 (Short 2013). Research also shows that children's economic hardship would be even greater without the current safety net. For example, Short (2013) estimates that the SPM poverty rate for families with children would be 24.7 percent instead of 18 percent in the absence of refundable tax credits. However, even with the current safety net, and regardless of methodology, the child poverty rate is high, and after falling during the 1990s, the rate has generally risen over the last decade (Fox, Garfinkel, Kaushal, Waldfogel, and Wimer, 2014). In the long term, reductions in child poverty could come from improvements in the economy and in education—leading to higher incomes for the next generation of parents. But to alleviate economic hardship for today's children, analysts have proposed more focused approaches, including changes to taxes and benefit programs.

The research described in this report examines the potential impacts of a set of antipoverty policies proposed by the Children's Defense Fund (CDF). The policies include a minimum wage increase, a transitional jobs program, expanded tax credits, increased availability of housing and child care subsidies, increased nutrition benefits, and changes to how benefit programs treat families' child support income. Using the technique of microsimulation, we estimated the extent to which the policies would reduce child poverty as well as how much the policies would cost, for each policy individually and for the package of policies. Poverty was assessed using the SPM, since that measure takes into account not only a family's cash income, but also the value of the in-kind benefits that they receive and the amount of tax that they must pay.

In addition to capturing the direct impacts of each policy, the analysis incorporates interactions across policies and programs, such as the fact that a minimum wage increase would reduce spending on government benefits, while a transitional jobs program would create increased eligibility for child care subsidies. The analysis also incorporates some potential behavioral impacts, including the possibility of job loss from a minimum wage increase and the possibility of increased employment due to newly available child care subsidies.

However, three key limitations of the analysis should be kept in mind. First, the analysis is based on data for 2010, when the population, economy, and policy rules all differed somewhat from today. We

did not perform any type of “aging” of either the population or the economic circumstances, and we generally left policy rules at their 2010 settings. Thus, we estimate the potential impacts of the policies *if they had been in effect in 2010*. The specific costs and antipoverty impacts of each policy described here would be somewhat different in a different year. Second, the analysis does not incorporate any method of paying for the policies through new taxes, reductions in spending, or other policy changes. Different approaches to pay for new policies could have either direct impacts on low-income families (if a different benefit is reduced), or secondary impacts (by affecting the economy in a way that affects employment or prices). Third, the analysis does not capture potential long-run benefits. Reducing the economic hardship of today’s children could improve their economic circumstances as adults, but that is not captured in the analysis.

In the discussion below, we first describe the data and methods that we used to estimate the costs and antipoverty impacts of the CDF policy package. Next, we present information on the “baseline” level of child poverty in 2010, overall and for different subgroups of children. This is followed by the core of the report—a discussion of each of the CDF policy proposals. For each proposal, we present the proposal, describe how we operationalized the proposal in the context of the microsimulation model, and present the results. After presenting the results of each policy individually, we show the results that are obtained when the policies are combined. Three appendices provide additional information. Appendix A compares the simulation model’s baseline data to actual figures; appendix B assesses the poverty impacts of selected policies that were in place in 2010 but that have since expired; and appendix C provides very detailed simulation results, beyond what is presented in the body of the report.

Data and Simulation Methods

The estimates presented in this report are obtained by applying a comprehensive microsimulation model—the Transfer Income Model, version 3, or TRIM3—to data from the Census Bureau’s Current Population Survey, Annual Social and Economic Supplement (CPS-ASEC) describing families’ economic circumstances during 2010. TRIM3’s computer code applies the rules of government tax and benefit programs to each of the households in the survey data, either mimicking their real-world operations or simulating hypothetical policy changes. While the CPS-ASEC contains a wealth of information on families’ demographic characteristics, economic circumstances, and receipt of government benefits, some information needed for poverty analysis is missing or inadequate; the TRIM3 model adjusts the data before the simulation of the policy options. Below, we provide more details on the survey data, the TRIM3 model, the use of microsimulation to augment the survey data, and the general approach for modeling the alternative policies.

The Current Population Survey

The CPS-ASEC data used in this analysis were collected primarily in spring 2011, and capture individuals’ incomes and employment during calendar year (CY) 2010. At the point this analysis was begun, the CY 2010 TRIM-adjusted CPS data were the most recent available for use.¹ This is the same data file that produced the official poverty statistics for 2010, showing that 22 percent of children were living in poverty in 2010 (US Census Bureau 2011b).

The CPS-ASEC is well suited for this analysis for two reasons. First, the sample is sufficiently large to provide information not only for children overall but also for subgroups of children with different characteristics: living with single parents versus two parents, in different racial/ethnic groups, and so on. The file includes information on about 204,983 people in 75,188 households. The Census Bureau attaches “weights” to each person, such that the weighted sample adds up to the entire civilian noninstitutional population at the time of the survey (306 million people in 119 million households).

Second, the CPS-ASEC includes a wealth of information on the demographic characteristics and economic circumstances of US households—information that is needed to apply the antipoverty policies and to assess their impacts. There is detailed information on individuals’ demographic characteristics

¹ See US Census Bureau (2011a), for technical documentation of the CPS-ASEC data collected spring 2011.

and their relationships to other household members, and extensive information on each adult's employment and earnings during the year. The survey also includes information about many types of unearned income, including safety net benefits—Supplemental Security Income (SSI) and cash assistance from Temporary Assistance for Needy Families (TANF)—as well as unemployment compensation, workers compensation, veterans' benefits, retirement and disability benefits, and investment income. Noncash resources covered by the survey include public housing, other housing assistance, the Supplemental Nutrition Assistance Program (SNAP, formerly food stamps), the Low Income Home Energy Assistance Program (LIHEAP), and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). The survey also includes information on households' work-related child care expenses.

However, the CPS-ASEC does have some limitations for analysis of families' economic resources. One limitation is that there is substantial underreporting of both cash and noncash benefits. For example, comparison with actual program totals shows that the CPS-ASEC data for CY 2010 captured about 60 percent of actual TANF benefits and about 56 percent of actual SNAP benefits.² Also, the CPS-ASEC does not ask respondents about the amount that they paid in taxes or received as a tax refund. These limitations are addressed through the TRIM3 "baseline" simulation process, which augments the underreported information and adds in the missing information, as discussed below. The augmented data can then be used as the foundation for the analysis of policy options. Another limitation of the CPS-ASEC, not addressed in this analysis, is that it includes only the noninstitutional population. Thus, US children who are in institutions—homeless shelters, juvenile detention facilities, or residential programs for children with special needs—are not included in the analysis.

The TRIM3 Model and the Resources of US Families at the Baseline

TRIM3 is a comprehensive microsimulation model of the tax and benefit programs affecting US households. The model is developed and maintained by staff at the Urban Institute with funding primarily from the Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation (HHS/ASPE).³ TRIM has been used for over 40 years to assess the current

² Authors' tabulations of public-use CPS-ASEC data compared with administrative data on the TANF caseload and the noninstitutional SSI caseload.

³ HHS/ASPE holds the copyright to the CPS version of the model—which is used for this analysis—but allows the model to be used for other projects.

operation of the US safety net and to estimate the potential impacts of policy changes. (Full documentation of TRIM3 is available on the project's website, <http://trim3.urban.org>.) Below, we summarize the procedures used to develop the baseline data for this analysis. We then touch on the changes in the economy and in policies since the year represented by the input data, and the implications of those changes for the analysis.

The TRIM3 Simulations of Benefits and Taxes

The starting point for this analysis is a version of the CY 2010 CPS-ASEC data that was previously augmented by Urban Institute staff to create a richer view of families' resources and program participation under actual 2010 policies.⁴ For each of the households in the CPS-ASEC data, TRIM was used to simulate the major benefit and tax programs, creating new items of information for each household telling if they are eligible for various programs, their level of tax liability, and so on. The simulations follow the same steps that an individual would use to compute his or her income taxes or that a caseworker would use to determine a family's eligibility for benefits. For example, TRIM3's simulation of TANF benefits includes state-specific variations in income eligibility tests, income disregards, assets tests, and benefit computation. Furthermore, benefit programs are modeled on a month-by-month basis, capturing the fact that a family with part-year work might be eligible for different benefits during months of employment than during months of unemployment. The simulations are described briefly here and in more detail in TRIM3 technical documentation, available on the project's website at <http://trim.urban.org>. Appendix A compares the simulated amounts of taxes and benefits with program administrative data.

The TRIM-adjusted data file includes some elements that augment information that is available in the CPS-ASEC survey and other elements that are entirely imputed using TRIM3. Two types of survey-reported cash income amounts—SSI and TANF—are augmented by the modeling to adjust for underreporting. For each program, the TRIM3 simulation first identifies whether each individual and family in the data appears eligible for the program. Eligible individuals and families that report receiving the benefit are assumed to have reported correctly. Then, the model selects a portion of the apparently eligible individuals and families that did *not* report the benefit to represent the unidentified recipients. For each program, the selection is made in such a way that the size and key characteristics of the simulated caseload comes acceptably close to the size and characteristics of the actual caseload. The

⁴ A set of 2010 baseline simulations was previously created under contract with HHS/ASPE. The simulations for this analysis are slightly modified, incorporating recent enhancements to methods.

model also simulates potential and actual benefit amounts consistent with a family's survey-reported income and demographic characteristics.

Similarly, TRIM3 was used to augment the CY 2010 survey-reported data for four in-kind benefit programs: SNAP, WIC, LIHEAP, and public and subsidized housing. In simulating SNAP, WIC, and LIHEAP, the model identifies the eligible population, computes potential benefits, and augments the survey-reported receipt to reach actual caseload levels.⁵ The simulation of public and subsidized housing assumes that all current beneficiaries do report their status in the survey; however, the simulation computes the rental payments that assisted households are required to pay and uses assumptions about the full value of their apartments to estimate the value of the subsidy.

TRIM3 also models one additional in-kind program—child care subsidies funded through the Child Care and Development Fund (CCDF)—for which there is no information in the CPS-ASEC data. TRIM3 simulates eligibility for CCDF-funded child care subsidies using state-specific policies and selects a portion of the eligible families as CCDF enrollees in order to come close to the number and characteristics of actual subsidy recipients. The model also computes each subsidized family's copayment.

The CPS-ASEC does not ask respondents any questions about their taxes, but that information is needed to compute the expanded poverty measure (discussed in more detail below).⁶ The simulation computes three kinds of taxes: payroll taxes, federal income taxes, and state income taxes. The simulation of both federal and state income taxes includes estimation of tax credit amounts.

All of the simulations and adjustments are internally consistent. For example, if a family is simulated to receive TANF, the simulated TANF amount is used by the SNAP simulation in computing a family's eligibility for SNAP and the level of their SNAP benefit. This internal consistency allows the estimation of the secondary impacts of policy changes.

One additional aspect of the simulations that is important to note is the treatment of noncitizens. The CPS-ASEC survey asks respondents to report their citizenship status, country of origin, and year of entry. However, a noncitizen's eligibility for benefit programs depends in part on immigrant status—whether the person is a refugee/asylee, legal permanent resident (LPR), temporary resident

⁵ The WIC simulation does not include eligibility or benefits for pregnant women, since pregnancy is not reported in the survey and is not imputed in this analysis.

⁶ The public use version of the CPS-ASEC file includes tax liability amounts that have been imputed onto the file through Census Bureau procedures. However, for this analysis, it is important that the baseline tax liability amounts are computed through TRIM3's procedures, for consistency with the TRIM3-estimated tax liability amounts under the alternative policy assumptions.

(nonimmigrant), or unauthorized immigrant. Since immigrant status is not reported in the CPS-ASEC but is important to eligibility determination, procedures are applied as part of the baseline modeling to impute immigrant status in such a way that the imputed number of immigrants of each type is consistent with independently derived estimates.⁷ The simulations then use the imputed immigrant status information in determining whether an individual is potentially eligible for a government benefit. In particular, unauthorized immigrants are not themselves eligible for most government benefits, although families including both unauthorized and authorized immigrants may receive help.

The result of the TRIM3 simulations is a data file that comes as close as feasible to capturing the real-world levels of benefits and taxes in 2010. In many cases, the simulations produce figures that are very close to the actual figures reported in administrative data. For example, simulated caseloads for SSI, TANF, SNAP, LIHEAP, and WIC all come within 1 percent of administrative targets. The most substantial deviation from targets is in the modeling of the federal Earned Income Tax Credit (EITC). The simulation identifies only 20.2 million tax units apparently eligible for the EITC, falling 26 percent short of the total 27.4 million units who benefitted from the EITC on their 2010 tax return. In general, however, the TRIM3 simulations bring income and expenses into close alignment with available administrative data for 2010. (Appendix table A1 shows the simulated data for each benefit and tax program compared to the administrative targets for that program.)

Changes since 2010

Since 2010, there have been changes in the US population, the economy, and in government policies. One key difference since 2010 is in the overall health of the economy. The unemployment rate in 2010 was 9.6 percent, but the 2013 average unemployment rate was 7.4 percent, and the unemployment rate at the start of 2014 was 6.6 percent. However, the drop in unemployment has not had a substantial impact on child poverty. The official poverty rate for children was 22.0 percent in 2010 and had fallen only slightly, to 21.8 percent, in 2012 (the most recent year of official poverty data available).

Another change since 2010 is in the level of the minimum wage for some workers. The federal minimum wage is unchanged since 2010, at \$7.25. However, between 2010 and early 2014, 14 states increased their state-level minimum wage in nominal terms; about half of those increases kept pace

⁷ See Passel, Van Hook, and Bean (2006).

with inflation but did not result in real increases. The largest increase was in New Jersey, which used the \$7.25 federal minimum in 2010 but is now requiring a minimum wage of \$8.25.⁸

There have been at least some changes in policies for all of the tax and benefit programs that affect the SPM computation. Some of those differences:

- The temporary increase in SNAP benefits that was funded as a response to the Great Recession was allowed to expire in November 2013.
- The Making Work Pay credit, also instituted in response to the recession, was in place only in 2009 and 2010.
- In many states, there have either been no nominal changes in TANF benefit levels or SSI state supplements since 2010, or the changes have not kept pace with inflation, meaning that the real value of those benefits has fallen.
- Some states changed aspects of their state income tax systems—such as modifying tax rates or adding a tax credit—between 2010 and 2014.

The US population has also changed since 2010. The population is slightly larger than it was in 2010, increasing from 308.7 million as of the 2010 decennial census to an estimated 316.1 million in mid-2013.⁹ As an example of changes in population characteristics, the portion of the population identifying as Hispanic was 16.1 percent in spring 2010 but had risen to 17.0 percent by spring 2012.¹⁰

Because of all these differences, the impact of imposing a policy change now could be somewhat different than the impact of imposing that change in 2010, in terms of the reduction in child poverty and/or in terms of the cost of the policy. However, creating a baseline file that attempts to more closely mimic the 2014 population, economic circumstances, and policy environment was outside the scope of this project. Instead, all of the policies are assessed as if they had been implemented in 2010, with only one adjustment made to the 2010 “baseline” environment. That adjustment was to estimate federal income taxes *without* the Making Work Pay tax credit. We viewed the Making Work Pay tax credit as a special case for two reasons: First, it was only in place in two years and there was never any discussion of extending it beyond the deep recession period. (In contrast, at the point this project began, the possibility of allowing SNAP benefits to remain at the increased level was still being discussed.) Second, the fact that the Making Work Pay Credit was available to virtually all lower- and middle-income

⁸ See <http://www.dol.gov/whd/state/stateMinWageHis.htm> and <http://www.dol.gov/whd/minwage/america.htm>.

⁹ Figure from the Census Bureau’s national population estimates, vintage 2013.

¹⁰ See population data on the Census Bureau website, <http://www.census.gov/population/hispanic/>.

employed taxpayers, and its substantial value (\$400 for single individuals, \$800 for couples), meant that it had a noticeable impact on the measured SPM child poverty rate (as shown later in this report).

The other policies related to the recession—such as the SNAP benefit increase and stimulus provisions related to unemployment benefits—are included in the baseline data, despite the fact that some of these provisions have since expired. If those policies had not been in place in 2010, poverty would have been higher (as shown in appendix B). In the absence of the ARRA policies, the absolute poverty counts, poverty gaps, and poverty rates described in this analysis would all have been somewhat higher. The *relative* antipoverty impacts might also differ from the results that we find when the baseline includes the ARRA policies.

Simulation of Alternative Policies

This project estimates the degree to which alternative policies might alleviate child poverty, using the baseline data described above as the starting point. The TRIM3 model is used to apply the desired policy—either a new program or a change in an existing program—to each household in the survey data. The model determines not only the direct impact of the change—for example, new earnings from a transitional job, or a higher SNAP benefit—but also picks up other impacts, on programs and on behavior.

TRIM3 captures the key secondary impacts that a policy change can have on tax and benefit programs. For example, if a parent receives higher earnings due to an increase in the minimum wage, the family could potentially receive a lower TANF benefit and/or a lower SNAP benefit; could have to pay higher contributions toward subsidized housing or subsidized child care; would owe higher payroll tax; and might see a change in income tax liability. The model captures secondary impacts on the following benefits and taxes: SSI, TANF, child care subsidies, housing subsidies, SNAP, LIHEAP, WIC, payroll taxes, federal income taxes, state income taxes, and unemployment benefits.¹¹ Note that although LIHEAP, WIC, TANF, and child care subsidies operate with fixed budgets, we did not attempt to recalibrate caseloads or benefits to hold spending constant.

While the model captures all the key changes in program eligibility, benefit levels, and taxes, we generally assume that a family's *behavior* stays constant across the simulations. In particular, we

¹¹ We do not estimate any children to lose eligibility for free or reduced-price school meals; in most cases, a child's eligibility is in place for the entire school year even if a parent's earnings increase.

generally assume that there are no changes in a family's decision about whether or not to participate in a government benefit program. In reality, an increase in income (due, for example, to a minimum wage increase) causes some families that are receiving benefits from SNAP, TANF, or other programs to be eligible for lower benefits from those programs, which could cause some of those families to stop participating. Research consistently shows that families are more likely to participate when they are eligible for a larger benefit (Eslami and Cunyningham 2014); however, whether a family already receiving a benefit will drop the benefit when the value falls probably depends in part on the complexity of the recertification procedures. Despite the real-world possibility of a change in a decision to participate in a program, simulating such changes would complicate the interpretation of results. Thus, in most cases, the simulations assume that families that are eligible both before and after a policy change make the same decision in both scenarios. However, changes in the SNAP participation decision are included when we model higher SNAP benefits, and we allow some increase in TANF and SNAP participation among previously eligible families due to changes in the treatment of child support income.

The modeling also assumes that family decisions regarding housing and child care arrangements generally stay constant. Like the assumption of constant program participation behavior, this assumption is important so that the results of a policy change on a family's economic well-being are not complicated by behavioral changes. Of course, for a family with a housing subsidy or child care subsidy, the required rental payment or copayment could change due to a change in income, and those changes are picked up by the simulations. Also, in simulations that model some parents to begin new jobs, a subset of those new workers may be modeled to begin paying for child care.

Two other categories of expenses—out-of-pocket medical expenses and child support payments—are treated as constant across the simulations not for conceptual reasons but for technical reasons. In reality, a family could change its medical spending in response to an income change, or due to changing health insurance plans after taking a new job; however, the model is not programmed to estimate changes in out-of-pocket health spending. Finally, we are not able to estimate how income or employment changes could affect a noncustodial parent's payment of child support. In reality, if a noncustodial parent earns more money, he or she might pay additional child support, increasing the resources of the family where the children reside.

A final type of behavioral question is whether a policy change might induce a person who is currently not working to begin to work. In general, we would expect that if the benefits of working increase—due to higher wage-related tax credits or lower out-of-pocket child care expenses—some individuals who are not currently working might start to work. For this analysis, policies that would be

expected to increase the number of workers are simulated both with and without those impacts. We rely on the economic literature to suggest the likely employment impacts, and we then use capabilities within TRIM3 to select specific individuals as the new workers. Those individuals are assigned a job, and the tax and benefit simulations are then rerun using the newly assigned earnings in determining tax and benefit amounts. Note that there is substantial uncertainty in predicting the change in employment due to a particular policy change; further, our methods do not account for the dynamic impacts of increases in labor supply on wages and prices in the economy.

Child Poverty in 2010

The Importance of Using the SPM

The metric used to estimate the impacts of the alternative policies is the Supplemental Poverty Measure, or SPM. The US Census Bureau and the Bureau of Labor Statistics developed the SPM to provide an “improved understanding of the economic well-being of American families and of how Federal policies affect those living in poverty” (US Census Bureau 2010), building on earlier work by a panel convened by the National Research Council (Citro and Michael 1995).¹² Relative to the official measure of poverty, the SPM uses an expanded definition of resources and also a different approach to determining poverty thresholds. While numerous variations of expanded poverty measures have been used since the initial National Research Council analysis, we use the 2010 research version of the SPM as closely as possible for this analysis (see Short 2011).

The SPM provides a more complete picture of child poverty than the official measure. Many of the government benefits directed largely or wholly at families with children—such as the EITC, the WIC program, and child care subsidies—have no impact on the official poverty measure, but their impact is captured by the SPM’s broader resource measure, which includes noncash benefits, taxes, work expenses, and medical out-of-pocket expenses, as well as cash income. While 22.5 percent of US children were estimated to be living in poverty in 2010 according to the official measure, the estimate with the SPM was lower, at 18.2 percent (Short 2011).¹³ Recent research found that government programs in 2012 reduced child poverty by 12 percentage points and deep child poverty (children with family income less than half of the poverty level) by 11 percentage points, further emphasizing the importance of capturing these resources (Fox et. al. 2014). While the official poverty measure only captures a family as moving up or down the poverty scale if the family’s cash income changes, the SPM is

¹² The essential elements of the SPM were originally developed by the National Academy of Sciences’ (NAS) Panel on Poverty and Family Assistance and published in 1995 (Citro and Michael 1995). Subsequently, the Census Bureau conducted and published numerous refinements of the measure. In 2009, the Office of Management and Budget formed an Interagency Technical Working Group that provided recommendations for the development of the SPM, drawing from the NAS report and incorporating lessons from subsequent research (US Census Bureau 2010).

¹³ The estimate of 22.5 percent for the official child poverty measure given here is from Short 2011, and includes unrelated children in the universe. The generally cited figure of 22.0 percent for child poverty in 2010 does not include children who are unrelated to the household head.

sensitive to all of the different policy changes being assessed in this project, thereby allowing us to use a single metric to compare and contrast the policies' impacts.

Of course, SPM is a measure of *economic* well-being, not a complete measure of overall family well-being. For example, a family's poverty status as measured by the SPM is not affected by changes in the *quality* of child care arrangements for the family's children, only by changes in the *cost* that the family pays out-of-pocket for that child care.

The SPM Resource Measure

The SPM's resource definition—the dollar amount that is compared to the poverty threshold—is intended to capture the total amount of economic resources that a family can apply toward food, clothing, shelter, and other needs. The components of the measure (table 1) fall into four categories, as follows:

- **Cash income:** The SPM resource measure starts with the same definition of cash income used in the official poverty measure. This includes wages; self-employment income; child support; social insurance income; investment-based income; both government and private retirement and disability benefits; means-tested cash aid (SSI, TANF, and other cash assistance from the government); and educational grants. In our implementation of the SPM for this project, most of these amounts are taken from the CPS-ASEC survey data. However, the SSI and TANF income components are taken from the TRIM simulation results. Also, for TANF recipients, child support income amounts are adjusted to reflect only the portion paid to the custodial parent, and not any amounts retained by the government.
- **Noncash benefits:** The SPM resource measure adds on to a family's cash income the value of the noncash benefits that they receive. This includes the value of food assistance (including SNAP, WIC, and school lunches), the value of living in public or subsidized housing,¹⁴ and the value of LIHEAP benefits. For this analysis, all of these amounts are estimated through TRIM3

¹⁴ The amount of housing subsidy included in the resource measure is capped at the amount of the SPM threshold considered to be needed for housing (49.7 percent of the total threshold for renters, 51.0 percent for owners with a mortgage, and 40.4 percent for owners without a mortgage) minus the subsidized household's required rental payment.

simulation procedures.¹⁵ (Note that child care and medical subsidies enter the resource measure through their impact on nondiscretionary expenses, as discussed below.)

- Taxes and tax credits: The family's SPM-defined resources are reduced by the amount that they pay in payroll tax, federal income tax, and state income tax. However, if the family benefits from the tax system by qualifying for a refundable tax credit that more than offsets any positive tax liability, the amount of that net benefit is considered income to the family. All of the tax and tax credit amounts are simulated, for both the baseline assessment of poverty and the measurement of poverty under the alternative policy scenarios.
- Nondiscretionary expenses: The SPM resource measure subtracts from other resources four types of nondiscretionary expenditures, reducing what a family can use to meet other needs. Those expenses are child care expenses, other work-related expenses, medical out-of-pocket expenses, and child support payments. Child care expenses are reported in the CPS-ASEC, but TRIM3 augments that information by simulating the receipt of child care subsidies and calculating the copayments paid by subsidized families; the model also captures changes in child care expenses due to some of the policy options. Work expenses are imputed by assuming that each person age 18 and older spends \$25.50 on transportation and other work expenses during each week of work; this assumption is used in the Census Bureau's SPM calculations. Both medical out-of-pocket costs and child support payments are taken from the CPS-ASEC survey.¹⁶ Medical expenses and child support payments are not altered in the simulations of any policy options, although in reality, an individual who takes a new job and joins an employer's health insurance plan might face lower or higher out-of-pocket medical costs as a result; and a nonresident parent who was previously not paying the full amount of a child support award might begin to do so after taking a new job.

¹⁵ The baseline incidence and value of school meals is estimated by TRIM3; however, as mentioned earlier, the policy simulations do not capture changes in school meals eligibility, since eligibility often carries over from a prior school year.

¹⁶ The CPS-ASEC identifies an estimated 73 percent of nonresident parents who pay child support and 93 percent of child support payments. TRIM3 assigns additional nonresident parents to pay child support in order to bring these totals up to target.

TABLE 1

Resource and Threshold Definitions in the Official and Supplemental Poverty Measures

Concepts	Official Poverty Definition	Supplemental Poverty Measure (SPM)
Resources	Cash Income, composed of: Wages, salaries, and self-employment income Interest, dividends, rent, trusts Social Security and Railroad Retirement Pensions Disability benefits Unemployment compensation Child support received ^b Veterans benefits Educational assistance (grants) Supplemental Security Income ^b Temporary Assistance for Needy Families ^b Other cash public assistance	Cash Income—Same as components shown for “official” measure + Food Stamps/SNAP ^b + WIC ^b + School lunch ^b + Housing subsidies ^b + LIHEAP ^b + Federal EITC and refundable CTC ^b + State EITC, other refundable credits ^b - Payroll taxes ^b - Federal income taxes ^b - State income taxes ^b - Child care expenses ^b - Other work expenses - Medical out-of-pocket expenses - Child support paid
Thresholds	National thresholds vary by age (less than 65 and 65+) and number of children and adults. The original thresholds were based on the share of income spent on food under an “Economy Food Plan” developed from a 1955 expenditure survey, multiplied by three since food in 1955 accounted for one-third of total household spending. The thresholds are adjusted annually for price changes using the Consumer Price Index.	Thresholds vary by number of children and adults and by housing status (rents, owns with mortgage, or owns without mortgage), and reflect the 33rd percentile of expenditures by families with two children on a basic set of goods (food, clothing, shelter, utilities), plus 20% more, based on five years of Consumer Expenditure Survey data. ^a Geographic adjustments are applied to the housing portion of the threshold.

a. See Garner (2010) and Short and Garner (2012) for a description of the SPM thresholds.

b. These elements are different in TRIM3’s estimate of the baseline SPM versus the Census Bureau’s implementation.

The SPM Poverty Thresholds

The SPM poverty thresholds—the cutoff points that determine if a family is or is not considered poor—attempt to capture what a family needs in order to obtain food, clothing, shelter, and utilities, with a multiplier of 1.2 to provide for additional basic needs. The thresholds are based on the level of spending achieved by approximately two-thirds of families with two children, using five years of data from the Consumer Expenditure Survey data (Garner 2010, Short and Garner 2012).¹⁷ The expenses that are

¹⁷ In technical terms, the expenditures reflect approximately the 33rd percentile of spending by two-child families, scaled to reflect differences in the number of adults.

counted do not include items that are considered on the resource side of the equation (taxes, child care expenses, or other work expenses), only the items that a family is assumed to need to buy with its SPM-measured resources.

Note that the SPM poverty thresholds differ markedly from the official poverty thresholds in both concept and computation. The official thresholds, generally intended to capture the amount of *cash* income that a family needs to be nonpoor, were computed in 1963 by starting from the government's Economy Food Plan amounts and multiplying by three (since a third of income was estimated to be spent on food at that time). The official thresholds have been adjusted for price changes from year to year, but have otherwise been unaltered since their original development.

The SPM thresholds vary by numerous characteristics. In addition to varying by family size and number of children (like the official thresholds), the SPM thresholds also vary by geographic location and by housing tenure. The geographic adjustments are intended to capture differences in the cost of housing across and within states. The adjustments for housing tenure—whether a family rents, owns a home with a mortgage, or owns a home without a mortgage—result in thresholds that are 15.6 percent lower for families that own their home and no longer have a mortgage compared with otherwise identical households who are renting; thresholds for those who own their home but still have a mortgage are 2.6 percent higher than for renters,

The differences in concept and computation produce different sets of poverty thresholds. In 2010, the official poverty threshold was \$22,113 for a two-adult, two-child family. The equivalent SPM thresholds (before adjusting for differences in geographic variation in housing costs) are \$24,391 for a family that rents its home and \$25,018 for a family with a mortgage. Of course, the two sets of thresholds are not directly comparable, since the official thresholds are intended for comparison with cash income, while the SPM thresholds are intended for comparison with SPM-defined resource amounts, which may be higher than cash income due to inclusion of noncash government benefits, or lower than cash income due to inclusion of taxes and necessary expenses.

The geographic adjustments can have substantial impacts on the SPM thresholds. For example, the threshold for a four-person, two-child family that rents its home is \$21,730 in Fort Wayne, Indiana (an area with lower-than-average housing costs), \$24,568 in Houston, Texas, and \$30,925 in Los Angeles, California (table 2). The thresholds for nonmetropolitan areas are generally lower than for metropolitan areas in the same state. For example, the threshold for a four-person, two-child family that owns its home with a mortgage is \$25,205 in Houston, compared to \$21,284 in nonmetropolitan areas of Texas, and \$22,217 in Fort Wayne, Indiana, compared to \$21,533 in nonmetropolitan areas of Indiana.

TABLE 2

Variation in Poverty Thresholds by Housing Tenure and Location, 2010 (Thresholds for Family with Two Nonelderly Adults and Two Children)

Type of threshold	Indiana (Fort Wayne vs. rural)			Texas (Houston vs. rural)			California (Los Angeles vs. rural)		
	Owner without mortgage	Renter	Owner with mortgage	Owner without mortgage	Renter	Owner with mortgage	Owner without mortgage	Renter	Owner with mortgage
Official Poverty Threshold ^a	22,113	22,113	22,113	22,113	22,113	22,113	22,113	22,113	22,113
SPM Poverty Thresholds ^b									
Urban	18,764	21,730	22,217	20,712	24,568	25,205	25,074	30,925	31,896
Rural	18,318	21,079	21,533	18,156	20,843	21,284	20,742	24,612	25,252

Source: Official poverty threshold is from the US Census Bureau. SPM poverty thresholds were calculated by the Urban Institute following Census Bureau methodology (Short 2011).

a. The official poverty threshold is not adjusted by housing tenure or geographical location.

b. SPM thresholds are adjusted to reflect differences in rents across geographic areas. Separate adjustments are applied to the 264 metropolitan statistical areas (MSAs) identified in the public use version of the CPS-ASEC. For each state, there is an adjustment for the combined remaining MSAs in the state, and for the combined nonmetropolitan areas within the state. This results in a total of 358 geographic adjustment factors.

Focusing on families that rent their homes, Table 3 illustrates the variation in the SPM poverty thresholds by family size and composition. Relative to the thresholds for a family with two adults and two children, thresholds are 30.1 percent lower for a single parent with one child, 17.0 percent lower for a single parent with two children, and 4.7 percent lower for a single parent with three children.

TABLE 3

Variation in Poverty Thresholds by Number of Children, 2010 (Thresholds for a Single-Parent Family That Rents its Home)

Type of threshold	Indiana (Fort Wayne vs. rural)			Texas (Houston vs. rural)			California (Los Angeles vs. rural)		
	Single Parents, by number of children								
	1	2	3	1	2	3	1	2	3
Official Poverty Threshold ^a	15,030	17,568	22,190	15,030	17,568	22,190	15,030	17,568	22,190
SPM Poverty Thresholds ^b									
Urban	15,197	18,042	20,705	17,182	20,398	23,410	21,628	25,676	29,467
Rural	14,742	17,502	20,085	14,577	17,305	19,860	17,213	20,435	23,452

Source: Official poverty threshold is from the US Census Bureau. SPM poverty thresholds were calculated by the Urban Institute following Census Bureau methodology (Short 2011).

a. The official poverty threshold is not adjusted by geographical location.

b. The urban thresholds are for the specific metropolitan area in the column heading; rural thresholds reflect thresholds for nonmetropolitan regions of each state.

Results: Child Poverty in 2010 Using the SPM

Using these methods, and before applying any of the alternative policies, 14.6 percent of children (under age 18) are living in poverty—in other words, they live in families with total resources as defined by the SPM (including noncash benefits and tax refunds but subtracting tax liabilities and nondiscretionary spending) that fall below the amount that the family needs to meet its basic needs, based on family characteristics and where they live. In aggregate terms, there are 10.9 million children in SPM poverty, and 5.4 million families with children in SPM poverty.

The TRIM3 2010 SPM child poverty estimate is lower than the Census Bureau's estimate of 18.2 percent (table 4) for two reasons. First, TRIM3-simulated values for several elements of SPM resources correct for underreporting of the survey-reported amounts, and TRIM3's imputations of taxes differ from the Census Bureau's. After these adjustments, TRIM3 estimates that 13.9 percent of children were poor in 2010. Second, we modeled 2010 federal income tax liability without the Making Work Pay tax credit for this project, bringing the SPM child poverty rate to 14.6 percent.

TABLE 4

Poverty Rate for Children (under age 18), 2010

Source and method	SPM Poverty rate
Census Bureau ^a	18.2
Urban Institute ^b	
With Census resource amounts	18.2
With TRIM-simulated resources	
With Making Work Pay credit	13.9
Without Making Work Pay credit	14.6

Sources: ^a Short, 2011. ^b Calculated by the Urban Institute

The child poverty rate varies by age group, race/ethnicity, family composition, metropolitan status, and region of the country (table 5). Younger children have higher SPM poverty rates than older children, with a rate of 16.8 percent measured for those ages 2 and under versus 13 percent for those ages 13 to 17. By race/ethnicity, the SPM poverty rate is highest for Hispanic children (28.1 percent), and also very high for black children (20.3 percent), while the rate for white children (7.5 percent) is lower than the average. Children who live in families with at least one full-year full-time worker are much less likely to be poor (6.6 percent) than children in other families. Among children in families with a nonelderly or nondisabled adult and no full-year full-time worker, the poverty rate is 28.9 percent if at least one adult works part- year or part-time, and over 50 percent if there is no working adult. Poverty rates for children living with only elderly or disabled adults range from 17.6 percent (for those living with elderly adults only) to 43.2 percent (for those living with disabled adults only). The poverty rate is also higher for children in a metropolitan area (15.4 percent) than children in a nonmetropolitan area (10.0 percent). By region of the country, SPM poverty rates are higher in the West (18.9 percent) and South (15.3 percent) than in the Northeast (11.4 percent) or Midwest (10.9 percent).

TABLE 5

Children in SPM Poverty, 2010 (TRIM3-adjusted data)

	Poverty rate	Number of poor children (thousands)
All Children (under age 18^a)	14.6%	10,924
By Age		
<=2	16.8%	2,112
3-5	16.5%	2,152
6-12	13.8%	3,961
13-17	13.0%	2,699
By Race/Ethnicity		
White	7.5%	3,053
Black	20.3%	2,128
Hispanic	28.1%	4,937
Other races	13.0%	805
By Family Composition ^b		
In families with any nonelderly or nondisabled adults	13.9%	10,091
At least one adult is a FY-FY worker	6.6%	3,702
No FT-FY adults, at least one adult is PY or PT	28.9%	3,714
No working adults, all adults are students	57.3%	316
No working adults, >= 1 non-student adult	65.4%	2,359
In families with only elderly or disabled adults	38.2%	690
All elderly, none disabled	17.6%	52
All disabled, none elderly	43.2%	593
Both elderly and disabled adults	32.7%	45
By Metropolitan Status		
Metropolitan area	15.4%	9,768
Nonmetropolitan area ^c	10.0%	1,156
By Region ^d		
Northeast	11.4%	1,405
South	15.3%	4,321
Midwest	10.9%	1,731
West	18.9%	3,467

a. Children are defined as under age 18, even if married or living separately from parents.

b. Elderly adults are those aged 65 and over, and disabled adults are identified based on reason for not working and receipt of disability income. Full-time (FT) workers are defined as working 35 or more hours per week, and full-year (FY) workers work 50 or more weeks, while part-time (PT) and part-year (PY) workers are those working at least one week and one hour but not FT or not FY.

c. Households whose metropolitan status is suppressed in the CPS public-use data are counted as nonmetropolitan.

d. See appendix C for a listing of states by region.

Most of the children in poverty have family incomes that are at least half of the poverty threshold. However, 2.8 percent of children are in deep poverty, with family incomes less than half of the threshold (table 6). Compared to the official poverty measure, the SPM tends to show fewer children in deep poverty and more children from 50 to 100 percent of poverty, due to the fact that many low-income families receive supports that raise them above the deep-poverty level. An additional 23.8 percent of children are in families with income no more than 50 percent above their family's poverty threshold.

TABLE 6

Distribution of Children by Family Income Level, 2010 (TRIM3-adjusted data)

	Percent of children	Number of children (thousands)
Distribution of Children by Family Income Level ^a		
<50% of SPM poverty	2.8%	2,100
50-99% of SPM poverty	11.8%	8,824
100-149% of SPM poverty	23.8%	17,806
150-199% of SPM poverty	18.1%	13,594
200% of SPM poverty and above	43.5%	32,593
Total	100.0%	74,916

a. Children are defined as under age 18, even if married or living separately from parents.

Another way to assess the extent of poverty is to consider the “poverty gap”—the aggregate amount by which the income of poor families falls below their poverty thresholds, or the aggregate amount of resources that would have to be distributed to poor families to bring each family exactly to their poverty threshold. In this analysis, the poverty gap for poor families with children is \$40.467 billion.

Policy Changes to Reduce Child Poverty

The CDF proposal includes nine policies for reducing child poverty. Three of the policies are primarily increases to cash income: a higher minimum wage, transitional jobs, and allowing TANF recipients to retain more child support. Two policies increase in-kind income, by increasing housing subsidies and SNAP benefits. Three policies reduce income taxes by increasing the EITC, the Child Tax Credit, and the Child and Dependent Care Tax Credit, and a final policy reduces work expenses by increasing the availability of child care subsidies. For each policy change, we describe the general concept, explain how it was implemented within the simulation model, and present the results. We then present the results of simulations that combine selected elements of the overall proposal: First combining the EITC increase and minimum wage increase, and then adding transitional jobs. Next, all nine policies are modeled in combination. The discussion of each policy includes a table showing key impacts on poverty and overall impacts on government benefit spending and tax collections. Appendix C shows additional details on the simulation results, including additional poverty detail, changes for each benefit and tax program individually, and information on how benefits and taxes change by family poverty level; the discussion below includes some references to specific appendix tables.

As discussed earlier, all of the policies are modeled with the 2010 population, economy, and program rules as the starting point. In appendix B, we show the estimated impact on child poverty of the removal of two policies that were in place in 2010: the temporary SNAP benefit increase and the expansion of refundable tax credits.

Increasing Cash Income

One of the most direct ways to address poverty is to increase families' cash incomes; in fact, it is the only kind of policy that changes resources as defined by the official poverty measure. This first set of policies provides greater income to families through the labor market or cash assistance.

Higher Minimum Wage

The first component of the CDF policy package increases the minimum wage to \$10.10 per hour for covered workers, and to 70 percent of that level (\$7.07) for tipped workers. These figures were proposed in the Harkin-Miller Fair Minimum Wage Act of 2013, and President Obama recently raised the wage for federal contract workers to \$10.10. The minimum wage currently stands at \$7.25 nationally, although 21 states and the District of Columbia have higher minimums, with the highest being \$9.19 per hour in Washington state.¹⁸ The federal minimum wage has been set at \$7.25 since July 2009, and the “subminimum wage” for tipped workers has been unchanged since 1996, at \$2.13.

METHODS

Simulating the higher minimum wage involved deflating the desired minimum wage; identifying workers with wages lower than the new minimum and covered by the law; increasing the earnings of those workers; and simulating the impact of individuals’ higher wages on the full range of benefit and tax programs. Also, in one version of the simulation, we modeled the indirect employment effects of a minimum wage increase.

Since the analysis uses 2010 data and the 2010 poverty thresholds, the \$10.10 wage is deflated from current (2014) dollars to 2010 dollars, lowering the nominal wage to \$9.30 per hour for most workers, and to \$6.51 for tipped workers.¹⁹ This ensures that the earnings of a full-time, full-year minimum-wage worker are at approximately the same percentage-of-poverty in our 2010-based analysis as would be the case if the new minimum wage was implemented in 2014—something that is of key importance for this analysis. For a parent with two children, full-year full-time wages at \$10.10 will equal approximately 110 percent of the official poverty threshold; likewise, full-year full-time wages at \$9.30 equal 110 percent of the 2010 poverty threshold.²⁰ Note, however, that this means that the *percentage increase* in the minimum wage is understated. Specifically, an increase from \$7.25 to \$10.10 is a 39 percent increase in wages, but the increase from \$7.25 to the deflated value of \$9.30 is only a 28 percent increase.

