



RESEARCH REPORT

How Much Could Policy Changes Reduce Poverty in New York City?

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Statement from the Funders

The Federation of Protestant Welfare Agencies (FPWA), Catholic Charities of the Archdiocese of New York, and UJA-Federation of New York have come together to commission a research study that examines the potential impact that select antipoverty policies—alone and in combination—can have in reducing poverty in New York City. This collaboration is born out of our shared values and traditions of caring for people in need, the unparalleled reach of our combined networks in helping all New Yorkers in need, and a fundamental belief in the God-given dignity and potential of each human person.

We have long been concerned about the rising numbers of needy New Yorkers, and through the many organizations we support, we have secured, mobilized, and provided critical resources and services to improve social, physical and emotional well-being, reduce loneliness, and improve opportunities for children to thrive despite economic and health challenges. We see many individuals striving to live lives of dignity and purpose, yet economic independence—and even basic necessities—still are far away. Our shared values and interests in a just and caring society lead us to not only weave a concrete and spiritual safety net, but also create a path that enables our most needy neighbors to achieve economic stability.

We joined together to analyze public policies in an effort to inform the conversation regarding how federal, state and city governments can more effectively invest in antipoverty programs. FPWA, Catholic Charities, and UJA-Federation of New York committed to identify an interrelated set of public policies—that if properly designed and implemented—are likely to significantly and sustainably improve the lives of poor New Yorkers by raising incomes and increasing access to a variety of supports. We engaged the Urban Institute to analyze the potential, quantifiable impacts of these policies and convened a diverse professional advisory group to broaden perspectives and input.

We believe that in order to truly alleviate poverty, policies that invest in working families—providing the supports necessary for them to get out of poverty and remain above the poverty level without continued, long-term government assistance—must be adopted and adequately funded. The policies we chose to test incentivize employment and self-sufficiency while removing barriers to economic stability, and provide a hand up to those needing a little extra support in order to get back on their feet. One such policy is the transitional jobs program, which provides subsidized employment and training for unemployed and underemployed individuals, including those who are “hard to employ,” such as the long-term unemployed, TANF recipients, disconnected youth, and the formerly incarcerated. Participants in transitional jobs programs have been shown to have higher rates of job

placement. Being gainfully employed improves the lives of these individuals and their children, usually over the long term, and reduces their dependence on government assistance. We also looked at policies that would ensure more New Yorkers have the basic necessities of nutritious meals and decent affordable housing.

The outcomes of this research demonstrate that a targeted government investment in a set of antipoverty policies that provide job training, economic security, and support for working families can have a profound effect on the men, women, and children of New York City. The individual policies examined reduce poverty significantly—in one case by 26 percent. Combining them multiplies their impact: each policy combination that was tested show reductions in poverty even more significantly, ranging from 44 percent to 69 percent. The impacts that can be achieved through a targeted investment in a comprehensive antipoverty plan are clear.

Ending poverty in New York City will require a significant commitment of city, state, and federal resources. The Urban Institute’s analysis looks at impacts within a single fiscal year. But there is ample evidence from other research that demonstrates that these and other antipoverty programs can have a long-term and dramatic impact on improving the lives of individuals and their communities, and ultimately reducing government spending. For example:

- Despite a low expenditure rate per recipient (0.005 percent of the GDP), the Supplemental Nutritional Assistance Program (SNAP) allotment is substantial enough to keep household consumption consistent during times of instability, improving nutrition, alleviating hunger and malnutrition, and increasing the effectiveness of low-income workers.
- Families with child care subsidies access higher-quality, more consistent, and more intensive care than those without subsidies; these programs improve children’s life chances and help parents be employed, have a shorter transition from welfare to work, and maintain work for longer periods.
- Transitional jobs increase income and employability for hard-to-employ populations, and often lead to long-term indirect impacts such as reducing recidivism among former prisoners, improving communities and reducing crime, and connecting alienated young people to mainstream institutions.

Investing now in supports necessary to ensure stable employment and financial security for those living in poverty will allow federal, state, and city governments to reduce the long-term costs associated with less effective, more expensive programs.

We lend and raise our voices to an ongoing antipoverty initiative that understands that much has been done, and more needs to be done. Whether with giant steps or smaller steps, we need to move forward to make New York a place where the basic human needs and economic mobility of each individual are better achieved.

Federation of Protestant Welfare Agencies
Catholic Charities Archdiocese of New York
UJA-Federation of New York

Executive Summary

One in five residents of New York City lives in poverty, according to updated measures that take into account the value of in-kind benefits as well as tax liability, child care expenses, and the high cost of housing. This comes to 1.7 million poor people living in New York City households. Research by the New York City Center for Economic Opportunity (CEO) shows the NYC poverty rate declined slightly between 2005 and 2008 but then increased between 2008 and 2012 (New York City Office of the Mayor 2014). The CEO analysis also shows that poverty would have been even higher without government policies such as refundable income tax credits and housing subsidies. In 2012, about \$12 billion was spent across all levels of government on cash and in-kind means-tested benefits, and earned-income tax credits (EITCs) and other low-income credits amounted to more than \$3 billion. The questions addressed by this report follow from these findings. If existing policies do help to reduce hardship, to what extent could new or enhanced government policies further reduce NYC poverty? How much could new or enhanced policies reduce NYC poverty individually, and how much could poverty be reduced in total with a comprehensive package of policies? And how much would that all cost?

Three NYC organizations—the Federation of Protestant Welfare Agencies, Catholic Charities Archdiocese of New York, and UJA-Federation of New York—jointly selected a set of policies and contracted with the Urban Institute to test their effects on rates of poverty individually and combined. The set includes three policies directly tied to employment and earnings, three in-kind benefits, and a new tax credit for nonworkers. The policies are as follows:

- **Transitional jobs:** A transitional jobs program was tested with different assumptions about how many people would take a transitional job and what the wage would be.
- **Earnings supplements:** Various options were tested, including changes to the existing state and city EITCs as well as full implementation of the Paycheck Plus program that is currently being piloted in NYC.
- **A higher minimum wage:** We tested higher minimum wages up to \$15 per hour.
- **Increased benefits from the Supplemental Nutritional Assistance Program (SNAP, also known as food stamps):** Specifically, we tested the impact of increasing SNAP benefits by 31 percent.
- **More housing vouchers:** We tested increases equal to one-quarter or one-half of the current waiting list for public or subsidized housing.

- Guaranteed child care subsidies: The tested policy assumed that a subsidy would be provided to any family eligible under the current rules who wanted the subsidy.
- A tax credit for senior citizens and persons with disabilities: This would be a new program bringing seniors and people with disabilities up to a poverty-level income.

The Urban Institute analyzed the policies using the technique of microsimulation, which applies detailed policy rules to information on actual households. Specifically, we used the TRIM3 (Transfer Income Model version 3) microsimulation model, which has been used for similar antipoverty effectiveness analyses for national organizations (Center for American Progress, Children’s Defense Fund), state-level nonprofit organizations, and state-level poverty commissions. The information on NYC households was taken from the US Census Bureau’s 2012 American Community Survey (ACS). The ACS is the same data source used for the CEO poverty analyses. The ACS surveyed more than 26,000 NYC households in 2012, a number that is sufficiently large to examine poverty changes for subgroups of individuals (by age group, race or ethnicity, or immigrant status) as well as to examine changes overall.

The poverty measure used for the analysis is based on the Supplemental Poverty Measure (SPM), developed by the Census Bureau and the Bureau of Labor Statistics, which builds on recommendations by a panel convened by the National Academy of Sciences. (The poverty measure used for this analysis differs somewhat from the SPM for technical reasons. CEO’s poverty analysis also uses a measure that is very similar to the SPM, but the measure for our analysis also differs from the CEO measure.) In addition to counting cash income from wages and other sources, the SPM-type definition of family resources takes into account the value of food benefits, housing benefits, and refundable tax credits, and it considers the amount that families pay in taxes and child care expenses. That kind of definition is able to pick up changes in family resources from all of the policies being examined by FPWA, Catholic Charities, and UJA-Federation. In contrast, the official definition of poverty moves only when cash income changes. Another benefit of this type of poverty measure for this analysis (relative to the official poverty measure) is that the SPM-type thresholds take into account the city’s high housing cost.

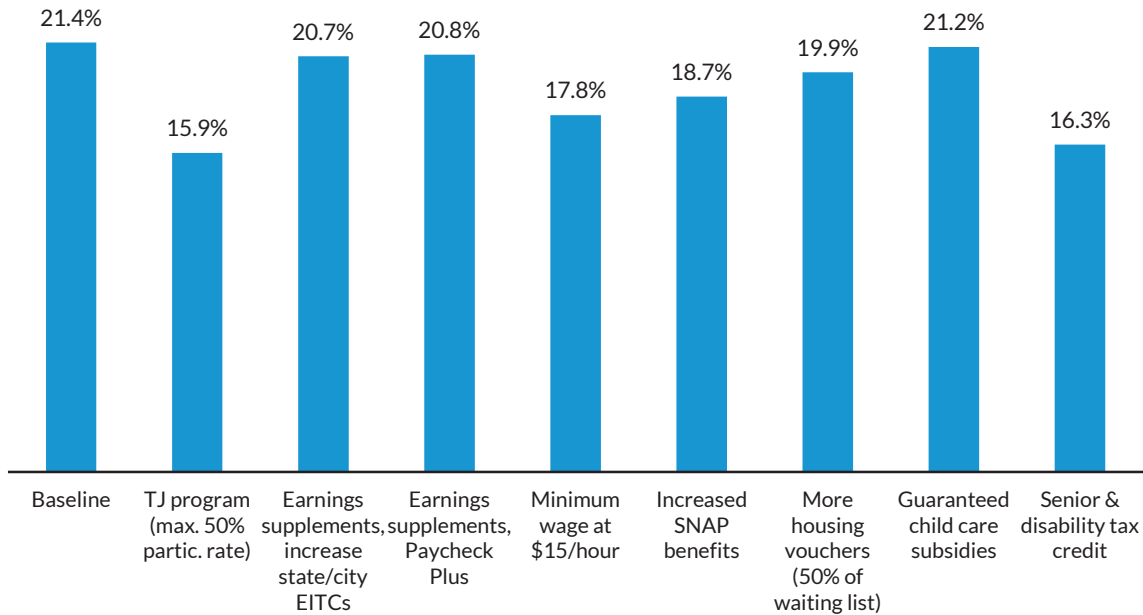
Key results from the analysis of the individual policies included the following (figure ES.1):

- The policy with the largest impact was a transitional jobs (TJ) program, when it was modeled assuming that half of unemployed people living below poverty would take the TJ (with lower rates of take-up for part-time workers and higher-income people). Poverty was reduced by more than one-quarter, declining from 21.4 to 15.9 percent, with most of the people who were helped being nonelderly adults and children.

FIGURE ES.1

NYC Poverty Rate in the Baseline and Under Individual Policy Options

Modified-SPM definition of poverty



Notes: EITC = earned income tax credit; partic. = participation; SNAP = Supplemental Nutritional Assistance Program; SPM = Supplemental Poverty Measure; TJ = transitional jobs.

- The two earnings supplement options each reduced the poverty rate slightly, to 20.7 percent and 20.8 percent, but they helped different subgroups of people. The increase to the state and city EITC percentages had the greatest relative impact on children, while Paycheck Plus mostly helped adults without dependent children.
- Increasing the minimum wage to \$15 per hour would reduce the poverty rate to 17.8 percent, if we assume that job loss would be minimal and that employers would also increase the wages of some people earning near the new minimum even if not legally required to do so.
- Increasing SNAP benefits reduced poverty to 18.7 percent, a drop of about one-eighth from the baseline.
- Increasing the number of housing vouchers in order to help half of the current waiting list reduced poverty to 19.9 percent (and could reduce it more depending on which households received the new vouchers).

- The simulation of guaranteed child care subsidies reduced total NYC poverty very slightly, to 21.2 percent; in percentage terms, this policy had the biggest impact on children.
- The tax credit for senior citizens and people with disabilities reduced poverty overall by almost a quarter, to 16.3 percent; this policy reduced the number of senior citizens who are poor by three-quarters, from 21.4 to 5.4 percent.

Although the effects of some individual policies were substantial, the largest effect came from combining the policies. The sponsoring organizations defined three packages of policies (figure ES.2) to assess how differing levels of participation and differing levels of intervention might affect poverty.

FIGURE ES.2

Three Policy Combinations

	Combination 1	Combination 2	Combination 3
Transitional jobs	25% max. participation rate, \$9/hour	25% max. participation rate, \$13/hour	50% max. participation rate, \$15/hour
Earnings supplements	State EITC 40%, city EITC 10%	(no change)	Paycheck Plus
Minimum wage	(no change)	\$13/hour	\$15/hour
31% increase in SNAP benefits	Yes	Yes	Yes
Housing subsidies	(no change)	New subsidies for 25% of waiting list	New subsidies for 50% of waiting list
Guaranteed child care subsidies	Yes	Yes	Yes
Senior and disability tax credit	Yes	Yes	Yes

Notes: EITC = earned income tax credit; SNAP = Supplemental Nutritional Assistance Program.

The overall findings from the analysis of the policy packages were as follows:

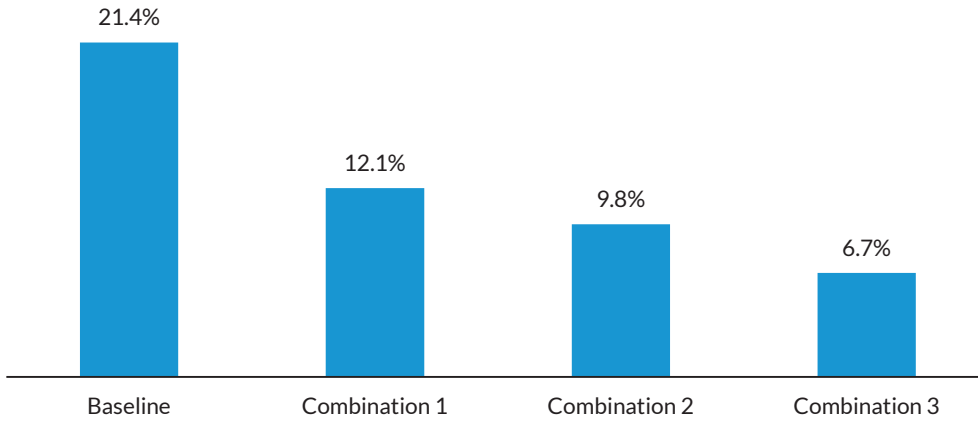
- The least extensive combination—combination 1—reduced poverty by 44 percent, to 12.1 percent (figure ES.3).
- The intermediate package—combination 2—reduced poverty by 54 percent, to 9.8 percent.
- The most extensive combination—combination 3—reduced NYC poverty by 69 percent, from 21.4 percent to 6.7 percent.

The policy combinations reduce poverty for all age groups (figure ES.4) and for all racial and ethnic groups (figure ES.5).

FIGURE ES.3

NYC Poverty Rate in the Baseline and after Each Policy Combination

Modified-SPM definition of poverty

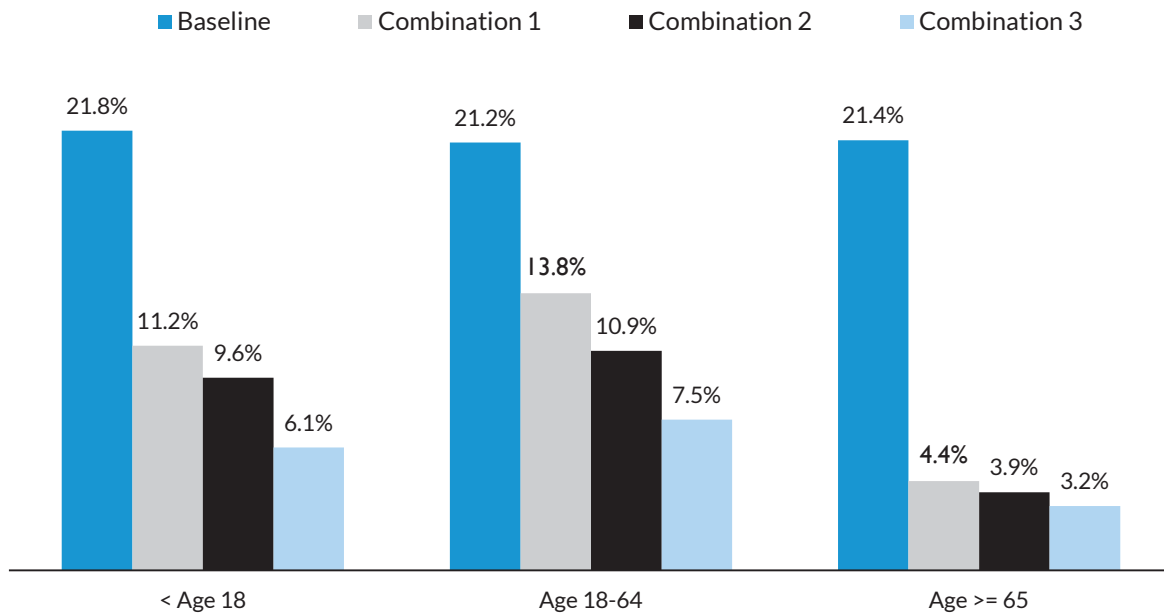


Note: SPM = Supplemental Poverty Measure.

FIGURE ES.4

Effect of Packages of Policies on NYC Poverty Rate, by Age Group

Modified-SPM definition of poverty

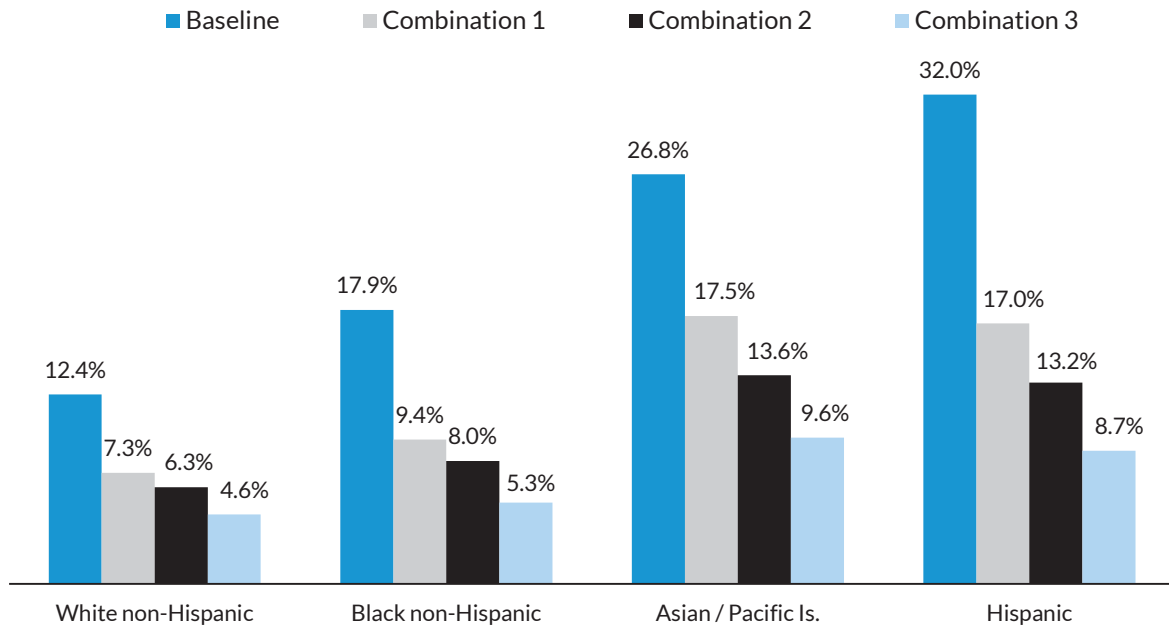


Note: SPM = Supplemental Poverty Measure.

FIGURE ES.5

Effect of Packages of Policies on NYC Poverty Rate, by Race or Ethnicity

Modified-SPM definition of poverty



Note: SPM = Supplemental Poverty Measure.

The analysis also measured the direct costs of the policies—the increased costs of benefits, TJ wages, and refundable tax credits—offset by any increases in tax collections from higher wages, as well as any other offsets caused by interactions across programs (for example, when someone starts a TJ, his or her SNAP benefits could be reduced). With that definition of costs, total government costs—aggregated across all levels of government—increase by \$7.3 billion under combination 1, \$6.5 billion under combination 2, and \$9.1 billion under combination 3. (The lower cost of combination 2 relative to combination 1 occurs because the \$13 minimum wage in combination 2 causes increased payroll tax payments and reductions in the use of government benefits).

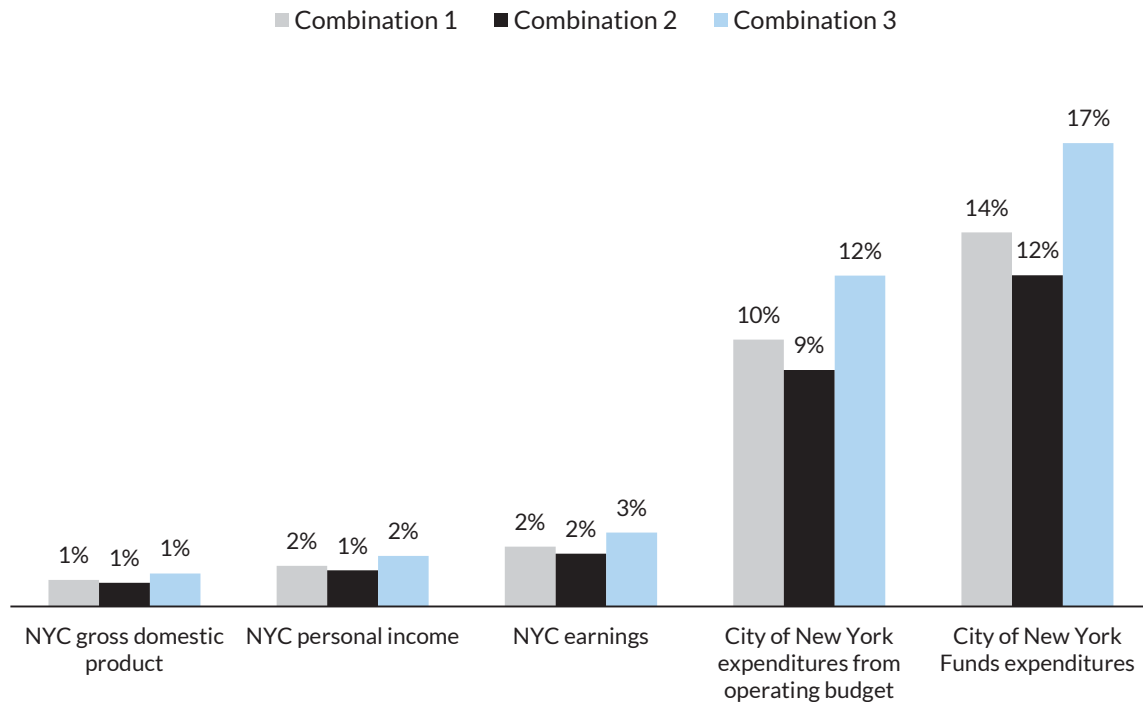
The individual policies with the largest costs were the TJ policy and the tax credit for seniors and people with disabilities. The tax credit for senior citizens and people with disabilities was estimated to cost \$3.8 billion. The cost of a TJ program depended on the assumed participation rate and the assumed wage. When we assumed that 50 percent of poor nonworkers would take a TJ, and when the hourly wage was assumed to be \$11.50, the cost was \$5.3 billion; however, a TJ program with a 25 percent

take-up rate among poor non-workers and a wage at the expected 2015 level of \$8.75 was estimated to cost \$2.1 billion.

One way to consider the costs of the policies is in relation to other financial measures for New York City (figure ES.6). The cost of the entire package of policies equals about 1 percent of NYC gross domestic product, 1 to 2 percent of NYC personal income, and 2 to 3 percent of aggregate earnings in the city. The aggregate net costs of the policy combinations (across all levels of government) would equal 9 to 12 percent of NYC operating budget expenditures and 12 to 17 percent of expenditures from NYC funds.

FIGURE ES.6

Estimated Cost of Policy Combinations as a Percentage of Other NYC Financial Measures



Source: The NYC financial figures were provided in a personal communication from James Parrott of the Fiscal Policy Institute.

Several caveats should be kept in mind when considering the results. First, the household data used for the analysis are from ACS information collected by the Census Bureau in 2012; the analysis does not make any adjustments to account for changes since then. Second, the analysis requires numerous assumptions, including assumptions about whether some of these policy changes (the earnings supplement increases and child care subsidy guarantee) would cause some people to begin to work, and

whether a minimum wage increase would cause some employers to lay off workers. All of those factors are uncertain, and different assumptions would have affected the results to some extent. Third, we did not make any assumptions about how the new policies would be funded. Different ways of paying for the policies could have their own impacts on families' economic well-being. Finally, the analysis looks only at one-year effects. Poverty reductions could have longer-run effects—for example, on education or economic activity—that are not captured here.

Introduction

One in five residents of New York City lives in poverty. According to the US Census Bureau, across the years 2008 to 2012, an average of 19.9 percent of city residents were poor under the official measure.¹ The NYC Center for Economic Opportunity (CEO) reports the 2012 poverty rate as 20.0 percent using the official measure and 21.4 percent using a modified measure with a broader measure of resources and updated income thresholds (New York City Office of the Mayor 2014). The CEO's analysis also shows that the NYC poverty rate declined slightly between 2005 and 2008, but then increased between 2008 and 2012.

Over the long run, reductions in poverty might come from workforce development or economic improvements. For example, in a report on reducing NYC poverty, the CEO recommended improved workforce development, programs to keep at-risk youth in school, and universal prekindergarten, among other policies (NYC CEO 2006).

This report focuses on *near*-term approaches to poverty alleviation. Specifically, we analyze the extent to which expanded tax credits, increased safety net benefits, and a new transitional jobs program—both individually and combined—could reduce poverty levels overall and for specific segments of the population. The specific policies were selected by three New York City nonprofits—the Federation of Protestant Welfare Agencies, Catholic Charities Archdiocese of New York, and UJA-Federation of New York. The Urban Institute entered into a contract to independently assess the policies.

Three of the policies are focused on employment and earnings, three improve in-kind benefits, and one provides a tax credit for those who cannot work. The policies are as follows:

- **Transitional jobs:** A transitional jobs program was tested with different assumptions about how many people would want to take a transitional job and what the wage would be.
- **Earnings supplements:** The policy options included both changes to the existing state and city earned income tax credits as well as full implementation of a new program.
- **A higher minimum wage:** Two levels were tested, \$13.00 and \$15.00, up from the 2012 level of \$7.25 per hour.
- **Increased benefits from the Supplemental Nutritional Assistance Program (SNAP, also known as food stamps):** Specifically, we tested the effect of increasing SNAP benefits by 31 percent.

- More housing vouchers: We tested increases equal to one-quarter or one-half of the current waiting list.
- Guaranteed child care subsidies for families eligible under the current rules.
- Tax credit for senior citizens and persons with disabilities: This would be a new program bringing seniors and people with disabilities up to a poverty-level income.

The next section briefly describes how we carried out the analysis. Then, we discuss each of the policies individually, briefly describing the rationale and the methods and then showing how much each policy reduced poverty. That section is followed by a section showing the effects of selected variations of these policies in combination. The final section provides a summary. The appendixes provide more details on the methods and findings. Appendix A compares the simulated data on taxes and benefits under current law to administrative data, appendix B shows the poverty thresholds that were used, appendix C gives more information about the modeling of the policy proposals, and appendix D provides detailed tables.

Measuring Poverty before and after the Policies

We performed the analysis by applying the technique of microsimulation to information about New York City households in the US Census Bureau’s American Community Survey (ACS). The poverty definition used for the analysis is a modified version of the Supplemental Poverty Measure (SPM), which can capture how all the policies tested in this analysis affect families’ economic resources.

The Survey Data and the Microsimulation Model

The analysis requires detailed information on NYC households. We used the 2012 ACS data for New York City. The ACS data are the same data that have been used for the New York City Center for Economic Opportunity (CEO) poverty analysis, and the 2012 survey data were the most recent available for this work. The 2012 ACS included information on more than 26,400 NYC households—a very large sample that allows analysis of different subgroups of the population (for example, children vs. adults, or people in different racial or ethnic groups) as well as analysis of New Yorkers as a whole.² Each of those households filled out the ACS, thus providing detailed information on personal characteristics, income, and work status.

The ACS provides a wealth of information about the current status of NYC households, but it does not fully capture the economic resources of NYC households. In particular, the ACS does not fully capture the \$12 billion in benefits received by NYC households in 2012 across seven safety net programs—Supplemental Security Income (SSI); Temporary Assistance to Needy Families (TANF); the Supplemental Nutritional Assistance Program (SNAP, also known as food stamps); subsidized child care; subsidized housing; the Low Income Home Energy Assistance Program (LIHEAP); and the Women, Infants, and Children (WIC) nutrition program. The survey does ask about SSI and TANF benefit amounts, but the amounts fall short of real-world totals. The ACS does not ask any information about the payroll taxes and income taxes that households paid or about the benefits they received through tax credits. In 2012, NYC households received earned income tax credits (EITCs) and other tax credits for lower-income taxpayers worth more than \$3 billion on their federal, state, and city tax returns. All of this information is needed to have a complete picture of families’ economic well-being before the implementation of the policies, and it is also needed to compute an SPM-type poverty measure.

