

APPENDICES

Appendix 1. Additional Details on Changes to the Earned Income Tax Credit and the Child and Dependent Care Tax Credit

Further details can also be found in the Urban Institute’s technical report on CDF’s website.

Earned Income Tax Credit

To increase the anti-poverty impact of the EITC, CDF increased the rate at which the credit phases in from a range of 34-45 percent (depending on the number of children) to a range of 68-79 percent. We also increased the maximum credit while keeping the rate at which the credit phases out the same (to keep marginal tax rates the same) for nearly all filer types. These changes increase the EITC for the lowest income families and somewhat lessen the marriage penalty. The figure below shows the changes for filers with one child and Table A1.2 shows the parameter changes for all filers.

While extending the EITC to childless adults would benefit children through higher child support payments among other ways, CDF did not model an increase in the EITC for childless adults because the TRIM3 model had no way to link childless adults to non-custodial children.

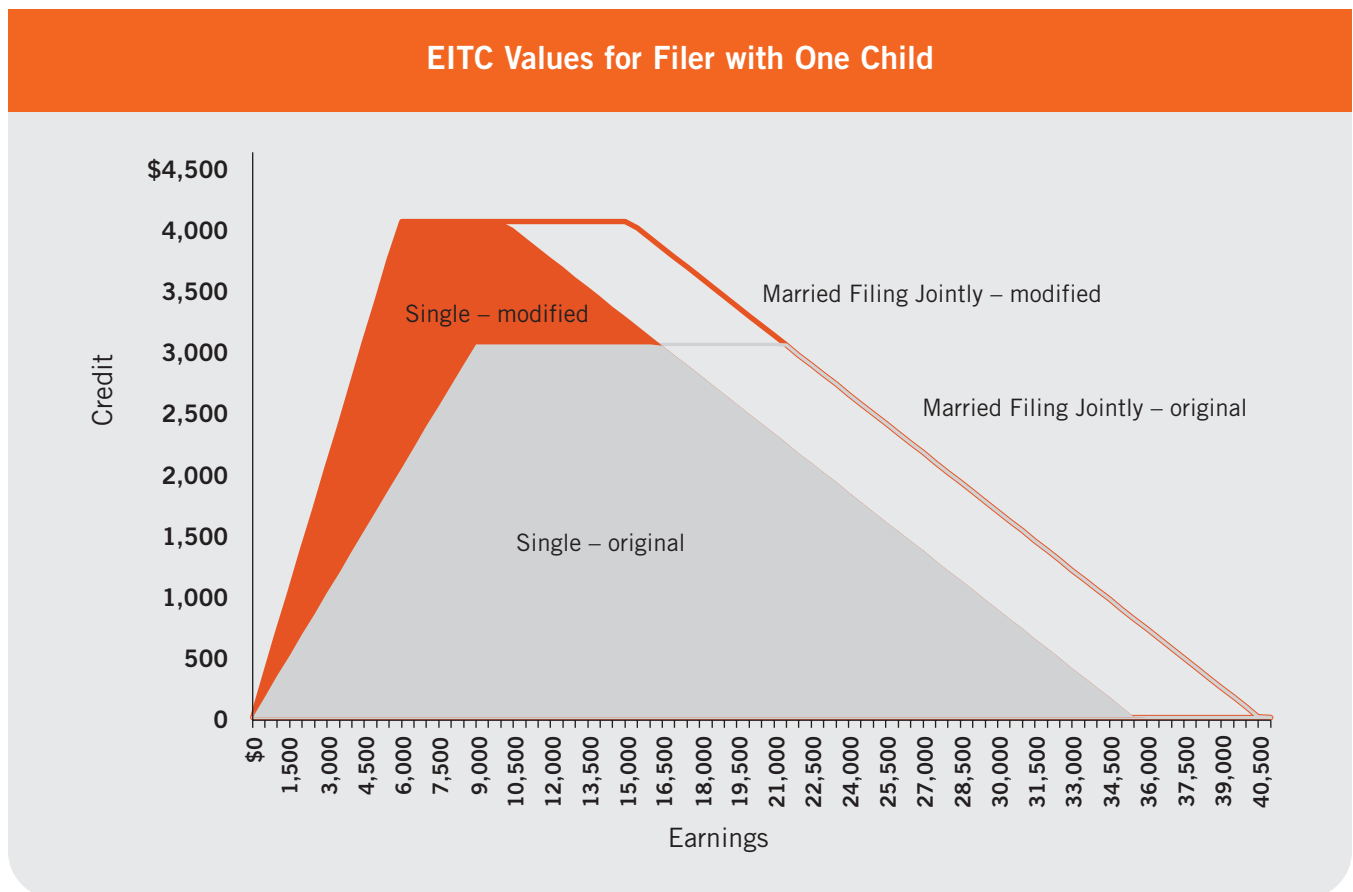


Table A1.2. Changes to EITC parameters

Filing Status	No. of Children	Phase-In Rate		Plateau Begins		Max Credit		Plateau Ends		Phase-Out Rate	
		Actual	Model	Actual	Model	Actual	Model	Actual	Model	Actual	Model
Single	0	7.65%	7.65%	\$5,980	\$5,980	\$457	\$457	\$7,480	\$7,480	7.65%	7.65%
	1	34.00	68.00	8,970	5,965	3,050	4,056	16,450	10,155	15.98	15.98
	2	40.00	74.00	12,590	8,165	5,036	6,042	16,450	11,673	21.06	21.06
	3+	45.00	79.00	12,590	9,476	5,666	7,486	16,450	13,336	21.06	25.00