¹⁸ Current and historical data on state minimum wages are provided on the website of the US Department of Labor, Wage and Hour Division, <http://www.dol.gov/whd/minwage/america.htm>.

¹⁹ To calculate the deflation, we used the Consumer Price Index for all Urban Customers (CPI-U). Since CPI-U values for 2014 are not yet available, we used the Congressional Budget Office’s CPI-U projections (2014a).

²⁰ Since the 2014 poverty thresholds are not yet available, this computation inflates the 2013 thresholds by the projected change in the CPI-U.

Workers who would benefit from the \$10.10 minimum wage (\$9.30 when deflated) are those whose wage is below the new minimum, and who are covered by the policy. For purposes of the simulation, each worker's hourly wage is obtained from a combination of information available in the survey data. For 63 percent of workers, a specific hourly wage is available, and for the remainder we estimated an hourly wage based on their reported annual earnings, weeks of work, and hours per week.²¹ Note that the procedures use a single wage for each individual, and do not capture the real-world complexity that an individual may have changed jobs or worked multiple jobs during the year. We assume that workers whose hourly wage is more than 5 cents below the actual minimum wage (less than \$7.20 per hour in states with no state minimum, or more than 5 cents below their state's minimum wage) must have been in jobs not covered by the minimum wage law, so their wages are *not* increased to \$9.30. (We allow the 5-cent difference due to the imprecision when hourly wages are calculated.) Also, individuals who are self-employed are assumed to be unaffected by the minimum wage increase.²²

Tipped workers were identified as those making less than the regular minimum wage²³ and working in one of seven occupation groups: waiters/waitresses, bartenders, gaming service workers, barbers, hairdressers/hairstylists/cosmetologists, massage therapists, and miscellaneous personal appearance workers. These occupational categories were chosen to correspond to those used in a recent study of tipped workers (Allegretto and Filion 2011).

An affected worker's earnings were increased by the ratio of the new minimum wage to the current hourly wage.²⁴ For example, the earnings of someone making \$7.25 per hour in the baseline data are

²¹ The basic portion of the CPS (as opposed to the annual CPS-ASEC) is conducted monthly, surveying the same households for four consecutive months. Each month, workers who will not be surveyed in the following month (in the "outgoing rotation group") are asked their exact hourly wage at that point in time, which we use for this analysis when available. For workers in the CPS-ASEC who were *not* asked their wage, we looked for the data in the CPS survey in later months when they were asked the question. Some CY 2010 workers were not working at the point that they were in the outgoing rotation group, did not complete that survey, or their later data could not be matched for technical reasons. The exactly reported hourly wages are more reliable than computations based on earnings, weeks, and hours, but have the disadvantage that they may not accurately capture earnings during the calendar year. See appendix B of Giannarelli, Morton, and Wheaton (2007), for more discussion.

²² For individuals with both self-employment and wage and salary earnings, a minimum wage increase could affect the wage and salary portion of earnings. However, for individuals with both types of earnings for whom hourly wage data were not available, an hourly wage could be estimated only by assuming the same hourly earnings from both self-employment and nonself-employment. Because that assumption is unlikely to be true, and since there were very few low-wage individuals with self-employment earnings in the survey data, we excluded all individuals with any self-employment income from any wage adjustments.

²³ Specifically, the tipped workers targeted were those making from up to 5 cents below each state's minimum wage for tipped workers up to 5 cents below the state's regular minimum wage. Thus, in states where the tipped worker wage is equal to the regular minimum wage, no tipped workers are identified.

²⁴ If a worker's current wage is between \$7.20 and \$7.25, the wage increase is computed assuming that the current wage is \$7.25; and for tipped workers, if the current wage is slightly below the state's sub-minimum wage, the state's sub-minimum is used.

increased by 28 percent, and the earnings of someone making \$9.00 per hour in the baseline data are increased by 11 percent. The same proportional increase is made to both annual and monthly earnings. After increasing earnings, the model re-simulates all of the benefit and tax programs before re-computing the SPM poverty results.

In addition to the required legal impacts of a minimum wage increase—that people earnings less than the new minimum receive a wage increase—there could be two additional responses in the labor market. First, there might be some job loss if employers reduce their use of labor in response to the higher wages. Second, there could be “spillover effects” on the wages of individuals whose wages would not legally have to be increased. We simulated the policy once without any spillover effects or job loss, and a second time with those impacts included.

The extent of job loss that would result from a minimum wage increase is uncertain. Some recent studies have found no impact (such as Schmitt 2013), while among studies that do find impacts, the probability of losing a job is estimated to range from a few percent of the percentage change in earnings to about one-quarter of the percentage change in earnings (Neumark and Wascher 2006). A recent Congressional Budget Office report (2014b, released after we completed this part of the analysis) assumed that a 10 percent increase in the minimum wage would result in a 1 percent decline in overall teen employment and a 0.33 percent decline in overall adult employment. Based on these assumptions, the CBO calculated elasticities for workers directly affected by the minimum wage increase so as to achieve the overall estimated employment effect.

For this simulation, we assumed that a worker’s probability of losing his or her job is equal to 6 percent of the change in wages—the same assumption used for a 2007 TRIM-based analysis of minimum wage increases (Giannarelli, Morton, and Wheaton 2007). To implement the assumption, we multiply a worker’s percentage increase in wage by 0.06 to obtain the probability of losing the job. For example, for a worker earning \$7.75/hour in 2010 whose wage would have to be increased by 20 percent to come up to the new (deflated) minimum of \$9.30, there is a 1.2 percent chance of losing the job. The choice of exactly which workers lose their jobs involves a random component.²⁵ We did not model different job-loss probabilities for adults versus teens, and we did not model any reductions in hours of employment. We assume that most workers imputed to lose their jobs would be eligible for unemployment compensation, and we compute the amount of compensation based on the policies in their state.

²⁵ We compare these probabilities to a random number for each affected worker; in the example in the text, if the random number is below 0.012, the person is simulated to lose their job.

The rationale for modeling spillover effects is that employers might need to maintain some consistency in relative wage rates for workers earning just below or above the new minimum wage rates. For example, if Worker A previously earned \$9.50 and Worker B earned \$7.25, the employer would be required to raise Worker B's wages to \$9.30, but might also decide to raise Worker A's wage somewhat. Likewise, if an employer previously paid \$6.50 to a worker not covered by the minimum wage, the minimum wage increase might induce the employer to increase that worker's wage to be closer to the new minimum. In the 2010 data, we assumed that workers with wages as low as \$6.25 and as high as \$10.30 would receive proportional wage adjustments, phasing out to zero at the ends of the distribution. (To simplify the modeling, we assume that tipped workers are only affected by the spillover effect for all workers.) This is a less generous spillover assumption than used in recent analysis by Cooper and Hall (2013), making our estimates a conservative approach.

The analysis does not capture broader potential “ripple effects” of a minimum wage increase. For example, the owner of a small business who now pays more to his workers might lower his own salary and so might pay less in taxes. Any increases in prices would have some impact on the SPM thresholds, since those thresholds are computed using expenditure data. Our analysis does not capture either of those broader potential impacts.

RESULTS

When the minimum wage increase is implemented *without* job loss or spillover effects, 15.3 million individuals are estimated to obtain a wage increase, with an average increase in annual earnings of \$1,817 (table 7). The total number of workers receiving a wage increase includes 6.3 million who are in families with children, who see their earnings increase by an average of \$1,709 (table C3.2b). The increase in the minimum wage reduces child poverty from the baseline level of 14.6 percent to 14.2 percent—a 2.3 percent drop in child poverty. Not surprisingly, the percentage reduction is larger (4.1 percent) for children in families with full-year full-time workers, and there is no impact on children in families living with adults who are out of the labor force. The percentage reduction is larger in the Midwest (4.9 percent), likely due to a combination of the minimum wage laws in the Midwestern states (only one-third of Midwestern states have a state minimum higher than the federal) and the number and characteristics of minimum wage workers in that region. When government programs are resimulated with the modified earnings, the higher earnings mean that some families are no longer

eligible for certain programs, others are eligible for lower benefits, and families owe more in taxes. In the aggregate, benefits fall by \$1.6 billion, and net taxes increase by \$8.5 billion.²⁶

When the job loss and spillover effects are included, 27.6 million workers receive higher wages, including 11.4 million people in families with children. An estimated 0.3 million workers, including 0.1 million in families with children, lose their jobs.²⁷ The number of jobs lost equals 0.2 percent of total employment (there were 153.3 million employed individuals in 2010). In the aggregate, the higher minimum wage with spillover effects and job loss is estimated to increase the earnings of workers (in families with and without children) by \$44.9 billion.

Families with higher wages may become eligible for lower benefits and will generally owe higher taxes,²⁸ while families with someone who loses a job may become eligible for unemployment compensation and other benefits, and will owe lower taxes. The benefit programs with the largest aggregate changes are SNAP (a reduction of \$1.6 billion, or 2.4 percent), unemployment compensation (an increase of \$1 billion, or 1 percent), and housing subsidies (a reduction of \$318 million, or 0.9 percent). There are also reductions in SSI benefits, TANF benefits, child care subsidies, LIHEAP, and WIC. Overall, the cost of benefits falls by \$1.5 billion. The overall increase in tax liability is \$13.7 billion, with increases of \$6.7 billion (0.8 percent) in payroll tax (including the employer and employee shares), \$5.6 billion (0.7 percent) in federal income tax, and \$1.4 billion (0.6 percent) in state income tax. Combining the aggregate increase in earnings (\$44.9 billion), with the reduction in benefits (\$1.5 billion) and increase in taxes paid by workers (\$10.2 billion), the minimum wage increase with job loss and spillover effects is estimated to add \$33.2 billion to families' resources.

The increase in family resources causes child poverty to fall to 14.0 percent, a 4.0 percent drop, with a drop of 8.1 percent for children living with a full-time full-year worker. The poverty gap for families with children—the aggregate amount by which their incomes fall below their poverty thresholds—falls by \$1.8 billion, or 4.5 percent. An increase in the minimum wage also reduces poverty in families without children. Overall—for individuals of all ages—the minimum wage increase with the job loss and spillover effects reduces poverty from 14.2 percent to 13.6 percent, and the overall poverty gap is reduced by \$4.0 billion, or 3.1 percent.

²⁶ The benefits that are considered are unemployment compensation, SSI, TANF (including the impact of TANF on retained child support), housing and child care subsidies, SNAP, LIHEAP, WIC, and (in later simulations), the costs of transitional jobs. Taxes include payroll taxes and federal and state income taxes.

²⁷ Table C3.2b shows the workers who gain earnings minus those who lose jobs—27.335 million in total and 11.383 million in families with children.

²⁸ Families with very low earnings that place them in the phase-in range of the EITC may become eligible for a larger EITC as earnings increase, reducing their net federal income taxes.

TABLE 7

Impact of a Minimum Wage Increase on Child Poverty in 2010

Child Poverty Characteristics and Related Impacts	Baseline	Minimum Wage Increase			
		No Spillover or Job Loss		With Spillover and Job Loss	
		Level	Change	Level	Change
Child SPM poverty rate	14.6%	14.2%	-2.3%	14.0%	-4.0%
SPM poverty rate, all individuals	14.2%	13.8%	-2.4%	13.6%	-4.0%
Distribution of children by family income level					
<50% of SPM poverty	2.8%	2.7%	-3.4%	2.7%	-4.9%
50-99% of SPM poverty	11.8%	11.5%	-2.0%	11.3%	-3.7%
100-149% of SPM poverty	23.8%	23.7%	-0.4%	23.7%	-0.4%
Number of children in SPM poverty (thousands)	10,924	10,675	-2.3%	10,491	-4.0%
By Race/Ethnicity					
White (non-Hispanic)	3,053	2,977	-2.5%	2,935	-3.9%
Black (non-Hispanic)	2,128	2,096	-1.5%	2,074	-2.5%
Hispanic	4,937	4,808	-2.6%	4,688	-5.0%
Other races (non-Hispanic)	805	794	-1.4%	794	-1.4%
By current status of adults in the family					
Family has any nonelderly/disabled adults	10,091	9,848	-2.4%	9,664	-4.2%
At least one adult is a FY-FT worker	3,702	3,552	-4.1%	3,401	-8.1%
No FY-FT adults, at least one adult works	3,714	3,621	-2.5%	3,555	-4.3%
No working adults, all adults are students	316	316	0.0%	316	0.0%
No working adults, >= 1 non-student adult	2,359	2,359	0.0%	2,392	1.4%
Family has only elderly or disabled adults	690	685	-0.7%	685	-0.7%
By metropolitan status					
Metropolitan area	9,768	9,560	-2.1%	9,378	-4.0%
Nonmetropolitan area	1,156	1,115	-3.6%	1,113	-3.7%
By region					
Northeast	1,405	1,381	-1.7%	1,369	-2.5%
South	4,321	4,238	-1.9%	4,194	-2.9%
Midwest	1,731	1,646	-4.9%	1,624	-6.2%
West	3,467	3,410	-1.6%	3,304	-4.7%
Other poverty data					
Total families with children in poverty (thousands)	5,373	5,249	-2.3%	5,152	-4.1%
Single-head families with children in poverty (thousands)	1,698	1,662	-2.1%	1,651	-2.8%
Poverty Gap (families with children) (\$ millions)	\$40,467	\$39,395	-2.6%	\$38,640	-4.5%
		\$125,89		\$124,33	
Poverty Gap (all families) (\$ millions)	\$128,341	5	-1.9%	3	-3.1%
Persons with new jobs or higher earnings (thousands)	na		15,255		27,591
Average annual earnings change			\$1,817		\$1,644
Persons who lose a job (thousands)					255
Change in government costs (\$ millions, federal and state)					
Costs of benefit programs	\$270,942		-\$1,577		-\$1,483
Tax collections (net of credits; direct effects only)	\$1,988,24	4	\$8,455		\$13,721
Benefits minus tax collections (\$ millions)			-\$10,032		-\$15,204

The relatively modest antipoverty impacts of a minimum wage increase standing alone are generally consistent with prior TRIM-based analysis (e.g., Giannarelli, Morton, et al. 2007 and Giannarelli, Lippold, et al. 2012). A key factor is that most of the workers who benefit from a minimum wage increase are in families already above the SPM poverty level. Among the 27.6 million workers with a wage increase when spillover effects are included, 18 percent are in families with resources below the SPM poverty limit, 45 percent have family resources from 100 to 200 percent of SPM poverty, and 37 percent are in families at 200 percent of the SPM level or higher. Also, many individuals who earn the minimum wage do not work full-year or do not work full-time, muting the effect of the wage increase on annual earnings. A number of affected workers have earnings above the old minimum wage and so receive an increase in hourly earnings that is smaller than the full difference between the old and new minimum wage. Finally, the fact that a portion of the new earnings are absorbed by benefit reductions and/or tax increases somewhat lessens the antipoverty impact.

Transitional Jobs

A second key component of the CDF policy package is a transitional jobs (TJ) program directly focused on families with children. Specifically, the proposal envisions that publicly funded transitional jobs will be available to individuals who reside in families that include children under 18, who are ages 16 to 64, who have a valid Social Security Number for work purposes, and who are either not working or working 32 or fewer hours per week. The jobs would not be available to individuals receiving SSI or Social Security income, but they would be available to individuals with disabilities not receiving either of those benefits, with the assumption that appropriate employment could be found.²⁹ Note that parents who do not live with their children (noncustodial parents) were not modeled as receiving TJs in the simulation, although they might be eligible under some program designs.³⁰

The conceptual design assumes that a TJ position would be available for a maximum of 30 weeks, and that an individual would have to look for a non-TJ job for 4 weeks before taking another TJ job. TJ workers would be able to work 40 hours per week, but could also choose to take the TJ job as a part-time job. The TJ workers would earn the prevailing minimum wage. These aspects of the program design

²⁹ The jobs are also envisioned to be restricted to nonincarcerated people, although we did not model this restriction, as the CPS-ASEC universe only includes people living outside of institutions.

³⁰ Within the scope of this project, it would not have been possible to link an increase in a noncustodial parent's income to a change in resources for the custodial family.

are the same as in the TJ program proposed by Community Advocates Public Policy Institute (Community Advocates Public Policy Institute 2012).

The jobs would be available to anyone who qualified, although it is assumed that not everyone who qualifies would want to take the job. For example, an unemployed individual who previously worked for well above the minimum wage and who was able to go without pay while looking for another position would likely not take the job.

A final key aspect of the proposal is that subsidized child care would be made available to any TJ worker who desired a subsidy, and who was eligible for subsidies under the standard CCDF rules in her/his state of residence. Implicitly, this assumes that the TJ program would include sufficient funding for additional child care subsidies.

METHODS

To identify the potential TJ workers, we define families broadly to include all related persons living in a household; thus, if a grandparent lives with a young-adult daughter and the daughter's child, both the parent and the grandparent could be eligible for a TJ. To capture the SSN requirement, the jobs are not available to individuals who were previously imputed to be unauthorized immigrants. We assume that individuals taking up a transitional job will do so for 48 weeks per calendar year—that is working full year but allowing for a 4-week gap between transitional job spells (as specified by the policy rules). This approach assumes that no transitional jobs participants will transition into regular (unsubsidized) jobs during the study period, so gives an upper-bound estimate of the program's cost.

A key driver of the cost and impact of a TJ program is the assumption about what percentage of eligible individuals would sign up for the program. The largest federally funded public service employment programs in recent history, the Comprehensive Employment and Training Act programs of the 1970s, had approximately a 7 percent take-up rate at their height (Mirengoff et al. 1980). Similarly, the Job Training Partnership Act of the 1980s, while providing only job training rather than employment, had less than a 10 percent take-up rate (Doolittle et al. 1993). Transitional jobs programs provided under TANF emergency funding during the 2008-2010 recession served no more than 15 percent of eligible individuals; however, these programs had constrained funding, and thus might have had higher take-up if more jobs had been provided.³¹

³¹ The Emergency Fund programs served about 124,470 adults and 138,050 youth who were TANF-eligible (that is, in families with related children and generally with income less than 200 percent of official poverty) (Pavetti et al. 2011). The available studies on the Emergency Fund jobs do not compute take-up rates; however, taking the 2010 number of families with children in SPM poverty in the states with jobs programs as a very rough estimate of the

Another factor to consider in determining an appropriate take-up rate is the impact of scale. A national program with very broad eligibility might result in a higher level of take-up than a more focused program.

Considering the various factors, project staff and CDF staff jointly agreed to assume a participation rate of 25 percent for individuals in poverty who are currently unemployed, with decreasing rates for individuals at higher income levels and individuals who are already working in part-time jobs (table 8). However, individuals currently working part-time who report in the CPS-ASEC that they are part-time by choice (36 percent of all part-time workers in SPM poverty) are assumed to not want a TJ job. Further, individuals who work part-year because they are “taking care of home or family” are assumed to have a probability of take-up that is one-quarter of the rate shown in the chart (e.g., someone in SPM poverty working 15 hours per week and “taking care of home or family” would have a 5 percent chance of taking a TJ job).

TABLE 8

Take-Up Rates for Transitional Jobs

Family Income as Percent of SPM Poverty Threshold	Number of Hours Usually Worked per Week in Regular (Non-Transitional) Jobs			
	0	1 to 16	17 to 24	25 to 32
Up to 100%	25%	20%	10%	7.5%
101% to 150%	20%	15%	7.5%	5%
151% to 200%	15%	10%	5%	2%
201% to 250%	5%	2%	1%	0%
251% to 300%	1%	0%	0%	0%
Above 300%	0%	0%	0%	0%

We continued the assumption used in the Urban Institute’s analysis of the Community Advocates TJ package (Giannarelli, Lippold, and Martinez-Schiferl 2012) that students, early retirees, and people with disabilities (who meet all the other requirements, including that they do not receive Social Security or SSI), might still choose to take up a transitional job, but with reduced likelihood. Specifically, we assumed that early retirees take up transitional jobs at 25 percent of the rate for their poverty and hour categories, students at 50 percent of the standard rates, and persons with disabilities at 75 percent of the standard rates.

eligible population (and assuming only one person per family took a TANF subsidized job), we estimate about a 6 percent take-up rate of TANF Emergency Fund jobs in 2010. Many states provided eligibility only to families receiving TANF; using the number of families on TANF in 2010 as an alternative universe suggests a 15 percent take-up rate.

For individuals not working in the baseline who are selected to take a TJ, we assumed that 56 percent desire full-time jobs (40 hours per week) and 44 percent desire part-time jobs (20 hours per week). That distribution is based on the distribution of full-time and part-time employment for workers in SPM poverty in the 2010 CPS-ASEC data. For individuals working part-time in the baseline who are selected to take a TJ, we always increase their hours of work to 40 per week.

After identifying individuals eligible for the TJs, selecting specific recipients (based on the probabilities described above combined with a random element), and determining desired hours for new workers, all employment data for the affected individuals were modified to reflect the new TJ jobs. For a person who did not work at all in the baseline simulation, the amount of new earnings equals the desired weekly hours (20 or 40) times the federal minimum wage, in each of 48 weeks. The modified information was then used to re-simulate all the benefit and tax programs.

As mentioned above, child care subsidies are assumed to be available to any TJ worker who desires a subsidy, and who is eligible for subsidies under the standard CCDF rules in her/his state of residence once he or she begins working. (Note that in a two-parent family, both must be working or in school for the family to be eligible for subsidies.) We assumed that half of the families that became eligible for CCDF due to the TJ program in the average month of the year would want to enroll in CCDF. In selecting which newly eligible families would participate, the probability of participation was based on the same demographic characteristics used to identify the baseline CCDF enrollment: whether a one-parent or two-parent family, race/ethnicity, lower or higher income, and ages of children.³² For families with new workers who are assumed to *not* take the CCDF subsidy (including those who were not eligible for CCDF), a set of imputation equations was used to estimate the probability that the family would have positive expenses and, if so, the level of those expenses.³³

RESULTS

Under the participation assumptions discussed above, 2.5 million individuals who are currently not working or who are working part-time are simulated to take a transitional job, with an average annual increase in earnings of \$10,630 (table 9). Consistent with the program specifications, all the TJ workers

³² The participation probabilities—used in the baseline simulations of CCDF enrollment—are based on a comparison of TRIM-simulated eligible families with families actually receiving CCDF according to administrative data. The standard probabilities were adjusted upwards to achieve the desired 50 percent take-up among newly eligible families.

³³ The equations were estimated for a prior project and capture the relative impacts of family income, parents' work hours, ages of children, race/ethnicity, and family composition. The equations were calibrated so that, when applied to the full CPS-ASEC data, they reproduce the same incidence and level of child care expenses as actually reported in the CPS-ASEC data.

are in families with children. The aggregate increase in earnings for families with children is \$26.7 billion—about \$9.0 billion more than the earnings increase for families with children when the minimum wage is increased, including spillover effects (table C3.2b).

After factoring in the impacts of the new earnings on families' safety-net benefits and tax liability, the TJ program reduces the number of children in SPM poverty by 1.2 million, reducing the SPM child poverty rate from 14.6 percent to 13.0 percent, a drop of 10.7 percent. The number of families with children in SPM poverty falls by 0.5 million. Compared to the number of new jobs, it is clear that the TJ jobs do not necessarily raise the families of the new workers out of poverty. However, there is a substantial impact on the rate of deep poverty, which falls by 18.6 percent. Also, the poverty gap for families with children falls by \$5.6 million, or 13.9 percent—a somewhat greater relative impact than the impact on the child poverty rate. (Since the TJ jobs are available only to families with children, there is no change in the poverty gap for families without children.)

The TJ policy produces somewhat lower benefits for Hispanic children (an 8.8 percent reduction in poverty) compared with children of other racial/ethnic groups, with the largest impacts for black children (a 14.0 percent poverty reduction). The fact that the impacts are lower for Hispanic families is partly related to the fact that a higher portion of Hispanic adults are estimated to be unauthorized immigrants compared with adults of other racial/ethnic groups.

Because the policy is designed to include jobs for individuals with disabilities, there is a 7.2 percent reduction in the number of children in poverty who live in families in which all adults are elderly or have disabilities. Also, the fact that the policy primarily benefits individuals without jobs means that the number of poor children living with non-working (but nonelderly, nondisabled) adults falls substantially, by 0.8 million. (Note that many of these children remain poor in the TJ simulation but are classified as children living with working adults.)

The TJ policy requires substantial government costs. The cost of the wages alone is \$26.7 billion, and the government also pays an additional \$2.9 billion in the employer share of payroll tax (table C3.2a). Further, we estimate an increase of 0.2 million in the number of families with CCDF-funded children subsidies in the average month, costing an additional \$1.6 billion annually.³⁴ After factoring in reduced payments in other safety-net benefits (in particular, a \$2.8 billion reduction in SNAP benefits),

³⁴ A total of 492,000 families became eligible for CCDF in the average month of the year due to taking a TJ job, and we assumed that 246,000 of them enrolled in CCDF. The increase was somewhat offset by the fact that some families lost eligibility for CCDF because a TJ job increased family income, resulting in an overall increase in CCDF caseload of 222,000 families.

and the net impact of changes in tax liability and tax credits, total government costs are estimated to increase by \$22.9 billion.

TABLE 9

Impact of a Transitional Jobs Program on Child Poverty in 2010

Child Poverty Characteristics and Related Impacts	Baseline	Transitional Jobs	
		Level	Change
Child SPM poverty rate	14.6%	13.0%	-10.7%
SPM poverty rate, all individuals	14.2%	13.4%	-5.6%
Distribution of children by family income level			
<50% of SPM poverty	2.8%	2.3%	-18.6%
50-99% of SPM poverty	11.8%	10.7%	-8.9%
100-149% of SPM poverty	23.8%	24.2%	1.9%
Number of children in SPM poverty (thousands)	10,924	9,753	-10.7%
By Race/Ethnicity			
White (non-Hispanic)	3,053	2,710	-11.2%
Black (non-Hispanic)	2,128	1,831	-14.0%
Hispanic	4,937	4,504	-8.8%
Other races (non-Hispanic)	805	707	-12.2%
By current status of adults in the family ^a			
Family has any nonelderly/disabled adults	10,091	8,976	-11.1%
At least one adult is a FY-FT worker	3,702	3,403	-8.1%
No FY-FT adults, at least one adult works	3,714	3,661	-1.4%
No working adults, all adults are students	316	232	-26.7%
No working adults, >= 1 non-student adult	2,359	1,680	-28.8%
Family has only elderly or disabled adults	690	640	-7.2%
By metropolitan status			
Metropolitan area	9,768	8,748	-10.4%
Nonmetropolitan area	1,156	1,005	-13.1%
By region			
Northeast	1,405	1,259	-10.4%
South	4,321	3,823	-11.5%
Midwest	1,731	1,525	-11.9%
West	3,467	3,146	-9.3%
Other poverty data			
Total families with children in poverty (thousands)	5,373	4,831	-10.1%
Single-head families with children in poverty (thousands)	1,698	1,572	-7.4%
Poverty Gap (families with children) (\$ millions)	\$40,467	\$34,835	-13.9%
Poverty Gap (all families) (\$ millions)	\$128,341	\$122,710	-4.4%
Persons with new jobs or higher earnings (thousands)	na		2,511
Average annual earnings change			\$10,630
Change in government costs (\$ millions, federal and state)			
Costs of benefit programs	\$270,942		\$26,684
Tax collections (net of credits)	\$1,988,244		\$3,768
Benefits minus tax collections (\$ millions)			\$22,916
Change in poverty gap as % of change in government costs			24.6%

a. A child may be counted in a different row in the alternative versus the baseline.

One way of assessing the cost-effectiveness of an antipoverty policy is to consider the increase in government spending relative to the reduction in the poverty gap. In this implementation of a TJ policy, the aggregate reduction in the poverty gap (\$5.6 billion) is 24.6 percent of the net increase in government spending (\$22.9 billion). In other words, for each dollar of new government spending, the poverty gap is reduced by just below 25 cents—and all of that reduction is for families with children.³⁵ The remaining money increases families' incomes to levels above the SPM poverty threshold, or helps families whose incomes were already above the poverty level before the simulation.

Child Support Pass-Through

The next component of the CDF policy package envisions a national-level pass-through and disregard policy for child support income that is paid by the noncustodial parents of children receiving TANF or SNAP. Under current law, families receiving TANF must surrender their rights to child support to the state, so that the state collects all child support received by that family to reimburse the state's TANF expenses. However, some states allow a portion of child support to be "passed through" to the family, so that the family receives both its TANF benefit and some child support; such states usually also disregard some or all of the child support that is passed through when determining the family's income, so that the family's TANF benefits are not reduced due to having the child support income in-hand. In 2010, almost half of the states transferred and disregarded some amount of child support income, but no state transferred and disregarded all child support income (Kassabian et al. 2011). The policy proposed by CDF would allow TANF families in *all* states to keep *all* child support that is paid on behalf of the children in the family, and *all* child support income would be fully disregarded when calculating the TANF benefit amount. The estimates show the effect of full pass-through of currently due child support. Although a policy could be designed to pass through all collections of past-due child support (child support arrears), modeling the effects of such a pass through was beyond the scope of this study.³⁶

The SNAP program does not include a disregard of any of the child support income received by a family (although the amount of child support that a noncustodial parent pays is deducted or disregarded from the income of that individual). The CDF proposal for SNAP would also allow \$100 in child support

³⁵ Note that throughout this report, we compute this statistic—the change in the poverty gap as a percentage of the change in government spending—using the *total* change in the poverty gap. However, since the CDF policies are focused on families with children, in almost all cases the change in the total poverty gap is essentially equivalent to the change in the poverty gap for families with children. When that is not the case, it is noted in the discussion.

³⁶ See Wheaton and Sorensen (2005) for estimates of the effect of distributing all child support arrears collected on behalf of former welfare families through the Federal Tax Refund Offset Program to families.

to be disregarded each month for each child on whose behalf child support income is paid. The disregard would be used when calculating both SNAP eligibility and benefit amounts. This is based in part on the federal policy regarding TANF, in which the federal government waives its share of the first \$100 of child support passed through and disregarded for one child, and the first \$200 for child support passed through and disregarded for two or more children.

METHODS

To implement this policy proposal, we adjusted the parameters of the TANF simulation to allow the full amount of child support paid by the noncustodial parent to be passed through to the family, in all states. Also, all states were modeled to disregard all the passed-through child support when calculating the family's benefit. However, the state rules for counting child support in the family's income when initially determining TANF eligibility were left in place. (Note that if all child support income was disregarded for TANF eligibility purposes, families with high child support income amounts but very little other income could be found eligible for TANF.) We also adjusted the parameters of the SNAP simulation, incorporating the \$100 disregard per child for both SNAP eligibility and the benefit amount.

The child support income amounts used to model the policy are a modified version of the amounts reported in the CPS-ASEC survey. As mentioned earlier, child support income is underreported by TANF families, since they may not directly receive most or any of their child support income. TRIM3 procedures augment the child support income of TANF families to account for this underreporting, with the adjustment calibrated using administrative data.

It is important to note that our simulation assumed that the payment of child support by the noncustodial parents was unchanged from the baseline simulation. Some research has found that child support pass-through/disregard policies can increase payments. For example, Lippold, Nichols, and Sorensen (2010) found that noncustodial parents of children receiving TANF who had a current child support order paid 5.6 percent more child support after a \$150 pass-through and disregard was instituted.

RESULTS

When TANF includes a full child support pass-through and disregard for benefit determination and SNAP includes a partial disregard of child support income, the child SPM poverty rate decreases very slightly—from 14.6 percent in the baseline to 14.5 percent, a decrease of 0.8 percent (table 10). The poverty gap for families with children falls by \$270 million, or 0.7 percent. The relatively limited impact of the policy in aggregate terms is related to the relatively small number of children who receive TANF;

among the families with children who are measured in this study as being in SPM poverty, fewer than one-fifth received TANF income. Furthermore, not all TANF and SNAP families have child support income. Among families with any TANF income during 2010, only 0.46 million had any child support income paid on their behalf during months of TANF receipt (fewer than one in seven families with any TANF in 2010), with child support payments during months of TANF receipt totaling \$628 million in the simulation data (less than 2 percent of the \$40.5 billion poverty gap for families with children).

Implementing the full child support pass-through and disregard in the TANF program substantially increases the amount of child support income distributed to TANF families, slightly increases the TANF caseload, and slightly increases TANF benefits. Among families with TANF in the baseline, the average monthly number with any pass-through increases from 179,000 to 250,000; an additional 19,000 families that were previously eligible are estimated to begin to participate in TANF because of changes. Among families receiving TANF in the baseline, the aggregate amount passed-through increases from \$203 million in the baseline (of which \$129 million is also disregarded for benefit computation) to \$679 million (all of which is also disregarded for benefit computation) (table C3.2a). The changes increase aggregate TANF benefits by \$97 million (1.2 percent), due in part to the new participants and in part to higher benefits for some existing participants. In states that currently retain all child support, passing through and disregarding all child support did not result in a change in benefits for any current recipient; of course, the proposed policy would let those participants have the same TANF benefit plus all the child support income. In states that currently pass through a portion of child support but do not disregard all of it, the full disregard policy could result in a higher TANF benefit.

In the much larger SNAP program, the proposed policy results in 1.12 million assistance units being able to deduct a total of \$2.6 billion in child support income (an average of \$194 per month, for families with child support income). Since the program previously counted all child support income, the disregard increases SNAP benefits for many families, by as much as 30 percent of the disregarded child support income.³⁷ However, for families with child support receiving both TANF and SNAP, any increase in TANF works in the direction of decreasing SNAP benefits. Aggregate SNAP benefits increase by \$608 million, a 0.9 percent increase from the baseline.

³⁷ SNAP benefits are computed by starting from a maximum benefit and subtracting 30 percent of a family's net income—the portion they are assumed to be able to spend on food. Due to an interaction with the SNAP excess shelter expense deduction, some households may experience benefit increases exceeding 30 percent of the disregarded child support income.

TABLE 10

Impact of Child Support Pass-Through on Child Poverty in 2010

Child Poverty Characteristics and Related Impacts	Baseline	Child-Support Pass-Through	
		Level	Change
Child SPM poverty rate	14.6%	14.5%	-0.8%
SPM poverty rate, all individuals	14.2%	14.1%	-0.3%
Distribution of children by family income level			
<50% of SPM poverty	2.8%	2.8%	-0.2%
50-99% of SPM poverty	11.8%	11.7%	-1.0%
100-149% of SPM poverty	23.8%	23.8%	0.0%
Number of children in SPM poverty (thousands)	10,924	10,834	-0.8%
By Race/Ethnicity			
White (non-Hispanic)	3,053	3,002	-1.7%
Black (non-Hispanic)	2,128	2,116	-0.6%
Hispanic	4,937	4,913	-0.5%
Other races (non-Hispanic)	805	803	-0.3%
By current status of adults in the family			
Family has any nonelderly/disabled adults	10,091	10,021	-0.7%
At least one adult is a FY-FT worker	3,702	3,701	0.0%
No FY-FT adults, at least one adult works	3,714	3,669	-1.2%
No working adults, all adults are students	316	310	-2.0%
No working adults, >= 1 non-student adult	2,359	2,341	-0.8%
Family has only elderly or disabled adults	690	670	-2.8%
By metropolitan status			
Metropolitan area	9,768	9,701	-0.7%
Nonmetropolitan area	1,156	1,133	-2.0%
By region			
Northeast	1,405	1,394	-0.7%
South	4,321	4,273	-1.1%
Midwest	1,731	1,717	-0.8%
West	3,467	3,450	-0.5%
Other poverty data			
Total families with children in poverty (thousands)	5,373	5,337	-0.7%
Single-head families with children in poverty (thousands)	1,698	1,672	-1.5%
Poverty Gap (families with children) (\$ millions)	\$40,467	\$40,197	-0.7%
Poverty Gap (all families) (\$ millions)	\$128,341	\$128,067	-0.2%
Persons with new jobs or higher earnings (thousands)	na		
Average annual earnings change			
Change in government costs (\$ millions, federal and state)			
Costs of benefit programs	\$270,942		\$1,141
Tax collections (net of credits)	\$1,988,244		\$0
Benefits minus tax collections (\$ millions)			\$1,141
Change in poverty gap as % of change in government costs			24.0%

Other programs also show secondary impacts from the TANF changes. Since housing subsidy programs consider TANF as income when computing a subsidized household's required rental payment, the increased TANF income increases rental payments, decreasing the value of housing subsidies by \$41 million (0.1 percent). There was also a small (\$0.5 million) reduction in the value of child care subsidies, since some states count TANF as income in determining CCDF eligibility and copayments.

Of course, a final key financial change for the government is that \$477 million in child support that was previously retained by the government to offset TANF costs is now transferred to families. Combining that change with the changes in program spending, overall government spending is estimated to increase by \$1.1 billion. The aggregate change in the poverty gap is 24 percent of the \$1.1 billion increase in government spending. In other words, for each dollar of new government spending, the poverty gap is reduced by 24 cents—and all of that reduction is for families with children. The remaining money increases families' incomes to levels above the SPM poverty threshold, or helps families whose incomes were already above the SPM poverty level.

As mentioned earlier, the simulation did not model any change in the payments made by noncustodial parents. To the extent that those parents increased the amount of child support that they pay due to knowing that the custodial families would be able to keep it, government costs might be lower than shown here (e.g., some families might become ineligible for certain programs), and the antipoverty impacts might be somewhat higher.

Increasing In-Kind Income

A second avenue to reducing economic hardship for families with children is to increase a family's resources from in-kind benefits, such as assistance paying for food or housing. Since the SPM counts these benefits in the resource measure, the antipoverty impacts of these sorts of changes can be captured through the SPM and compared with the impacts of other types of policy changes. The CDF package includes expansions to housing subsidies and an increase to SNAP benefits.

Expanded Housing Assistance

This component of the CDF policy package provides additional housing vouchers to low-income households with children with income under 150 percent of the poverty guideline that also satisfy a test of rent burden. Although most Public Housing Authorities (PHAs) do not test for rent burden, we

include the test here to focus the benefits on households who could benefit the most. There would be no change in the availability of vouchers for households without children. A subsidized household's required rental payment would be computed as in the existing Housing Choice Voucher program, generally equal to 30 percent of net income. Also, as in the current program, the new vouchers would be available only to citizens and legal immigrants.

The income limit for the proposed expansion—150 percent of the poverty guidelines—differs from the current program's income limits. Under current policies, to be initially eligible for a housing voucher, a household's income must be no more than half of the median income in the PHA area where the household resides (area median income, or AMI); this is considered "very low income" by the US Department of Housing and Urban Development (HUD).³⁸ Median incomes vary widely across the country. For example, for fiscal year 2010, 50 percent of AMI for a family of four was \$51,750 in Fairfax County, Virginia, \$41,400 in Los Angeles County, California, and \$21,200 in Adams County, Mississippi.³⁹ In contrast, 150 percent of the poverty guideline for a family of four in 2010, in all of the contiguous states and Washington, DC, was \$33,075.⁴⁰ Thus, the income limit for the proposed expansion could be higher or lower than the regular program's income limit, depending on the area of the country.

A key difference between the proposed expansion and the current program is that the proposed policy would not include waiting lists. Many households who are eligible for vouchers (or public housing) are not able to obtain assistance due to waiting lists. Under the CDF proposal, a housing voucher would be available to any household with children meeting all of the eligibility criteria.

METHODS

Simulating the housing program involved applying the initial program eligibility requirements, estimating the required number of bedrooms, estimating the fair market rent, imposing the rent burden test, and estimating what percentage of eligible households would use the voucher. The new policy was imposed only to identify additional housing vouchers; households in public or subsidized housing in the baseline simulation retain those subsidies.

³⁸ For households already receiving vouchers, income may rise to 80 percent of area median income, considered "low income." See Chapter 5 of the "Housing Choice Voucher Program Guidebook," on the HUD website, http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/hcv/forms/guidebook.

³⁹ See the FY 2010 Income Limits Documentation System on the HUD website, http://www.huduser.org/portal/datasets/il/il2010/select_Geography.odn.

⁴⁰ See the HHS/ASPE website, Poverty Guidelines page, <http://aspe.hhs.gov/poverty/index.cfm>.

Households with children were considered potentially eligible for a new voucher if they were not already in public or subsidized housing, they reported in the survey that they rent their home (i.e., do not own their home and do not live rent-free), the household included at least one citizen, refugee/asylee, or legal permanent resident, and the household's income was under 150 percent of the poverty guideline. In 2010, 150 percent of the poverty guideline was equivalent to the following income limits for the contiguous states and Washington, DC:

Family size	Annual income limit	Monthly income limit
2	\$21,855	\$1,821
3	\$27,465	\$2,289
4	\$33,075	\$2,756
5	\$38,685	\$3,224
6	\$44,295	\$3,691

Limits are 25 percent higher than in the contiguous states in Alaska, and 15 percent higher in Hawaii.⁴¹

Among potentially eligible households, the number of bedrooms that a household would require was estimated based on household size and characteristics, consistent with HUD guidelines and with the apartment sizes of currently subsidized households.⁴²

In order to impose the rent burden test, and to estimate the value of the subsidy for households chosen as subsidized, we used fair market rent (FMR) data from HUD. HUD computes FMRs in each of 2,575 geographic areas,⁴³ and they vary widely both across and within states. For example, the 2010 FMR for a two-bedroom unit was \$730 in Pittsburgh, Pennsylvania, \$1,494 in Washington, DC, and \$943 in Tallahassee, Florida. In New York, the 2010 FMRs for a two-bedroom apartment ranged from \$684 in Franklin County to \$1,621 in Westchester County. Due to data and technical limitations, it was

⁴¹ Limits were higher for larger families but are not shown in the chart.