We addressed these limitations of the ACS using the TRIM3 (Transfer Income Model version 3) microsimulation model, a highly developed, comprehensive model that has been used for more than 40 years to study programs affecting US households.³ The simulation model applies the rules of each government tax and benefit program to each household in the survey data, one at a time. For example, a family’s level of SNAP benefits (which is not included in the survey) is simulated by following the same steps that would be followed by a caseworker to compute benefits. This process was followed for each of the seven key benefit programs—SSI, TANF, SNAP, LIHEAP, WIC, subsidized housing, and subsidized child care—as well as for payroll taxes and for income taxes paid at the federal, state, and city levels. The simulations also imputed the child care expenses paid by families without a child care subsidy.

The simulations are internally consistent; for example, the amount of child care expense that is assigned by the model is used in computing SNAP benefits (since the SNAP benefit formula uses a child care expense deduction) and in computing the child and dependent care tax credit for federal income taxes. The simulations of benefit programs are aligned so that the simulated caseloads and benefits come as close as possible to actual levels, and all simulation results are validated against administrative data. (See appendix A for more information.)

Another adjustment made to the ACS data was to impute whether each noncitizen was a legal immigrant, a refugee or asylee, a temporary resident, or an unauthorized immigrant. This step was important because approximately one-half million NYC residents are estimated to be unauthorized immigrants (Fiscal Policy Institute 2007). Unauthorized immigrants and temporary residents are not eligible for most safety net benefits, a fact that was important to recognize in the simulations.

Measuring Poverty

We assessed poverty by starting from the concepts of the SPM (Short 2013) and making some modifications because of data limitations. Poverty is assessed for the family, defined as all the people living together who are related to one another, and also including unmarried partners. A family is defined as “poor” if its resources are lower than the minimum the family needs to not be poor—in technical terms, the “poverty threshold.” The SPM and our slightly modified version of the SPM differ from the official poverty definition in both parts of that definition—the definition of resources and the poverty thresholds.

The resource definition for the official measure of poverty considers only a family’s cash income, so it would not pick up any change in family well-being caused by changes in tax payments, tax credits,

work expenses, or noncash benefits. In contrast, an SPM-type resource measure reflects all of those elements. We defined resources by first adding up the following amounts:

- Cash income, both earned and unearned
- The value of nutrition benefits (SNAP, WIC)
- The value of housing subsidies
- The value of LIHEAP
- Refundable tax credits

We then subtracted these items:

- Payroll taxes
- Income tax liability
- Child care expenses
- Other work expenses

The SPM uses poverty thresholds that vary by area of the country, and New York City's SPM thresholds are much higher than those in parts of the country with lower housing costs. The SPM thresholds also vary by family size and composition and by whether the household members own their own home without a mortgage, own with a mortgage, or are renting. The SPM thresholds are based on actual spending on food, clothing, shelter, and utilities, with an allowance for other basic needs.⁴ We used thresholds that differ from the standard SPM thresholds in that medical out-of-pocket expenses are also included in the threshold (rather than being subtracted from resources as an expense).⁵ Specifically, to reflect differences in medical-out-of-pocket spending by different family types, the medical portion of the threshold is adjusted by health insurance status, number of family members, and presence of an elderly member. These adjustments result in somewhat higher thresholds for families with private insurance (who might have higher medical expenses because of premiums or deductibles) versus families with public insurance.

For the case where a nonelderly family rents an apartment and the family members have public insurance, some examples of the NYC poverty thresholds used for this analysis are as follows:

- Nonelderly adult, not living with any relatives, \$14,548
- Single parent with two children, \$25,737
- Married couple with two children, \$30,909

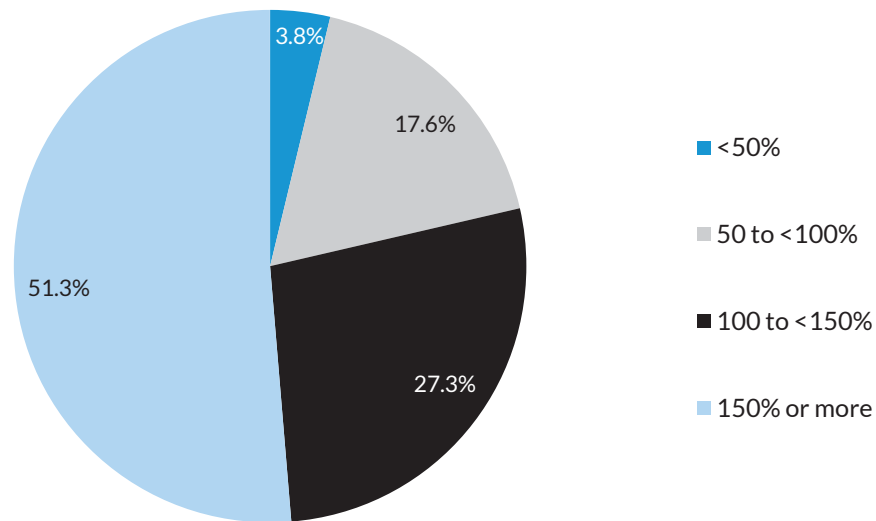
The thresholds are about 3 percent higher for those who own their home but still have a mortgage and from 19 to 20 percent lower for families who own their home free and clear. See appendix B for more specifics on the thresholds.

This definition of poverty counts 21.4 percent of NYC residents—1.744 million people—as being poor in 2012 (figure 1). Most of the poor residents have resources that are at least 50 percent of the poverty threshold, but 3.8 percent are in deep poverty, with resources less than half of the poverty threshold. An additional 27.3 percent of NYC residents are in families with resources from 100 to 150 percent of the poverty threshold according to this definition.

FIGURE 1

Distribution of NYC Residents by Family Income as a Percentage of Poverty, 2012

Modified-SPM definition of poverty, excludes people in group quarters



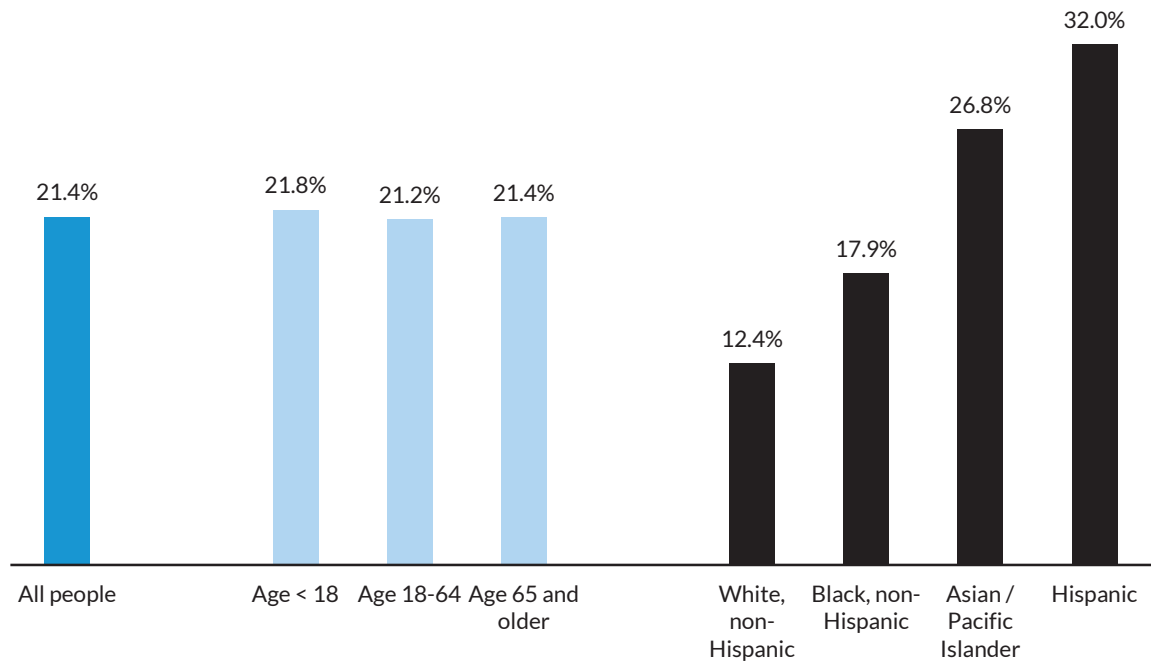
Note: SPM = Supplemental Poverty Measure.

The poverty rate, as measured by these methods, is quite similar across age groups but very different by race and ethnicity (figure 2). White non-Hispanic residents of New York City have the lowest poverty rate (12.4 percent), and Hispanics have the highest (32.0 percent).

FIGURE 2

Baseline Poverty Rate for NYC, 2012

Modified-SPM definition of poverty, excludes people in group quarters



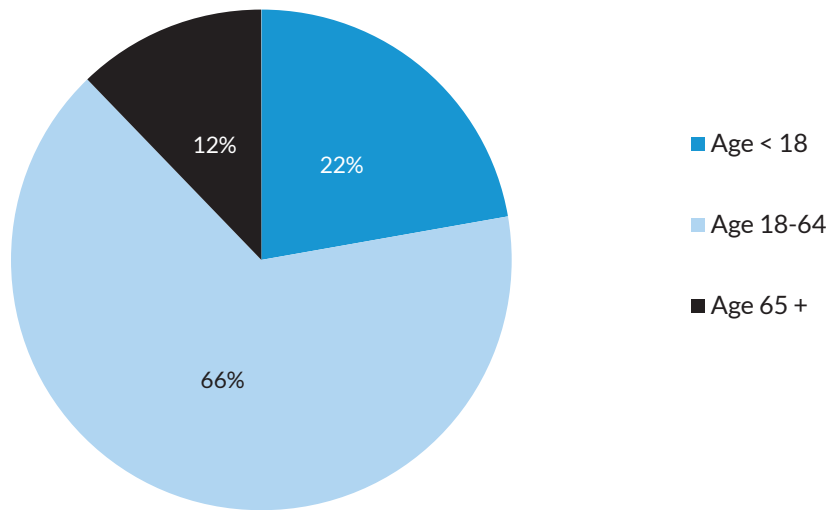
Note: SPM = Supplemental Poverty Measure.

Looking only at people in poverty, we find that almost two-thirds are nonelderly adults, ages 18 to 64; 22 percent are children; and 12 percent are elderly (figure 3). Moreover, 43 percent of the poor are Hispanic; white non-Hispanics and black non-Hispanics each make up 19 percent of the poor; and 17 percent of poor NYC residents are Asian (figure 4).

FIGURE 3

Distribution of 1.744 Million New Yorkers in Poverty by Age Group

Modified-SPM definition of poverty, excludes people in group quarters

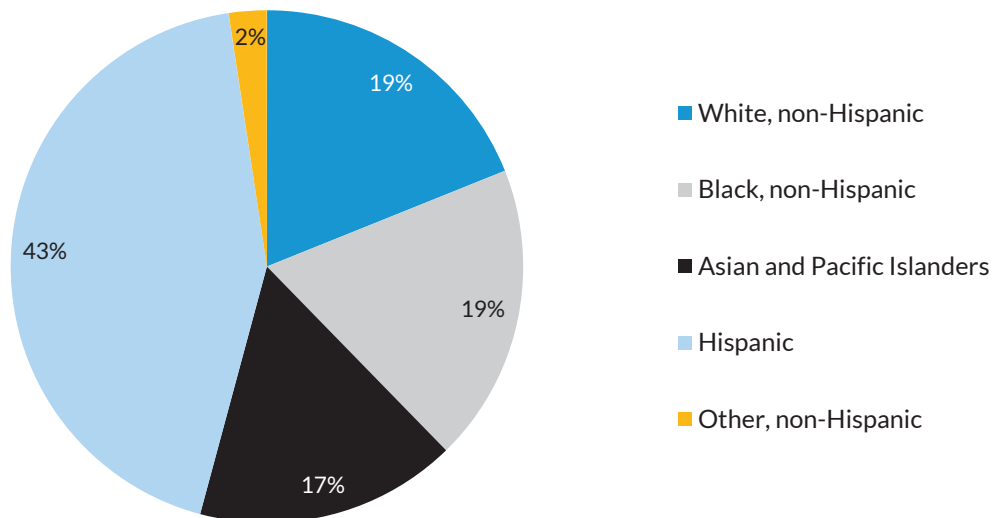


Note: SPM = Supplemental Poverty Measure.

FIGURE 4

Distribution of 1.744 Million New Yorkers in Poverty by Race/Ethnicity

Modified-SPM definition of poverty, excludes people in group quarters

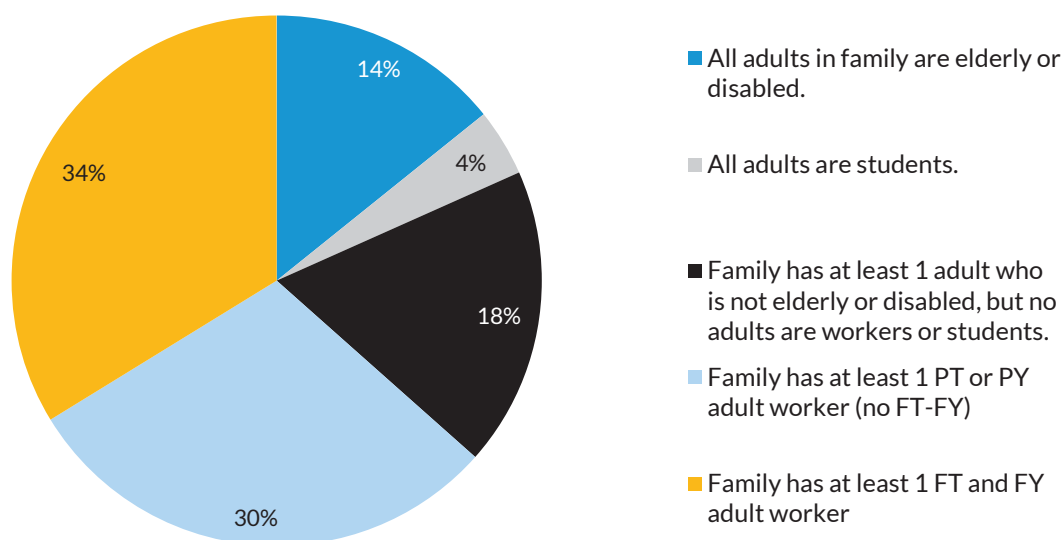


Note: SPM = Supplemental Poverty Measure.

A majority of poor individuals live with at least one person who has at least some earnings during the year (figure 5). Thirty-four percent live with a full-year full-time worker, and 30 percent live with someone who works part-time or part-year. Fourteen percent live in families in which all of the adults are elderly or have disabilities, and 4 percent live in families in which all of the adults are students. The remaining 18 percent of poor individuals live with adults who appear to be potential workers (they are not elderly, do not have disabilities, and are not in school) but did not work at all during the year.

FIGURE 5

Distribution of 1.744 Million New Yorkers in Poverty by the Work Status of the Adults in the Family
Modified-SPM definition of poverty, excludes people in group quarters



Notes: FT= full-time; FY= full-year; PT= part-time; PY= part-year; SPM = Supplemental Poverty Measure.

Note that the poverty estimates in this report differ somewhat from those of the NYC CEO because the CEO uses a different poverty measure. In particular, the CEO uses an approach to valuing housing benefits that was designed specifically for New York City. Also, the CEO uses approaches different from those of TRIM3 for imputing the various elements of resources that are needed for the expanded poverty measures (tax payments, the value of SNAP, and so on) although the concepts are very similar. The focus of this analysis is on the relative effects of the potential policies rather than on the measurement of current poverty; however, we show these poverty figures to provide context and a baseline for comparison.

Simulating the Policies

This analysis uses TRIM3 not only to assess poverty before the policies, but also to hypothetically impose each of the policies on the households in the data. For example, to model a minimum wage increase, the reported earnings of minimum wage workers are increased to mimic what would happen if the wage were raised. The model can capture the fact that higher wages could result in changes in a family's taxes or benefits. The model can also assign individuals to start or lose a job. After new policies are imposed on the household data, poverty is recalculated for each household. Note that all policies are modeled as if they have been fully phased in.

TRIM3 has been used for numerous analyses of the antipoverty effectiveness of potential policies. In 2007, TRIM3 staff members analyzed the antipoverty recommendations of the Center for American Progress Task Force on Poverty (2007). That project was followed by analyses for state poverty commissions (in Minnesota and Connecticut), nonprofit organizations (in Wisconsin and Illinois), and a recent national analysis for the Children's Defense Fund.

Limitations of the Analysis

The approach used for this analysis is able to capture many aspects of family resources and program operations, but it has several limitations:

- Data are for 2012: The ACS data used for the analysis were collected in 2012. The size, characteristics, employment, and incomes of New York City's families today are somewhat different from what they were in 2012, and federal, state, and city policies are also somewhat different. The analysis does not adjust for any of those differences.
- Behavioral changes are based on assumptions: The analysis incorporates assumptions about people's behavior, such as the extent to which people eligible for a higher EITC or a new child care subsidy would start to work. Although we based our assumptions on the available economic evidence, uncertainty remains, and different assumptions would have changed the results to some extent.
- There was no simulation of funding approaches: We did not make any assumptions about how new or expanded benefits would be funded. For example, if the policies were funded through taxes or through reductions in other programs, individuals paying those taxes or who previously benefited from the canceled programs might see reductions in their resources.

- No long-run modeling was done: Perhaps the most significant limitation is that the analysis considers only the immediate effects of the policies in a single year. Reduced economic hardship could have other benefits in future years; for example, less economic stress might help keep more young people in school, which would improve their job prospects when they are adults. A related point is that the analysis considers only households, not businesses; other than factoring in a small amount of job loss in the minimum wage analysis, we do not consider how businesses might be affected by any of these changes.

Antipoverty Impacts of Proposed Policies Applied Individually

We applied each policy to the households in the New York City ACS data to estimate how much the policy would reduce poverty. Some policies were simulated with more than one set of assumptions. In this section, we describe the methods and results for each policy. The policies directly related to employment and earnings are discussed first, followed by the policies providing additional in-kind benefits, and concluding with the senior and disability tax credit proposal. More details on methods are provided in appendix C, and detailed results are in appendix D.

Transitional Jobs

Almost half of poor New Yorkers live in a family with at least one adult who seems able to work full-time (that is, not elderly or having a disability), but who is either not working at all or not working full-time and full-year (figure 5). For those families, a transitional jobs (TJ) program could provide earnings that would raise the family above the poverty limit. TJ programs arrange jobs for people who have not been able to find one on their own, with the program paying all or a large portion of the wage for a specified amount of time, after which the employer can decide whether to retain the worker as a regular employee. In 2009 and 2010, more than 260,000 transitional jobs were created with funding from the American Recovery and Reinvestment Act (Roder and Elliott 2013); although that funding has ended, some states have continued to operate the programs.

The three organizations sponsoring this project asked for estimates of the antipoverty impacts of a TJ program in New York City. Transitional jobs would be available to people ages 16 to 64 who were either not working at all or working 32 or fewer hours per week. The jobs would not be available to people receiving either Supplemental Security Income (SSI) or Social Security income but would be available to people with disabilities who were not receiving either of those benefits. The program design assumes that an appropriate job could be found for TJ applicants with disabilities. The TJs could be either full-time or part-time, depending on the worker's choice, and the jobs would pay at least the minimum wage. Each TJ subsidy would be available for a maximum of 30 weeks. A worker who was not hired as a regular employee at that point could return for another TJ position if he or she was unable to find an unsubsidized job after four weeks. The envisioned program design would not include an income

test, but higher-income individuals would presumably be less likely to want to participate. Finally, the program design assumed that child care subsidies would be made available to any TJ worker who qualified under the child care subsidy program's eligibility rules and who wanted a child care subsidy. (These assumptions about who is eligible for a TJ and the maximum duration of a TJ are adopted from proposals made by Community Advocates Public Policy Institute in 2012.)

Methods

After the basic eligibility criteria were applied, assumptions were needed about how many people would participate in a TJ program, how long participants would remain in the jobs, whether the jobs would be full-time or part-time, and what the wage rate would be.

A key driver of the impact of a TJ program is the number of people who choose to enroll. Some eligible people might not enroll, preferring to use all their time to find a higher-paying unsubsidized job, particularly if their families could afford to go without their earnings for some amount of time and if they thought that finding another job was likely. Take-up rates could also vary depending on the level of outreach. Given the uncertainty, we tested two options. In the scenario with lower take-up, people who are not working at all and who are poor by the modified-SPM definition generally have a 25 percent chance of participating. In a second scenario with higher take-up, that group has a 50 percent chance of participating. In both scenarios, the probability declines as family income goes up, and we assume that no one with family income over three times the poverty level would take a TJ. Also, in both scenarios we assume that people are less likely to take a TJ if they are already working part-time, if they are in school, if they are early retirees, or if they have a disability. (See appendix C for the detailed participation assumptions we used.) The lower take-up rates resulted in 210,000 people participating, and the higher rates resulted in 417,000 participants.

For each nonworker selected to participate, we assumed that the person would complete one 30-week job, look for work for 4 weeks, and then start another subsidized job. This assumption is conservative from the standpoint of antipoverty impact because individuals who are successful in finding an unsubsidized job or who are hired on as regular employees might start to make more than the TJ wage. We assumed that new workers would sign up for a job at either 40 or 20 hours per week. Basing our assumption on the hours of NYC workers in poverty (according to our measure), we assumed that 56 percent of TJ participants would choose a full-time job and the rest would choose a half-time job.⁶ TJ participants who are already working part-time are assumed to take a TJ to bring their hours up to 40 hours per week. In simulating the TJ program individually, we tested two different wage rates:

\$8.75 per hour (the minimum wage rate that will be in place in New York City in 2015) and \$11.50.⁷ (Each wage rate was deflated to 2012 dollars for consistency with the household-level data.)

After assigning the new jobs and wages, we recalculated all taxes and benefits. We assumed that all TJ participants who were newly eligible for child care subsidies took that subsidy, thereby minimizing their child care expense. Other tax and benefit changes were due to the change in earnings. For example, a person who obtains a TJ will start to owe payroll tax (or will owe more payroll tax if he or she is already working part-time). The person's tax unit might become eligible for the earned income tax credit (EITC) but might also have an increase in tax liability, depending on the circumstances of the person's family. A family that was receiving safety net benefits might see a decline in those benefits because of the new wages or could become completely ineligible.

Poverty Reduction

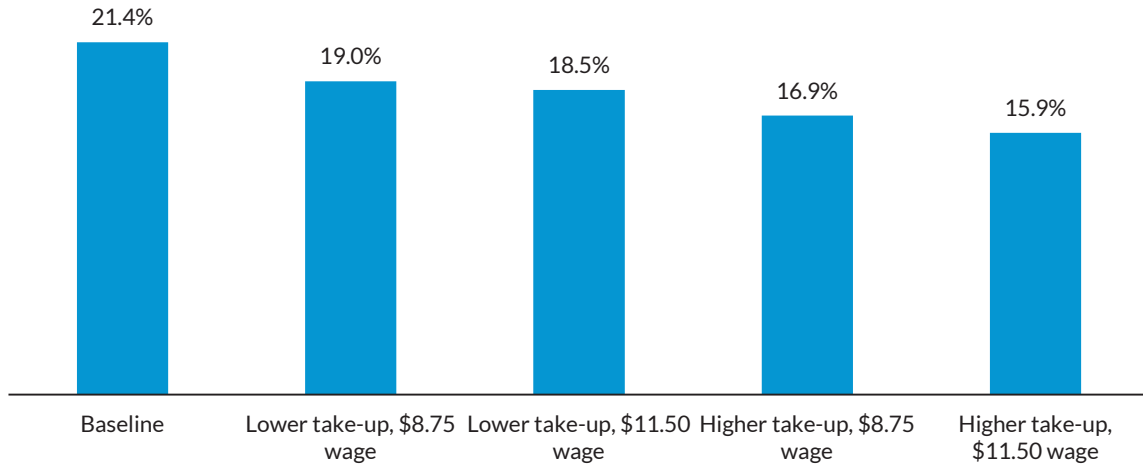
A TJ program appeared to have substantial effects on NYC poverty (figure 6). Under the lower take-up rate assumptions (25 percent of poor nonworkers take a TJ, with smaller percentages assumed for higher-income people and those already working), the poverty rate under the modified SPM fell from 21.4 percent to 19.0 percent with an hourly wage of \$8.75 and to 18.5 percent with an hourly wage of \$11.50. With the higher take-up rate assumption (50 percent of poor nonworkers take a TJ, with lower rates for others), the poverty rate fell to 16.9 percent with a wage of \$8.75 and to 15.9 percent with a wage of \$11.50.

The TJ program had particularly large effects on deep poverty, child poverty, and poverty among black non-Hispanics. In the simulation that assumed the lower take-up rate and that used an hourly wage of \$11.50, the overall poverty rate decline (from 21.4 percent to 18.5 percent) was a drop of 14 percent. In other words, 14 of every 100 poor New Yorkers were raised out of poverty by this set of assumptions. However, there was an 18 percent reduction in poverty for black non-Hispanics and also an 18 percent reduction in the number of poor children (figure 7). The effects were smallest for people age 65 and over; their poverty count fell by 4 percent; some people in that age group were pulled out of poverty because they lived with family members who took a TJ. There was a 19 percent drop in deep poverty and also a 3 percent drop in the total number of people under 150 percent of the poverty threshold—meaning that the TJ policy caused some families to rise above 150 percent of the poverty threshold.

FIGURE 6

Effect of Increased Transitional Jobs on the New York City Poverty Rate

Modified-SPM definition of poverty

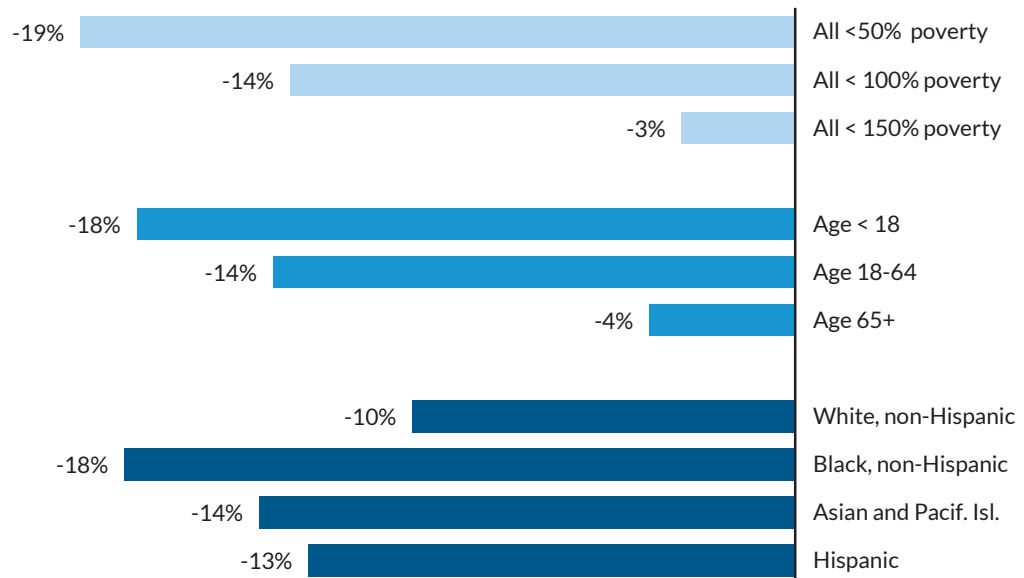


Note: SPM = Supplemental Poverty Measure.

FIGURE 7

Percentage Change in Poverty with Transitional Jobs, with Lower Take-Up Rate and \$11.50 Wage

Modified-SPM definition of poverty



Notes: SPM = Supplemental Poverty Measure. Age and race figures are for people under 100% of the poverty threshold.

Earnings Supplements

The EITC in the federal income tax system and other state and local earnings supplements can have a substantial effect on the resources of low-income families. The federal EITC is a refundable tax credit that is computed as a percentage of wages up to a maximum amount, phasing out at higher incomes. The maximum credit is modest for workers without dependent children (\$496 in 2012) but substantial for families with children—a maximum of \$3,169 in 2012 for tax units with one child, \$5,236 for those with two children, and \$5,891 for tax units with three or more children. Short (2013) has estimated that without the EITC and other refundable tax credits in the federal income tax system, the 2012 poverty rate under the SPM for the United States would have been 19 percent instead of 16 percent.

New York State is among the 25 states that supplement the federal-level EITC with an additional credit in the state income tax system.⁸ New York State's credit is fully refundable and is equal to 30 percent of the federal EITC, with the same percentage used regardless of the number of children. New York City increases the credit further. The city's credit is also fully refundable and is equal to 5 percent of the federal EITC. Also, New York City is currently testing the effects of the Paycheck Plus program, which provides adults without dependent children a substantial supplemental credit (Pardoe and Bloom 2014).

The FPWA, Catholic Charities, and UJA-Federation requested simulations of two alternatives to the current system of earnings supplements. First, we simulated an alternative in which the New York State EITC was increased to 40 percent of the federal amount and the New York City EITC was increased to 10 percent of the federal amount. For tax units receiving the *maximum* federal EITC, the change in state and city EITC credit rates would increase family resources by an amount ranging from \$74 for a worker without dependent children to \$921 for a taxpayer with three children using the 2014 figures for the maximum federal EITC. (See appendix C for more details.) Second, we simulated an alternative in which the current Paycheck Plus experiment was instituted citywide (with no changes in federal, state, or city EITC). The program being tested pays workers without dependent children a credit equal to 30 percent of earnings up to \$6,667 (for a maximum credit of \$2,000) and phases out at a rate of 17 percent starting at earnings of \$18,000.