Joint	0	7.65	7.65	5,980	5,980	457	457	12,490	12,490	7.65	7.65
	1	34.00	68.00	8,970	5,965	3,050	4,056	21,460	15,162	15.98	15.98
	2	40.00	74.00	12,590	8,165	5,036	6,042	21,460	16,683	21.06	21.06
	3+	45.00	79.00	12,590	9,476	5,666	7,486	21,460	18,346	21.06	24.94

Child and Dependent Care Tax Credit Expansion

The following table shows the changes to the reimbursement schedule for the Child and Development Care Tax Credit that CDF asked the Urban Institute to model.

Table A1.3. Modeled Changes to CDCTC Reimbursement Schedule

Actual 2010 Schedule				Simulated Schedule			
AGI		Rate		AGI		Rate	
\$0	— \$15,000	35%		\$0	— \$25,000	50%	
15,000	— 17,000	34					
17,000	— 19,000	33					
19,000	— 21,000	32					
21,000	— 23,000	31					
23,000	— 25,000	30					
25,000	— 27,000	29		25,000	— 27,000	47	
27,000	— 29,000	28		27,000	— 29,000	44	
29,000	— 31,000	27		29,000	— 31,000	41	
31,000	— 33,000	26		31,000	— 33,000	38	
33,000	— 35,000	25		33,000	— 35,000	35	
35,000	— 37,000	24		35,000	— 37,000	32	
37,000	— 39,000	23		37,000	— 39,000	29	
39,000	— 41,000	22		39,000	— 41,000	26	
41,000	— 43,000	21		41,000	— 43,000	23	
43,000	— No limit	20		43,000	— No limit	20	

The analysis did not change the earnings requirement or the limit on the amount of child or dependent care expenses that can be claimed: \$3,000 of expenses paid per year for one qualifying individual or \$6,000 for two or more qualifying individuals.

Appendix 2. Comparison of the Official and Supplemental Poverty Measures

The following table compares the official poverty measure and the Supplemental Poverty Measure (SPM) in terms of the family resources and expenses included, and how the poverty thresholds are calculated.