⁴² HUD does not mandate a specific formula for determining needed bedrooms but requires that PHAs establish standards, and requires that the number of bedrooms must be the smallest needed to house the family without overcrowding, and provides the typical minimum and maximum occupancy by number of bedrooms. See Chapter 5, Section 5.9, of the "Housing Choice Voucher Program Guidebook", http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_11749.pdf. The model probabilistically assigns a number of bedrooms using data on subsidized households in the American Housing Survey, but with apartment size capped at the maximum according to the Guidebook. As an example, a single parent with three children has a 26 percent chance of being assigned a two-bedroom apartment and a 74 percent chance of having a three-bedroom apartment; the HUD Guidebook indicates that a four-bedroom apartment is typically used only for six or more people.

⁴³ HUD estimates FMRs for each of 530 metropolitan areas and 2,045 nonmetropolitan county areas. See "Fair Market Rents: Overview," available on the HUD website, Fair Market Rents page, <http://www.huduser.org/portal/datasets/fmr.html>.

not possible to use the full detail of the HUD FMRs for this simulation. Instead, we computed two sets of values per state—one for all metropolitan areas in the state and the other for all nonmetropolitan areas—by weighting the various area FMRs according to overall population, resulting in 101 sets of FMRs by unit size (two per state and one for Washington, DC). To the extent that lower-income households might be more likely to live in areas with lower FMRs, the simplification used in the simulation could result in assigning values somewhat higher than what the actual FMRs would be.

Among the potentially eligible households, the simulation uses the 101 sets of average FMR figures to estimate rent burden. A low-income household was considered to need a voucher only if the applicable FMR for the size of apartment needed by the household was higher than 50 percent of the household's gross cash income. For example, since the average two-bedroom FMR for urban areas in Virginia in 2010 was \$1,076, an urban Virginia household needing a two-bedroom apartment was considered to need a subsidy if gross monthly income was less than two times that figure, or less than \$2,152. This aspect of the eligibility test is based in part on analysis by HUD (2013), which considers a household with rent equal to more than half of its income to have "worst case housing needs."

Among households passing all the eligibility criteria, including the rent burden test, the model selects 70 percent to successfully use a voucher. The assumption is that all eligible households would *want* a housing voucher, but that 30 percent of those households would not be able to find an apartment and *use* the voucher. The assumption of 70 percent is based on a 2001 HUD study of success rates in the Housing Choice Voucher Program (Finkel and Buron 2001). The research found a range of success rates across public housing agencies, from 37 percent to 100 percent, but the most common outcome was that 61 to 70 percent of households successfully used vouchers. Nationally, the study estimated that 69 percent of households receiving vouchers from large metropolitan PHAs succeeded in using them to lease units. In the simulation, the specific households chosen as successfully using the new vouchers are selected randomly from among those satisfying all the eligibility criteria.

For each household simulated to receive and use a new voucher, we computed the required rental payment, following the rules of the current Housing Choice Voucher program regarding deductions from income and rent computation. We also computed the value of the subsidy, all or part of which is considered an element of resources in the SPM poverty computation. (The amount of housing subsidy included as an SPM resource is capped at 49.7 percent of the level of the SPM threshold, minus the family's required rental contribution.) The subsidy is computed as the assumed FMR minus the household's required rental payment. This implicitly assumes that PHAs compute payments to owners using the FMRs, and that each subsidized household finds an apartment with a total rent exactly equal to the FMR. Thus, the simulation does not capture the real-world nuances that some households might

find apartments with rents lower than the FMR, and that PHAs are allowed to set their “payment standards” (for payments to apartment owners) between 90 percent and 110 percent of the published FMRs.⁴⁴

The fact that many households pay lower rents after receiving the voucher has a secondary impact on SNAP benefits. The computation of SNAP benefits involves a deduction from income that is based on a household’s shelter expenses; lower shelter expenses result in higher net incomes for some families, which result in lower SNAP benefits. For some families, a lower shelter deduction could make them ineligible for SNAP benefits.

The simulation does not model any behavioral impacts that could result from housing vouchers. Vouchers could improve long-run employment outcomes by improving family stability, but could also reduce the incentive to work due to increasing family resources and due to the fact that the voucher program includes an implicit “tax” on earnings (since the family’s required rental payment is higher when earnings are higher). A 2006 study for HUD focusing on families receiving welfare (Mills et. al. 2006) found that using a voucher reduced employment rates and earnings amounts in the first year or two after random assignment, but the impact was small and vouchers had no significant impact after several years.

RESULTS

The specifications above resulted in 2.6 million households with children newly receiving housing subsidies—a 53 percent increase from the 4.9 million households who are in public or subsidized housing in the baseline (table C3.3a). On average, the annual value of the subsidy for newly subsidized households is \$9,435, or about \$786 per month.

The housing voucher policy was one of the more successful individual programs in the CDF package in terms of reducing child poverty. Compared to the baseline, the housing program reduced child poverty by 20.8 percent, from a rate of 14.6 percent to a rate of 11.5 percent (table 11). The poverty gap for families with children fell by \$11.5 billion or 28.5 percent from the baseline level. (The poverty gap for all families falls by \$11.6 billion; the slight difference is due to the fact that a small number of newly assisted households have more than one family for poverty calculation purposes.)

⁴⁴ See Section 7.1 of the “Housing Choice Voucher Program Guidebook,” on the HUD website, http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/hcv/forms/guidebook.

Children in the lowest income levels saw the greatest impact, as these families are more likely to face rents that exceed 50 percent of their gross income. The greatest reductions were also seen in metropolitan areas as well as the Northeast and West, places where families likely face higher rents. With equivalent income, households were more likely to pass the rent-burden test in high-rent versus low-rent areas. The percentage reduction in child poverty is smaller for white children (a 14.7 percent reduction) than for nonwhite children (a reduction of 23.2 percent combining all the nonwhite categories), which may be due in part to variations in the geographic locations of white children in poverty versus nonwhite children in poverty.

The net cost of the program (excluding administrative costs) is estimated at \$23.5 billion during 2010. The aggregate annual value of the subsidies increases by \$24.4 billion, a 70 percent increase from the baseline. This cost is slightly offset by a reduction of \$0.9 billion in SNAP benefits, due to the interaction between rent payments and the SNAP program's shelter deduction. The change in the poverty gap as a percentage of the change in government costs is 49.6 percent. In other words, for each dollar of new government spending, the poverty gap is reduced by almost 50 cents; and almost all of that poverty gap reduction is for families with children. The remaining money increases families' incomes to levels above the SPM poverty threshold, or helps families whose incomes were already above the poverty level before the simulation.

TABLE 11

Impact of Expanded Housing Vouchers on Child Poverty in 2010

Child Poverty Characteristics and Related Impacts	Baseline	Increased Housing Vouchers	
		Level	Change
Child SPM poverty rate	14.6%	11.5%	-20.8%
SPM poverty rate, all individuals	14.2%	12.8%	-9.7%
Distribution of children by family income level			
<50% of SPM poverty	2.8%	2.0%	-28.7%
50-99% of SPM poverty	11.8%	9.5%	-18.9%
100-149% of SPM poverty	23.8%	26.2%	10.3%
Number of children in SPM poverty (thousands)	10,924	8,650	-20.8%
By Race/Ethnicity			
White (non-Hispanic)	3,053	2,603	-14.7%
Black (non-Hispanic)	2,128	1,598	-24.9%
Hispanic	4,937	3,827	-22.5%
Other races (non-Hispanic)	805	622	-22.8%
By current status of adults in the family			
Family has any nonelderly/disabled adults	10,091	8,048	-20.2%
At least one adult is a FY-FT worker	3,702	3,047	-17.7%
No FY-FT adults, at least one adult works	3,714	2,829	-23.8%
No working adults, all adults are students	316	242	-23.4%
No working adults, >= 1 non-student adult	2,359	1,930	-18.2%
Family has only elderly or disabled adults	690	476	-31.0%
By metropolitan status			
Metropolitan area	9,768	7,684	-21.3%
Nonmetropolitan area	1,156	966	-16.4%
By region			
Northeast	1,405	1,025	-27.0%
South	4,321	3,624	-16.1%
Midwest	1,731	1,494	-13.7%
West	3,467	2,507	-27.7%
Other poverty data			
Total families with children in poverty (thousands)	5,373	4,333	-19.4%
Single-head families with children in poverty (thousands)	1,698	1,313	-22.7%
Poverty Gap (families with children) (\$ millions)	\$40,467	\$28,941	-28.5%
Poverty Gap (all families) (\$ millions)	\$128,341	\$116,698	-9.1%
Persons with new jobs or higher earnings (thousands)	na		
Average annual earnings change			
Change in government costs (\$ millions, federal and state)			
Costs of benefit programs	\$270,942		\$23,461
Tax collections (net of credits)	\$1,988,244		\$0
Benefits minus tax collections (\$ millions)			\$23,461
Change in poverty gap as % of change in government costs			49.6%

SNAP Benefit Increase

Another component of the CDF policy package increases the SNAP maximum benefits for SNAP assistance units with children. (The proposal leaves SNAP benefits for households without children unchanged.⁴⁵) SNAP benefits are computed by starting from a set of maximum benefits (which vary by household size) and then subtracting 30 percent of a household's net income—since the household is assumed to be able to spend that portion of their income on food. The maximum benefits currently used by the program are a set of values known as the Thrifty Food Plan. However, the US Department of Agriculture (USDA) also computes other food plan values. Under this proposal, SNAP benefits for households with children would be calculated using the Low-Cost Food Plan—a set of values that is 30 percent higher on average from Thrifty Food Plan values (Hartline-Grafton and Weill 2012), and the second-lowest tier of food costs computed by USDA. The maximum increase in the annual benefit for a three-person family would be \$1,896.

METHODS

Simulating the higher SNAP benefit amounts required computing a specific set of hypothetical benefit amounts and determining the impact on program participation.

The computation of the hypothetical benefits was complicated by two factors. The first complication is the fact that SNAP benefits were increased by 13.6 percent by the American Recovery and Reinvestment Act of 2009 (ARRA). This temporary increase was still in place in 2010 and was included in the baseline simulation (see Appendix B for more information on the ARRA provisions and the impact of removing the provisions). Thus, the baseline already includes an increase relative to the standard SNAP benefit levels.

The second complication is the fact that SNAP benefits are computed based on family size, regardless of family composition, but USDA provides food plan amounts only at the individual level (e.g., for females ages 14 to 18, males ages 71 or older), and for four prototypical family compositions (e.g., the Low-Cost Food Plan required that a couple with two children ages 6 to 8 and 9 to 11 spend \$758.90 per month in June 2010, compared with \$582.60 for the Thrifty Plan).⁴⁶

Taking these complications into account, the decision was reached to start from the 2010 maximum allotments for each family size (including the ARRA increase) for each family size, and increase them by

⁴⁵ For comparison, Appendix C includes the cost and poverty impacts of applying the policy change described here for all SNAP households, not just those with children.

⁴⁶ See the USDA website, Cost of Food at Home, <http://www.cnpp.usda.gov/USDAFoodCost-Home.htm>.

30 percent—the average percent by which the Low-Cost Food Plan exceeds the Thrifty Food Plan for the reference family of two adults plus two children. The resulting maximum monthly SNAP benefits were as follows (for the 48 contiguous states and Washington, DC):

SNAP unit size	Maximum Benefit	
	2010 baseline	With 30% increase
2	367	477
3	526	684
4	668	868
5	793	1031
6	952	1238

This approach captures the appropriate *relative* impact of the CDF policy change, although it results in benefit levels that are 14.4 percent higher than would be paid under the Low-Cost Food Plan.⁴⁷ It is possible that some families were raised out of poverty by the simulated SNAP increase that would not have been raised out of poverty if the SNAP benefits were based purely on the Low-Cost Food Plan without the ARRA percentage increase.

The benefit increase was only applied to households with children (under age 18), following CDF specifications.

It was assumed that the policy would be implemented with no additional outreach. However, even in the absence of additional outreach, some households who are currently eligible for SNAP but not taking the benefits might be induced to begin participating by a 30 percent increase in benefits, and some households in states with broad based categorical eligibility might become newly eligible as a result of the higher benefit.⁴⁸ Therefore, although our alternative simulations in general kept participation decisions the same as in the baseline simulations, for this simulation we did allow for some increase in participation. Specifically, we assumed that after the benefit increase, a household's probability of participation would be the same as the probability observed for households with the

⁴⁷ SNAP allotments are based on the Thrifty Food Plan (TFP) from June of the prior fiscal year and we assume the same would be true for an allotment based on the Low-Cost Food Plan. Although ARRA increased the maximum SNAP benefit by 13.6 percent, relative to the June 2008 TFP, the value of the TFP and Low-Cost Food Plan fell between June 2008 and June 2009. Because the ARRA allotments were held constant in nominal terms, their value relative to the TFP was higher in Fiscal Year 2010 than in 2009.

⁴⁸ In some instances in states with broad based categorical eligibility it is possible for a family of three or more people to pass the eligibility tests but qualify for a zero benefit. These families are counted as “ineligible” in the baseline simulation. With a higher SNAP benefit, some now qualify for a positive benefit and become “eligible.” One and two-person eligible households are guaranteed a minimum SNAP benefit and so do not gain eligibility due to the increase in the SNAP allotment.

same characteristics who had that level of benefit in the baseline. For most households there was no change in participation decision; however, some households were simulated to begin taking the benefit.

RESULTS

The SNAP benefit increase raised aggregate SNAP benefits by \$23.2 billion (table C3.3a), or 35 percent. Most of the change was due to benefit increases for households already receiving benefits, but the higher benefits were estimated to increase the monthly caseload by 1.3 million units, or 6.6 percent. The average monthly benefit for units with children increased from \$404 to \$537.

The increase in SNAP benefits reduced the SPM child poverty rate from 14.6 percent in the baseline to 12.2 percent, a drop of 16.2 percent (table 12). Although poverty was reduced for children in all of the subgroups shown in the table, there were variations; in particular, the reduction in poverty was smaller for Hispanic children (12.7 percent) and children in the Western region (11.0 percent). These differences are likely due in part to differences in the likelihood that eligible families receive SNAP benefits. The Western region is dominated by California, which has a relatively low SNAP participation rate (Cunningham 2014). Also, Hispanic families appear to have lower SNAP participation rates than non-Hispanic families (Wolkwitz 2008).

The policy also has large impacts on deep poverty and on the poverty gap. The number of children in deep poverty fell by 22 percent and the poverty gap for families with children fell by \$7.3 billion, or 18.1 percent. (The drop in the poverty gap across all families is \$7.4 billion; the difference is due to SNAP households with children that include multiple families for poverty calculation purposes.)

The increase in SNAP enrollment had a secondary effect of increasing benefits paid through WIC by \$7 million (table C2.3a and table C2.3b). This is due to the fact that WIC gives automatic (“adjunctive”) eligibility to individuals enrolled in SNAP. We assumed that the families of the 9,000 infants and children who became eligible for WIC due to their SNAP enrollment would also choose to take the WIC benefits.

Overall, the change in the poverty gap as a percentage of the change in government costs is 31.7 percent. In other words, for each dollar of new government spending, the poverty gap is reduced by about 32 cents; and almost all of that reduction is among families with children. The remaining money increases families’ incomes to levels above the SPM poverty threshold, or helps families whose incomes were already above the poverty level before the simulation.

TABLE 12.

Impact of SNAP Benefit Increase on Child Poverty in 2010

Child Poverty Characteristics and Related Impacts	Baseline	Higher SNAP Benefit Units with Children	
		Level	Change
Child SPM poverty rate	14.6%	12.2%	-16.2%
SPM poverty rate, all individuals	14.2%	13.1%	-7.7%
Distribution of children by family income level			
<50% of SPM poverty	2.8%	2.2%	-22.0%
50-99% of SPM poverty	11.8%	10.0%	-14.8%
100-149% of SPM poverty	23.8%	23.7%	-0.3%
Number of children in SPM poverty (thousands)	10,924	9,154	-16.2%
By Race/Ethnicity			
White (non-Hispanic)	3,053	2,432	-20.3%
Black (non-Hispanic)	2,128	1,713	-19.5%
Hispanic	4,937	4,310	-12.7%
Other races (non-Hispanic)	805	699	-13.2%
By current status of adults in the family			
Family has any nonelderly/disabled adults	10,091	8,478	-16.0%
At least one adult is a FY-FT worker	3,702	3,133	-15.4%
No FY-FT adults, at least one adult works	3,714	3,081	-17.0%
No working adults, all adults are students	316	257	-18.7%
No working adults, >= 1 non-student adult	2,359	2,007	-14.9%
Family has only elderly or disabled adults	690	541	-21.5%
By metropolitan status			
Metropolitan area	9,768	8,321	-14.8%
Nonmetropolitan area	1,156	833	-27.9%
By region			
Northeast	1,405	1,193	-15.0%
South	4,321	3,502	-18.9%
Midwest	1,731	1,374	-20.6%
West	3,467	3,084	-11.0%
Other poverty data			
Total families with children in poverty (thousands)	5,373	4,570	-14.9%
Single-head families with children in poverty (thousands)	1,698	1,420	-16.4%
Poverty Gap (families with children) (\$ millions)	\$40,467	\$33,161	-18.1%
Poverty Gap (all families) (\$ millions)	\$128,341	\$120,983	-5.7%
Persons with new jobs or higher earnings (thousands)	na		
Average annual earnings change			
Change in government costs (\$ millions, federal and state)			
Costs of benefit programs	\$270,942		\$23,214
Tax collections (net of credits)	\$1,988,244		\$0
Benefits minus tax collections (\$ millions)			\$23,214
Change in poverty gap as % of change in government costs			31.7%

Reducing Taxes

Since tax liabilities are subtracted from SPM resources, and tax credits are added to resources, changes to the tax code can have considerable impacts on SPM poverty. The CDF package includes three types of tax credit expansions: an expanded Earned Income Tax Credit, a fully refundable Child Tax Credit, and an expanded Child and Dependent Care Tax Credit.

Expanded Earned Income Tax Credit

This policy would expand the current Earned Income Tax Credit (EITC) for adults with children, providing a larger credit at lower levels of income while phasing out at the same rate. Specifically, the revised credit would phase in at a greater rate but reach the “plateau” region (where the credit does not increase with earned income) at an earlier point, and begin decreasing the credit at a lower level of income (but at the same marginal tax rate), as indicated in Table 13.

TABLE 13

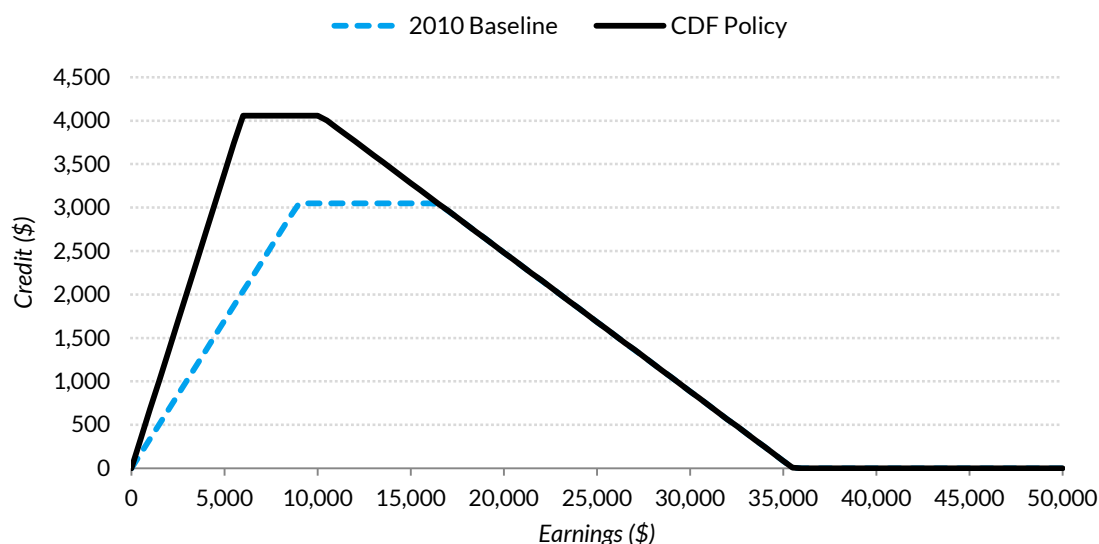
Parameters for EITC Proposal

		2010 Baseline Values				
Filing Status	Children	Phase-In Rate	Plateau Begins	Max Credit	Plateau Ends	Phase-Out Rate
Single	0	7.65%	\$5,980	\$457	\$7,480	7.65%
	1	34.00%	\$8,970	\$3,050	\$16,450	15.98%
	2	40.00%	\$12,590	\$5,036	\$16,450	21.06%
	3+	45.00%	\$12,590	\$5,666	\$16,450	21.06%
Joint	0	7.65%	\$5,980	\$457	\$12,490	7.65%
	1	34.00%	\$8,970	\$3,050	\$21,460	15.98%
	2	40.00%	\$12,590	\$5,036	\$21,460	21.06%
	3+	45.00%	\$12,590	\$5,666	\$21,460	21.06%
		CDF Proposal				
Filing Status	Children	Phase-In Rate	Plateau Begins	Max Credit	Plateau Ends	Phase-Out Rate
Single	0	7.65%	\$5,980	\$457	\$7,480	7.65%
	1	68.00%	\$5,965	\$4,056	\$10,155	15.98%
	2	74.00%	\$8,165	\$6,042	\$11,673	21.06%
	3+	79.00%	\$9,476	\$7,486	\$13,336	25.00%
Joint	0	7.65%	\$5,980	\$457	\$12,490	7.65%
	1	68.00%	\$5,965	\$4,056	\$15,162	15.98%
	2	74.00%	\$8,165	\$6,042	\$16,683	21.06%
	3+	79.00%	\$9,476	\$7,486	\$18,346	24.94%

The overall effect of these parameters would be to increase the credit for families with lower levels of earned income, as indicated in figure 1 for the example case of a single tax filer with one child. The maximum credit for a one-child family would increase from \$3,050 (34 percent of \$8,970) to \$4,056 (68 percent of \$5,965).

FIGURE 1

EITC Amounts for Single Filer with One Child Under Actual and Proposed Policies



Another possible expansion to the EITC would be to allow a higher credit for noncustodial parents who pay child support (rather than the small credit now allowed for tax units without children). New York State, for example, has instituted a noncustodial parent EITC, which has been estimated to slightly increase child support payments (Nichols, Sorensen, and Lippold 2012). Thus, this type of policy could affect not only the family of the noncustodial parent (which could include other children), but also the family that includes the children for whom the child support is paid. However, we did not include a noncustodial parent in the simulated policy, due to technical limitations in our ability to capture the child poverty impacts.

METHODS

We modeled the CDF EITC policy both with and without employment effects. For the first simulation, without employment effects, we simply replaced the actual 2010 EITC parameters (the figures in the top half of table 13 above) with the alternative parameters (the figures in the bottom half of table 13). This caused direct changes in federal income tax liability and secondary impacts on state income tax

liability, due to the connections between federal and state EITC policies. In 2010, 22 states computed a state-level EITC as a percentage of the federal EITC, so any change in the federal EITC thus alters state income tax liability, unless there was a corresponding change in state income tax policy. We assumed that states would leave their computations unchanged, meaning that an increase in the federal EITC would also increase the state EITC.

The second simulation of the EITC policy adds a behavioral impact: an increase in the number of single parents who are working. The EITC increases an individual's effective wage, and there is general consensus that EITC increases can increase labor supply (see, for example, Eissa and Hoynes 2006). Our methodology for this effect was similar to our methods used in prior TRIM3 analyses (Giannarelli, Lippold, and Martinez-Schiferl 2012). Specifically, we assumed that a roughly \$1,000 increase in the maximum credit (as proposed) would encourage enough single family heads to begin to work to lead to a 3.6 percentage point increase in the employment to population ratio for single family heads, following the empirical results from Grogger (2003). (Eissa and Hoynes point out that there is a relatively narrow range in the estimates of the impact of the EITC on the labor supply of single taxpayers.) We assumed no effect on employment for married couples, given that the effects of the EITC on employment for this group are ambiguous in the literature. As mentioned earlier, there is substantial uncertainty in estimating these types of effects, in part because the assumptions are based on the impacts of prior policy changes at prior points in time.

To select which additional single family heads would begin to work, we identified individuals who were not working, unmarried, were heads of a family including children under 18, were eligible for the expanded EITC after taking a job, and were not disabled, students, or over age 69 (as we considered these people unlikely to begin to work). We then randomly selected enough of these individuals to take jobs to result in a 3.6 percentage point increase in the proportion of single-family heads who were employed. This process raised the portion of adults in single-parent families that were working from 59.7 percent in the baseline to 63.3 percent in the simulation of the EITC with employment effects. Individuals simulated to take new jobs were assigned full-year jobs at the minimum wage, with hours worked based on the characteristics of jobs held by workers in SPM poverty in the 2010 baseline (specifically, we assumed that 47 percent of new workers would work for 40 hours per week, 19 percent for 30 hours, 18 percent for 20 hours, 8 percent for 10 hours, and 9 percent for 50 hours).

Single parents with new jobs and with younger children would likely need to arrange for child care. For parents who became eligible for CCDF child care subsidies, we assumed the same probability of enrolling in CCDF as for families with similar characteristics in the baseline simulation.⁴⁹

As noted earlier, the baseline simulation identifies only 20.2 million tax units apparently eligible for the EITC, falling 26 percent short of the total 27.4 million units who benefitted from the EITC on their 2010 tax return. In dollar terms, the model simulates \$37.2 billion in EITC in 2010 compared to the total \$59.6 billion paid that year. A large share of the shortfall is attributable to the fact that TRIM3 does not model noncompliance with EITC rules. The US Department of Treasury estimates that between \$15.3 billion and \$18.4 billion in EITC payments were issued improperly in 2010 (TIGTA 2014), representing a large share of the \$22.3 billion TRIM3 shortfall. Other possible explanations for the underidentification are that the model does not allocate children within complex households so as to maximize tax benefits and does not capture the fact that some survey-reported earnings are non-taxable (thereby lowering earnings sufficiently for a tax unit to be eligible for the EITC). The procedures for modeling the EITC were not changed for this simulation—only the parameters of the calculation.

RESULTS

With no employment effects, expanding the EITC in the manner proposed by CDF increased the total amount of credit by \$7.5 billion, or 20.2 percent (table C2.4a). There was no change in the number of units with the credit, due to the design of the expansion; as noted above, the model's underidentification of units with the EITC means that the dollar increase is also likely underestimated. The average value of the federal EITC for a one-child family increased from \$1,865 in the baseline to \$2,244 with the expanded credit. For a family with two or more children, the average credit increased from \$3,088 to \$3,751.

State income tax liability fell by a total of \$314 million across the states that compute a state EITC as a percentage of the federal EITC. The majority of the reduction was in New York State, with a state EITC equal to 30 percent of the federal credit in 2010; New York State tax liability fell by \$117 million or 0.5 percent. Combining the federal and state income tax results, there was a total reduction in government tax collections of \$7.8 billion. The reduced taxes increased families' resources, reducing the SPM child poverty rate from 14.6 percent to 13.9 percent, a 4.7 percent reduction (table 14).

⁴⁹ The CCDF participation probabilities are based on a comparison of TRIM-simulated CCDF-eligible families with families actually receiving CCDF-funded child care subsidies according to administrative data. Among eligible families, the probability of receiving CCDF subsidies varies by race/ethnicity (highest for non-Hispanic black families, lowest for Hispanics), ages of children (higher for children ages 1 through 5 than for infants or school-age children), and income level (higher for lower-income families versus families closer to the income limits).

When employment effects were modeled, 463,000 individuals were identified as starting to work due to the increase in the effective wage caused by the EITC. As explained above, the new workers were unmarried parents who became eligible for the EITC by starting to work. The new workers thus all begin to take the EITC, increasing the total number of federal tax units with the credit by 2.3 percent. Including the tax units of the new workers, the average credits are \$2,278 for families with one child and \$3,814 for families with two or more children. The aggregate increase in the federal EITC is estimated at \$9.7 billion, and there are also increases in state EITC and in the federal child tax credit and child and dependent care tax credit. However, payroll taxes increase as a result of the new earnings. Combining the impacts on payroll taxes, federal income taxes, and state income taxes, tax liability falls by \$9.5 billion when the expanded EITC is modeled with employment effects.

TABLE 14

Impact of Expanded EITC on Child Poverty in 2010

Child Poverty Characteristics and Related Impacts	Baseline	Expanded EITC			
		No Employment Effects		With Employment Effects	
		Level	Change	Level	Change
Child SPM poverty rate	14.6%	13.9%	-4.7%	13.3%	-8.8%
SPM poverty rate, all individuals	14.2%	13.8%	-2.4%	13.6%	-4.3%
Distribution of children by family income level					
<50% of SPM poverty	2.8%	2.7%	-4.5%	2.5%	-10.3%
50-99% of SPM poverty	11.8%	11.2%	-4.8%	10.8%	-8.4%
100-149% of SPM poverty	23.8%	23.7%	-0.2%	23.9%	0.5%
Number of children in SPM poverty (thousands)	10,924	10,410	-4.7%	9,967	-8.8%
By Race/Ethnicity					
White (non-Hispanic)	3,053	2,879	-5.7%	2,776	-9.1%
Black (non-Hispanic)	2,128	1,990	-6.5%	1,826	-14.2%
Hispanic	4,937	4,760	-3.6%	4,611	-6.6%
Other races (non-Hispanic)	805	782	-2.9%	754	-6.4%
By current status of adults in the family ^a					
Family has any nonelderly/disabled adults	10,091	9,594	-4.9%	9,153	-9.3%
At least one adult is a FY-FT worker	3,702	3,505	-5.3%	3,487	-5.8%
No FY-FT adults, at least one adult works	3,714	3,420	-7.9%	3,395	-8.6%
No working adults, all adults are students	316	309	-2.1%	309	-2.1%
No working adults, >= 1 non-student adult	2,359	2,359	0.0%	1,962	-16.8%
Family has only elderly or disabled adults	690	677	-1.8%	677	-1.8%
By metropolitan status					
Metropolitan area	9,768	9,304	-4.7%	8,943	-8.4%
Nonmetropolitan area	1,156	1,107	-4.3%	1,024	-11.5%
By region					
Northeast	1,405	1,350	-3.9%	1,262	-10.2%
South	4,321	4,071	-5.8%	3,880	-10.2%
Midwest	1,731	1,641	-5.2%	1,555	-10.2%
West	3,467	3,349	-3.4%	3,271	-5.7%
Other poverty data					
Total families with children in poverty (thousands)	5,373	5,139	-4.4%	4,937	-8.1%
Single-head families with children in poverty (thousands)	1,698	1,620	-4.6%	1,503	-11.5%
Poverty Gap (families with children) (\$ millions)	\$40,467	\$38,258	-5.5%	\$36,803	-9.1%
Poverty Gap (all families) (\$ millions)	\$128,341	\$125,995	-1.8%	\$124,290	-3.2%
Persons with new jobs or higher earnings (thousands)	na				463
Average annual earnings change					\$11,761
Change in government costs (\$ millions, federal and state)					
Costs of benefit programs	\$270,942		\$0		-\$1,252
Tax collections (net of credits)	\$1,988,244		-\$7,829		-\$9,454
Benefits minus tax collections (\$ millions)			\$7,829		\$8,202
Change in poverty gap as % of change in government costs			30.0%		49.4%

^a Note that a child may be counted in a different row in the alternative vs. the baseline.

The new earnings modeled in the employment-effects scenario result in some decreases in government benefits, the largest of which is an \$894 million reduction in SNAP benefits. However, the costs of child care subsidies increases, as 73,000 of the new workers are estimated to begin taking CCDF-funded child care subsidies. On net, the cost of government benefits decreases by \$1.3 billion in this scenario, offsetting a portion of the reduction in tax liability to produce an overall \$8.2 billion increase in government costs.

Combining all the impacts—additional earnings, higher tax credits, lower benefits—the EITC policy with employment effects reduces the child poverty rate to 13.3 percent, an 8.8 percent drop from the baseline. The largest decrease in poverty was for black children, with a 14.2 percent reduction assuming more single-family heads begin to work. The percentage reduction in poverty was greater in families where adults work part-time or part-year (8.6 percent) compared with families with a full-year full-time worker (5.8 percent), as part-year or part-time workers tend to have lower earned incomes and so are most likely to be in the range of incomes affected by the EITC expansion. The number of children in poverty who live with nondisabled working-age adults who are neither working or in school falls by 16.8 percent due to the new employment; these children are then classified as living with working adults, although they may still be poor.

The poverty gap for families with children fell by \$3.7 billion, or 9.1 percent, when employment effects are included. Overall, the poverty gap fell by \$4.1 billion, or 3.2 percent. The difference is due to the fact that some families with children older than 17 benefit from the EITC. The change in the overall poverty gap as a percentage of the change in government costs is 30.0 percent with no employment effects and 49.4 percent in the scenario with employment effects. In other words, for each dollar of new government spending, the poverty gap is reduced by about 30 cents without considering employment effects and by 49 cents if there is new employment. (Since the new employment is assumed to be from private jobs, it increases family incomes without increasing government costs.) The remaining money increases families' incomes to levels above the SPM poverty threshold, or helps families whose incomes were already above the poverty level before the simulation.

Because of the underidentification of actual EITC discussed above, the estimates likely understate both the number of families that would benefit from the expansion and the aggregate increase in the credit. The effect on EITC costs would depend largely on how often the unidentified EITC recipients are in households with children in the portion of the EITC income range affected by the EITC expansion. The effect of the shortfall on child poverty also depends on how often the dollars not identified in the simulation would go to taxpayers without qualifying children. The IRS estimates that over half of the total amount of EITC overclaims is paid to taxpayers without qualifying children (IRS 2014), although

some of those recipients could live with children or use the credit to benefit children living elsewhere. Thus, the simulation likely understates the antipoverty impact of the EITC expansion, but the extent of the understatement is not known.

Fully Refundable Child Tax Credit

The Child Tax Credit (CTC) provides a \$1,000 reduction in tax liability for each child in a tax unit under age 17. The credit is partially refundable, so that a family can receive the credit even when the amount of the credit exceeds the family's tax liability; however, the maximum amount of the credit that is refundable is equal to 15 percent of earned income over \$3,000, meaning that families with low levels of income cannot claim the full amount of the credit.⁵⁰ For example, a family with two children that makes \$10,000 in annual earned income could claim only \$1,050 (15 percent of \$7,000) of their total \$2,000 in potential Child Tax Credit. The CDF policy package includes a proposal to make the Child Tax Credit fully refundable, meaning that all families could claim the full \$1,000 of the credit per qualifying child regardless of the family's earned income.

METHODS

The CTC is already simulated by TRIM3, so we modified the programming for the tax credit to provide the full amount of the credit to all tax units, regardless of the unit's tax liability. Because TRIM3 assumes that all families file their taxes, we assumed that every family that benefitted from the credit would file to claim it.

RESULTS

Making the CTC fully refundable would have allowed an additional 4.4 million tax units to benefit from the additional child tax credit (table C3.4b). The additional family resources are estimated to reduce the child poverty rate to 12.9 percent, a reduction of 11.6 percent (table 15). The effects of the credit were particularly strong at the bottom of the income distribution, with a decline of 21.8 percent in the number of children in deep poverty. In terms of work status, the families that saw the greatest poverty reductions from the credit (16 percent or more) were those with no working adults, including adults who were students, elderly, or disabled; these families tend not to be assisted by the current child tax

⁵⁰ The current formula was imposed under ARRA. Before ARRA, the minimum earned income needed to take the refundable portion of the credit was set to rise to \$12,550. The level will stay at \$3,000 through 2017, but is scheduled to increase in 2018. See "ARRA and the Additional Child Tax Credit" on the website of the Internal Revenue Service, <http://www.irs.gov/uac/ARRA-and-the-Additional-Child-Tax-Credit>.

credit, since they have no earned income, making the credit's expansion most valuable to these families.⁵¹

TABLE 15

Impact of Refundable Child Tax Credit on Child Poverty in 2010

Child Poverty Characteristics and Related Impacts	Baseline	Refundable CTC	
		Level	Change
Child SPM poverty rate	14.6%	12.9%	-11.6%
SPM poverty rate, all individuals	14.2%	13.5%	-4.8%
Distribution of children by family income level			
<50% of SPM poverty	2.8%	2.2%	-21.8%
50-99% of SPM poverty	11.8%	10.7%	-9.2%
100-149% of SPM poverty	23.8%	24.6%	3.6%
Number of children in SPM poverty (thousands)	10,924	9,657	-11.6%
By Race/Ethnicity			
White (non-Hispanic)	3,053	2,614	-14.4%
Black (non-Hispanic)	2,128	1,791	-15.8%
Hispanic	4,937	4,498	-8.9%
Other races (non-Hispanic)	805	754	-6.4%
By current status of adults in the family			
Family has any nonelderly/disabled adults	10,091	8,983	-11.0%
At least one adult is a FY-FT worker	3,702	3,468	-6.3%
No FY-FT adults, at least one adult works	3,714	3,271	-11.9%
No working adults, all adults are students	316	262	-17.2%
No working adults, >= 1 non-student adult	2,359	1,982	-16.0%
Family has only elderly or disabled adults	690	531	-23.0%
By metropolitan status			
Metropolitan area	9,768	8,769	-10.2%
Nonmetropolitan area	1,156	887	-23.2%
By region			
Northeast	1,405	1,266	-9.9%
South	4,321	3,748	-13.3%
Midwest	1,731	1,413	-18.4%
West	3,467	3,230	-6.8%
Other poverty data			
Total families with children in poverty (thousands)	5,373	4,912	-8.6%
Single-head families with children in poverty (thousands)	1,698	1,480	-12.8%
Poverty Gap (families with children) (\$ millions)	\$40,467	\$35,008	-13.5%
Poverty Gap (all families) (\$ millions)	\$128,341	\$122,879	-4.3%
Persons with new jobs or higher earnings (thousands)	na		
Average annual earnings change			
Change in government costs (\$ millions, federal and state)			
Costs of benefit programs	\$270,942		\$0
Tax collections (net of credits)	\$1,988,244		-\$12,423
Benefits minus tax collections (\$ millions)			\$12,423
Change in poverty gap as % of change in government costs			44.0%

⁵¹ In some cases under current rules, a low-income family without earned income may receive the nonrefundable portion of the CTC because they have positive tax liability on income from other sources.

Overall, compared to 2010 policy, the expansion of the credit cost \$12.4 billion, and 44 percent of these costs went to reducing the poverty gap (by \$5.5 billion). In other words, for each dollar of new government spending, the poverty gap is reduced by about 44 cents; all of that reduction is for families with children. The remaining money increases families' incomes to levels above the SPM poverty threshold, or helps families whose incomes were already above the poverty level before the simulation.

Higher Child and Dependent Care Tax Credit

The Child and Dependent Care Tax Credit (CDCTC) is a nonrefundable tax credit that reimburses a portion of taxpayers' child care expenses, with the percentage that is reimbursed declining from 35 percent for tax units in the lowest category of Adjusted Gross Income (AGI) to 20 percent for the highest AGI category. CDF's proposal would increase the rate at which the credit reimburses expenses, and would also make the credit fully refundable (so the credit could be claimed to reimburse expenses even if taxpayers did not have any tax liability). Table 16 displays the changes to the credit schedule.

TABLE 16

Proposed Changes to CDCTC Reimbursement Schedule

Baseline Schedule		CDF Proposed Schedule	
AGI Rate		AGI Rate	
\$0 – \$15,000	35%	\$0 – \$25,000	50%
15,000 – 17,000	34%	25,000 – 27,000	47%
17,000 – 19,000	33%	27,000 – 29,000	44%
19,000 – 21,000	32%	29,000 – 31,000	41%
21,000 – 23,000	31%	31,000 – 33,000	38%
23,000 – 25,000	30%	33,000 – 35,000	35%
25,000 – 27,000	29%	35,000 – 37,000	32%
27,000 – 29,000	28%	37,000 – 39,000	29%
29,000 – 31,000	27%	39,000 – 41,000	26%
31,000 – 33,000	26%	41,000 – 43,000	23%
33,000 – 35,000	25%	43,000 – No limit	20%
35,000 – 37,000	24%		
37,000 – 39,000	23%		
39,000 – 41,000	22%		
41,000 – 43,000	21%		
43,000 – No limit	20%		

As shown, CDF proposes a schedule that begins with a 50 percent credit percentage for the lowest-income group. In other words, a tax unit with AGI under \$25,000 would be entitled to a refundable credit equal to half the amount of out-of-pocket child care expenses.

METHODS

The CDCTC is already parameterized in TRIM3, so we adjusted the schedule to correspond to the proposed schedule. We also altered the code so that the credit was made fully refundable, without being constrained by tax liability.

In addition to simulating a static estimate of the credit, we simulated the credit with employment effects. For parents who must pay for child care, reimbursing a portion of child care expenses essentially increases the economic gain for working, and the economic literature suggests that in general, labor supply increases when the gains to work increase. While there is a relatively sparse literature on the employment effects of the CDCTC, the available studies (Averett, Peters, and Waldman 1997 and Miller and Mumford 2011) treat the credit as simply reducing the price of childcare and compute elasticities of labor supply with respect to this reduced price. We thus based the employment effects for the credit on the change in net child care price, using the same method and elasticity used for the child care subsidy expansion. In brief, we assume that a parent's probability of taking a job equals 0.3 times the percentage reduction in the cost of child care. Since these are parents who are not currently working (and not currently using child care), we use imputation equations to estimate if they would pay for child care and if so, how much. (Further details are provided below in the discussion of labor supply impacts for the CCDF expansion.) We also assumed that there would be no increase in funding for CCDF subsidies to accompany the CDCTC increase, meaning no new families would receive child care subsidies.

RESULTS:

When the CDCTC expansion is modeled without employment effects, the number of tax units taking the credit increases by 1.3 million (22 percent) due to the credit becoming refundable, and the total amount of credit increases by \$1.6 billion (45 percent) due to a combination of refundability and the increased credit percentage (table C3.4b). Due to secondary impacts on other aspects of federal taxes and also impacts on state income taxes, total tax liability falls by \$1.7 billion.