Methods

We simulated the effects of the expanded earnings supplements by recalculating state and city income taxes under the desired rules. For the state and city EITCs, we modified the credit percentages in the existing structure, from 30 to 40 percent for the state EITC and from 5 to 10 percent for the city EITC,

but still used the 2012 baseline federal EITC amounts for consistency with the 2012 household data. For the Paycheck Plus program, we modeled the policy as if it would be implemented as a separate city program, with no effect on any other aspect of federal, state, or city taxes. Although the demonstration project is focused only on unmarried taxpayers without dependent children, we simulated the policy as also affecting married couples without dependent children. (Note that some of the assisted taxpayers might have children living elsewhere.) Also, although the demonstration program subtracts the small federal EITC from the Paycheck Plus credit, we did not incorporate that aspect of the program into the simulation; thus, a worker without dependent children could receive both a federal EITC and the full Paycheck Plus credit in this simulation. Finally, we deflated the dollar amounts in the Paycheck Plus formula from 2014 to 2012 dollars for consistency with the 2012 dollars of the household data.

For both of these simulations—the expanded state and city EITC and the Paycheck Plus program—we captured the possibility that higher earnings supplements would induce more people to want to enter the labor market. In the simulation that increased the state and city EITC percentages, we simulated 8,000 new workers among unmarried taxpayers with dependent children who would be eligible for the EITC if they started working; the available research did not support modeling more jobs for married parents as a result of a higher EITC. In the Paycheck Plus simulation, we modeled 39,000 new jobs among taxpayers without dependent children. In assigning new jobs, we assumed all jobs were full-*year*, but we assumed some were part-*time*—using the same distribution of jobs by weekly hours as seen among NYC workers in poor families in the American Community Survey data. We also conservatively assumed that all of the new jobs were at the minimum wage. (See appendix C for details on the employment assumptions.)

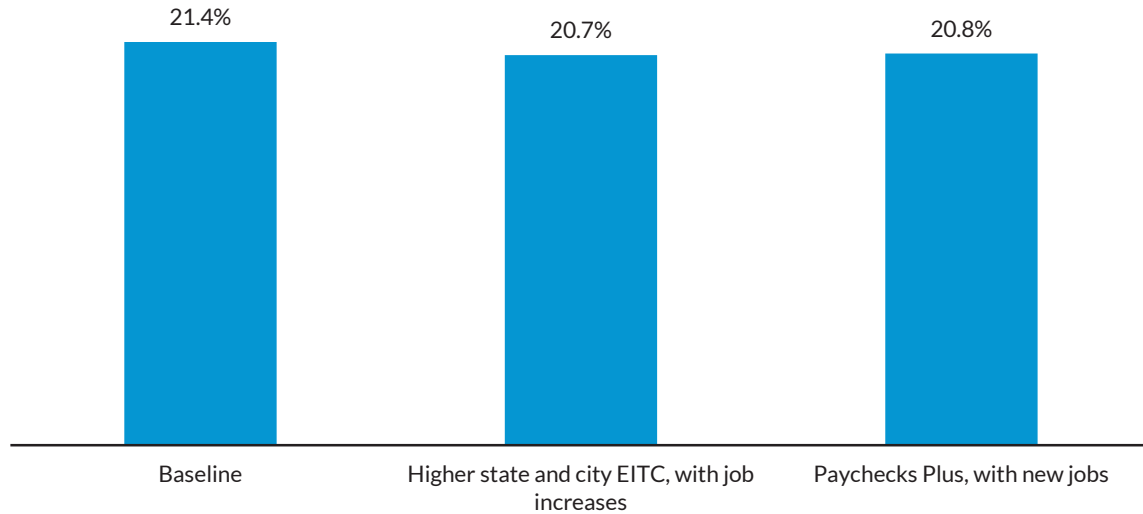
Poverty Reduction

The earnings supplement policies had modest effects on the overall NYC poverty rate, reducing it from the baseline level of 21.4 percent to either 20.7 percent (the increase in the state and city EITC credit rates) or 20.8 percent (the Paycheck Plus program). (See figure 8.) Poverty was reduced by about 3 percent; in other words, each of these policies resulted in 3 of 100 poor people in New York City becoming nonpoor. The effects are due to both the direct effects of the credit and the fact that new jobs were modeled.

FIGURE 8

Effect of Increased Earnings Supplements on the New York City Poverty Rate

Modified-SPM definition of poverty



Notes: EITC = earned income tax credit; SPM = Supplemental Poverty Measure.

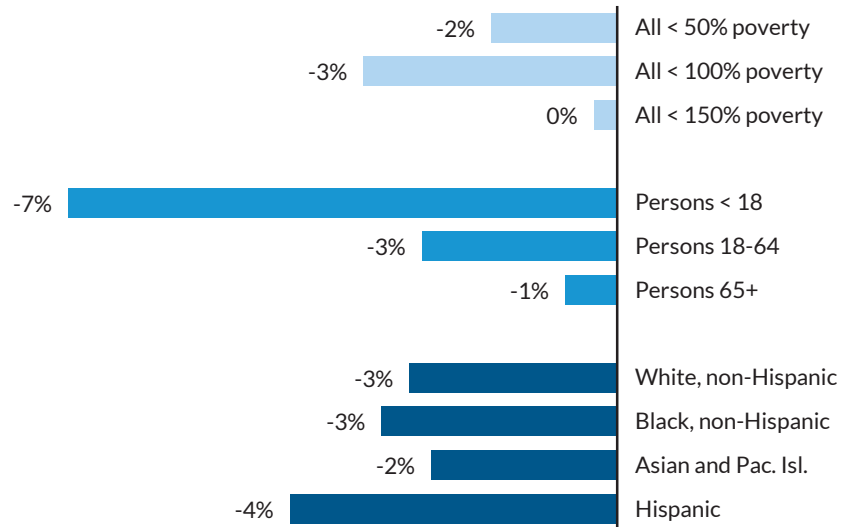
The effects were larger for some subgroups. The increase in the state and city EITC percentages reduced NYC *child* poverty by 7 percent (figure 9). Although the change in the credit *percentage* was the same for tax units with and without children, the federal EITC is much more substantial for tax units with children; therefore, tax units with children benefited from the increased state and city EITC percentage more than tax units without children did.

In contrast, the Paycheck Plus policy had almost all of its effect on nonelderly adults; Paycheck Plus reduced the number of poor people ages 18 to 64 by 4 percent, compared to reductions of only 1 percent for children and for people age 65 and older (figure 10). The fact that there was any effect on children was because a tax unit receiving the new credit might live in a broader family that did include children. The Paycheck Plus policy also reduced deep poverty (the number of people living below half of their family’s poverty threshold) by 10 percent.

FIGURE 9

Percentage Change in Poverty with Increase in State EITC Percentage (to 40%) and City EITC Percentage (to 10%)

Modified-SPM definition of poverty

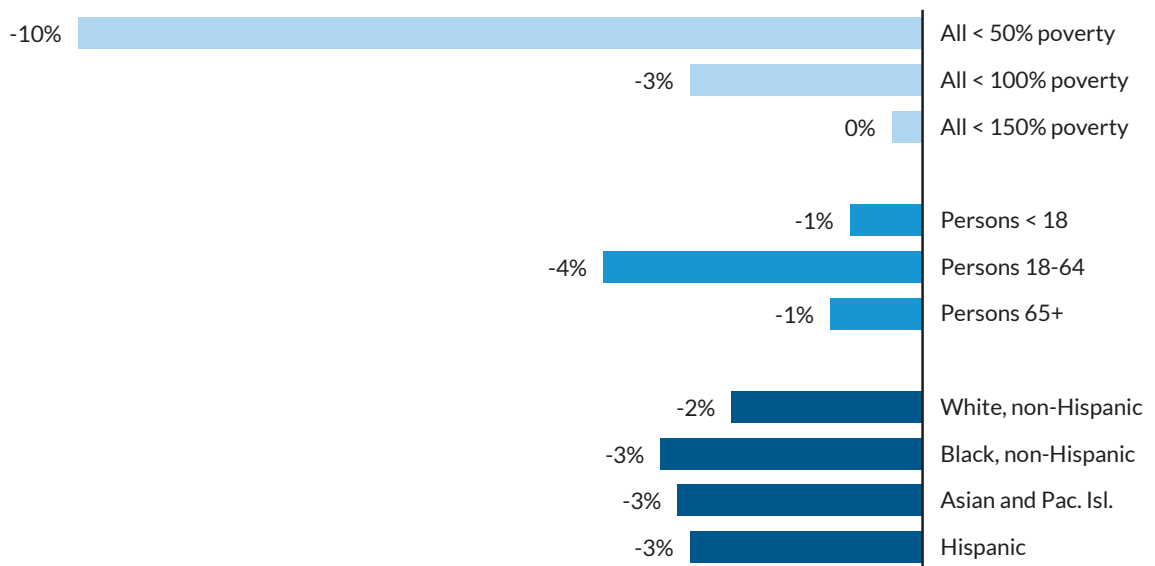


Notes: SPM = Supplemental Poverty Measure. Age and race figures are for people under 100% of the poverty threshold.

FIGURE 10

Percentage Change in Poverty with Paycheck Plus

Modified-SPM definition of poverty



Notes: SPM = Supplemental Poverty Measure. Age and race figures are for people under 100% of the poverty threshold.

Minimum Wage Increase

The minimum wage in New York (both the city and the state) is currently \$8.00 per hour. It was \$7.25 (the same as the federal minimum wage) in 2013 but was increased for 2014. It is scheduled to increase again—to \$8.75 per hour for 2015 and to \$9.00 per hour for 2016 and subsequent years. One potential element in a package of policies to reduce poverty would be a further increase in the minimum wage. We simulated the effect of two different increases—to \$13 per hour and to \$15 per hour. (The increase to \$13 per hour is included in the second of the two policy packages, and the increase to \$15 per hour is included in the third package.) Full-time minimum wage earnings at \$13 per hour would amount to \$27,040 in annual earnings—about 85 percent of the poverty threshold used in this analysis for a married couple with two children in New York City, *before considering any taxes, work expenses, or other income or benefits.*⁹

Methods

The simulation of the minimum wage first required identifying the people in the survey data who appeared to be earning a wage below the new minimum. We identified these people on the basis of their survey-reported weeks and hours of work and annual wages. (See appendix C for more details.) Although some New Yorkers might be working outside of the city or state, we modeled the policy as if it would affect workers in all jurisdictions where NYC residents work. For the affected workers, we increased earnings to what they would have earned at the new level and then recalculated all taxes and benefits. A worker whose wages increased to the new minimum would owe more in payroll taxes, could see a change in his or her income tax payments or tax credits, and could see a reduction in benefits from SNAP or other programs.

One technical complication is that the potential minimum wages of \$13 and \$15 are expressed in current-year terms, but the data used for the analysis (and the poverty thresholds) represented 2012. To avoid overestimating the effect on poverty, we deflated the dollar values from 2014 to 2012 dollars, giving amounts of \$12.61 and \$14.54. However, we did not make any changes in the survey data to adjust for the fact that the minimum wage has increased since the survey was conducted. Therefore, when we look at the effect of a \$13 per hour minimum wage, we are assessing it relative to the \$7.25 wage that was in place in 2012, not relative to the current New York minimum wage (\$8.00) or the other increases already scheduled.

Simulating minimum wage increases also raises two complex labor market issues: the extent to which a mandatory wage increase for some workers would result in wage increases for other workers (“spillover effects”) and whether a minimum wage increase would result in any job loss. We modeled the minimum wage increases both with and without these two potential impacts.

The rationale behind spillover effects is that employers might choose to maintain some consistency in relative wage rates for workers earning just below or above the new minimum wage rates. For example, in the scenario in which the wage is increased to \$13 per hour, if Worker A previously earned \$13.10 and Worker B earned \$9.00, the employer would be required to raise Worker B’s wages to \$13.00 but might also decide to raise Worker A’s wage somewhat. Employers might also decide to raise wages for some workers who are exempt from the minimum wage. We assumed that workers with wages as low as \$1 below the old minimum and as high as \$1 above the new minimum would have their wages increased.¹⁰

The question of job loss is complex, with some economic analyses finding no indication that a minimum wage increase leads to job loss and other analyses finding that such an impact does exist. The recent Congressional Budget Office analysis of a potential federal minimum wage increase from \$7.25 to \$10.10 did assume the possibility of job loss. We used findings from other economic research and modeled the loss of 19,000 jobs with the \$13 per hour wage and 30,000 jobs with the \$15 per hour wage. (See appendix C for more details.) However, this area remains uncertain, especially because most studies have examined only relatively small increases in the minimum wage, rather than the very large increases (raising \$8 to \$15 would be an 88 percent increase) being tested here.

The number of workers with an increase in wages ranged from 773,000, when the \$13 per hour wage was modeled with no spillover or job loss, to more than 1 million workers, when the \$15 per hour wage was modeled with spillover and job loss. Among those 1 million workers, 25 percent were in families in poverty according to the modified-SPM definition, 41 percent were in families with income from 100 to below 150 percent of the modified-SPM threshold, an additional 16 percent had family income from 150 percent to below 200 percent of the poverty threshold, and 18 percent were in families with income at least two times the poverty threshold. The \$15 per hour policy, modeled with spillover and job loss, added \$7.7 billion in wages and resulted in an average annual wage increase of \$7,398 for workers who obtained a raise because of the policy.

Note that the analysis does not address the possibility of other types of economic effects from a minimum wage increase—which could include positive effects from increased incomes in a lower-

income neighborhood (e.g., increased economic activity) or negative impacts, such as higher prices or lower tax collections from small businesses.

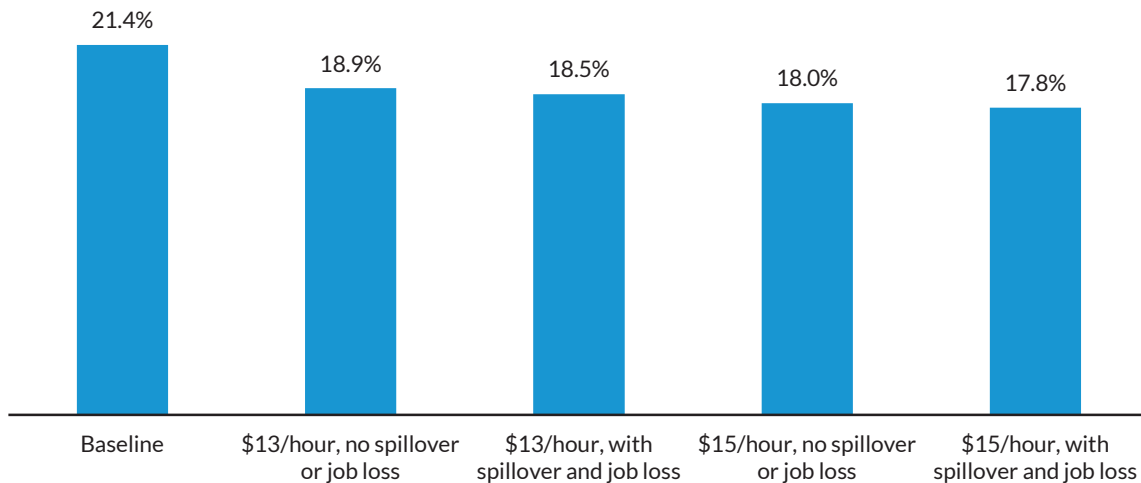
Poverty Reduction

Relative to the baseline simulation—with a minimum wage of \$7.25 and a poverty rate of 21.4 percent—the higher wages reduced poverty to as low as 17.8 percent (figure 11). When the minimum wage increase is considered without spillover effects or job loss, the \$13 per hour minimum wage reduced poverty to 18.9 percent, and the \$15 per hour minimum wage resulted in a poverty rate of 18.0 percent. The addition of spillover effects and job loss resulted in slightly lower poverty rates—18.5 percent with the \$13-per-hour wage and 17.8 percent with the \$15 per hour wage; the positive impacts of the spillover effects outweighed the negative impacts of the job loss in aggregate poverty terms. The reduction in poverty from 21.4 percent to 17.8 percent represents a decline of 17 percent. In other words, for each 100 poor people in the baseline (where the minimum wage is \$7.25), 17 of those people became nonpoor because of a minimum wage of \$15 per hour, when modeled with spillover effects and job loss.

FIGURE 11

Effect of Higher Minimum Wages on the New York City Poverty Rate

Modified-SPM definition of poverty



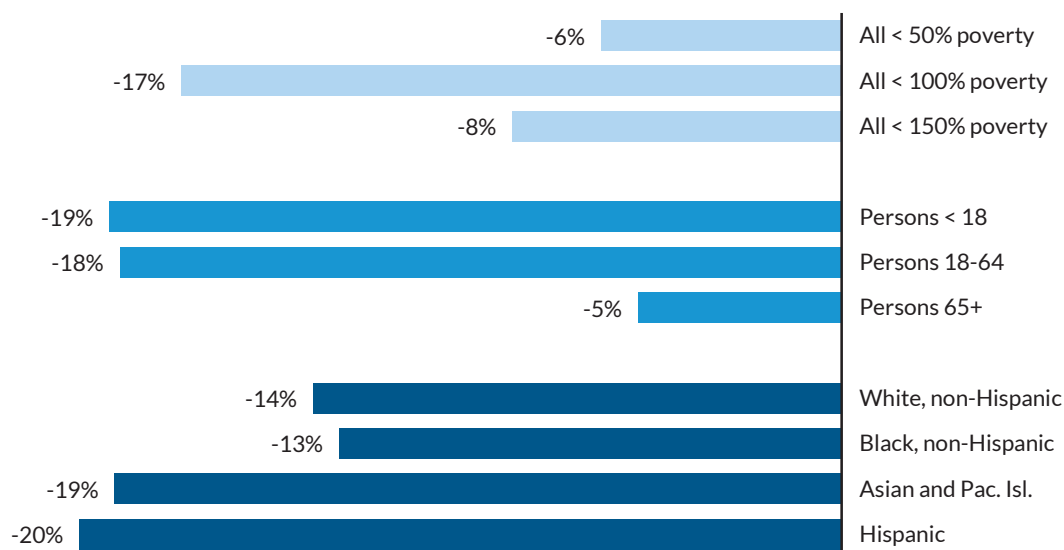
Note: SPM = Supplemental Poverty Measure.

The antipoverty effects of the minimum wage increase were seen primarily for people under age 65. In the simulation of the \$15 per hour wage, with spillover and job loss, poverty declined by 18 percent for nonelderly adults and by 19 percent for children, but declined by only 5 percent for people age 65 and older (figure 12). (Some individuals over 65 rose out of poverty because they were minimum wage workers and obtained a raise; others were living in families with minimum wage workers.) Poverty was reduced for individuals in all race and ethnicity groups, but the effects were largest for Hispanics, with a 20 percent reduction in poverty.

FIGURE 12

Percentage Change in Poverty with Increase in Minimum Wage to \$15 per Hour, Modeled with Spillover and Job Loss

Modified-SPM definition of poverty



Notes: SPM = Supplemental Poverty Measure. Age and race figures are for people under 100% of the poverty threshold.

The effect on deep poverty—a reduction of 6 percent—was not as substantial as the effect on poverty overall, because many of the individuals in deep poverty were not working and this policy only helped families with wage earners. The policy helped near-poor people as well as poor people, lowering the total number of people under 150 percent of the poverty threshold by 8 percent; although some people in poverty were raised up into the 100 to 150 percent range, a larger number of people who were previously in that range were raised above 150 percent of poverty by the minimum wage increase.

Although the effects were substantial, some families with employed members were found to remain in poverty. One reason is that some poor workers who received a raise were working only part-year or part-time, minimizing the impact of the wage increase. Also, the higher wages caused some families to owe higher income taxes or to be eligible for lower safety net benefits, thereby offsetting some of the positive effect of the higher wages.

Increased Supplemental Nutrition Assistance Program Benefits

The Supplemental Nutrition Assistance Program (SNAP) helped more than 1 million New York City households to purchase food in 2012. An assisted household's monthly benefit equals a maximum benefit—which varies by unit size—minus 30 percent of the unit's net income (the amount the family is assumed to be able to pay on their own). The maximum benefit amounts are computed by the US Department of Agriculture (USDA), making use of a concept called the "Thrifty Food Plan." That plan is the lowest cost of four food plans computed by the USDA. For example, for a couple with two school-age children, the July 2014 Thrifty Food Plan amount was \$651 per month, whereas a plan called the Low-Cost Food Plan allowed \$855. We tested the antipoverty effect of basing the SNAP maximum benefits on the Low-Cost Food Plan instead of the Thrifty Food Plan.

Methods

In 2012, the Low-Cost Food Plan amounts for a family were approximately 31 percent higher than were the Thrifty Food Plan amounts. Therefore, we implemented the policy option by increasing the maximum 2012 SNAP benefit for each family size by 31 percent. We also increased by 31 percent the program's minimum monthly benefit. Every unit with SNAP benefits in the baseline simulation was helped to some extent.

Poverty Reduction

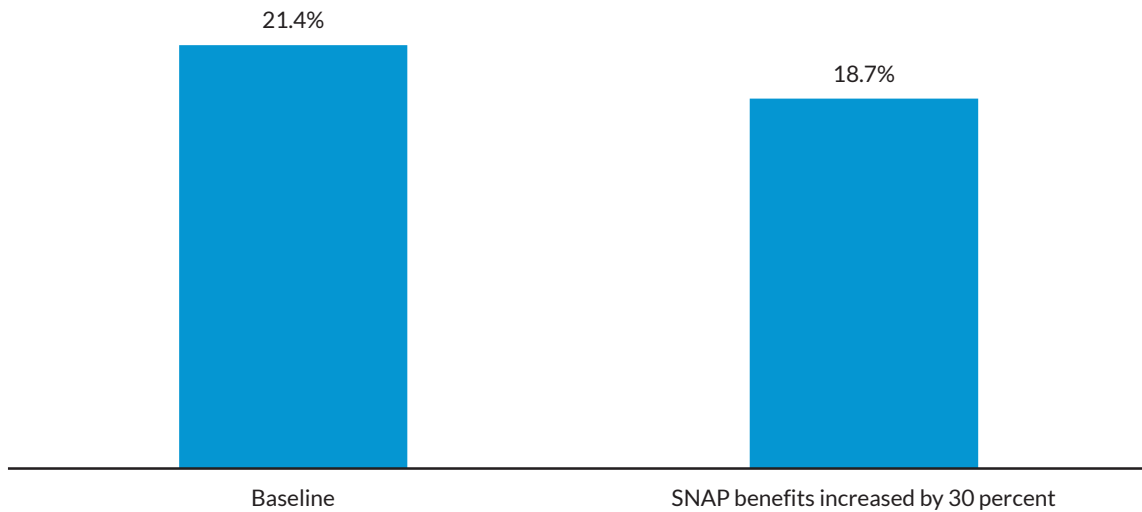
The SNAP benefit increase had a substantial effect on NYC poverty, reducing the poverty rate from the baseline level of 21.4 percent to 18.2 percent (figure 13), a reduction of 13 percent.

Poverty was reduced across all age groups and race and ethnicity groups, although the reductions were largest for children, who experienced a 21 percent drop in poverty (figure 14). Also, the 14 percent poverty reduction for people age 65 and older was larger than for nonelderly adults, at 9 percent. There was only a slight (1 percent) drop in the total number of people under 150 percent of the poverty threshold, suggesting that most of the families raised out of poverty still had resources under 150 percent of poverty.

FIGURE 13

Effect of Higher SNAP Benefits on the New York City Poverty Rate

Modified-SPM definition of poverty

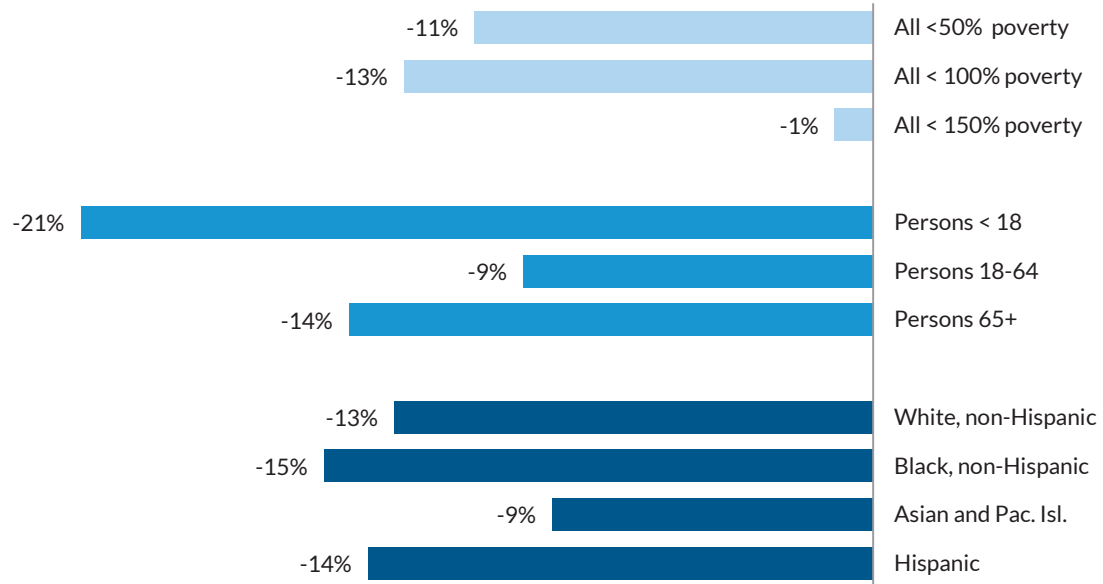


Notes: SNAP = Supplemental Nutritional Assistance Program; SPM = Supplemental Poverty Measure.

FIGURE 14

Percentage Change in Poverty with Increase in SNAP Benefits

Modified-SPM definition of poverty



Notes: SNAP = Supplemental Nutritional Assistance Program; SPM = Supplemental Poverty Measure. Age and race figures are for people under 100% of the poverty threshold.

Increased Housing Vouchers

Housing is very costly in New York City, a fact that contributes to NYC poverty levels. In 2012, the fair market rent (FMR), as determined by the US Department of Housing and Urban Development, was \$1,280 for a one-bedroom apartment and \$1,424 for a two-bedroom apartment. Unsubsidized rents in New York City are well out of reach of low-wage workers. For example, someone working full-time at a wage of \$8 per hour has *gross* earnings of just under \$1,400 per month—*less* than the FMR for a two-bedroom apartment.

One program that helps to address the high cost of housing is the Housing Choice Voucher Program (often referred to as Section 8). With a voucher, a household pays a manageable amount of rent—generally 30 percent of net income—while the program pays the remainder, up to the FMR for the applicable apartment size. However, housing vouchers are not an entitlement; the city can provide them only up to the available funding. In 2012, about 369,000 households either lived in public housing (which requires the same 30 percent family payment) or had a Section 8 voucher; but as of March 2014,

approximately 348,000 households were on a waiting list for either conventional public housing or a Section 8 voucher.¹¹

As one possible approach to addressing housing needs in New York City, we tested an expansion in the number of vouchers. Two expansion options were tested. One provided about 87,000 new vouchers (equivalent to about 25 percent of the number of households on the waiting list), and the other provided 174,000 new vouchers (equivalent to 50 percent of the number of households on the waiting list). Other potential housing-related policies—such as increasing the number of affordable units or changing policies for rent-stabilized apartments—could not be assessed within the simulation model.¹²

Methods

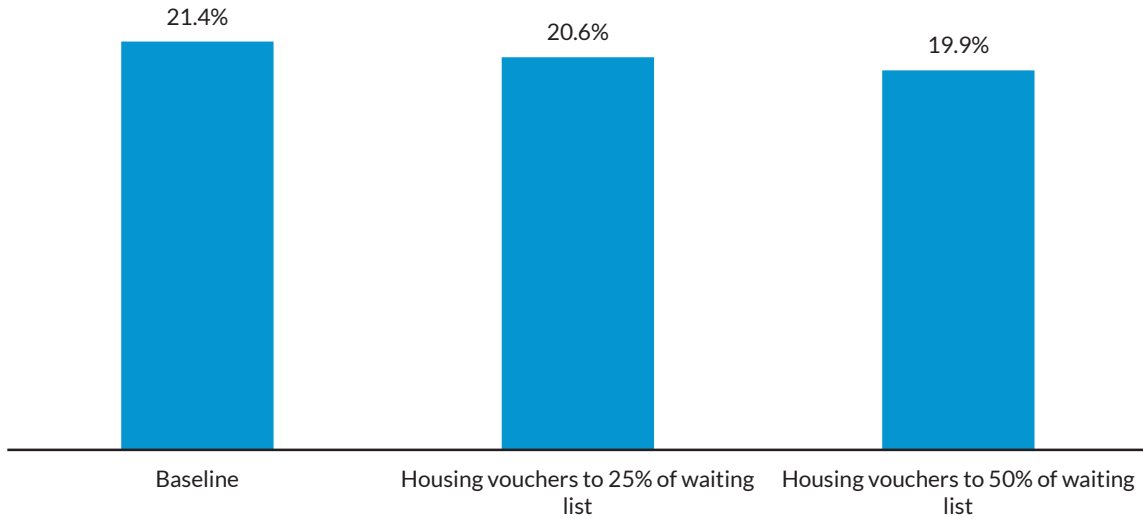
To identify households as the new voucher recipients, we started from New York City's 2014 income limits for housing assistance, which are computed as half of the area median income figures, with variation by family size. For example, the income limit was \$37,350 for a three-person family and \$41,500 for a four-person family. We slightly reduced those amounts by the amount of inflation between 2012 and 2014 for consistency with the 2012 household data. Households were considered potential new voucher recipients if they lived in an apartment (not a house) and did not report that they lived rent free. New voucher recipients were selected from among all those eligible; this method will result in less antipoverty impact than if we had assigned the new vouchers to the lowest-income households. Note that since the data for the analysis did not include homeless individuals, none of the households simulated to receive new vouchers were homeless.