Table A2.1. Resource and Threshold Definitions in the Official and Supplemental Poverty Measures

Concepts	Official Poverty Definition	Supplemental Poverty Measure (SPM)
Resources	<p>Cash Income, composed of:</p> <ul style="list-style-type: none"> Wages, salaries, and self-employment income Interest, dividends, rent, trusts Social Security & Railroad Retirement Pensions Disability benefits Unemployment compensation Child support received Veterans benefits Educational assistance (grants) Supplemental Security Income Temporary Assistance for Needy Families Other cash public assistance 	<p>Cash Income — Same as components shown for “official” measure</p> <p>Plus</p> <ul style="list-style-type: none"> Food Stamps/SNAP WIC School lunch Housing subsidies LIHEAP Federal EITC State EITC State tax credits <p>Minus</p> <ul style="list-style-type: none"> Payroll taxes Federal income taxes State income taxes Child care expenses Other work expenses Medical out-of-pocket expenses Child support paid
Thresholds	<p>National thresholds vary by age (less than 65 and 65+) and number of children and adults and are based on the cost of food.</p>	<p>Thresholds vary by number of children and adults and by housing status (rents, owns with mortgage, or owns without mortgage), and are based on the cost of food, clothing, shelter, and utilities. Geographic adjustments are applied to the housing portion of the threshold.</p>

Source: Linda Giannarelli, Kye Lippold, Sarah Minton, and Laura Wheaton. Jan. 2015. “Reducing Child Poverty in the US: Costs and Impacts of Policies Proposed by the Children’s Defense Fund.” Washington, DC: Urban Institute.

Table A2.2. Number and Percent of Children in SPM Poverty by Selected Characteristics, 2010 (TRIM3-adjusted data)

	SPM poverty rate	Number of poor children	Percent of poor children
All Children (under age 18) ¹	14.6%	10,924,000	
By Age			
<=2	16.8	2,112,000	19%
3-5	16.5	2,152,000	20
6-12	13.8	3,961,000	36
13-17	13.0	2,699,000	25
By Race/Ethnicity			
White	7.5	3,053,000	28
Black	20.3	2,128,000	19
Hispanic	28.1	4,937,000	45
Other races	13.0	805,000	7
By Family Composition ²			
In families with any non-elderly or non-disabled adults	13.9	10,091,000	92
At least one adult is a FY-FT worker	6.6	3,702,000	34
No FY-FT adults, at least one adult is PY or PT	28.9	3,714,000	34
No working adults, all adults are students	57.3	316,000	3
No working adults, at least 1 non-student adult	65.4	2,359,000	22
In families with only elderly or disabled adults	38.2	690,000	6
In families without adults	52.0	143,000	1.3
By Metropolitan Status			
Metropolitan area	15.4	9,768,000	89
Non-metropolitan area	10.0	1,156,000	11
By Region			
Northeast	11.4	1,405,000	13
South	15.3	4,321,000	40
Midwest	10.9	1,731,000	16
West	18.9	3,467,000	32

¹ All people under age 18 are considered to be children, even if married or living separately from parents.

² 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. Students are those who say they are not working because they are in school. A metropolitan area has a core urban area population of 50,000 or more and includes adjacent counties with a high degree of social and economic integration with the urban core.

Appendix 3. Detailed Child Poverty Impacts and Costs

Table A3.1 Combined Impacts and Costs of Changes to EITC, Minimum Wage and Subsidized Jobs

	Percent change in child SPM poverty	Percent change in extreme child SPM poverty	Federal and State Government Costs
EITC Increase	-8.8%	-10.3%	\$8.2 billion
Minimum Wage Increase	-4.0	-4.9	-15.2
Subsidized Jobs	-10.7	-18.6	22.9
EITC + Minimum Wage	-12.4	-14.1	-8.4
EITC + Minimum Wage + Subsidized Jobs	-23.4	-30.1	18.5