The simulation of employment effects results in 101,000 new jobs being modeled. All of the new workers are parents who would benefit from the CDCTC, and who would benefit more from the modified CDCCTC than from the actual credit. With the new workers also taking the CDCTC, the aggregate credit increases by \$1.7 billion relative to the baseline. Aggregate tax liability falls by \$2 billion in this scenario, and there is a \$0.4 billion reduction in spending on government benefits due to the fact that some families now have new earnings. On net, government costs increase by \$1.6 billion.

(The increased costs from more credits being claimed by new workers were more than offset by the reductions in transfer program benefits for those families.)

Despite the substantial percentage impacts on the CDCTC credit, the expansion had relatively low impacts on SPM poverty (table 17). Child poverty is reduced by 0.6 percent without employment effects and by 1.3 percent when employment effects are included. The poverty gap for families with children is reduced by \$520 million, or 1.3 percent; there was no impact on the poverty gap for families without children.

TABLE 17

Impact of Expanded Child Care Tax Credit on Child Poverty in 2010

Child Poverty Characteristics and Related Impacts	Baseline	Expanded Child and Dependent Care Tax Credit			
		No Employment Effects		With Employment Effects	
		Level	Change	Level	Change
Child SPM poverty rate	14.6%	14.5%	-0.6%	14.4%	-1.3%
SPM poverty rate, all individuals	14.2%	14.1%	-0.3%	14.1%	-0.6%
Distribution of children by family income level					
<50% of SPM poverty	2.8%	2.8%	-1.1%	2.8%	-1.6%
50-99% of SPM poverty	11.8%	11.7%	-0.5%	11.6%	-1.3%
100-149% of SPM poverty	23.8%	23.6%	-0.6%	23.7%	-0.5%
Number of children in SPM poverty (thousands)	10,924	10,853	-0.6%	10,777	-1.3%
By Race/Ethnicity					
White (non-Hispanic)	3,053	3,036	-0.6%	3,004	-1.6%
Black (non-Hispanic)	2,128	2,105	-1.1%	2,088	-1.9%
Hispanic	4,937	4,917	-0.4%	4,893	-0.9%
Other races (non-Hispanic)	805	796	-1.1%	793	-1.6%
By current status of adults in the family					
Family has any nonelderly/disabled adults	10,091	10,021	-0.7%	9,945	-1.5%
At least one adult is a FY-FT worker	3,702	3,651	-1.4%	3,643	-1.6%
No FY-FT adults, at least one adult works	3,714	3,695	-0.5%	3,679	-0.9%
No working adults, all adults are students	316	316	0.0%	316	0.0%
No working adults, >= 1 non-student adult	2,359	2,359	0.0%	2,306	-2.2%
Family has only elderly or disabled adults	690	690	0.0%	690	0.0%
By metropolitan status					
Metropolitan area	9,768	9,704	-0.6%	9,648	-1.2%
Nonmetropolitan area	1,156	1,149	-0.6%	1,129	-2.4%
By region					
Northeast	1,405	1,394	-0.8%	1,394	-0.8%
South	4,321	4,289	-0.7%	4,245	-1.7%
Midwest	1,731	1,719	-0.7%	1,697	-2.0%
West	3,467	3,452	-0.4%	3,441	-0.7%
Other poverty data					
Total families with children in poverty (thousands)	5,373	5,340	-0.6%	5,311	-1.2%
Single-head families with children in poverty (thousands)	1,698	1,676	-1.3%	1,668	-1.8%
Poverty Gap (families with children) (\$ millions)	\$40,467	\$40,157	-0.8%	\$39,947	-1.3%
Poverty Gap (all families) (\$ millions)	\$128,341	\$128,031	-0.2%	\$127,821	-0.4%
Persons with new jobs or higher earnings (thousands)	na				101
Average annual earnings change					\$13,265
Change in government costs (\$ millions, federal and state)					
Costs of benefit programs	\$270,942		\$0		-\$383
Tax collections (net of credits)	\$1,988,244		-\$1,671		-\$1,990
Benefits minus tax collections (\$ millions)			\$1,671		\$1,607
Change in poverty gap as % of change in government costs			18.6%		32.4%

The impact of the policy is minimized by the fact that many low-income families do not incur out-of-pocket child care expenses. According to data from the Census Bureau (Laughlin 2013), 18.5 percent of employed mothers with children under age 15 and monthly income under \$1,500 paid for child care in spring 2011.

Nineteen percent of costs went to reducing the poverty gap for families with children, although this proportion increased to 32.4 percent assuming employment effects. In other words, for each dollar of new government spending, the poverty gap for families with children is reduced by about 19 cents without employment effects, and by about 32 cents with employment effects. The remaining money increases families' incomes to levels above the SPM poverty threshold, or helps families whose incomes were already above the poverty level before the simulation.

Reducing Expenses

A final way to reduce poverty in the SPM framework is to reduce out-of-pocket expenses, which are subtracted from resources when determining SPM poverty. Thus, reducing expenses can reduce child poverty rates.

Expanded Child Care Subsidies

The final component of the CDF policy package expands the Child Care and Development Fund (CCDF) subsidies to guarantee assistance for eligible families that are below 150 percent of poverty that want subsidies, with no limitations based on available funds. For families in the contiguous 48 states and Washington, DC, 150 percent of poverty equals the following values:

Family size	Annual income limit	Monthly income limit
2	\$21,855	\$1,821
3	\$27,465	\$2,289
4	\$33,075	\$2,756
5	\$38,685	\$3,224
6	\$44,295	\$3,691

States that currently use an income limit for child care subsidies that is higher than 150 percent of poverty were assumed to continue using those higher limits. This option did not envision any changes to the states' other eligibility policies—such as the definition of family units—or to the states' methods for computing copayments.

METHODS

Simulating expanded child care assistance involved determining how the eligibility rules would be defined at the state level, identifying which families with income below 150 percent of poverty who would want to begin receiving child care assistance, and computing the value of the subsidy. In a second version of the simulation, we also modeled the effects this child care guarantee would have on employment.

The existing child care subsidy program follows broad federal guidelines, but most of the policies affecting eligibility, family payments, and provider payments are established at the state level. While this policy proposal guarantees assistance for families with income below 150 percent of the poverty guidelines, in reality states may set their income eligibility limits higher than this—up to 85 percent of the state median income—and in 2010 only eight states set their limits below 150 percent of poverty. States are also given substantial leeway in establishing policies for work requirements (the minimum hours per week required for a family to be eligible for subsidies), defining the assistance unit, and determining what types of income are counted. For example, one of the states with an income limit slightly below 150 percent of poverty allows families to disregard a portion of their earnings before determining eligibility, thus making their eligibility policy more generous than it would appear based on the income limit alone. Because of these complexities, the simulation left current state-specific policies in place, but imposed a national-level policy that any family that was eligible according to the state rules and that had income under 150 percent of poverty would be guaranteed a subsidy.

To model the guarantee, we identified eligible families with income under 150 percent of poverty that were not previously receiving CCDF-funded subsidies. In reality, not all families would choose to use the subsidy, even when eligible for assistance. For example, families might not take up the subsidy because they have access to less expensive child care arrangements, such as having a child cared for by a grandmother who does not ask for payment. In order to account for the fact that not all eligible families would choose to use assistance, we only selected families to take advantage of the new subsidy guarantee (and begin receiving a subsidy) if they reported paying child care expenses in the CPS-ASEC survey data. This represents a lower bound on the cost of the guarantee, since some families currently using free or low-cost child care might choose to take a subsidy—even if the copay would increase their

out-of-pocket expenses—in order to obtain more formal care for their children. Note that all families with a child care subsidy in the baseline simulation were modeled to retain the subsidy.

In order to assess the policy package and its potential costs, the simulation must estimate the amount that families are required to pay (referred to as the family's copayment) and the total value of the child care. In both the baseline simulation and this simulation, we first probabilistically assign a type of child care (informal, family day care, center based care) using administrative data on actual subsidy recipients. We then assume that each family locates child care with a full cost equal to exactly the “maximum rates” that their state paid for that type of care in 2010. Finally, we computed the copayments, using the same state-by-state policies used in the baseline simulation. The cost of each family's subsidy (the government's cost for that family's subsidy) equals the maximum rates (summed across the family's children) minus the family's copayment.

One consideration of expanding child care assistance is the potential impact that access to child care may have on employment. Summaries of the literature (Blau, 2003 and Ziliak et al. 2008) find considerable uncertainty about the effects of child care costs on employment, with modal elasticities of -0.3 to -0.4 for single mothers and lower estimates for married mothers. This implies that a 1 percent reduction in child care costs would correspond to a 0.3 to 0.4 percent increase in employment for single mothers. However, more recent studies (Fitzpatrick 2012, Herbst 2010, and Tekin 2007) find smaller effects, which some authors have attributed to the economy-wide increases in mothers' labor supply over time. Additionally, two recent large-scale randomized experiments in Illinois and Washington state (Michalopoulos, Lundquist and Castells 2010 and Michalopoulos 2010) found no effects of increased child care subsidy eligibility or reduced copayments on employment.

In light of this uncertainty, we modeled an employment effect at a 0.3 elasticity to provide a comparison to the simulation without employment effects. For each family with non-working adults and children under 13 (the age limit for CCDF eligibility for children without special needs), we computed the child care expenses that the family would incur if the non-working adults took a job at the minimum wage, without any expansion to child care subsidies. (Disabled adults and students were excluded from this calculation.)⁵² We next computed for each family the childcare expenses that would be incurred by

⁵² These expenses were estimated based on regression equations calculated from SIPP data using a large number of family and income characteristics, and calibrated to produce the same level of child care expenses as the CY 2010 CPS-ASEC data. For this particular purpose, we assumed all families would have a non-zero expense, to provide an estimate for each family of the price the family would pay for child care given that they pay some amount (reflecting the implicit value of the childcare subsidy to each family). We then subtracted the value of the baseline CDCTC (as this tax credit offsets child care expenses) to arrive at a final figure for expenses that the family would incur if adults began to work.

starting work after the expansion of the subsidy program. For this second calculation, we assumed that all eligible families would participate in child care subsidies; families that were subsidized had a child care expense equal to their simulated copayment. We then computed the probability of taking a new job as the percentage change in child care expenses times the elasticity of 0.3. Thus, a family who saw their child care expenses upon taking a job fall from a positive value to zero (a 100 percent reduction in expenses) would have a 30 percent chance of taking a new job, while a family that saw a 50 percent reduction in expenses would have a 15 percent chance of taking a new job.

We compared the probabilities of taking a job to a random number for each family, to determine whether the family head would begin work (families where both the head and spouse did not work were excluded, as we assumed childcare was not a constraint on work for these families). Families that began work were assigned jobs at the minimum wage with hours based on the characteristics of jobs held by workers in SPM poverty in the 2010 baseline (as described in the EITC simulation, above). Any parent who was simulated to start to work due to the availability of the subsidy was also simulated to enroll in the subsidy program. (Note that for these families, child care expenses were previously \$0, and now they may be a positive amount due to copayments; however, the copay expense will presumably be offset by the new earnings.)

RESULTS

In the simulation of the CCDF guarantee without employment effects, an additional 0.6 million families begin receiving subsidies, increasing the CCDF caseload by 62 percent and increasing the aggregate cost of subsidies by \$3.9 billion (57 percent) (table C3.5a). The average monthly subsidy is \$561—just slightly below the monthly subsidy in the baseline, \$567. Differences in the average subsidy amounts for newly subsidized families versus families subsidized in the baseline could be due to a different distribution of the newly subsidized units across states, since states vary in their reimbursement rates and copayment policies.

The expanded child care subsidies have some secondary impacts on programs. Since SNAP, TANF, and housing subsidies all include child care deductions, benefits paid by those programs all drop slightly, due to the fact that some families now have lower child care expenses. The amount of child and dependent care credit in the federal income tax system also decreases slightly. These changes offset some of the costs of the new subsidies, and aggregate government costs increase by \$3.6 billion (table 18).

The net impact of the subsidy guarantee, in the absence of employment effects, is that child poverty is reduced from the baseline level of 14.6 percent by a very small amount, to 14.5 percent. The impact is relatively similar across races, as well as in metropolitan and nonmetropolitan areas. The percentage

reduction is larger (1.4 percent) for children in families with full-year full-time workers, and there is no impact in families with nonelderly nondisabled adults who are out of the labor force and not students. There is a 1.1 percent reduction for children in families where the adults are students, since CCDF is also available for students.

When the employment effects are included, 358,000 people are simulated to take new jobs, with average annual earnings of \$12,523. All of the new workers are modeled to take CCDF subsidies, bringing the total program caseload to 1.9 million (an increase of 97 percent from the baseline) and the total value of subsidies to \$13.6 billion (an increase of 102 percent). Factoring in reductions in benefits due to new earnings and due to lower child care expenses, and an overall decrease in tax revenues (as the increase in refundable tax credits on new earnings exceeds the taxes on the new earnings) total government costs increase by \$5.3 billion.

TABLE 18

Impact of Expanded Child Care Subsidies on Child Poverty in 2010

Child Poverty Characteristics and Related Impacts	Baseline	Expanded Child Care Subsidies			
		No Employment Effects		With Employment Effects	
		Level	Change	Level	Change
Child SPM poverty rate	14.6%	14.5%	-0.7%	14.1%	-3.1%
SPM poverty rate, all individuals	14.2%	14.1%	-0.3%	14.0%	-1.3%
Distribution of children by family income level					
<50% of SPM poverty	2.8%	2.8%	-1.4%	2.7%	-5.1%
50-99% of SPM poverty	11.8%	11.7%	-0.5%	11.5%	-2.6%
100-149% of SPM poverty	23.8%	23.8%	0.2%	24.0%	0.8%
Number of children in SPM poverty (thousands)	10,924	10,852	-0.7%	10,589	-3.1%
By Race/Ethnicity					
White (non-Hispanic)	3,053	3,028	-0.8%	2,950	-3.4%
Black (non-Hispanic)	2,128	2,106	-1.0%	2,025	-4.8%
Hispanic	4,937	4,914	-0.5%	4,820	-2.4%
Other races (non-Hispanic)	805	803	-0.3%	794	-1.4%
By current status of adults in the family					
Family has any nonelderly/disabled adults	10,091	10,020	-0.7%	9,761	-3.3%
At least one adult is a FY-FT worker	3,702	3,650	-1.4%	3,653	-1.3%
No FY-FT adults, at least one adult works	3,714	3,698	-0.4%	3,684	-0.8%
No working adults, all adults are students	316	313	-1.1%	313	-1.1%
No working adults, >= 1 non-student adult	2,359	2,359	0.0%	2,112	-10.5%
Family has only elderly or disabled adults	690	690	0.0%	685	-0.7%
By metropolitan status					
Metropolitan area	9,768	9,701	-0.7%	9,476	-3.0%
Nonmetropolitan area	1,156	1,151	-0.4%	1,113	-3.7%
By region					
Northeast	1,405	1,386	-1.3%	1,354	-3.6%
South	4,321	4,305	-0.4%	4,219	-2.4%
Midwest	1,731	1,712	-1.1%	1,651	-4.7%
West	3,467	3,450	-0.5%	3,365	-2.9%
Other poverty data					
Total families with children in poverty (thousands)	5,373	5,347	-0.5%	5,241	-2.5%
Single-head families with children in poverty (thousands)	1,698	1,685	-0.8%	1,640	-3.4%
Poverty Gap (families with children) (\$ millions)	\$40,467	\$40,154	-0.8%	\$39,105	-3.4%
Poverty Gap (all families) (\$ millions)	\$128,341	\$128,028	-0.2%	\$126,982	-1.1%
Persons with new jobs or higher earnings (thousands)	na				358
Average annual earnings change					\$12,523
Change in government costs (\$ millions, federal and state)					
Costs of benefit programs	\$270,942		\$3,656		\$5,086
Tax collections (net of credits)	\$1,988,244		\$59		-\$246
Benefits minus tax collections (\$ millions)			\$3,597		\$5,332
Change in poverty gap as % of change in government costs			8.7%		25.5%

In the employment-effects scenario, the child poverty rate is reduced to 14.1 percent (a reduction of 3.1 percent). Relative to the scenario without employment effects, an additional 263,000 children are raised out of SPM poverty; this suggests that a substantial portion of the 358,000 new workers were able to raise their families out of poverty through the new job combined with child care subsidies. The reduction in the poverty gap for families with children is \$1.4 billion, or 3.4 percent; families without children are unaffected.

The poverty impacts of the child care subsidy expansion are small compared to other program changes proposed in the CDF package. One factor is that the child care subsidy policy only helps families with parents who are working or who are students, and only helps families with children under age 13. Also, the amount of the subsidy varies based on a number of factors (e.g., the maximum reimbursement rate may be lower for parents working part-time) and on its own the value of the subsidy may not be high enough to pull a family out of poverty. Finally, as mentioned above, we only simulated an eligible family to newly receive a subsidy if the family had child care expenses in the baseline simulation, and only a minority of low-income working families with children pay for child care.

Another reason for the limited impact on SPM poverty is related to the way in which the SPM treats child care costs. Child care is reflected in the SPM through expense amounts; specifically, child care expenses are subtracted from other resources. When a family has a subsidy, the family pays only a portion of the total cost (the copayment), and some families owe no copayment. Therefore, the SPM picks up an economic benefit to receiving a child care subsidy to the extent that a family's out-of-pocket child care expenses are lowered, relative to the unsubsidized expenses before having a subsidy. However, if a family previously paying \$200 per month in unsubsidized child care expense for an informal arrangement begins to receive a CCDF subsidy and pays a copayment that is also \$200 per month, there is no change in the family's economic well-being as measured by the SPM, even though the economic value of the two arrangements might be quite different. If a low-income family previously had low child care expenses, the reduction in expense when taking a subsidy could be relatively small. The subsidy may increase the *quality* of the child care that the family can access, but the impact on the family's expenses may not be large.

The change in the poverty gap as a percentage of the change in government costs is 8.7 percent without employment effects and 25.5 percent with employment effects. In other words, for each dollar of new government spending, the poverty gap is reduced by about 9 cents without employment effects and by 25.5 cents with employment effects (and all of the poverty gap reduction occurs for families with children). As mentioned above, the cost to the government of providing a subsidy equals the assumed full value of the child care being provided minus the copayment paid by the family. However, the

economic benefit to the family is the difference between the family's unsubsidized payment (which could be much less than the full value of the new care) minus the copayment. Thus, the government's costs include the increased value of child care being provided while the poverty impacts reflect only families' out-of-pocket costs.

Combining Policies

After running simulations of the effects of each policy if enacted individually, we simulated the effects of the policies on poverty when enacted together in several combinations. When policies are combined, the antipoverty impact may be smaller than the sum of the individual impacts—if the same children would be removed from poverty by any one of multiple policies; or larger than the sum of the individual impacts—if many children are removed from poverty only by a combination of policies.

Minimum Wage and EITC

We first simulated the effects of the EITC increase (with employment effects) in combination with the minimum wage increase (including spillover and job loss effects).

METHODS

We assumed that individuals who were induced to work by the higher EITC would receive jobs at the higher minimum wage; however, fewer of these jobs would be awarded in total, since some of those jobs would not be available after job loss was assumed. In other words, we applied the same probability of job loss to individuals who started work due to the EITC as to other minimum wage workers.

RESULTS

Enacting both the minimum wage and EITC policies reduced child poverty by 12.4 percent, to a rate of 12.8 percent. The number of children removed from poverty—1.36 million—is just slightly below the sum of those removed from poverty by the individual policies (0.96 million due to the EITC expansion with employment effects and 0.43 million due to the minimum wage with spillover and job loss, for a total of 1.39 million) (table 19). This suggests that the number of children who would be brought out of poverty by either one of the policies is only slightly larger than the number of children who are only brought out of poverty by the combination of the two policies.

The effects were strongest for black children (a 16.5 percent reduction), children in families with no working adults (a 15.5 percent reduction), and single-headed families with children (a 14.9 percent reduction). A total of 28.0 million people saw either new jobs or higher earnings from the policy, with an average increase in earnings of \$1,864, while 258,000 were simulated to lose jobs. The policy overall was simulated to result in budgetary savings, as the higher minimum wage reduced the cost of benefit programs by \$3.2 billion, and the cost of the higher EITC was offset by \$5.1 billion in increased tax revenues from the higher minimum wage, resulting in a net \$8.3 billion savings to the government. (We do not present the cost results relative to the poverty gap because this combination of policies resulted in no net costs. The poverty gap reduction results primarily from the increased wages, the cost of which is presumably borne by private businesses.)

TABLE 19

Impact of Minimum Wage plus EITC Increases on Child Poverty in 2010

Child Poverty Characteristics and Related Impacts	Baseline	EITC and Min. Wage	
		level	change
Child SPM poverty rate	14.6%	12.8%	-12.4%
SPM poverty rate, all individuals	14.2%	13.0%	-8.1%
Distribution of children by family income level			
<50% of SPM poverty	2.8%	2.4%	-14.1%
50-99% of SPM poverty	11.8%	10.4%	-12.1%
100-149% of SPM poverty	23.8%	23.7%	-0.2%
Number of children in SPM poverty (thousands)	10,924	9,564	-12.4%
By Race/Ethnicity			
White (non-Hispanic)	3,053	2,674	-12.4%
Black (non-Hispanic)	2,128	1,777	-16.5%
Hispanic	4,937	4,377	-11.3%
Other races (non-Hispanic)	805	735	-8.7%
By current status of adults in the family			
Family has any nonelderly/disabled adults	10,091	8,751	-13.3%
At least one adult is a FY-FT worker	3,702	3,223	-12.9%
No FY-FT adults, at least one adult works	3,714	3,224	-13.2%
No working adults, all adults are students	316	309	-2.1%
No working adults, >= 1 non-student adult	2,359	1,994	-15.5%
Family has only elderly or disabled adults	690	676	-2.0%
By metropolitan status			
Metropolitan area	9,768	8,583	-12.1%
Nonmetropolitan area	1,156	981	-15.1%
By region			
Northeast	1,405	1,223	-12.9%
South	4,321	3,738	-13.5%
Midwest	1,731	1,478	-14.6%
West	3,467	3,124	-9.9%
Other poverty data			
Total families with children in poverty (thousands)	5,373	4,724	-12.1%
Single-head families with children in poverty (thousands)	1,698	1,445	-14.9%
Poverty Gap (families with children) (\$ millions)	\$40,467	\$35,162	-13.1%
Poverty Gap (all families) (\$ millions)	\$128,341	\$120,467	-6.1%
Persons with new jobs or higher earnings (thousands)	na		28,045
Average annual earnings change			\$1,864
Persons who lose a job (thousands)			258
Change in government costs (\$ millions, federal and state)			
Costs of benefit programs	\$270,942		-\$3,239
Tax collections (net of credits)	\$1,988,244		\$5,144
Benefits minus tax collections (\$ millions)			-\$8,383

Minimum Wage, EITC, and Transitional Jobs

The second set of combined simulations involved simulating the minimum wage and EITC as above, while adding on the transitional jobs program.

METHODS

When adding the transitional jobs to the policies above, it was necessary to consider the ordering of different types of job changes—new TJ jobs, new jobs due to the EITC, and job loss due to the minimum wage. We assumed that some individuals who were simulated to take transitional jobs in the individual simulation of that policy did not do so in this simulation, as they were already assumed to take an unsubsidized job due to the EITC expansion. Additionally, we assumed that individuals who lost their jobs due to the minimum wage would not take a transitional job (to reflect that a higher minimum wage could lead to a small amount of additional slack in the labor market, even in the presence of a TJ program). The transitional jobs were provided at the higher minimum wage.

RESULTS

Enacting the three policies in concert reduced child poverty by 23.4 percent (table 20). A total of 2.6 million children were removed from poverty, almost exactly the same as the sum of antipoverty impacts from the individual policies. There was also a 30.1 percent reduction in deep poverty. The poverty gap for families with children fell by \$10.9 billion, or 27 percent. Including families without children, the poverty gap fell by \$13.5 billion (since some of the families that benefit from the higher minimum wage do not have children). The groups most helped by the three combined policies were black children (with a 29.6 percent reduction in poverty) and children in families with no working adults and at least one non-student adult (with a 40 percent reduction).

Overall, 30.4 million people were estimated to gain jobs or higher earnings, with an average annual gain of \$2,831, and 258,000 were simulated to lose jobs (as in the previous simulation). The government would expend \$29.6 billion on the transitional jobs program after subtracting reduced transfer program benefits. Tax collections would be decreased by the expanded EITC but increased by payroll and income taxes owed on new jobs, for a net increase of \$11.1 billion in tax collections, giving an overall government cost of the combined policies of \$18.5 billion.

The change in the poverty gap (over all families) as a percentage of the change in government costs for the simulated programs is 72.9 percent. In other words, for each dollar of new government spending on transitional jobs or the expanded EITC, the poverty gap is reduced by about 73 cents, *when combined with the minimum wage increase*. The ratio is very high because the cost of the increased

wages from the minimum wage change play a large role in reducing the poverty gap (the numerator of the ratio), but they are not reflected in government costs (the denominator).

TABLE 20

Impact of Minimum Wage, EITC, and TJ Policies on Child Poverty in 2010

Child Poverty Characteristics and Related Impacts	Baseline	EITC, Min. Wage, and TJ Policies	
		Level	Change
Child SPM poverty rate	14.6%	11.2%	-23.4%
SPM poverty rate, all individuals	14.2%	12.2%	-14.0%
Distribution of children by family income level			
<50% of SPM poverty	2.8%	2.0%	-30.1%
50-99% of SPM poverty	11.8%	9.2%	-21.8%
100-149% of SPM poverty	23.8%	23.8%	0.0%
Number of children in SPM poverty (thousands)	10,924	8,363	-23.4%
By Race/Ethnicity			
White (non-Hispanic)	3,053	2,309	-24.4%
Black (non-Hispanic)	2,128	1,498	-29.6%
Hispanic	4,937	3,927	-20.4%
Other races (non-Hispanic)	805	628	-22.0%
By current status of adults in the family			
Family has any nonelderly/disabled adults	10,091	7,612	-24.6%
At least one adult is a FY-FT worker	3,702	2,936	-20.7%
No FY-FT adults, at least one adult works	3,714	3,037	-18.2%
No working adults, all adults are students	316	225	-28.8%
No working adults, >= 1 non-student adult	2,359	1,414	-40.0%
Family has only elderly or disabled adults	690	620	-10.1%
By metropolitan status			
Metropolitan area	9,768	7,500	-23.2%
Nonmetropolitan area	1,156	863	-25.4%
By region			
Northeast	1,405	1,070	-23.8%
South	4,321	3,240	-25.0%
Midwest	1,731	1,267	-26.8%
West	3,467	2,786	-19.6%
Other poverty data			
Total families with children in poverty (thousands)	5,373	4,149	-22.8%
Single-head families with children in poverty (thousands)	1,698	1,330	-21.7%
Poverty Gap (families with children) (\$ millions)	\$40,467	\$29,552	-27.0%
Poverty Gap (all families) (\$ millions)	\$128,341	\$114,859	-10.5%
Persons with new jobs or higher earnings (thousands)	na		30,389
Average annual earnings change			\$2,831
Persons who lose a job (thousands)			258
Change in government costs (\$ millions, federal and state)			
Costs of benefit programs	\$270,942		\$29,564
Tax collections (net of credits)	\$1,988,244		\$11,066
Benefits minus tax collections (\$ millions)			\$18,498
Change in poverty gap as % of change in government costs			72.9%

All Policies Combined

The final simulation combined all of the individual policies already discussed, as follows:

Increases to cash income:

- Minimum wage increased to a level of \$10.10 in 2014 dollars for covered workers, and 70 percent of that level for tipped workers
- Transitional jobs program with a participation rate of 25 percent for unemployed individuals with the lowest family incomes; in this simulation, the jobs pay the increased minimum wage
- A full pass-through and disregard of child support income by the TANF program, and a partial disregard of child support by the SNAP program

Increased in-kind benefits:

- Expanded access to housing vouchers for low-income households with children
- Increased SNAP benefits

Reduced taxes:

- Expanded Earned Income Tax Credit
- Fully refundable Child Tax Credit
- Increased Child and Dependent Care Tax Credit (CDCTC)

Reduced expenses:

- Expanded access to child care subsidies for low-income families with children under age 13

METHODS

The simulations were all modeled in combination, capturing all of the interactions and secondary impacts. For the policies that were simulated both with and without employment effects, this combination simulation included those effects. We assumed that anyone who would have been modeled to start to work due to the EITC, CTC, or child care subsidy expansion in the individual policy simulations would also have started to work in this combination simulation. We also included the spillover effects from the minimum wage increase and a small amount of job loss, as discussed earlier. Some workers previously selected as taking a transitional job did not take a TJ in this simulation, because they were modeled as already working at an unsubsidized job due to another policy.

RESULTS

The combination of the policies greatly reduces child poverty. The SPM poverty rate for children falls from the baseline level of 14.6 percent to 5.8 percent, a reduction of 60 percent (table 21). The percent of children in deep poverty falls even more, by 69 percent. The portion of children from 100 to 150 percent of the poverty threshold also falls slightly, by 4 percent. The impacts of the poverty package are substantial and broadly distributed, with large reductions for all racial/ethnic groups, all regions of the country, all subgroups by parent/guardian work status, and both metropolitan and nonmetropolitan areas.

The aggregate drop in the number of poor children relative to the baseline is 6.6 million. That figure is somewhat less than the number obtained by adding up the child poverty reductions across the individual policy simulations at 8.4 million. The reason is that in many cases, the same child would be brought out of poverty by more than one individual policy. For example, a family might become nonpoor either through starting to work as a result of the EITC or through taking a TJ job. In other cases a child's family income rises above the poverty level only due to a combination of policies working together. For example, a child's family might remain poor even if a parent takes a TJ, but be brought out of poverty if the household can also begin to use a housing voucher. However, the first type of case is more prevalent than the second.

TABLE 21

Impact of All Policies Combined on Child Poverty in 2010

Child Poverty Characteristics and Related Impacts	Baseline	All Policies Combined	
		Level	Change
Child SPM poverty rate	14.6%	5.8%	-60.3%
SPM poverty rate, all individuals	14.2%	9.7%	-31.5%
Distribution of children by family income level			
<50% of SPM poverty	2.8%	0.9%	-68.7%
50-99% of SPM poverty	11.8%	4.9%	-58.4%
100-149% of SPM poverty	23.8%	22.9%	-3.6%
Number of children in SPM poverty (thousands)	10,924	4,332	-60.3%
By Race/Ethnicity			
White (non-Hispanic)	3,053	1,218	-60.1%
Black (non-Hispanic)	2,128	594	-72.1%
Hispanic	4,937	2,163	-56.2%
Other races (non-Hispanic)	805	357	-55.7%
By current status of adults in the family			
Family has any nonelderly/disabled adults	10,091	3,995	-60.4%
At least one adult is a FY-FT worker	3,702	1,797	-51.5%
No FY-FT adults, at least one adult works	3,714	1,415	-61.9%
No working adults, all adults are students	316	111	-64.8%
No working adults, >= 1 non-student adult	2,359	671	-71.5%
Family has only elderly or disabled adults	690	226	-67.3%
By metropolitan status			
Metropolitan area	9,768	3,964	-59.4%
Nonmetropolitan area	1,156	368	-68.2%
By region			
Northeast	1,405	554	-60.5%
South	4,321	1,676	-61.2%
Midwest	1,731	638	-63.2%
West	3,467	1,464	-57.8%
Other poverty data			
Total families with children in poverty (thousands)	5,373	2,282	-57.5%
Single-head families with children in poverty (thousands)	1,698	611	-64.0%
Poverty Gap (families with children) (\$ millions)	\$40,467	\$15,006	-62.9%
Poverty Gap (all families) (\$ millions)	\$128,341	\$100,163	-22.0%
Persons with new jobs or higher earnings (thousands)	na		30,645
Average annual earnings change			\$2,949
Persons who lose a job (thousands)			261
Change in government costs (\$ millions, federal and state)			
Costs of benefit programs	\$270,942		\$76,438
Tax collections (net of credits)	\$1,988,244		-\$727
Benefits minus tax collections (\$ millions)			\$77,165
Change in poverty gap as % of change in government costs			36.5%

Poverty Changes for Children Raised Out of Poverty: Among the 6.6 million children who are brought above the poverty threshold by this combination of policies, most (4.4 million) had family income at least 75 percent of the SPM threshold before the policy changes (table 22). However, 1.6 million previously had family income from 50 percent to 75 percent of poverty, and 0.5 million were previously in deep poverty. For about half of the children raised out of poverty (3.4 million), their family's income after the policy changes is between 100 and 125 percent of the SPM poverty threshold. For 2 million children, the policy changes raise family income to between 125 and 150 percent of poverty, and for 1.1 million, the policy changes raise income to more than 150 percent of poverty.

TABLE 22

Change in Family's Income as a Percent of the Poverty Threshold, for Children Who Become Nonpoor due to the Policies (in millions)

Poverty range before the policies	Family Poverty Level after the Policies					All children who become nonpoor
	From 100% to <125%	From 125% to <150%	From 150% to <175%	From 175% to <200%	From 200% to <300%	
Less than 50% poverty	0.3	0.2	0.1	0.01	0	0.5
From 50% to <75%	0.8	0.6	0.2	0.1	0	1.6
From 75% to <100%	2.4	1.2	0.6	0.2	0.02	4.4
Total	3.4	2.0	0.9	0.2	0.02	6.6

Children Who Remain Poor: Despite the major impacts of the policy package, 4.3 million children remain poor. However, for the great majority of this group—4.0 million, or 36.7 percent of the children who are poor in the baseline—family resources (as measured by the SPM) did increase (figure 2). In other words, the family was helped by one or more of the policies. For example, 0.9 million children were raised from deep poverty (family income less than half the poverty threshold) to at least 50 percent of poverty (table 23). However, for these 4.0 million children, the additional resources from the CDF policies were not sufficient to raise family income above the SPM poverty threshold.

FIGURE 2

Impact of CDF Policy Package on 10.924 Million Children in SPM Poverty in 2010

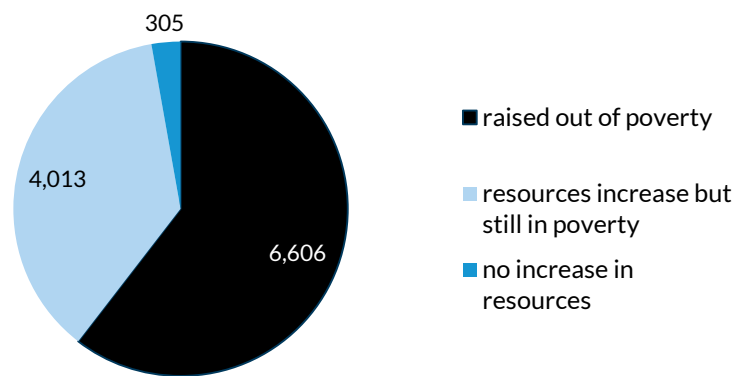


TABLE 23

Change in Family's Income as a Percent of the Poverty Threshold, for Children Who Are Helped by the Policies but Who Remain Poor (in millions)

Poverty range before the policies	Family poverty level after the policies			All children who are helped but remain poor
	Less than 50% poverty	From 50% to <75%	From 75% to <100%	
Less than 50% poverty	0.6	0.6	0.3	1.5
From 50% to <75%	0.0	0.4	1.0	1.4
From 75% to <100%	0.0	0.0	1.1	1.1
Total	0.6	1.0	2.4	4.0

Children Who Are Not Helped by Any of the Policies: Only 0.3 million poor children (3 percent) are not helped by any of the policies. This could occur if all of the following are true: the children had non-working parents or guardians who were not selected to start working due to any of the policies; the family was not selected to use a housing voucher; the family does not receive SNAP; the family does not receive both TANF and child support; and the family has no children under 17 or already receives the full child tax credit (and so does not benefit from full refundability of the child tax credit).

One reason that some children remained in poverty—either their family did not benefit at all or they did not benefit enough to be raised out of poverty—is that many benefits are restricted to citizens and authorized immigrants who have been in the United States for a minimum of 5 years. For example, households consisting entirely of unauthorized or temporary immigrants do not benefit from TANF or SNAP, and were not considered eligible for the new housing vouchers. Adults who are unauthorized immigrants or temporary residents cannot take the EITC, and were considered ineligible for the TJ

program. Among the 4.3 million children who remain poor after all of the policies, 30 percent live in households headed by an unauthorized immigrant (although 89 percent of these children are themselves citizens). In contrast, among the 6.6 million children in families that are raised above the SPM poverty threshold, only 14 percent are in households headed by an unauthorized immigrant (table 24).

TABLE 24

Characteristics of Children Who Remain Poor versus Become Nonpoor

		(Percent distribution)	
		Children who remain poor (4.3 million)	Children who become nonpoor (6.6 million)
Race			
	White	28.1%	27.8%
	Black	13.7%	23.3%
	Hispanic	49.9%	42.1%
	Other	8.2%	6.8%
	Total	100.0%	100.0%
Citizenship/legal status of the head of the family			
	Citizen	57.1%	69.9%
	Legally present noncitizen	12.9%	16.0%
	Unauthorized noncitizen	30.0%	14.0%
	Total	100.0%	100.0%
Age			
	<=2	17.6%	20.5%
	3-5	19.5%	19.8%
	6-12	35.5%	36.8%
	13-17	27.4%	23.0%
	Total	100.0%	100.0%
State			
	California	22.0%	19.6%
	Florida	7.6%	7.4%
	New York	3.8%	6.7%
	Texas	12.0%	10.8%
	All other states	54.6%	55.5%
	Total	100.0%	100.0%

Another group that is overrepresented among those who remained poor is Hispanic children, who make up 50 percent of all children who remain poor but only 42 percent of children who are removed from SPM poverty. This is likely related in part to immigrant status, but also to how often different races/ethnicities participate in benefit programs. As mentioned above, Hispanic families eligible for SNAP are less likely to receive the benefit than eligible non-Hispanic families.

Teenagers were less likely than younger children to be raised out of SPM poverty by the CDF package. Children ages 13 to 17 make up 27 percent of children who remain poor but only 23 percent of children who became nonpoor. One factor is that this age group includes 74,000 children ages 15 through 17 who were considered individually for poverty calculation purposes, either because they are actually living alone or because they are living with nonrelatives.⁵³ Only 2,000 of these children are raised out of poverty by the policies; they are generally in school and either not working or working part-time, so they do not benefit from most of the policies. Another factor is that families with older children tend to have lower rates of participation in some programs, such as TANF; while the CDF policies do not specifically address TANF, any existing benefit receipt by the family affects whether or not additional help will allow total resources to rise above poverty. Also, the Child Tax Credit policy does not benefit families whose only child is age 17.

There were also some differences in the antipoverty impact by state. Poor children in metropolitan areas were somewhat less likely to be lifted out of poverty: they make up 91.5 percent of the children who remain poor but 88.0 percent of those raised out of poverty. Among the largest states, the state showing the strongest impacts from the policies is New York. Of all the children who remained poor, only 3.8 percent live in New York, while New Yorkers make up 6.7 percent of the children removed from poverty. The state-level differences are likely due to a combination of factors. One aspect of cross-state variation is program participation rates. For example, California and Texas both have lower-than-average SNAP participation rates (Cunningham 2014), which would reduce the impact of the policy that raises the SNAP benefit level. States also vary in the demographic characteristics of their poor populations. One key difference is that unauthorized immigrants are estimated to comprise a larger share of the population in California (6.8%) and Texas (6.7%), than in Florida (4.5%) and New York (3.2%) (Passel and Cohn 2011). Cross-state variations in state income tax policies, safety-net policies, and the income distribution among lower-income families could all affect the relative impact of the policy package.

⁵³ We follow Census Bureau practices and treat older teens living with nonrelatives as separate from the rest of the household for poverty purposes. However, if a younger children is unrelated to the rest of the household, we consider the child as part of the primary family for poverty calculation purposes.

Nonpoor Children Helped by the Policies: In addition to helping poor children, the package of policies also improved the economic well-being of 32.7 million children who were nonpoor in the baseline (table 25). Most of those children (25.1 million) were in families with income less than 200 percent of their SPM poverty threshold. Among children with baseline family resources from 100 to 125 percent of poverty, 94 percent of children are helped by at least one policy—almost as large a portion as the 97 percent of poor children who are helped. The percent of children who are aided by at least one policy declines as family income rises. However, even among children with baseline family resources at least three times the SPM poverty level, 15 percent were helped by at least one policy. A family with income at that level might have included one member who benefitted from the minimum wage increase, or one unemployed member who took a TJ. A family with income over three times SPM poverty on an annual basis might also have had sufficiently low income in part of the year to have benefitted from other policies, such as the SNAP benefit increase. (Table C4 in the appendix shows changes in aggregate benefits and taxes for families in five different percent-of-poverty groups.)

TABLE 25

Children Helped by the Policies, by Income Range Before the Policies

SPM poverty range before the policies	Number of children (millions)	Helped by the Policies	
		Number (millions)	Percent helped
Children in poverty in the baseline			
Less than 50% poverty	2.1	2.0	97%
From 50% to <75%	3.1	3.0	98%
From 75% to <100%	5.7	5.5	97%
<i>Total in poverty before policies</i>	10.9	10.6	97%
Children not in poverty in the baseline			
From 100% to <125%	8.6	8.1	94%
From 125% to < 150%	9.2	7.9	86%
From 150% to < 175%	7.5	5.5	74%
From 175% to < 200%	6.1	3.5	58%
From 200% to < 250%	8.8	3.4	39%
From 250% to < 300%	6.6	1.6	25%
300% or higher	17.2	2.5	15%
<i>Total not in poverty</i>	64.0	32.7	51%
Total	74.9	43.3	58%

For children whose families are helped by the policies, the increases in family resources are substantial. Among those who are helped, children who were in deep poverty before the policies (SPM resources below 50 percent of poverty) see their family resources increase from an average of \$6,933 to an average of \$18,339 (table 26). The increments to average family resources decline for children with higher levels of resources in the baseline. Overall, across all children who are helped, the average annual family resource level increases by \$5,580.

TABLE 26.

