URBAN INSTITUTE

Reducing Poverty in Wisconsin: Analysis of the Community Advocates Public Policy Institute Policy Package

Linda Giannarelli, Kye Lippold, and Michael Martinez-Schiferl

June 2012

Table of Contents

Executive Summary

This report describes an analysis of a package of proposals to reduce poverty developed by Community Advocates Public Policy Institute, a nonprofit organization based in Milwaukee, Wisconsin. The policy package includes four elements:

- Senior and Disability Tax Credit: This new credit would provide a fully refundable tax credit to adults receiving Social Security or Supplemental Security Income (SSI). The credit would make up the difference between an individual's or couple's resources and a poverty-level income in the highest-cost area of Wisconsin.
- Transitional Jobs program: This new program would allow unemployed or underemployed Wisconsin adults who are not receiving Social Security or SSI to work at a transitional job paying the minimum wage.
- Increase in the minimum wage: The policy package increases the minimum wage to $8 per hour.
- Expanded earnings supplements: The earnings supplement policies envisioned by Community Advocates would replace the current Earned Income Tax Credit (EITC) with two fully refundable credits—a Working Americans Tax Credit providing up to $3,500 per worker, regardless of whether children are present; and a Working Parents Tax Credit providing up to $5,000 for tax units with children. Both credits would increase with earnings up to a maximum, and then phase down. Also, the current Child Tax Credit would be modified to provide up to $1,000 per child per household on a fully refundable basis.

The policies are assessed individually and in combination, capturing interactions between the proposed new policies and existing antipoverty programs. The results suggest that a package of policies geared toward different subgroups of low-income families—senior citizens and people with disabilities, families with unemployed or underemployed workers, and low-wage workers—can have very large antipoverty effects. When modeled with high participation rate assumptions for the Transitional Jobs program, the Community Advocates policy package brings 287,000 Wisconsin residents out of poverty, cutting the poverty rate by two-thirds.

The analysis uses data from the American Community Survey, simulates the policies using the Transfer Income Model, version 3 (TRIM3) microsimulation model, and assesses families' poverty status with the Supplemental Poverty Measure. The American Community Survey files for 2008 (the year used for this project) include information on over 23,000 Wisconsin households. The very large sample allows detailed analysis of low-income Wisconsin families.

The project uses the TRIM3 microsimulation model for two purposes—to augment the American Community Survey to compensate for some data limitations, and to simulate the elements of the policy package. TRIM3's simulations are extremely detailed, capturing to the greatest extent possible the actual benefit and tax policies in place in Wisconsin, and also capturing in as much detail as possible the intent of the Community Advocates policy package. The simulations capture interactions among programs—for instance, the fact that an individual who starts working at a transitional job may begin to be eligible for a tax credit. The simulations that increase the minimum wage and that increase earnings supplements also capture changes in employment as suggested by the economics literature.

Because the policy package affects taxes and in-kind benefits as well as cash income, the measure of poverty used to assess the policies' impact must also consider the impact of taxes and benefits on families' economic well-being. Therefore, instead of the official poverty measure (which considers only cash income), this project employs the Supplemental Poverty Measure, which uses a broader measure of resources and also uses an updated set of poverty thresholds to determine whether or not a family is poor. According to this project's implementation of the Supplemental Poverty Measure, 8 percent of Wisconsin residents were poor in 2008, including 7.7 percent of children, 7.8 percent of adults under age 65, and 9.1 percent of persons age 65 and older. (Different assumptions in implementing the Supplemental Poverty Measure would produce somewhat different Wisconsin poverty rates; the focus of this analysis is on the degree to which the policy changes reduce poverty.)

The analysis finds that the Community Advocates policy package could result in very large reductions to the baseline level of poverty. The estimated impacts of the individual policies are as follows:

- The Senior and Disability Tax Credit reduces poverty overall from 8.0 percent to 6.6 percent (figure 1). For persons age 65 and over, the reduction is from 9.1 percent to 3.7 percent—a 59 percent drop.
- The impact of a Transitional Jobs (TJ) program depends on the extent to which eligible individuals are assumed to enroll in the program. With lower take-up rate assumptions, the poverty rate falls to 7.0 percent; with higher take-up rate assumptions, the poverty rate falls to 6.3 percent (a drop of 21 percent).
- An increase in the minimum wage has the least impact among the modeled policies, reducing the Supplemental Poverty Measure (SPM) poverty rate from 8.0 percent to 7.8 percent (with or without assumptions of job loss).
- The expanded earnings supplements could reduce SPM poverty to 6.4 percent if no new employment is assumed, and could reduce the poverty rate to 6.0 percent if it is assumed that some nonworkers are induced by the large tax credits to begin working.

Figure 1. Change in Wisconsin SPM Poverty Rate by Policy

SPM Poverty Rate (Percent)

Baseline — ~8.0%
Senior and Disability Tax Credit — ~6.6%
Transitional Jobs (Low Take-up) — ~7.0%
Transitional Jobs (High Take-up) — ~6.3%
Minimum Wage Increase — ~7.8%
Minimum Wage Increase (EE) — ~7.8%
Earnings Supplement Reform — ~6.4%
Earnings Supplement Reform (EE) — ~6.0%
Combined Package (Low TJ Take-up) — ~3.3%
Combined Package (High TJ Take-up) — ~2.7%
Combined Package (Full Participation) — ~1.5%

Note: EE refers to inclusion of employment effects.

The largest impacts are obtained when the entire policy package is modeled. Results from the combined policy package include the following:

- When the policies are combined assuming a lower take-up rate for the Transitional Jobs program, poverty is reduced from 8.0 to 3.3 percent (figure 1).
- With a higher TJ participation rate, the Wisconsin poverty rate is reduced to 2.7 percent—a drop of 66 percent from the baseline level. In this scenario, the poverty rate for children falls from 7.7 to 2.2 percent; the rate for adults under age 65 falls from 7.8 to 2.8 percent; and the rate for people age 65 and older falls from 9.1 to 3.0 percent.
- If a very high level of participation is assumed in government entitlement programs— including full participation in SSI and the Supplemental Nutritional Assistance Program (SNAP) and also assuming that all poor nonworkers take a TJ job— Wisconsin's SPM poverty rate is reduced to 1.5 percent. That change represents a drop of 81 percent from the baseline poverty rate.

In aggregate terms, the combined package reduces the number of poor people in Wisconsin by between 252,000 and 287,000, depending on the assumptions. If the package is combined with full participation in key existing entitlement programs, 351,000 people become nonpoor.

The combined policy package is estimated to have net government annual costs of $3.3 billion to $4.0 billion, depending on the TJ take-up assumption. Estimated costs rise to $5.0

billion when the policy package is modeled in combination with full participation in SNAP and SSI. One way to view costs is to compare them to the amount of reduction in the "poverty gap." The poverty gap is the aggregate amount by which poor families fall below the income levels needed to be nonpoor. In the case of the Community Advocates policy package, the reduction in the poverty gap is approximately one-quarter of the total cost of the package—similar to the portion of current federal EITC benefits that serve to reduce the poverty gap.

The simulations estimate the impact of the potential policies on poverty *if they had been in effect in 2008*; if the policies were in place in another year, the antipoverty impact might be different. Also, a key limitation of this analysis is that it does not capture possible long-run impacts of the policy changes. Reductions in poverty could have broader impacts on health, education, crime, and family formation. These connections could not be modeled in this analysis but should be taken into consideration in assessing the costs and benefits of the policies. A final caveat is that the simulation does not include any new taxes, reductions in spending, or other method to offset new government costs. Some methods of paying for new programs could affect the economic well-being of some low-income families.

Introduction

This report presents the estimated impacts of a package of antipoverty policies developed by the Community Advocates Public Policy Institute—a nonprofit organization based in Milwaukee, Wisconsin. The project obtains data on the Wisconsin population from the 2008 American Community Survey (ACS), and uses the Transfer Income Model, version 3 (TRIM3) to augment the data and impose the hypothetical policies.[1] Poverty is measured using an expanded definition, very similar to the Supplemental Poverty Measure (SPM) that is now produced by Census Bureau researchers at the national level, building on recommendations made by the National Academy of Sciences (NAS) in 1995. The expanded poverty measure incorporates both noncash benefits and nondiscretionary spending (taxes and work expenses) in assessing a family's economic well-being, and uses an updated definition of need in setting poverty thresholds. This type of measure is required to assess the full impact of the hypothetical policies on low-income individuals.

To provide the foundation for the analysis, Urban Institute staff developed a set of "baseline" simulations that augment and adjust the 2008 ACS data for Wisconsin to allow calculation of the expanded poverty measure. These baseline simulations correct the ACS data for the underreporting of certain types of cash income and simulate benefit and tax amounts (including both tax credits and tax liabilities) that are not included in the ACS survey data. We then simulate the impacts of four potential policy changes:

1. A new income tax credit for seniors and persons with disabilities;
2. A new transitional jobs program;
3. An increase in the minimum wage; and
4. A reform of the earnings supplements provided through the tax system.

The policies are simulated individually and as a combined package.

In the case of the policies that affect families' cash incomes—through new or higher wages—the estimated impacts are the result of both the initial cash income change and the secondary impacts of that change on other benefits or on taxes. For example, the poverty-reducing impacts of increases in cash income are somewhat offset by reductions in Supplemental Nutrition Assistance Program (SNAP, formerly Food Stamps) benefits and by increases in family payments for subsidized housing or subsidized child care.

Several caveats are important to note. First, the population used for this analysis does not include Wisconsin residents who live in any kind of institution—group home, nursing home,

---

[1] TRIM3 is a comprehensive microsimulation model developed and maintained at the Urban Institute. The CPS-based version of TRIM3 is funded primarily by the Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation (HHS/ASPE). The adaptation of TRIM3 methods to the ACS data was funded by the Casey Foundation and the MacArthur Foundation.

prison, and so on.[2] Second, the simulations do not capture nonfinancial implications of the policies—such as any relationship between reduced levels of poverty and health or educational outcomes, or the fact that such connections could contribute to lower poverty over time. Third, we did not "age" the 2008 survey data to try to represent the current economic and demographic situation in Wisconsin. Thus, the simulations estimate the impact of the potential policies on poverty *if they had been in effect in 2008*; if the policies were in place in another year, the antipoverty impact might be different. Fourth, the simulations do not include any new taxes, reductions in spending, or other policy changes to offset the costs of the new policies.

Below, we first describe the development of the baseline simulations and the expanded poverty measure. Then we describe how we modeled each of the policy alternatives and present the results. Four appendices provide additional information on methods and results.

Measuring Poverty under the Supplemental Poverty Measure

To estimate the impact of Community Advocates' policy package, our analysis required a metric that includes the effects of all of the policy package elements when evaluating a family's resources. The official poverty rate used by federal agencies is based only on cash income and thus factors in the effects of only a limited number of economic security policies. To address such concerns, the U.S. Census Bureau has developed a Supplemental Poverty Measure (SPM) to provide an "improved understanding of the economic well-being of American families and of how Federal policies affect those living in poverty" (U.S. Census Bureau 2010).[3] The SPM does not replace the official poverty measure, but rather supplements it. The SPM provides a useful benchmark for assessing the effectiveness of a broader range of policies, including those outlined in the Community Advocates policy package. While federal agencies are still working out specific details of the SPM, this analysis utilizes the 2010 research version of the SPM as closely as possible (Short 2011).

While the official poverty measure looks only at a family's cash income, the SPM also includes noncash benefits, taxes, and other nondiscretionary expenses when calculating a household's resources (table 1). The SPM resource measure includes the effects of food

---

[2] Individuals living in institutions are included in the ACS data, but were not included in this analysis because of conceptual and technical difficulties in estimating their poverty levels. According to the 2008 Wisconsin ACS data, of the total 5.628 million state residents, 0.163 million (2.9 percent) lived in some type of institution or group quarters. Our analysis includes only the 5.465 million state residents living in households as defined by the Census Bureau.

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

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

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

a. A complete implementation of the SPM resource measure also adds the value of school lunch benefits, and subtracts the amount of child support paid by a family to children outside the household. These elements are excluded from the resource measure for this study because they are not reported on the ACS survey and were not simulated.

b. See Garner (2010, 2011) and Short (2011) for a description of the SPM thresholds. The standard SPM deducts medical out-of-pocket (MOOP) costs from income as a necessary expense, but in this study MOOP is added to the thresholds.

c. We added a 2008 Wisconsin-specific value for MOOP to these thresholds based on values reported by Isaacs et al. (2010b).

assistance (including SNAP and the Special Supplemental Nutrition Program for Women, Infants and Children, or WIC), housing assistance (housing subsidies and the Low Income Home Energy Assistance Program, or LIHEAP), federal and state income taxes, tax credits (such as the federal Earned Income Tax Credit, or EITC), payroll taxes, and necessary work expenses (child care and other work-related expenses).

The thresholds defining poverty also vary between the two poverty definitions. The official poverty thresholds, first set in 1963, were based on the cost of the Department of

Agriculture's "Economy Food Plan," developed from a 1955 household expenditure survey. Thresholds were then set at three times the Economy Food Plan (since a third of income was estimated to be spent on food in 1955), with variation by family size, number of children, and elderly status (assuming that people 65 and older require less income than younger people). The resulting federal poverty thresholds are adjusted annually for price changes using the Consumer Price Index (CPI), but have otherwise changed little since their adoption more than 40 years ago.

In contrast, the SPM thresholds are based on current out-of-pocket spending for food, clothing, shelter, and utilities, with a multiplier of 1.2 to provide for additional basic needs. The thresholds are calculated using five years of recent Consumer Expenditure Survey data, and begin with the computation of spending at the 33rd percentile for families with two children. Like the official thresholds, the SPM thresholds also vary by family size and number of children. The SPM thresholds are further adjusted for housing tenure (whether a family rents, owns a home with a mortgage, or owns a home without a mortgage) and for geographic differences in housing costs. For this project, the adjustments for geographic variation use Wisconsin Super-Public Use Microdata Areas (Super-PUMAs). (A Super-PUMA is a Census Bureau–defined portion of a state comprising a population of 400,000 or more.) For this project, we also adjust the thresholds to include an estimate of a family's medical out-of-pocket (MOOP) expenses, an approach also used in earlier NAS estimates (Short 2001). Our estimates of MOOP expenses are taken from the University of Wisconsin-Madison Institute for Research on Poverty's *Wisconsin Poverty Report* (Isaacs et al. 2010b), and vary by type of health insurance, health status, and presence of a person age 65 or older. The MOOP estimates are higher when the family includes an elderly person. For example, among those who live alone, who are in good health, and who have public insurance coverage, the MOOP estimate is $42 for someone under age 65 but $1,029 for someone age 65 or older. Thus, while the official poverty thresholds are *lower* for older Americans, the SPM poverty thresholds are generally *higher* for older Americans. Full details of the computation of the thresholds for this study are described in appendix A.

The differences between the two poverty threshold methodologies produce very different sets of poverty thresholds. In 2008, the official poverty threshold was $21,834 for a two-adult, two-child family. The equivalent SPM threshold (before adjusting for differences in renter/owner status, geographic variation in housing costs, health insurance status, or medical out-of-pocket expenses) is $24,869. When those adjustments are applied, the resulting SPM thresholds for Wisconsin families are sometimes lower than the official poverty threshold, but are usually higher. For example, for a two-adult, two-child family that is paying a mortgage on a home in the city of Milwaukee, with all family members in good health, with private insurance, and with all members under age 65, the SPM poverty threshold is $25,588 (table 2).