Poverty Reduction

The simulation that assigned new vouchers to 25 percent of the waiting list reduced overall NYC poverty from 21.4 percent to 20.6 percent, and the simulation that reached 50 percent of the waiting list achieved an overall poverty rate of 19.9 percent (figure 15).

FIGURE 15

Effect of More Housing Vouchers on the New York City Poverty Rate

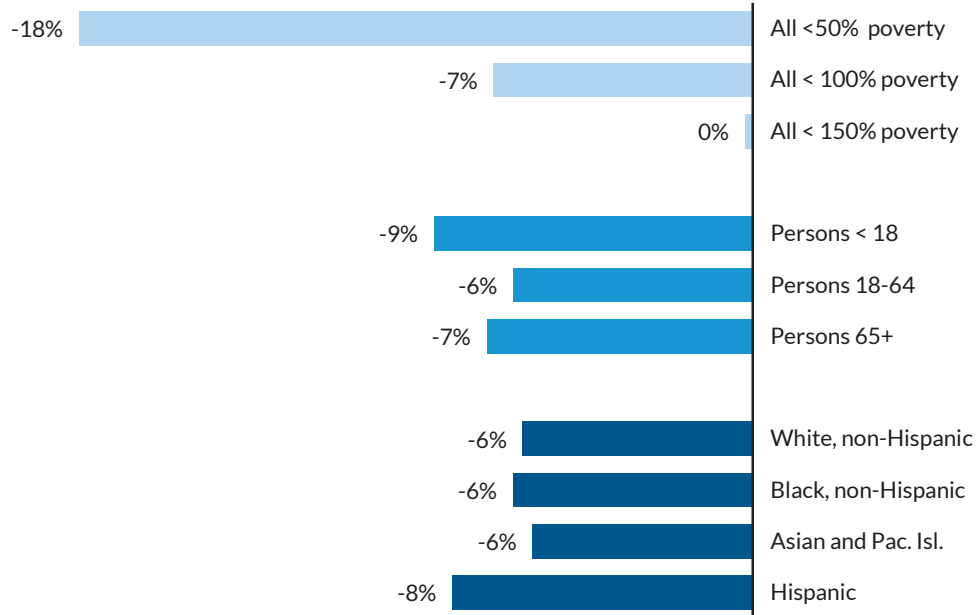


In the simulation that assumed half of the waiting list (174,000 households) would receive a subsidy, the change in poverty was equivalent to 7 percent of the baseline rate; 7 of every 100 poor New Yorkers would be raised out of poverty by this policy. There were benefits across age groups and race or ethnicity groups (figure 16). There was a particularly strong effect on deep poverty; the number of New Yorkers with resources below half of the poverty threshold fell by 18 percent.

FIGURE 16

Percentage Change in Poverty with 174,000 More Section 8 Vouchers

Modified-SPM definition of poverty



Notes: SPM = Supplemental Poverty Measure. Age and race figures are for people under 100% of the poverty threshold.

Guaranteed Child Care Subsidies

Under current rules, children in New York City who are under age 13 are eligible for subsidized child care if their parents work or are in school and if the family’s income is below 200 percent of the federal poverty guidelines. Families who obtain a subsidy who are also receiving Temporary Assistance to Needy Families (TANF) benefits do not have to pay anything toward the children’s care. Other subsidized families pay a copayment that goes up as their income increases but that is substantially lower than the cost of unsubsidized child care. For example, a single parent with two young children in full-time care and annual earnings of \$20,000 would pay \$65 per month (see Minton et al. 2013).

Approximately 98,000 children in New York City received subsidized child care in 2012, paid for with a combination of federal funds (the Child Care and Development Fund block grant, or CCDF) and other funds.¹³ However, that number is only 31 percent of the total 318,500 NYC children who were estimated to satisfy the eligibility criteria for child care subsidies. Some families counted as eligible might not have wanted a child care subsidy. For example, two parents might have preferred to avoid the

need for nonparental care for their infant by working different shifts, or a parent might have wanted the child to be cared for by someone who would not qualify as a provider under the subsidy program's rules. However, other eligible families wanted a child care subsidy but could not obtain one because the program is not an entitlement; subsidies can be provided only up to the point that funding is available. Additional families are not counted in the eligibility figure because at least one parent was not working; some of those parents might have started working had a subsidy been available.

Under the program, working families who are eligible for a subsidy but who cannot obtain one must make other arrangements. Whereas some pay the full cost at a day care center or family day care home without a subsidy, others may obtain help from friends or family members. Information from the US Census Bureau shows that 19 percent of working mothers nationwide that are in poverty (according to the official definition) paid for child care; their average payment was \$93 per week (Laughlin 2013). As mentioned earlier, the modified SPM used for this analysis captures the effect of child care expenses by subtracting them from a family's other resources. Thus, a family that is not poor before child care expenses might see its resources drop below the poverty level because of paying the full cost of child care.

To address this issue, we simulated a policy that guarantees child care subsidies to all eligible families who want a subsidy. This option makes no change to either the eligibility rules for child care subsidies in New York or the copayment rules and formula. The only change is to increase the number of eligible families and children who receive a subsidy.

Methods

To simulate the effect of a guaranteed child care subsidy, we began by assuming that all of the eligible families who were not currently receiving a subsidy but who were paying for child care would come forward to obtain a subsidy.¹⁴ This assumption increased the average monthly caseload by 25,000 families and 51,000 children. Note that this assumption is conservative; some families currently using unpaid care might want a subsidy even if it required a copayment, if they preferred a more formal child care arrangement.

Since the newly subsidized families went from paying the full cost of their child care to paying only the required copayment, the policy reduced the annual out-of-pocket child care expenses of NYC families by about \$70 million. After simulating the increased subsidy program caseload and the related changes in child care expenses, we recalculated other benefits and taxes. In particular, the lower child

care expenses resulted in somewhat lower SNAP benefits (because some families were eligible for a lower child care deduction) and lower child care tax credits.

We performed a second simulation that captures the possibility that guaranteed child care subsidies could induce some parents to enter the labor force who would otherwise have decided that working did not make economic sense. In this simulation, we modeled that approximately 5,600 parents would enter the labor force and begin to receive child care subsidies. The number of new workers was based on estimates from previous economic analyses. The individuals most likely to be selected as new workers were those who appeared to have the most to gain from the new subsidy—because we estimated that they would have had high child care costs without a subsidy. Parents as new workers were assumed to work the full year at the minimum wage, with some working full-time and others part-time. (See appendix C for more information.)

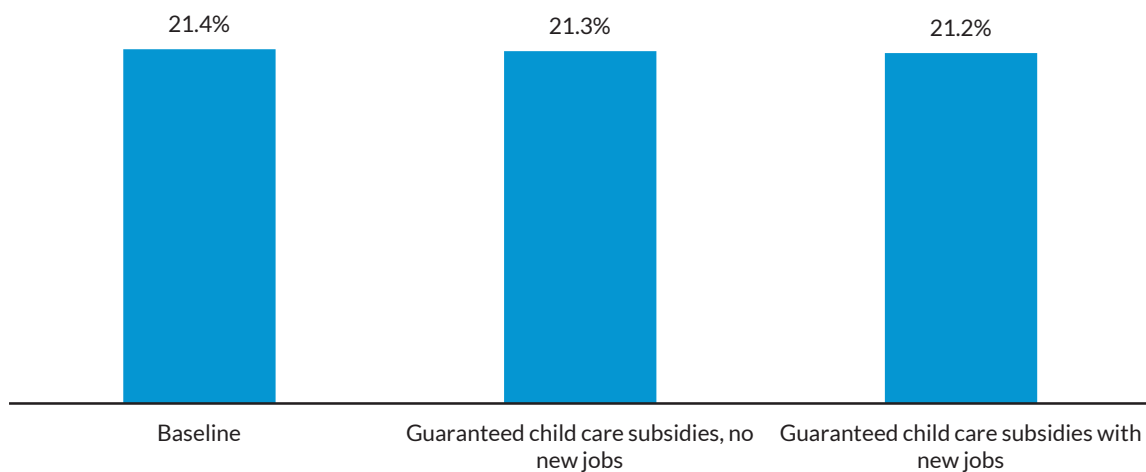
Poverty Reduction

The guaranteed child care subsidies had limited influence on overall poverty, reducing the rate from 21.4 percent to 21.3 percent without any new jobs and to 21.2 percent when new jobs were assumed (figure 17). Poverty was reduced by 1 percent overall, and child poverty was reduced by 3 percent.

FIGURE 17

Effect of Guaranteed Child Care Subsidies on the New York City Poverty Rate

Modified-SPM definition of poverty



Note: SPM = Supplemental Poverty Measure.

The modest antipoverty effects are due, in part, to the way in which the poverty measure takes the cost of child care into account. As mentioned, out-of-pocket expenses are subtracted from other resources, but the underlying value of child care services is not included as a resource. Thus, family resources are increased by the policy only if the required copayment under the subsidy program is smaller than what the family was paying for unsubsidized child care. For example, if a family was previously paying \$100 per month for a neighbor to watch a child after school and is now paying \$80 per month for the child to attend an after-school center, the family's resources increase by only \$20 per month, according to this measure. The analysis does not consider any possible changes in child care quality due to expanded subsidies. Another reason that the antipoverty effects are relatively small is that the number of affected families (31,000 when we assume increased labor supply) is relatively small compared to the number affected by some of the other policies (such as the 210,000 TJ participants under the lower take-up assumption).¹⁵

Senior and Disability Tax Credit

Many of the policies being examined by FPWA, Catholic Charities, and UJA-Federation primarily benefit working adults and their children. The minimum wage, transitional jobs, earnings credits, and child care subsidies are all directed at workers. Thus, the organizations chose to include one policy directed specifically at individuals who are not working, either because they are age 65 or older or because they have a disability.

Specifically, the organizations asked that a senior and disability tax credit concept that was developed by Community Advocates Public Policy Institute (2012) be simulated for New York City. The credit is designed to make up the difference between an individual's or couple's own resources and income at the poverty threshold. To be eligible for the credit, taxpayers must have income from either Social Security or SSI and must not be claimed as dependents by any other taxpayer. The income guaranteed by the credit would be based on the modified-SPM thresholds and would vary by family size (counting the individual or couple filing the tax return plus their dependents). In 2012, an unmarried elderly individual with no dependents would have been guaranteed \$16,401, and a family of four including one spouse with disabilities and two children would have been guaranteed \$35,387. The taxpayers' own resources would include positive amounts of adjusted gross income (AGI) from the federal income tax calculation, the full value of Social Security, SSI, and the value of SNAP benefits.¹⁶

Methods

We implemented the credit as if it were implemented through the federal income tax system. The simulation of federal income taxes was altered to include the new credit, following the eligibility rules and computation steps described previously.

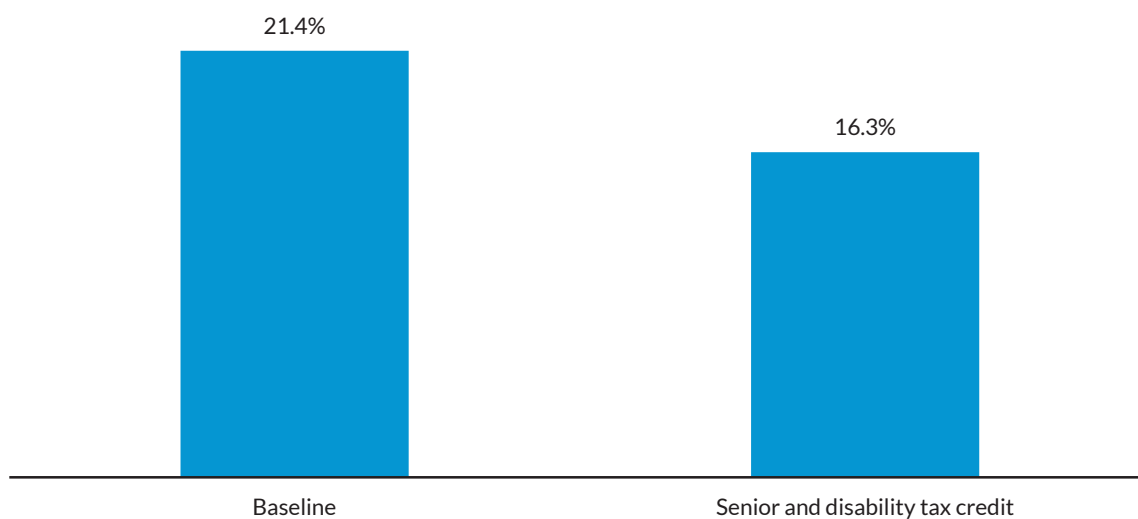
Poverty Reduction

The senior and disability tax credit had a larger effect than any single policy other than the most generous of the TJ simulations (figure 18).

FIGURE 18

Effect of Senior and Disability Tax Credit on the New York City Poverty Rate

Modified-SPM definition of poverty



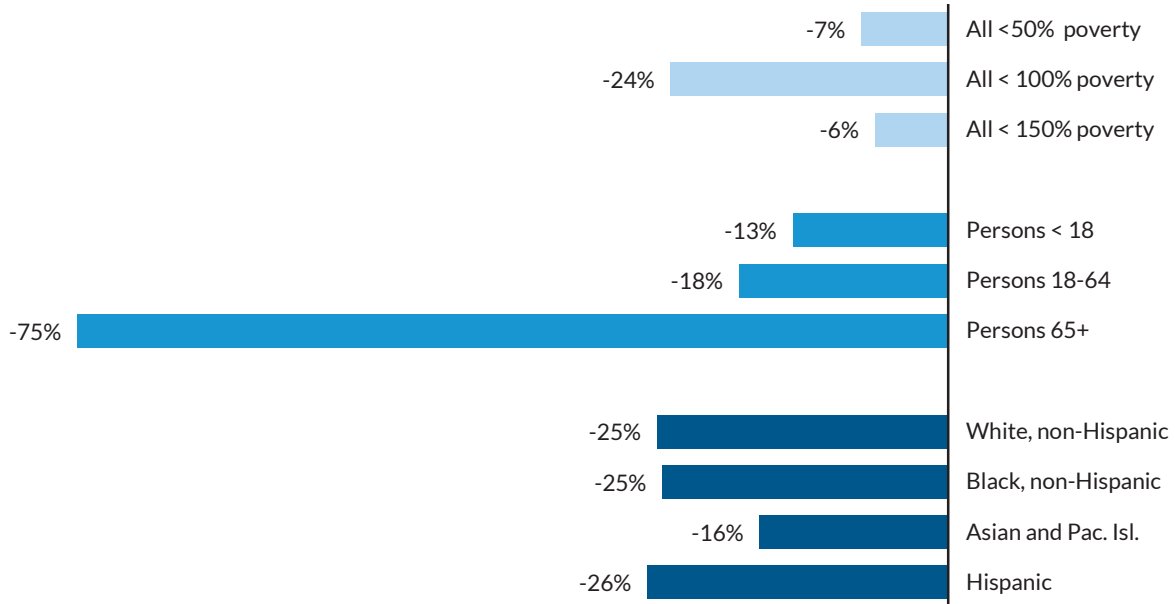
Note: SPM = Supplemental Poverty Measure.

The credit reduced overall NYC poverty from 21.4 percent to 16.3 percent, a drop of 24 percent (figure 19). For persons age 65 and older, the drop is even larger—75 percent. In other words, three of four senior citizens in New York City who are living below the poverty level would see their income rise above poverty if this single policy were adopted.

FIGURE 19

Percentage Change in Poverty with Senior and Disability Tax Credit

Modified-SPM definition of poverty



Notes: SPM = Supplemental Poverty Measure. Age and race figures are for people under 100% of the poverty threshold.

For two reasons, some senior citizens and people with disabilities remained poor under the policy simulation. First, some individuals are elderly or have disabilities but do not have SSI or Social Security income, possibly because of their immigrant status. In particular, unauthorized immigrants do not qualify for either SSI or Social Security. Second, some people live in families that are larger than their tax unit, and those people may remain poor even if the credit would be enough to lift the tax unit out of poverty. For example, if a widowed woman files an individual tax return with no dependents, the credit would be enough to bring her out of poverty if she lived alone. However, if she lives with her adult daughter and the daughter’s family, their poverty is assessed jointly, and the family might still be poor, depending on the incomes of the other family members.

Reductions in the Poverty Gap from Individual Policies

The previous discussion focuses on how each of the various policies individually affects the poverty rate—the percentage of people who live in families with income below the family’s poverty threshold.

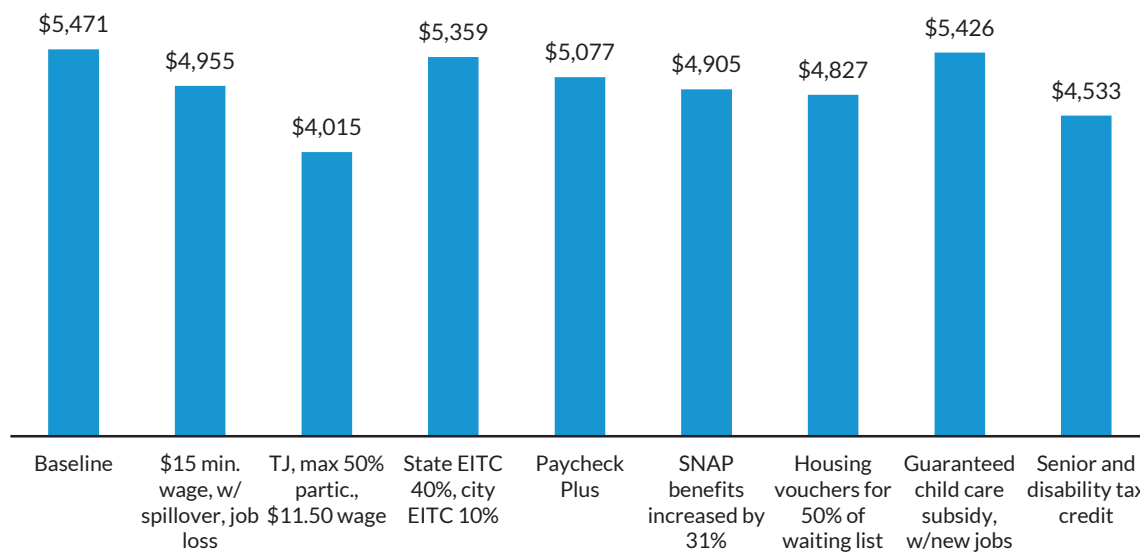
Another way of measuring the antipoverty impact is through a concept called the “poverty gap.” The poverty gap is the total amount of money by which the incomes of poor families fall below their poverty thresholds. In other words, if one family has income \$500 below the threshold, another has income \$1,000 below, a third has income \$5,000 below the poverty threshold, and so on, all those amounts are added together, and the result is the poverty gap. Even if a policy does not raise a particular family’s income high enough for the family to become nonpoor, the policy might still bring the family *closer* to the poverty threshold, thereby reducing the poverty gap.

We estimate that the poverty gap for NYC families in 2012 was almost \$5.5 billion. Each policy reduced the poverty gap (figure 20). The policy producing the single largest reduction in the poverty gap was the transitional jobs program. When we assumed that half of poor nonworkers would take a TJ and when we assumed an hourly wage of \$11.50, the poverty gap was reduced to \$4.0 billion. This reduction is 27 percent from the baseline level of the poverty gap, very similar to the 26 percent reduction that the TJ policy produced in the number of poor people (from 21.4 percent to 15.9 percent, a drop of 26 percent).

FIGURE 20

Poverty Gap for NYC Families, 2012, Baseline vs. Alternative Policies

Modified-SPM definition of poverty



Notes: EITC = earned income tax credit; partic. = participation; SNAP = Supplemental Nutritional Assistance Program; SPM = Supplemental Poverty Measurement; TJ = transitional jobs.

For some other policies, the relative effects on the poverty count and the poverty gap were different. For example, a minimum wage of \$15 was estimated to reduce the number of poor people by

17 percent but to reduce the poverty gap by 9 percent. This finding suggests that the people who were brought out of poverty were relatively close to the poverty threshold. In contrast, the housing voucher policy had a bigger effect on the poverty gap (a 12 percent reduction) than the poverty count (a 7 percent reduction). That finding is consistent with the earlier observation that the housing voucher policy had a substantial effect on deep poverty; some families with very low resources could have received a large boost from a housing voucher, thereby reducing the depth of their poverty even if not raising them over the poverty threshold.

Costs of Individual Policies

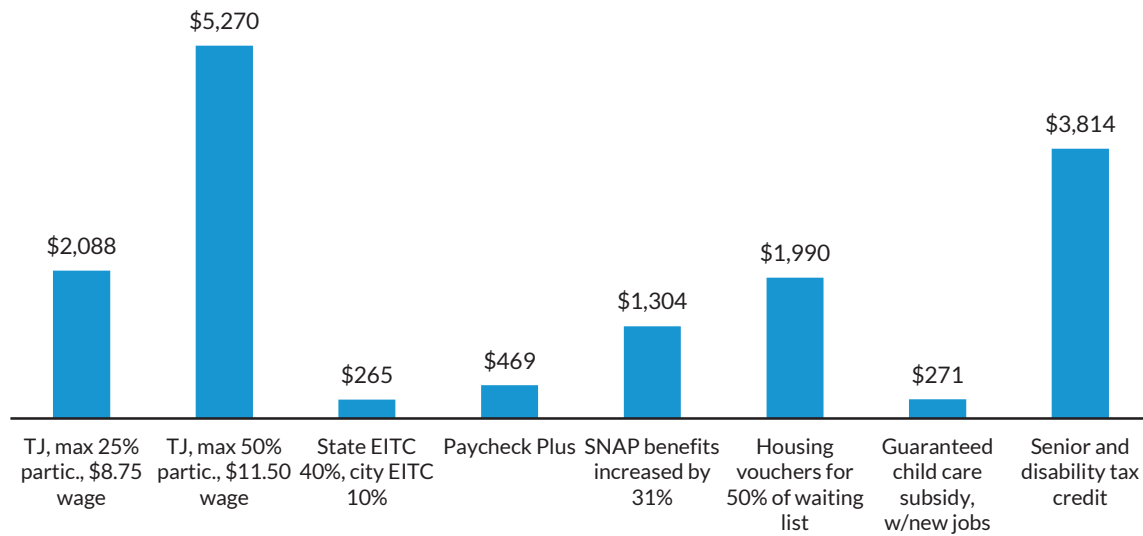
All of the policies would either affect direct spending on safety net programs or affect tax collections. Four of the policies—transitional jobs, guaranteed child care subsidies, new housing vouchers, and increased SNAP benefits—would either increase the costs of existing elements of the safety net or add a new program. Both earnings supplements and the senior and disability tax credit would reduce tax revenues. Several policies would interact with other programs; for example, some of the direct costs of providing transitional jobs would be recouped because people with new earnings might be eligible for lower benefits. Also, when new jobs are modeled as a response to either increased earnings supplements or child care subsidies, safety net spending declines and tax payments rise for some families. The simulation can estimate these aspects of costs but cannot estimate other aspects. In particular, this analysis does not attempt to estimate administrative costs. Also, potential Medicaid program savings are not captured. Finally, when the TJ program is modeled, we do not estimate whether there might be savings from scaling back other jobs-related programs.

With that definition of costs, the two lowest-cost policies are estimated to be the increases in the state and city EITC percentages and the guaranteed child care subsidies (figure 21). The most expensive of the modeled policies was the transitional jobs program, although the costs vary markedly with the assumptions. When we assume a take-up rate of 25 percent for poor nonworkers and a wage of \$8.75, the one-year direct cost of the TJ program is \$2.7 billion (not counting administrative costs). When we assume 50 percent take-up for the poor nonworkers and a wage of \$11.50, the costs rise substantially, to \$7.4 billion. However, the new jobs mean that many families will receive less in safety net benefits and will pay more payroll taxes. Moreover, some will pay more in income tax. On net, the TJ simulation with the 50 percent take-up assumption and a wage of \$11.50 is estimated to increase net government costs by \$5.3 billion. (Note that figures for government costs include federal, state, and local spending.)

FIGURE 21

Cost of New Benefits in New York City

Millions, 2012 dollars

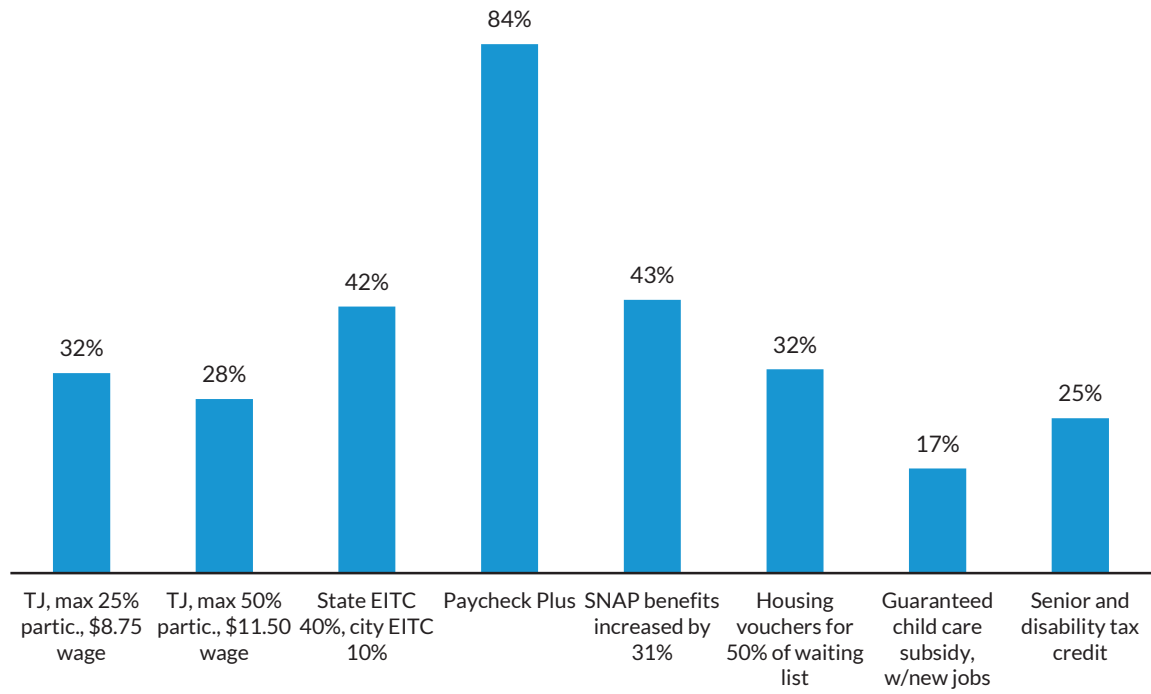


Notes: EITC = earned income tax credit; partic. = participation; SNAP = Supplemental Nutritional Assistance Program; SPM = Supplemental Poverty Measurement; TJ = transitional jobs.

The magnitude of the costs can be considered in different ways. One way is to compare the reduction in the poverty gap produced by a policy to the costs of the policy. Conceptually, that answers the following question: Of every new dollar spent, how many cents go toward reducing the poverty gap? The policy that shows the highest percentage of costs going to reduce the poverty gap is the Paycheck Plus program. The taxpayers helped by Paycheck Plus are almost all in poverty, according to our modified SPM. In the case of the SNAP benefit increase and the increase in state and city EITC percentages, more than 40 percent of new spending reduces the poverty gap, whereas the rest either raises families further over the poverty threshold or helps families that are not in poverty, according to this definition (figure 22). The analysis of each other policy shows that one-third or less of the new (net) spending reduces the poverty gap. Benefits accrue to people over the poverty limit for many reasons, including differences between monthly and annual income, complex household and family relationships, and differences between the income and family definitions for program purposes compared with the definitions used in assessing poverty. More generally, any program with benefits that do not cut off at or before the poverty level for each family will have some portion of its funds raising family incomes above those levels. (We do not compare government costs to the poverty gap change for the minimum wage increases because there are no direct government expenditures; however, a minimum wage increase could have effects on government costs because of broader effects on economic activity, either positive or negative.)

FIGURE 22

Reduction in Poverty Gap as Percentage of Increase in Government Costs



Notes: EITC = earned income tax credit; partic. = participation; SNAP = Supplemental Nutritional Assistance Program; SPM = Supplemental Poverty Measurement; TJ = transitional jobs.