Children Helped by the Policies, by Average Annual Family Resources Before and After the Policies

Poverty range before the policies	Number who benefit (millions)	Among Those Who Benefit		
		Average annual family resources		
		Baseline	After all policies	Increase
Family SPM poverty range in the baseline				
Less than 50% poverty	2.0	\$6,933	\$18,339	\$11,407
From 50% to <75%	3.0	\$17,500	\$28,941	\$11,440
From 75% to <100%	5.5	\$24,518	\$33,570	\$9,052
From 100% to <125%	8.1	\$30,708	\$37,138	\$6,430
From 125% to < 150%	7.9	\$36,227	\$40,798	\$4,570
From 150% to < 175%	5.5	\$42,291	\$45,786	\$3,495
From 175% to < 200%	3.5	\$47,883	\$51,001	\$3,118
From 200% to < 250%	3.4	\$59,516	\$62,017	\$2,501
From 250% to < 300%	1.6	\$72,132	\$73,892	\$1,760
300% or higher	2.5	\$124,901	\$126,207	\$1,306
Total	43.3	\$41,109	\$46,689	\$5,580

Poverty Gap and Policy Costs: The poverty gap is reduced by \$25.5 billion for families with children, a 63 percent reduction. Across all families, the poverty gap declines by \$28.2 billion (22 percent), with the benefits for families without children coming primarily from the minimum wage increase. We estimate that the combination of all of the policies would increase government costs by \$77.2 billion. Thus, the change in the poverty gap (for all families) as a percentage of the change in government costs is 36.5 percent. In other words, for each dollar of new government spending, the poverty gap is reduced by 36.5 cents. The remaining money increases families' incomes to levels above the SPM poverty threshold, or helps families whose incomes were already above the poverty level before the simulation.

Summary and Caveats

The CDF package of policies—including a minimum wage increase, a transitional jobs program, expanded tax credits, increased availability of housing and child care subsidies, increased nutrition benefits, and changes to how benefit programs treat families' child support income—appears to greatly decrease poverty for US children when poverty is measured with the SPM. Of the initial number of 10.9 million children in poverty, 6.6 million become nonpoor, a drop of 60 percent. Poverty declines for all racial/ethnic groups, all regions of the country, both metropolitan and nonmetropolitan areas, and for children living with both working parents/guardians and non-working parents/guardians. Poverty declines are somewhat less for children living in a family headed by an unauthorized immigrant, teenagers, and Hispanic children.

A notable aspect of the policy package is that, even for the children who remain poor, most of them (4 million) are helped by one or more policies. For instance, 0.9 million children in deep poverty without the policies remain poor but no longer in deep poverty. Only 0.3 million poor children are not aided by any of the policies.

Due to income increases for the families of all of the 10.6 million children helped by the policy, the poverty gap for families with children also fell substantially. That measure—the aggregate amount of money by which the incomes of poor families with children fall below their poverty thresholds—fell from \$40.5 billion to \$15.0 billion, a drop of 63 percent.

Considering the policies individually, the policies with the greatest impact on child poverty were the increases to in-kind benefits. The increase in housing vouchers had one of the largest impacts—assuming that new vouchers would be available to any family with children with income under 150 percent of the poverty guideline that also satisfied a test of rent burden, and further assuming that 70 percent of those households would be able to use the voucher. That policy reduced poverty by 21 percent (table 27). New housing vouchers were provided to 2.6 million households, with an average annual subsidy of approximately \$9,400. The increase to SNAP benefits—basing the maximum benefits on the Low-Income Food Plan rather than the Thrifty Food Plan, for a maximum annual benefit increase of \$1,896 for a three-person family—was the next most effective, reducing child poverty by 16.2 percent. The benefit increase helped all 10.7 million families with children under 18 currently receiving SNAP in the average month of the year; the number of average monthly participating families would increase by 1.3 million due to the benefit increase.

TABLE 27

Reductions in Child Poverty due to Policies Proposed by CDF

Simulation	Number of children in SPM poverty (millions)	Percent change from baseline
Baseline	10.92	
Increases to cash income		
Minimum Wage (with spillover and job loss)	10.49	-4.0%
Transitional Jobs	9.75	-10.7%
Child Support Pass-through	10.83	-0.8%
Increases to in-kind benefits		
Housing Vouchers	8.65	-20.8%
SNAP Benefit Increase	9.15	-16.2%
Expanded tax credits		
Expanded EITC (with new jobs)	9.97	-8.8%
Refundable CTC (with new jobs)	9.66	-11.6%
Expanded CDCTC	10.78	-1.3%
Reduction to work expenses		
Expanded CCDF (with new jobs)	10.59	-3.1%
Min. Wage + EITC	9.56	-12.4%
Min. Wage + EITC + Transitional Jobs	8.36	-23.4%
All Policies	4.33	-60.3%

Two of the three tax credit expansions also had substantial impacts. Making the Child Tax Credit fully refundable allowed an additional 4.4 million tax units to receive the credit, and increased the credit available to others, reducing child poverty by 11.6 percent. Expanding the EITC increased the maximum credit for a single parent with two children from \$5,036 to \$6,042. When modeled with the assumption that the increased EITC would cause some non-working single parents to enter the labor force, child poverty was reduced by 8.8 percent.

The third tax credit increase—the expansion to the Child and Dependent Care Tax Credit—had less impact, reducing child poverty by 1.3 percent. The impacts are limited by the fact that many low-income families have low child care expenses. For the same reason, the antipoverty impact of guaranteed child care subsidies for families under 150 percent of the poverty guideline is also limited. When we assume that families would take the subsidy if they had child care expenses before the policy, and if we also assume some increase in labor supply, child poverty is reduced by 3.1 percent.

The transitional jobs program was the most effective of the policies focused on cash income. When transitional jobs are available to individuals in families with children, and with a maximum take-up rate

of 25 percent (for non-workers with below-poverty income), 2.5 million parents and guardians are modeled to take the jobs, earning an average of \$10,630 in the year. Child poverty falls by 10.7 percent from this one policy.

The full pass-through and disregard of child support income for TANF recipients, combined with a \$100-per-child child support disregard in the SNAP program, reduces child poverty by 0.8 percent. The impact of this policy is muted by the fact that relatively few families receive TANF, and only a minority of those families have child support paid on their behalf. The modeled policy reflects pass-through and disregard of currently due child support only. Passing through all collections of past-due child support (arrears) would have additional antipoverty effects.

Finally, the proposed increase to the minimum wage—\$10.10 for most workers and \$7.07 for tipped workers—reduces child poverty by 4 percent when we assume that there would also be wage increases for workers earning slightly below the current minimum or slightly above the new minimum, as well as a small amount of job loss. The impacts of the minimum wage are minimized by the fact that four-fifths of the affected workers live in families that are not poor by the SPM definition. Among those minimum wage workers who do live in poor families, many do not work full-year full-time, and increases in earnings may be offset by reductions in benefits.

We estimate that the combination of all of the policies would increase government costs by \$77.2 billion. Considering eight different benefit programs—unemployment compensation, SSI, TANF, housing subsidies, SNAP, LIHEAP, WIC, and CCDF subsidies—estimated costs increase by \$40.3 billion, or 14.9 percent. (Possible increases in administrative costs due to benefit expansions are not estimated.) Considering payroll taxes and federal and state income taxes, tax collections fall by an estimated \$0.7 billion, due to a combination of increased tax credits offset by increases in tax liability from new earnings. The transitional jobs program is estimated to cost \$36.2 billion, not including administrative costs. In relative terms, the estimated cost of the entire package equals 0.5 percent of the size of United States Gross National Product in 2010 (\$15.0 trillion), 11 percent of the aggregate 2010 benefits paid in Social Security retirement and disability benefits, or about 16 percent higher than the 2010 cost of SNAP benefits.⁵⁴

The change in the poverty gap—a total reduction of \$28.2 billion across all poor families—is 36.5 percent of the total estimated cost of the package. In other words, for each dollar of new government

⁵⁴ Aggregate Social Security retirement, survivors, and disability benefit payments were \$701.6 billion in 2010 according to the Social Security Bulletin's Annual Statistical Supplement, tables 4.A1 and 4.A2. SNAP benefit payments in calendar year 2010 amounted to \$66.6 billion.

spending, the poverty gap for families with children is reduced by 36.5 cents. The remaining money increases families' incomes to levels above the SPM poverty threshold, or helps families whose incomes were already above the poverty level before the simulation.

Several caveats are important to note in considering the results of the analysis. Considering the modeling of the individual policies, much of the analysis is based on applying specific tax and benefit rules, but the modeling of employment effects—spillover effects and job loss from a minimum wage increase, and increased labor supply from enhanced tax credits or subsidies—involves uncertainty. For example, if we have underestimated (or overestimated) the extent of job loss from a minimum wage increase, we could be overestimating (or underestimating) the antipoverty impacts of the policy. Another limitation regarding our minimum wage analysis is that we do not capture any broader economic impacts that could either help or hurt lower-income families. For example, higher incomes in a low-income neighborhood might generate more economic activity and more opportunities; however, it is also possible that businesses might raise prices and low-income families would see their expenses rise. Turning to our analysis of an EITC expansion, our estimates likely understate the costs and antipoverty effects because we do not model noncompliance with EITC rules and data limitations also contribute to an overall shortfall in simulated EITC.

Three broad caveats apply to the analysis as a whole. First, the analysis is based on data representing the population, economy, and policies in 2010; the relative impacts of policies would be different today. For example, since the unemployment rate is somewhat lower today than in 2010, the number of people taking advantage of a TJ program might be somewhat lower. However, whether the antipoverty impact of a policy (in percentage terms) would be higher or lower today would depend on many factors, including the number of affected families in poverty and the distribution of their incomes relative to the poverty thresholds. Second, we do not incorporate into the model how the new programs would be paid for. If new policies were funded by reducing spending on some current programs or by altering the tax system, the resources of low-income families could be impacted by those changes as well as by the new antipoverty policies. Third, the model focuses on capturing interconnections among benefit and tax programs, but does not capture broader behavioral and economic connections. For example, in modeling the change to the child support pass-through policy, we do not capture the fact that noncustodial parents would likely pay more child support if they knew that more money was reaching their children; thus, we are probably underestimating the antipoverty impact of that policy. Further, reductions in poverty for today's children could have benefits on their education, health, and employment as young adults and as parents, with the potential to reduce poverty for the generation of children.

Focusing on the near term, the analysis shows that the CDF package of policy changes could reduce child poverty by approximately 60 percent, and could increase family resources for almost all poor children. The cost is equivalent to 0.5 percent of GDP. As one measure of the effectiveness of the spending, the change in the poverty gap equals 36.5 percent of the estimated cost. Further research could consider the implications of varying the assumptions about employment effects, consider the distributional impacts of different approaches to paying for these types of programs, and assess the potential longer-run impacts.

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Appendix A. Validation of TRIM3 Baseline Simulations

The starting point for this analysis is a version of the CY 2010 CPS-ASEC data that was previously augmented by Urban Institute staff to create a richer view of families' resources and program participation under actual 2010 policies.⁵⁵ For each of the households in the CPS-ASEC data, TRIM3 was used to simulate the major benefit and tax programs, creating new items of information for each household telling if they are eligible for various programs, their level of tax liability, and so on. In modeling benefit programs, TRIM3 selects a caseload among program-eligible families such that the simulated caseload comes close to the actual caseload in terms of size and key characteristics. The simulation of tax liability does not generally involve a selection process, since individuals are all assumed to pay all taxes that they owe.⁵⁶

For both benefit and tax simulations, we compare the simulation results to administrative data to validate the results. The results of that validation are shown in table A1. In brief, the table shows the following:

- SSI: SSI income is reported in the CPS-ASEC, but the aggregate amount reported (\$39.7 billion) falls substantially below the actual paid to noninstitutionalized individuals (\$48.7 billion). TRIM3's simulation assigns additional benefits to come within 1.3 percent of the actual figure. The simulated caseload is very close to the actual caseload for both adults and children receiving SSI.
- TANF: TANF income is also reported in the CPS-ASEC, but the aggregate amount reported (\$5.4 billion) falls substantially below the actual amount (\$9.0 billion). TRIM3's simulation assigns additional families and benefits to come within a few percent of the actual figures.
- SNAP: Like SSI and TANF, SNAP benefits are underreported in the CPS-ASEC data. TRIM3's simulation of SNAP results in a caseload and benefit levels very close to the administrative data figures.
- Public and subsidized housing: Households report in the CPS-ASEC if they live in public or subsidized housing. After excluding apparently ineligible households, the resulting number is

⁵⁵ A set of 2010 baseline simulations was previously created under contract with HHS/ASPE. The simulations for this analysis are slightly modified, incorporating recent enhancements to methods.

⁵⁶ There is one exception. The number of tax units apparently eligible for the federal Child and Dependent Care Credit exceeds the number who take the credit, so a subset is probabilistically selected.

close to the administrative caseload target. The model also estimates the value of living in public or subsidized housing.

- LIHEAP: LIHEAP receipt is substantially underreported in the CPS-ASEC data. TRIM3 identifies a caseload that is very close to the actual figure, and also assigns a benefit value.
- WIC: As with the other programs, WIC enrollment is underreported in the CPS-ASEC data. TRIM3 identifies a caseload of infants and children that is very close to the actual figure; the assignment of women who receive WIC falls short of the actual figure because the survey data do not identify pregnancy.
- CCDF child care subsidies: The CPS-ASEC data does not include any information on CCDF-funded child care subsidies. The model identifies subsidy-eligible families and selects a caseload that comes very close to actual figures by key characteristics. The survey-reported information on amount of out-of-pocket child care expenses is also used to guide the selection of the caseload; for example, families that reported child care expenses are not selected as subsidized if they would owe no copayment in their state. The model also simulates the value of the subsidy, producing an aggregate value within 10 percent of the actual figure.
- Payroll taxes: Payroll taxes are not reported in the CPS-ASEC. The model's simulated payroll tax amount is within 2 percent of the actual.
- Federal income taxes: Federal income taxes and credits are not reported in the survey data. TRIM3 applies the federal income tax rules in as much detail as feasible given the survey data. We do not show a comparison to actual figures since our simulation for this project deviated from actual 2010 policies by excluding the Making Work Pay credit. Focusing on the EITC, TRIM3 finds 26 percent fewer tax units eligible for the EITC than actually took the credit in 2010. This is likely due to a combination of factors, including the fact that TRIM3 models full compliance with all rules, and differences between how families describe their circumstances in survey data versus for tax purposes.
- State income taxes: State income tax liabilities are not reported in the survey data. TRIM3 simulates these taxes, using the detailed rules of each state that has an income tax system. The aggregate amount of state income taxes simulated across all states is almost exactly equal to the actual figure.

Detailed documentation on TRIM3 simulation methods for each tax and benefit program is available on the project's website, <http://trim.urban.org>. The documentation includes discussion of procedures as well as the specific rules that were applied in modeling each program.

TABLE A1

TRIM-Simulated Benefit and Tax Data versus Targets, 2010

<i>Counts of persons or units are in thousands Dollar amounts are in millions</i>	CPS-ASEC reported data ^a	TRIM- simulated	2010 admin. data ^b	TRIM as % of admin. data
SSI (noninstitutionalized) ^c				
Adults with SSI during year for self or child	5,562	--	--	--
Avg. monthly adult recipients (persons)	--	6,521	6,525	99.9%
Avg. monthly child recipients	--	1,276	1,238	103.1%
Annual benefits ^d	\$39,652	\$48,083	\$48,711	98.7%
TANF ^e				
Avg. monthly caseload (families) ^f	1,187	1,880	1,892	99.3%
Annual benefits	\$5,379	\$8,768	\$8,964	97.8%
SNAP ^g				
Avg. monthly units (households) ^f	10,912	19,203	19,315	99.4%
Annual benefits	\$37,617	\$65,491	\$66,612	98.3%
Public and subsidized housing				
Ever-subsidized households ^h	5,152	4,895	4,804	101.9%
Annual value of subsidy	na	\$34,888	na	--
LIHEAP ⁱ				
Assisted households	4,254	8,504	8,546	99.5%
WIC				
Families with any benefits	3,652	4,679	na	--
Avg. monthly recipients, infants/children	na	6,937	6,988	99.3%
Avg. monthly recipients, women ^j	na	1,029	2,121	48.5%
Annual value of benefit, pre-rebate ^k	na	\$4,767	na	--
CCDF-funded child care subsidies				
Avg. monthly families with CCDF subsidy	na	989	988	100.2%
Avg. monthly children with CCDF subsidy	na	1,656	1,680	98.6%
Aggregate value of subsidy	na	\$6,738	\$7,421	90.8%
Payroll tax				
Workers subject to OASDI tax	na	146,585	156,725	93.5%
Taxable earnings for OASDI	na	\$5,515,190	\$5,333,000	103.4%
Taxes paid by workers (OASDI + HI)	na	\$457,569	\$449,881	101.7%
Federal income taxes (without Making Work Pay credit) ^l				
Number of positive tax returns	na	94,680	na	--
Total tax liability, positive tax returns	na	\$880,041	na	--
Earned income tax credit				
Returns with credit	na	20,165	27,368	73.7%
Total credit	na	\$37,233	\$59,562	62.5%
State income taxes				
Number of positive tax returns	na	84,092	na	--
Taxes paid, net of credits	na	\$236,303	\$235,994	100.1%

na = not available; avg. = average; admin. = administrative

Notes

- a. CPS-ASEC reported data included the data that are "allocated" by the Census Bureau in cases of nonresponse. Items not asked in the survey that are imputed by the Census Bureau (such as tax liabilities) are not shown.
- b. Administrative figures are adjusted or combined for consistency with simulation concepts. In particular, fiscal year administrative data are adjusted for greater comparability with calendar year simulated data, and benefits paid to individuals in the territories are excluded. Benefits include both federally and state-funded amounts.
- c. SSI figures include state supplements.
- d. Administrative data for SSI include retroactive payments, which are approximately 9 percent of total payments; TRIM does not simulate retroactive payments.
- e. Includes benefits funded by federal TANF money and separate state programs, but not solely state-funded programs. The administrative figure for aggregate benefits is computed as the average per unit benefit from administrative microdata applied to the actual caseload.
- f. For TANF and SNAP, an average monthly caseload is computed using the CPS-reported number of months that benefits are received.
- g. The administrative figures for SNAP exclude SNAP disaster assistance.
- h. Administrative figure is the number of occupied public and assisted units.
- i. An exact unduplicated number of assisted households is not available; an unduplicated count is estimated using estimates of the overlap between groups receiving heating, cooling, and crisis benefits.
- j. Benefits to pregnant women are not captured in the TRIM simulation.
- k. The TRIM benefit amount includes the pre-rebate value of infant formula. An administrative figure for WIC food costs net of the rebate was not available.
- l. The Making Work Pay credit—a refundable credit of \$400 for individual tax units and \$800 for married couples in tax years 2009 and 2010—was excluded from this analysis. TRIM3's simulation of 2010 federal tax policy including the MWP credit was within 4 percent of target for number of positive-tax returns and fell 10 percent short of target for total income tax liability.

Appendix B. Effects of Selected Stimulus Provisions on Child Poverty

In addition to simulating the effects of the policy package on child poverty, the Children's Defense Fund requested that the Urban Institute simulate the effects of eliminating some of the stimulus provisions enacted in the American Recovery and Reinvestment Act of 2009 (ARRA) on child poverty. These provisions were:

- An increase of roughly 14 percent in the amount of SNAP benefits. This provision of ARRA expired in November 2013.
- Several provisions related to tax credits, which were considered together. All of these provisions were extended by the American Taxpayer Relief Act of 2012, and are currently scheduled to expire in 2017.
 - A \$2,010 increase in the length of the EITC plateau region for taxpayers married filing jointly (intended to mitigate marriage penalties).
 - An expansion of the EITC to provide greater benefits for families with three children; the credit parameters for such families were the same as for families with two children, but the credit phased in at a rate of 45 percent of earned income rather than 40 percent.
 - The expansion of the Additional Child Tax Credit to provide benefits phasing in at 15 percent of earned income above \$3,000 (rather than the scheduled 2010 income threshold of \$12,550).⁵⁷

Our simulation excluding these provisions thus indicates the degree to which child poverty would have been higher in 2010 if these ARRA provisions had not been enacted or had already expired at that time.

⁵⁷ While the Additional Child Tax Credit already had a slightly lowered refundability threshold before ARRA due to 2008 stimulus legislation, we assumed that 2008 legislation would have expired, so that the refundability threshold would have returned to its current law level of \$12,550 (the same as the 2009 level, given that there was no inflation of tax parameters from 2009 to 2010). See Crandall-Hollick (2013) for more discussion of this issue.

Methods

We simulated the removal of these ARRA provisions by adjusting parameters in TRIM related to the SNAP program and federal taxes. We simulated first the removal of the SNAP provisions only, and then the removal of both the SNAP and tax provisions.

We used unpublished data from the US Department of Agriculture Food and Nutrition Service to estimate the levels of SNAP allotments that would have applied without the ARRA expansion. For the tax credits, we adjusted the parameters of the EITC and Additional Child Tax Credit to conform to the levels that would have applied without the ARRA legislation, as indicated by published figures from the Congressional Research Service (Crandall-Hollick 2013) and the Tax Policy Center.

Results

The ARRA policies had fairly substantial effects on child poverty, as shown in table B1. Removing the expanded SNAP benefit levels alone (as actually occurred in November 2013) would have increased child SPM poverty in 2010 by 7.6 percent, to a poverty rate of 15.7 percent. Removing the tax provisions in addition to reducing SNAP benefits would have increased child poverty by an additional 6.6 percent (a 14.2 percent increase relative to baseline), leading to a poverty rate of 16.7 percent. The expirations would have led to an increase of 17 percent in the number of children in deep poverty, and a 15 percent increase in the child poverty gap.

Focusing on the SNAP benefit decrease, the percentage increase in poverty was greater for white children (9.7 percent) and black children (10.5 percent) versus Hispanic children (5.2 percent), which is likely related to the lower SNAP participation rate for Hispanic families (Wolkwitz 2008). Children in nonmetropolitan areas were also more strongly affected, with 14.1 percent more in poverty without the SNAP benefit increase (compared to a 7 percent increase in metropolitan areas). Children living in the Midwest had a larger increase in poverty with the SNAP decrease, with 12 percent more children in poverty compared to 4 to 9 percent in other regions. Overall, while the government would have spent \$12.5 billion fewer dollars on SNAP benefits, this money was relatively well targeted in reducing poverty, with 45 cents of every dollar reducing the SPM poverty gap.

Considering the removal of both the tax and SNAP stimulus provisions, white children would have seen an 18.1 percent increase in poverty, and black children a 16.2 percent increase, versus an 11.1 percent increase for Hispanic children. Poverty would also have substantially increased, by 17 to 18

percent, for families with at least one adult who was working (since the tax provisions solely benefitted working families). Overall, the government would have spent \$21.8 billion dollars fewer on SNAP benefits and tax credits combined, but 37 percent of that spending was serving to reduce the SPM poverty gap.

TABLE B1.

Impact of Expiration of ARRA Policies on Child Poverty in 2010

Child Poverty Characteristics and Related Impacts	Baseline	Expiration of ARRA Policies			
		SNAP Only		SNAP and Taxes	
		Level	Change	Level	Change
Child SPM poverty rate	14.6%	15.7%	7.6%	16.7%	14.2%
SPM poverty rate, all individuals	14.2%	14.8%	4.4%	15.2%	7.5%
Distribution of children under 150% SPM poverty					
<50% of SPM poverty	2.8%	3.1%	10.3%	3.3%	16.7%
50-99% of SPM poverty	11.8%	12.6%	7.0%	13.4%	13.6%
100-149% of SPM poverty	23.8%	23.5%	-1.3%	23.3%	-1.9%
Number of children in SPM poverty	10,924	11,755	7.6%	12,477	14.2%
By Race/Ethnicity					
White non-Hispanic	3,053	3,348	9.7%	3,604	18.1%
Black non-Hispanic	2,128	2,351	10.5%	2,473	16.2%
Hispanic	4,937	5,194	5.2%	5,486	11.1%
Other races	805	862	7.0%	913	13.4%
By current status of adults in the family					
In family with any nonelderly nondisabled adult	10,091	10,859	7.6%	11,573	14.7%
At least one adult is a FY-FT worker	3,702	3,966	7.1%	4,321	16.7%
No FT-FY adults, >=1 adult is PY or PT	3,714	4,011	8.0%	4,368	17.6%
No working adults, all adults are students	316	334	5.7%	334	5.7%
No working adults, >= 1 non-student adult	2,359	2,548	8.0%	2,550	8.1%
In fam. with only elderly or disabled adults	690	753	9.2%	759	10.0%
By metropolitan status					
Metropolitan area	9,768	10,435	6.8%	11,073	13.4%
Nonmetropolitan area	1,156	1,319	14.1%	1,404	21.4%
By region					
Northeast	1,405	1,513	7.7%	1,588	13.0%
South	4,321	4,689	8.5%	4,974	15.1%
Midwest	1,731	1,939	12.0%	2,090	20.7%
West	3,467	3,614	4.3%	3,824	10.3%
Other poverty data					
Total families with children in poverty (thousands)	5,373	5,749	7.0%	6,037	12.4%
Single-head families with children in poverty (thou)	1,698	1,831	7.8%	1,917	12.9%
Poverty Gap (families with children) (\$ millions)	\$40,467	\$44,031	8.8%	\$46,378	14.6%
Poverty Gap (all families) (\$ millions)	\$128,341	\$133,899	4.3%	\$136,300	6.2%
Persons with a new job or higher earns. (thousands)	na				
Average annual change					
Change in government costs (\$ millions federal and state)					
Costs of benefit programs	\$270,942		-\$12,457		-\$12,457
Tax collections (net of credits)	\$1,988,244		\$0		\$9,348
Benefits minus tax collections (\$ millions)			-\$12,457		-\$21,805
Change in poverty gap as % of change in government costs			44.6%		36.5%

Appendix C. Detailed Policy Package Simulation Results

This appendix includes four sets of tables of detailed simulation results.

- C1 Tables
 - C1.a: Percent Change in Number of Children in Poverty
 - C1.b: Number in Poverty
 - C1.c: Other characteristics—Distribution by Range of Poverty; Poverty Gap
- C2 Tables
 - C2.a: Poverty Rates
 - C2.b: Changes in Government Costs
- C3 Tables
 - C3.a: Changes in Program Costs and Caseloads
 - C3.b: Changes in Tax Liabilities and Credits, and Changes in Employment
- C4 Tables: Changes in Benefits and Taxes by Baseline Family Poverty Status
 - C4.a: Changes for Families <50% SPM, 50 - 99 % SPM, 100 – 149% SPM
 - C4.b: Changes for Families 150 – 199% SPM, and >=200% SPM

Each set of tables includes sheets covering the various policy simulations. Each table begins with a column showing the baseline simulation and then includes columns for two or more of the policy simulations, as follows:

1. The ARRA simulations:
 - Removing the SNAP expansion
 - Removing both SNAP and tax policies
2. Policies that increase cash income
 - Child support pass-through policy
 - Minimum wage increase

- Transitional jobs
- 3. Policies that increase in-kind income
 - Increased housing vouchers
 - Increased SNAP benefits
- 4. Policies that reduce taxes
 - Increased CTC
 - Increased EITC
 - Increased CDCTC
- 5. Policies that reduce expenses
 - Increased child care subsidies
- 6. Combined policies
 - Minimum wage and EITC
 - Minimum wage, EITC, and TJ
 - All policies

General notes to keep in mind in examining the tables include the following:

- All dollar amounts are in 2010 dollars.
- Dollars are shown in millions.
- Numbers of persons or children are shown in thousands.
- White, black, and other race categories reflect non-Hispanic individuals of that race.
- Elderly adults are adults ages 65 and over.
- Adults are generally classified as disabled if they report SSI income, if they appear to receive Social Security income due to disability, or if they reported that they did not work during the year due to illness or disability.
- Full-time (FT) workers are those usually working 35 or more hours per week, and full-year (FY) workers work 50 or more weeks, while part-time (PT) and part-year (PY) workers are those working at least one week and one hour but not FT or FY.

- Adults are identified as students only if they reported in the survey that they were not working due to being in school. (Individuals who are both working and in school are identified as workers, not students.)
- Households whose metropolitan status is suppressed in the CPS public-use data are counted as nonmetropolitan.
- The "low-income" gap is defined as the dollar amount needed to raise all families to 200 percent of their SPM poverty threshold.
- C1 tables show the *percent change* in poverty. Note that this differs from a percentage point change. (For example, if the poverty rate falls from 20 percent to 18 percent, that is a drop of 10 percent, but it could also be expressed as a drop of 2 percentage points.)
- Absolute changes in costs and caseloads are shown in the C2b tables and in the C3 and C4 tables. When there is no change for a particular simulation for a particular benefit or tax, the cell is empty.
- The C1 and C2 tables show some poverty results by region. We use the Census Bureau's region definitions, which are as follows:
 - Northeast: CT, ME, MA, NH, NJ, NY, PA, RI, VT
 - Midwest: IN, IA, IL, KS, MI, MN, MO, NE, ND, OH, SD, WI
 - South: AL, AR, DE, DC, FL, GA, KY, LA, MD, MS, NC, OK, SC, TN, TX, VA, WV
 - West: AK, AZ, CA, CO, HI, ID, NM, MT, OR, UT, NV, WA, WY

TABLE C1.1A

Effects of Antipoverty Policies Needed to Lift Children Out of Poverty in 2010

Eliminating ARRA Provisions

Child Poverty Characteristics and Related Impacts	Baseline	SNAP Only	SNAP and Taxes
PERCENT CHANGE IN NUM. IN POVERTY (SPM DEFINITION)			
Children under 18 in SPM Poverty	10,924	7.6%	14.2%
By Age			
<=2	2,112	6.7%	12.5%
3-5	2,152	7.4%	14.7%
6-12	3,961	8.5%	15.7%
13-17	2,699	7.2%	13.0%
By Race/Ethnicity			
White	3,053	9.7%	18.1%
Black	2,128	10.5%	16.2%
Black males	1,081	12.0%	16.9%
Hispanic	4,937	5.2%	11.1%
Other races	805	7.0%	13.4%
By Family Composition			
In families with any nonelderly or nondisabled adults	10,091	7.6%	14.7%
At least one adult is a FY-FT worker	3,702	7.1%	16.7%
No FT-FY adults, at least one adult is PY or PT	3,714	8.0%	17.6%
No working adults, all adults are students	316	5.7%	5.7%
No working adults, at least one non-student adult	2,359	8.0%	8.1%
In families with only elderly or disabled adults	690	9.2%	10.0%
All elderly, none disabled	52	1.5%	11.1%
All disabled, none elderly	593	9.2%	9.4%
Both elderly and disabled adults	45	16.8%	16.8%
In families with no adults	143	0.4%	1.8%
By Metropolitan Status			
Metropolitan area	9,768	6.8%	13.4%
Nonmetropolitan area	1,156	14.1%	21.4%
By Region			
Northeast	1,405	7.7%	13.0%
South	4,321	8.5%	15.1%
Midwest	1,731	12.0%	20.7%
West	3,467	4.3%	10.3%
By Major State			
CA	2,248	3.4%	8.6%
TX	1,229	5.9%	12.5%
NY	603	7.5%	12.7%
FL	817	8.3%	13.1%
Families with Children in SPM Poverty	5,373	7.0%	12.4%
Single-head families with children (no other adults)	1,698	7.8%	12.9%
Persons in SPM Poverty (all ages)	43,373	4.4%	7.5%
By Age			
<18	10,924	7.6%	14.2%
18-64	26,677	3.6%	5.8%
65+	5,773	2.4%	2.7%
Families in SPM Poverty (all families)	20,255	3.2%	4.6%

TABLE C1.1B

EFFECTS OF ANTIPOVERTY POLICIES NEEDED TO LIFT CHILDREN OUT OF POVERTY IN 2010

Eliminating ARRA Provisions

Child Poverty Characteristics and Related Impacts	Baseline	SNAP Only	SNAP and Taxes
Children under 18 in SPM Poverty	10,924	11,755	12,477
By Age			
<=2	2,112	2,254	2,377
3-5	2,152	2,310	2,468
6-12	3,961	4,298	4,583
13-17	2,699	2,892	3,049
By Race/Ethnicity			
White	3,053	3,348	3,604
Black	2,128	2,351	2,473
Black males	1,081	1,212	1,264
Hispanic	4,937	5,194	5,486
Other races	805	862	913
By Family Composition			
In families with any nonelderly or nondisabled adults	10,091	10,859	11,573
At least one adult is a FY-FT worker	3,702	3,966	4,321
No FT-FY adults, at least one adult is PY or PT	3,714	4,011	4,368
No working adults, all adults are students	316	334	334
No working adults, at least one non-student adult	2,359	2,548	2,550
In families with only elderly or disabled adults	690	753	759
All elderly, none disabled	52	53	58
All disabled, none elderly	593	647	648
Both elderly and disabled adults	45	53	53
In families with no adults	143	143	145
By Metropolitan Status			
Metropolitan area	9,768	10,435	11,073
Nonmetropolitan area	1,156	1,319	1,404
By Region			
Northeast	1,405	1,513	1,588
South	4,321	4,689	4,974
Midwest	1,731	1,939	2,090
West	3,467	3,614	3,824
By Major State			
CA	2,248	2,323	2,440
TX	1,229	1,302	1,382
NY	603	648	680
FL	817	884	924
Families with Children in SPM Poverty	5,373	5,749	6,037
Single-head families with children (no other adults)	1,698	1,831	1,917
Persons in SPM Poverty (all ages)	43,373	45,302	46,626
By Age			
<18	10,924	11,755	12,477
18-64	26,677	27,636	28,222
65+	5,773	5,912	5,928
Families in SPM Poverty (all families)	20,255	20,897	21,193

TABLE C1.1C

Effects of Antipoverty Policies Needed to Lift Children Out of Poverty in 2010 Eliminating ARRA Provisions

Child Poverty Characteristics and Related Impacts	Baseline	SNAP Only	SNAP and Taxes
PERCENT CHANGE IN POVERTY CHARACTERISTICS			
Distribution of Children by Family Income Level	74,916		
<50% of SPM poverty	2.8%	10.3%	16.7%
50-99% of SPM poverty	11.8%	7.0%	13.6%
100-149% of SPM poverty	23.8%	-1.3%	-1.9%
150-199% of SPM poverty	18.1%	-3.9%	-7.5%
200% of SPM poverty and above	43.5%	-0.2%	-0.6%
Poverty Gap for Families with Children (\$ millions)	40,467	8.8%	14.6%
Poverty Gap for all Families (\$ millions)	128,341	4.3%	6.2%
Low-Income Gap for Families with Children (\$ millions)	382,391	2.3%	4.5%
Low-Income Gap for all Families (\$ millions)	850,461	1.4%	2.4%
POVERTY CHARACTERISTICS			
Distribution of Children by Family Income Level (thousands)	74,916	74,916	74,916
<50% of SPM poverty	2.8%	3.1%	3.3%
50-99% of SPM poverty	11.8%	12.6%	13.4%
100-149% of SPM poverty	23.8%	23.5%	23.3%
150-199% of SPM poverty	18.1%	17.4%	16.8%
200% of SPM poverty and above	43.5%	43.4%	43.2%
Poverty Gap for Families with Children (\$ millions)	40,467	44,031	46,378
Poverty Gap for all Families (\$ millions)	128,341	133,899	136,300
Low-Income Gap for Families with Children (\$ millions)	382,391	391,213	399,725
Low-Income Gap for all Families (\$ millions)	850,461	862,367	871,052

TABLE C1.2A

Effects of Antipoverty Policies Needed to Lift Children Out of Poverty in 2010

Increasing Cash Income

Child Poverty Characteristics and Related Impacts	Baseline	Child Support Pass-Through	Minimum Wage Increase		Transitional Jobs
			Standard	Employment Effects	
PERCENT CHANGE IN NUM. IN POVERTY (SPM DEFINITION)					
Children under 18 in SPM Poverty	10,924	-0.8%	-2.3%	-4.0%	-10.7%
By Age					
<=2	2,112	-0.6%	-2.9%	-5.1%	-10.8%
3-5	2,152	-0.6%	-1.9%	-3.1%	-10.4%
6-12	3,961	-0.9%	-2.2%	-4.0%	-9.9%
13-17	2,699	-1.1%	-2.3%	-3.7%	-12.2%
By Race/Ethnicity					
White	3,053	-1.7%	-2.5%	-3.9%	-11.2%
Black	2,128	-0.6%	-1.5%	-2.5%	-14.0%
Black males	1,081	-0.4%	-1.7%	-2.9%	-13.8%
Hispanic	4,937	-0.5%	-2.6%	-5.0%	-8.8%
Other races	805	-0.3%	-1.4%	-1.4%	-12.2%
By Family Composition					
In families with any nonelderly or nondisabled adults	10,091	-0.7%	-2.4%	-4.2%	-11.1%
At least one adult is a FY-FT worker	3,702	0.0%	-4.1%	-8.1%	-8.1%
No FT-FY adults, at least one adult is PY or PT	3,714	-1.2%	-2.5%	-4.3%	-1.4%
No working adults, all adults are students	316	-2.0%	0.0%	0.0%	-26.7%
No working adults, at least one non-student adult	2,359	-0.8%	0.0%	1.4%	-28.8%
In families with only elderly or disabled adults	690	-2.8%	-0.7%	-0.7%	-7.2%
All elderly, none disabled	52	0.0%	0.0%	0.0%	0.0%
All disabled, none elderly	593	-3.2%	-0.8%	-0.8%	-8.2%
Both elderly and disabled adults	45	0.0%	0.0%	0.0%	-1.4%
In families with no adults	143	0.0%	-0.3%	-0.3%	-4.2%
By Metropolitan Status					
Metropolitan area	9,768	-0.7%	-2.1%	-4.0%	-10.4%
Nonmetropolitan area	1,156	-2.0%	-3.6%	-3.7%	-13.1%
By Region					
Northeast	1,405	-0.7%	-1.7%	-2.5%	-10.4%
South	4,321	-1.1%	-1.9%	-2.9%	-11.5%
Midwest	1,731	-0.8%	-4.9%	-6.2%	-11.9%
West	3,467	-0.5%	-1.6%	-4.7%	-9.3%
By Major State					
CA	2,248	-0.2%	-1.3%	-5.1%	-8.5%
TX	1,229	-0.6%	-1.1%	-2.9%	-8.9%
NY	603	-0.7%	-1.8%	-2.6%	-11.1%
FL	817	-1.8%	-1.4%	-1.7%	-10.2%
Families with Children in SPM Poverty	5,373	-0.7%	-2.3%	-4.1%	-10.1%
Single-head families with children (no other adults)	1,698	-1.5%	-2.1%	-2.8%	-7.4%
Persons in SPM Poverty (all ages)	43,373	-0.3%	-2.4%	-4.0%	-5.6%
By Age					
<18	10,924	-0.8%	-2.3%	-4.0%	-10.7%
18-64	26,677	-0.2%	-2.9%	-4.7%	-4.6%
65+	5,773	0.0%	-0.5%	-0.7%	-0.7%
Families in SPM Poverty (all families)	20,255	-0.2%	-2.2%	-3.4%	-2.7%

TABLE C1.2B

Effects of Antipoverty Policies Needed to Lift Children Out of Poverty in 2010

Increasing Cash Income

Child Poverty Characteristics and Related Impacts	Baseline	Child Support Pass-Through	Minimum Wage Increase	Employment Effects	Transitional Jobs
NUMBER IN POVERTY (SPM DEFINITION, THOUSANDS)					
Children under 18 in SPM Poverty	10,924	10,834	10,675	10,491	9,753
By Age					
<=2	2,112	2,099	2,051	2,003	1,885
3-5	2,152	2,139	2,112	2,084	1,929
6-12	3,961	3,927	3,875	3,804	3,568
13-17	2,699	2,670	2,638	2,599	2,371
By Race/Ethnicity					
White	3,053	3,002	2,977	2,935	2,710
Black	2,128	2,116	2,096	2,074	1,831
Black males	1,081	1,077	1,063	1,050	932
Hispanic	4,937	4,913	4,808	4,688	4,504
Other races	805	803	794	794	707
By Family Composition					
In families with any nonelderly or nondisabled adults	10,091	10,021	9,848	9,664	8,976
At least one adult is a FY-FY worker	3,702	3,701	3,552	3,401	3,403
No FT-FY adults, at least one adult is PY or PT	3,714	3,669	3,621	3,555	3,661
No working adults, all adults are students	316	310	316	316	232
No working adults, at least one non-student adult	2,359	2,341	2,359	2,392	1,680
In families with only elderly or disabled adults	690	670	685	685	640
All elderly, none disabled	52	52	52	52	52
All disabled, none elderly	593	573	588	588	544
Both elderly and disabled adults	45	45	45	45	44
In families with no adults	143	143	142	142	137
By Metropolitan Status					
Metropolitan area	9,768	9,701	9,560	9,378	8,748
Nonmetropolitan area	1,156	1,133	1,115	1,113	1,005
By Region					
Northeast	1,405	1,394	1,381	1,369	1,259
South	4,321	4,273	4,238	4,194	3,823
Midwest	1,731	1,717	1,646	1,624	1,525
West	3,467	3,450	3,410	3,304	3,146
By Major State					
CA	2,248	2,243	2,219	2,134	2,056
TX	1,229	1,221	1,215	1,193	1,119
NY	603	599	593	588	537
FL	817	802	805	802	734
Families with Children in SPM Poverty	5,373	5,337	5,249	5,152	4,831
Single-head families with children (no other adults)	1,698	1,672	1,662	1,651	1,572
Persons in SPM Poverty (all ages)	43,373	43,233	42,327	41,643	40,938
By Age					
<18	10,924	10,834	10,675	10,491	9,753
18-64	26,677	26,627	25,908	25,420	25,454
65+	5,773	5,771	5,744	5,731	5,730
Families in SPM Poverty (all families)	20,255	20,218	19,804	19,563	19,713