Table 2. Example Poverty Thresholds, Wisconsin 2008

(Thresholds for Family with Two Nonelderly Adults and Two Children)

	Super-PUMA								
	WI-55800 (Milwaukee)			WI-55900 (Milwaukee suburbs and surrounding counties)			WI-55300 (Marathon County and other counties)		
	Owner without mort-gage	Renter	Owner with mort-gage	Owner without mort-gage	Renter	Owner with mort-gage	Owner without mort-gage	Renter	Owner with mort-gage
Official Poverty Threshold[1]	21,834	21,834	21,834	21,834	21,834	21,834	21,834	21,834	21,834
SPM Poverty Thresholds[2]									
Private insurance									
Good health	21,167	25,032	25,588	22,217	26,537	27,159	20,068	23,457	23,942
Fair/poor health	21,713	25,578	26,134	22,763	27,083	27,705	20,614	24,003	24,488
Public insurance									
Good health	19,129	22,994	23,550	20,179	24,499	25,121	18,030	21,419	21,904
Fair/poor health	19,255	23,120	23,676	20,305	24,625	25,247	18,156	21,545	22,030
No insurance									
Good health	21,209	25,074	25,630	22,259	26,579	27,201	20,110	23,499	23,984
Fair/poor health	21,335	25,200	25,756	22,385	26,705	27,327	20,236	23,625	24,110

Source: Official poverty threshold is from the U.S. Census Bureau. SPM poverty thresholds were calculated by the Urban Institute. Starting point SPM thresholds with housing tenure adjustment taken from Garner (2010).

[1] The official poverty threshold is not adjusted by housing tenure or geographic location, or health and insurance status.

[2] The methodology used to calculate these thresholds was based on SPM methodology articulated by Short and Renwick (2010) and Garner (2010). We calculated threshold adjustments by geographic location (Super-PUMA) using the three-year ACS data for years 2006–2008. The Census Bureau adjusted the combined three-year file so that variables in dollars have been inflated to 2008. We also include a measure of medical out-of-pocket expenses based on Isaacs et al. (2010b).

Considering all families with two adults and two children in Wisconsin, the SPM poverty thresholds vary from $18,030 to $27,705 depending on region of the state, health status, health insurance status, and home ownership status. The Wisconsin region with the highest SPM thresholds is the Super-PUMA encompassing the Milwaukee suburbs, where thresholds for two-adult two-child families range from a low of $20,179 (for a family that owns a home without a mortgage, with good health and public insurance) to a high of $27,705 (for a family that has a mortgage, with fair or poor health and private insurance).[4] The Wisconsin region

---

[4] Note that the thresholds vary depending on family size, number of children, and whether the household has an elderly member (which influences medical expense estimates). Given so many different dimensions, we

with the lowest SPM poverty thresholds is the more rural Super-PUMA encompassing Marathon County, where thresholds for two-adult two-child families range from $18,030 to $24,488. (See appendix A for a map of the Super-PUMA areas.) Thresholds for homeowners with no mortgage are lower than for renters, and the thresholds for those who own with a mortgage are higher than for renters. Individuals with private health insurance generally have higher thresholds than those with no insurance or public insurance, and people in poor health have higher thresholds than those in good health (due to higher assumed out-of-pocket medical costs).

Overview of Baseline Simulation Methods

The "baseline" data that provide the foundation for this analysis include several elements that are either augmented or entirely imputed by the TRIM3 microsimulation model. We use the 2008 ACS data for this analysis, which provides information on 56,572 Wisconsin residents in 23,464 households.[5] The TRIM3 simulations of tax and benefit programs are extremely detailed, following as closely as possible the actual rules of each program in Wisconsin. For example, benefit programs are modeled on a month-by-month basis, capturing the fact that a family with part-year work might be eligible for different benefits during months of employment than during months of unemployment.

Three types of cash income amounts are augmented: SSI, TANF, and unemployment compensation.

- Supplemental Security Income: SSI is reported in the ACS data, but the total amount reported falls short of the actual amount that is paid to Wisconsin residents, according to administrative data. Some logical edits are performed to adjust apparent misreporting of Social Security amounts as SSI amounts. The simulation then assigns SSI to additional eligible individuals to reach program targets. The simulation captures Wisconsin's supplements to the federal SSI benefit, including the "SSI-E" supplements for SSI recipients who require substantial in-home support services.
- Temporary Assistance for Needy Families: The ACS asks respondents to report a total dollar amount of welfare or public assistance benefits. However, the amount reported by low-income families with children falls short of the actual amount of TANF benefits received by Wisconsin families. The simulation identifies additional families as being eligible for TANF under Wisconsin policies, assigns their potential benefit, and identifies a subset of these eligible nonreporters as TANF recipients. Our simulations include detailed elements of Wisconsin TANF

---

describe here the average thresholds for nonelderly families with two adults and two children. Appendix A provides further detail.
[5] This sample excludes individuals living in institutions. The sample is "weighted" to represent Wisconsin's total population of 5.5 million people.

policies, such as the "caretaker supplement" provided to children of adults receiving SSI.

- Unemployment compensation, child support, and other income: After asking separately about the types of income received most frequently, the survey asks for each person's combined income from any other sources, which may include unemployment compensation, child support, veterans' benefits, worker's compensation, or any other type of cash income not separately reported. However, the modeling requires separate amounts for unemployment compensation and child support income, since those types of income are sometimes treated differently by benefit programs. TRIM3 procedures divide the total amount reported in this "catch all" income measure among unemployment compensation, child support, and other income, based on an individual's characteristics. The simulation then identifies additional individuals (who did not report any income in response to this question) as receiving unemployment compensation, in order to reach actual program totals.

The TRIM3 simulations also augment the ACS data to capture the impact of four in-kind benefit programs that are included in the SPM resource measure—SNAP, WIC, public and subsidized housing, and LIHEAP.

- SNAP: SNAP receipt is reported in the 2008 ACS, but the value of benefits is not. TRIM3 simulates the value of benefits and identifies additional households as recipients to come close to the size and characteristics of Wisconsin's actual SNAP caseload in 2008.
- WIC: There is no information on WIC receipt in the ACS data. TRIM3 simulates eligibility for WIC using the policies in effect in Wisconsin, and selects a portion of those eligible as WIC enrollees in order to come close to the number and characteristics of actual recipients. Since the ACS data do not identify which women are pregnant, we model WIC benefits only for infants, children, and women with children under 1 year of age.
- Public and subsidized housing: The ACS asks households the amount of rent that they paid, but does not ask if they live in public housing or if they have a housing voucher. TRIM3 identifies households that would be eligible for these benefits and selects a caseload to come acceptably close to targets from administrative data.
- LIHEAP: There is no information on LIHEAP receipt in the ACS data. TRIM3 simulates eligibility for LIHEAP using the policies in effect in Wisconsin, and selects a portion of those eligible as LIHEAP enrollees in order to come close to the number and characteristics of actual recipients.

TRIM3 also models one additional in-kind program—child care subsidies funded through the Child Care and Development Fund (CCDF)—as part of the imputation of child care expenses.

- CCDF: There is no information on child care expenses or child care subsidies in the ACS data. TRIM3 simulates eligibility for CCDF-funded child care subsidies using the policies in effect in Wisconsin, and selects a portion of those families as CCDF enrollees in order to come close to the number and characteristics of actual recipients. The model also computes each subsidized family's copayment.

Under the SPM resource measure, the value of a CCDF subsidy is not included in the resource measure. However, a family's out-of-pocket child care expenses are considered a work expense and subtracted from resources. For a family simulated to have a CCDF subsidy, the child care expense is the copayment. For unsubsidized families, statistical equations impute the presence and amount of child care expenses.

The ACS does not have any information about tax liabilities, but that information is needed to compute the SPM resource measure. The simulation computes the value of three kinds of taxes: payroll taxes, federal income taxes, and state income taxes.

- Payroll taxes: TRIM3's payroll tax simulation includes variations for self-employed workers and federal workers.
- Federal income taxes: TRIM3's simulation of federal income tax liability includes nonrefundable and refundable tax credits.
- State income taxes: TRIM3 modeling of state income taxes uses the actual state income tax rules applied to 2008 incomes in Wisconsin, including the impact of the Marriage Credit, Itemized Deduction Credit, Homestead Credit, School Property Tax Credit, and the Wisconsin Earned Income Tax Credit.

All of the simulations and adjustments are internally consistent. For example, if a family is simulated to receive TANF, the family's SNAP benefit is computed using the simulated amount of TANF income. Another example is that families simulated to receive SNAP benefits are categorically eligible for LIHEAP benefits under Wisconsin's LIHEAP policies.

In many cases, the simulations produce figures that are very close to the actual figures reported in administrative data. For example, while the $445 million in SSI payments to Wisconsin residents reported in the ACS data falls 15.9 percent short of the $529 million in SSI actually received by noninstitutionalized Wisconsin residents during 2008, TRIM3's adjustments bring the total SSI benefits to within 3 percent of the target. In some other cases, the simulated data deviate more substantially from the target figures. For example, the simulation identifies only 262,000 Wisconsin residents receiving unemployment compensation, although administrative data show 321,000 Wisconsin people actually received unemployment benefits. In general, however, the TRIM3 simulations bring income and expenses into closer alignment with available administrative data for 2008. (Appendix

table B2 shows the simulated data for each benefit and tax program compared to the administrative targets for that program.)

One additional aspect of the simulations that is important to note is the treatment of noncitizens. Individuals report their citizenship status, country of origin, and year of entry. However, a noncitizen's eligibility for benefit programs depends in part on immigrant status—whether the person is a refugee/asylee, legal permanent resident, temporary resident (nonimmigrant), or undocumented immigrant—and that information is not reported. For this project, 16,000 noncitizens were identified as being likely refugees (based on their country of origin and year of entry); the remaining 128,000 noncitizens are treated by the simulations as if they are legal permanent residents. (Further imputation of immigrant status beyond the identification of likely refugees was not feasible within project resources.) To the extent that some of those noncitizens are undocumented immigrants or temporary residents, eligibility for benefit programs is overstated.

Baseline Poverty Estimates for Wisconsin

The estimated number of poor people in Wisconsin in 2008, applying the SPM measure to the TRIM3 calculations of residents' resources and expenses, is 435,000 persons or 8.0 percent of the population (table 3). The Wisconsin "poverty gap"—the amount of money needed to raise all families to exactly the level of their poverty threshold—is estimated at $1.452 billion under the SPM definition.

The SPM poverty estimate of 8.0 percent is lower than the 9.6 percent estimate of poverty using the official definition Although the SPM thresholds for Wisconsin are generally higher than the thresholds used in the official definition, the SPM counts a much broader set of resources than the official definition, such that a smaller number of Wisconsin families have resources below their threshold. (Whether the SPM produces a higher or lower poverty estimate for a particular state depends on multiple factors, including the amount of noncash resources received by state residents and the geographic adjustments to the thresholds. As shown in appendix A, the SPM thresholds for Wisconsin reflect lower housing costs in Wisconsin than in the nation as a whole.)

SPM estimates also give different findings than the official measure for the portions of Wisconsin's population who are in deep poverty and near poverty. Under the SPM, 2.4 percent of Wisconsin residents live in deep poverty (with family resources less than 50 percent of the poverty threshold), versus 3.8 percent under the official poverty definition. However, the SPM finds more Wisconsin residents below 150 percent of the poverty threshold (23.8 percent) than is the case under the official measure (17.1 percent). The means-tested benefits included in the SPM resource measure raise many families above 50 percent of the poverty threshold, but those benefits are reduced as incomes increase.

Table 3. Baseline Poverty Results for Wisconsin in 2008

Persons in thousands	Poverty Definition	
	Official[6]	SPM
Total Persons	5,465	5,465
<50% Poverty	205	131
Percent	*3.8%*	*2.4%*
Poor	522	435
Percent	*9.6%*	*8.0%*
<150% Poverty	932	1,301
Percent	*17.1%*	*23.8%*
Poverty Gap ($ millions)	$1,920	$1,452
Age		
Persons < 18	1,303	1,303
Poor	162	100
% Poor	12.7%	7.7%
Persons 18–64	3,461	3,461
Poor	312	271
% Poor	9.0%	7.8%
Persons 65+	701	701
Poor	48	64
% Poor	6.8%	9.1%

     When Wisconsin poverty is examined by age group, the SPM shows 7.7 percent of children in poverty, 7.8 percent of nonelderly adults in poverty, and 9.1 percent of elderly adults in poverty. These results are markedly different from the official estimates, with a much lower poverty estimate for children (the official definition shows 12.7 percent of Wisconsin children in poverty) and a much higher estimate for adults age 65 and over (the official definition shows 6.8 percent of Wisconsin residents age 65 and older in poverty). Thus, while the official poverty definition shows children as having the highest poverty rate and senior citizens the lowest (with a difference of 5.9 percentage points between the rate for children and the rate for seniors), the SPM poverty definition suggests very similar poverty rates for Wisconsin children and nonelderly adults, and a slightly higher poverty rate for Wisconsin's senior citizens (with a difference of only 1.4 percentage points between the rates for children and seniors).

     The use of the SPM poverty definition instead of the official definition has different impacts on children vs. senior citizens for at least three reasons. First, families with children

---

[6] These estimates were produced including TRIM3's adjustments to cash income, and may therefore differ slightly from other estimates of poverty computed from the 2008 Wisconsin ACS data using the official poverty definition.

are much more likely than senior citizens to receive the means-tested benefits that are included in the SPM resource measure. Thus, it is more likely that a family with children will have SPM resources substantially higher than its cash income, lowering its likelihood of being poor. Second, while the official poverty definition assumes lower spending needs for food and other basic needs for people age 65 and older, the SPM does not make that assumption. Third, the SPM includes the impact of medical expenses, which are higher for people 65 and older, raising their likelihood of being poor.

The implementation of the SPM described here produces different 2008 poverty estimates for Wisconsin than those in the *Wisconsin Poverty Report* (Isaacs et al. 2010a). Appendix C discusses the reasons for the differences. It is important to note that research continues on expanded poverty measurement, and there is no single established approach for applying the Census Bureau's SPM methods to ACS data. What is of primary importance to this analysis, however, is that the expanded measure is able to consistently capture the full range of impacts of the alternative policies, discussed next.

Elements of the Poverty Package

To reduce poverty in Wisconsin, Community Advocates Public Policy Institute proposes a policy package consisting of four elements—a Senior and Disability Income Tax Credit, a Transitional Jobs program for people who are unemployed or underemployed, an increase in the minimum wage, and an expanded system of tax credits to supplement lower earnings. This section discusses the design of the policies; issues arising in modeling the policies are addressed in the next section.

I. Senior and Disability Income Tax Credit

The Senior and Disability Income Tax Credit is conceived as a new fully refundable income tax credit that could raise the incomes of many seniors and people with disabilities up to the new poverty level. The details of the credit are as follows:

A. Eligibility: To claim this income tax credit, a taxpayer (and his/her spouse if filing jointly) must (1) be 18 years of age or older, (2) not be claimed as a dependent by another taxpayer, and (3) have income from Social Security (either retirement benefits or survivor benefits), Social Security Disability Income (SSDI), or SSI.

B. Benefit: The value of the credit is equal to the greater of 0 or the amount by which:
> (1) (a) the applicable SPM poverty line for the taxpayer (based on household size, and using the Milwaukee suburbs [Super-PUMA WI-55900] thresholds for individuals who are elderly, own their homes, have a mortgage, are in fair or poor health, and have public health insurance), plus (b) $1 exceeds

(2) the sum of the following: Social Security + SSDI + SSI + SNAP/Food Stamps + federal Adjusted Gross Income (AGI), if a positive number

As an example of the computation of the credit, consider an elderly couple with income of $14,000 from Social Security and no other income. The threshold that would be used to compute the credit for this two-person family would be $21,195. Thus, the credit equals $21,196 minus $14,000, or $7,196. Note that regardless of where the tax unit resides within the state, the thresholds used to compute the credit are always the suburban Milwaukee thresholds (which are higher than those for other sub-areas of the state).

C. Advance Payment: The intent would be to allow seniors or persons with a disability to claim a substantial portion of this credit on an advance basis.

D. Federal or State: The new credit could be implemented at the federal level or, in a state with a state income tax system, it could be implemented at the state level. (We modeled it as a federal income tax credit.)

II. Transitional Jobs

A Transitional Jobs program would provide employment for individuals who are unemployed or underemployed. The Community Advocates policy envisions a program directed at Wisconsin adults who are at least 18 years of age but no more than 64 years of age, who are not incarcerated, who are not currently receiving Social Security (including SSDI) or SSI, and who have been unemployed or employed for no more than 32 hours per week for at least four consecutive weeks. The program would offer them the opportunity to work at a transitional job at the minimum wage for up to 30 weeks per job. Workers could choose how many hours to work per week, between 8 and 40 hours; however, for those also working in the regular economy, total hours of work could not exceed 40 per week. After 30 weeks, an individual would have to leave the transitional job to look for work in the regular economy. However, if the individual did not find regular work in four weeks and continued to meet all of the program's eligibility requirements, the Transitional Jobs program would offer another transitional position on the same terms.