Table A3.2. Reductions in Child SPM Poverty by Race

	Hispanic	White	Black	Other
All Policy Changes	-56.2%	-60.1%	-72.1%	-55.7%
Housing Subsidy Expansion	-22.5	-14.7	-24.9	-22.8
SNAP Increase	-12.7	-20.3	-19.5	-13.2
Child Tax Credit Increase	-8.9	-14.4	-15.8	-6.4
Subsidized Jobs	-8.8	-11.2	-14	-12.2
EITC Increase	-6.6	-9.1	-14.2	-6.4
Minimum Wage Increase	-5.0	-3.9	-2.5	-1.4
Child Care Subsidy Expansion	-2.4	-3.4	-4.8	-1.4
CDCTC Increase	-0.9	-1.6	-1.9	-1.6
Child Support Pass-Through Requirement	-0.5	-1.7	-0.6	-0.3

Table A3.3. Reductions in Child SPM Poverty by Age

	≤2	3-5	6-12	13-17	18-64	65+	All Ages
All Policy Changes	-63.8%	-60.7%	-61.2%	-56.1%	-25.6%	-4.0%	-31.5%
Housing Subsidy Expansion	-23.7	-21.1	-19.9	-19.7	-7.1	-0.7	-9.7
SNAP Increase	-16.2	-18.8	-16.5	-13.7	-5.8	-0.9	-7.7
Child Tax Credit Increase	-11.4	-13.5	-13.5	-7.4	-2.9	-0.6	-4.8
Subsidized Jobs	-10.8	-10.4	-9.9	-12.2	-4.6	-0.7	-5.6
EITC Increase	-9.9	-9.9	-8.2	-7.7	-3.4	-0.5	-4.3
Minimum Wage Increase	-5.1	-3.1	-4.0	-3.7	-4.7	-0.7	-4.0
Child Care Subsidy Expansion	-3.9	-3.7	-3.0	-2.0	-0.9	-0.1	-1.3
CDCTC Increase	-1.5	-2.4	-1.3	-0.4	-0.4	0.0	-0.6
Child Support Pass-Through Requirement	-0.6	-0.6	-0.9	-1.1	-0.2	0.0	-0.3

Table A3.4 Reductions in Child SPM Poverty by Urbanicity and Geographic Region

	Urbanicity		Region			
	Non-metro	Metro	Midwest	South	Northeast	West
All Policy Changes	-68.2%	-59.4%	-63.2%	-61.2%	-60.5%	-57.8%
Housing Subsidy Expansion	-16.4	-21.3	-13.7	-16.1	-27.0	-27.7
SNAP Increase	-27.9	-14.8	-20.6	-18.9	-15.0	-11.0
Child Tax Credit Increase	-23.2	-10.2	-18.4	-13.3	-9.9	-6.8
Subsidized Jobs	-13.1	-10.4	-11.9	-11.5	-10.4	-9.3
EITC Increase	-11.5	-8.4	-10.2	-10.2	-10.2	-5.7
Minimum Wage Increase	-3.7	-4.0	-6.2	-2.9	-2.5	-4.7
Child Care Subsidy Expansion	-3.7	-3.0	-4.7	-2.4	-3.6	-2.9
CDCTC Increase	-2.4	-1.2	-2.0	-1.7	-0.8	-0.7
Child Support Pass-Through Requirement	-2.0	-0.7	-0.8	-1.1	-0.7	-0.5

Table A3.5 Comparison of Child SPM Poverty Impacts at the National level and in New York, Florida, Texas, and California

	National	NY	FL	TX	CA
<i>Baseline child poverty</i>	10.9 million (14.6%)	0.6 million (13.7%)	0.8 million (20.2%)	1.2 million (17.4%)	2.2 million (23.5%)
All Policy Changes	-60.3%	-72.7%	-59.7%	-57.8%	-57.6%
Housing Subsidy Expansion	-20.8	-38.1	-19.2	-17.5	-30.5
SNAP Increase	-16.2	-15.7	-14.0	-13.0	-8.0
Child Tax Credit Increase	-11.6	-13.5	-6.4	-11.6	-4.9
Subsidized Jobs	-10.7	-11.1	-10.2	-8.9	-8.5
EITC Increase	-8.8	-14.5	-4.1	-13.0	-4.5
Minimum Wage Increase	-4.0	-2.6	-1.7	-2.9	-5.1
Child Care Subsidy Expansion	-3.1	-4.2	-2.4	-1.5	-3.3
CDCTC Increase	-1.3	-0.5	-1.6	-1.5	-0.4
Child Support Pass-Through Requirement	-0.8	-0.7	-1.8	-0.6	-0.2