TABLE C1.2C

Effects of Antipoverty Policies Needed to Lift Children Out of Poverty in 2010

Increasing Cash Income

Child Poverty Characteristics and Related Impacts	Baseline	Child Support Pass-Through	Minimum Wage Increase		Transitional Jobs
			Standard	Employment Effects	
PERCENT CHANGE IN POVERTY CHARACTERISTICS					
Distribution of Children by Family Income Level	74,916				
<50% of SPM poverty	2.8%	-0.2%	-3.4%	-4.9%	-18.6%
50-99% of SPM poverty	11.8%	-1.0%	-2.0%	-3.7%	-8.9%
100-149% of SPM poverty	23.8%	0.0%	-0.4%	-0.4%	1.9%
150-199% of SPM poverty	18.1%	0.6%	1.0%	1.6%	3.1%
200% of SPM poverty and above	43.5%	0.0%	0.6%	0.9%	1.3%
Poverty Gap for Families with Children (\$ millions)	40,467	-0.7%	-2.6%	-4.5%	-13.9%
Poverty Gap for all Families (\$ millions)	128,341	-0.2%	-1.9%	-3.1%	-4.4%
Low-Income Gap for Families with Children (\$ millions)	382,391	-0.3%	-1.2%	-2.1%	-4.2%
Low-Income Gap for all Families (\$ millions)	850,461	-0.1%	-1.2%	-2.1%	-1.9%
POVERTY CHARACTERISTICS					
Distribution of Children by Family Income Level (thousands)	74,916	74,916	74,916	74,916	74,916
<50% of SPM poverty	2.8%	2.8%	2.7%	2.7%	2.3%
50-99% of SPM poverty	11.8%	11.7%	11.5%	11.3%	10.7%
100-149% of SPM poverty	23.8%	23.8%	23.7%	23.7%	24.2%
150-199% of SPM poverty	18.1%	18.3%	18.3%	18.4%	18.7%
200% of SPM poverty and above	43.5%	43.5%	43.8%	43.9%	44.1%
Poverty Gap for Families with Children (\$ millions)	40,467	40,197	39,395	38,640	34,835
Poverty Gap for all Families (\$ millions)	128,341	128,067	125,895	124,333	122,710
Low-Income Gap for Families with Children (\$ millions)	382,391	381,373	377,662	374,222	366,349
Low-Income Gap for all Families (\$ millions)	850,461	849,438	839,940	832,980	834,421

TABLE C1.3A

Effects of Antipoverty Policies Needed to Lift Children Out of Poverty in 2010

Increasing In-Kind Income

Child Poverty Characteristics and Related Impacts	Baselin e	Increased Housing Vouchers	SNAP Benefit Increase	
			All Families	Families with Children
PERCENT CHANGE IN NUMBER IN POVERTY (SPM DEFINITION)				
Children under 18 in SPM Poverty	10,924	-20.8%	-16.5%	-16.2%
By Age				
<=2	2,112	-23.7%	-16.6%	-16.2%
3-5	2,152	-21.1%	-18.9%	-18.8%
6-12	3,961	-19.9%	-16.7%	-16.5%
13-17	2,699	-19.7%	-14.3%	-13.7%
By Race/Ethnicity				
White	3,053	-14.7%	-21.1%	-20.3%
Black	2,128	-24.9%	-20.1%	-19.5%
Black males	1,081	-23.4%	-19.2%	-18.4%
Hispanic	4,937	-22.5%	-12.7%	-12.7%
Other races	805	-22.8%	-13.4%	-13.2%
By Family Composition				
In families with any nonelderly or nondisabled adults	10,091	-20.2%	-16.4%	-16.0%
At least one adult is a FY-FT worker	3,702	-17.7%	-15.5%	-15.4%
No FT-FY adults, at least one adult is PY or PT	3,714	-23.8%	-17.2%	-17.0%
No working adults, all adults are students	316	-23.4%	-18.7%	-18.7%
No working adults, at least one non-student adult	2,359	-18.2%	-16.0%	-14.9%
In families with only elderly or disabled adults	690	-31.0%	-21.5%	-21.5%
All elderly, none disabled	52	-23.5%	-14.8%	-14.8%
All disabled, none elderly	593	-33.1%	-22.0%	-22.0%
Both elderly and disabled adults	45	-11.3%	-23.0%	-23.0%
In families with no adults	143	-11.7%	-5.7%	-5.7%
By Metropolitan Status				
Metropolitan area	9,768	-21.3%	-15.2%	-14.8%
Nonmetropolitan area	1,156	-16.4%	-28.2%	-27.9%
By Region				
Northeast	1,405	-27.0%	-15.1%	-15.0%
South	4,321	-16.1%	-19.4%	-18.9%
Midwest	1,731	-13.7%	-21.6%	-20.6%
West	3,467	-27.7%	-11.1%	-11.0%
By Major State				
CA	2,248	-30.5%	-8.0%	-8.0%
TX	1,229	-17.5%	-13.0%	-13.0%
NY	603	-38.1%	-15.7%	-15.7%
FL	817	-19.2%	-16.0%	-14.0%
Families with Children in SPM Poverty	5,373	-19.4%	-15.2%	-14.9%
Single-head families with children (no other adults)	1,698	-22.7%	-16.4%	-16.4%
Persons in SPM Poverty (all ages)	43,373	-9.7%	-10.2%	-7.7%
By Age				
<18	10,924	-20.8%	-16.5%	-16.2%
18-64	26,677	-7.1%	-8.6%	-5.8%
65+	5,773	-0.7%	-5.6%	-0.9%
Families in SPM Poverty (all families)	20,255	-5.1%	-7.3%	-4.0%

TABLE C1.3B

Effects of Antipoverty Policies Needed to Lift Children Out of Poverty in 2010

Increasing In-Kind Income

Child Poverty Characteristics and Related Impacts	Baseline	Increased Housing Vouchers	SNAP Benefit Increase	
			All Families	Families with Children
NUMBER IN POVERTY (SPM DEFINITION, THOUSANDS)				
Children under 18 in SPM Poverty	10,924	8,650	9,117	9,154
By Age				
<=2	2,112	1,611	1,762	1,769
3-5	2,152	1,698	1,744	1,748
6-12	3,961	3,173	3,299	3,309
13-17		2,168	2,312	2,328
By Race/Ethnicity				
White	3,053	2,603	2,410	2,432
Black	2,128	1,598	1,701	1,713
Black males	1,081	828	874	883
Hispanic	4,937	3,827	4,310	4,310
Other races	805	622	697	699
By Family Composition				
In families with any nonelderly or nondisabled adults	10,091	8,048	8,441	8,478
At least one adult is a FY-FY worker	3,702	3,047	3,129	3,133
No FT-FY adults, at least one adult is PY or PT	3,714	2,829	3,073	3,081
No working adults, all adults are students	316	242	257	257
No working adults, at least one non-student adult	2,359	1,930	1,982	2,007
In families with only elderly or disabled adults	690	476	541	541
All elderly, none disabled	52	40	44	44
All disabled, none elderly	593	396	462	462
Both elderly and disabled adults	45	40	35	35
In families with no adults	143	126	134	134
By Metropolitan Status				
Metropolitan area	9,768	7,684	8,287	8,321
Nonmetropolitan area	1,156	966	830	833
By Region				
Northeast	1,405	1,025	1,193	1,193
South	4,321	3,624	3,484	3,502
Midwest	1,731	1,494	1,358	1,374
West	3,467	2,507	3,082	3,084
By Major State				
CA	2,248	1,562	2,067	2,069
TX	1,229	1,014	1,069	1,069
NY	603	373	509	509
FL	817	660	686	702
Families with Children in SPM Poverty	5,373	4,333	4,555	4,570
Single-head families with children (no other adults)	1,698	1,313	1,420	1,420
Persons in SPM Poverty (all ages)	43,373	39,168	38,956	40,014
By Age				
<18	10,924	8,650	9,117	9,154
18-64	26,677	24,785	24,390	25,140
65+	5,773	5,733	5,450	5,720
Families in SPM Poverty (all families)	20,255	19,213	18,780	19,449

TABLE C1.3C

Effects of Antipoverty Policies Needed to Lift Children Out of Poverty in 2010 Increasing In-Kind Income

Child Poverty Characteristics and Related Impacts	Baseline	Increased Housing Vouchers	SNAP Benefit Increase	
			All Families	Families with Children
PERCENT CHANGE IN POVERTY CHARACTERISTICS				
Distribution of Children by Family Income Level	74,916			
<50% of SPM poverty	2.8%	-28.7%	-22.3%	-22.0%
50-99% of SPM poverty	11.8%	-18.9%	-15.2%	-14.8%
100-149% of SPM poverty	23.8%	10.3%	-0.3%	-0.3%
150-199% of SPM poverty	18.1%	3.2%	11.1%	10.9%
200% of SPM poverty and above	43.5%	0.0%	1.1%	1.1%
Poverty Gap for Families with Children (\$ millions)	40,467	-28.5%	-18.4%	-18.1%
Poverty Gap for all Families (\$ millions)	128,341	-9.1%	-9.4%	-5.7%
Low-Income Gap for Families with Children (\$ millions)	382,391	-5.1%	-6.0%	-5.8%
Low-Income Gap for all Families (\$ millions)	850,461	-2.3%	-3.6%	-2.6%
POVERTY CHARACTERISTICS				
Distribution of Children by Family Income Level (thousands)	74,916	74,916	74,916	74,916
<50% of SPM poverty	2.8%	2.0%	2.2%	2.2%
50-99% of SPM poverty	11.8%	9.5%	10.0%	10.0%
100-149% of SPM poverty	23.8%	26.2%	23.7%	23.7%
150-199% of SPM poverty	18.1%	18.7%	20.2%	20.1%
200% of SPM poverty and above	43.5%	43.5%	44.0%	44.0%
Poverty Gap for Families with Children (\$ millions)	40,467	28,941	33,007	33,161
Poverty Gap for all Families (\$ millions)	128,341	116,698	116,301	120,983
Low-Income Gap for Families with Children (\$ millions)	382,391	362,792	359,588	360,179
Low-Income Gap for all Families (\$ millions)	850,461	830,722	819,615	828,169

TABLE C1.4A

Effects of Antipoverty Policies Needed to Lift Children Out of Poverty in 2010

Reducing Taxes

Child Poverty Characteristics and Related Impacts	Baseline	Refundable Child Tax Credit	Expanded EITC		Expanded CDCTC	
			Standard	Employment Effects	Standard	Employment Effects
PERCENT CHANGE IN NUMBER IN POVERTY (SPM DEFINITION)						
Children under 18 in SPM Poverty	10,924	-11.6%	-4.7%	-8.8%	-0.6%	-1.3%
By Age						
<=2	2,112	-11.4%	-5.0%	-9.9%	-0.6%	-1.5%
3-5	2,152	-13.5%	-5.3%	-9.9%	-1.0%	-2.4%
6-12	3,961	-13.5%	-4.7%	-8.2%	-0.7%	-1.3%
13-17	2,699	-7.4%	-4.0%	-7.7%	-0.3%	-0.4%
By Race/Ethnicity						
White	3,053	-14.4%	-5.7%	-9.1%	-0.6%	-1.6%
Black	2,128	-15.8%	-6.5%	-14.2%	-1.1%	-1.9%
Black males	1,081	-15.6%	-7.3%	-16.0%	-0.6%	-1.3%
Hispanic	4,937	-8.9%	-3.6%	-6.6%	-0.4%	-0.9%
Other races	805	-6.4%	-2.9%	-6.4%	-1.1%	-1.6%
By Family Composition						
In families with any nonelderly or nondisabled adults	10,091	-11.0%	-4.9%	-9.3%	-0.7%	-1.5%
At least one adult is a FY-FT worker	3,702	-6.3%	-5.3%	-5.8%	-1.4%	-1.6%
No FT-FY adults, at least one adult is PY or PT	3,714	-11.9%	-7.9%	-8.6%	-0.5%	-0.9%
No working adults, all adults are students	316	-17.2%	-2.1%	-2.1%	0.0%	0.0%
No working adults, at least one non-student adult	2,359	-16.0%	0.0%	-16.8%	0.0%	-2.2%
In families with only elderly or disabled adults	690	-23.0%	-1.8%	-1.8%	0.0%	0.0%
All elderly, none disabled	52	-19.6%	0.0%	0.0%	0.0%	0.0%
All disabled, none elderly	593	-23.0%	-1.6%	-1.6%	0.0%	0.0%
Both elderly and disabled adults	45	-27.1%	-6.5%	-6.5%	0.0%	0.0%
In families with no adults	143	0.0%	-2.3%	-3.7%	0.0%	0.0%
By Metropolitan Status						
Metropolitan area	9,768	-10.2%	-4.7%	-8.4%	-0.6%	-1.2%
Nonmetropolitan area	1,156	-23.2%	-4.3%	-11.5%	-0.6%	-2.4%
By Region						
Northeast	1,405	-9.9%	-3.9%	-10.2%	-0.8%	-0.8%
South	4,321	-13.3%	-5.8%	-10.2%	-0.7%	-1.7%
Midwest	1,731	-18.4%	-5.2%	-10.2%	-0.7%	-2.0%
West	3,467	-6.8%	-3.4%	-5.7%	-0.4%	-0.7%
By Major State						
CA	2,248	-4.9%	-2.6%	-4.5%	-0.2%	-0.4%
TX	1,229	-11.6%	-6.7%	-13.0%	0.0%	-1.5%
NY	603	-13.5%	-7.3%	-14.5%	-0.5%	-0.5%
FL	817	-6.4%	-2.6%	-4.1%	-0.5%	-1.6%
Families with Children in SPM Poverty	5,373	-8.6%	-4.4%	-8.1%	-0.6%	-1.2%
Single-head families with children (no other adults)	1,698	-12.8%	-4.6%	-11.5%	-1.3%	-1.8%
Persons in SPM Poverty (all ages)	43,373	-4.8%	-2.4%	-4.3%	-0.3%	-0.6%
By Age						
<18	10,924	-11.6%	-4.7%	-8.8%	-0.6%	-1.3%
18-64	26,677	-2.9%	-2.0%	-3.4%	-0.2%	-0.4%
65+	5,773	-0.6%	-0.3%	-0.5%	0.0%	0.0%
Families in SPM Poverty (all families)	20,255	-2.3%	-1.2%	-2.3%	-0.2%	-0.3%

TABLE C1.4B

Effects of Antipoverty Policies Needed to Lift Children Out of Poverty in 2010

Reducing Taxes

Child Poverty Characteristics and Related Impacts	Baseline	Refundable Child Tax Credit	Expanded EITC		Expanded CDCTC	
			Standard	Employment Effects	Standard	Employment Effects
NUMBER IN POVERTY (SPM DEFINITION, THOUSANDS)						
Children under 18 in SPM Poverty	10,924	9,657	10,410	9,967	10,853	10,777
By Age						
<=2	2,112	1,872	2,006	1,903	2,098	2,079
3-5	2,152	1,861	2,038	1,938	2,131	2,099
6-12	3,961	3,426	3,776	3,634	3,934	3,910
13-17	2,699	2,498	2,591	2,491	2,691	2,688
By Race/Ethnicity						
White	3,053	2,614	2,879	2,776	3,036	3,004
Black	2,128	1,791	1,990	1,826	2,105	2,088
Black males	1,081	913	1,003	909	1,075	1,067
Hispanic	4,937	4,498	4,760	4,611	4,917	4,893
Other races	805	754	782	754	796	793
By Family Composition						
In families with any nonelderly or nondisabled adults	10,091	8,983	9,594	9,153	10,021	9,945
At least one adult is a FY-FT worker	3,702	3,468	3,505	3,487	3,651	3,643
No FT-FY adults, at least one adult is PY or PT	3,714	3,271	3,420	3,395	3,695	3,679
No working adults, all adults are students	316	262	309	309	316	316
No working adults, at least one non-student adult	2,359	1,982	2,359	1,962	2,359	2,306
In families with only elderly or disabled adults	690	531	677	677	690	690
All elderly, none disabled	52	42	52	52	52	52
All disabled, none elderly	593	456	583	583	593	593
Both elderly and disabled adults	45	33	42	42	45	45
In families with no adults	143	143	139	137	143	143
By Metropolitan Status						
Metropolitan area	9,768	8,769	9,304	8,943	9,704	9,648
Nonmetropolitan area	1,156	887	1,107	1,024	1,149	1,129
By Region						
Northeast	1,405	1,266	1,350	1,262	1,394	1,394
South	4,321	3,748	4,071	3,880	4,289	4,245
Midwest	1,731	1,413	1,641	1,555	1,719	1,697
West	3,467	3,230	3,349	3,271	3,452	3,441
By Major State						
CA	2,248	2,137	2,188	2,147	2,242	2,238
TX	1,229	1,087	1,146	1,068	1,229	1,210
NY	603	522	559	515	600	600
FL	817	765	796	783	813	804
Families with Children in SPM Poverty	5,373	4,912	5,139	4,937	5,340	5,311
Single-head families with children (no other adults)	1,698	1,480	1,620	1,503	1,676	1,668
Persons in SPM Poverty (all ages)	43,373	41,293	42,313	41,495	43,255	43,125
By Age						
<18	10,924	9,657	10,410	9,967	10,853	10,777
18-64	26,677	25,899	26,149	25,782	26,629	26,575
65+	5,773	5,738	5,753	5,746	5,773	5,773
Families in SPM Poverty (all families)	20,255	19,794	20,004	19,789	20,222	20,193

TABLE C1.4C

Effects of Antipoverty Policies Needed to Lift Children Out of Poverty in 2010

Reducing Taxes

Child Poverty Characteristics and Related Impacts	Baseline	Refundable Child Tax Credit	Expanded EITC Standard	Expanded EITC Employment Effects	Expanded CDCTC Standard	Expanded CDCTC Employment Effects
PERCENT CHANGE IN POVERTY CHARACTERISTICS						
Distribution of Children by Family Income Level						
	74,916					
<50% of SPM poverty	2.8%	-21.8%	-4.5%	-10.3%	-1.1%	-1.6%
50-99% of SPM poverty	11.8%	-9.2%	-4.8%	-8.4%	-0.5%	-1.3%
100-149% of SPM poverty	23.8%	3.6%	-0.2%	0.5%	-0.6%	-0.5%
150-199% of SPM poverty	18.1%	3.6%	3.4%	5.2%	1.1%	1.5%
200% of SPM poverty and above	43.5%	0.4%	0.3%	0.5%	0.1%	0.1%
Poverty Gap for Families with Children (\$ millions)	40,467	-13.5%	-5.5%	-9.1%	-0.8%	-1.3%
Poverty Gap for all Families (\$ millions)	128,341	-4.3%	-1.8%	-3.2%	-0.2%	-0.4%
Low-Income Gap for Families with Children (\$ millions)	382,391	-3.0%	-1.8%	-2.9%	-0.4%	-0.6%
Low-Income Gap for all Families (\$ millions)	850,461	-1.4%	-0.8%	-1.4%	-0.2%	-0.3%
POVERTY CHARACTERISTICS						
Distribution of Children by Family Income Level (thousands)						
	74,916	74,916	74,916	74,916	74,916	74,916
<50% of SPM poverty	2.8%	2.19%	2.68%	2.51%	2.77%	2.76%
50-99% of SPM poverty	11.8%	10.70%	11.22%	10.79%	11.71%	11.63%
100-149% of SPM poverty	23.8%	24.63%	23.71%	23.88%	23.64%	23.65%
150-199% of SPM poverty	18.1%	18.80%	18.76%	19.10%	18.34%	18.42%
200% of SPM poverty and above	43.5%	43.68%	43.64%	43.72%	43.54%	43.54%
Poverty Gap for Families with Children (\$ millions)	40,467	35,008	38,258	36,803	40,157	39,947
Poverty Gap for all Families (\$ millions)	128,341	122,879	125,995	124,290	128,031	127,821
Low-Income Gap for Families with Children (\$ millions)	382,391	370,761	375,533	371,262	380,971	380,159
Low-Income Gap for all Families (\$ millions)	850,461	838,827	843,326	838,738	849,042	848,229

TABLE C1.5A

Effects of Antipoverty Policies Needed to Lift Children Out of Poverty in 2010

Reducing Expenses

Child Poverty Characteristics and Related Impacts	Increased Child Care Subsidies		
	Baseline	Standard	Employment
			Effects
PERCENT CHANGE IN NUMBER IN POVERTY (SPM DEFINITION)			
Children under 18 in SPM Poverty	10,924	-0.7%	-3.1%
By Age			
<=2	2,112	-0.4%	-3.9%
3-5	2,152	-1.0%	-3.7%
6-12	3,961	-0.7%	-3.0%
13-17	2,699	-0.5%	-2.0%
By Race/Ethnicity			
White	3,053	-0.8%	-3.4%
Black	2,128	-1.0%	-4.8%
Black males	1,081	-0.5%	-4.6%
Hispanic	4,937	-0.5%	-2.4%
Other races	805	-0.3%	-1.4%
By Family Composition			
In families with any nonelderly or nondisabled adults	10,091	-0.7%	-3.3%
At least one adult is a FY-FT worker	3,702	-1.4%	-1.3%
No FT-FY adults, at least one adult is PY or PT	3,714	-0.4%	-0.8%
No working adults, all adults are students	316	-1.1%	-1.1%
No working adults, at least one non-student adult	2,359	0.0%	-10.5%
In families with only elderly or disabled adults	690	0.0%	-0.7%
All elderly, none disabled	52	0.0%	-8.6%
All disabled, none elderly	593	0.0%	0.0%
Both elderly and disabled adults	45	0.0%	0.0%
In families with no adults	143	0.0%	0.0%
By Metropolitan Status			
Metropolitan area	9,768	-0.7%	-3.0%
Nonmetropolitan area	1,156	-0.4%	-3.7%
By Region			
Northeast	1,405	-1.3%	-3.6%
South	4,321	-0.4%	-2.4%
Midwest	1,731	-1.1%	-4.7%
West	3,467	-0.5%	-2.9%
By Major State			
CA	2,248	-0.2%	-3.3%
TX	1,229	0.3%	-1.5%
NY	603	-2.2%	-4.2%
FL	817	0.0%	-2.4%
Families with Children in SPM Poverty	5,373	-0.5%	-2.5%
Single-head families with children (no other adults)	1,698	-0.8%	-3.4%
Persons in SPM Poverty (all ages)	43,373	-0.3%	-1.3%
By Age			
<18	10,924	-0.7%	-3.1%
18-64	26,677	-0.2%	-0.9%
65+	5,773	0.0%	-0.1%
Families in SPM Poverty (all families)	20,255	-0.1%	-0.6%

TABLE C1.5B

Effects of Antipoverty Policies Needed to Lift Children Out of Poverty in 2010

Reducing Expenses

Child Poverty Characteristics and Related Impacts	Baseline	Increased Child Care Subsidies	
		Standard	Employment Effects
NUMBER IN POVERTY (SPM DEFINITION, THOUSANDS)			
Children under 18 in SPM Poverty	10,924	10,852	10,589
By Age			
<=2	2,112	2,104	2,029
3-5	2,152	2,131	2,072
6-12	3,961	3,932	3,841
13-17	2,699	2,686	2,646
By Race/Ethnicity			
White	3,053	3,028	2,950
Black	2,128	2,106	2,025
Black males		1,076	1,031
Hispanic	4,937	4,914	4,820
Other races		803	794
By Family Composition			
In families with any nonelderly or nondisabled adults	10,091	10,020	9,761
At least one adult is a FY-FT worker	3,702	3,650	3,653
No FT-FY adults, at least one adult is PY or PT	3,714	3,698	3,684
No working adults, all adults are students	316	313	313
No working adults, at least one non-student adult	2,359	2,359	2,112
In families with only elderly or disabled adults	690	690	685
All elderly, none disabled	52	52	47
All disabled, none elderly	593	593	593
Both elderly and disabled adults	45	45	45
In families with no adults	143	143	143
By Metropolitan Status			
Metropolitan area	9,768	9,701	9,476
Nonmetropolitan area	1,156	1,151	1,113
By Region			
Northeast	1,405	1,386	1,354
South	4,321	4,305	4,219
Midwest	1,731	1,712	1,651
West	3,467	3,450	3,365
By Major State			
CA	2,248	2,242	2,174
TX	1,229	1,232	1,210
NY	603	590	578
FL	817	817	797
Families with Children in SPM Poverty	5,373	5,347	5,241
Single-head families with children (no other adults)	1,698	1,685	1,640
Persons in SPM Poverty (all ages)	43,373	43,250	42,799
By Age			
<18	10,924	10,852	10,589
18-64	26,677	26,626	26,444
65+	5,773	5,772	5,767
Families in SPM Poverty (all families)	20,255	20,230	20,124

TABLE C1.5C

Effects of Antipoverty Policies Needed to Lift Children Out of Poverty in 2010 Reducing Expenses

Child Poverty Characteristics and related Impacts	Increased Child Care Subsidies		
	Baseline	Standard	Employment Effects
PERCENT CHANGE IN POVERTY CHARACTERISTICS			
Distribution of Children by Family Income Level	74,916		
<50% of SPM poverty	2.8%	-1.4%	-5.1%
50-99% of SPM poverty	11.8%	-0.5%	-2.6%
100-149% of SPM poverty	23.8%	0.2%	0.8%
150-199% of SPM poverty	18.1%	0.2%	1.1%
200% of SPM poverty and above	43.5%	0.0%	0.1%
Poverty Gap for Families with Children (\$ millions)	40,467	-0.8%	-3.4%
Poverty Gap for all Families (\$ millions)	128,341	-0.2%	-1.1%
Low-Income Gap for Families with Children (\$ millions)	382,391	-0.2%	-0.9%
Low-Income Gap for all Families (\$ millions)	850,461	-0.1%	-0.4%
POVERTY CHARACTERISTICS			
Distribution of Children by Family Income Level (thousands)	74,916	74,916	74,916
<50% of SPM poverty	2.8%	2.8%	2.7%
50-99% of SPM poverty	11.8%	11.7%	11.5%
100-149% of SPM poverty	23.8%	23.8%	24.0%
150-199% of SPM poverty	18.1%	18.2%	18.3%
200% of SPM poverty and above	43.5%	43.5%	43.6%
Poverty Gap for Families with Children (\$ millions)	40,467	40,154	39,105
Poverty Gap for all Families (\$ millions)	128,341	128,028	126,982
Low-Income Gap for Families with Children (\$ millions)	382,391	381,675	378,889
Low-Income Gap for all Families (\$ millions)	850,461	849,746	846,964

TABLE C1.6A

Effects of Antipoverty Policies Needed to Lift Children Out of Poverty in 2010

Combining Policies

Child Poverty Characteristics and Related Impacts	Baseline	Minimum Wage + EITC	Minimum Wage + EITC + Transitional Jobs	All Policies
PERCENT CHANGE IN NUMBER IN POVERTY (SPM DEFINITION)				
Children under 18 in SPM Poverty	10,924	-12.4%	-23.4%	-60.3%
By Age				
<=2	2,112	-14.9%	-26.0%	-63.8%
3-5	2,152	-13.0%	-23.6%	-60.7%
6-12	3,961	-11.4%	-21.9%	-61.2%
13-17	2,699	-11.7%	-23.5%	-56.1%
By Race/Ethnicity				
White	3,053	-12.4%	-24.4%	-60.1%
Black	2,128	-16.5%	-29.6%	-72.1%
Black males	1,081	-18.3%	-30.4%	-70.1%
Hispanic	4,937	-11.3%	-20.4%	-56.2%
Other races	805	-8.7%	-22.0%	-55.7%
By Family Composition				
In families with any nonelderly or nondisabled adults	10,091	-13.3%	-24.6%	-60.4%
At least one adult is a FY-FT worker	3,702	-12.9%	-20.7%	-51.5%
No FT-FY adults, at least one adult is PY or PT	3,714	-13.2%	-18.2%	-61.9%
No working adults, all adults are students	316	-2.1%	-28.8%	-64.8%
No working adults, at least one non-student adult	2,359	-15.5%	-40.0%	-71.5%
In families with only elderly or disabled adults	690	-2.0%	-10.1%	-67.3%
All elderly, none disabled	52	0.0%	-2.9%	-61.9%
All disabled, none elderly	593	-1.6%	-10.6%	-69.0%
Both elderly and disabled adults	45	-10.3%	-11.7%	-50.2%
In families with no adults	143	-4.0%	-8.4%	-22.4%
By Metropolitan Status				
Metropolitan area	9,768	-12.1%	-23.2%	-59.4%
Nonmetropolitan area	1,156	-15.1%	-25.4%	-68.2%
By Region				
Northeast	1,405	-12.9%	-23.8%	-60.5%
South	4,321	-13.5%	-25.0%	-61.2%
Midwest	1,731	-14.6%	-26.8%	-63.2%
West	3,467	-9.9%	-19.6%	-57.8%
By Major State				
CA	2,248	-9.1%	-18.8%	-57.6%
TX	1,229	-15.0%	-23.3%	-57.8%
NY	603	-17.1%	-28.4%	-72.7%
FL	817	-9.7%	-22.6%	-59.7%
Families with Children in SPM Poverty	5,373	-12.1%	-22.8%	-57.5%
Single-head families with children (no other adults)	1,698	-14.9%	-21.7%	-64.0%
Persons in SPM Poverty (all ages)	43,373	-8.1%	-14.0%	-31.5%
By Age				
<18	10,924	-12.4%	-23.4%	-60.3%
18-64	26,677	-7.8%	-12.7%	-25.6%
65+	5,773	-1.1%	-1.9%	-4.0%
Families in SPM Poverty (all families)	20,255	-5.7%	-8.5%	-17.8%

TABLE C1.6B

Effects of Antipoverty Policies Needed to Lift Children Out of Poverty in 2010

Combining Policies

Child Poverty Characteristics and Related Impacts	Baseline	Minimum Wage + EITC	Minimum Wage + EITC + Transitional Jobs	All Policies
NUMBER IN POVERTY (SPM DEFINITION, THOUSANDS)				
Children under 18 in SPM Poverty	10,924	9,564	8,363	4,332
By Age				
<=2	2,112	1,797	1,562	763
3-5	2,152	1,872	1,643	846
6-12	3,961	3,510	3,093	1,537
13-17	2,699	2,384	2,065	1,186
By Race/Ethnicity				
White	3,053	2,674	2,309	1,218
Black	2,128	1,777	1,498	594
Black males		884	753	323
Hispanic	4,937	4,377	3,927	2,163
Other races		735	628	357
By Family Composition				
In families with any nonelderly or nondisabled adults	10,091	8,751	7,612	3,995
At least one adult is a FY-FY worker	3,702	3,223	2,936	1,797
No FT-FY adults, at least one adult is PY or PT	3,714	3,224	3,037	1,415
No working adults, all adults are students	316	309	225	111
No working adults, at least one non-student adult	2,359	1,994	1,414	671
In families with only elderly or disabled adults	690	676	620	226
All elderly, none disabled	52	52	50	20
All disabled, none elderly	593	583	530	184
Both elderly and disabled adults	45	40	40	22
In families with no adults	143	137	131	111
By Metropolitan Status				
Metropolitan area	9,768	8,583	7,500	3,964
Nonmetropolitan area	1,156	981	863	368
By Region				
Northeast	1,405	1,223	1,070	554
South	4,321	3,738	3,240	1,676
Midwest	1,731	1,478	1,267	638
West	3,467	3,124	2,786	1,464
By Major State				
CA	2,248	2,044	1,824	954
TX	1,229	1,045	942	519
NY	603	500	432	165
FL	817	737	632	329
Families with Children in SPM Poverty	5,373	4,724	4,149	2,282
Single-head families with children (no other adults)	1,698	1,445	1,330	611
Persons in SPM Poverty (all ages)	43,373	39,881	37,321	29,715
By Age				
<18	10,924	9,564	8,363	4,332
18-64	26,677	24,606	23,297	19,843
65+	5,773	5,711	5,661	5,540
Families in SPM Poverty (all families)	20,255	19,105	18,530	16,658

TABLE C1.6C

Effects of Antipoverty Policies Needed to Lift Children Out of Poverty in 2010 Combining Policies

Child Poverty Characteristics and Related Impacts	Baseline	Minimum Wage + EITC	Minimum Wage + EITC + Transitional Jobs	All Policies
PERCENT CHANGE IN POVERTY CHARACTERISTICS				
Distribution of Children by Family Income Level	74,916			
<50% of SPM poverty	2.8%	-14.1%	-30.1%	-68.7%
50-99% of SPM poverty	11.8%	-12.1%	-21.8%	-58.4%
100-149% of SPM poverty	23.8%	-0.2%	0.0%	-3.6%
150-199% of SPM poverty	18.1%	6.5%	10.9%	39.1%
200% of SPM poverty and above	43.5%	1.5%	3.3%	5.9%
Poverty Gap for Families with Children (\$ millions)	40,467	-13.1%	-27.0%	-62.9%
Poverty Gap for all Families (\$ millions)	128,341	-6.1%	-10.5%	-22.0%
Low-Income Gap for Families with Children (\$ millions)	382,391	-5.1%	-10.2%	-23.6%
Low-Income Gap for all Families (\$ millions)	850,461	-3.4%	-5.7%	-11.8%
POVERTY CHARACTERISTICS				
Distribution of Children by Family Income Level (thousands)	74,916	74,916	74,916	74,916
<50% of SPM poverty	2.8%	2.4%	2.0%	0.9%
50-99% of SPM poverty	11.8%	10.4%	9.2%	4.9%
100-149% of SPM poverty	23.8%	23.7%	23.8%	22.9%
150-199% of SPM poverty	18.1%	19.3%	20.1%	25.2%
200% of SPM poverty and above	43.5%	44.2%	44.9%	46.1%
Poverty Gap for Families with Children (\$ millions)	40,467	35,162	29,552	15,006
Poverty Gap for all Families (\$ millions)	128,341	120,467	114,859	100,163
Low-Income Gap for Families with Children (\$ millions)	382,391	363,060	343,486	292,283
Low-Income Gap for all Families (\$ millions)	850,461	821,182	801,611	750,203

TABLE C2.1A

Effects of Antipoverty Policies Needed to Lift Children Out of Poverty on US Poverty Rates and Government Costs in 2010

Eliminating ARRA Provisions

Child Poverty Characteristics and Related Impacts	Baseline	SNAP Only	SNAP and Taxes
POVERTY RATES (SPM DEFINITION)			
Children under 18	14.6%	15.7%	16.7%
By Age			
<=2	16.8%	18.0%	19.0%
3-5	16.5%	17.7%	19.0%
6-12	13.8%	15.0%	16.0%
13-17	13.0%	14.0%	14.7%
By Race/Ethnicity			
White	7.5%	8.2%	8.9%
Black	20.3%	22.4%	23.6%
Black males	20.4%	22.9%	23.9%
Hispanic	28.1%	29.6%	31.3%
Other races	13.0%	13.9%	14.8%
By Family Composition			
In families with any nonelderly or nondisabled adults	13.9%	14.9%	15.9%
At least one adult is a FY-FY worker	6.6%	7.1%	7.7%
No FT-FY adults, at least one adult is PY or PT	28.9%	31.2%	34.0%
No working adults, all adults are students	57.3%	60.5%	60.5%
No working adults, at least one non-student adult	65.4%	70.7%	70.7%
In families with only elderly or disabled adults	38.2%	41.7%	42.0%
All elderly, none disabled	17.6%	17.9%	19.5%
All disabled, none elderly	43.2%	47.2%	47.2%
Both elderly and disabled adults	32.7%	38.1%	38.1%
In families with no adults	52.2%	52.4%	53.2%
By Metropolitan Status			
Metropolitan area	15.4%	16.5%	17.5%
Nonmetropolitan area	10.0%	11.4%	12.1%
By Region			
Northeast	11.4%	12.2%	12.8%
South	15.3%	16.6%	17.6%
Midwest	10.9%	12.2%	13.1%
West	18.9%	19.7%	20.8%
By Major State			
CA	23.5%	24.3%	25.6%
TX	17.4%	18.4%	19.5%
NY	13.7%	14.7%	15.4%
FL	20.2%	21.9%	22.9%
Families with Children	13.8%	14.8%	15.5%
Single-head families with children (no other adults)	25.4%	27.4%	28.7%
Persons in SPM Poverty (all ages)	14.2%	14.8%	15.2%
By Age			
<18	14.6%	15.7%	16.7%
18-64	13.9%	14.4%	14.7%
65+	14.7%	15.1%	15.1%
Families in SPM Poverty (all families)	16.2%	16.7%	16.9%

TABLE C2.1B

Effects of Antipoverty Policies Needed to Lift Children Out of Poverty on US Poverty Rates and Government Costs in 2010
Eliminating ARRA Provisions

Child Poverty Characteristics and Related Impacts	Baseline	SNAP Only	SNAP and Taxes
CHANGES IN GOVERNMENT COSTS			
Changes in program benefits paid to recipients (\$ millions; federal and state costs):	\$270,942	-\$124,565	-\$124,565
Unemployment compensation	\$97,366		
SSI	\$48,083		
TANF	\$8,768		
Child Support passed through	\$203		
Subsidized housing, value of subsidy	\$34,888		
SNAP	\$65,491	-\$124,394	-\$124,394
LIHEAP	\$4,639	-\$13	-\$13
WIC	\$4,767	-\$4	-\$4
CCDF, value of subsidy	\$6,738		
Transitional Job wages (with employer payroll taxes)	\$0		
Changes in tax liabilities and credits (\$ millions):	\$1,988,244	\$0	\$9,348
Payroll tax, employee and employer	\$926,141		
Federal income tax, liability net of credits	\$825,800		\$9,120
State income tax, liability net of credits	\$236,303		\$228
Total Government Costs (increase in program benefits minus increase in tax liability) (\$ millions)		-\$12,457	-\$21,805
Change in poverty gap as percent of change in government costs		44.6%	36.5%
Change in child poverty gap as % of change in government costs		28.6%	27.1%
Government costs per child removed from poverty		\$14,990	\$14,041

TABLE C2.2A

Effects of Antipoverty Policies Needed to Lift Children Out of Poverty on US Poverty Rates and Government Costs in 2010

Increasing Cash Income

Child Poverty Characteristics and Related Impacts	Baseline	Child Sup. Pass- Through	Minimum Wage Increase		Transitional Jobs
			Standard	Employment Effects	
POVERTY RATES (SPM DEFINITION)					
Children under 18	14.6%	14.5%	14.2%	14.0%	13.0%
By Age					
<=2	16.8%	16.7%	16.4%	16.0%	15.0%
3-5	16.5%	16.4%	16.2%	16.0%	14.8%
6-12	13.8%	13.7%	13.5%	13.3%	12.5%
13-17	13.0%	12.9%	12.7%	12.6%	11.5%
By Race/Ethnicity					
White	7.5%	7.4%	7.3%	7.2%	6.7%
Black	20.3%	20.2%	20.0%	19.8%	17.5%
Black males	20.4%	20.3%	20.1%	19.8%	17.6%
Hispanic	28.1%	28.0%	27.4%	26.7%	25.7%
Other races	13.0%	13.0%	12.8%	12.8%	11.4%
By Family Composition					
In families with any nonelderly or nondisabled adults	13.9%	13.8%	13.5%	13.3%	12.3%
At least one adult is a FY-FT worker	6.6%	6.6%	6.4%	6.1%	6.1%
No FT-FY adults, at least one adult is PY or PT	28.9%	28.6%	28.2%	27.7%	26.5%
No working adults, all adults are students	57.3%	56.1%	57.3%	57.3%	52.0%
No working adults, at least one non-student adult	65.4%	64.9%	65.4%	65.6%	61.5%
In families with only elderly or disabled adults	38.2%	37.1%	37.9%	37.9%	35.4%
All elderly, none disabled	17.6%	17.6%	17.6%	17.6%	17.6%
All disabled, none elderly	43.2%	41.8%	42.8%	42.8%	39.6%
Both elderly and disabled adults	32.7%	32.7%	32.7%	32.7%	32.2%
In families with no adults	52.2%	52.2%	52.1%	52.1%	50.0%
By Metropolitan Status					
Metropolitan area	15.4%	15.3%	15.1%	14.8%	13.8%
Nonmetropolitan area	10.0%	9.8%	9.6%	9.6%	8.7%
By Region					
Northeast	11.4%	11.3%	11.2%	11.1%	10.2%
South	15.3%	15.1%	15.0%	14.8%	13.5%
Midwest	10.9%	10.8%	10.3%	10.2%	9.6%
West	18.9%	18.8%	18.6%	18.0%	17.1%
By Major State					
CA	23.5%	23.5%	23.2%	22.3%	21.5%
TX	17.4%	17.3%	17.2%	16.9%	15.8%
NY	13.7%	13.6%	13.4%	13.3%	12.1%
FL	20.2%	19.8%	19.9%	19.9%	18.2%
Families with Children	13.8%	13.7%	13.5%	13.2%	12.4%
Single-head families with children (no other adults)	25.4%	25.0%	24.9%	24.7%	23.5%
Persons in SPM Poverty (all ages)	14.2%	14.1%	13.8%	13.6%	13.4%
By Age					
<18	14.6%	14.5%	14.2%	14.0%	13.0%
18-64	13.9%	13.9%	13.5%	13.2%	13.3%
65+	14.7%	14.7%	14.7%	14.6%	14.6%
Families in SPM Poverty (all families)	16.2%	16.2%	15.8%	15.6%	15.8%

TABLE C2.2B

Effects of Antipoverty Policies Needed to Lift Children Out of Poverty on US Poverty Rates and Government Costs in 2010
Increasing Cash Income