A Transitional Jobs program could be implemented as either a federal or state program. (We modeled it as a federal program, with no eligibility restrictions based on length of Wisconsin residence.) Although it is assumed that not all eligible individuals would want to take a transitional job, the intent of the program would be to provide such a job for any eligible individual who wanted to utilize the program.

III. Minimum Wage Increase

The minimum wage would be raised from its 2008 level of $6.50 per hour to $8.00 per hour (a $1.50 increase) and be indexed for inflation. The assumption is that this would be a federal increase in the minimum wage, but Wisconsin could alternatively raise its own state minimum wage.

IV. Earnings Supplement Reform

The policy package includes a modification and expansion of federal income tax credits in order to increase the supplementation of low-wage earnings. The existing EITC and Child Tax Credit would be replaced with new credits, as follows:

A. Earned Income Tax Credit Revision: The federal EITC would be replaced with the following two refundable federal tax credits:

(1) Working Americans Tax Credit: For all federal income tax filers who are 18 or older, a credit for *each* worker equal to 50 percent of *individual* earnings, not to exceed $3,500 per individual, with a 13 percent phase-out starting at $7,000 of the individual's earnings. If the tax unit includes two individuals who are married and filing jointly, and only one member of the couple is 18 or older but both have earnings, the older individual would claim this credit with respect to his or her own earnings *and* the spouse's earnings. The amount of the total credit for each tax unit is then reduced by 5 percent for each $1,000 in federal AGI that the tax unit reports above $25,000.

(2) Working Parents Tax Credit: For all federal tax filers who are 18 or older and whose filing unit includes at least one EITC-qualifying child, a credit equal to the following percentages of the *household's* earnings, subject to the credit phase-out formula provided below:

- One dependent child: A credit of 40 percent of household earnings, not to exceed $4,000 per household;
- Two or more dependent children: A credit of 50 percent of household earnings, not to exceed $5,000 per household.
- Phase-out: A 10 percent phase-out starting at $10,000 of household earnings, but at $34,000 in household earnings (approximately the point that the Working Americans Tax Credit has fully phased out), the Working Parents Tax Credit's phase-out rate increases from 10 percent to 23 percent

The TRIM3 implementation assumes that, as in 2008 EITC rules, individuals would not be eligible for either the proposed Working Americans Tax Credit or the proposed Working Parents Tax Credit if they are dependents, are "EITC-qualifying children," or have more than $2,950 in investment income, and that their ineligibility for the two proposed tax credits may disqualify their otherwise eligible spouses from qualifying for the two proposed tax credits. The simulation also assumes, with respect to the Working Parents Tax Credit, that "EITC-qualifying children" are defined using the same relationship, age, and residency tests as for the current federal EITC (i.e., children under age 19, under age 24 and full-time students, or any age and disabled count as "EITC-qualifying children").

B. Child Tax Credit: The two existing federal Child Tax Credits (the refundable Additional Child Tax Credit and the nonrefundable Child Tax Credit) would be combined into a single, refundable federal Child Tax Credit that provides a credit for each eligible child of 15 percent of *household* earnings above $3,000 per year, not to exceed $1,000 per eligible child per household.

The simulation assumes, with respect to the proposed Child Tax Credit, that the eligible children are defined in the same way as for the current Child Tax Credit (i.e., children must be 16 or younger). We also assume that the proposed Child Tax Credit is phased out in the same way as the 2008 Child Tax Credit (i.e., beginning at federal AGI over $75,000 for single filers and over $110,000 for joint filers, at a phase-out rate of $50 for every $1,000 in AGI over these thresholds).

C. Federal or State: The assumption is that these tax credits would be federal, but to the extent they provide a larger credit than the current federal EITC plus Child Tax Credit, the additional credit could be provided through state income tax systems (on top of any existing state EITCs or circuit-breaker "homestead" credits).

Measuring the Effects of the Policy Package

We tested the effects of this policy package on poverty by first simulating each element individually, and then simulating the combined impacts of the package as a whole. The analysis captures the interaction between each policy package element and the tax and benefit programs that were in place in 2008. For example, gaining a transitional job may lead to higher tax liability and reduced benefits from transfer programs. However, it is assumed that families participating in a benefit program in the baseline simulation continue to participate after implementation of the policy options, even if their benefits are reduced. Also, families are assumed to keep the same child care arrangements and remain in the same housing even if their resources are increased.

We discuss each policy element separately, followed by the effects of the entire policy package. Tables with additional detail, including poverty results by demographic subgroups, are presented in appendix D. As mentioned earlier, the estimates suggest the antipoverty impact of the policies as if they had been implemented in 2008.

I. Senior and Disability Income Tax Credit

We implemented this credit as a new federal tax credit within TRIM3's simulation of federal taxes. We consider the entire amount of the credit as part of a family's 2008 resources; thus, we implicitly assume that all recipients are receiving the credit in advance.

Overall, the credit reduces poverty from 8 percent to 6.6 percent (an 18 percent decrease) (figure 2). Not surprisingly, the impact among persons age 65 and older is much larger; poverty is reduced from 9.1 percent to 3.7 percent, a drop of 59 percent.

Figure 2. Poverty Effects of Senior and Disability Tax Credit
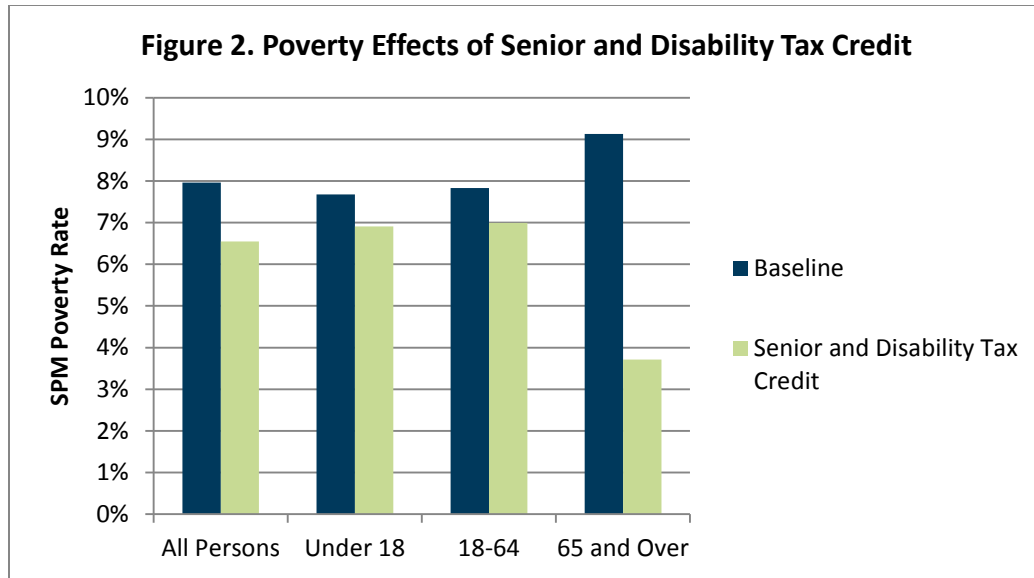
Although the credit is successful in raising the resources of many people up to and above their poverty thresholds, some seniors and persons with disabilities remain in poverty, for three primary reasons. First, some people receive the credit but remain poor because they live in a family with other people who are not part of their tax unit; thus, as the amount of the credit is computed based on fewer people than are in the entire family, the broader family remains poor despite the income from the new tax credit. Second, some poor people who are 65 or over or who have a disability do not receive any income from Social Security, SSDI, or SSI. For example, immigrants who came to the United States past their working-age years would not be eligible for Social Security and are generally not eligible for SSI. Third, some individuals have negative AGI (such as from a business loss), and the credit is designed only to take individuals from zero AGI up to the poverty threshold, not to offset negative amounts.

II. Transitional Jobs

We implemented the transitional jobs policy by selecting specific individuals in the ACS data who were either not working during 2008 or who were underemployed, and assigning them either a new job or additional hours of work. After the new jobs were assigned, we resimulated all the tax and benefit programs, using the newly established wages rather than the wages reported in the survey.

Modeling the transitional jobs policy requires assumptions about which eligible individuals would choose to enroll. Community Advocates provided two sets of assumptions concerning the take-up rate.[7] In each set of take-up rate assumptions, the probability that an eligible individual will choose to take a transitional job depends on his/her family income

---

[7] Eligible individuals were those who met the age guidelines, worked fewer than 32 hours per week, and did not receive Social Security or SSI. As we excluded group quarters respondents to the ACS from the TRIM3 universe, all individuals in our simulation are not incarcerated.

relative to the poverty threshold and his/her current hours of work. When lower take-up is assumed (table 4), the highest probability of participation is 50 percent, for individuals in families below poverty who are currently not working. When higher take-up is assumed (table 5), those individuals have a 75 percent chance of working in a transitional job. In either set of assumptions, the probabilities of working in a transitional job decline as family income rises and as hours of regular work increase.

Table 4. Specified *Low* Take-Up Rates for Transitional Jobs

Percent of Poverty 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%

Table 5. Specified *High* Take-Up Rates for Transitional Jobs

Percent of Poverty 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%	75%	55%	40%	25%
101% to 150%	65%	45%	30%	15%
151% to 200%	55%	35%	20%	5%
201% to 250%	30%	20%	5%	0%
251% to 300%	10%	1%	0%	0%
Above 300%	2%	0%	0%	0%

The simulation assumes that participants in the Transitional Jobs program could include students, early retirees, and people with activity limitations. However, the model assumes that people with those characteristics would be less likely to participate than other individuals with the same family incomes and hours of work.[8]

Individuals who were selected as transitional job recipients were assigned additional employment. In reality, different workers would make different decisions about how many hours to work at a transitional job, with some working a full 40 hours (either 40 hours at the

---

[8] Specifically, we assumed that for early retirees (individuals with pension income), the probability of working in a transitional job would be one-quarter of the rate based on poverty level and hours of work; the rate for students would be 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.

transitional job alone, or 40 hours across the transitional job and a regular job), while others would choose to work fewer hours, possibly to leave time to seek a higher-paying regular job. To simplify the modeling, the simulation of the lower take-up rates assumes that all participants in the Transitional Jobs program choose to work 30 hours per week, and the simulation of the higher take-up rate assumes that all participants work 36 hours.[9] All transitional jobs are assumed to pay the prevailing minimum wage ($6.50 per hour in Wisconsin in 2008).

An assumption must also be made concerning the number of weeks an individual works at a transitional job. Some participants could work at their transitional job for only a few weeks before finding regular employment, possibly at a higher wage. Others would work for the maximum weeks allowed, look for a job for the required four weeks, and then return to the program for a second transitional job. The policy is modeled assuming 48 weeks of Transitional Jobs participation during the calendar year; thus, participants with no weeks of work in the ACS survey data are assumed to work 48 weeks but to still have four weeks with no wages. In other words, no TJ participants are assumed to leave TJ employment for unsubsidized employment during the simulation period. The number of workers taking transitional jobs is 96,000 in the lower take-up simulation and 159,000 in the higher take-up simulation.

Our results (figure 3) suggest that a transitional jobs policy would reduce poverty to 7.0 percent assuming the lower take-up rate of transitional jobs, or to 6.3 percent assuming the higher take-up rate. These represent decreases of 13 and 21 percent, respectively, from the

Figure 3. Poverty Effects of Transitional Jobs

---
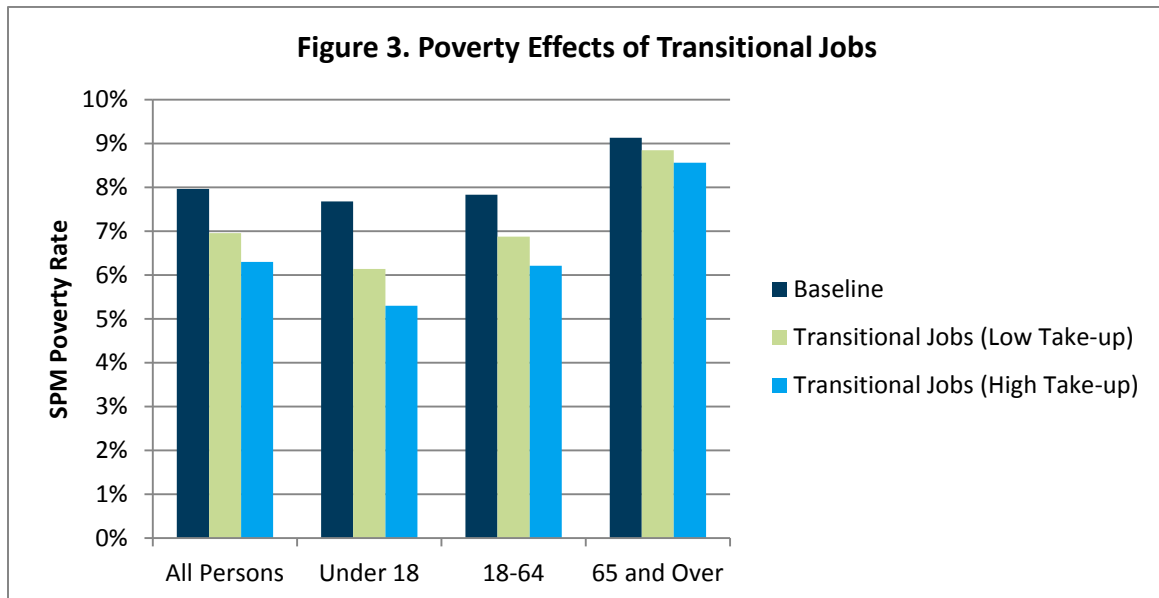
[9] This simplification—required because of resource constraints—results in some people working at a transitional job for less than the eight-hour minimum intended by the policy design.

baseline SPM poverty level. The effects of a transitional jobs policy are stronger for children under 18, who experience a 20 percent reduction in poverty with lower take-up and a 31 percent reduction with higher take-up.

III. Minimum Wage Increase

We modeled the minimum wage increase by first identifying individuals who appear to be working at a wage between $6.50 and the new minimum wage of $8.00, and then increasing their earnings to reflect the higher minimum.

In addition to a static estimate of the effects of a minimum wage increase, we separately modeled an estimate including the spillover and employment effects resulting from this policy. Spillover effects reflect the tendency of employers with employees earning amounts near the new minimum wage to also raise wages for those employees—even though it is not legally required. For example, if the minimum rises to $8.00 per hour, an employer would likely also raise the wage for an employee who was already earning $8.00 per hour. Following the methodology in Giannarelli, Morton, and Wheaton (2007), we modeled spillover effects as affecting workers with wages from $5.50 to $9 per hour (that is, from $1 below the old minimum wage to $1 above the new minimum).

The potential employment effect of an increased minimum wage is that employers could eliminate some minimum-wage jobs. However, economic studies examining the link between a minimum wage increase and job loss have obtained varying findings on the presence or extent of such a link (Neumark and Wascher, 2006). We use a relatively conservative assumption that results in approximately 3,000 fewer minimum wage jobs.[10]

The minimum wage increase leads to a small reduction in poverty—from the 8.0 percent baseline rate to 7.8 percent—in both our static model and when we assume the spillover and employment effects (see figure 4).

Although the minimum wage increase does provide additional income to low-income workers, many of those workers work only part-time or part-year, and the wage increase during the periods that they do work is not sufficient to increase their annual family resources above the poverty threshold. Even if an individual does work full-time, full-year at the minimum wage, the higher wage by itself may not be sufficient to make the family nonpoor, depending on family size, characteristics, and the income of other family members.

---

[10] Specifically, a worker's probability of job loss is assumed to equal 0.06 times the percentage increase in their wage. For example, a worker earning exactly $6.50 would have a new wage of $8.00—an increase of 23.1 percent—and the probability of job loss for this worker would be 1.4 percent. See Giannarelli, Morton, and Wheaton (2007) for further discussion.