Policies in Combination

As shown in the previous section, the policies had different effects on different subsets of poor New Yorkers. Obviously, for example, the senior and disability tax credit had very large effects on people age 65 and over, but gave minimal help to children. A less obvious example is that the Supplemental Nutrition Assistance Program (SNAP) increase benefited children the most and nonelderly adults the least. To test how different policies might work together to reduce poverty across subgroups, the three organizations sponsoring this work— FPWA, Catholic Charities, and UJA-Federation—selected three policy combinations from the individual components (figure 23).

FIGURE 23

Three Policy Combinations

	Combination 1	Combination 2	Combination 3
Transitional jobs	25% max. participation rate; \$9/hour	25% max. participation rate; \$13/hour	50% max. participation rate; \$15/hour
Earnings supplements	State EITC 40%, city EITC 10%	(no change)	Paycheck Plus
Minimum wage	(no change)	\$13/hour	\$15/hour
31% increase in SNAP benefits	Yes	Yes	Yes
Housing subsidies	(no change)	New subsidies for 25% of waiting list	New subsidies for 50% of waiting list
Guaranteed child care subsidies	Yes	Yes	Yes
Senior and disability tax credit	Yes	Yes	Yes

Notes: EITC = earned income tax credit; SNAP = Supplemental Nutritional Assistance Program.

All of the combinations include guaranteed child care subsidies, the 31 percent increase in SNAP maximum benefits, and the senior and disability tax credit. The first combination also includes the increase in the state and city earned income tax credit (EITC) percentages and a transitional job (TJ) program with the lower participation rate assumption, but it does not include an increase in housing subsidies or in the minimum wage. The second combination includes no earnings supplement increase but provides housing subsidies for 25 percent of the waiting list and assumes that the minimum wage is increased to \$13 per hour. The third combination is the most extensive, raising the minimum wage to \$15 per hour and providing housing vouchers to 50 percent of the waiting list; this combination does not alter the state and city EITC percentages but does implement the Paycheck Plus program.

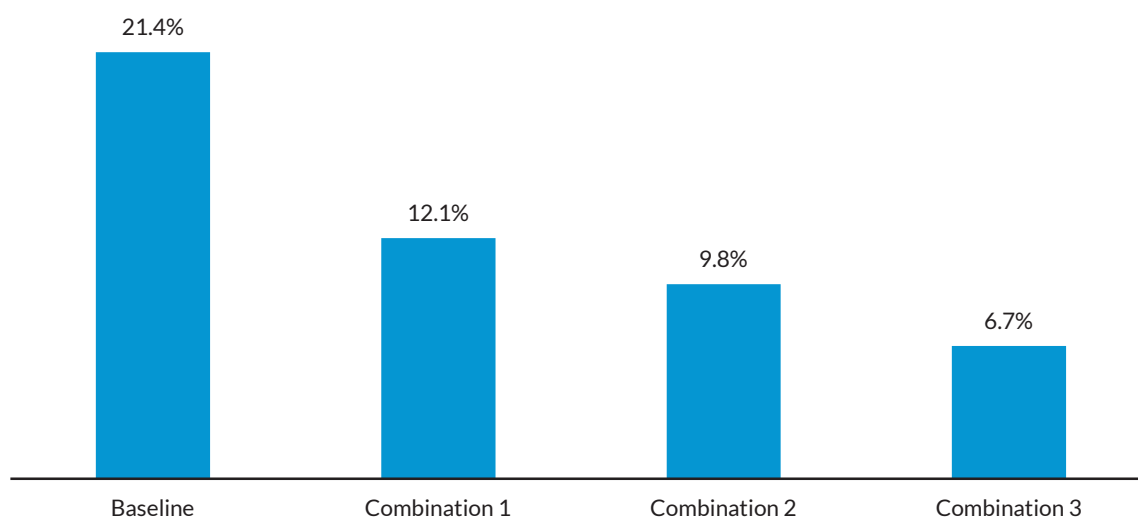
Poverty Impacts of Policies in Combination

The policy combinations result in very large reductions in NYC poverty. Starting from the baseline poverty rate of 21.4 percent, poverty falls to 12.1 percent under the first combination, 9.8 percent under the second combination, and 6.7 percent under the third combination (figure 24). The poverty result under combination 3 represents a drop of more than two-thirds from the baseline level.

FIGURE 24

Effect of Packages of Policies on New York City Poverty

Modified-SPM definition of poverty



Note: SPM = Supplemental Poverty Measure.

The poverty gap also falls substantially—from \$5.5 billion in the baseline to \$2.1 billion under combination 3 (figure 25). However, in percentage terms, the reduction in the poverty *rate* (the same as the percentage reduction in the number of poor people) is somewhat larger than the change in the poverty *gap*. For example, under the most extensive package (combination 3), the poverty rate falls by 69 percent, and the poverty gap falls by 62 percent.

FIGURE 25

Effect of Packages of Policies on the New York City Poverty Gap

Modified-SPM definition of poverty



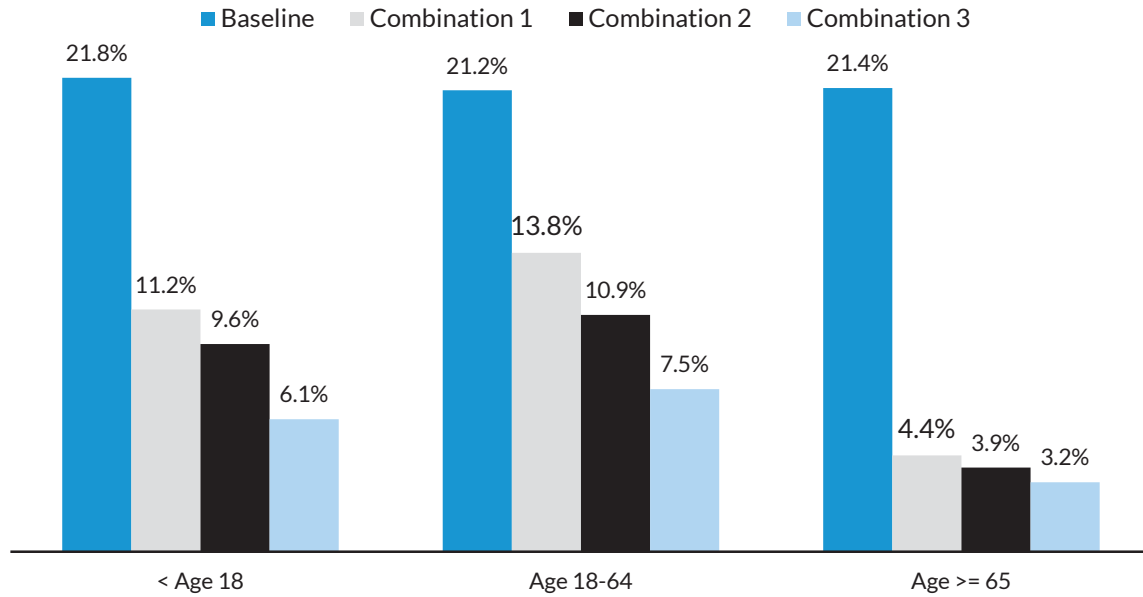
Note: SPM = Supplemental Poverty Measure.

The benefits of the policy packages are substantial for all age groups, but the packages have the greatest effect on people age 65 and older. Combination 3 reduces the poverty rate for people age 65 and older from the baseline level of 21.4 percent to 3.2 percent (figure 26). Under combination 3, the poverty rate for children is 6.1 percent, and the poverty rate for nonelderly adults is 7.5 percent. The particularly large effect for seniors is due to the inclusion in the analysis of the senior and disability tax credit, which is specifically designed to raise seniors' incomes to the poverty threshold.

FIGURE 26

Effect of Packages of Policies on the New York City Poverty Rate, by Age Group

Modified-SPM definition of poverty



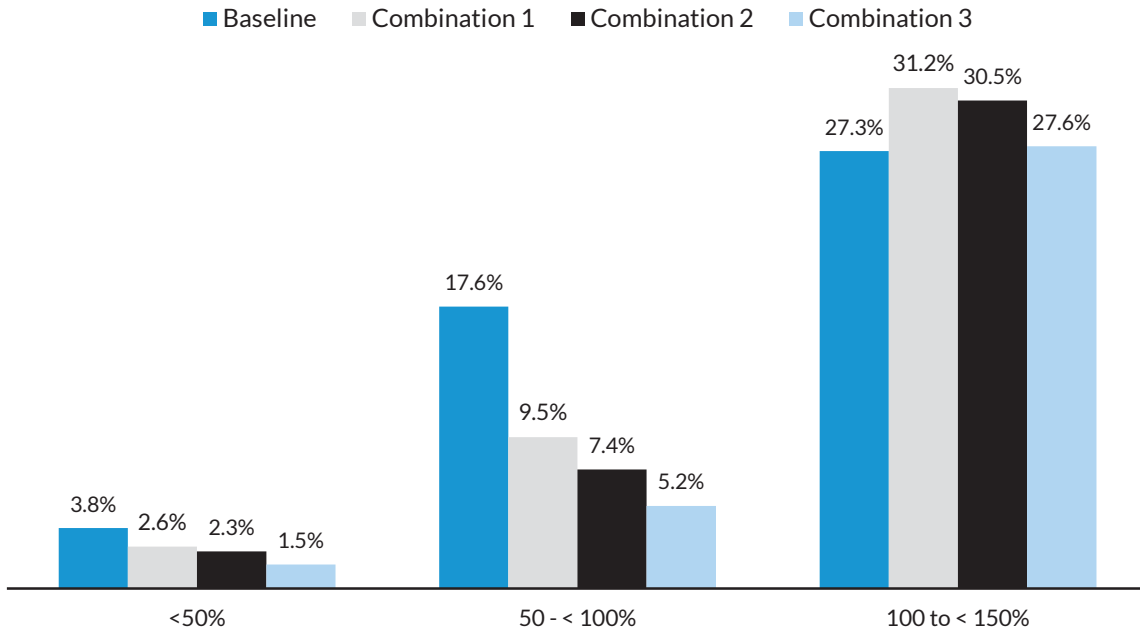
Note: SPM = Supplemental Poverty Measure.

Each policy combination greatly reduces both the number of people in deep poverty (resources below half of the poverty threshold) and the number of people with income of at least half the threshold but still below it (figure 27). However, the relative reductions are somewhat smaller for those in deep poverty. For example, combination 3 reduces the rate of deep poverty from 3.8 to 1.5 percent (a drop of 60 percent), and reduces the percentage of people at 50 to 100 percent of the poverty threshold from 17.6 to 5.2 percent (a drop of 71 percent). Under the first and second combinations, there is a noticeable increase in the percentage of the city’s residents in families at 100 to 150 percent of the poverty threshold. This increase occurs because the number of people who are raised from below the poverty threshold to somewhere above it—but still below 150 percent of the threshold—is larger than the number who are raised from the 100 to 150 percent range to somewhere above 150 percent of the poverty threshold. However, in the third combination, there is only a small increase in the percentage of the population in the range from 100 to 150 percent of the poverty threshold (from 27.3 percent to 27.6 percent). That means that in the third combination, the number of people moving from below poverty to near poverty was almost matched by the number whose resources were raised over 150 percent of the poverty threshold.

FIGURE 27

Effect of Packages of Policies on the Percentage of People in New York City in Different Poverty Ranges

Modified-SPM definition of poverty



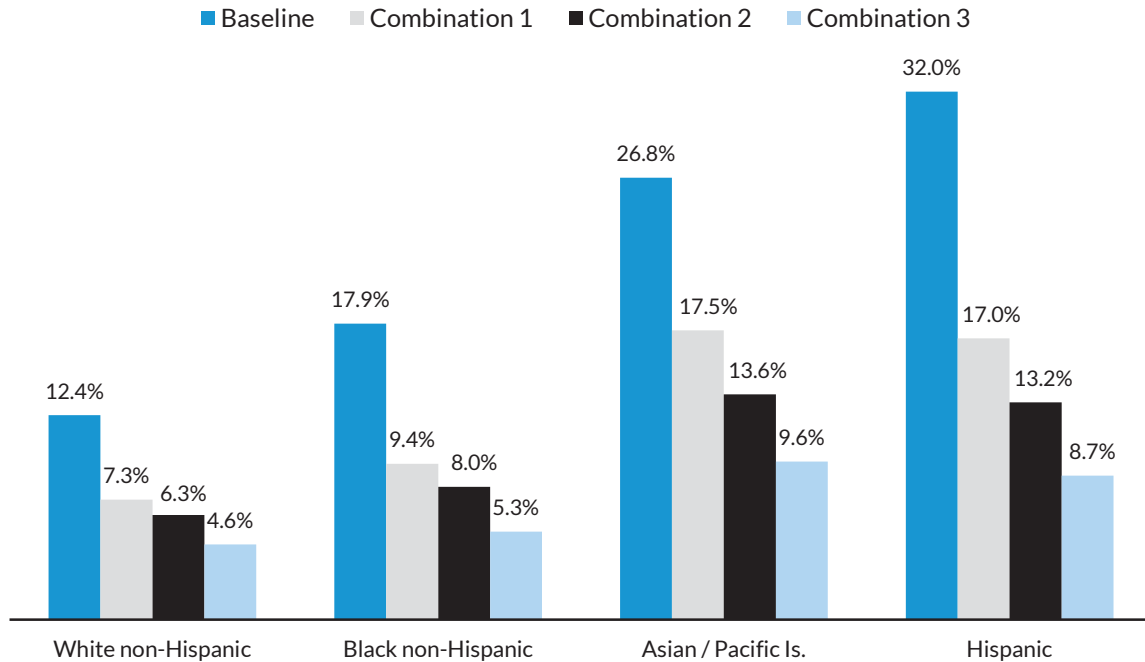
Note: SPM = Supplemental Poverty Measure.

There are substantial effects on all racial or ethnic subgroups that can be analyzed separately, with the biggest percentage reductions in poverty for people who identify as Hispanic (figure 28). Under combination 3, the poverty rate falls from 32.0 percent to 8.7 percent for Hispanics, a drop of 73 percent.

FIGURE 28

Effect of Packages of Policies on the New York City Poverty Rate, by Race or Ethnicity

Modified-SPM definition of poverty

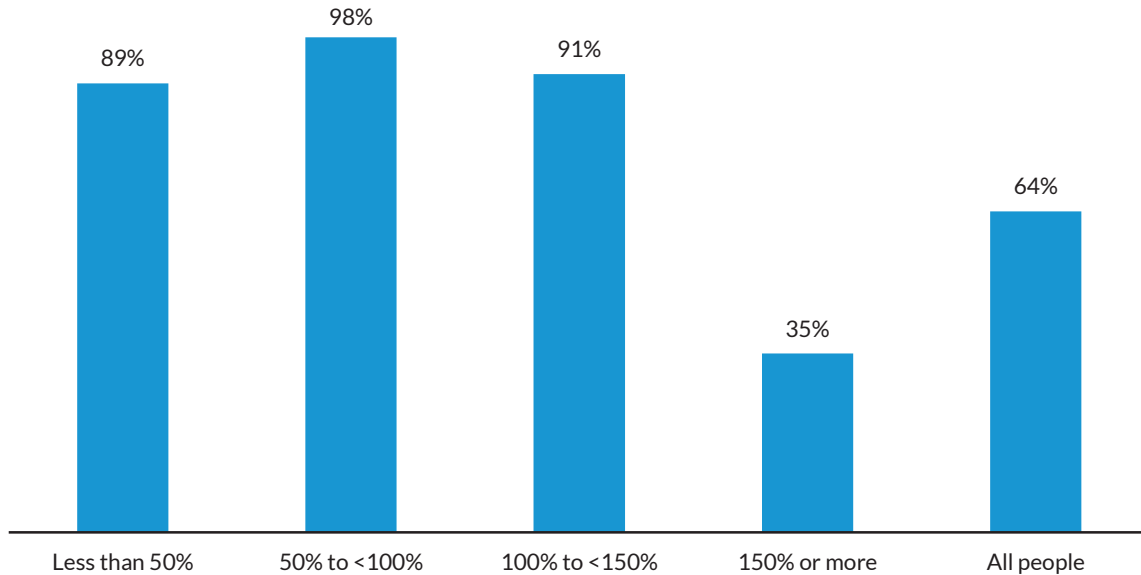


Note: SPM = Supplemental Poverty Measure.

The large antipoverty impacts of the policy combinations are due in part to the fact that the great majority of low-income NYC residents are affected by at least one component of the combinations. In the case of Combination 3, 89 percent of people in deep poverty are either personally affected or live in a family in which someone is affected by at least one of the policies (figure 29). Among people at 50 to 100 percent of poverty in the baseline, 98 percent are affected by at least one policy, as are 91 percent of people in families with resources from 100 to 150 percent of poverty. This policy combination affects all families receiving SNAP or with an elderly or disabled member receiving SSI or Social Security, almost all families with low-wage workers, and additional families with an unemployed or underemployed member, or that are eligible for housing or child care subsidies. Thus, only a minority of low-income families are *not* affected by Combination 3. In aggregate terms, the policies in Combination 3 affect 5.2 million New Yorkers, including 0.3 million people in deep poverty, 1.4 million people with family income from 50 to 100 percent of poverty, and 3.5 million people with income above the modified-SPM poverty level. As discussed earlier, the policies affect people over the poverty limit for many reasons; for example, a nonpoor family could have someone who takes a TJ position or who is helped by the minimum wage increase.

FIGURE 29

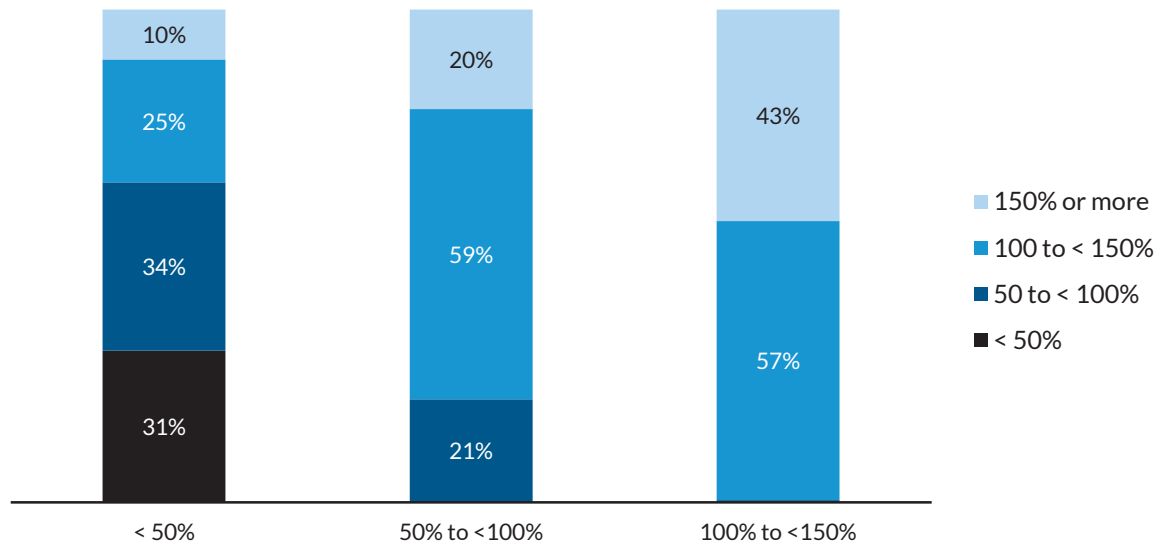
Percent of New York City Residents Affected by at Least One Policy in Combination 3, by Baseline Percent of Poverty



Some of the individuals affected by the Combination 3 policies see their family incomes raised well above the starting levels. Among people who were in deep poverty in the baseline and who are affected by Combination 3, 35 percent are raised above the poverty threshold (figure 30), although 31 percent remain in deep poverty. Among people with family income from 50 to 100 percent of poverty in the baseline who are affected by Combination 3, 79 percent have family income over 100 percent of poverty after that package of policies has been imposed. (About 20,000 people are in families in which income falls to a *lower* percent-of-poverty category—generally because of the job loss modeled as part of the minimum wage expansion; those numbers are too small to appear in the graph.)

FIGURE 30

Among People Affected by Combination 3, Percent Distribution by Percent of Poverty after the Policies, by Baseline Percent of Poverty



Costs of Policies in Combination

The costs of the policy packages can be counted by summing up the various changes in the different programs and by considering both elements that increase costs (for example, new TJ wages and higher SNAP benefits would increase costs) and those that reduce costs (for example, new TJ wages would mean that some families were eligible for lower Temporary Assistance to Needy Families benefits). Also, any policy with new wages means that some families would owe higher taxes; hence, the higher taxes could offset part of the cost of benefit increases. The caveats mentioned earlier regarding the estimated costs of the individual policies are also important to keep in mind in considering the estimated costs of the policy packages. Most important, the model cannot estimate administrative costs or broader interactions, such as any impacts caused by how a minimum wage increase would affect businesses, either positively or negatively. The model also does not estimate any savings related to Medicaid or other health programs, and it does not assess whether a TJ program might cause some other employment-related programs to be scaled back. Also, these overall cost estimates do not separate costs that would be paid by different levels of government, because that would depend in part

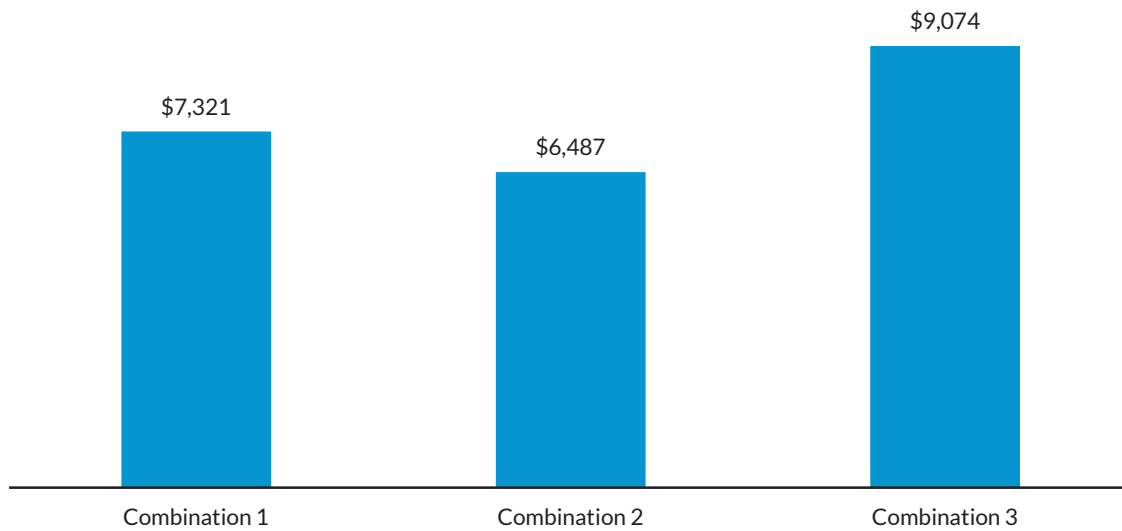
on how the policies are implemented. (See the appendix for program-by-program cost changes that can be used to consider cost impacts for different levels of government.)

With those caveats in mind, the first policy package is estimated to cost \$7.3 billion, the second \$6.5 billion, and the third \$9.1 billion (figure 31).

FIGURE 31

Government Costs of Implementing Policy Packages in New York City

Millions, 2012 dollars

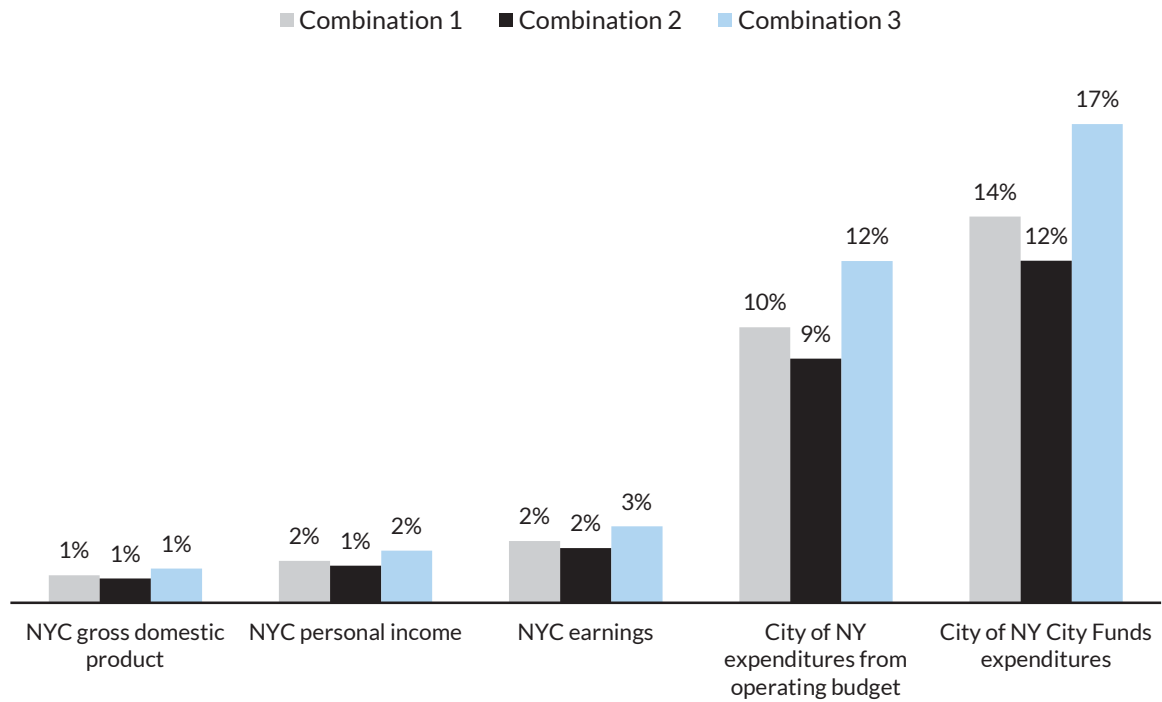


The *lower* estimated cost of combination 2 (relative to combination 1) is due to the fact that combination 2 includes a higher minimum wage (\$13 per hour), which means that more money is collected in taxes (primarily payroll taxes) and that some families that receive higher wages experience reductions in their safety net benefits.

One way to consider the magnitude of these costs is to consider them relative to other financial figures in New York City (figure 32). The cost of the entire package of policies equals about 1 percent of NYC gross domestic product, 1 to 2 percent of NYC personal income, and 2 to 3 percent of aggregate earnings in the city. The aggregate net costs of the policy combinations (across all levels of government) equal 9 to 12 percent of NYC operating budget expenditures and 12 to 17 percent of expenditures from NYC funds.

FIGURE 32

Estimated Cost of Policy Combinations as a Percentage of Other NYC Financial Measures



Note: The NYC financial figures were provided in personal communication from James Parrott of the Fiscal Policy Institute.

Conclusions and Caveats

The packages of policies tested by the Federation of Protestant Welfare Agencies, Catholic Charities of the Archdiocese of New York, and UJA-Federation of New York all have very substantial effects on poverty in New York City. The most extensive combination—which increases SNAP benefits, housing vouchers, and child care subsidies; creates a senior and disability tax credit as well as a TJ program with 50 percent take-up by unemployed people below the poverty level; institutes the Paycheck Plus program; and increases the minimum wage to \$15 an hour—reduces poverty by more than two-thirds. The number of people in poverty falls from 21.4 percent to 6.7 percent. Poverty falls the most for seniors (by 85 percent) and Hispanics (by 73 percent), but it falls markedly for all subgroups of New York City’s population.

The two individual policies that take the most people out of poverty are the TJ program with the 50 percent take-up assumption, which reduces total NYC poverty by 26 percent, and the senior and disability tax credit, which reduces poverty by 24 percent. These two policies have a very different effect on different age groups. The TJ program primarily helps nonelderly adults and children living with those adults, whereas the senior and disability tax credit has the greatest relative effect on people age 65 and older.

The costs of the policies are substantial. The costs of a less-extensive policy package—increasing SNAP benefits and child care subsidies, creating the senior and disability tax credit, creating the TJ program but assuming lower take-up, and increasing the state and city EITC percentages—are estimated to be \$7.3 billion. The costs of the most extensive combination are \$9.1 billion.

All these estimates should be considered in the context of the limitations of the analysis. The estimated near-term effects could differ from the true effects due to differences between New York City’s population today versus the population in 2012, due to our imperfect knowledge of how people’s behavior might change and because of the effects of whatever approach is used to pay for the new policies. Also, effects in the long run could differ from those in the short run, especially if less near-term poverty helps more of today’s children avoid poverty in adulthood.

Although subject to some uncertainty, the findings are consistent with what has been found in other Transfer Income Model-based research. They show that a package of policies can greatly reduce the number of people living in poverty. Further work could delve deeper into the synergies across policies and the different effects of alternative combinations of policies.

Appendix A: TRIM3 Simulation Methods and Baseline Data

Estimating the antipoverty impacts of policy changes requires detailed information on NYC households, including their demographic characteristics, income, employment status, receipt of government benefits, and tax payments. Starting from the US Census Bureau's 2012 American Community Survey (ACS) data for New York City, we used the TRIM3 (Transfer Income Model version 3) microsimulation model to add missing information and to augment some incompletely reported information. The procedures result in the baseline data that provide the foundation for the antipoverty analysis. This appendix provides more information about the ACS data and the TRIM3 adjustments and compares the baseline data for the major benefit and tax programs with actual tax and benefit amounts.¹⁷

The ACS Data

This analysis is based on the 26,443 NYC households that responded to the ACS during 2012. These households give a representative sample of the 3.086 million households and 8.156 million people living in the Bronx, Brooklyn, Manhattan, Queens, and Staten Island.¹⁸ The analysis does not include the 0.186 million NYC residents living in group quarters—such as university student housing, nursing facilities, correctional facilities, and homeless shelters.