Child Poverty Characteristics and Related Impacts	Baseline	Child Sup. Pass-Through	Minimum Wage Increase		Transitional Jobs
			Standard	Employment Effects	
CHANGES IN GOVERNMENT COSTS					
Changes in program benefits paid to recipients (\$ millions; federal and state costs):	\$270,942	\$1,141	-\$1,577	-\$1,483	\$26,684
Unemployment compensation	\$97,366			\$1,013	-\$540
SSI	\$48,083		-\$116	-\$204	-\$59
TANF	\$8,768	\$97	-\$70	-\$126	-\$590
Child Support passed through	\$203	\$477	-\$4	-\$4	-\$10
Subsidized housing, value of subsidy	\$34,888	-\$41	-\$191	-\$318	-\$502
SNAP	\$65,491	\$608	-\$1,069	-\$1,579	-\$2,750
LIHEAP	\$4,639		-\$36	-\$64	-\$29
WIC	\$4,767		-\$20	-\$24	-\$16
CCDF, value of subsidy	\$6,738	-\$0.5	-\$70	-\$176	\$1,617
Transitional Job wages (with employer payroll taxes)	\$0				\$29,562
Changes in tax liabilities and credits (\$ millions):	\$1,988,244	\$0	\$8,455	\$13,721	\$3,768
Payroll tax, employee and employer	\$926,141		\$4,301	\$6,746	\$4,951
Federal income tax, liability net of credits	\$825,800		\$3,310	\$5,594	-\$1,413
State income tax, liability net of credits	\$236,303		\$844	\$1,381	\$230
Total Government Costs (increase in program benefits minus increase in tax liability) (\$ millions)		\$1,141	-\$10,032	-\$15,204	\$22,916
Change in poverty gap as percent of change in government costs		24.0%	n.a.	n.a.	24.6%
Change in child poverty gap as % of change in government costs		23.7%	n.a.	n.a.	24.6%
Government costs per child removed from poverty		\$12,778	n.a.	n.a.	\$19,570

TABLE C2.3A

Effects of Antipoverty Policies Needed to Lift Children Out of Poverty on US Poverty Rates and Government Costs in 2010
Increasing In-Kind Income

Child Poverty Characteristics and Related Impacts	Baseline	Increased Housing Vouchers	SNAP Benefit Increase	
			All Families	Families with Children
POVERTY RATES (SPM DEFINITION)				
Children under 18	14.6%	11.5%	12.2%	12.2%
By Age				
<=2	16.8%	12.9%	14.1%	14.1%
3-5	16.5%	13.0%	13.4%	13.4%
6-12	13.8%	11.1%	11.5%	11.5%
13-17	13.0%	10.5%	11.2%	11.2%
By Race/Ethnicity				
White	7.5%	6.4%	5.9%	6.0%
Black	20.3%	15.3%	16.2%	16.3%
Black males	20.4%	15.6%	16.5%	16.7%
Hispanic	28.1%	21.8%	24.6%	24.6%
Other races	13.0%	10.1%	11.3%	11.3%
By Family Composition				
In families with any nonelderly or nondisabled adults	13.9%	11.0%	11.6%	11.6%
At least one adult is a FY-FT worker	6.6%	5.5%	5.6%	5.6%
No FT-FY adults, at least one adult is PY or PT	28.9%	22.0%	23.9%	24.0%
No working adults, all adults are students	57.3%	43.9%	46.5%	46.5%
No working adults, at least one non-student adult	65.4%	53.5%	55.0%	55.7%
In families with only elderly or disabled adults	38.2%	26.4%	30.0%	30.0%
All elderly, none disabled	17.6%	13.5%	15.0%	15.0%
All disabled, none elderly	43.2%	28.9%	33.7%	33.7%
Both elderly and disabled adults	32.7%	29.0%	25.1%	25.1%
In families with no adults	52.2%	46.1%	49.2%	49.2%
By Metropolitan Status				
Metropolitan area	15.4%	12.1%	13.1%	13.1%
Nonmetropolitan area	10.0%	8.3%	7.2%	7.2%
By Region				
Northeast	11.4%	8.3%	9.7%	9.7%
South	15.3%	12.8%	12.3%	12.4%
Midwest	10.9%	9.4%	8.5%	8.6%
West	18.9%	13.6%	16.8%	16.8%
By Major State				
CA	23.5%	16.4%	21.7%	21.7%
TX	17.4%	14.3%	15.1%	15.1%
NY	13.7%	8.5%	11.5%	11.5%
FL	20.2%	16.3%	17.0%	17.4%
Families with Children	13.8%	11.1%	11.7%	11.7%
Single-head families with children (no other adults)	25.4%	19.6%	21.2%	21.2%
Persons in SPM Poverty (all ages)	14.2%	12.8%	12.7%	13.1%
By Age				
<18	14.6%	11.5%	12.2%	12.2%
18-64	13.9%	12.9%	12.7%	13.1%
65+	14.7%	14.6%	13.9%	14.6%
Families in SPM Poverty (all families)	16.2%	15.4%	15.0%	15.6%

TABLE C2.3B

Effects of Antipoverty Policies Needed to Lift Children Out of Poverty on US Poverty Rates and Government Costs in 2010
Increasing In-Kind Income

Child Poverty Characteristics and Related Impacts	Baseline	Increased Housing Vouchers	SNAP Benefit Increase	
			All Families	Families with Children
CHANGES IN GOVERNMENT COSTS				
Changes in program benefits paid to recipients (\$ millions; federal and state costs):	\$270,942	\$23,461	\$32,429	\$23,214
Unemployment compensation	\$97,366			
SSI	\$48,083			
TANF	\$8,768			
Child Support passed through	\$203			
Subsidized housing, value of subsidy	\$34,888	\$24,389		
SNAP	\$65,491	-\$927	\$32,421	\$23,207
LIHEAP	\$4,639	-\$1		
WIC	\$4,767		\$7	\$7
CCDF, value of subsidy	\$6,738			
Transitional Job wages (with employer payroll taxes)	\$0			
	\$1,988,244			
Changes in tax liabilities and credits (\$ millions):	44	\$0	\$1	\$0
Payroll tax, employee and employer	\$926,141			
Federal income tax, liability net of credits	\$825,800			
State income tax, liability net of credits	\$236,303		\$1	
Total Government Costs (increase in program benefits minus increase in tax liability) (\$ millions)		\$23,461	\$32,428	\$23,214
Change in poverty gap as percent of change in government costs		49.6%	37.1%	31.7%
Change in child poverty gap as % of change in government costs		49.1%	23.0%	31.5%
Government costs per child removed from poverty		\$10,320	\$17,949	\$13,117

TABLE C2.4A

Effects of Antipoverty Policies Needed to Lift Children Out of Poverty on US Poverty Rates and Government Costs in 2010

Reducing Taxes

Child Poverty Characteristics and Related Impacts	Base-line	Refundable Child Tax Credit	Expanded EITC		Expanded CDCTC	
			Standard	Empl. Effects	Standard	Empl. Effects
POVERTY RATES (SPM DEFINITION)						
Children under 18	14.6%	12.9%	13.9%	13.3%	14.5%	14.4%
By Age						
<=2	16.8%	14.9%	16.0%	15.2%	16.7%	16.6%
3-5	16.5%	14.3%	15.7%	14.9%	16.4%	16.1%
6-12	13.8%	12.0%	13.2%	12.7%	13.7%	13.6%
13-17	13.0%	12.1%	12.5%	12.0%	13.0%	13.0%
By Race/Ethnicity						
White	7.5%	6.4%	7.1%	6.8%	7.5%	7.4%
Black	20.3%	17.1%	19.0%	17.4%	20.1%	19.9%
Black males	20.4%	17.2%	18.9%	17.2%	20.3%	20.1%
Hispanic	28.1%	25.6%	27.1%	26.3%	28.0%	27.9%
Other races	13.0%	12.2%	12.6%	12.2%	12.9%	12.8%
By Family Composition						
In families with any nonelderly or nondisabled adults	13.9%	12.3%	13.2%	12.6%	13.8%	13.7%
At least one adult is a FY-FT worker	6.6%	6.2%	6.3%	6.2%	6.5%	6.5%
No FT-FY adults, at least one adult is PY or PT	28.9%	25.5%	26.6%	26.1%	28.8%	28.7%
No working adults, all adults are students	57.3%	47.4%	56.0%	56.1%	57.3%	57.3%
No working adults, at least one non-student adult	65.4%	55.0%	65.4%	64.8%	65.4%	65.8%
In families with only elderly or disabled adults	38.2%	29.4%	37.5%	37.5%	38.2%	38.2%
All elderly, none disabled	17.6%	14.1%	17.6%	17.6%	17.6%	17.6%
All disabled, none elderly	43.2%	33.2%	42.5%	42.5%	43.2%	43.2%
Both elderly and disabled adults	32.7%	23.8%	30.5%	30.5%	32.7%	32.7%
In families with no adults	52.2%	52.2%	51.0%	50.3%	52.2%	52.2%
By Metropolitan Status						
Metropolitan area	15.4%	13.9%	14.7%	14.1%	15.3%	15.2%
Nonmetropolitan area	10.0%	7.6%	9.5%	8.8%	9.9%	9.7%
By Region						
Northeast	11.4%	10.2%	10.9%	10.2%	11.3%	11.3%
South	15.3%	13.3%	14.4%	13.7%	15.2%	15.0%
Midwest	10.9%	8.9%	10.3%	9.8%	10.8%	10.7%
West	18.9%	17.6%	18.2%	17.8%	18.8%	18.7%
By Major State						
CA	23.5%	22.4%	22.9%	22.5%	23.5%	23.4%
TX	17.4%	15.4%	16.2%	15.1%	17.4%	17.1%
NY	13.7%	11.8%	12.7%	11.7%	13.6%	13.6%
FL	20.2%	18.9%	19.7%	19.4%	20.1%	19.9%
Families with Children	13.8%	12.6%	13.2%	12.7%	13.7%	13.7%
Single-head families with children (no other adults)	25.4%	22.1%	24.2%	22.5%	25.1%	24.9%
Persons in SPM Poverty (all ages)	14.2%	13.5%	13.8%	13.6%	14.1%	14.1%
By Age						
<18	14.6%	12.9%	13.9%	13.3%	14.5%	14.4%
18-64	13.9%	13.5%	13.6%	13.4%	13.9%	13.8%
65+	14.7%	14.6%	14.7%	14.7%	14.7%	14.7%
Families in SPM Poverty (all families)	16.2%	15.8%	16.0%	15.8%	16.2%	16.1%

TABLE C2.4B

Effects of Antipoverty Policies Needed to Lift Children Out of Poverty on US Poverty Rates and Government Costs in 2010
Reducing Taxes

Child Poverty Characteristics and Related Impacts	Baseline	Refundable Child Tax Credit	Expanded EITC		Expanded CDCTC	
			Standard	Employment Effects	Standard	Employment Effects
CHANGES IN GOVERNMENT COSTS						
Changes in program benefits paid to recipients (\$ millions; federal and state costs):	\$270,942	\$0	\$0	-\$1,252	\$0	-\$383
Unemployment compensation	\$97,366			-\$306		-\$24
SSI	\$48,083			-\$5		
TANF	\$8,768			-\$401		-\$116
Child Support passed through	\$203			-\$8		
Subsidized housing, value of subsidy	\$34,888			-\$325		-\$94
SNAP	\$65,491			-\$894		-\$144
LIHEAP	\$4,639			-\$8		-\$4
WIC	\$4,767					-\$1
CCDF, value of subsidy	\$6,738			\$695		
Transitional Job wages (with employer payroll taxes)	\$0					
Changes in tax liabilities and credits (\$ millions):	\$1,988,244					
Payroll tax, employee and employer	\$926,141	-\$12,423	-\$7,829	-\$9,454	-\$1,671	-\$1,990
Federal income tax, liability net of credits	\$825,800			\$1,034		\$243
State income tax, liability net of credits	\$236,303	-\$12,255	-\$7,515	-\$10,073	-\$1,557	-\$2,086
State income tax, liability net of credits	\$236,303	-\$168	-\$314	-\$415	-\$114	-\$147
Total Government Costs (increase in program benefits minus increase in tax liability) (\$ millions)		\$12,423	\$7,829	\$8,202	\$1,671	\$1,607
Change in poverty gap as percent of change in government costs		44.0%	30.0%	49.4%	18.6%	32.4%
Change in child poverty gap as % of change in government costs		43.9%	28.2%	44.7%	18.6%	32.4%
Government costs per child removed from poverty		\$9,805.	\$15,252	\$8,575	\$23,803	\$10,970

TABLE C2.5A

Effects of Antipoverty Policies Needed to Lift Children Out of Poverty on US Poverty Rates and Government Costs in 2010
Reducing Expenses

Child Poverty Characteristics & Related Impacts	Increased Child Care Subsidies		
	Baseline	Standard	Employment
			Effects
POVERTY RATES (SPM DEFINITION)			
Children under 18	14.6%	14.5%	14.1%
By Age			
<=2	16.8%	16.8%	16.2%
3-5	16.5%	16.4%	15.9%
6-12	13.8%	13.7%	13.4%
13-17	13.0%	13.0%	12.8%
By Race/Ethnicity			
White	7.5%	7.4%	7.2%
Black	20.3%	20.1%	19.3%
Black males	20.4%	20.3%	19.5%
Hispanic	28.1%	28.0%	27.5%
Other races	13.0%	13.0%	12.8%
By Family Composition			
In families with any nonelderly or nondisabled adults	13.9%	13.8%	13.4%
At least one adult is a FY-FY worker	6.6%	6.5%	6.5%
No FT-FY adults, at least one adult is PY or PT	28.9%	28.8%	28.7%
No working adults, all adults are students	57.3%	56.6%	56.6%
No working adults, at least one non-student adult	65.4%	65.4%	64.7%
In families with only elderly or disabled adults	38.2%	38.2%	37.9%
All elderly, none disabled	17.6%	17.6%	16.1%
All disabled, none elderly	43.2%	43.2%	43.2%
Both elderly and disabled adults	32.7%	32.7%	32.7%
In families with no adults	52.2%	52.2%	52.2%
By Metropolitan Status			
Metropolitan area	15.4%	15.3%	15.0%
Nonmetropolitan area	10.0%	9.9%	9.6%
By Region			
Northeast	11.4%	11.2%	11.0%
South	15.3%	15.2%	14.9%
Midwest	10.9%	10.8%	10.4%
West	18.9%	18.8%	18.3%
By Major State			
CA	23.5%	23.5%	22.8%
TX	17.4%	17.4%	17.1%
NY	13.7%	13.4%	13.1%
FL	20.2%	20.2%	19.7%
Families with Children	13.8%	13.7%	13.5%
Single-head families with children (no other adults)	25.4%	25.2%	24.5%
Persons in SPM Poverty (all ages)	14.2%	14.1%	14.0%
By Age			
<18	14.6%	14.5%	14.1%
18-64	13.9%	13.9%	13.8%
65+	14.7%	14.7%	14.7%
Families in SPM Poverty (all families)	16.2%	16.2%	16.1%

TABLE C2.5B

Effects of Antipoverty Policies Needed to Lift Children Out of Poverty on US Poverty Rates and Government Costs in 2010
Reducing Expenses

Child Poverty Characteristics and Related Impacts	Baseline	Increased Child Care Subsidies	
		Standard	Employment Effects
CHANGES IN GOVERNMENT COSTS			
Changes in program benefits paid to recipients (\$ millions; federal and state costs):	\$270,942	\$3,656	\$5,086
Unemployment compensation	\$97,366		-\$153
SSI	\$48,083		-\$16
TANF	\$8,768	-\$17	-\$485
Child Support passed through	\$203		-\$4
Subsidized housing, value of subsidy	\$34,888	-\$37	-\$264
SNAP	\$65,491	-\$159	-\$866
LIHEAP	\$4,639		-\$6
WIC	\$4,767		-\$2
CCDF, value of subsidy	\$6,738	\$3,870	\$6,881
Transitional Job wages (with employer payroll taxes)	\$0		
Changes in tax liabilities and credits (\$ millions):	\$1,988,244	\$59	-\$246
Payroll tax, employee and employer	\$926,141		\$833
Federal income tax, liability net of credits	\$825,800		-\$1,109
State income tax, liability net of credits	\$236,303	\$59	\$30
Total Government Costs (increase in program benefits minus increase in tax liability) (\$ millions)		\$3,597	\$5,332
Change in poverty gap as percent of change in government costs		8.7%	25.5%
Change in child poverty gap as % of change in government costs		8.7%	25.5%
Government costs per child removed from poverty		\$50,312	\$15,920

TABLE C2.6A

Effects of Antipoverty Policies Needed to Lift Children Out of Poverty on US Poverty Rates and Government Costs in 2010

Combining Policies

Child Poverty Characteristics and Related Impacts	Baseline	Minimum Wage + EITC	Minimum Wage + EITC + Transitional Jobs	All Policies
POVERTY RATES (SPM DEFINITION)				
Children under 18	14.6%	12.8%	11.2%	5.8%
By Age				
<=2	16.8%	14.3%	12.5%	6.1%
3-5	16.5%	14.4%	12.6%	6.5%
6-12	13.8%	12.2%	10.8%	5.4%
13-17	13.0%	11.5%	10.0%	5.7%
By Race/Ethnicity				
White	7.5%	6.6%	5.7%	3.0%
Black	20.3%	17.0%	14.3%	5.7%
Black males	20.4%	16.7%	14.2%	6.1%
Hispanic	28.1%	25.0%	22.4%	12.3%
Other races	13.0%	11.9%	10.2%	5.8%
By Family Composition				
In families with any nonelderly or nondisabled adults	13.9%	12.0%	10.5%	5.5%
At least one adult is a FY-FT worker	6.6%	5.7%	5.2%	3.2%
No FT-FY adults, at least one adult is PY or PT	28.9%	24.8%	22.0%	10.3%
No working adults, all adults are students	57.3%	56.1%	50.5%	24.9%
No working adults, at least one non-student adult	65.4%	65.1%	60.7%	31.3%
In families with only elderly or disabled adults	38.2%	37.4%	34.3%	12.5%
All elderly, none disabled	17.6%	17.6%	17.1%	6.7%
All disabled, none elderly	43.2%	42.5%	38.6%	13.4%
Both elderly and disabled adults	32.7%	29.3%	28.8%	16.2%
In families with no adults	52.2%	50.1%	47.8%	40.5%
By Metropolitan Status				
Metropolitan area	15.4%	13.6%	11.8%	6.3%
Nonmetropolitan area	10.0%	8.5%	7.4%	3.2%
By Region				
Northeast	11.4%	9.9%	8.7%	4.5%
South	15.3%	13.2%	11.5%	5.9%
Midwest	10.9%	9.3%	8.0%	4.0%
West	18.9%	17.0%	15.2%	8.0%
By Major State				
CA	23.5%	21.4%	19.1%	10.0%
TX	17.4%	14.8%	13.3%	7.3%
NY	13.7%	11.3%	9.8%	3.7%
FL	20.2%	18.2%	15.6%	8.1%
Families with Children	13.8%	12.1%	10.7%	5.9%
Single-head families with children (no other adults)	25.4%	21.6%	19.9%	9.1%
Persons in SPM Poverty (all ages)	14.2%	13.0%	12.2%	9.7%
By Age				
<18	14.6%	12.8%	11.2%	5.8%
18-64	13.9%	12.8%	12.1%	10.3%
65+	14.7%	14.6%	14.4%	14.1%
Families in SPM Poverty (all families)	16.2%	15.3%	14.8%	13.3%

TABLE C2.6B

Effects of Antipoverty Policies Needed to Lift Children Out of Poverty on US Poverty Rates and Government Costs in 2010
Combining Policies

Child Poverty Characteristics and Related Impacts	Baseline	Minimum Wage + EITC	Minimum Wage + EITC + Transitional Jobs	All Policies
CHANGES IN GOVERNMENT COSTS				
Changes in program benefits paid to recipients (\$ millions; federal and state costs):				
Unemployment compensation	\$270,942	-\$3,239	\$29,564	\$76,438
SSI	\$97,366	\$722	-\$15	-\$119
TANF	\$48,083	-\$218	-\$323	-\$339
Child Support passed through	\$8,768	-\$600	-\$1,189	-\$1,486
Subsidized housing, value of subsidy	\$203	-\$14	-\$22	\$390
SNAP	\$34,888	-\$740	-\$1,290	\$18,858
LIHEAP	\$65,491	-\$2,721	-\$5,915	\$14,766
WIC	\$4,639	-\$77	-\$123	-\$122
CCDF, value of subsidy	\$4,767	-\$25	-\$44	-\$39
Transitional Job wages (with employer payroll taxes)	\$6,738	\$434	\$1,553	\$8,347
Changes in tax liabilities and credits (\$ millions):	\$0		\$36,929	\$36,183
Payroll tax, employee and employer	\$1,988,244	\$5,144	\$11,066	-\$727
Federal income tax, liability net of credits	\$926,141	\$8,003	\$14,052	\$14,823
State income tax, liability net of credits	\$825,800	-\$3,872	-\$4,421	-\$16,808
	\$236,303	\$1,013	\$1,435	\$1,258
Total Government Costs (increase in program benefits minus increase in tax liability) (\$ millions)		-\$8,383	\$18,498	\$77,165
Change in poverty gap as percent of change in government costs		n.a.	72.9%	36.5%
Change in child poverty gap as % of change in government costs		n.a.	59.0%	33.0%
Government costs per child removed from poverty		n.a.	\$7,224	\$11,706

TABLE C3.1A

Effects of Antipoverty Policies Needed to Lift Children Out of Poverty on US Poverty Rates and Government Costs in 2010

Eliminating ARRA Provisions

Child Poverty Characteristics and Related Impacts	Baseline	SNAP Only	SNAP and Taxes
CHANGE IN PROGRAM CASELOADS AND COSTS			
Unemployment compensation (UC)			
Persons receiving any benefits during year (thousands)	12,449		
Aggregate annual benefits (\$ millions)	\$97,366		
SSI (noninstitutionalized; includes state supplements)			
Avg. monthly caseload (thousands of people)			
Adults	6,521		
Children	1,276		
Annual benefits, adults + children (\$ millions)	\$48,083		
TANF (including state separate programs)			
Avg. monthly caseload (thousands of units)	1,880		
Child only	787.7		
2 parents in unit	100.3		
1 adult in unit	991.8		
Average monthly benefit	\$389		
Annual benefits (\$ millions)	\$8,768		
Units with Child Support pass-through (avg. monthly, thousands)	179		
Average monthly Child Support passed through	\$91		
Annual Child Support passed through (\$ millions)	\$203		
Public and subsidized housing			
Ever-subsidized households (thousands)	4,895		
Average size of household	2.1		
Average monthly rental payment	\$316		
Annual value of subsidy (\$ millions)	\$34,888		
SNAP			
Avg. monthly caseload (thousands of units)	19,203	-878	-878
Annual benefits (\$ millions)	\$65,491	-\$12,439	-\$12,439
LIHEAP			
Assisted households (thousands of households)	8,504	-33	-33
Annual benefits (\$ millions)	\$4,639	-\$13	-\$13
WIC			
Avg. monthly recipients, infants/children (thousands)	6,937	-6	-6
Avg. monthly recipients, women (thousands)	1,029		
Annual value of benefit, pre-rebate (\$ millions)	\$4,767	-\$4	-\$4
CCDF-funded child care subsidies			
Avg. monthly families receiving subsidies (thousands)	989		
Avg. monthly (non-\$0) copayment per assisted family	\$89		
Annual value of subsidy (\$ millions)	\$6,738		
Child care expenses (for families with children < 15)			
Percent with expenses (subsidized or unsubsidized)	22%		
Average non-\$0 monthly expenses	\$450		
Total government cost of UC, SSI, TANF, child support passed through, housing subsidies, SNAP, LIHEAP, WIC, and CCDF subsidies (federal and state combined) (\$ millions)	\$270,942	-\$12,457	-\$12,457

TABLE C3.1B

Effects of Antipoverty Policies Needed to Lift Children Out of Poverty on US Poverty Rates and Government Costs in 2010
Eliminating ARRA Provisions

Child Poverty Characteristics and Related Impacts	Baseline	SNAP Only	SNAP and Taxes
CHANGE IN TAX LIABILITIES AND CREDITS			
Payroll taxes paid (employer + employee) (\$ millions)	\$926,141		
Payroll taxes paid by workers (\$ millions) ²	\$459,736		
Workers subject to Social Security tax (thousands)	146,585		
Federal income tax (on positive tax returns) (\$ millions)	\$880,041		\$106
Number of positive tax returns (thousands)	94,680		115
Number of zero tax returns (thousands)	67,455		473
Number of negative tax returns (thousands)	21,655		-588
Federal including tax refunds (on net refund returns) (\$ millions)	-\$54,241		\$9,014
Earned income tax credit			
returns with credit (thousands)	20,165		-877
total credit (\$ millions)	\$37,233		-\$3,365
Child tax credit (nonrefundable portion)			
returns with credit (thousands)	21,718		
total credit (\$ millions)	\$28,608		
Child tax credit (refundable portion)			
returns with credit (thousands)	13,559		-2,759
total credit (\$ millions)	\$18,157		-\$5,755
Total child tax credit, amount (\$ millions)	\$46,765		-\$5,755
Child and dependent care tax credit			
returns with credit (thousands)	5,886		
total credit (\$ millions)	\$3,444		
State income tax, net of credits (\$ millions)	\$236,303		\$228
Number of returns with positive tax liability (thousands)	84,092		68
Number with state earned income tax credit (thousands)	7,101		-301
Number with state child care credit (thousands)	2,125		5
Total Taxes Paid (\$ millions)	\$1,988,244		\$9,348
CHANGES IN EMPLOYMENT			
All Persons			
Persons with increase in earnings (net, thousands) ³			
Persons who gain (or lose) jobs (thousands)			
Aggregate change in earnings (\$ millions)			
Average per-person change (\$)			
Persons in Families with Children			
Persons with increase in earnings (net, thousands) ³			
Persons who gain (or lose) jobs (thousands)			
Aggregate change in earnings (\$ millions)			
Average per-person change (\$)			

TABLE C3.2A

Effects of Antipoverty Policies Needed to Lift Children Out of Poverty on US Poverty Rates and Government Costs in 2010

Increasing Cash Income

Child Poverty Characteristics and Related Impacts	Baseline	Child Support Pass-Through	Minimum Wage Increase		Transition al Jobs
			Standard	Employment Effects	
CHANGE IN PROGRAM CASELOADS AND COSTS					
Unemployment compensation (UC)					
Persons receiving any benefits during year (thousands)	12,449			242	-85
Aggregate annual benefits (\$ millions)	\$97,366			\$1,013	-\$540
SSI (noninstitutionalized; includes state supplements)					
Avg. monthly caseload (thousands of people)					
Adults	6,521		-16	-20	-2
Children	1,276		-3	-3	-6
Annual benefits, adults + children (\$ millions)	\$48,083		-\$116	-\$204	-\$59
TANF (including state separate programs)					
Avg. monthly caseload (thousands of units)					
Child only	1,880	19	-14	-34	-79
2 parents in unit	787.7	5.1	-3.7	-12.5	-0.9
1 adult in unit	100.3		-0.4	-1.1	-11.9
Average monthly benefit	991.8	13.7	-9.9	-20.7	-66.7
Annual benefits (\$ millions)	\$388.7	\$0.4		\$2	-\$10
Units with Child Support pass-through (avg. monthly, thousands)	\$8,768	\$97	-\$70	-\$126	-\$590
Average monthly Child Support passed through	179	90	-2	-3	-9
Annual Child Support passed through (\$ millions)	\$91	\$132			
Public and subsidized housing	\$203	\$477	-\$4	-\$4	-\$10
Ever-subsidized households (thousands)					
Average size of household	4,895		-7	-10	
Average monthly rental payment	2.1				
Annual value of subsidy (\$ millions)	\$316	\$1	\$3	\$4	\$8
SNAP					
Avg. monthly caseload (thousands of units)	\$34,888	-\$41	-\$191	-\$318	-\$502
Annual benefits (\$ millions)	19,203	77	-243	-335	-360
LIHEAP					
Assisted households (thousands of households)	\$65,491	\$608	-\$1,069	-\$1,579	-\$2,750
Annual benefits (\$ millions)	8,504		-77	-135	-56
WIC					
Avg. monthly recipients, infants/children (thousands)	\$4,639		-\$36	-\$64	-\$29
Avg. monthly recipients, women (thousands)	6,937		-27	-34	-27
Annual value of benefit, pre-rebate (\$ millions)	1,029		-3	-4	-2
CCDF-funded child care subsidies					
Avg. monthly families receiving subsidies (thousands)	\$4,767		-\$20	-\$24	-\$16
Avg. monthly (non-\$0) copayment per assisted family	989		-7	-27	222
Annual value of subsidy (\$ millions)	\$89		\$3	\$4	-\$4
Child care expenses (for families with children < 15)	\$6,738	-\$0.5	-\$70	-\$176	\$1,617
Percent with expenses (subsidized or unsubsidized)	22%				1%
Average non-\$0 monthly expenses	\$450			\$1	-\$12
Total government cost of UC, SSI, TANF, child support passed through, housing subsidies, SNAP, LIHEAP, WIC, and CCDF subsidies (federal and state combined) (\$ millions)					
	\$270,942	\$1,141	-\$1,577	-\$1,483	-\$2,878

TABLE C3.2B

Effects of Antipoverty Policies Needed to Lift Children Out of Poverty on US Poverty Rates and Government Costs in 2010
Increasing Cash Income

Child Poverty Characteristics and Related Impacts	Baseline	Child Support Pass-Through	Minimum Wage Increase		Transitional Jobs
			Standard	Employment Effects	
CHANGE IN TAX LIABILITIES AND CREDITS					
Payroll taxes paid (employer + employee) (\$ millions)	\$926,141		\$4,301	\$6,746	\$4,951
Payroll taxes paid by workers (\$ millions) ²	\$459,736		\$2,061	\$3,256	\$2,084
Workers subject to Social Security tax (thousands)	146,585			-248	2,273
Federal income tax (on positive tax returns) (\$ millions)	\$880,041		\$2,898	\$4,711	\$744
Number of positive tax returns (thousands)	94,680		779	1,145	805
Number of zero tax returns (thousands)	67,455		-403	-544	-1,315
Number of negative tax returns (thousands)	21,655		-376	-601	509
Federal including tax refunds (on net refund returns) (\$ millions)	-\$54,241		\$412	\$883	-\$2,157
Earned income tax credit					
returns with credit (thousands)	20,165		-400	-662	506
total credit (\$ millions)	\$37,233		-\$394	-\$807	\$1,693
Child tax credit (nonrefundable portion)					
returns with credit (thousands)	21,718		165	326	209
total credit (\$ millions)	\$28,608		\$189	\$333	\$261
Child tax credit (refundable portion)					
returns with credit (thousands)	13,559		-56	-102	416
total credit (\$ millions)	\$18,157		-\$2	-\$49	\$499
Total child tax credit, amount (\$ millions)	\$46,765		\$187	\$284	\$760
Child and dependent care tax credit					
returns with credit (thousands)	5,886		62	83	205
total credit (\$ millions)	\$3,444		\$18	\$30	\$105
State income tax, net of credits (\$ millions)	\$236,303		\$844	\$1,381	\$230
Number of returns with positive tax liability (thousands)	84,092		440	703	650
Number with state earned income tax credit (thousands)	7,101		-123	-222	178
Number with state child care credit (thousands)	2,125		9	-1	141
Total Taxes Paid (\$ millions)	\$1,988,244		\$8,455	\$13,721	\$3,768
CHANGES IN EMPLOYMENT					
All Persons					
Persons with increase in earnings (net, thousands) ³			15,255	27,335	2,511
Persons who gain (or lose) jobs (thousands)				-255	2,511
Aggregate change in earnings (\$ millions)			\$27,725	\$44,929	\$26,695
Average per-person change (\$)			\$1,817	\$1,644	\$10,630
Persons in Families with Children					
Persons with increase in earnings (net, thousands) ³			6,254	11,383	2,511
Persons who gain (or lose) jobs (thousands)				-89	2,511
Aggregate change in earnings (\$ millions)			\$10,687	\$17,728	\$26,695
Average per-person change (\$)			\$1,709	\$1,557	\$10,630

TABLE C3.3A

Effects of Antipoverty Policies Needed to Lift Children Out of Poverty on US Poverty Rates and Government Costs in 2010
Increasing In-Kind Income

Child Poverty Characteristics and Related Impacts	Baseline	Increased Housing Vouchers	SNAP Benefit Increase	
			All Families	Families with Children
CHANGE IN PROGRAM CASELOADS AND COSTS				
Unemployment compensation (UC)				
Persons receiving any benefits during year (thousands)	12,449			
Aggregate annual benefits (\$ millions)	\$97,366			
SSI (noninstitutionalized; includes state supplements)				
Avg. monthly caseload (thousands of people)				
Adults	6,521			
Children	1,276			
Annual benefits, adults + children (\$ millions)	\$48,083			
TANF (including state separate programs)				
Avg. monthly caseload (thousands of units)	1,880			
Child only	787.7			
2 parents in unit	100.3			
1 adult in unit	991.8			
Average monthly benefit	\$389			
Annual benefits (\$ millions)	\$8,768			
Units with Child Support pass-through (avg. monthly, thousands.)	179			
Average monthly Child Support passed through	\$91			
Annual Child Support passed through (\$ millions)	\$203			
Public and subsidized housing				
Ever-subsidized households (thousands)	4,895	2,585		
Average size of household	2.1	0.6		
Average monthly rental payment	\$316	\$9		
Annual value of subsidy (\$ millions)	\$34,888	\$24,389		
SNAP				
Avg. monthly caseload (thousands of units)	19,203	-32	1,746	1,269
Annual benefits (\$ millions)	\$65,491	-\$927	\$32,421	\$23,207
LIHEAP				
Assisted households (thousands of households)	8,504	-1		
Annual benefits (\$ millions)	\$4,639	-\$1		
WIC				
Avg. monthly recipients, infants/children (thousands)	6,937		9	9
Avg. monthly recipients, women (thousands)	1,029		1	1
Annual value of benefit, pre-rebate (\$ millions)	\$4,767		\$7	\$7
CCDF-funded child care subsidies				
Avg. monthly families receiving subsidies (thousands)	989			
Avg. monthly (non-\$0) copayment per assisted family	\$89			
Annual value of subsidy (\$ millions)	\$6,738			
Child care expenses (for families with children < 15)				
Percent with expenses (subsidized or unsubsidized)	22%			
Average non-\$0 monthly expenses	\$450			
Total government cost of UC, SSI, TANF, child support passed through, housing subsidies, SNAP, LIHEAP, WIC, and CCDF subsidies (federal and state combined) (\$ millions)	\$270,942	\$23,461	\$32,429	\$23,214

TABLE C3.3B

Effects of Antipoverty Policies Needed to Lift Children Out of Poverty on US Poverty Rates and Government Costs in 2010
Increasing In-Kind Income

Child Poverty Characteristics and Related Impacts	Baseline	Increased Housing Vouchers	SNAP Benefit Increase	
			All Families	Families with Children
CHANGE IN TAX LIABILITIES AND CREDITS				
Payroll taxes paid (employer + employee) (\$ millions)	\$926,141			
Payroll taxes paid by workers (\$ millions) ²	\$459,736			
Workers subject to Social Security tax (thousands)	146,585			
Federal income tax (on positive tax returns) (\$ millions)	\$880,041			
Number of positive-tax returns (thousands)	94,680			
Number of zero-tax returns (thousands)	67,455			
Number of negative-tax returns (thousands)	21,655			
Federal including tax refunds (on net refund returns) (\$ millions)	-\$54,241			
Earned income tax credit				
returns with credit (thousands)	20,165			
total credit (\$ millions)	\$37,233			
Child tax credit (nonrefundable portion)				
returns with credit (thousands)	21,718			
total credit (\$ millions)	\$28,608			
Child tax credit (refundable portion)				
returns with credit (thousands)	13,559			
total credit (\$ millions)	\$18,157			
Total child tax credit, amount (\$ millions)	\$46,765			
Child and dependent care tax credit				
returns with credit (thousands)	5,886			
total credit (\$ millions)	\$3,444			
State income tax, net of credits (\$ millions)	\$236,303		\$1	
Number of returns with positive tax liability (thousands)	84,092			
Number with state earned income tax credit (thousands)	7,101			
Number with state child care credit (thousands)	2,125			
Total Taxes Paid (\$ millions)	\$1,988,244		\$1	
CHANGES IN EMPLOYMENT				
All Persons				
Persons with increase in earnings (net, thousands) ³				
Persons who gain (or lose) jobs (thousands)				
Aggregate change in earnings (\$ millions)				
Average per-person change (\$)				
Persons in Families with Children				
Persons with increase in earnings (net, thousands) ³				
Persons who gain (or lose) jobs (thousands)				
Aggregate change in earnings (\$ millions)				
Average per-person change (\$)				

TABLE C3.4A

Effects of Antipoverty Policies Needed to Lift Children Out of Poverty on US Poverty Rates and Government Costs in 2010

Reducing Taxes

Child Poverty Characteristics and Related Impacts	Baseline	Refundable Child Tax Credit	Expanded EITC		Expanded CDCTC	
			Stand- -ard	Employ- ment Effects	Stand- -ard	Employment Effects
CHANGE IN PROGRAM CASELOADS AND COSTS						
Unemployment compensation (UC)						
Persons receiving any benefits during year (thousands)	12,449			-38		-3
Aggregate annual benefits (\$ millions)	\$97,366			-\$306		-\$24
SSI (noninstitutionalized; includes state supplements)						
Avg. monthly caseload (thousands of people)						
Adults	6,521					
Children	1,276					
Annual benefits, adults + children (\$ millions)	\$48,083			-\$5		
TANF (including state separate programs)						
Avg. monthly caseload (thousands of units)						
Child only	787.7			5.4		-1.2
2 parents in unit	100.3			-1.2		-3.4
1 adult in unit	991.8			-56.1		-7.5
Average monthly benefit	\$389			-\$7		-\$3
Annual benefits (\$ millions)	\$8,768			-\$401		-\$116
Units with Child Support pass-through (avg. monthly, thousands)						
Average monthly Child Support passed through	\$91			-\$1		
Annual Child Support passed through (\$ millions)	\$203			-\$8		
Public and subsidized housing						
Ever-subsidized households (thousands)						
Average size of household	2.1					
Average monthly rental payment	\$316			\$5		\$2
Annual value of subsidy (\$ millions)	\$34,888			-\$325		-\$94
SNAP						
Avg. monthly caseload (thousands of units)						
Annual benefits (\$ millions)	\$65,491			-\$894		-\$144
LIHEAP						
Assisted households (thousands of households)						
Annual benefits (\$ millions)	\$4,639			-\$8		-\$4
WIC						
Avg. monthly recipients, infants/children (thousands)						
Avg. monthly recipients, women (thousands)	1,029					-1
Annual value of benefit, pre-rebate (\$ millions)	\$4,767					-\$1
CCDF-funded child care subsidies						
Avg. monthly families receiving subsidies (thousands)						
Avg. monthly (non-\$0) copayment per assisted family	\$89			-\$3		
Annual value of subsidy (\$ millions)	\$6,738			\$695		
Child care expenses (for families with children < 15)						
Percent with expenses (subsidized or unsubsidized)						
Average non-\$0 monthly expenses	\$450			-\$5		-\$2
Total government cost of UC, SSI, TANF, child support passed through, housing subsidies, SNAP, LIHEAP, WIC, and CCDF subsidies (federal and state combined) (\$ millions)						
	\$270,942			-\$1,252		-\$383

TABLE C3.4B

Effects of Antipoverty Policies Needed to Lift Children Out of Poverty on US Poverty Rates and Government Costs in 2010

Reducing Taxes

Child Poverty Characteristics and Related Impacts	Baseline	Refundable Child Tax Credit	Expanded EITC		Expanded CDCTC	
			Standard	Employment Effects	Standard	Employment Effects
CHANGE IN TAX LIABILITIES AND CREDITS						
Payroll taxes paid (employer + employee) (\$ millions)	\$926,141			\$1,034		\$243
Payroll taxes paid by workers (\$ millions) ²	\$459,736			\$440		\$104
Workers subject to Social Security tax (thousands)	146,585			463		101
Federal income tax (on positive tax returns) (\$ millions)	\$880,041		-\$4	\$30	-\$23	-\$21
Number of positive tax returns (thousands)	94,680		-11	-4	-24	-21
Number of zero tax returns (thousands)	67,455	-3644		-460	-10	-78
Number of negative tax returns (thousands)	21,655	3644	11	464	34	100
Federal including tax refunds (on net refund returns) (\$ millions)	-\$54,241	-\$12,255	-\$7,511	\$10,103	-\$1,534	-\$2,065
Earned income tax credit						
returns with credit (thousands)	20,165			458		62
total credit (\$ millions)	\$37,233		\$7,515	\$9,654		\$262
Child tax credit (nonrefundable portion)						
returns with credit (thousands)	21,718			18	496	524
total credit (\$ millions)	\$28,608			\$6	\$704	\$714
Child tax credit (refundable portion)						
returns with credit (thousands)	13,559	4395		392	-275	-207
total credit (\$ millions)	\$18,157	\$12,255		\$459	-\$701	-\$594
Total child tax credit, amount (\$ millions)	\$46,765	\$12,255		\$465	\$3	\$120
Child and dependent care tax credit						
returns with credit (thousands)	5,886			15	1,290	1,391
total credit (\$ millions)	\$3,444			\$5	\$1,553	\$1,716
State income tax, net of credits (\$ millions)	\$236,303	-\$168	-\$314	-\$415	-\$114	-\$147
Number of returns with positive tax liability (thousands)	84,092	-2	-85	-37	-28	-24
Number with state earned income tax credit (thousands)	7,101		-7	151		14
Number with state child care credit (thousands)	2,125	-8		50	-9	25
Total Taxes Paid (\$ millions)	\$1,988,244	-\$12,423	-\$7,829	-\$9,454	-\$1,671	-\$1,990
CHANGES IN EMPLOYMENT						
All Persons						
Persons with increase in earnings (net, thousands) ³				463		101
Persons who gain (or lose) jobs (thousands)				463		101
Aggregate change in earnings (\$ millions)				\$5,444		\$1,339
Average per-person change (\$)				\$11,761		\$13,265
Persons in Families with Children						
Persons with increase in earnings (net, thousands) ³				463		101
Persons who gain (or lose) jobs (thousands)				463		101
Aggregate change in earnings (\$ millions)				\$5,444		\$1,339
Average per-person change (\$)				\$11,761		\$13,265