Figure 4. Poverty Effects of Minimum Wage Increase
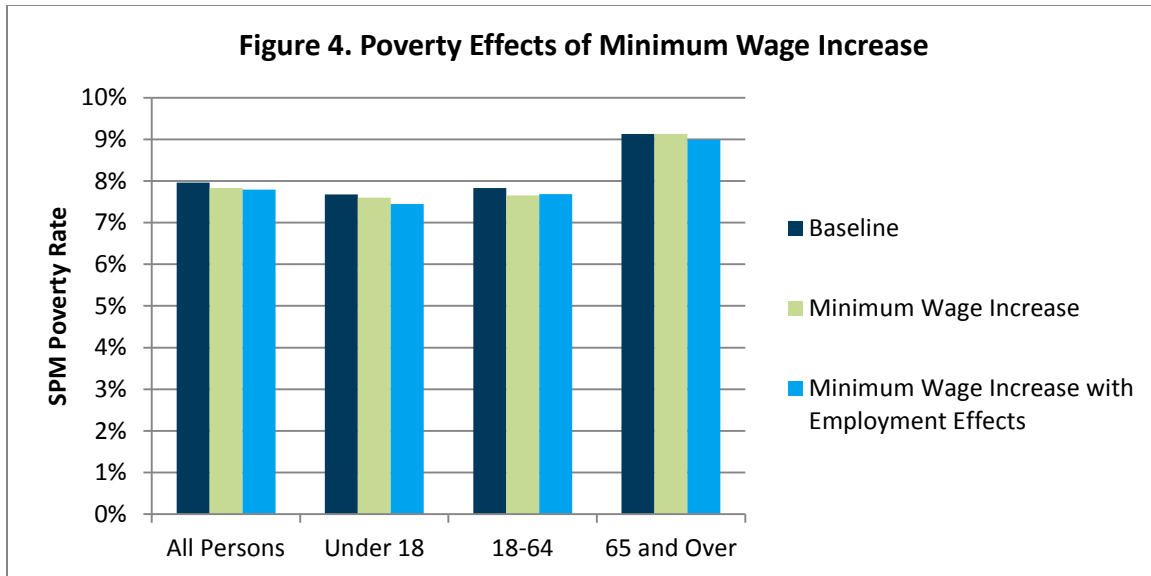
IV. Earnings Supplement Reform

We modeled the new Working Americans Tax Credit and Working Parents Tax Credit, as well as the revised Child Tax Credit, using TRIM3's model of federal income taxes. As previous research on the EITC (which the new credits emulate) has suggested that such credits have substantial effects on incentives to work, we supplemented our static estimate with an estimate assuming employment effects. We followed best available estimates on the size of such effects (summarized in Giannarelli, Morton, and Wheaton, 2007), and assume that a $1,000 increase in the maximum EITC incentivizes 3.6 percent of single parents and 1.8 percent of single childless adults to take a job.[11] As there has been no comprehensive research on the employment effects of a substantially larger EITC, we adopt the conservative estimate that the change in employment for the new earnings supplements will be equivalent to the incentive of a $1,000 increase in the current EITC.[12]

To implement the presumed employment effects within the model, we randomly chose currently unemployed individuals to reach the targeted number of new workers. (Implicitly, the modeling assumes that the labor market would be able to respond by employing the individuals who would want to begin to work.) Of the individuals chosen to be new workers, a randomly chosen 18 percent were assigned to work full-time, full-year jobs (40 hours per week for 52 weeks), while the remainder were assigned to work part-time and part-year (30 hours per week for 27 weeks), approximating the job characteristics of workers in Wisconsin

---

[11] As noted in Giannarelli et al. (2007), research on the EITC suggests very small effects on work for two-earner families, but given inconsistencies in the literature, we do not model employment effects for such families.
[12] Note that this likely underestimates true employment effects, as the maximum Working Americans and Working Families tax credits can provide approximately $2,500 more than the current EITC.

in 2008 in poor families. All of the simulated jobs were assumed to pay $6.50 per hour (the minimum wage in effect in Wisconsin in 2008).

Our results (figure 5) suggest that the new tax credits would reduce SPM poverty to 6.4 percent (in the static estimate) or 6 percent (assuming employment effects), for a 20 percent or 24 percent reduction in poverty, respectively. As the credits target people with earned income, the antipoverty effects were substantially lower among persons above retirement age.

Figure 5. Poverty Effects of Earnings Supplement Reform
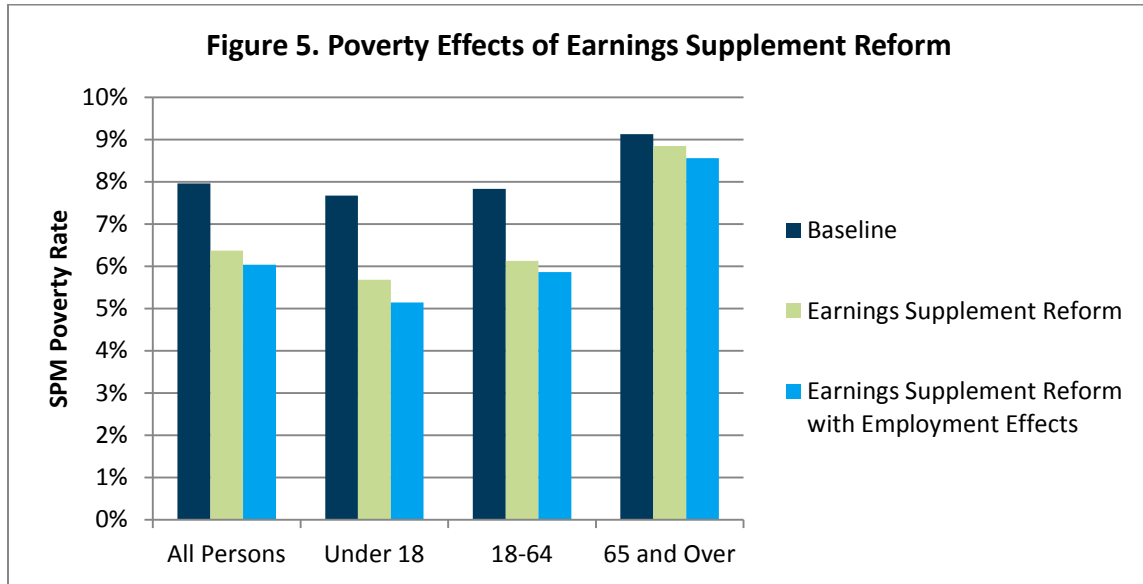
V. Combined Policy Package

The four policies were simulated as a package to assess their combined impact on poverty in Wisconsin. The combined simulations incorporate interactions among the policies; for example, when the minimum wage is increased, earnings are increased in transitional jobs as well as regular jobs. Also, transitional jobs earnings could qualify an individual for the Working Americans Tax Credit. The combined policy package was simulated including employment effects for both the minimum wage and earnings supplement policies.

The combined policy package was simulated with three different assumptions about program take-up rates. The first simulation uses the lower TJ take-up assumptions and the second uses the higher TJ assumptions; both of these simulations assume unchanged participation probabilities for other benefit programs.

A third simulation of the combined policy package tests a "full participation" scenario. Currently, many eligible individuals do not receive benefits from programs, even when those programs are federal entitlements. TRIM3 eligibility estimates suggest that Wisconsin residents receive about 67 percent of the SNAP benefits for which they are eligible, and that

65 percent of Wisconsin adults eligible for SSI benefits receive them.[13] In contrast, the full participation simulation assumes 100 percent participation in both SNAP and SSI. This simulation also implements 100 percent TJ participation for nonstudents with family incomes below SPM poverty, and assumes that previously unemployed individuals with TJ jobs would choose to work for 40 hours (rather than 36); other TJ take-up rates remain as in the higher take-up simulation. For programs limited by appropriations (TANF, subsidized housing, LIHEAP, and WIC), or for which there is no clear basis for altering the overall expenditure (unemployment compensation), enrollment is adjusted to maintain the same aggregate benefits as in the baseline simulations. (For example, one result of the package of policies is a slight reduction in WIC eligibility; thus, the available funding allows a higher participation rate among the individuals who remain eligible.) However, for child care subsidies, we assume an increase in funding to accommodate the increased demand for child care subsidies due to new employment from transitional jobs or employment effects.

The effects of the combined policy package on poverty are substantial (figure 6). The SPM poverty rate is reduced to 3.3 percent assuming lower transitional jobs take-up, to 2.7 percent assuming higher take-up, and to 1.5 percent under the full participation assumptions. These represent reductions of 58 percent, 66 percent, and 81 percent, respectively, from baseline poverty. It should be noted that the combined effects of the programs are somewhat

Figure 6. Poverty Effects of Combined Policy Package

---
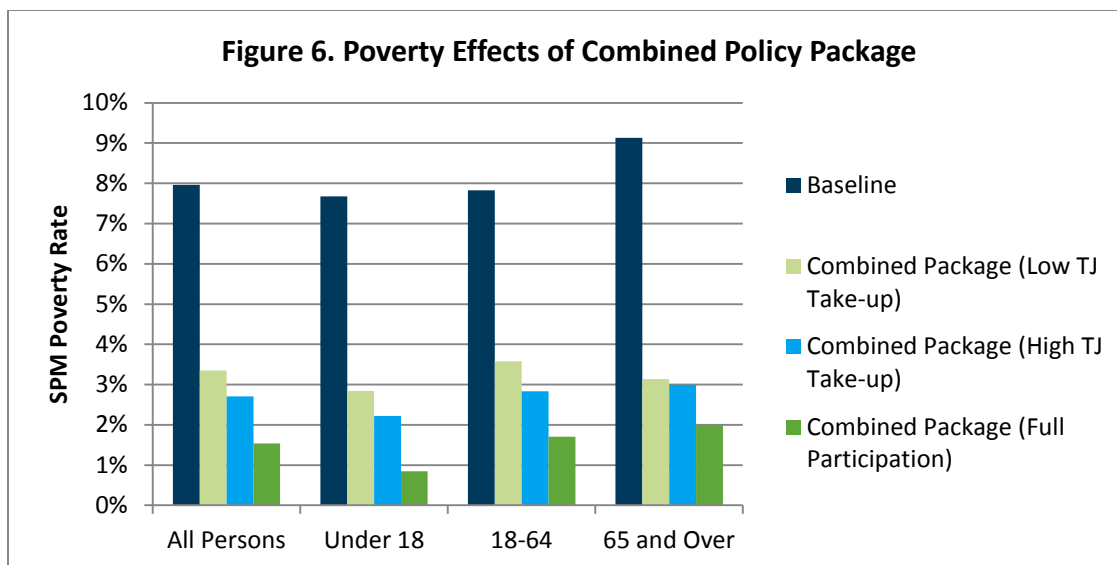
[13] Estimates produced for the Food and Nutrition Service (FNS) suggest that 73 percent of Wisconsin residents eligible for SNAP in 2008 received those benefits (Cunnyngham, Castner, and Sukasih 2012). However, this estimate does not include the impact of "expanded categorical eligibility"—a policy allowed by FNS and adopted by Wisconsin that results in most Wisconsin households with income under 200 percent of official poverty passing the SNAP eligibility tests (although they still may not qualify for a benefit). TRIM3's SNAP simulation includes this policy and estimates that only a third of households eligible for any benefit receive it, although most of the newly-eligible nonrecipients are eligible for very small amounts.

less than the sum of individual effects, since some families would have their resources raised above the poverty threshold by more than one policy. (For example, some of the individuals counted as removed from poverty by the earnings supplements were also removed from poverty by the increase in the minimum wage.)

VI. Effects on Poverty Gap

To analyze the poverty reductions associated with these policies from another perspective, we examined the effects of each policy, as well as the entire policy package, on the poverty gap (i.e., the amount of money required to bring each family in poverty exactly up to the SPM poverty level). The changes in the poverty gap roughly parallel the effects of each policy on the SPM poverty rate (figure 7). Including all four elements of the policy package together with the full participation assumptions, the poverty gap falls from the baseline level of $1.452 billion to $263 million, a drop of 82 percent.

Figure 7. Change in Poverty Gap by Policy

SPM Poverty Gap ($ millions)

Category	Value
Baseline	~$1,450
Senior and Disability Tax Credit	~$1,260
Transitional Jobs (Low Take-up)	~$1,210
Transitional Jobs (High Take-up)	~$1,020
Minimum Wage Increase	~$1,430
Minimum Wage Increase (EE)	~$1,420
Earnings Supplement Reform	~$1,120
Earnings Supplement Reform (EE)	~$1,030
Combined Package (Low TJ Take-up)	~$630
Combined Package (High TJ Take-up)	~$510
Combined Package (Full Participation)	~$263

Note: EE refers to Employment Effects.

VII. Impact of Policies Compared to Costs

As a preliminary assessment of the costs to the government of implementing the policy package, we calculated the direct program costs of three of the policy package elements—the senior and disability tax credit, earnings supplements, and Transitional Jobs program—as well as the offsets to these costs arising from reduced need for benefits and increased tax revenue from increased earnings. Costs to both the federal government and the state of Wisconsin are considered jointly; we do not consider either changes in private costs to employers or the administrative costs associated with the policies. (Since the minimum wage

policy assumes no change in government costs, we exclude this policy from the cost comparison.) These estimates do not take into account the fact that reductions in poverty could have broader impacts over time (on educational attainment, teenage fertility, and so on), which could then affect government spending and revenue.

The estimates (table 6) show direct government costs of $685 million for the Senior and Disability Tax Credit and approximately $2 billion for the earnings supplement reforms. The direct cost of Transitional Jobs is dependent on the take-up rate assumption—$805 million in wage costs at the lower take-up rate assumption and $1.6 billion at the higher rates. However, the TJ wages result in lower benefit payments to the families of the TJ workers and higher tax collections. With the higher TJ take-up assumptions, lower benefits and higher tax collections amount to $391 million, reducing the net government cost of the policy by one-quarter, to $1.2 billion. When earnings supplements are assumed to induce some new employment, the model also shows reduced benefits and higher taxes, although this offset amounts to only 1 percent of the direct cost.

Table 6. Net Program Costs for Community Advocates Policy Package								
		Individual Policies				Combined Policies		
	Senior and Disability Tax Credit	Transitional Jobs		Earnings Supplement Reform		Lower TJ Take-Up	Higher TJ Take-Up	Full Partic. in SSI and SNAP, Highest TJ Take-Up
Dollar amounts in millions		Low Take-Up	High Take-Up	Standard	Employ-ment Effects			
Direct Government Cost of Policy (federal and state costs; no admin. costs)	$685	$805	$1,606	$1,943	$2,012	$3,756	$4,753	$5,449
Indirect Changes in Government Costs and Revenues (relative to baseline)								
Change in transfer program benefits paid	$0	-$31	-$52	$0	-$7	-$58	-$81	$343
Change in taxes collected (not including direct costs of policy)	$0	$149	$339	$0	$16	$374	$651	$828
Net Cost of Policy (direct costs plus change in benefits minus change in taxes)	$685	$626	$1,214	$1,943	$1,989	$3,323	$4,021	$4,963

The combined policy package is estimated to have net government costs of $3.3 billion to $4.0 billion depending on the TJ take-up assumption. Estimated costs rise to $5.0 billion when the policy package is modeled in combination with full participation in SNAP and SSI.

One way of considering the magnitude of the estimated costs is to compare them to the extent by which the poverty gap is reduced. If all of a program's spending went to families in poverty, and if every assisted family's income were raised just above poverty but no higher, then the reduction in the poverty gap would equal the program spending. To the extent that some benefits are paid to individuals in nonpoor families, and to the extent that family incomes are increased to levels higher than the poverty threshold, the amount of reduction in the poverty gap will be lower than the program costs. In the case of the current federal EITC, for example, the reduction in the poverty gap due to the credit equals 23 percent of the amount of credit paid to Wisconsin families.[14]

The combined policy package achieves reductions in the poverty gap equal to slightly less than one-quarter of the net program costs (figure 8). Among the individual policies, the Transitional Jobs policy shows the largest reduction in the poverty gap relative to the cost of the policy. Under the lower take-up assumptions, the reduction in the poverty gap equals 39

Figure 8. Reduction in Poverty Gap as Percentage of Change in Government Costs by Policy

Note: EE refers to Employment Effects.