Appendix 4. State Policies Related to Report Recommendations

State	Minimum Wage	EITC (% of federal credit)	Child Tax Credit	CDCTC (% of federal credit)	Child Care Subsidy Income Limit (% of FPL)	Child Support Passed Through and Disregarded
Alabama					128%	
Alaska	\$7.75				274	\$50
Arizona	8.05				163	
Arkansas	7.50			20% (r)	150	
California	9.00		≤\$326/child	34-50%	213	\$50
Colorado	8.23	10% (r)	≤30% of federal credit (r)	10-50% (r)	128-305	
Connecticut	9.15	30% (r)			219	\$50
Delaware	7.75	20%		50%	197	\$50+child. sup. suppl.
District of Columbia	9.50	40% (r)		32%	231	\$150
Florida	8.05				148	
Georgia	5.15			30%	142	Unmet need
Hawaii	7.75			15-25%* (r)	238	
Idaho	7.25				128	
Illinois	8.25	10% (r)			183	\$50
Indiana	7.25	9% (r)			125	
Iowa	7.25	15% (r)		30-75% (r)	143	
Kansas	7.25	17% (r)		Yes	183	
Kentucky	7.25			20%	94	
Louisiana		3.5% (r)		10-50% (r)	154	
Maine	7.50	5%		25-50% (r)	247	\$50+unmet need
Maryland	8.00	25%/50% (pr)		≤32.5%	152	
Massachusetts	9.00	15% (r)			218	\$50
Michigan	8.15	6% (r)			121	
Minnesota	8.00	25-45% (r)		≤100% (r)	174	All/none**
Mississippi					177	
Missouri	7.65				121	
Montana	8.05				145	
Nebraska	8.00	10% (r)		25-100% (r)	123	
Nevada	8.25				128	
New Hampshire	7.25				247	
New Jersey	8.38	20% (r)			197	\$100
New Mexico	7.50	10% (r)		40%* (r)	197	\$100
New York	8.75	30% (r)	≤\$100/ch.+ \$350 (r)	20-110% (r)	197	\$100-\$200
North Carolina	7.25		\$100/child<17		213	
North Dakota	7.25				298	
Ohio	8.10	10%		≤100%	123	
Oklahoma	7.25	5% (r)	5% of federal credit	20%	177	
Oregon	9.25	8% (r)		≤30%	185	\$50/child up to \$200
Pennsylvania	7.25				197	\$100-\$200
Rhode Island	9.00	25% (pr)		25%	178	\$50
South Carolina				7%*	148	Unmet need
South Dakota	8.50				180	
Tennessee					163	Unmet need
Texas	7.25				173-241	≤\$75/none**
Utah	7.25				174	
Vermont	9.15	32% (r)		24-50% (r)	197	All/\$50**
Virginia	7.25	20%		***	148-247	\$100
Washington	9.47	(10% (r))			197	
West Virginia	8.00				145	\$100-\$200
Wisconsin	7.25	4%/11%/34% (r)			183	75% of CSP
Wyoming	5.15				185	

Minimum wage as of January 2015. For EITC (r) indicates a refundable credit; (pr) a partially refundable credit. Washington's EITC was approved in 2008 but has not yet been funded. Wisconsin EITC differs for 1, 2 or 3+ children. FPL=federal poverty level. *as a percent of expenses. *** Virginia does not have a state CDCTC but it does have a deduction for child care expenses equal to the amount on which the federal CDCTC is based. **Minnesota does not disregard any pass through amount; Vermont disregards only \$50. Texas adds up to \$75 to the TANF payment but does not consider this a pass through; none of it is disregarded. New York, Pennsylvania, and West Virginia pass through and disregard up to \$100 for one child and \$200 for more than 1 child. CSP=child support payment.