TABLE C3.5A

Effects of Antipoverty Policies Needed to Lift Children Out of Poverty on US Poverty Rates and Government Costs in 2010

Reducing Expenses

Child Poverty Characteristics and Related Impacts	Baseline	Increased Child Care Subsidies	
		Standard	Employment Effects
CHANGE IN PROGRAM CASELOADS AND COSTS			
Unemployment compensation (UC)			
Persons receiving any benefits during year (thousands)	12,449		-21
Aggregate annual benefits (\$ millions)	\$97,366		-\$153
SSI (noninstitutionalized; includes state supplements)			
Avg. monthly caseload (thousands of people)			
Adults	6,521		
Children	1,276		
Annual benefits, adults + children (\$ millions)	\$48,083		-\$16
TANF (including state separate programs)			
Avg. monthly caseload (thousands of units)	1,880	-3	-58
Child only	787.7		-9.7
2 parents in unit	100.3	-0.5	-1.7
1 adult in unit	991.8	-2.3	-46.5
Average monthly benefit	\$389	-\$0.2	-\$10
Annual benefits (\$ millions)	\$8,768	-\$17	-\$485
Units with Child Support pass-through (avg. monthly, thous.)	179		-3
Average monthly Child Support passed through	\$91		
Annual Child Support passed through (\$ millions)	\$203		-\$4
Public and subsidized housing			
Ever-subsidized households (thousands)	4,895	-1	-1
Average size of household	2.1		
Average monthly rental payment	\$316	\$1	\$4
Annual value of subsidy (\$ millions)	\$34,888	-\$37	-\$264
SNAP			
Avg. monthly caseload (thousands of units)	19,203	-1	-73
Annual benefits (\$ millions)	\$65,491	-\$159	-\$866
LIHEAP			
Assisted households (thousands of households)	8,504		-9
Annual benefits (\$ millions)	\$4,639		-\$6
WIC			
Avg. monthly recipients, infants/children (thousands)	6,937		-2
Avg. monthly recipients, women (thousands)	1,029		-1
Annual value of benefit, pre-rebate (\$ millions)	\$4,767		-\$2
CCDF-funded child care subsidies			
Avg. monthly families receiving subsidies (thousands)	989	614	959
Avg. monthly (non-\$0) copayment per assisted family	\$89	\$9	\$0
Annual value of subsidy (\$ millions)	\$6,738	\$3,870	\$6,881
Child care expenses (for families with children < 15)			
Percent with expenses (subsidized or unsubsidized)	22%	-0.4%	0%
Average non-\$0 monthly expenses	\$450	-7	-17
Total government cost of UC, SSI, TANF, child support passed through, housing subsidies, SNAP, LIHEAP, WIC, and CCDF subsidies (federal and state combined) (\$ millions)	\$270,942	\$3,656	\$5,086

TABLE C3.5B

Effects of Antipoverty Policies Needed to Lift Children Out of Poverty on US Poverty Rates and Government Costs in 2010

Reducing Expenses

	Increased Child Care Subsidies		
Child Poverty Characteristics and Related Impacts	Baseline	Standard	Employment Effects
CHANGE IN TAX LIABILITIES AND CREDITS			
Payroll taxes paid (employer + employee) (\$ millions)	\$926,141		\$833
Payroll taxes paid by workers (\$ millions)2	\$459,736		\$354
Workers subject to Social Security tax (thousands)	146,585		358
Federal income tax (on positive tax returns) (\$ millions)	\$880,041		\$82
Number of positive tax returns (thousands)	94,680	2	20
Number of zero tax returns (thousands)	67,455		-267
Number of negative tax returns (thousands)	21,655	-2	247
Federal including tax refunds (on net refund returns) (\$ millions)	-\$54,241	\$5	-\$1,191
Earned income tax credit			
returns with credit (thousands)	20,165		235
total credit (\$ millions)	\$37,233		\$875
Child tax credit (nonrefundable portion)			
returns with credit (thousands)	21,718	18	44
total credit (\$ millions)	\$28,608	\$5	\$4
Child tax credit (refundable portion)			
returns with credit (thousands)	13,559		246
total credit (\$ millions)	\$18,157	-\$5	\$317
Total child tax credit, amount (\$ millions)	\$46,765		\$321
Child and dependent care tax credit			
returns with credit (thousands)	5,886	-7	53
total credit (\$ millions)	\$3,444	-\$5	\$11
State income tax, net of credits (\$ millions)	\$236,303	\$59	\$30
Number of returns with positive tax liability (thousands)	84,092	-2	44
Number with state earned income tax credit (thousands)	7,101		74
Number with state child care credit (thousands)	2,125	-91	-36
Total Taxes Paid (\$ millions)	\$1,988,244	\$64	-\$246
CHANGES IN EMPLOYMENT			
All Persons			
Persons with increase in earnings (net, thousands)3			358
Persons who gain (or lose) jobs (thousands)			358
Aggregate change in earnings (\$ millions)			\$4,479
Average per-person change (\$)			\$12,523
Persons in Families with Children			
Persons with increase in earnings (net, thousands)3			358
Persons who gain (or lose) jobs (thousands)			358
Aggregate change in earnings (\$ millions)			\$4,479
Average per-person change (\$)			\$12,523

TABLE C3.6A

Effects of Antipoverty Policies Needed to Lift Children Out of Poverty on US Poverty Rates and Government Costs in 2010

Combining Policies

Child Poverty Characteristics and Related Impacts	Baseline	Minimum Wage + EITC	Minimum Wage + EITC + Transitional Jobs	All Policies
CHANGE IN PROGRAM CASELOADS AND COSTS				
Unemployment compensation (UC)				
Persons receiving any benefits during year (thousands)	12,449	207	110	97
Aggregate annual benefits (\$ millions)	\$97,366	\$722	-\$15	-\$119
SSI (noninstitutionalized; includes state supplements)				
Avg. monthly caseload (thousands of people)				
Adults	6,521	-20	-26	-28
Children	1,276	-3	-10	-10
Annual benefits, adults + children (\$ millions)	\$48,083	-218	-323	-339
TANF (including state separate programs)				
Avg. monthly caseload (thousands of units)	1,880	-102	-198	-238
Child only	787.7	-7.9	-21.0	-29.8
2 parents in unit	100.3	-5.2	-18.9	-22
1 adult in unit	991.8	-89.3	-158.4	-186.3
Average monthly benefit	\$389	-\$6	-\$13	-\$19
Annual benefits (\$ millions)	\$8,768	-\$600	-\$1,189	-\$1,486
Units with Child Support pass-through (avg. monthly, thousands)	179	-8	-16	60
Average monthly Child Support passed through	\$91	-\$2	-\$2	\$129
Annual Child Support passed through (\$ millions)	\$203	-\$14	-\$22	\$390
Public and subsidized housing				
Ever-subsidized households (thousands)	4,895	-17	-17	2,210
Average size of household	2.1			0.5
Average monthly rental payment	\$316	\$11	\$18	\$33
Annual value of subsidy (\$ millions)	\$34,888	-\$740	-\$1,290	\$18,858
SNAP				
Avg. monthly caseload (thousands of units)	19,203	-489	-951	306
Annual benefits (\$ millions)	\$65,491	-\$2,721	-\$5,915	\$14,766
LIHEAP				
Assisted households (thousands of households)	8,504	-162	-253	-249
Annual benefits (\$ millions)	\$4,639	-\$77	-\$123	-\$122
WIC				
Avg. monthly recipients, infants/children (thousands)	6,937	-35	-67	-61
Avg. monthly recipients, women (thousands)	1,029	-4	-7	-7
Annual value of benefit, pre-rebate (\$ millions)	\$4,767	-\$25	-\$44	-\$39
CCDF-funded child care subsidies				
Avg. monthly families receiving subsidies (thousands)	989	38	182	1145
Avg. monthly (non-\$0) copayment per assisted family	\$89	\$2	\$2	\$8
Annual value of subsidy (\$ millions)	\$6,738	\$434	\$1,553	\$8,347
Child care expenses (for families with children < 15)				
Percent with expenses (subsidized or unsubsidized)	22%	0%	2%	2%
Average non-\$0 monthly expenses	\$450	-\$4	-\$12	-\$28
Total government cost of UC, SSI, TANF, child support passed through, housing subsidies, SNAP, LIHEAP, WIC, and CCDF subsidies (federal and state combined) (\$ millions)	\$270,942	-\$3,239	-\$7,365	\$40,255

TABLE C3.6B

Effects of Antipoverty Policies Needed to Lift Children Out of Poverty on US Poverty Rates and Government Costs in 2010

Combining Policies

Child Poverty Characteristics and Related Impacts	Baseline	Minimum Wage + EITC	Minimum Wage + EITC + Transitional Jobs	All Policies
CHANGE IN TAX LIABILITIES AND CREDITS				
Payroll taxes paid (employer + employee) (\$ millions)	\$926,141	\$8,003	\$14,052	\$14,823
Payroll taxes paid by workers (\$ millions) ²	\$459,736	\$3,804	\$6,424	\$6,762
Workers subject to Social Security tax (thousands)	146,585	212	2,412	2,672
Federal income tax (on positive tax returns) (\$ millions)	\$880,041	\$4,743	\$5,943	\$6,010
Number of positive tax returns (thousands)	94,680	1,143	1,980	1,982
Number of zero tax returns (thousands)	67,455	-1,002	-2,218	-5,140
Number of negative tax returns (thousands)	21,655	-141	238	3,159
Federal including tax refunds (on net refund returns) (\$ millions)	-\$54,241	-\$8,615	-\$10,364	-\$22,818
Earned income tax credit				
returns with credit (thousands)	20,165	-209	159	295
total credit (\$ millions)	\$37,233	\$8,175	\$9,525	\$10,007
Child tax credit (nonrefundable portion)				
returns with credit (thousands)	21,718	384	710	1,442
total credit (\$ millions)	\$28,608	\$354	\$735	\$1,604
Child tax credit (refundable portion)				
returns with credit (thousands)	13,559	285	591	3,805
total credit (\$ millions)	\$18,157	\$484	\$925	\$10,516
Total child tax credit, amount (\$ millions)	\$46,765	\$838	\$1,660	\$12,120
Child and dependent care tax credit				
returns with credit (thousands)	5,886	132	389	1,894
total credit (\$ millions)	\$3,444	\$49	\$185	\$1,778
State income tax, net of credits (\$ millions)	\$236,303	\$1,013	\$1,435	\$1,258
Number of returns with positive tax liability (thousands)	84,092	726	1,568	1,573
Number with state earned income tax credit (thousands)	7,101	-70	71	117
Number with state child care credit (thousands)	2,125	53	188	142
Total Taxes Paid (\$ millions)	\$1,988,244	\$5,144	\$11,066	-\$727
CHANGES IN EMPLOYMENT				
All Persons				
Persons with increase in earnings (net, thousands) ³		27,787	30,130	30,385
Persons who gain (or lose) jobs (thousands)		204	2,646	2,906
Aggregate change in earnings (\$ millions)		\$51,798	\$85,290	\$89,598
Average per-person change (\$)		\$1,864	\$2,831	\$2,949
Persons in Families with Children				
Persons with increase in earnings (net, thousands) ³		11,801	14,145	14,399
Persons who gain (or lose) jobs (thousands)		371	2,812	3,072
Aggregate change in earnings (\$ millions)		\$24,493	\$57,985	\$62,294
Average per-person change (\$)		\$2,075	\$4,099	\$4,326

TABLE C4.1A

Distribution of Benefits and Taxes for Antipoverty Policies Needed to Lift Children Out of Poverty in 2010
Eliminating ARRA Provisions

Child Poverty Characteristics and Related Impacts	Baseline	SNAP Only	SNAP and Taxes
CHANGE IN BENEFITS AND TAXES BY BASELINE FAMILY POVERTY STATUS ¹ (\$ millions)			
<50% of SPM Poverty			
Unemployment compensation received	\$1,115		
SSI benefits received	\$1,659		
TANF (and separate state funds) received	\$572		
Child Support passed through	\$7		
Subsidized housing, value of subsidy received	\$443		
SNAP benefits received	\$10,074	-\$1,398	-\$1,398
LIHEAP benefits received	\$572	\$1	\$1
WIC benefits received	\$206		
CCDF child care subsidies received	\$166		
Transitional Job wages	\$0		
Payroll taxes paid	\$1,846		
Federal taxes paid	-\$826		\$213
State taxes paid	\$150		\$3
Total Cost (benefits - taxes)	\$13,643	-\$1,397	-\$1,613
50-99% of SPM Poverty			
Unemployment compensation received	\$7,556		
SSI benefits received	\$15,442		
TANF (and separate state funds) received	\$3,475		
Child Support passed through	\$70		
Subsidized housing, value of subsidy received	\$7,919		
SNAP benefits received	\$23,378	-\$4,094	-\$4,094
LIHEAP benefits received	\$1,274	-\$1	-\$1
WIC benefits received	\$1,105		
CCDF child care subsidies received	\$1,273		
Transitional Job wages	\$0		
Payroll taxes paid	\$9,135		
Federal taxes paid	-\$7,637		\$1,826
State taxes paid	\$695		\$27
Total Cost (benefits - taxes)	\$59,298	-\$4,095	-\$5,948
100-149% of SPM Poverty			
Unemployment compensation received	\$18,260		
SSI benefits received	\$19,013		
TANF (and separate state funds) received	\$3,414		
Child Support passed through	\$87		
Subsidized housing, value of subsidy received	\$23,864		
SNAP benefits received	\$24,244	-\$5,191	-\$5,191
LIHEAP benefits received	\$2,125	-\$9	-\$9
WIC benefits received	\$1,957	-\$2	-\$2
CCDF child care subsidies received	\$3,085		
Transitional Job wages	\$0		
Payroll taxes paid	\$34,719		
Federal taxes paid	-\$15,762		\$4,447
State taxes paid	\$4,361		\$123
Total Cost (benefits - taxes)	\$72,732	-\$5,201	-\$9,772

TABLE C4.1B

Distribution of Benefits and Taxes for Antipoverty Policies Needed to Lift Children Out of Poverty in 2010
Eliminating ARRA Provisions

Child Poverty Characteristics and Related Impacts	Baseline	SNAP Only	SNAP and Taxes
(Dollars are in millions)			
150-199% of SPM Poverty			
Unemployment compensation received	\$18,329		
SSI benefits received	\$5,439		
TANF (and separate state funds) received	\$806		
Child Support passed through	\$20		
Subsidized housing, value of subsidy received	\$2,442		
SNAP benefits received	\$6,002	-\$1,404	-\$1,404
LIHEAP benefits received	\$571	-\$2	-\$2
WIC benefits received	\$998	-\$2	-\$2
CCDF child care subsidies received	\$1,291		
Transitional Job wages	\$0		
Payroll taxes paid	\$41,818		
Federal taxes paid	\$11,540		\$1,960
State taxes paid	\$10,849		\$58
Total Cost (benefits - taxes)	-\$28,311	-\$1,408	-\$3,426
≥200% of SPM Poverty			
Unemployment compensation received	\$50,198		
SSI benefits received	\$5,024		
TANF (and separate state funds) received	\$426		
Child Support passed through	\$19		
Subsidized housing, value of subsidy received	\$247		
SNAP benefits received	\$1,757	-\$353	-\$353
LIHEAP benefits received	\$104	-\$2	-\$2
WIC benefits received	\$497		
CCDF child care subsidies received	\$774		
Transitional Job wages	\$0		
Payroll taxes paid	\$372,789		
Federal taxes paid	\$833,670		\$607
State taxes paid	\$218,900		\$18
Total Cost (benefits - taxes)	-\$1,366,314	-\$355	-\$980
Percent of cost change going to families in poverty		44%	35%

TABLE C4.2A

Distribution of Benefits and Taxes for Antipoverty Policies Needed to Lift Children Out of Poverty in 2010

Increasing Cash Income

Child Poverty Characteristics and Related Impacts	Baseline	Child Support Pass-Through	Minimum Wage Increase		Transitional Jobs
			Standard	Employment Effects	
CHANGE IN BENEFITS AND TAXES BY BASELINE FAMILY POVERTY STATUS1 (\$ millions)					
<50% of SPM Poverty					
Unemployment compensation received	\$1,115			\$12	-\$18
SSI benefits received	\$1,659			-\$3	-\$3
TANF (and separate state funds) received	\$572	\$7	-\$4	-\$6	-\$80
Child Support passed through	\$7	\$25			-\$3
Subsidized housing, value of subsidy received	\$443		-\$1	-\$2	
SNAP benefits received	\$10,074	\$35	-\$15	-\$15	-\$340
LIHEAP benefits received	\$572				
WIC benefits received	\$206				
CCDF child care subsidies received	\$166		-\$1	-\$2	\$258
Transitional Job wages	\$0				\$6,691
Payroll taxes paid	\$1,846		\$50	\$78	\$226
Federal taxes paid	-\$826		\$20	\$32	-\$722
State taxes paid	\$150		\$13	\$18	-\$14
Total Cost (benefits - taxes)	\$13,643	\$67	-\$104	-\$143	\$7,015
50-99% of SPM Poverty					
Unemployment compensation received	\$7,556			\$177	-\$187
SSI benefits received	\$15,442		-\$28	-\$24	-\$4
TANF (and separate state funds) received	\$3,475	\$35	-\$35	-\$56	-\$240
Child Support passed through	\$70	\$157	-\$1	-\$1	-\$3
Subsidized housing, value of subsidy received	\$7,919	-\$12	-\$25	-\$44	-\$156
SNAP benefits received	\$23,378	\$87	-\$221	-\$406	-\$1,177
LIHEAP benefits received	\$1,274		-\$3	-\$11	-\$6
WIC benefits received	\$1,105		-\$1	-\$1	-\$2
CCDF child care subsidies received	\$1,273		-\$9	-\$23	\$755
Transitional Job wages	\$0				\$6,241
Payroll taxes paid	\$9,135		\$250	\$415	\$618
Federal taxes paid	-\$7,637		\$117	\$252	-\$1,172
State taxes paid	\$695	\$0.8	\$68	\$115	\$8
Total Cost (benefits - taxes)	\$59,298	\$266	-\$759	-\$1,171	\$5,767
100-149% of SPM Poverty					
Unemployment compensation received	\$18,260			\$311	-\$129
SSI benefits received	\$19,013		-\$61	-\$91	-\$56
TANF (and separate state funds) received	\$3,414	\$42	-\$24	-\$46	-\$206
Child Support passed through	\$87	\$210	-\$2	-\$2	-\$2
Subsidized housing, value of subsidy received	\$23,864	-\$26	-\$134	-\$194	-\$322
SNAP benefits received	\$24,244	\$240	-\$593	-\$827	-\$1,044
LIHEAP benefits received	\$2,125		-\$15	-\$31	-\$17
WIC benefits received	\$1,957		\$4	\$1	-\$7
CCDF child care subsidies received	\$3,085		-\$39	-\$83	\$462
Transitional Job wages	\$0				\$4,758
Payroll taxes paid	\$34,719		\$537	\$825	\$607
Federal taxes paid	-\$15,762		\$701	\$1,243	\$155
State taxes paid	\$4,361		\$189	\$313	\$137
Total Cost (benefits - taxes)	\$72,732	\$466	-\$2,289	-\$3,343	\$2,539

TABLE C4.2B

Distribution of Benefits and Taxes for Antipoverty Policies Needed to Lift Children Out of Poverty in 2010
Increasing Cash Income

Child Poverty Characteristics and Related Impacts	Baseline	Child Support Pass-Through	Minimum Wage Increase		Transitional Jobs
			Standard	Employment Effects	
(Dollars are in millions)					
150-199% of SPM Poverty					
Unemployment compensation received	\$18,329			\$239	-\$184
SSI benefits received	\$5,439		-\$40	-\$59	-\$19
TANF (and separate state funds) received	\$806	\$6	-\$5	-\$13	-\$40
Child Support passed through	\$20	\$33	-\$2	-\$2	-\$2
Subsidized housing, value of subsidy received	\$2,442		-\$33	-\$56	-\$23
SNAP benefits received	\$6,002	\$191	-\$153	-\$212	-\$145
LIHEAP benefits received	\$571		-\$16	-\$22	-\$4
WIC benefits received	\$998		-\$5	-\$6	-\$3
CCDF child care subsidies received	\$1,291		-\$14	-\$43	\$96
Transitional Job wages	\$0				\$3,499
Payroll taxes paid	\$41,818		\$396	\$613	\$344
Federal taxes paid	\$11,540		\$679	\$1,151	\$313
State taxes paid	\$10,849		\$170	\$274	\$71
Total Cost (benefits - taxes)	-\$28,311	\$230	-\$1,512	-\$2,212	\$2,447
≥200% of SPM Poverty					
Unemployment compensation received	\$50,198			\$232	-\$22
SSI benefits received	\$5,024		-\$18	-\$18	
TANF (and separate state funds) received	\$426	\$6		-\$2	-\$8
Child Support passed through	\$19	\$51			
Subsidized housing, value of subsidy received	\$247		-\$2	-\$5	-\$7
SNAP benefits received	\$1,757	\$18	-\$37	-\$44	-\$10
LIHEAP benefits received	\$104		-\$1	-\$1	
WIC benefits received	\$497		-\$7	-\$7	-\$1
CCDF child care subsidies received	\$774	\$1	-\$1	-\$20	\$27
Transitional Job wages	\$0				\$5,505
Payroll taxes paid	\$372,789		\$745	\$1,205	\$66
Federal taxes paid	\$833,670		\$1,671	\$2,681	\$60
State taxes paid	\$218,900		\$356	\$592	\$41
Total Cost (benefits - taxes)	-\$1,366,314	\$75	-\$2,839	-\$4,343	\$5,317
Percent of cost change going to families in poverty		30%	11%	12%	55%

TABLE C4.3A

Distribution of Benefits and Taxes for Antipoverty Policies Needed to Lift Children Out of Poverty in 2010
Increasing In-Kind Income

Child Poverty Characteristics and Related Impacts	Baseline	Increased Housing Vouchers	SNAP Benefit Increase	
			All Families	Families with Children
CHANGE IN BENEFITS AND TAXES BY BASELINE FAMILY POVERTY STATUS1 (\$ millions)				
<50% of SPM Poverty				
Unemployment compensation received	\$1,115			
SSI benefits received	\$1,659			
TANF (and separate state funds) received	\$572			
Child Support passed through	\$7			
Subsidized housing, value of subsidy received	\$443	\$4,203		
SNAP benefits received	\$10,074	-\$40	\$3,554	\$1,591
LIHEAP benefits received	\$572			
WIC benefits received	\$206			
CCDF child care subsidies received	\$166			
Transitional Job wages	\$0			
Payroll taxes paid	\$1,846			
Federal taxes paid	-\$826			
State taxes paid	\$150			
Total Cost (benefits - taxes)	\$13,643	\$4,162	\$3,554	\$1,591
50-99% of SPM Poverty				
Unemployment compensation received	\$7,556			
SSI benefits received	\$15,442			
TANF (and separate state funds) received	\$3,475			
Child Support passed through	\$70			
Subsidized housing, value of subsidy received	\$7,919	\$13,866		
SNAP benefits received	\$23,378	-\$507	\$10,340	\$6,901
LIHEAP benefits received	\$1,274			
WIC benefits received	\$1,105			
CCDF child care subsidies received	\$1,273			
Transitional Job wages	\$0			
Payroll taxes paid	\$9,135			
Federal taxes paid	-\$7,637			
State taxes paid	\$695	\$1		
Total Cost (benefits - taxes)	\$59,298	\$13,358	\$10,340	\$6,901
100-149% of SPM Poverty				
Unemployment compensation received	\$18,260			
SSI benefits received	\$19,013			
TANF (and separate state funds) received	\$3,414			
Child Support passed through	\$87			
Subsidized housing, value of subsidy received	\$23,864	\$5,916		
SNAP benefits received	\$24,244	-\$416	\$13,802	\$10,764
LIHEAP benefits received	\$2,125			
WIC benefits received	\$1,957		\$14	\$14
CCDF child care subsidies received	\$3,085			
Transitional Job wages	\$0			
Payroll taxes paid	\$34,719			
Federal taxes paid	-\$15,762			
State taxes paid	\$4,361			
Total Cost (benefits - taxes)	\$72,732	\$5,499	\$13,816	\$10,778

TABLE C4.3B

Distribution of Benefits and Taxes for Antipoverty Policies Needed to Lift Children Out of Poverty in 2010
Increasing In-Kind Income

Child Poverty Characteristics and Related Impacts	Baseline	Increased Housing Vouchers	SNAP Benefit Increase	
			All Families	Families with Children
(Dollars are in millions)				
150-199% of SPM Poverty				
Unemployment compensation received	\$18,329			
SSI benefits received	\$5,439			
TANF (and separate state funds) received	\$806			
Child Support passed through	\$20			
Subsidized housing, value of subsidy received	\$2,442	\$276		
SNAP benefits received	\$6,002		\$3,783	\$3,268
LIHEAP benefits received	\$571			
WIC benefits received	\$998		\$2	\$2
CCDF child care subsidies received	\$1,291			
Transitional Job wages	\$0			
Payroll taxes paid	\$41,818			
Federal taxes paid	\$11,540			
State taxes paid	\$10,849			
Total Cost (benefits - taxes)	-\$28,311	\$276	\$3,785	\$3,270
≥200% of SPM Poverty				
Unemployment compensation received	\$50,198			
SSI benefits received	\$5,024			
TANF (and separate state funds) received	\$426			
Child Support passed through	\$19			
Subsidized housing, value of subsidy received	\$247	\$159		
SNAP benefits received	\$1,757	-\$14	\$949	\$712
LIHEAP benefits received	\$104			
WIC benefits received	\$497		\$3	\$3
CCDF child care subsidies received	\$774			
Transitional Job wages	\$0			
Payroll taxes paid	\$372,789			
Federal taxes paid	\$833,670			
State taxes paid	\$218,900			
	-			
Total Cost (benefits - taxes)	\$1,366,314	\$146	\$951	\$715
Percent of cost change going to families in poverty		75%	43%	37%

TABLE C4.4A

Distribution of Benefits and Taxes for Antipoverty Policies Needed to Lift Children Out of Poverty in 2010

Reducing Taxes

Child Poverty Characteristics and Related Impacts	Baseline	Refundable Child Tax Credit	Expanded EITC		Expanded CDCTC	
			Standard	Employment Effects	Standard	Employment Effects
CHANGE IN BENEFITS AND TAXES BY BASELINE FAMILY POVERTY STATUS1 (\$ millions)						
<50% of SPM Poverty						
Unemployment compensation received	\$1,115			-\$6		
SSI benefits received	\$1,659					
TANF (and separate state funds) received	\$572			-\$13		-\$8
Child Support passed through	\$7					
Subsidized housing, value of subsidy received	\$443					
SNAP benefits received	\$10,074			-\$177		
LIHEAP benefits received	\$572					
WIC benefits received	\$206					
CCDF child care subsidies received	\$166			\$105		
Transitional Job wages	\$0					
Payroll taxes paid	\$1,846			\$79		\$5
Federal taxes paid	-\$826	-\$1,457	-\$343	-\$806	-\$53	-\$86
State taxes paid	\$150	-\$21	-\$13	-\$30	-\$1	-\$4
Total Cost (benefits - taxes)	\$13,643	\$1,478	\$356	\$668	\$54	\$76
50-99% of SPM Poverty						
Unemployment compensation received	\$7,556			-\$90		-\$17
SSI benefits received	\$15,442					
TANF (and separate state funds) received	\$3,475			-\$229		-\$47
Child Support passed through	\$70			-\$5		
Subsidized housing, value of subsidy received	\$7,919			-\$180		-\$36
SNAP benefits received	\$23,378			-\$441		-\$8
LIHEAP benefits received	\$1,274			-\$4		
WIC benefits received	\$1,105					-\$0.3
CCDF child care subsidies received	\$1,273			\$352		
Transitional Job wages	\$0					
Payroll taxes paid	\$9,135			\$191		\$37
Federal taxes paid	-\$7,637	-\$4,610	-\$2,145	-\$3,281	-\$267	-\$494
State taxes paid	\$695	-\$62	-\$78	-\$114	-\$17	-\$26
Total Cost (benefits - taxes)	\$59,298	\$4,673	\$2,224	\$2,609	\$285	\$374
100-149% of SPM Poverty						
Unemployment compensation received	\$18,260			-\$162		-\$8
SSI benefits received	\$19,013			-\$6		
TANF (and separate state funds) received	\$3,414			-\$144		-\$55
Child Support passed through	\$87			-\$3		
Subsidized housing, value of subsidy received	\$23,864			-\$155		-\$52
SNAP benefits received	\$24,244			-\$263		-\$103
LIHEAP benefits received	\$2,125			-\$1		
WIC benefits received	\$1,957					
CCDF child care subsidies received	\$3,085			\$152		
Transitional Job wages	\$0					
Payroll taxes paid	\$34,719			\$63		\$23
Federal taxes paid	-\$15,762	-\$4,428	-\$3,278	-\$4,043	-\$715	-\$921
State taxes paid	\$4,361	-\$51	-\$145	-\$188	-\$46	-\$64
Total Cost (benefits - taxes)	\$72,732	\$4,479	\$3,424	\$3,585	\$761	\$745

TABLE C4.4B

Distribution of Benefits and Taxes for Antipoverty Policies Needed to Lift Children Out of Poverty in 2010 Reducing Taxes

Child Poverty Characteristics and Related Impacts	Baseline	Refundable Child Tax Credit	Expanded EITC		Expanded CDCTC	
			Standard	Employment Effects	Standard	Employment Effects
(Dollars are in millions)						
150-199% of SPM Poverty						
Unemployment compensation received	\$18,329			-\$22		
SSI benefits received	\$5,439					
TANF (and separate state funds) received	\$806			-\$8		-\$2
Child Support passed through	\$20					
Subsidized housing, value of subsidy received	\$2,442					
SNAP benefits received	\$6,002			-\$31		
LIHEAP benefits received	\$571			-\$2		-\$2
WIC benefits received	\$998			-\$1		
CCDF child care subsidies received	\$1,291			\$54		
Transitional Job wages	\$0					
Payroll taxes paid	\$41,818			\$25		
Federal taxes paid	\$11,540	-\$1,117	-\$1,147	-\$1,262	-\$295	-\$307
State taxes paid	\$10,849	-\$26	-\$54	-\$56	-\$36	-\$36
Total Cost (benefits - taxes)	-\$28,311	\$1,143	\$1,201	\$1,284	\$332	\$339
≥200% of SPM Poverty						
Unemployment compensation received	\$50,198			-\$24		
SSI benefits received	\$5,024					
TANF (and separate state funds) received	\$426			\$1		-\$6
Child Support passed through	\$19					
Subsidized housing, value of subsidy received	\$247					
SNAP benefits received	\$1,757			-\$7		\$2
LIHEAP benefits received	\$104					-\$1
WIC benefits received	\$497					
CCDF child care subsidies received	\$774			\$18		
Transitional Job wages	\$0					
Payroll taxes paid	\$372,789			\$12		
Federal taxes paid	\$833,670	-\$600	-\$583	-\$627	-\$243	-\$252
State taxes paid	\$218,900	-\$9	-\$3	-\$3	-\$24	-\$24
	-					
	\$1,366,314					
Total Cost (benefits - taxes)	4	\$608	\$586	\$605	\$267	\$271
Percent of cost change going to families in poverty		50%	33%	37%	20%	25%

TABLE C4.5A

Distribution of Benefits and Taxes for Antipoverty Policies Needed to Lift Children Out of Poverty in 2010

Reducing Expenses

Child Poverty Characteristics and Related Impacts	Baseline	Increased Child Care Subsidies	
		Standard	Employment Effects
CHANGE IN BENEFITS AND TAXES BY BASELINE FAMILY POVERTY STATUS1 (\$ millions)			
<50% of SPM Poverty			
Unemployment compensation received	\$1,115		-\$13
SSI benefits received	\$1,659		
TANF (and separate state funds) received	\$572		-\$26
Child Support passed through	\$7		
Subsidized housing, value of subsidy received	\$443		
SNAP benefits received	\$10,074	-\$2	-\$63
LIHEAP benefits received	\$572		
WIC benefits received	\$206		
CCDF child care subsidies received	\$166	\$141	\$325
Transitional Job wages	\$0		
Payroll taxes paid	\$1,846		\$36
Federal taxes paid	-\$826		-\$177
State taxes paid	\$150	\$3	\$1
Total Cost (benefits - taxes)	\$13,643	\$136	\$364
50-99% of SPM Poverty			
Unemployment compensation received	\$7,556		-\$100
SSI benefits received	\$15,442		
TANF (and separate state funds) received	\$3,475	-\$0.2	-\$216
Child Support passed through	\$70		
Subsidized housing, value of subsidy received	\$7,919	-\$12	-\$72
SNAP benefits received	\$23,378	-\$74	-\$385
LIHEAP benefits received	\$1,274		-\$1
WIC benefits received	\$1,105		
CCDF child care subsidies received	\$1,273	\$833	\$2,052
Transitional Job wages	\$0		
Payroll taxes paid	\$9,135		\$139
Federal taxes paid	-\$7,637		-\$563
State taxes paid	\$695	\$27	-\$1
Total Cost (benefits - taxes)	\$59,298	\$720	\$1,702
100-149% of SPM Poverty			
Unemployment compensation received	\$18,260		-\$23
SSI benefits received	\$19,013		
TANF (and separate state funds) received	\$3,414	-\$7	-\$178
Child Support passed through	\$87		-\$4
Subsidized housing, value of subsidy received	\$23,864	-\$16	-\$172
SNAP benefits received	\$24,244	-\$84	-\$333
LIHEAP benefits received	\$2,125		-\$1
WIC benefits received	\$1,957		-\$1
CCDF child care subsidies received	\$3,085	\$1,935	\$2,982
Transitional Job wages	\$0		
Payroll taxes paid	\$34,719		\$99
Federal taxes paid	-\$15,762	\$5	-\$247
State taxes paid	\$4,361	\$25	\$20
Total Cost (benefits - taxes)	\$72,732	\$1,797	\$2,398

TABLE C4.5B

Distribution of Benefits and Taxes for Antipoverty Policies Needed to Lift Children Out of Poverty in 2010
Reducing Expenses

		Increased Child Care Subsidies	
Child Poverty Characteristics and Related Impacts	Baseline	Standard	Employment Effects
(Dollars are in millions)			
150-199% of SPM Poverty			
Unemployment compensation received	\$18,329		-\$7
SSI benefits received	\$5,439		
TANF (and separate state funds) received	\$806	-\$1	-\$37
Child Support passed through	\$20		
Subsidized housing, value of subsidy received	\$2,442		-\$6
SNAP benefits received	\$6,002	\$10	-\$87
LIHEAP benefits received	\$571		-\$2
WIC benefits received	\$998		-\$0.5
CCDF child care subsidies received	\$1,291	\$640	\$1,030
Transitional Job wages	\$0		
Payroll taxes paid	\$41,818		\$44
Federal taxes paid	\$11,540		-\$54
State taxes paid	\$10,849	-\$3	\$3
Total Cost (benefits - taxes)	-\$28,311	\$651	\$898
≥200% of SPM Poverty			
Unemployment compensation received	\$50,198		-\$5
SSI benefits received	\$5,024		
TANF (and separate state funds) received	\$426	-\$3	-\$27
Child Support passed through	\$19		
Subsidized housing, value of subsidy received	\$247		
SNAP benefits received	\$1,757	-\$6	-\$24
LIHEAP benefits received	\$104		
WIC benefits received	\$497		
CCDF child care subsidies received	\$774	\$311	\$458
Transitional Job wages	\$0		
Payroll taxes paid	\$372,789		\$21
Federal taxes paid	\$833,670	-\$17	-\$86
State taxes paid	\$218,900		
Total Cost (benefits - taxes)	-\$1,366,314	\$319	\$465
Percent of cost change going to families in poverty		24%	35%

TABLE C4.6A

Distribution of Benefits and Taxes for Antipoverty Policies Needed to Lift Children Out of Poverty in 2010

Combining Policies

Child Poverty Characteristics and Related Impacts	Baseline	Minimum Wage + EITC	Minimum Wage + EITC + Transitional Jobs	All Policies
CHANGE IN BENEFITS AND TAXES BY BASELINE FAMILY POVERTY STATUS1 (\$ millions)				
<50% of SPM Poverty				
Unemployment compensation received	\$1,115	\$6	-\$35	-\$35
SSI benefits received	\$1,659	-\$3	-\$7	-\$7
TANF (and separate state funds) received	\$572	-\$25	-\$103	-\$112
Child Support passed through	\$7	\$0	-\$2	\$20
Subsidized housing, value of subsidy received	\$443	-\$2	-\$2	\$3,549
SNAP benefits received	\$10,074	-\$266	-\$687	\$746
LIHEAP benefits received	\$572	-\$3	-\$2	-\$3
WIC benefits received	\$206			
CCDF child care subsidies received	\$166	\$88	\$208	\$549
Transitional Job wages	\$0		\$7,358	\$6,892
Payroll taxes paid	\$1,846	\$176	\$447	\$475
Federal taxes paid	-\$826	-\$765	-\$1,532	-\$2,813
State taxes paid	\$150	-\$9	-\$16	-\$29
Total Cost (benefits - taxes)	\$13,643	\$393	\$7,829	\$13,966
50-99% of SPM Poverty				
Unemployment compensation received	\$7,556	\$93	-\$128	-\$194
SSI benefits received	\$15,442	-\$51	-\$56	-\$68
TANF (and separate state funds) received	\$3,475	-\$336	-\$566	-\$701
Child Support passed through	\$70	-\$7	-\$11	\$132
Subsidized housing, value of subsidy received	\$7,919	-\$282	-\$438	\$11,215
SNAP benefits received	\$23,378	-\$1,049	-\$2,443	\$3,445
LIHEAP benefits received	\$1,274	-\$17	-\$27	-\$27
WIC benefits received	\$1,105	-\$1	-\$5	-\$8
CCDF child care subsidies received	\$1,273	\$296	\$871	\$2,815
Transitional Job wages	\$0		\$7,833	\$7,547
Payroll taxes paid	\$9,135	\$658	\$1,422	\$1,534
Federal taxes paid	-\$7,637	-\$2,849	-\$3,873	-\$8,175
State taxes paid	\$695	\$15	\$55	
Total Cost (benefits - taxes)	\$59,298	\$821	\$7,427	\$30,797
100-149% of SPM Poverty				
Unemployment compensation received	\$18,260	\$149	-\$73	-\$97
SSI benefits received	\$19,013	-\$97	-\$162	-\$162
TANF (and separate state funds) received	\$3,414	-\$217	-\$444	-\$535
Child Support passed through	\$87	-\$5	-\$7	\$157
Subsidized housing, value of subsidy received	\$23,864	-\$393	-\$764	\$3,829
SNAP benefits received	\$24,244	-\$1,108	-\$2,259	\$7,375
LIHEAP benefits received	\$2,125	-\$36	-\$64	-\$63
WIC benefits received	\$1,957	\$1	-\$19	-\$18
CCDF child care subsidies received	\$3,085	\$45	\$385	\$3,411
Transitional Job wages	\$0		\$6,530	\$6,626
Payroll taxes paid	\$34,719	\$921	\$1,695	\$1,818
Federal taxes paid	-\$15,762	-\$2,543	-\$1,893	-\$6,462
State taxes paid	\$4,361	\$145	\$367	\$310
Total Cost (benefits - taxes)	\$72,732	-\$185	\$2,954	\$24,857

TABLE C4.6B

Distribution of Benefits and Taxes for Antipoverty Policies Needed to Lift Children Out of Poverty in 2010 Combining Policies

Child Poverty Characteristics and Related Impacts	Baseline	Minimum Wage + EITC	Minimum Wage + EITC + Transitional Jobs	All Policies
(Dollars are in millions)				
150-199% of SPM Poverty				
Unemployment compensation received	\$18,329	\$226	\$7	
SSI benefits received	\$5,439	-\$59	-\$91	-\$91
TANF (and separate state funds) received	\$806	-\$21	-\$50	-\$88
Child Support passed through	\$20	-\$2	-\$2	\$31
Subsidized housing, value of subsidy received	\$2,442	-\$56	-\$85	\$164
SNAP benefits received	\$6,002	-\$270	-\$429	\$2,722
LIHEAP benefits received	\$571	-\$23	-\$27	-\$28
WIC benefits received	\$998	-\$7	-\$9	-\$8
CCDF child care subsidies received	\$1,291	\$2	\$50	\$1,075
Transitional Job wages	\$0		\$4,390	\$4,412
Payroll taxes paid	\$41,818	\$652	\$1,088	\$1,129
Federal taxes paid	\$11,540	-\$11	\$501	-\$855
State taxes paid	\$10,849	\$236	\$349	\$312
Total Cost (benefits - taxes)	-\$28,311	-\$1,086	\$1,815	\$7,604
≥200% of SPM Poverty				
Unemployment compensation received	\$50,198	\$205	\$184	\$178
SSI benefits received	\$5,024	-\$18	-\$18	-\$18
TANF (and separate state funds) received	\$426	-\$1	-\$9	-\$30
Child Support passed through	\$19			\$50
Subsidized housing, value of subsidy received	\$247	-\$5	-\$14	\$122
SNAP benefits received	\$1,757	-\$58	-\$73	\$528
LIHEAP benefits received	\$104	-\$1	-\$1	-\$1
WIC benefits received	\$497	-\$7	-\$8	-\$6
CCDF child care subsidies received	\$774	-\$4	\$11	\$437
Transitional Job wages	\$0		\$7,380	\$7,342
Payroll taxes paid	\$372,789	\$1,218	\$1,284	\$1,354
Federal taxes paid	\$833,670	\$2,153	\$2,270	\$1,430
State taxes paid	\$218,900	\$595	\$590	\$579
Total Cost (benefits - taxes)	-\$1,366,314	-\$3,855	\$3,308	\$5,238
Percent of cost change going to families in poverty		na	65%	54%