---
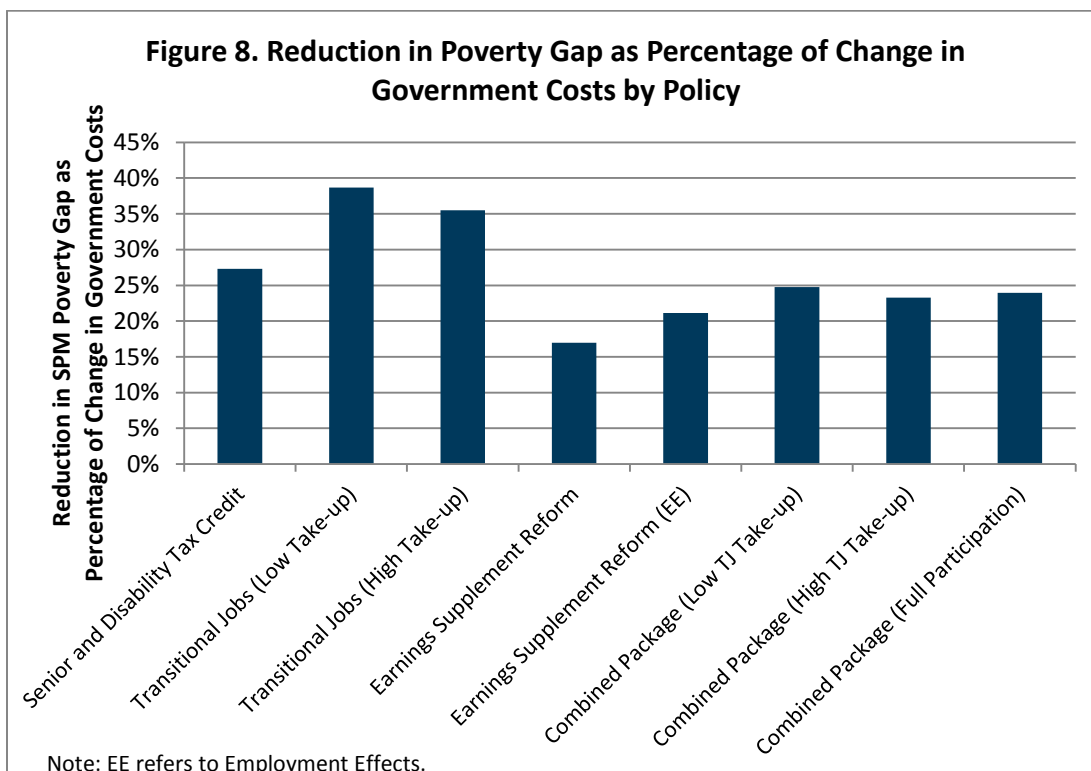
[14] The estimate was produced by calculating the poverty gap without a federal EITC, and comparing the change in the poverty gap to the amount of EITC awarded in the baseline simulation.

percent of net costs; the percentage falls to 36 percent under the higher take-up rate assumptions (when TJ jobs are slightly less focused on the poorest individuals). In the case of the tax credits, the reductions in the poverty gap are somewhat smaller relative to the government costs. Poverty gap reduction under the Senior and Disability Tax Credit equals approximately 27 percent of program costs, and poverty gap reduction under the earnings supplement policy (including employment effects) equals 21 percent of net program costs. These tax credits—like the current EITC—may be paid to individuals whose families are not in poverty, and may raise family resources above the poverty thresholds.

Although the tax credit policies may benefit families that are not poor, all of the recipients of the Senior and Disability Tax Credit have AGI levels of $25,000 or below, and the great majority of recipients of the new earnings supplements have AGIs of $40,000 or below (table 7).

Table 7. Distribution of Tax Credits in Policy Package, by AGI Class		
	Amount of Credit Distributed ($ millions)	
Adjusted Gross Income	Senior and Disability Tax Credit	Earnings Supplement Reform Tax Credits
Less than $5,000	641	128
$5,000–$10,000	30	415
$10,000–$15,000	10	470
$15,000–$20,000	3	447
$20,000–$25,000	1	409
$25,000–$30,000	0	265
$30,000–$35,000	0	159
$35,000–$40,000	0	87
$40,000–$50,000	0	32
$50,000–$100,000	0	2
Over $100,000	0	0
Total, all returns	685	2,414

Notes: Results presented are for single policy simulations, without employment effects. Numbers may not match other tables due to rounding.

It is important to note in all assessments of the costs of the policy package that the simulation captures only the direct costs and the offsets to those costs that can be computed within the model. Higher family incomes could have broader impacts on Wisconsin families—in the areas of health, education, family formation, and so on—which could also affect government costs both in the near term and over time.

Summary

The policy package proposed by Community Advocates is estimated to reduce poverty in Wisconsin by as much as 66 percent—from 8.0 percent to 2.7 percent—when poverty is computed using the SPM and when the policies are applied to the Wisconsin population in 2008. The package includes four elements: a new Senior and Disability Income Tax Credit, a Transitional Jobs program, an increase in the minimum wage to $8 per hour, and expansion of income tax credits related to earnings. The Transitional Jobs program and earnings supplement reforms have the largest effects overall, while the Senior and Disability Tax Credit plays the largest role in reducing poverty among people age 65 and older. The minimum wage increase has the smallest antipoverty impacts. If the policy package is modeled with more conservative assumptions, the antipoverty impact is still substantial—a 58 percent poverty reduction, to 3.3 percent. Combining the Community Advocates policy package with full participation in existing entitlement programs reduces Wisconsin poverty by 81 percent, to 1.5 percent.

The Senior and Disability Tax credit would provide a fully refundable tax credit to adults receiving Social Security or SSI income. The credit would make up the difference between an individual's or couple's key resources (cash income plus the value of SNAP benefits) and the level of the applicable SPM poverty threshold in the highest-cost area of Wisconsin. The simulation shows that the credit reduces SPM poverty in Wisconsin by 18 percent overall, from 8.0 percent to 6.6 percent. The results for people 65 and older are striking: Poverty is reduced from 9.1 percent to 3.7 percent. Some elderly people remain poor because they reside in larger families with other low-income individuals, because they do not receive Social Security or SSI, or because they have self-employment losses that the credit is not designed to address. The new credits are simulated to add to $684 million, while the poverty gap is estimated to drop by $187 million.

The Transitional Jobs program would allow unemployed or underemployed Wisconsin adults who are not receiving Social Security or SSI to work at a transitional job paying the minimum wage. The program is modeled under two sets of assumptions about how many eligible individuals would choose to take the jobs. When the lower participation rates are assumed, the Wisconsin SPM poverty rate falls from 8.0 percent to 7.0 percent. Modeling the program with the higher participation rates reduces the poverty rate to 6.3 percent. The direct costs of a Transitional Jobs program are offset by the fact that the new wages may result in reduced benefits and higher tax collections. Considering those offsets, the Transitional Jobs program with the higher participation rate has an estimated cost of $1.214 billon; the program is estimated to reduce the poverty gap by $431 million.

The Community Advocates policy package includes an increase in the minimum wage to $8 per hour—a 23 percent increase from the $6.50 minimum wage in place in the year of the input data. The minimum wage was simulated with and without two likely secondary

impacts: increases in wages for individuals working slightly below the current minimum wage or slightly above the new minimum wage; and a small amount of job loss. The higher minimum wage appears to have a small impact on poverty, reducing the overall rate from 8.0 percent to 7.8 percent both with and without the secondary impacts. Many Wisconsin residents working at the minimum wage are not poor by the SPM poverty measure. Others are poor, but the wage increase is insufficient to raise their family income above the poverty threshold, possibly due to part-time or part-year work.

The earnings supplement policies envisioned by Community Advocates would replace the current EITC with two fully refundable credits—a Working Americans Tax Credit providing up to $3,500 per worker, regardless of whether children are present; and a Working Parents Tax Credit providing up to $5,000 for tax units with children. Both credits would increase with earnings up to a maximum, and then phase down. Also, the Child Tax Credit would be modified to provide up to $1,000 per child per household on a fully refundable basis. These large credits are simulated to have substantial antipoverty impacts. Assuming no impacts on work incentives, the direct effect of the credits is to reduce Wisconsin SPM poverty from 8.0 percent to 6.4 percent. When the model assumes that the very high credits would induce additional individuals to seek work (and assuming they were able to find work), the poverty rate is reduced to 6.0 percent. In this simulation, the cost of the new credits, net of changes in benefits and tax collections, is $1.989 billion; the poverty gap is estimated to fall by $420 million.

Combining the policies reduces poverty to a larger extent than any of the policies individually. With more conservative assumptions—including the lower take-up rate assumption for the Transitional Jobs program and no employment effects—poverty is reduced from 8.0 to 3.3 percent. Assuming the higher participation rates and assuming that the increased tax credits would create more workers brings the poverty rate down to 2.7 percent. In that scenario, the poverty rate for children falls from 7.7 to 2.2 percent; the rate for adults under age 65 falls from 7.8 to 2.8 percent; and the rate for people age 65 and older falls from 9.1 to 3.0 percent.

A final simulation was performed to combine the Community Advocates policy package with full participation in two key entitlement programs—SSI and SNAP—and assuming that all people in poverty eligible for a transitional job would take one. This combination of policies is estimated to reduce Wisconsin's SPM poverty rate to 1.5 percent—0.8 percent for children, 1.7 percent for working-age adults, and 2.0 percent for people age 65 and older.

The amount of new government spending is estimated at $3.3 to $4.0 billion, depending on the TJ take-up assumption. Estimated costs rise to $5.0 billion when the policy package is modeled in combination with full participation in SNAP and SSI. Two caveats related to the costs are important to note. First, the simulations do not include any new taxes, reductions in spending, or other policy changes to offset the costs of new government programs; payment methods could affect the economic well-being of some lower-income families. Second,

reductions in poverty could have broader impacts—such as improving health or educational outcomes. Those connections could not be modeled in this analysis but should be taken into consideration in assessing the costs and benefits of the policies.

Overall, the analysis shows that a package of policies geared toward different subgroups of low-income families—senior citizens and people with disabilities, families with unemployed or underemployed workers, and low-wage workers—can have very large antipoverty effects. When modeled with the higher participation rates for the Transitional Jobs program, the Community Advocates policy package brings 287,000 Wisconsin residents out of poverty, cuts the poverty rate by two-thirds, and also reduces the deep poverty rate and the poverty gap by two-thirds.

References

Citro, Constance F., and Robert T. Michael, eds. 1995. *Measuring Poverty: A New Approach.* Washington, DC: National Academy Press.

Cunnyngham, Karen, Laura Castner, and Amang Sukasih. 2012. *Empirical Bayes Shrinkage Estimates of State Supplemental Nutrition Assistance Program Participation Rates in 2007-2009 for All Eligible People and the Working Poor*. Washington, DC: Mathematica Policy Research.

Garner, Thesia I. 2010. *Supplemental Poverty Measure Thresholds and the Estimation Sample*. Washington, DC: U.S. Department of Labor, Bureau of Labor Statistics.

———. 2011. *Supplemental Poverty Measure Thresholds: Laying the Foundation*. Washington, DC: U.S. Department of Labor, Bureau of Labor Statistics.

Giannarelli, Linda, Joyce Morton, and Laura Wheaton. 2007. *Estimating the Anti-Poverty Effects of Changes in Taxes and Benefits with the TRIM3 Microsimulation Model*. Washington, DC: The Urban Institute. http://www.urban.org/UploadedPDF/411450_Estimating_Effects.pdf.

Isaacs, Julia, Joanna Marks, Timothy Smeeding, and Katherine Thornton. 2010a. *Wisconsin Poverty Report: Methodology and Results for 2008*. Madison, WI: Institute for Research on Poverty. http://www.irp.wisc.edu/research/WisconsinPoverty/pdfs/WIPovMethodsResults_Sept2010.pdf.

———. 2010b. *Wisconsin Poverty Report: Technical Appendix*. Madison, WI: Institute for Research on Poverty. http://www.irp.wisc.edu/research/WisconsinPoverty/pdfs/WIPovTechnicalAppendix_Sept2010.pdf.

Johnson, David S., and Timothy M. Smeeding. 2012. "A consumer's guide to interpreting various U.S. poverty measures." *Fast Focus* No. 14-2012. Madison, WI: Institute for Research on Poverty. http://www.irp.wisc.edu/publications/fastfocus/pdfs/FF14-2012.pdf.

Marks, Joanna, Julia Isaacs, Timothy Smeeding, and Katherine Thornton. 2011. *Wisconsin Poverty Report: Technical Appendix for 2009*. Madison, WI: Institute for Research on Poverty. http://www.irp.wisc.edu/research/WisconsinPoverty/pdfs/WIPovTechnicalAppendix_May2011.pdf

Martinez-Schiferl, Michael. 2011. *Reports of Unemployment Compensation on the American Community Survey: A Data Note*. Washington, DC: The Urban Institute.

Neumark, David, and William Wascher. 2006. "Minimum Wages and Employment: A Review of Evidence from the New Minimum Wage Research." NBER Working Paper 12663. Cambridge: National Bureau of Economic Research.

Passel, Jeffrey S., Jennifer Van Hook, and Frank D. Bean. 2006. *Narrative Profile with Adjoining Tables of Unauthorized Migrants and Other Immigrants, Based on Census 2000: Characteristics and Methods*. Warrington, PA: Sabre Systems, Inc.

Renwick, Trudi. 2011. *Geographic Adjustments of Supplemental Poverty Measure Thresholds: Using the American Community Survey Five-Year Data on Housing Costs*. Washington, DC: U.S. Census Bureau.

Ruggles, Steven, Matthew Sobek, Trent Alexander, Catherine A. Fitch, Ronald Goeken, Patricia Kelly Hall, Miriam King, and Chad Ronnander. 2000. Integrated Public Use Microdata Series: Version 4.1 [Machine-readable database]. Minneapolis: Minnesota Population Center [producer and distributor].

Short, Kathleen S. 2001. *Experimental Poverty Measures: 1999*. Washington, DC: U.S. Census Bureau.

———. 2011. *Who Is Poor? A New Look with the Supplemental Poverty Measure*. Washington, DC: U.S. Census Bureau.

Short, Kathleen S., and Trudi J. Renwick. 2010. *Supplemental Poverty Measure: Preliminary Estimates for 2008*. Washington, DC: U.S. Census Bureau.

U.S. Census Bureau. 2010. *Observations from the Interagency Technical Working Group on Developing a Supplemental Poverty Measure*. Washington, DC: U.S. Census Bureau. http://www.census.gov/hhes/www/poverty/SPM_TWGOobservations.pdf.

———.. 2011. *Poverty Thresholds for Two-Adult-Two-Child Family Following NAS Recommendations: 1999-2010*. Washington, DC. U.S. Census Bureau. http://www.census.gov/hhes/povmeas/data/nas/tables/2010/web_tab5_povertythres2010.xls.

Wheaton, Laura, Linda Giannarelli, Michael Martinez-Schiferl, and Sheila R. Zedlewski. 2011. *How Do States' Safety Net Policies Affect Poverty?* Washington, DC: The Urban Institute. http://www.urban.org/publications/412398.html.

Appendix A. Supplemental Poverty Measure Thresholds

The poverty thresholds used in this analysis are based on the 2008 SPM thresholds developed by Garner (2010). We adjust the housing portion of the threshold for variation in housing expenses (relative to the national average), with different adjustments for different sub-areas of Wisconsin. We increase the thresholds to reflect likely out-of-pocket medical costs, with the amount of the addition varying by health status, health insurance status, and the presence of someone age 65 or older. Components of the SPM threshold are explained in greater detail below.

The Starting-Point Threshold and Standard Adjustments: The starting-point 2008 SPM threshold used for this analysis is based on out-of-pocket spending for food, clothing, shelter, and utilities (FCSU), with a multiplier of 1.2 to provide for additional basic needs. The threshold is calculated using five years of Consumer Expenditure Survey data and reflects FCSU spending at the 33rd percentile for families with two adults and two children. The resulting "reference threshold" is $24,869 (Garner 2010).