The ACS surveys a different group of households during each month of the year, asking people to report their current demographic characteristics and their income in the 12 months before the survey. That means that households surveyed at the start of the year reported their 2011 income and those surveyed at the end reported their 2012 income. We follow the recommendation of the US Census Bureau and apply a small adjustment factor so that, on average, the incomes can be treated as representing 2012 levels.

We obtained the ACS data from the Integrated Public Use Microdata Series (IPUMS) project of the University of Minnesota (Ruggles et al. 2000). ACS survey respondents are asked only to report each household member's relationship to the household head, but more detail is needed for many types of analyses. Therefore, IPUMS demographers have developed methods to impute information on other household relationships—in particular, the relationships among people who are unrelated to the household head. The TRIM3 model uses that detail in computing tax and benefit amounts.

TRIM3 Data Preparation

Three other imputations were required before modeling the benefit and tax programs: assigning a specific immigrant status to each noncitizen, adjusting ACS-reported unearned income amounts, and distributing ACS-reported earnings and other income amounts across the year.

Immigrant Status Imputations

The ACS identifies noncitizens, but it does not ask noncitizens their specific immigrant status. However, noncitizens' status affects their eligibility for benefit programs. In particular, temporary residents and unauthorized residents are ineligible for most benefits. Among legally authorized immigrants, eligibility policies for legal permanent residents (LPRs) may differ from policies for refugees or asylees. We used a multistep process to impute an immigrant status to each of the 1.465 million NYC noncitizens, as follows:

- Identify which noncitizens appear to be in the United States temporarily as students or diplomatic workers.
- Identify individuals whose country of origin and year of arrival suggest that they are refugees or asylees.
- Among the remaining noncitizens (who might be LPRs or might be unauthorized), do as follows:
 - » Identify those who must be LPRs because they are in an occupation (e.g. police officer) that would not be open to an unauthorized immigrant.
 - » Identify those who must be LPRs because they report a type of benefit that would not be available to an unauthorized immigrant.
 - » Among the remainder, use probabilities to assign some as unauthorized and some as LPRs. The probabilities vary by age, country of origin, and state.¹⁹
 - » For intrafamily consistency, ensure that individuals within a family who arrived from the same country in the same year have the same status. Also, the spouse of a citizen is never assigned as unauthorized.

The outline of the approach—deterministic identification of temporary residents, refugees or asylees, and people who must be legal residents given their characteristics, followed by probabilistic

assignment of unauthorized immigrants—follows methods originally developed by Jeffrey Passel and Rebecca Clark at the Urban Institute and subsequently refined (see Passel, Van Hook, and Bean 2004).

The procedures result in assigning noncitizens as follows:

- LPRs: 0.865 million
- Refugees or asylees: 0.041 million
- Temporary immigrants: 0.053 million
- Unauthorized immigrants: 0.506 million

The assignments were adjusted so as to come very close to the demographic estimate that a half-million NYC residents are unauthorized (Fiscal Policy Institute 2007).

Initial Processing of Unearned Income

Several initial steps are required related to the unearned income amounts reported in the ACS data. These steps include addressing apparent confusion between ACS-reported Supplemental Security Income (SSI) and Social Security income; separating the amount of public assistance income reported in the survey between Temporary Assistance to Needy Families (TANF) benefits and other welfare benefits; and separating “other” income into three components: unemployment insurance (UI) benefits, child support, and a remainder.

SSI is reported separately in the ACS data, but many reported amounts exceed the maximum annual SSI benefit that an individual or couple could receive, suggesting confusion with Social Security. A logical edit reassigns some very high reported SSI amounts as Social Security. SSI is also reassigned as Social Security if the recipient’s other income suggests that the person could not have been eligible for SSI.

TANF benefits are reported in response to an item that asks about “any public assistance or welfare payments from the state or local welfare office.” We consider this amount to be TANF if the family has dependent children and appears eligible for benefits given the family members’ characteristics and other income; otherwise, the reported amount is considered “other welfare.”

The final income question in the ACS survey (following questions about earnings, interest, and other asset-based income, Social Security, SSI, welfare, and retirement income) asks for any other type of cash income. This income could include unemployment benefits, child support, veterans’ benefits,

alimony, worker's compensation, and other types of unearned income. It is important to the modeling to separately identify unemployment compensation and child support. We use regression techniques to predict the share of this "other income" likely to be unemployment benefits and the share likely to be child support income.²⁰ The remainder is left as a combined "other income" amount.

Distributing Work and Income across the Year

The ACS collects information on each person's weeks of work during the year in ranges (0–13, 14–26, 27–39, 40–47, 48–49, or 50–52) and also asks about annual earnings. However, TRIM3's simulation of benefit programs generally operates on a monthly basis, capturing the fact that a family may be eligible for a benefit in only part of a year or that a family may be eligible for different levels of benefits in different months of the year. TRIM3 first imputes a specific number of weeks of work to each worker, within the reported range. The imputation uses data on employed NYC residents sampled in the spring 2009 through spring 2012 Current Population Survey, Annual Social and Economic Supplements (CPS-ASEC); the CPS-ASEC asks about exact weeks of work. Once a specific number of weeks of work has been imputed, a starting month is randomly chosen, and the weeks of work are assigned consecutively beginning in that month ("wrapping around" to January if needed). The ACS-reported annual earnings amounts are assigned to the months based on the imputed weeks of work in each month, assuming the same hours of work and the same hourly wage in all weeks of work during the year.

Different procedures are used to distribute unearned income amounts across the months. For several types of unearned income—Social Security, retirement income, the combined amount of interest and other asset-based income, the portion of welfare income that does not appear to be TANF, and the portion of other income that does not appear to be either UI benefits or child support—we divide the annual amount into 12 equal monthly portions. The portion of ACS-reported other income that appears to be child support is allocated across the months of the year by first imputing a number of months of receipt using probabilities derived from Survey of Income and Program Participation (SIPP) data (the probabilities vary by the annual amount and by TANF receipt status) and then assigning the selected number of months to specific months of the year, beginning with a randomly selected starting month. Monthly amounts of SSI, TANF, and UI are generated by the TRIM3 simulations of those programs.

TRIM3 Baseline Simulations

The TRIM3 microsimulation model is applied to the NYC ACS data to simulate each of the major benefit and tax programs affecting NYC households:

Benefit programs

- SSI income
- TANF income
- Child care subsidies and copayments, as well as unsubsidized child care expenses
- Housing subsidies
- Supplemental Nutritional Assistance Program (SNAP) benefits
- Low Income Home Energy Assistance Program (LIHEAP) benefits
- Women, Infants, and Children's (WIC) benefits

Tax programs

- Payroll taxes
- Federal income taxes
- State income taxes
- NYC income taxes

The simulations produce a set of baseline data that come as close to possible to actual data on program caseloads, benefits, tax liabilities, and tax credits. The model also imputes work-related child care expenses and follows Census Bureau procedures to assign the amount of other work expenses. After all of these procedures, the augmented ACS data are used to calculate the starting point level of poverty and to provide the foundation for simulating the alternative policies.

TRIM3 is a highly developed, comprehensive model that has been used for more than 40 years to study programs affecting US households.²¹ The simulation model applies the rules of government tax and benefit programs to each household in the survey data, one at a time. For example, a family's level of SNAP benefits (which is not included in the survey) is simulated by following the same steps that would be followed by a caseworker to compute benefits. Program by program, the model fills in pieces

of information that were not included in the survey and adjusts for underreporting of other elements. Further details on TRIM3 simulation methods are available on the TRIM3 project's website, <http://trim3.urban.org>.

Simulating Benefit Programs

TRIM3 is used to simulate seven benefit programs: SSI, TANF, SNAP, housing subsidies, LIHEAP, WIC, and child care subsidies. Information on all of these programs is needed to compute a family's resources for purposes of the expanded poverty measure and to capture the full effects of the hypothetical policies. As mentioned previously, SSI and TANF are reported in the ACS. However, the aggregate amounts fall short of the actual amounts paid to NYC residents. For example, despite the fact that some people appear to misreport Social Security income as SSI, a total of \$1.9 billion in SSI is reported in the NYC ACS data, well short of the \$2.9 billion actual figure for non-institutionalized NYC residents (table A.1). In the case of SNAP, the ACS asks if SNAP benefits were received by the household but does not ask for the amount. The ACS has no information on the other simulated benefit programs—child care subsidies, housing subsidies, LIHEAP, and WIC.

The same general procedures are used to simulate all of the government benefit programs. In each case, TRIM3 first estimates eligibility and potential benefits, using the eligibility and benefits policies in place in New York City during 2012. This procedure includes modeling of each program's policies for filing units, income, deductions, eligibility tests, and benefit or copayment computation.²² For all programs except LIHEAP, the simulation operates on a monthly basis, thereby capturing the fact that a family's eligibility or benefit level may vary across months of the year.

Each program's caseload is selected from among the eligible individuals or families, coming as close as possible to the real-world caseload's size and characteristics. In developing the caseload for the programs that are captured to some extent in the ACS data (TANF, SSI, and SNAP), individuals or families who appear eligible and who reported the income form the foundation of the simulated caseload, and additional recipients are identified from among the eligible individuals or families who did not already report the benefit.

TABLE A.1

TRIM-Simulated Benefit Data vs. ACS Data and Targets: New York City, 2012

	ACS reported benefits	TRIM- simulated	Admin. data	TRIM as % of admin. data
SSI (noninstitutionalized; includes state supplements)				
Average monthly caseload (thousands of people)		398	400	99.6
Adults		351	352	99.7%
Children		48	48	98.6%
Annual benefits, adults + children (millions)	\$1,892	\$2,656	\$2,886	92.0%
TANF (including maintenance of effort and safety net)				
Average monthly caseload (thousands of units)		98.2	99.2	99.1%
Child-only units (thousands)		32.9	33.1	99.3%
Distribution of child-only units by reason				
No parent in household		11%	11%	101.8%
Parent receiving SSI		32%	31%	101.9%
Parent an ineligible immigrant		57%	58%	98.6%
With earnings		17.9%	18.5%	96.7%
Average monthly adults (thousands)		71.5	76.1	93.9%
Annual benefits (millions) ^a	\$264.0	\$733.9	\$726.3	101.0%
SNAP				
Average monthly units (thousands)	652	1,015	1,011	100.4%
Average monthly persons (thousands)		2,016	1,837	109.7%
Annual benefits (millions)	NA	\$3,191	\$3,433	93.0%
Public and subsidized housing				
Ever-subsidized households (thousands)	NA	369	370	99.8%
Ever-subsidized households by characteristics (overlapping)				
Elderly head or spouse		140	141	99.3%
Disabled head or spouse		57	60	95.8%
Household containing children		144	130	111.5%
Female head with children		106	115	92.7%
Average size of household		2.3	2.2	106.0%
Average monthly rental payment		417	373	111.8%
Annual value of subsidy (millions)		\$4,447		
Annual spending (millions)			\$3,707	
LIHEAP				
Assisted households (thousands of households)	NA	855.0	869.7	98.3%
Annual benefits (millions)		\$30.6	\$30.6	100.2%
WIC (mothers, infants, children)				
Average monthly recipients, 0–4 years, (thousands)	NA	215.7		—
Average monthly recipients, mothers (thousands)		25.7		—
Annual value of benefits, pre-rebate (millions)		\$221.7		—

TABLE A.1, CONTINUED

	ACS reported benefits	TRIM-simulated	Admin. data	TRIM as % of admin. data
Child care subsidies				
Average monthly children with subsidies (thousands)		97.6	98.3	99.3%
Average monthly families with subsidies (thousands)		60.2	—	—
Aggregate copayment (millions)		\$40.2	—	—
Average non-\$0 copay		\$56	—	—
Average non-\$0 copay as % of income (units with adults and income)		8.8%	—	—
Percentage of subsidized children by care type				
Center		44%	46%	95.3%
Family day care		28%	28%	99.7%
Informal setting		28%	26%	108.6%
Simulated subsidy (millions)	NA	\$580.8		--
Child care expenses, total, unsubsidized and subsidized				
Percent with expenses, families with children < 15 years		24.6%	25.4%	—
Average non-\$0 monthly expenses, families with children < 15 years	NA	\$790	\$1,770	—

Administrative data sources:

SSI: "SSI Recipients by State and County," December 2012, http://www.ssa.gov/policy/docs/statcomps/ssi_sc/2012/ny.html. The administrative figure for SSI benefits includes an unknown amount of retroactive payments, which are not modeled in TRIM.

TANF: Office of Temporary and Disability Assistance (OTDA) statistics, July 2012,

<https://otda.ny.gov/resources/caseload/2012/2012-07-stats.pdf>; child-only detail from Mauldon, Speigman, Sogar, and Stagner (2012, exhibit 4.1).

SNAP: OTDA Participation Statistics, July 2012, table 16; estimated annual benefit is 12 times monthly figure.

Public and subsidized housing: US Department of Housing and Urban Development (HUD), "Picture of Subsidized Households," 2012, <http://www.huduser.org/portal/datasets/picture/yearlydata.html>. Data for New York City are adjusted to reflect occupied units. The target includes public and subsidized units receiving HUD funding, including public housing, Section 8 certificates and vouchers, Section 8 moderate rehabilitation, Section 8 new construction and substantial rehabilitation, Section 236 projects, and other multifamily assisted projects. The annual spending figure is based on the agency's average per household amount, which could differ from the subsidy value to the household.

LIHEAP: OTDA Statistics, September 2012, <http://otda.ny.gov/resources/caseload/2012/2012-09-stats.pdf>.

Child care subsidies: NYC administrative data, includes Child Care and Development Fund and other funding.

Child care expenses: NYC households in the Current Population Survey, Annual Social and Economic Supplement, average of data for current year 2011 and current year 2012.

Notes:

ACS = American Community Survey; LIHEAP = Low Income Home Energy Assistance Program; SNAP = Supplemental Nutritional Assistance Program; SSI = Supplemental Security Income; TANF = Temporary Assistance to Needy Families; TRIM = Transfer Income Model; WIC = Women, Infants, and Children nutrition program; NA = not available in the ACS data; — = no administrative data obtained.

^a For TANF, the ACS figure includes all amounts reported as "public assistance" in the ACS by families with children.

Simulating Tax Programs

The computation of the alternative poverty measure requires knowing an individual's payroll tax payments and an individual's income tax liability and tax credits under the federal, state, and city income tax systems. The payroll tax simulation is straightforward, computing the tax using an individual's earnings and type of employment.

Modeling income taxes is more complex, first requiring a determination of tax-filing units and dependency relationships. As with the modeling of benefit programs, the modeling of income taxes follows the actual policies as closely as possible. (Some income tax policies affecting primarily higher-income tax units are not modeled, such as deductions for individual retirement accounts.) The modeling of income taxes includes both refundable and nonrefundable credits at the federal, state, and city levels. Modeling of the baseline levels of earned income tax credits (EITCs) was particularly important for this project; some less prevalent city and state tax credits were not modeled because of resource constraints.

A key difference from the modeling of benefit programs is that the results of the tax simulations are not aligned to targets. Each family's tax liability is determined by the tax policies and the family's characteristics and income, and all families are assumed to pay all taxes owed.

Estimating Work Expenses

The definition of resources for the Supplemental Poverty Measure (SPM) subtracts from other resources two types of work expenses—child care expenses and other work expenses. In the case of child care expenses, we rely first on the simulation of subsidized child care; for a subsidized family, the child care expense equals the amount that the family would be required to pay in copayment under New York City policies. For an unsubsidized family, the presence and amount of child care expenses are imputed using statistical equations that were previously estimated using SIPP data. However, the key results of the equation—the portion of employed families with younger children that have positive expenses and the average amounts of expenses at various income levels—were aligned to come close to recent data from the CPS-ASEC on the child care expenses of NYC families.

Work expenses other than child care are imputed following the current Census Bureau procedure, which assumes a flat dollar amount of other work expenses per week of work, with no adjustments for geographic location, weekly hours of work, or weekly earnings. (However, the subtraction is capped at an individual's annual earnings.) The flat weekly amount—\$33.02—subtracts \$1,717 from the resources

of individuals who work a full year; the expenses are imputed on a person-by-person basis and can therefore sum to \$3,434 if a family has two full-year workers, \$5,151 if a family has three full-year workers, and so on.

Cross-Simulation Consistency

A key feature of the simulations is their internal consistency. Each simulation's results may be used by subsequent simulations, thereby creating a comprehensive and internally consistent picture of a family's income, benefits, and taxes. For example, SSI recipients (both those who reported SSI and those who were added by the simulation to reach program totals) are excluded from TANF units; the adjusted amounts of SSI, TANF, and unemployment benefits are used in computing cash income for purposes of SNAP benefits and child care subsidies; and the rent amounts imputed by the housing simulation are used to determine the SNAP excess shelter deduction.

Baseline Simulation Results

To provide the best estimate of the effects of alternative policies, it is important that the project uses data on New York City's population in which the incidence and amounts of various benefits and taxes are consistent with actual figures for 2012. Despite the level of detail included in the simulations, for at least three reasons we do not expect the simulated program data to *exactly* match 2012 program administrative data. First, the estimates are based on a survey rather than the full population. Second, the simulations cannot exactly capture all nuances of the programs. Third, as mentioned previously, the economic circumstances captured in the 2012 ACS data actually reflect a combination of calendar years 2011 and 2012.

Table A.1 compares the results of the TRIM3 benefit simulation procedures to program administrative data.

- SSI: The simulated caseload is extremely close to the administrative data target, both overall and for adults and children individually. The simulated aggregate benefits for SSI are 8 percent below the target, probably because the target includes retroactive benefits that are not modeled in TRIM3.
- TANF: The caseload is very close to the administrative data target, both overall and for various types of units. Simulated aggregate benefits are also within 1 percent of the target.

- SNAP: The simulated number of assistance units receiving SNAP is within 1 percent of the target, but the simulated assistance units are somewhat too large; this leads to the simulated number of individual recipients exceeding the target by 10 percent. However, the aggregate simulated benefits are 7 percent too low. Estimates are quite sensitive to assumptions regarding which household members are included in the SNAP unit. Also, to come close to the target for the total number of participating cases, we must exceed the target for the number of cases with earnings. These cases tend to qualify for lower benefits, thereby reducing our ability to come closer to the target for total benefits.
- Public and subsidized housing: The simulated caseload is very close to the administrative data target overall and is reasonably close to the targeted distribution by type of unit. The simulated average monthly rental payment exceeds the target by 12 percent.
- LIHEAP: The simulated caseload is 2 percent below the target.
- Child care subsidies: The simulated caseload is within 1 percent of the administrative data target. The distribution of the subsidized children by type of child care is also very close to the targeted distribution.

(A comparison is not shown for WIC because we were unable to obtain targets for the WIC program's caseload within New York City.)

Table A.2 shows the simulated tax results and compares those figures to available targets. *Note that the most recent targets available were for tax year 2011.* The simulated tax results are not as close to the administrative figures, as is the case for the benefit programs; as discussed earlier, the tax simulation results are not aligned: the tax results are determined solely by the reported incomes of the households in the data and by the tax computation rules as captured in the model. Key points are as follows:

- Federal income taxes: Added up across all NYC tax units in the simulation data, the model counts aggregate federal adjusted gross income (AGI) of \$236 billion. This amount is 10 percent below the target figure from the administrative data. The ACS data likely miss extremely high-income individuals.
- State income taxes: The model counts 10 percent more NYC tax units with positive or negative New York State income tax liability than the figure in the 2011 administrative data. The model's figure is 28 percent higher than the administrative figure for positive-tax units and 33 percent lower than the administrative figure for negative-tax units. The model's aggregate tax liability

figure is 29 percent short of target; as with the shortfall in federal income tax liability, the extent to which very high-income individuals are included in the survey data is likely a key factor. The model's estimate of units eligible for the state EITC is 18 percent short of the 2011 administrative figure; this finding is consistent with other survey-based modeling that finds fewer units eligible for EITCs than take the credit.

- City income taxes: The simulation's estimate of city tax liability is 14 percent below the 2011 target, and the estimate of units benefiting from the city EITC is 15 percent below the target.

TABLE A.2

TRIM-Simulated Tax Data: New York City, 2012

	TRIM-simulated	Admin. data (2011)	TRIM as % of admin. data
OASDI taxes on private sector wage and salary income, excluding railroad income			
Workers subject to OASDI tax (thousands)	3,871	—	—
Earnings subject to OASDI tax (millions)	\$166,300	—	—
OASDI and HI taxes paid by workers (millions)	\$9,880	—	—
Federal income taxes, returns, and liability			
Total AGI (millions)	\$236,060	\$261,684	90.2%
Number of positive-tax returns (thousands)	2,772	—	—
Total tax liability, positive-tax returns (millions)	\$32,851	—	—
Number of negative-tax returns (thousands)	723	—	—
Federal income tax credits			
Earned income tax credit			
Returns with credit (thousands)	763	—	—
Total credit (millions)	\$1,479	—	—
Child tax credit (nonrefundable portion)			
Returns with credit (thousands)	456	—	—
Total credit (millions)	\$547	—	—
Child tax credit (refundable portion)			
Returns with credit (thousands)	370	—	—
Total credit (millions)	\$505	—	—
Total child tax credit, amount (millions)	\$1,052	—	—
Child and dependent care tax credit			
Returns with credit (thousands)	110	—	—
Total credit (millions)	\$84	—	—
New York State income tax			
Number of returns (thousands), positive or negative	3,447	3,142	109.7%
Number of returns with positive tax liability	2,826	2,217	127.5%
Number of returns with negative tax liability	621	925	67.1%
Tax liability (millions)	\$9,975	\$14,083	70.8%
New York State earned income tax credit			
Returns with credit (thousands)	714	868	82.3%
Total credit (millions)	\$597	\$554	107.8%
City income tax			
Tax liability (millions)	\$6,236	\$7,216	86.4%
NYC earned income tax credit			
Returns with credit (thousands)	763	896	85.2%
Total credit (millions)	\$97	\$96	100.7%

Administrative data sources: Independent Budget Office, data compiled from PIT Sample File for 2011, Office of Tax Policy Analysis, New York State Department of Taxation and Finance.

Notes: AGI = adjusted gross income; HI = hospital insurance; OASDI = old age, survivor, and disability insurance (Social Security); — = no administrative data obtained.

Appendix B: Poverty Thresholds

The poverty threshold is the amount against which a family's resources are compared to determine whether the family is considered poor. Table B.1 shows poverty thresholds for three types of families: nonelderly individuals living alone, single parents with two children, and married couples with two children. The first row in the table shows the official poverty thresholds for these types of families; these thresholds are the same across the entire United States. The remaining rows show the modified-Supplemental Poverty Measure (SPM) thresholds for these family types that were used to assess NYC poverty in this analysis, including variation by housing tenure and by insurance status. The modified-SPM thresholds take into account that housing costs are higher in New York City than in most other places in the United States.

TABLE B.1
Variation in Poverty Thresholds by Family Type, Health Insurance Status and Housing Tenure, New York City, 2012

Type of threshold	Nonelderly Individual			Single Parent, Two Children			Married Couple, Two Children		
	Owns with mortgage	Owns without mortgage	Rents	Owns with mortgage	Owns without mortgage	Rents	Owns with mortgage	Owns without mortgage	Rents
Official poverty threshold ^a	11,945	11,945	11,945	18,498	18,498	18,498	23,283	23,283	23,283
FCSUM research poverty threshold, NYC ^b									
Private insurance	15,744	12,368	15,253	28,486	22,438	27,608	33,838	26,554	32,780
Public insurance	15,038	11,662	14,548	26,616	20,568	25,737	31,967	24,683	30,909
Uninsured	14,888	11,512	14,398	26,634	20,586	25,756	31,986	24,702	30,928

Sources: Official poverty threshold is from the US Census Bureau. Modified-SPM thresholds were calculated by the Urban Institute following Census Bureau methodology (Short 2011) applied to alternative thresholds developed by Thesia Garner and Marisa Gudrais.

Note: FCSUM = food, clothing, shelter, utilities, and medical out-of-pocket expenses.

^a The official poverty threshold is not adjusted by housing tenure, health insurance status, or geographic location.

^b The thresholds used for this analysis were developed by Thesia I. Garner and Marisa Gudrais of the Bureau of Labor Statistics as part of an exploration of alternative treatments of medical out-of-pocket expenditures in the SPM. The methods are described in Garner, Short, and Gudrais (2014). The 2012 thresholds and medical adjustment factors were obtained through personal communication with Thesia Garner.

Regardless of the family's composition, those who own their home but still have a mortgage have the highest thresholds (about 3 percent higher than for renters) and those who own their home with no mortgage have the lowest thresholds (19 to 20 percent lower). Thresholds are very similar for uninsured families and families with public insurance, but thresholds are from 6 to 9 percent higher for families with private insurance, since their out-of-pocket medical expenses are higher.

The thresholds vary by the same family composition factors used for the Census Bureau's SPM calculations, with variations by total family size and by the number of related children under age 18. For example, relative to the thresholds for a family with two parents and two children, the thresholds are 12 percent lower if there is only one child, and 11 percent higher if there are three children. The medical portion of the threshold is adjusted to reflect differences in insurance status (private, public, and uninsured), number of family members, and presence of an elderly family member.

Appendix C: Detailed Methods and Assumptions for the Policy Simulations

This appendix presents additional details on selected aspects of the implementation of several of the policy options, as follows:

- Transitional jobs simulations: participation assumptions
- Earnings supplements: credit amounts and employment effects
- Minimum wage simulations: identification of affected workers and job-loss assumptions
- Guaranteed child care subsidies: employment effects

Transitional Jobs Simulations: Participation Assumptions

As discussed in the text of the report, it was necessary to make an assumption about the extent to which individuals eligible for a transitional job (TJ) would choose to participate in the program. We simulated two options. In the option with lower take-up rates (table C.1), individuals who did not work at all during the year and who lived in families with income below the modified-Supplemental Poverty Measure (SPM) threshold had a 25 percent chance of taking a TJ. In the option with higher take-up rates (table C.2), those individuals had a 50 percent chance of taking a TJ. In both options, the probabilities declined as income rose, and they declined for individuals who already had part-time employment.

The simulation assumed that participants in the TJ program could include students, early retirees, and people with activity limitations. However, the model assumed that people with those characteristics would be less likely to participate than other individuals with the same family incomes and hours of work. Specifically, we assumed that for early retirees (individuals with pension income), the probability of working in a TJ would be one-quarter of the rate based on poverty level and hours of work; the rate for students would be one-half of the rate based on poverty and hours of work; and the rate for individuals with activity limitations would be three-quarters of the rate based on poverty and hours of work. These assumptions and the general approach to varying take-up on the basis of family

income and hours of work follow assumptions developed by Community Advocates Public Policy Institute (2012).

TABLE C.1

Lower Transitional Job Take-Up Rates

Family income as percentage of modified-Supplemental Poverty Measure threshold	Number of Hours Usually Worked per Week in Regular (Nontransitional) Jobs			
	0	1-16	17-24	25-32
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%

TABLE C.2

Higher Take-Up Rates

Family income as percentage of modified-Supplemental Poverty Measure threshold	Number of Average Hours Worked per Week in Regular (Nontransitional) Jobs			
	0	1 to 16	17 to 24	25 to 32
Up to 100%	50%	40%	20%	15%
101% to 150%	40%	30%	15%	10%
151% to 200%	30%	20%	10%	5%
201% to 250%	10%	5%	2%	0%
251% to 300%	2%	0%	0%	0%
Above 300%	1%	0%	0%	0%

Earnings Supplement Simulations: Credit Amounts and Employment Effects

As discussed in the text, we modeled two earnings supplement options—an increase in the state and city earned income tax credit (EITC) percentages from their current levels and a Paycheck Plus supplement. Table C.3 shows maximum EITC credit amounts under current law and the alternatives. (Not all tax units receive the maximum credit.)

TABLE C.3

Maximum EITC Values, Baseline and with Policy Changes

2014 values

	Maximum federal EITC	Maximum Combined NY State and NYC EITC			Maximum Paycheck Plus supplement
		Baseline (30% and 5%)	Alternative (40% and 10%)	Increase in maximum	
No children	\$496	\$174	\$248	\$74	\$2,000
1 child	\$3,305	\$1,157	\$1,653	\$496	\$0
2 children	\$5,460	\$1,911	\$2,730	\$819	\$0
3 children	\$6,143	\$2,150	\$3,072	\$921	\$0

The first column of the table shows the maximum federal EITC in 2014. The next set of columns shows the maximum combined value of the New York State and New York City EITCs, also in 2014. The maximum state and city EITCs under the first alternative policy—increasing the state percentage to 40 percent and the city percentage to 10 percent—is shown in the third column. The last column shows the 2014 value of the Paycheck Plus benefit. The simulation implemented the credits in 2012 dollars, for consistency with the 2012 dollars of the household data.