Following the Census Bureau's SPM procedures, the initial threshold is adjusted for differences in family composition and homeownership status. The thresholds are higher for larger families. For example, for a five-person family composed of two adults and three children, the threshold is 11.4 percent higher than for the reference family with two adults and two children. For families of the same size, the thresholds are larger for families with more adults versus those with more children. For example, the threshold for a four-person family consisting of four adults is 22.3 percent higher than the threshold for the four-person family that includes two children.. The adjustment for housing tenure reflects the fact that housing costs are highest for families who own a house but who still have a mortgage, and lowest for families who own a house with no mortgage. Specifically, the national-level threshold for a two-adult, two-child family is $25,522 for those who own with a mortgage, $24,880 for renters, and $20,426 for those who own with no mortgage.

MOOP Adjustments: For this project, we adjust the thresholds for out-of-pocket medical expenses (MOOP). This differs from the procedures used for the Census Bureau's recent SPM calculations with data from the Current Population Survey, Annual Social and Economic Supplement (CPS-ASEC); in those calculations, the actual amount of MOOP spending that a family reported in the survey data is subtracted from the family's income in determining the resource measure. However, since the ACS data used for our analysis do not include each family's actual level of MOOP, that approach is not feasible for this analysis. Instead, we add to a family's poverty threshold (after the above adjustments) an estimate of average MOOP spending, taken from analysis by the Institute for Research on Poverty (Isaacs et al. 2010b). These average MOOP amounts vary by family size, health insurance status, health status, and whether someone in the family is age 65 or older. For example, for a

family of three or more people with no elderly members, the additions range from $63 if all members are in good health and the family has public health insurance to $2,647 if someone is in fair or poor health and the family has private health insurance. The estimates are higher for families with elderly members.

Geographic Adjustments: The Census Bureau's current implementation of the SPM varies the thresholds by where a family lives, with different adjustments for each of several hundred geographic areas across the country. This project cannot use the same adjustments for Wisconsin as used by the Census Bureau for its work with the CPS-ASEC data because the geographic identifiers available in the ACS data differ from those in the CPS-ASEC. Specifically, the Census Bureau's geographic adjustments vary by metropolitan statistical area (MSA), nonmetropolitan area, and residual metropolitan area within each state, but the ACS public use data do not identify MSAs. Instead, the identifier available in the ACS data is the Super-PUMA. [15] The Census Bureau defines nine Super-PUMAs in Wisconsin, shown in figure A1.

We followed the Census Bureau methodology for calculating geographic adjustments (Short and Renwick 2010[16]), but we calculated those adjustments at the Super-PUMA level instead of the MSA level. The method uses three-year ACS estimates of median gross rents for two-bedroom rental units with complete kitchen and plumbing facilities.[17] We divide the median rents calculated for each Super-PUMA by the national median to calculate an initial index. We normalize the index so the mean of the resulting indices (when applied to all persons) is equal to one. We then multiply the housing portion[18] of the SPM threshold by the normalized index, and add in the nonhousing portion and MOOP adjustment to calculate the final threshold for each type of household.

Table A1 shows the geographic adjustments for each Super-PUMA, and the resulting threshold for a nonelderly two-adult, two-child family that rents its home, has private insurance, and is in good health. Thresholds for the example family range from $23,457 near Marathon County (Super-PUMA 55300) to $26,537 in the Milwaukee suburbs (Super-PUMA 55900).

---

[15] The Super-PUMA is a geographic area composed of a population of 400,000 or more. It does not span state lines. Super-PUMAs are composed of Public Use Microdata Areas (PUMAs) that reflect population groups of at least 100,000. We did not calculate our adjustments at the PUMA level out of concern that it represents too small a geographic area.

[16] Trudi Renwick advised us in our efforts to replicate the Census Bureau methodology.

[17] This project began prior to the Census Bureau's more recent work that uses five years of ACS data and calculates different geographic adjustments (Renwick 2011), so these enhancements are not captured.

[18] The housing portion of the SPM threshold equals 49.3 percent for renters, 50.2 percent for homeowners with mortgages, and 41.9 percent for homeowners without mortgages (Garner 2010).

Figure A1: Super-PUMAs in Wisconsin
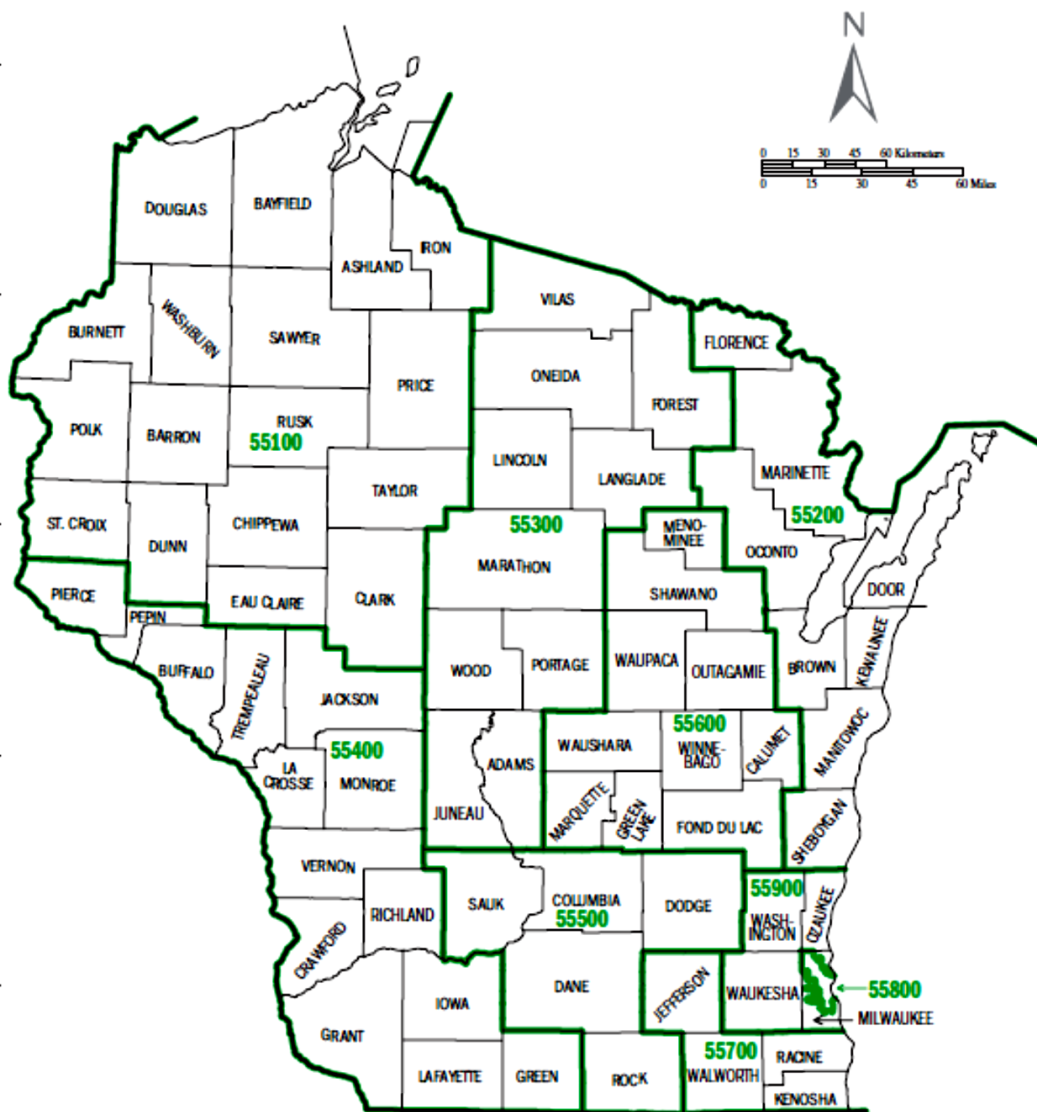
Table A1. Geographic Adjustments and Example Thresholds, by Wisconsin Super-PUMA

Super-PUMA	Geo. Adjust	Example Threshold ($)
55100	0.76246	24,067
55200	0.76593	24,110
55300	0.71271	23,457
55400	0.7208	23,556
55500	0.94526	26,310
55600	0.76014	24,039
55700	0.86774	25,359
55800	0.84113	25,032
55900	0.96377	26,537

Example threshold is for nonelderly two-adult, two-child family, that rents, has private insurance, and is in good health.

Appendix B. Simulation Procedures That Produce the SPM Family Resource Measure

To calculate the Supplemental Poverty Measure, the measure of family resources that is compared to the poverty threshold depends not only on cash income but also on a family's in-kind benefits, taxes, and nondiscretionary expenses. Many of the items needed to compute the SPM resource measure are either not present in the 2008 ACS data or are incompletely reported. The analysis relies on a combination of logical edits and simulation procedures to augment the ACS data. The result of these procedures is a "baseline" Wisconsin data file that includes all the necessary resource elements, with amounts of benefits and tax payments that are as consistent as possible with administrative program data for benefits and taxes during calendar year 2008. This appendix describes the procedures and shows their results.

Procedures

Four types of work are required: augmenting the ACS data on demographic characteristics, making assumptions about the distribution of work and earnings across the year, adding elements of resources that are not present in the ACS data, and making adjustments to some elements of resources that are included but underreported in the ACS data. Table B1 summarizes this information and provides some additional details. Further details on TRIM3 simulation methods are available on the TRIM3 project's web site, http://trim3.urban.org.

Demographic Characteristics: Creating the SPM resource measure with the ACS data first requires understanding the family relationships among members of ACS households. The ACS includes each person's relationship to the householder, but does not ask for interrelationships among other individuals. That information is needed for correct modeling of government benefit and tax programs, each of which specifies who must file for benefits or taxes together. For example, the filing unit for TANF includes parents and their dependent children (but does not include other members of a household), and the filing unit for income taxes is an unmarried individual or a married couple together with their dependents. Also, the SPM defines "family" to include all family members related by blood, marriage, or adoption, foster children, and cohabiting adults. To obtain the additional family relationship information, we use a version of the ACS developed by researchers at the University of Minnesota as part of their Integrated Public Use Microdata Series (IPUMS) project (Ruggles et al. 2000). The IPUMS version of the ACS data includes imputations of the relationships of individuals in ACS households. Each TRIM3 simulation module uses the augmented relationship information together with the policies of each tax and benefit program to determine which individuals file for benefits together or pay taxes together.

Table B1. TRIM3 Procedures to Calculate Family Resources for the SPM

	Methods
Data	ACS IPUMS
Definition of poverty units	
Detailed family relationship data	ACS data plus IPUMS imputations show interrelationships of individuals in households.
Foster children	Included in the primary family.
Cohabiters	A cohabiting partner of the household head (and his/her family) is included in the same poverty unit as the head. (ACS does not identify other cohabiting couples.) Units are weighted by the household reference person's weight.
Unrelated subfamilies	Identified using IPUMS relationship imputations. (Data do not allow identification of all unrelated subfamily relationships; e.g., two brothers unrelated to householder.)
College students/group quarters	This analysis excludes all group quarters.
Elements of resource definition not reported in ACS data*	
Payroll taxes	Computed based on wages and type of employment
Income taxes	1) Filing status: Married couples assumed to file jointly; unmarried householders with qualifying dependents file as head of household; others file individual returns.
	2) Dependency: TRIM3 checks if a person can be a dependent of a parent; if not, then of householder. When there are two unmarried parents, one parent claims all the children; TRIM3 does not model that noncustodial parents sometimes claim their children for tax purposes.
	3) Deductions: Mortgage interest set at 80% of mortgage payment; property tax deduction taken as reported; state tax deduction based on greater of state income taxes (from preliminary state tax simulation) and state sales tax deduction (from IRS look-up table); average charitable contributions assigned based on IRS data (by AGI level and state). State taxes recalculated based on final federal tax simulation.
	4) Filing behavior: All units are assumed to submit returns.
SNAP	1) Filing unit: Households containing TANF or SSI recipients are split into maximum number of SNAP filing units. Households with unrelated subfamilies or individuals are also split into maximum units (but partners file together). All other households file as entire household.
	2) Eligibility is simulated on a monthly basis, using national and Wisconsin policies. Some eligible units are selected as participants so total comes close to targets, in total and by subgroups.
	3) Benefits are computed by the model for each eligible month.
Public and subsidized housing	1) Residence in subsidized housing is randomly assigned to income-eligible renters who are eligible for a positive subsidy to reach control totals by income level and other demographic characteristics; reported rent is used for clues. Subsidy is valued at FMR minus household's required rental payment (maximum of 30% of adjusted or 10% of gross income).
	2) The amount of housing subsidies included in SPM resources is capped at the housing portion of the threshold minus household's required rental payment.
LIHEAP	1) Eligibility is simulated on an annual basis. Recipients are selected from households simulated as eligible to reach targets by household type
	2) Wisconsin's per-household average benefit is assigned to all recipients.

(continued)

Table B1, continued

	Methods
WIC	1) Eligibility is identified on a monthly basis for infants, children, and mothers of infants. (Pregnant women cannot be identified in the ACS.) Recipiency is randomly assigned among eligible individuals, by type.
	2) Recipients are assigned the per-person average benefit (varies between infants, children, women).
Work-related expenses	1) Child care: TRIM3 identifies likely CCDF subsidy recipients and assigns copay. SIPP-based equations impute likelihood and amount of expenses for other families; aligned to targets from SIPP and National Survey of America's Families data.
	2) Transportation: $27.80 in expense assumed per week of work.

Cash resources collected in the ACS data

Earnings, asset income, Social Security	These are taken from the ACS data; but some very high SSI amounts are reclassified as Social Security.
SSI	1) SSI-eligible individuals (adults and children) are identified by TRIM3; a portion of them are selected as recipients so that, together with reported recipients, the caseload comes close to targets.
	2) Monthly benefits are simulated by the model, including Wisconsin supplements.
TANF and other welfare	1) The ACS includes a variable called "welfare" that includes TANF and general assistance. The model first selects some of this income as TANF based on a logical edit that assigns the amount as TANF if there are dependent children under age 19 and if the family is sufficiently low income to be eligible for TANF.
	2) TANF eligibility is simulated using Wisconsin's policies; a portion of eligible units is selected so the caseload comes close to targets for the size and composition of the caseload.
	3) Monthly benefits are simulated by the model using Wisconsin policies.
Unemployment insurance, child support, other income	1) The ACS includes an income variable called "other" that includes UI, child support, and "other." The portion that is UI income is predicted based on a multinomial logit equation.
	2) Reported UI income is augmented via simulation to come closer to actual benefits. The simulation uses Wisconsin policies for UI eligibility and benefits.

Source: Adapted from Table B1 in Wheaton et al. (2011).

* The value of school lunches is included in the Census Bureau's implementation of the SPM, but is not included in this analysis. Also, the amount of child support paid—subtracted from resources in the full SPM implementation—is not available in the ACS data and is not imputed.

Note: IPUMS = Integrated Public Use Microdata Series; FMR = fair market rent; SIPP = Survey of Income and Program Participation; UI = unemployment insurance.

Another aspect of demographic data that is incompletely reported in the ACS is immigrant status. The ACS indicates whether an individual is a citizen, but (like most surveys) does not distinguish among different categories of noncitizens—legal permanent residents, refugees/asylees, temporary residents, and undocumented residents. Eligibility for government benefits varies by immigrant status and year of arrival. Following procedures developed by Jeffrey Passel and others, some noncitizens are identified as refugees/asylees.[19] Other noncitizens are treated as legal permanent residents, although some of these are likely undocumented aliens or temporary residents; thus, we may assign benefits to some noncitizens who would in reality be ineligible.

Initial Processing of Unearned Income: Several initial steps are required related to the unearned income amounts reported in the ACS data. These include addressing apparent confusion between ACS-reported SSI vs. Social Security income, separating "welfare" income between 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 appear to exceed the maximum possible annual SSI benefit, 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 based on their characteristics and other income; otherwise, the reported amount is considered "other welfare."

The final income question in the 2008 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 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 predict the share of this "other income" likely to be unemployment benefits and likely to be child support income using regression techniques.[20] The remainder is left as a combined other-income amount.

---

[19] See Passel, Van Hook, and Bean (2006).

[20] We used the Current Population Survey (CPS) to estimate this regression. Since 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 UI, to child support, and to other income. See Martinez-Schiferl (2011) for a detailed description of these procedures.

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, the TRIM3 model's simulation of benefit programs generally operate on a monthly basis, capturing the fact that a family may be eligible for a benefit in only part of a year, or 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 is based on probabilities computed from the 2007 ACS data (which included the exact weeks of work rather than a range), with differing probabilities depending on the hourly wage implied by a person's annual earnings, usual hours of work, and range of weeks worked. 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, assuming the same hours of work and the same hourly wage in all weeks of work during the year.

Different procedures are used for unearned income amounts. Most annual unearned-income amounts reported in the ACS are divided across the months, assuming that the income is received in 12 equal installments. This assumption is made for 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 unemployment insurance benefits or child support. 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, discussed below.

Simulating Benefit Programs: Following the initial steps, the reported amounts of SSI, TANF, and UI benefits all fall short of actual Wisconsin benefit amounts according to administrative data. Thus, benefits must be added to the data so that our representation of the Wisconsin population comes closer to actual figures for 2008. Also, several types of benefits included in the SPM resource measure are missing from the ACS data, including SNAP benefits (the 2008 ACS asks if any SNAP benefits are received but does not ask for the amount), the value of residing in public and subsidized housing, the value of WIC benefits, and benefits from LIHEAP. Information on child care subsidies is also needed as part of the computation of child care expenses. For each of these benefits, it is important that the "baseline" simulations come close to the actual programs in terms of caseload and benefits.

The same general procedures are used to simulate all the government benefit programs—unemployment benefits, SSI, TANF, SNAP, WIC, LIHEAP, housing assistance, and child

care subsidies. In each case, TRIM3 first estimates eligibility and potential benefits, coming as close as possible to the specific eligibility and benefits policies used in Wisconsin during 2008. This includes modeling of each program's policies for filing units, income, deductions, eligibility tests, and benefit or copayment computation. In the case of the programs that are captured to some extent in the ACS data (TANF, SSI, and UI), individuals or families who appear eligible and who reported the income form the foundation of the simulated caseload. Additional recipients are identified from among the eligible individuals or families who did not already report the benefit. The selection of the additional caseload is made in such a way that the simulated caseload comes acceptably close to the actual caseload in terms of overall size and key characteristics. For all programs except LIHEAP, the simulation operates on a monthly basis, capturing the fact that a family's eligibility or benefit level may vary across months of the year.

Simulating Tax Programs: The SPM resource measure requires knowing an individual's payroll tax payments, federal income taxes, and state income taxes. None of these items is included in the ACS. The payroll tax simulation is straightforward, based on an individual's earnings and his or her 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 both the federal and Wisconsin levels. Tax units are generally assumed to take all federal income tax credits that are available; however, some tax units apparently eligible for the child and dependent care tax credit are simulated to not take that credit, to avoid exceeding the actual usage of the credit. The modeling of Wisconsin state income taxes includes the key state income tax credits: the state EITC, the homestead credit, the marriage credit, itemized deduction credit, school property tax credit, and farm property tax relief. All of these except the homestead credit are assumed to be taken by all tax units who appear eligible; in the case of the homestead credit, a subset of apparently eligible tax units is selected to receive the credit so as to come close to data on its actual use.

With the exception of the limited alignment related to the use of specific tax credits, 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 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

Wisconsin policies. For an unsubsidized family, child care expenses are imputed using a regression equation.

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—$27.80—subtracts $1,445.60 from the resources of individuals who work full-year; the expenses are imputed on a person-by-person basis, and can therefore sum to $2,891 if a family has two full-year workers, $4,337 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, 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 assistance 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 program's excess shelter deduction. All tax and benefit amounts are computed consistent with program rules and a family's detailed information; in other words, there are no "across the board" percentage adjustments to families' tax and benefit amounts in order to come closer to targets. (As discussed above, the selection of which eligible families receive a benefit is made in order to come close to targets; however, for families receiving a benefit, the benefit amount is as computed by the model.)

Results

To provide the best estimate of the impact of alternative policies, it is important that the project uses data on Wisconsin's population in which the incidence and amounts of various benefits and taxes are consistent with actual figures for 2008. Table B2 compares the results of the TRIM3 simulation procedures described above to program administrative data.

Despite the level of detail included in the simulations, we do not expect the simulated program data to exactly match 2008 program administrative data, for at least three reasons. 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, the economic circumstances captured in the 2008 ACS data actually reflect a combination of calendar years 2007 and 2008. (Individuals are asked about their income and employment in the prior 12 months; thus, those surveyed in January 2008 reported their income in 2007, before the recession.)

Focusing first on benefit programs, the total units receiving benefits during the year and the aggregate annual benefits come as close to the actual amounts as was feasible. In the case

of SSI, TANF, SNAP, and LIHEAP, both the simulated caseload and simulated benefits are within 10 percent of the actual figures according to administrative data. Simulated WIC benefits for infants and children are also very close to targets; the simulated number of women receiving WIC falls short of target since the model cannot identify pregnant women. The TRIM3-simulated number of families receiving subsidized child care comes very close to the actual figure, although the model appears to slightly underestimate families' required copayments. The model is also very close to the targeted number of households in public or subsidized housing. Simulated unemployment benefits show the largest deviation from targets. The simulated number of individuals receiving any unemployment benefits during the year is 18 percent below target, and the amount of benefits is 25 percent below target. The shortfall is likely due to multiple causes, including the fact that the 2008 ACS data only partially capture the 2008 recession, our imperfect ability to identify the portion of "other" income that is unemployment compensation income, and the inability of the model to capture complex features of Wisconsin's unemployment compensation program, such as the fact that benefits depend on an unemployed person's prior wages (which are not fully observed in the ACS data). Nevertheless, the simulated data are much closer to the actual figures than the portion of unemployment benefits that appear to be reported in the survey.

The tax simulations also show reasonably close comparison with program totals, despite the fact that the simulated tax amounts involve almost no alignment to targets. The amount of payroll tax paid in Wisconsin during 2008 according to the simulation is just slightly above target (less than 2 percent), although the number of people who are simulated to pay payroll tax is 3 percent below target. The simulated number of Wisconsin tax units with positive federal income tax liability is 3.5 percent higher than the target, although the amount of simulated tax liability falls 7 percent short of target. The shortfall occurs in tax units with adjusted gross income about $100,000. Very high-income earners could underreport their income; also, the modeling for this project does not capture the fact that some high-income families owe taxes on capital gains. Focusing on lower-income tax units, TRIM3 finds nearly enough tax units receiving the federal EITC (95 percent of target) but understates the amount of EITC received (84 percent of target). This is a problem often faced by tax simulation models that rely on survey data; simulation models cannot capture real-world situations such as cases when a noncustodial parent rather than a custodial parent claims the children for EITC purposes. The simulation's results for Wisconsin state income tax are very close to target, falling short of units with positive tax and total tax liability by only 2 percent.

Table B2. TRIM3-Simulated Benefit and Tax Data versus Targets, 2008

Counts of persons or assistance units are in thousands *Dollar amounts are in millions*	ACS reported amount[a]	TRIM3-simulated, 2008 ACS data	2008 admin. data[b]	TRIM3-ACS as % of Admin.
Unemployment compensation				
Persons w/any benefits during year		262	321	81.6%
Aggregate annual benefits	$335[c]	$890	$1,195	74.5%
SSI (noninstitutionalized)[d]				
Avg. monthly caseload		84	84	99.8%
Annual benefits, adults + children[e]	$445	$546	$529	103.2%
TANF[f]				
Avg. monthly caseload		17.1	17.6	97.1%
Annual benefits	$34.8[g]	$86	$95.5	90.6%
SNAP				
Avg. monthly caseload		190	190	100.1%
Annual benefits	NA	$428	$465	92.1%
Public and subsidized housing				
Ever-subsidized households		70	71	99.0%
Annual value of subsidy [h]	NA	$323	NA	
LIHEAP				
Assisted households		157	160	98.2%
Annual benefits	NA	$68	$70	98.2%
WIC				
Avg. monthly recipients, infants/children		94	94	100.0%
Avg. monthly recipients, women[i]		18	29	61.8%
Annual value of benefit, pre-rebate	NA	$81	$87[j]	93.3%
CCDF-funded child care subsidies				
Avg. monthly families with subsidies		35	33.3	104.0%
Avg. non-$0 copay as % of income		5%	6%	81.4%
Aggregate copayments	NA	$51	NA	
Payroll taxes[k]				
Workers who paid payroll tax	NA	3,172	3,275	96.9%
Earnings subject to payroll tax		$108,698	$106,772	101.8%
Taxes paid		$8,485	$8,341	101.7%
Federal income taxes				
Number of positive-tax returns		2,009	1,941	103.5%
Total tax liability, positive-tax returns	NA	$15,131	$16,238	93.2%
Earned income tax credit				
Returns with credit		331	348	95.2%
Total credit	NA	$539	$643	83.9%
State income taxes				
Number of returns		2,005	2,043	98.1%
Taxes paid	NA	$5,873	$5,990	98.0%

Table B2, continued

Notes:
a. Dollars of benefits reported by ACS respondents.
b. Administrative figures are adjusted or combined for consistency with simulation concepts.
c. Unemployment insurance income is not reported separately in the ACS data; some portion of unemployment insurance income is reported in the "other income" variable (with child support, worker's compensation, veterans' benefits, and other types of income not reported separately). This amount is the portion of "other income" that appears to be unemployment insurance based on the characteristics of the reporters (based on a regression equation estimated from CPS-ASEC data).
d. SSI figures include state supplements.
e. Administrative data for SSI include retroactive payments, which are approximately 9 percent of total payments; TRIM3 does not simulate retroactive payments. SSI benefits are reported separately in the ACS data, but analysis suggests substantial confusion between SSI and Social Security.
f. Includes benefits funded by federal TANF money and separate state programs. The administrative figure for aggregate benefits is computed as the average per unit benefit from administrative microdata applied to the actual caseload.
g. TANF is reported together with other cash welfare payments in the ACS. Figures shown here are the welfare amounts reported by families with children who appear sufficiently low income to be eligible for TANF according to Wisconsin's policies.
h. The value of the housing subsidy is simulated as the fair market rent of an apartment of the needed size, minus the household's required payment.
i. Benefits to pregnant women are not captured.
j. The administrative data dollar amount is the sum of total postrebate costs and total rebate amount.
k. For ACS respondents early in 2008, their reported income is primarily for 2007, not 2008; thus, the 2008 ACS data do not fully capture the recession.

Appendix C. Differences between the Urban Institute's SPM Measure and IRP's Wisconsin Measure

Five factors account for the difference between the percentage of persons in poverty in Wisconsin in 2008 as reported in this study—8.0 percent under the baseline—and the 2008 Wisconsin poverty measure reported by the University of Wisconsin-Madison Institute for Research on Poverty (IRP) in its *Wisconsin Poverty Report: Methodology and Results for 2008*—11.2 percent (Isaacs et al. 2010a). The five factors are:

1. Different starting point thresholds (accounting for 1.7 percentage points of the difference)
2. Different geographic regions (0.1 percentage points of the difference)
3. The fact that this study includes WIC benefits whereas IRP's did not (0.2 percentage points of the difference)
4. The fact that this study corrects for the underreporting of cash income (0.8 percentage points of the difference)
5. Differences in modeling other elements of an expanded resource measure, in particular differences in modeling the value of public and subsidized housing and imputing child care expenses (0.4 percentage points of the difference)

The impacts of these differences are summarized in table C1 and explained in detail below.

First, this study uses a different starting point for determining poverty thresholds than used in the Wisconsin measure. We implement a research version of the SPM as detailed by Short and Renwick (2010) and Garner (2010). The starting point threshold is $24,869 for a two-adult, two-child family before adjustments for housing tenure. This is significantly lower than the Wisconsin Measure starting point threshold for a two-adult, two-child family before adjustments of $27,043 (U.S. Census Bureau 2011). The Wisconsin Measure starting point threshold, which was developed in early 2010 before issuance of the Supplemental Poverty Measure, is based on the experimental thresholds from the National Academy of Science's (NAS) recommendations. While both of these threshold starting points were developed from Consumer Expenditure Survey Interview data, they differ in two important ways: First, the SPM uses the distribution of expenditures for all two-child families, while the experimental NAS measure uses the distribution for two-adult, two-child families. Second, the SPM uses the 33rd percentile of its distribution, while the experimental NAS measure uses 78 to 83 percent of the median. Additional details on these differences can be found in Garner (2010). We would expect the substantial difference between these two starting points, $2,174, to lead to a higher poverty rate under the Wisconsin Measure relative to the SPM measure used for this study. We estimate that the different starting points result in approximately a 1.7 percentage point difference in our respective estimates of the poverty rate in Wisconsin in 2008.

TABLE C1: COMPARISON AND DECOMPOSITION OF WISCONSIN POVERTY RATES UNDER EXPANDED DEFINITIONS, 2008 ACS

Persons are in thousands

	Poverty Calculated Under an Expanded Definition		Decomposing the Difference between TRIM3 and IRP			
	TRIM3 Poverty Calculated Under SPM	IRP Wisconsin Measure	TRIM3 SPM IRP Starting Point	TRIM3 SPM IRP Starting Point and Regions	TRIM3 SPM IRP Starting Point and Regions No WIC	TRIM3 SPM IRP Starting Point and Regions No WIC No Correction for Underreporting of Cash Income
Wisconsin						
Total Persons	5,465		5,465	5,465	5,465	5,465
<50% Poverty	131		148	146	148	164
Percent	*2.4%*		*2.7%*	*2.7%*	*2.7%*	*3.0%*
Poor	438		531	538	547	589
Percent	*8.0%*	*11.2%*	*9.7%*	*9.8%*	*10.0%*	*10.8%*
<150% Poverty	1,310		1,502	1,494	1,502	1,532
Percent	*24.0%*		*27.5%*	*27.3%*	*27.5%*	*28.0%*
Persons < 18	1,303		1,303	1,303	1,303	1,303
Poor	101		131	133	137	156
% Poor	7.8%	13.6%	10.1%	10.2%	10.5%	12.0%
Persons 65+	701		701	701	701	701
Poor	64		76	79	79	78
% Poor	9.2%	10.4%	10.8%	11.3%	11.3%	11.1%
Poverty Gap (millions)	$1,458		$1,826	$1,823	$1,847	$2,014

Source:

Census Bureau Official Poverty Estimate, downloaded from Census Bureau website:

"2008 American Community Survey 1-Year Estimates"

TRIM3 tabulations of the IPUMS 2008 ACS Data

Wisconsin Measure estimates taken from Isaacs et al. (2010) "Wisconsin Poverty Report: Methodology and Results for 2008"

A second difference between the two measures results from the choice of geographical regions by which to adjust the thresholds (figure C1). In producing the Wisconsin Measure, IRP defined six geographical regions based on custom groupings of the PUMA identifiers. These six regions are (1) Inner Milwaukee, (2) Outer Milwaukee and Waukesha, (3) Dane County, (4) Other Metro areas, (5) Rural 1 and Marathon County, and (6) Rural 2. For this study, we instead chose to adjust the threshold for geographical differences based on the Census Bureau's nine Wisconsin Super-PUMA groupings, which provided the ability to calculate geographic adjustments for all Super-PUMA regions across the country using Census Bureau procedures.