Both of the earnings supplement simulations assumed that some individuals would begin to work because the EITC increases an individual's effective wage. To estimate the total number of new workers, we used results from Grogger (2003), showing that a \$1,000 increase in the maximum credit 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. Specific methods for estimating the number of new workers were as follows:

- To model new employment due to the increase in the state and city EITCs, the first step was to estimate the average increase in credit due to the policy change. We started from the average federal EITC credit for families with children in the baseline simulation and applied the 15 percent increase in the combined state and city EITC credit to estimate an average increase of \$449. We reduced the estimated employment impact of 3.6 percentage points by the ratio of 449:1,000 and applied that to the total number of single-parent families with children in New York City, giving an estimate of about 8,000 new workers among single parents.
- To model new employment due to the Paycheck Plus program, we assumed that the impact of higher tax credits on the employment to population ratio would be smaller for the individuals without dependent children who are covered by this program than for the single parents examined in the Grogger research. Specifically, we assumed a 1.8 percent increase in the employment to population ratio for unmarried individuals without dependent children ages 21 to 64 in New York City, or an increase of about 40,000 workers.

Note that in both cases, we assumed new employment only for unmarried people. The research did not provide sufficient support to model increased employment for married people because of EITC increases. Note that there is substantial uncertainty in estimating these types of effects, in part because the assumptions are based on the effects of prior policy changes, and the impacts in today's demographic and economic environment might differ.

The approach to selecting specific individuals to begin to work was the same in both simulations. Potential workers were people who were unmarried, who did not have disabilities, who were not students, who were under age 70, and who would benefit from the EITC if they started to work at the minimum wage. (Note that this approach excluded all unauthorized immigrants because they are not eligible for EITCs.) We then randomly selected enough of these individuals to take jobs to reach the targeted numbers. The people 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 NYC workers in poverty—12 percent working 10 hours per week, 20 percent working 20 hours per week, 18 percent working 30 hours per week, 41 percent working 40 hours per week, and 9 percent working 50 hours per week.

Minimum Wage Simulations: Identification of Affected Workers and Job-Loss Assumptions

Two of the technical issues that arise in simulating a minimum wage increase are determining who would be affected and modeling job loss.

As discussed in the text, we identified workers who would be affected by a minimum wage increase by using their survey-reported information about weeks and hours of work and annual wages. This identification was limited to people with wage and salary income; in other words, self-employed workers were not affected. Because the Census Bureau's American Community Survey asks people to report their weeks of work in ranges, we assigned a specific number of weeks (described in appendix A). Then, a person's assumed hourly wage equaled his or her annual wages divided a figure equivalent to the weeks of work times the number of hours worked per week. People with computed hourly wages more than five cents below the actual minimum wage were assumed not to be covered by the minimum wage system. Otherwise, if the person's assumed current wage was lower than the new wage, the person was assumed to receive an increase up to the new wage.

When spillover effects were modeled, people with hourly wages as low as \$1 below the old minimum and up to \$1 above the new minimum also received increases. For example, when a worker

making \$7.25 receives an increase to \$14.54 (the \$15 wage, deflated from 2014 to 2012 dollars), we assume that wages for all those between \$6.25 and \$7.24 also increase, with the percentage change increasing as wages approach \$7.25. Also, we assume that everyone earning between \$7.25 and \$14.54 receives a wage increase somewhat greater than the required \$14.54, and that those from \$14.54 to \$15.53 also receive slight increases. These assumptions result in a more smooth distribution of wages between \$6.25 and \$7.25 and between \$7.25 and \$15.54 than would be the case without the spillover assumption (figure C.1). Note that the specification of the range for the spillover effects is an assumption; a wider or narrower range would result in somewhat larger or smaller effects.

FIGURE C.1

Impact of Spillover Effect Assumptions when \$7.25 Minimum Is Increased to \$14.54 (\$15, deflated from 2014 to 2012 dollars)

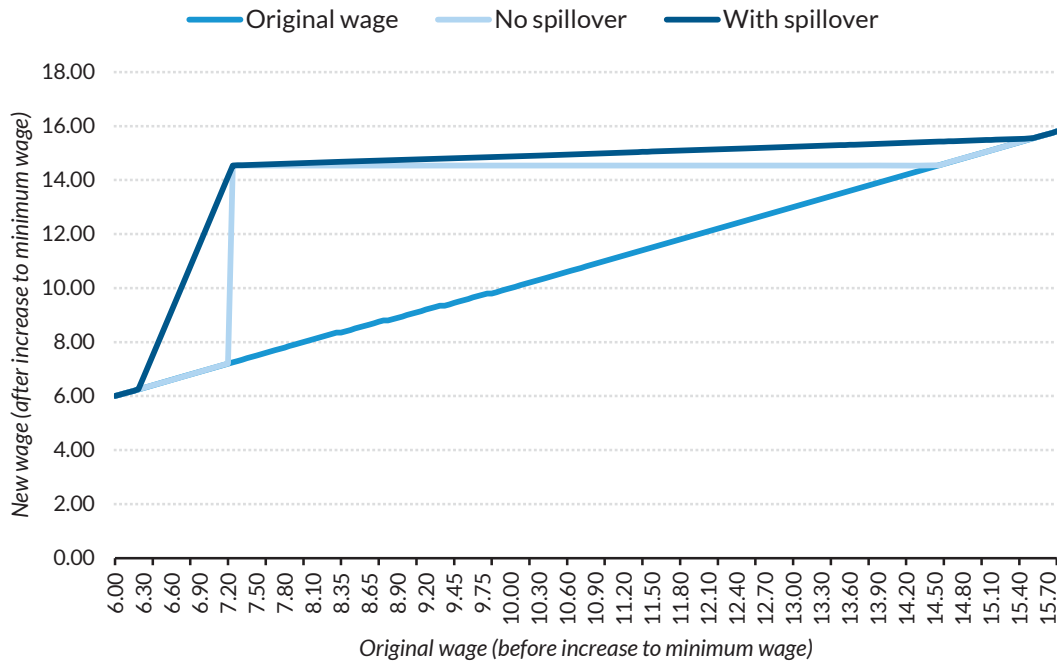


Table C.4 shows the numbers of people who received a wage increase under each of the two new minimum wages, with and without spillover effects. Modeling spillover increased the number of people who received a raise by 28 percent for a wage of \$13 per hour but only 7 percent for a wage of \$15 per hour. The difference must be due to the distribution of jobs by wage level (as calculated according to these methods).

TABLE C.4

Workers Affected by the Minimum Wage Increases

	\$13/hour wage		\$15/hour wage	
	No spillover or job loss	With spillover and job loss	No spillover or job loss	With spillover and job loss
People with a wage increase				
Number of people (thousands)	773	986	976	1,044
Aggregate earnings (millions)	\$3,810	\$4,725	\$6,793	\$7,721
Average annual increase (per person)	\$4,930	\$4,794	\$6,963	\$7,398
People who lose jobs				
Number of people (thousands)	0	19	0	30
Aggregate earnings (millions)	0	\$171	0	\$281
Average annual loss (per person)	0	\$8,966	0	\$9,349

To model job loss, we assumed that a worker's probability of losing his or her job was equal to 6 percent of the change in wages—the same assumption used for a 2007 Transfer Income Model-based analysis of minimum wage increases (Giannarelli, Morton, and Wheaton 2007). To implement the assumption, we multiplied a worker's percentage increase in wage by 0.06 to obtain the probability of losing the job. For example, for a worker whose wage would have to be increased by 20 percent to come up to the new minimum, there is a 1.2 percent chance of losing the job. The choice of exactly which workers would lose their jobs involved a random component.²³ We did not model different job-loss probabilities for adults and teenagers, and we did not model any reductions in hours of employment. We assumed that most workers imputed to lose their jobs would be eligible for unemployment compensation, and we computed the amount of compensation on the basis of New York State policies.

These assumptions resulted in a loss of 19,000 jobs under the \$13 per hour wage and 30,000 jobs under the \$15 per hour wage. (Note that these specific numbers were not targeted. They were the result of applying the assumption that each worker's probability of losing his or her job equaled 6 percent of the wage increase his or her employer would have to provide.) In the aggregate, the job loss resulted in a loss of \$171 million in earnings with the \$13 per hour wage and \$281 million with the \$15 per hour wage. On average, the people who lost their jobs earned about \$9,000 per year.

Guaranteed Child Care Subsidies: Employment Effects

The modeling of guaranteed child care subsidies takes into account the fact that the policy *could* induce some nonworking parents to enter the labor force. However, various research studies examining the impact of the cost of child care on employment decisions have come to different conclusions about the

existence and magnitude of that effect. (See Giannarelli, Lippold, Minton, and Wheaton, 2014, for a discussion and references.)

Abstracting from some of the research studies, we assume that the probability of taking a new job would be equal to the percentage change in child care expenses (the copayment relative to the unsubsidized cost) times 0.3 (in the terms of the research literature, this is the “elasticity”). For example, for a parent who would be eligible for CCDF if she took a lower-wage job, and who would not have to pay any copayment, the potential cost of child care for work would fall from a positive value to zero, and that 100 percent reduction in expenses is assumed to give her a 30 percent chance of finding a job. As another example, a parent who would owe a copayment equal to 50 percent of what the unsubsidized cost would have been is assumed to have a 15 percent chance of taking a job.²⁴ Thus, the individuals most likely to be selected as new workers were those who appeared to have the most to gain from the new subsidy.

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 child care was not a constraint on work for these families). This procedure resulted in assigning about 5,600 previously nonworking parents to take a job. That number is 5 percent of the total number of NYC parents who *could* become eligible for CCDF subsidies by taking a job (assuming a mix of part-time and full-time jobs at the minimum wage).

The new jobs that were assigned have the same characteristics as described earlier in this appendix in the discussion of new jobs due to EITC expansion. Specifically, parents were assigned full-year jobs at the minimum wage, with the distribution of hours of work based on the characteristics of jobs held by NYC workers in poverty—12 percent working 10 hours per week, 20 percent working 20 hours per week, 18 percent working 30 hours per week, 41 percent working 40 hours per week, and 9 percent working 50 hours per week. 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.

Appendix D: Detailed Simulation Results

This appendix includes the detailed simulation results from which the graphs in the body of the report are derived. All of the tables have the same columns, in the same order. The first column shows the results from the baseline simulation, subsequent columns show results from the simulations that imposed policies individually, and the final three columns give the results of the policy combinations.

The tables are as follows:

- Table D.1: Summary

This overview table shows key results--the poverty rate, the change in the poverty rate (in both percentage-point terms and percentage terms), the poverty gap and the change in the poverty gap (in both absolute and percentage terms), the change in government spending, and the change in the poverty gap as a percent of the change in government spending.

- Table D.2: Poverty Rate and Numbers in Poverty

This first set of rows in this table gives detailed poverty-rate results—overall and by demographic subgroup. The second set of rows gives the *numbers* of people in poverty. The final set of rows gives the poverty gap estimates, overall and for different subgroups of families.

- Table D.3: Poverty Changes

This table has the same information as table D.3 except that each cell shows the change (in absolute terms, not percentage terms) from the baseline simulation to the alternative simulation. For instance, while table D.2 shows that the poverty rate fell from 21.4 percent in the baseline to 18.5 percent when transitional jobs are simulated with the lower take-up rate and a wage of \$11.50, table D.3 displays that this represents a drop of 2.9 percentage points. When there is no change in a particular value from the baseline to one of the simulations, the cell is empty.

- Table D.4: Benefits and Taxes

The first set of rows in this table gives the detailed simulation results for each benefit program—numbers with the benefit, aggregate benefits, and so on. The second set of

rows gives details for each simulated tax program. The final set of rows gives total benefit and tax amounts across programs.

- Table D.5: Benefit and Tax Changes

This table has the same information as table D4 except that each cell shows the change (in absolute terms, When there is no change in a particular value from the baseline to one of the simulations, the cell is empty.

- Table D.6: Jobs Changes

This table gives the employment changes simulated as part of some of the policy alternatives, in terms of people with increased earnings, new jobs, or lost jobs.

Table D1: Summary

	Alternative Policies, Simulated Individually											
	Transitional Jobs, \$11.50 wage		Earnings supplements (with new jobs)		Minimum wage increase (with spillover and job loss)		Increased SNAP benefits	Increased Housing Vouchers		Guaranteed child care subsidies		Senior and Disability Tax Credit
	Max. 25% take-up rate	Max. 50% take-up rate	State 40%, city 10%	Paycheck Plus	\$13 /hour (\$12.61 in 2012 dollars)	\$15 /hour (\$14.54 in 2012 dollars)		for 25% of waiting list (87,000)	for 50% of waiting list (174,000)	No new jobs	With new jobs	
Baseline												
Poverty Rate (modified SPM)	18.5%	15.9%	20.7%	20.8%	18.5%	17.8%	18.7%	20.6%	19.9%	21.3%	21.2%	16.3%
Overall SPM poverty rate	-236	-449	-57	-50	-232	-295	-220	-66	-122	-9	-19	-415
Change in SPM poverty	-2.9	-5.5	-0.7	-0.6	-2.8	-3.6	-2.7	-0.8	-1.5	-0.1	-0.2	-5.1
Number of people poor (thousands)	-13.5%	-25.7%	-3.3%	-2.9%	-13.3%	-16.9%	-12.6%	-3.8%	-7.0%	-0.5%	-1.1%	-23.8%
Percentage point change	\$4,711	\$4,015	\$5,359	\$5,077	\$5,057	\$4,955	\$4,905	\$5,145	\$4,827	\$5,457	\$5,426	\$4,533
Poverty Gap (modified SPM)	-\$760	-\$1,456	-\$112	-\$394	-\$414	-\$516	-\$566	-\$326	-\$644	-\$14	-\$45	-\$938
Amount of gap (\$ millions)	-13.9%	-26.6%	-2.0%	-7.2%	-7.6%	-9.4%	-10.3%	-6.0%	-11.8%	-0.3%	-0.8%	-17.1%
Change in poverty gap	\$2,629	\$5,270	\$265	\$469	-\$2,007	-\$3,322	\$1,304	\$1,011	\$1,990	\$199	\$271	\$3,814
Absolute change	28.9%	27.6%	42.3%	84.0%	na	na	43.4%	32.2%	32.4%	7.0%	16.6%	24.6%
Percentage change	Total change in government spending (\$ millions)											
Change in poverty gap as percent of change in new spending												

Table D1: Summary

	Policy Combinations (all w/ employment effects)		
Baseline	#3 Conservative: TJ (25%, \$9), EITC (40, 10), Sr-Dis Credit, CCDF, SNAP	#2 Moderate: min. wage (\$13), TJ (25%, \$13), Sr-Dis Credit, CCDF, SNAP, Housing (25%)	#1 Ideal: min. wage (\$15), TJ (50%, \$15), Paycheck Plus, Sr-Dis Credit, CCDF, SNAP, Housing (50%)
Poverty Rate (modified SPM)	21.4%	9.8%	6.7%
Overall SPM poverty rate			
Change in SPM poverty			
Number of people poor (thousands)	-760	-948	-1,201
Percentage point change	-9.3	-11.6	-14.7
Percentage change	-43.6%	-54.4%	-68.9%
Poverty Gap (modified SPM)			
Amount of gap (\$ millions)	\$5,471	\$3,019	\$2,074
Change in poverty gap			
Absolute change	-\$1,938	-\$2,452	-\$3,397
Percentage change	-35.4%	-44.8%	-62.1%
Total change in government spending (\$ millions)	\$7,321	\$6,487	\$9,074
Change in poverty gap as percent of change in new spending	26.5%	37.8%	37.4%

Table D2: Poverty Rate and Numbers in Poverty

	Alternative Policies, Simulated Individually												
	Transitional Jobs, \$11.50 wage		Earnings supplements (with new jobs)		Minimum wage increase (with spillover and job loss)		Increased SNAP benefits		Increased Housing Vouchers		Guaranteed child care subsidies		Senior and Disability Tax Credit
	Max. 25% take-up rate	Max. 50% take-up rate	State 40%, city 10%	Paycheck Plus	\$13 / hour (\$12.61 in 2012 dollars)	\$15 / hour (\$14.54 in 2012 dollars)	for 25% of waiting list (87,000)	for 50% of waiting list (174,000)	No new jobs	With new jobs	No new jobs	With new jobs	
Baseline													
DETAILED POVERTY RESULTS													
Poverty Rate, modified SPM definition													
All Persons < 100% SPM poverty	21.4%	15.9%	20.7%	20.8%	18.5%	17.8%	18.7%	19.9%	21.3%	21.2%	16.3%		
<50% SPM poverty	3.8%	2.5%	3.7%	3.4%	3.6%	3.5%	3.4%	3.1%	3.8%	3.7%	3.5%		
50 < 100% SPM poverty	17.6%	13.4%	17.0%	17.4%	14.2%	14.2%	15.3%	16.8%	17.5%	17.4%	12.8%		
100 < 150% SPM poverty	27.3%	29.8%	27.9%	27.7%	27.9%	26.8%	29.5%	28.7%	27.4%	27.5%	29.3%		
Age													
Persons < 18	21.8%	14.9%	20.3%	21.6%	18.6%	17.7%	17.2%	20.0%	21.5%	21.2%	18.9%		
Persons 18-64	21.2%	15.5%	20.7%	20.4%	18.2%	17.3%	19.2%	19.9%	21.2%	21.1%	17.4%		
Persons 65+	21.4%	19.7%	21.2%	21.1%	20.5%	20.2%	18.3%	19.8%	21.3%	21.3%	5.4%		
Race / Ethnicity													
White, non-Hispanic	12.4%	9.7%	12.0%	12.1%	11.1%	10.7%	10.8%	11.6%	12.3%	12.3%	9.3%		
Black, non-Hispanic	17.9%	12.4%	17.4%	17.3%	16.2%	15.6%	15.3%	16.8%	17.7%	17.7%	13.5%		
Asian / Pacific Islander	26.8%	22.9%	26.1%	26.0%	23.0%	21.8%	24.4%	25.2%	26.7%	26.5%	22.4%		
Hispanic	32.0%	27.8%	30.6%	31.1%	26.8%	25.7%	27.6%	29.4%	31.8%	31.5%	23.7%		
Other, non-Hispanic	19.2%	17.4%	19.2%	18.2%	16.7%	15.9%	18.4%	18.1%	19.2%	19.1%	14.0%		
Citizenship / Immigrant status													
Native citizen	18.6%	13.4%	17.8%	18.2%	16.6%	16.0%	15.8%	17.4%	18.5%	18.4%	13.7%		
Naturalized citizen	20.4%	15.2%	20.0%	19.7%	17.7%	16.9%	18.1%	18.9%	20.3%	20.3%	13.1%		
Legally-present non-citizen	31.4%	26.3%	30.8%	30.5%	26.4%	25.0%	28.1%	28.7%	31.3%	31.1%	27.1%		
Unauthorized immigrant	33.0%	31.3%	32.2%	31.5%	26.2%	24.9%	31.4%	31.3%	32.9%	32.8%	31.8%		
Gender													
Male	20.4%	15.2%	19.8%	19.8%	17.4%	16.7%	17.9%	18.9%	20.3%	20.2%	16.0%		
Female	22.3%	16.5%	21.5%	21.7%	19.6%	18.7%	19.4%	20.7%	22.1%	22.0%	16.6%		

Table D2: Poverty Rate and Numbers in Poverty

	Baseline	Policy #3 Conservative: TJ (25%, \$9), EITC (40, 10), Sr-Dis Credit, CCDF, SNAP	#2 Moderate: min. wage (\$13), TJ (25%, \$13), Sr-Dis Credit, CCDF, SNAP, Housing (25%)	#1 Ideal: min. wage (\$15), TJ (50%, \$15), Paycheck Plus, Sr-Dis Credit, CCDF, SNAP, Housing (50%)
DETAILED POVERTY RESULTS				
Poverty Rate, modified SPM definition				
All Persons < 100% SPM poverty	21.4%	12.1%	9.8%	6.7%
<50% SPM poverty	3.8%	2.6%	2.3%	1.5%
50 < 100% SPM poverty	17.6%	9.5%	7.4%	5.2%
100 < 150% SPM poverty	27.3%	31.2%	30.5%	27.6%
Age				
Persons < 18	21.8%	11.2%	9.6%	6.1%
Persons 18-64	21.2%	13.8%	10.9%	7.5%
Persons 65+	21.4%	4.4%	3.9%	3.2%
Race / Ethnicity				
White, non-Hispanic	12.4%	7.3%	6.3%	4.6%
Black, non-Hispanic	17.9%	9.4%	8.0%	5.3%
Asian / Pacific Islander	26.8%	17.5%	13.6%	9.6%
Hispanic	32.0%	17.0%	13.2%	8.7%
Other, non-Hispanic	19.2%	11.9%	10.0%	7.2%
Citizenship / Immigrant status				
Native citizen	18.6%	9.5%	8.0%	5.4%
Naturalized citizen	20.4%	9.8%	7.6%	4.7%
Legally-present non-citizen	31.4%	20.6%	15.8%	10.5%
Unauthorized immigrant	33.0%	28.7%	22.5%	18.8%
Gender				
Male	20.4%	12.0%	9.5%	6.4%
Female	22.3%	12.1%	10.0%	6.9%

Table D2: Poverty Rate and Numbers in Poverty

	Baseline	Alternative Policies, Simulated Individually												
		Transitional Jobs, \$11.50 wage		Earnings supplements (with new jobs)		Minimum wage increase (with spillover and job loss)		Increased SNAP benefits		Increased Housing Vouchers		Guaranteed child care subsidies		Senior and Disability Tax Credit
		Max. 25% take-up rate	Max. 50% take-up rate	State 40%, city 10%	Paycheck Plus	\$13 / hour (\$12.61 in 2012 dollars)	\$15 / hour (\$14.54 in 2012 dollars)	for 25% of waiting list (87,000)	for 50% of waiting list (174,000)	No new jobs	With new jobs			
Numbers of People in Poverty, modified SPM definition (thous.)														
All Persons < 100% poverty	1,744	1,295	1,687	1,694	1,512	1,449	1,524	1,678	1,622	1,735	1,725	1,329		
<50% poverty	308	202	303	276	295	289	275	280	252	308	305	285		
50 < 100% poverty	1,436	1,093	1,384	1,419	1,217	1,160	1,249	1,398	1,370	1,427	1,420	1,043		
100 < 150% poverty	2,227	2,432	2,272	2,262	2,276	2,187	2,406	2,289	2,341	2,234	2,242	2,392		
Age														
Persons < 18	387	264	360	384	329	315	305	368	354	382	376	336		
Persons 18-64	1,144	835	1,115	1,099	978	933	1,036	1,106	1,070	1,141	1,136	939		
Persons 65+	213	196	211	210	204	202	183	204	197	212	212	54		
Race														
White, non-Hispanic	330	260	321	322	295	285	287	320	309	328	327	248		
Black, non-Hispanic	328	227	318	317	297	286	279	315	307	325	323	247		
Asian and Pacific Islanders	288	206	281	279	247	234	263	280	271	287	285	241		
Hispanic	757	569	725	735	636	609	654	723	696	753	747	562		
Other, non-Hispanic	42	34	42	40	36	35	40	41	39	42	42	31		
Citizenship / Immigrant status														
Native citizen	938	672	898	915	833	804	795	903	874	931	924	691		
Naturalized citizen	338	252	331	326	293	279	301	327	314	337	336	217		
Legally-present non-citizen	302	212	295	293	253	240	270	286	276	300	299	260		
Unauthorized immigrant	167	158	163	159	132	126	159	163	158	167	166	161		
Gender														
Male	792	588	767	766	674	647	693	763	735	788	784	620		
Female	952	707	919	927	838	802	831	915	887	946	941	708		
Poverty gap (\$ millions) (modified SPM)														
Families with children	\$1,360	\$859	\$1,271	\$1,345	\$1,220	\$1,185	\$1,057	\$1,299	\$1,224	\$1,346	\$1,315	\$1,170		
Families headed by person 65+	\$604	\$550	\$603	\$584	\$587	\$584	\$500	\$574	\$543	\$604	\$604	\$145		
Other families	\$3,507	\$2,606	\$3,485	\$3,148	\$3,250	\$3,186	\$3,348	\$3,272	\$3,060	\$3,507	\$3,507	\$3,218		
Total	\$5,471	\$4,015	\$5,359	\$5,077	\$5,057	\$4,955	\$4,905	\$5,145	\$4,827	\$5,457	\$5,426	\$4,533		

Table D2: Poverty Rate and Numbers in Poverty

	Baseline	Policy #3 Conservative: TJ (25%, \$9), EITC (40, 10), Si-Dis Credit, CCDF, SNAP	#2 Moderate: min. wage (\$13), TJ (25%, \$13), Si-Dis Credit, CCDF, SNAP, Housing (25%)	#1 Ideal: min. wage (\$15), TJ (50%, \$15), Paycheck Plus, Si-Dis Credit, CCDF, SNAP, Housing (50%)
Numbers of People in Poverty, modified SPM definition (thous.)				
All Persons < 100% poverty	1,744	984	796	543
<50% poverty	308	213	190	122
50 < 100% poverty	1,436	771	606	421
100 < 150% poverty	2,227	2,548	2,485	2,251
Age				
Persons < 18	387	198	170	108
Persons 18-64	1,144	741	587	403
Persons 65+	213	44	39	32
Race				
White, non-Hispanic	330	193	169	121
Black, non-Hispanic	328	173	147	97
Asian and Pacific Islanders	288	188	147	103
Hispanic	757	403	311	206
Other, non-Hispanic	42	26	22	16
Citizenship / Immigrant status				
Native citizen	938	477	405	269
Naturalized citizen	338	163	125	78
Legally-present non-citizen	302	198	152	101
Unauthorized immigrant	167	145	114	95
Gender				
Male	792	465	367	248
Female	952	518	429	295
Poverty gap (\$ millions) (modified SPM)				
Families with children	\$1,360	\$668	\$593	\$383
Families headed by person 65+	\$604	\$131	\$113	\$107
Other families	\$3,507	\$2,734	\$2,313	\$1,584
Total	\$5,471	\$3,533	\$3,019	\$2,074

Table D3: Changes in the Poverty Rate and Numbers in Poverty

	Baseline	Alternative Policies, Simulated Individually										Senior and Disability Tax Credit	
		Transitional Jobs, \$11.50 wage		Earnings supplements (with new jobs)		Minimum wage increase (with spillover and job loss)		Increased Housing Vouchers		Guaranteed child care subsidies			
		Max. 25% take-up rate	Max. 50% take-up rate	State 40%, city 10%	Paycheck Plus	\$13 / hour (\$12.61 in 2012 dollars)	\$15 / hour (\$14.54 in 2012 dollars)	for 25% of waiting list (87,000)	for 50% of waiting list (174,000)	No new jobs	With new jobs		
DETAILED SPM POVERTY RESULTS													
Poverty Rate, modified SPM definition													
All Persons < 100% SPM poverty	21.4%	-2.9	-5.5	-0.7	-0.6	-2.8	-3.6	-2.7	-0.8	-1.5	-0.1	-0.2	-5.1
<50% SPM poverty	3.8%	-0.7	-1.3	-0.1	-0.4	-0.2	-0.2	-0.4	-0.3	-0.7		0.0	-0.3
50 < 100% SPM poverty	17.6%	-2.2	-4.2	-0.6	-0.2	-2.7	-3.4	-2.3	-0.5	-0.8	-0.1	-0.2	-4.8
100 < 150% SPM poverty	27.3%	1.4	2.5	0.6	0.4	0.6	-0.5	2.2	0.8	1.4	0.1	0.2	2.0
Age													
Persons < 18	21.8%	-3.9	-6.9	-1.5	-0.2	-3.3	-4.1	-4.7	-1.1	-1.9	-0.3	-0.6	-2.9
Persons 18-64	21.2%	-3.0	-5.7	-0.5	-0.8	-3.1	-3.9	-2.0	-0.7	-1.4	-0.1	-0.1	-3.8
Persons 65+	21.4%	-0.8	-1.7	-0.1	-0.2	-0.9	-1.1	-3.0	-0.9	-1.5	-0.1	-0.1	-15.9
Race / Ethnicity													
White, non-Hispanic	12.4%	-1.3	-2.6	-0.3	-0.3	-1.3	-1.7	-1.6	-0.4	-0.8	-0.1	-0.1	-3.1
Black, non-Hispanic	17.9%	-3.2	-5.5	-0.5	-0.6	-1.7	-2.3	-2.6	-0.7	-1.2	-0.2	-0.2	-4.4
Asian / Pacific Islander	26.8%	-3.8	-7.6	-0.6	-0.8	-3.8	-5.0	-2.3	-0.8	-1.6	-0.1	-0.2	-4.3
Hispanic	32.0%	-4.2	-7.9	-1.3	-0.9	-5.1	-6.2	-4.3	-1.5	-2.6	-0.2	-0.4	-8.2
Other, non-Hispanic	19.2%	-1.8	-3.7		-1.0	-2.5	-3.3	-0.8	-0.5	-1.1		-0.1	-5.2
Citizenship / Immigrant status													
Native citizen	18.6%	-2.8	-5.3	-0.8	-0.5	-2.1	-2.7	-2.8	-0.7	-1.3	-0.1	-0.3	-4.9
Naturalized citizen	20.4%	-2.6	-5.2	-0.4	-0.7	-2.7	-3.5	-2.3	-0.7	-1.4	0.0	-0.1	-7.3
Legally-present non-citizen	31.4%	-5.1	-9.4	-0.7	-0.9	-5.1	-6.5	-3.3	-1.7	-2.7	-0.2	-0.3	-4.4
Unauthorized immigrant	33.0%	-0.7	-1.6	-0.7	-1.4	-6.8	-8.0	-1.5	-0.8	-1.7	0.0	-0.1	-1.2
Gender													
Male	20.4%	-2.8	-5.3	-0.6	-0.7	-3.1	-3.7	-2.6	-0.8	-1.5	-0.1	-0.2	-4.4
Female	22.3%	-3.0	-5.7	-0.8	-0.6	-2.7	-3.5	-2.8	-0.9	-1.5	-0.1	-0.3	-5.7

Table D3: Changes in the Poverty Rate and Numbers in Pove

	Baseline	Policy #3 Conservative: TJ (25%, \$9), EITC (40, 10), Sr-Dis Credit, CCDF, SNAP	#2 Moderate: min. wage (\$13), TJ (25%, \$13), Sr-Dis Credit, CCDF, SNAP, Housing (25%)	#1 Ideal: min. wage (\$15), TJ (50%, \$15), Paycheck Plus, Sr-Dis Credit, CCDF, SNAP, Housing (50%)
DETAILED SPM POVERTY RESULTS				
Poverty Rate, modified SPM definition				
All Persons < 100% SPM poverty	21.4%	-9.3	-11.6	-14.7
<50% SPM poverty	3.8%	-1.2	-1.4	-2.3
50 < 100% SPM poverty	17.6%	-8.2	-10.2	-12.4
100 < 150% SPM poverty	27.3%	3.9	3.2	0.3
Age				
Persons < 18	21.8%	-10.7	-12.3	-15.7
Persons 18-64	21.2%	-7.5	-10.3	-13.8
Persons 65+	21.4%	-16.9	-17.5	-18.2
Race / Ethnicity				
White, non-Hispanic	12.4%	-5.1	-6.0	-7.8
Black, non-Hispanic	17.9%	-8.5	-9.9	-12.6
Asian / Pacific Islander	26.8%	-9.3	-13.1	-17.2
Hispanic	32.0%	-14.9	-18.8	-23.3
Other, non-Hispanic	19.2%	-7.3	-9.2	-12.0
Citizenship / Immigrant status				
Native citizen	18.6%	-9.2	-10.6	-13.3
Naturalized citizen	20.4%	-10.6	-12.8	-15.7
Legally-present non-citizen	31.4%	-10.8	-15.6	-21.0
Unauthorized immigrant	33.0%	-4.2	-10.5	-14.2
Gender				
Male	20.4%	-8.4	-11.0	-14.0
Female	22.3%	-10.1	-12.2	-15.4

Table D3: Changes in the Poverty Rate and Numbers in Poverty

	Baseline	Alternative Policies, Simulated Individually												
		Transitional Jobs, \$11.50 wage		Earnings supplements (with new jobs)		Minimum wage increase (with spillover and job loss)		Increased SNAP benefits		Increased Housing Vouchers		Guaranteed child care subsidies		Senior and Disability Tax Credit
		Max. 25% take-up rate	Max. 50% take-up rate	State 40%, city 10%	Paycheck Plus	\$13 / hour (\$12.61 in 2012 dollars)	\$15 / hour (\$14.54 in 2012 dollars)	for 25% of waiting list (87,000)	for 50% of waiting list (174,000)	No new jobs	With new jobs			
Numbers of People in Poverty, modified														
SPM definition (thous.)														
All Persons < 100% poverty	1,744	-236	-449	-57	-50	-232	-295	-220	-66	-122	-9	-19	-415	
<50% poverty	308	-59	-106	-5	-32	-13	-19	-33	-28	-56	-3	-3	-23	
50 < 100% poverty	1,436	-178	-343	-52	-17	-219	-276	-187	-38	-66	-9	-16	-393	
100 < 150% poverty	2,227	115	205	45	35	49	-40	179	62	114	7	15	165	
Age														
Persons < 18	387	-68	-123	-27	-3	-58	-73	-83	-19	-33	-6	-11	-52	
Persons 18-64	1,144	-160	-309	-29	-45	-166	-212	-108	-38	-74	-4	-8	-205	
Persons 65+	213	-8	-17	-1	-2	-9	-11	-30	-9	-15	-1	-1	-159	
Race														
White, non-Hispanic	330	-34	-70	-9	-8	-35	-45	-42	-10	-20	-2	-2	-82	
Black, non-Hispanic	328	-59	-101	-10	-11	-31	-42	-48	-13	-21	-3	-4	-80	
Asian and Pacific Islanders	288	-41	-82	-7	-9	-41	-54	-25	-8	-17	-1	-2	-47	
Hispanic	757	-99	-188	-32	-22	-121	-148	-103	-34	-61	-4	-11	-195	
Other, non-Hispanic	42	-4	-8	-2	-2	-5	-7	-2	-1	-2	0	0	-11	
Citizenship / Immigrant status														
Native citizen	938	-141	-266	-40	-23	-105	-134	-143	-35	-64	-7	-14	-247	
Naturalized citizen	338	-43	-86	-7	-12	-45	-59	-37	-11	-24	-1	-2	-121	
Legally-present non-citizen	302	-49	-90	-7	-9	-49	-62	-32	-16	-26	-2	-3	-42	
Unauthorized immigrant	167	-4	-8	-4	-7	-34	-41	-8	-4	-9	0	-1	-6	
Gender														
Male	792	-107	-205	-25	-26	-119	-145	-99	-29	-58	-4	-9	-172	
Female	952	-130	-245	-33	-25	-114	-150	-121	-37	-65	-6	-11	-244	
Poverty gap (\$ millions) (modified SPM)														
Families with children	\$1,360	-\$274	-\$501	-\$89	-\$15	-\$140	-\$175	-\$303	-\$61	-\$136	-\$14	-\$45	-\$190	
Families headed by person 65+	\$604	-\$31	-\$54	-\$1	-\$20	-\$17	-\$20	-\$104	-\$30	-\$61			-\$459	
Other families	\$3,507	-\$455	-\$901	-\$22	-\$359	-\$257	-\$321	-\$159	-\$235	-\$447			-\$289	

Table D3: Changes in the Poverty Rate and Numbers in Povert

	Baseline	Policy #3 Conservative: TJ (25%, \$9), EITC (40, 10), Sr-Dis Credit, CCDF, SNAP	#2 Moderate: min. wage (\$13), TJ (25%, \$13), Sr-Dis Credit, CCDF, SNAP, Housing (25%)	#1 Ideal: min. wage (\$15), TJ (50%, \$15), Paycheck Plus, Sr-Dis Credit, CCDF, SNAP, Housing (50%)
Numbers of People in Poverty, modified				
SPM definition (thous.)				
All Persons < 100% poverty	1,744	-760	-948	-1,201
<50% poverty	308	-95	-118	-186
50 < 100% poverty	1,436	-665	-830	-1,015
100 < 150% poverty	2,227	321	258	24
Age				
Persons < 18	387	-189	-218	-279
Persons 18-64	1,144	-403	-557	-741
Persons 65+	213	-169	-174	-181
Race				
White, non-Hispanic	330	-136	-161	-209
Black, non-Hispanic	328	-155	-181	-230
Asian and Pacific Islanders	288	-99	-141	-185
Hispanic	757	-354	-446	-551
Other, non-Hispanic	42	-16	-20	-26
Citizenship / Immigrant status				
Native citizen	938	-461	-533	-669
Naturalized citizen	338	-175	-213	-260
Legally-present non-citizen	302	-104	-150	-201
Unauthorized immigrant	167	-21	-53	-72
Gender				
Male	792	-327	-426	-544
Female	952	-434	-523	-657
Poverty gap (\$ millions) (modified SPM)				
Families with children	\$1,360	-\$692	-\$767	-\$977
Families headed by person 65+	\$604	-\$473	-\$491	-\$497
Other families	\$3,507	-\$773	-\$1,194	-\$1,923

Table D4: Benefits and Taxes

	Baseline	Policy #3 Conservative: TJ (25%, \$9), EITC (40, 10), Sr-Dis Credit, CCDF, SNAP	Policy #2 Moderate: min. wage (\$13), TJ (25%, \$13), Sr-Dis Credit, CCDF, SNAP, Housing (25%)	Policy #1 Ideal: min. wage (\$15), TJ (50%, \$15), Paycheck Plus, Sr-Dis Credit, CCDF, SNAP, Housing (50%)
BENEFIT PROGRAMS				
Unemployment compensation				
Number people with any UC during the year (thou.)	114	109	127	132
Aggregate annual benefits (\$ millions)	\$883	\$844	\$931	\$943
Supplemental Security Income				
Adult units receiving SSI (avg. monthly number, thou.)	329	329	328	326
Disabled children receiving SSI (avg. monthly, thou.)	48	47	47	44
Aggregate annual benefits (\$ millions)	\$2,656	\$2,648	\$2,617	\$2,581
TANF and Safety Net benefits				
Families eligible for benefits (avg. mo., thou.)	226	200	186	160
Families receiving benefits (avg. mo, thou.)	98	88	79	70
Aggregate annual benefits (\$ millions)	\$734	\$616	\$579	\$500
Child Care Subsidies				
Families eligible for subsidies (avg. mo., thou.)	195	226	205	194
Families receiving subsidies (avg. mo., thou.)	60	115	105	109
Aggregate annual value of subsidy (\$ millions)	\$581	\$1,097	\$958	\$957
All Child Care Expenses				
Number of working families with children <=14 (thou.)	512	561	554	589
Percent with positive expenses (avg. month)	24.6%	24.1%	26.5%	27.8%
Avg. non-\$0 expense (with and without subsidies)	\$790	\$731	\$710	\$697
Public and subsidized housing				
Number of households (any subsidy during year, thou.)	369	369	445	492
Aggregate tenant payments (\$ millions)	\$1,836	\$1,929	\$2,453	\$2,809
Aggregate rent subsidies (\$ millions)	\$4,447	\$4,331	\$5,048	\$5,362
Supplemental Nutrition Assistance Program (SNAP)				
Units eligible for benefits (avg. mo., thou.)	1,165	1,152	1,076	980
Units receiving benefits (avg. mo., thou.)	1,015	987	923	839
Aggregate annual benefits (\$ millions)	\$3,191	\$4,268	\$3,858	\$3,375
LIHEAP				
Households with benefits (thou.)	855	849	820	781
Aggregate annual benefits (\$ millions)	\$31	\$30	\$27	\$24
Women, Infants, and Children program (WIC)				
People with benefits (avg. mo, thou.)	241	241	238	236
Aggregate annual benefits (\$ millions)	\$222	\$221	\$219	\$217

Table D4: Benefits and Taxes

	Alternative Policies, Simulated Individually										Senior and Disability Tax Credit	
	Baseline	Transitional Jobs, \$11.50 wage		Earnings supplements (with new jobs)		Minimum wage increase (with spillover and job loss)		Increased Housing Vouchers		Guaranteed child care subsidies		
		Max. 25% take-up rate	Max. 50% take-up rate	State 40% city 10%	Paycheck Plus	\$13 / hour (\$12.61 in 2012 dollars)	\$15 / hour (\$14.54 in 2012 dollars)	for 25% of waiting list (87,000)	for 50% of waiting list (174,000)	No. new jobs		With new jobs
TAX LIABILITY												
Payroll taxes (OASDHI)	3,893	4,064	3,901	3,932	3,874	3,863	3,893	3,893	3,893	3,893	3,898	3,893
Wage/salary workers subject to tax (thou.)	\$23,118	\$23,580	\$23,132	\$23,164	\$23,708	\$24,083	\$23,118	\$23,118	\$23,118	\$23,118	\$23,128	\$23,118
Aggregate taxes paid (worker & employer, \$ millions)												
Federal income taxes												
Numbers of returns (thou.)												
Positive tax	2,772	2,886	2,772	2,772	2,844	2,876	2,772	2,772	2,772	2,772	2,772	2,771
Negative tax	723	741	730	761	663	633	723	723	723	723	728	1,218
Amount of tax liability (\$ millions)												
On positive tax returns	\$32,851	\$33,032	\$32,852	\$32,855	\$33,302	\$33,643	\$32,851	\$32,851	\$32,851	\$32,851	\$32,853	\$32,860
Negative tax returns	-\$1,941	-\$1,989	-\$1,978	-\$1,954	-\$1,748	-\$1,604	-\$1,941	-\$1,941	-\$1,941	-\$1,941	-\$1,973	-\$5,766
Total	\$30,910	\$31,043	\$30,874	\$30,901	\$31,554	\$32,039	\$30,910	\$30,910	\$30,910	\$30,910	\$30,880	\$27,094
Federal Earned Income Tax Credit												
Units with credit (thou.)	763	782	771	802	703	670	763	763	763	763	768	763
Amount of credit (\$ millions)	\$1,479	\$1,513	\$1,509	\$1,494	\$1,310	\$1,198	\$1,479	\$1,479	\$1,479	\$1,479	\$1,504	\$1,478
State income taxes												
Numbers of returns (thou.)												
Positive tax	2,826	2,949	2,795	2,838	2,890	2,928	2,826	2,826	2,826	2,825	2,826	2,826
Negative tax	621	619	660	647	566	530	621	621	621	621	626	621
Amount of tax liability (\$ millions)												
On positive tax returns	\$10,475	\$10,557	\$10,469	\$10,477	\$10,671	\$10,824	\$10,475	\$10,475	\$10,475	\$10,475	\$10,475	\$10,476
Negative tax returns	-\$500	-\$512	-\$655	-\$504	-\$429	-\$385	-\$500	-\$500	-\$500	-\$489	-\$498	-\$500
Total	\$9,975	\$10,045	\$9,814	\$9,973	\$10,243	\$10,438	\$9,975	\$9,975	\$9,975	\$9,986	\$9,978	\$9,976
City income taxes												
Numbers of returns (thou.)												
Positive tax	3,014	3,155	2,953	3,027	3,106	3,130	3,014	3,014	3,014	3,014	3,015	3,014
Negative tax	432	415	502	458	347	322	432	432	432	432	437	432
Amount of tax liability (\$ millions)												
On positive tax returns	\$6,279	\$6,343	\$6,260	\$6,280	\$6,416	\$6,514	\$6,279	\$6,279	\$6,279	\$6,279	\$6,279	\$6,279
Negative tax returns	-\$42	-\$41	-\$100	-\$43	-\$30	-\$27	-\$42	-\$42	-\$42	-\$42	-\$43	-\$42
Total	\$6,236	\$6,302	\$6,160	\$6,237	\$6,386	\$6,487	\$6,236	\$6,236	\$6,236	\$6,236	\$6,236	\$6,237
Paycheck Plus	\$0			-\$540								
Spending and Tax Summary (\$ millions)												
Aggregate benefits paid: UC, SSI, TANF, child care and housing subsidies, SNAP, LIHEAP, WIC	\$12,744	\$12,412	\$12,750	\$12,709	\$12,388	\$12,229	\$13,755	\$14,734	\$14,734	\$12,955	\$12,997	\$12,744
Aggregate wage costs in TJ program	\$0	\$3,691	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Aggregate tax liability: payroll, federal, state, city, Paycheck Plus	\$70,239	\$70,970	\$69,980	\$69,735	\$71,890	\$73,047	\$70,239	\$70,239	\$70,239	\$70,251	\$70,221	\$66,426

Table D4: Benefits and Taxes

	Baseline	Policy #3 Conservative: TJ (25%, \$9), EITC (40, 10), Sr-Dis Credit, CCDF, SNAP	#2 Moderate: min. wage (\$13), TJ (25%, \$13), Sr-Dis Credit, CCDF, SNAP, Housing (25%)	#1 Ideal: min. wage (\$15), TJ (50%, \$15), Paycheck Plus, Sr-Dis Credit, CCDF, SNAP, Housing (50%)
TAX LIABILITY				
Payroll taxes (OASDHI)	3,893	4,073	4,050	4,236
Wage/salary workers subject to tax (thou.)	\$23,118	\$23,489	\$24,245	\$25,353
Aggregate taxes paid (worker & employer, \$ millions)				
Federal income taxes	2,772	2,857	2,978	3,170
Numbers of returns (thou.)	723	1,246	1,151	1,115
Positive tax				
Negative tax				
Amount of tax liability (\$ millions)	\$32,851	\$32,972	\$33,548	\$34,301
On positive tax returns	-\$1,941	-\$5,491	-\$5,209	-\$4,920
Negative tax returns	\$30,910	\$27,481	\$28,339	\$29,381
Total				
Federal Earned Income Tax Credit	763	802	722	716
Units with credit (thou.)	\$1,479	\$1,577	\$1,350	\$1,231
Amount of credit (\$ millions)				
State income taxes	2,826	2,872	3,019	3,185
Numbers of returns (thou.)	621	687	563	556
Positive tax				
Negative tax				
Amount of tax liability (\$ millions)	\$10,475	\$10,520	\$10,781	\$11,107
On positive tax returns	-\$500	-\$675	-\$439	-\$512
Negative tax returns	\$9,975	\$9,845	\$10,342	\$10,596
Total				
City income taxes	3,014	3,058	3,249	3,386
Numbers of returns (thou.)	432	521	333	354
Positive tax				
Negative tax				
Amount of tax liability (\$ millions)	\$6,279	\$6,300	\$6,499	\$6,700
On positive tax returns	-\$42	-\$104	-\$30	-\$62
Negative tax returns	\$6,236	\$6,197	\$6,469	\$6,638
Total	\$0			-\$452
Paycheck Plus				
Spending and Tax Summary (\$ millions)				
Aggregate benefits paid: UC, SSI, TANF, child care and housing subsidies, SNAP, LIHEAP, WIC	\$12,744	\$14,055	\$14,237	\$13,959
Aggregate wage costs in TJ program	\$0	\$2,783	\$4,150	\$9,135
Aggregate tax liability: payroll, federal, state, city, Paycheck Plus	\$70,239	\$67,012	\$69,395	\$71,515

Table D5: Changes in Benefits and Taxes

	Baseline Level	Policy #3 Conservative: TJ (25%, \$9), EITC (40, 10), Sr-Dis Credit, CCDF, SNAP	#2 Moderate: min. wage (\$13), TJ (25%, \$13), Sr-Dis Credit, CCDF, SNAP, Housing (25%)	#1 Ideal: min. wage (\$15), TJ (50%, \$15), Paycheck Plus, Sr-Dis Credit, CCDF, SNAP, Housing (50%)
BENEFIT PROGRAMS				
Unemployment compensation				
Number people with any UC during the year (thou.)	114	-6	13	18
Aggregate annual benefits (\$ millions)	\$883	-\$39	\$48	\$60
Supplemental Security Income				
Adult units receiving SSI (avg. monthly number, thou.)	329	0	-1	-4
Disabled children receiving SSI (avg. monthly, thou.)	48	0	-1	-3
Aggregate annual benefits (\$ millions)	\$2,656	-\$8	-\$38	-\$74
TANF and Safety Net benefits				
Families eligible for benefits (avg. mo., thou.)	226	-25	-40	-66
Families receiving benefits (avg. mo, thou.)	98	-10	-19	-28
Aggregate annual benefits (\$ millions)	\$734	-\$118	-\$155	-\$234
Child Care Subsidies				
Families eligible for subsidies (avg. mo., thou.)	195	31	10	-1
Families receiving subsidies (avg. mo., thou.)	60	55	45	49
Aggregate annual value of subsidy (\$ millions)	\$581	\$516	\$378	\$376
All Child Care Expenses				
Number of working families with children <=14 (thou.)	512	49	42	77
Percent with positive expenses (avg. month)	24.6%	0	0	0
Avg. non-\$0 expense (with and without subsidies)	\$790	-\$59	-\$80	-\$93
Public and subsidized housing				
Number of households (any subsidy during year, thou.)	369	-1	76	123
Aggregate tenant payments (\$ millions)	\$153	\$93	\$617	\$973
Aggregate rent subsidies (\$ millions)	\$371	-\$116	\$601	\$915
Supplemental Nutrition Assistance Program (SNAP)				
Units eligible for benefits (avg. mo., thou.)	1,165	-13	-90	-185
Units receiving benefits (avg. mo., thou.)	1,015	-28	-92	-176
Aggregate annual benefits (\$ millions)	\$3,191	\$1,077	\$666	\$184
LIHEAP				
Households with benefits (thou.)	855	-6	-35	-74
Aggregate annual benefits (\$ millions)	\$31	\$0	-\$3	-\$6
Women, Infants, and Children program (WIC)				
People with benefits (avg. mo, thou.)	241	-1	-3	-5
Aggregate annual benefits (\$ millions)	\$222	-\$1	-\$3	-\$5

Table D5: Changes in Benefits and Taxes

	Baseline Level	Policy #3 Conservative: TJ (25%, \$9), EITC (40, 10), Sr-Dis Credit, CCDF, SNAP	#2 Moderate: min. wage (\$13), TJ (25%, \$13), Sr-Dis Credit, CCDF, SNAP, Housing (25%)	#1 Ideal: min. wage (\$15), TJ (50%, \$15), Paycheck Plus, Sr-Dis Credit, CCDF, SNAP, Housing (50%)
TAX LIABILITY				
Payroll taxes (OASDHI)	3,893	180	157	343
Wage/salary workers subject to tax (thou.)	\$23,118	\$371	\$1,127	\$2,235
Aggregate taxes paid (worker & employer, \$ millions)				
Federal income taxes	2,772	86	206	399
Numbers of returns (thou.)	723	523	429	393
Positive tax				
Negative tax				
Amount of tax liability (\$ millions)	\$32,851	\$121	\$697	\$1,450
On positive tax returns	-\$1,941	-\$3,550	-\$3,268	-\$2,979
Negative tax returns	\$30,910	-\$3,429	-\$2,571	-\$1,529
Total				
Federal Earned Income Tax Credit	763	39	-41	-47
Units with credit (thou.)	\$1,479	\$98	-\$129	-\$248
Amount of credit (\$ millions)				
State income taxes	2,826	46	193	359
Numbers of returns (thou.)	621	66	-58	-65
Positive tax				
Negative tax				
Amount of tax liability (\$ millions)	\$10,475	\$46	\$306	\$633
On positive tax returns	-\$500	-\$175	\$61	-\$12
Negative tax returns	\$9,975	-\$129	\$367	\$621
Total				
City income taxes	3,014	44	234	371
Numbers of returns (thou.)	432	89	-99	-78
Positive tax				
Negative tax				
Amount of tax liability (\$ millions)	\$6,279	\$22	\$220	\$422
On positive tax returns	-\$42	-\$62	\$12	-\$20
Negative tax returns	\$6,236	-\$40	\$232	\$402
Total				
Paycheck Plus	\$0			-\$452
Spending and Tax Summary (\$ millions)				
Aggregate benefits paid: UC, SSI, TANF, child care and housing subsidies, SNAP, LIHEAP, WIC				
Aggregate wage costs in TJ program		\$1,311	\$1,493	\$1,215
Aggregate tax liability: payroll, federal, state, city, Paycheck Plus		\$2,783	\$4,150	\$9,135
Aggregate wages costs in TJ program		-\$3,227	-\$844	\$1,276
Aggregate tax liability: payroll, federal, state, city		\$7,321	\$6,487	\$9,074
Total change in government spending				

Table D6: Changes in Jobs

	Baseline	Policy #3 Conservative: TJ (25%, \$9), EITC (40, 10), Sr-Dis Credit, CCDF, SNAP	#2 Moderate: min. wage (\$13), TJ (25%, \$13), Sr-Dis Credit, CCDF, SNAP, Housing (25%)	#1 Ideal: min. wage (\$15), TJ (50%, \$15), Paycheck Plus, Sr-Dis Credit, CCDF, SNAP, Housing (50%)
Number of people employed (thou.)	4,170	4,343	4,320	4,500
Aggregate earnings (\$ millions)	\$213,886	216,640	222,423	230,779
<i>Changes from baseline</i>				
People with increased earnings (working in base)				
Number of people (thousand)		44	1,037	1,181
Aggregate earnings (\$ millions)		\$545	\$5,625	\$10,081
Average annual increase		\$12,444	\$5,424	\$8,537
People with new jobs (no work during year in base)				
Number of people (thousand)		173	169	363
Aggregate earnings (\$ millions)		\$2,209	\$3,085	\$7,112
Average annual increase		\$12,752	\$18,226	\$19,609
People who lose jobs				
Number of people (thousand)			19	33
Aggregate earnings (\$ millions)			\$173	\$300
Average annual loss			\$8,974	\$9,193
Total change		217	1225	1576
People with any change (thousands)				
Aggregate earnings (\$ millions)		\$2,754	\$8,537	\$16,893

Notes

1. See US Census Bureau “State and County QuickFacts,” <http://quickfacts.census.gov>.
2. Like the CEO’s poverty research, this analysis does not include people in institutions or “group quarters” (such as nursing homes, prisons, and homeless shelters).
3. The version of TRIM3 that uses data from the Current Population Survey is funded and copyrighted by the Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation. The ability to apply TRIM3 to ACS data was developed with funding from foundations.
4. Specifically, a “reference family” threshold is computed as the level of spending achieved by two-thirds of families with two children, using data from the Bureau of Labor Statistic’s Consumer Expenditure Survey; this reference threshold is adjusted for other family compositions.
5. The thresholds used for this analysis were developed by Thesia I. Garner and Marisa Gudrais of the Bureau of Labor Statistics as part of an exploration of alternative treatments of medical out-of-pocket expenditures in the SPM. The methods are described in Garner, Short, and Gudrais (2014). The 2012 thresholds and medical adjustment factors were obtained through personal communication with Garner.
6. Among NYC workers ages 16 to 64 in poverty according to the modified SPM, about 44 percent worked less than 35 hours per week; we simplified the real-world pattern to model 44 percent taking a 20-hour TJ and 56 percent taking a 40-hour TJ. This simplification could understate the TJ effects to the extent that current part-time workers would prefer a full-time job.
7. These wage rates are different from those used in modeling TJ programs in the combination packages. The simulations of the TJ program individually were performed before the point that decisions were reached on the combination packages.
8. See the Internal Revenue Service website, “States and Local Governments with Earned Income Tax Credit,” <http://www.irs.gov/Individuals/States-and-Local-Governments-with-Earned-Income-Tax-Credit>.
9. These calculations assume that the 2014 Supplementary Poverty Measure thresholds for New York City will be higher than the 2012 thresholds by approximately the same percentage as the increase in Consumer Price Index for All Urban Consumers (CPI-U) between 2012 and 2014.
10. See appendix C for more discussion of the methods.
11. The number of households on the waiting list was obtained from the website of the New York City Housing Authority, <http://www.nyc.gov/html/nycha/html/about/factsheet.shtml>, accessed June 2014.
12. Also, as noted earlier, the data used for the analysis do not include people who are homeless, so policies related to housing for the homeless could not be modeled.
13. Data on NYC children receiving care through the federal block grant is available in the annual “Statistical Report on the Operations of New York State Public Assistance Programs.” Data including children funded by other sources were provided by FPWA staff.
14. Child care expenses are not reported in the American Community Survey data. We imputed child care expense with statistical methods. See appendix A for more information.
15. If families who were not currently paying for child care also started to take the subsidy, the number of affected families and children would be larger, but starting to take the subsidy would not bring any of those families out of poverty using this measure.
16. AGI would not be counted if negative—in other words, if the tax unit’s total AGI is negative because of a capital loss or self-employment losses, AGI would be counted as zero.
17. Portions of this appendix are adapted from Giannarelli, Lippold, and Martinez-Schiferl (2012).
18. We identified NYC households using the same geographic identifiers as used by the New York City Center for Economic Opportunity in its work with New York City ACS data, namely: Public Use Microdata Areas, or

PUMA, codes 03701 through 03710 (Bronx), 03801 through 03810 (Manhattan); 03901 through 03903 (Staten Island); 04001 through 04018 (Brooklyn); and 04100 through 04114 (Queens).

19. The probabilities were developed by Dean Resnick in the Urban Institute's Health Policy Center under another project.
20. In previous work, we used the Current Population Survey (CPS) to estimate this regression. Because all the elements of the ACS "other income" are reported separately on the CPS, we could create a combined "other income" variable to match the one represented in the ACS. The multinomial logit regression was estimated to predict the share of income attributable to unemployment compensation, to child support, and to other income. We also ensure that for recipients of other income who are age 80 or older or who are imputed to be unauthorized immigrants, none of the income is assigned as unemployment compensation.
21. The CPS-based version of the model is funded and copyrighted by the US Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation. The ability to apply TRIM3 to ACS data was developed with funding from foundations.
22. Benefits are computed even for those individuals or families that reported SSI or TANF benefit amounts. The baseline benefits must be computed on the basis of family characteristics and program rules so that, when benefits are recomputed following a policy change, the difference in results is due entirely to the policy change.
23. We compare these probabilities to a random number for each affected worker; in the example in the text, if the random number was below 0.012, the person was simulated to lose his or her job.
24. Unsubsidized expenses were estimated using the same regression equations described in the discussion of work expenses in appendix A. 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 child care subsidy to each family). The value of the child and dependent care tax credit that the family could receive if they were working and paying for child was also factored into the comparison of child care expenses with and without a subsidy.

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Linda Giannarelli is a senior fellow in the Urban Institute's Income and Benefits Policy Center who has studied the broad range of programs that comprise the social safety net, individually and in combination. She directs the ongoing maintenance and development of the TRIM3 microsimulation model. Giannarelli also directs numerous other projects, including recent analyses for national and local organizations using TRIM3 to assess the antipoverty impacts of tax and benefit changes. In other research, she studies the Temporary Assistance to Needy Families program and the federally-funded child care subsidy program.



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