FIGURE C1: COMPARISON OF SUPER-PUMAS TO WISCONSIN MEASURE REGIONS
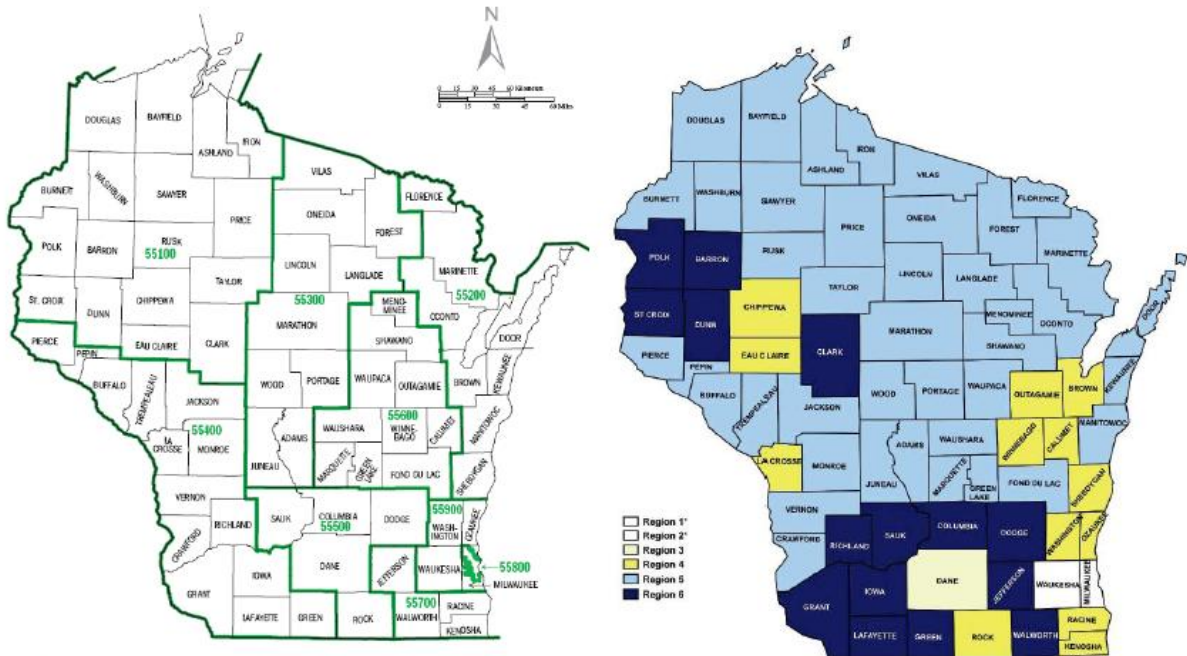
We estimate that the difference in geographical regions chosen contributes to only 0.1 percentage points in the difference between the poverty rate estimates between this report and the IRP report.

Third, this study imputes the value of benefits received by participants in WIC, while the IRP study did not include WIC benefits. The inclusion of WIC benefits accounts for 0.2 percentage points of the difference between the two measures of poverty.

Fourth, this study corrects the ACS survey data for the underreporting of cash income, including SSI, TANF, and unemployment compensation. Each of these cash income amounts is corrected in the underlying survey data using the TRIM3 simulation procedures so that aggregate amounts in the survey data match, as closely as possible, administrative amounts by certain demographic characteristics. The correction for underreporting of cash income accounts for 0.8 percentage points of the difference between the two poverty measures.

If we use the same poverty threshold starting point as IRP, come as close as possible to the IRP regional adjustment, exclude the value of WIC, and use ACS-reported income amounts for SSI, TANF, and UI, we come within 0.4 percentage points of IRP's Wisconsin Poverty Measure for 2008. The remaining difference must be due to differences in methods for imputing the elements of SPM resources that are not present in the ACS data. There appear to be particular differences in the modeling of public and subsidized housing. One specific difference is that this project uses a higher target for the number of Wisconsin households living in public or subsidized housing—71,333, compared to a target of 45,018

used for IRP's 2008 modeling. The models also differ in the pool of potential subsidized housing recipients, the methods for selecting recipients, and the assignment of subsidies. Finally, the models also differ in their imputation of child care expenses.[21]

As work continues to model expanded poverty measures at the state level using ACS data, researchers will benefit from continued opportunities to share methods and compare results. Further discussion of the differences between poverty measures is available in Johnson and Smeeding (2012), including discussion of differences between the SPM and NAS-type measures.

---

[21] In newer poverty estimates, IRP uses different methods for imputing child care expenses than were used for the 2008 estimates. See Marks, Isaacs, Smeeding, and Thornton (2011). The results of the TRIM3 approach to child care expenses may be more similar to the results of the newer IRP methods.

Appendix D. Detailed Policy Package Simulation Results

This appendix provides detailed simulation results. Each table includes a column for each simulated policy, including both the lower and higher take-up implementations of the Transitional Jobs program, the implementation of the minimum wage policy both with and without indirect effects, and the earnings supplement simulation both with and without employment effects. The tables also show three combinations of policies: all policies with Transitional Jobs at the lower rates; all policies with Transitional Jobs at the higher rates; and the full participation simulation.

Table D1 provides information on four types of changes: absolute changes in the numbers of poor individuals and in the poverty gap; percentage changes in the poverty rate and gap; changes in employment; and changes in government tax and benefit programs.

Table D2 provides detailed poverty results, including poverty data by key demographic characteristics. (The poverty changes in Table D1 are derived from the data in Table D2.)

Table D3 provides details on program caseloads, benefits, and taxes. (The program changes in Table D1 derive from the details in Table D3.)

Effects of Community Advocates Antipoverty Policies on Poverty Rates and Poverty Gap: Summary

Population: Wisconsin 2008 ACS

Policies: 2008

Poverty concept: Supplemental Poverty Measure (SPM)

(Numbers of persons are in thousands, dollars are in millions)	Baseline	Senior and Disability Tax Credit	Transitional Jobs		Minimum Wage Increase		Earnings Supplement Reform		Low TJ Take-Up	High TJ Take-Up	Full Participation in Anti-poverty Programs
			Low Take-Up	High Take-Up	Standard	Employment Effects	Standard	Employment Effects			
CHANGES IN POVERTY, SPM DEFINITION											
Change in persons in poverty (thous.)	435	-77	-55	-91	-7	-9	-87	-105	-252	-287	-351
By Age											
Change in persons age < 18 in poverty (thous.)	100	-10	-20	-31	-1	-3	-26	-33	-63	-71	-89
Change in persons age 18-64 in poverty (thous.)	271	-29	-33	-56	-6	-5	-59	-68	-147	-173	-212
Change in persons age 65+ in poverty (thous.)	64	-38	-2	-4	0	-1	-2	-4	-42	-43	-50
By Race / Ethnicity[1]											
Change in white persons in poverty (thous.)	301	-60	-31	-57	-5	-6	-61	-68	-168	-195	-236
Change in black persons in poverty (thous.)	55	-10	-10	-11	0	-1	-10	-14	-33	-35	-46
Change in Hispanic persons in poverty (thous.)	43	-4	-8	-10	-2	-2	-12	-16	-28	-29	-37
Change in persons of other races in poverty (thous.)	37	-5	-7	-13	0	0	-4	-7	-24	-28	-33
Change in persons in deep poverty (thous.)	131	-12	-32	-52	-1	-1	-32	-46	-78	-88	-112
Change in poverty gap ($ millions)	$1,452	-$187	-$242	-$431	-$21	-$29	-$330	-$420	-$822	-$936	-$1,189
PERCENT CHANGE IN POVERTY, SPM DEFINITION											
Percent change in persons in poverty		-17.7%	-12.6%	-20.9%	-1.6%	-2.1%	-20.0%	-24.1%	-57.9%	-66.0%	-80.7%
By Age											
Percent change in persons age < 18 in poverty		-10.0%	-20.0%	-31.0%	-1.0%	-3.0%	-26.0%	-33.0%	-63.0%	-71.0%	-89.0%
Percent change in persons age 18-64 in poverty		-10.7%	-12.2%	-20.7%	-2.2%	-1.8%	-21.8%	-25.1%	-54.2%	-63.8%	-78.2%
Percent change in persons age 65+ in poverty		-59.4%	-3.1%	-6.3%	0.0%	-1.6%	-3.1%	-6.3%	-65.6%	-67.2%	-78.1%
By Race / Ethnicity[1]											
Percent change in white persons in poverty		-19.9%	-10.2%	-18.8%	-1.5%	-2.0%	-20.2%	-22.7%	-55.8%	-64.9%	-78.5%
Percent change in black persons in poverty		-17.9%	-18.0%	-20.1%	0.0%	-1.0%	-17.9%	-25.9%	-60.5%	-64.1%	-84.1%
Percent change in Hispanic persons in poverty		-8.2%	-18.5%	-24.0%	-5.2%	-5.3%	-27.5%	-37.5%	-65.1%	-67.2%	-85.2%
Percent change in persons of other races in poverty		-12.1%	-18.0%	-36.0%	-0.3%	-0.3%	-11.8%	-18.3%	-65.0%	-76.3%	-87.6%
Percent change in persons in deep poverty		-9.2%	-24.4%	-39.7%	-0.8%	-0.8%	-24.4%	-35.1%	-59.5%	-67.2%	-85.5%
Percent change in poverty gap		-12.9%	-16.7%	-29.7%	-1.4%	-2.0%	-22.7%	-28.9%	-56.6%	-64.5%	-81.9%
CHANGES IN EMPLOYMENT											
Change in persons employed (thous.)	3,235	0	62	99	0	-3	0	29	79	109	116
Unemployed persons who gain transitional jobs (thous.)[2]			62	99					62	99	110
Persons who gain jobs or earnings (thous.)[3]		0	96	159	192	377	0	29	551	637	684
Total persons employed in transitional jobs (thous.)			96	159					96	159	206
Aggregate increase in earnings ($ millions)			$805	$1,606	$202	$362		$192	$1,602	$2,600	$3,316
Average per-person increase ($)			$8,000	$10,000	$1,000	$1,000		$7,000	$3,000	$4,000	$5,000
CHANGES IN GOVERNMENT COSTS											
Changes in program benefits paid to recipients ($ millions; federal and state costs):	$2,752	$0	-$31	-$52	-$9	-$13	$0	-$7	-$58	-$81	$343
Unemployment compensation	$890	$0	-$4	-$8	$0	$1	$0	-$2	-$1	$0	$0
SSI	$546	$0	-$1	-$2	$0	$1	$0	$0	-$1	-$3	$209
TANF	$86	$0	-$11	-$13	$0	$0	$0	-$4	-$11	-$14	$0

(Numbers of persons are in thousands, dollars are in millions)	Baseline	Senior and Disability Tax Credit	Transitional Jobs		Minimum Wage Increase		Earnings Supplement Reform		Low TJ Take-Up	High TJ Take-Up	Full Participation in Anti-poverty Programs
			Low Take-Up	High Take-Up	Standard	Employment Effects	Standard	Employment Effects			
Subsidized housing, value of subsidy	$323	$0	-$6	-$10	-$2	-$3	$0	-$3	-$13	-$18	$0
SNAP	$428	$0	-$31	-$53	-$3	-$6	$0	-$7	-$50	-$74	$87
LIHEAP	$68	$0	-$3	-$6	-$1	-$2	$0	-$1	-$6	-$9	$0
WIC	$81	$0	-$1	-$2	$0	$0	$0	$0	-$1	-$2	$0
CCDF, value of subsidy	$329	$0	$25	$41	-$2	-$3	$0	$8	$26	$38	$48
Changes in tax liabilities and credits ($ millions):	$37,199	-$684	$149	$339	$61	$117	-$1,943	-$1,996	-$2,379	-$2,096	-$1,891
Payroll tax, employee and employer	$16,969	$0	$122	$246	$31	$54	$0	$30	$240	$392	$501
Federal income tax, liability net of credits	$14,357	-$684	$11	$54	$21	$44	-$1,916	-$1,999	-$2,639	-$2,549	-$2,476
State income tax, liability net of credits	$5,873	$0	$16	$39	$9	$19	-$27	-$27	$20	$61	$84
Total increase in program benefits minus increase in tax liability ($ millions)		$684	-$179	-$392	-$70	-$130	$1,943	$1,989	$2,320	$2,015	$2,233
Cost of new wages to government ($ millions)[4]		na	$805	$1,606	not est.	not est.	na	not est.	$1,003	$2,006	$2,730
Total change in government costs ($ millions)		$684	$626	$1,214	-$70	-$130	$1,943	$1,989	$3,323	$4,021	$4,963
Reduction in poverty gap as % of change in govt. costs		27.3%	38.7%	35.5%	na	na	17.0%	21.1%	24.7%	23.3%	24.0%

Source: The Urban Institute, tabulations using the TRIM3 microsimulation model and the 2008 ACS data.
Notes:
[1] White, black, and other race categories reflect non-Hispanic individuals of that race.
[2] "Unemployed" individuals reflect those unemployed in the baseline simulation.
[3] Includes both baseline unemployed persons gaining jobs and baseline employed persons with changes in earnings.
[4] Cost of new wages excludes private costs to employers (for minimum wage or earnings supplement policies) and administrative costs.

TABLE D2

Effects of Community Advocates Policies on Poverty Rates and Poverty Gap: Detailed SPM Poverty Results

Population: Wisconsin 2008 ACS

Policies: 2008

Poverty concept: Supplemental Poverty Measure (SPM)

| (Numbers of persons are in thousands) | Baseline | Senior and Disability Tax Credit | Transitional Jobs | | Minimum Wage Increase | | Earnings Supplement Reform | | Low TJ Take-Up | High TJ Take-Up | Full Participation in Anti-poverty Programs |
| | | | Alternative Simulations | | | | | | Combined Policies | | |
			Low Take-Up	High Take-Up	Standard	Employment Effects	Standard	Employment Effects			
DETAILED SPM POVERTY RESULTS											
Poverty Rate, expanded (SPM) definition											
All Persons < 100% SPM poverty	8.0%	6.6%	7.0%	6.3%	7.8%	7.8%	6.4%	6.0%	3.3%	2.7%	1.5%
<50% SPM poverty	2.4%	2.2%	1.8%	1.4%	2.4%	2.4%	1.8%	1.6%	1.0%	0.8%	0.3%
50 < 100% SPM poverty	5.6%	4.4%	5.1%	4.8%	5.5%	5.4%	4.6%	4.5%	2.4%	1.9%	1.2%
100 < 150% SPM poverty	15.8%	16.3%	16.0%	15.6%	15.7%	15.7%	14.1%	14.1%	13.7%	13.1%	12.9%
Age											
Persons < 18	7.7%	6.9%	6.1%	5.3%	7.6%	7.4%	5.7%	5.1%	2.8%	2.2%	0.8%
Persons 18-64	7.8%	7.0%	6.9%	6.2%	7.7%	7.7%	6.1%	5.9%	3.6%	2.8%	1.7%
Persons 65+	9.1%	3.7%	8.8%	8.6%	9.1%	9.0%	8.8%	8.6%	3.1%	3.0%	2.0%
Race / Ethnicity											
White, non-Hispanic	6.5%	5.2%	5.8%	5.2%	6.4%	6.3%	5.2%	5.0%	2.9%	2.3%	1.4%
Black, non-Hispanic	18.5%	15.2%	15.2%	14.8%	18.5%	18.3%	15.2%	13.7%	7.3%	6.6%	2.9%
Hispanic	15.3%	14.1%	12.5%	11.6%	14.5%	14.5%	11.1%	9.6%	5.3%	5.0%	2.3%
Other, non-Hispanic	15.7%	13.8%	12.9%	10.1%	15.7%	15.7%	13.9%	12.9%	5.5%	3.7%	2.0%
Gender											
Male	7.5%	6.4%	6.5%	5.8%	7.4%	7.4%	6.0%	5.7%	3.2%	2.6%	1.5%
Female	8.4%	6.7%	7.4%	6.8%	8.3%	8.2%	6.8%	6.4%	3.5%	2.9%	1.6%
Work Status[1]											
Full-time, full-year	2.1%	2.0%	1.9%	2.3%	1.9%	1.8%	1.1%	1.0%	0.8%	0.7%	0.5%
Full-time, part-year	10.3%	9.8%	8.8%	10.1%	10.1%	10.1%	6.9%	6.7%	5.0%	3.3%	1.9%
Part-time, full-year	10.5%	9.8%	11.0%	9.8%	10.3%	10.2%	7.1%	7.1%	5.8%	5.8%	4.7%
Part-time, part-year	16.4%	15.4%	15.5%	11.6%	16.2%	16.2%	14.0%	15.1%	9.3%	8.0%	5.1%
Education Status (among persons aged 25+)											
Less than high school	15.2%	9.7%	13.0%	12.3%	15.0%	14.9%	13.4%	12.3%	4.9%	4.2%	1.8%
High school	7.1%	4.8%	6.3%	6.0%	7.0%	6.9%	6.0%	5.7%	2.5%	2.1%	1.1%
More than high school	4.2%	3.4%	3.7%	3.3%	4.2%	4.2%	3.3%	3.2%	1.6%	1.2%	0.6%
Family Structure											
Persons in families with children	6.4%	5.7%	5.0%	4.3%	6.3%	6.2%	4.6%	4.2%	2.1%	1.6%	0.7%
Single-head families with children; no other adults	23.2%	20.6%	21.7%	19.4%	22.9%	22.9%	17.4%	15.9%	10.4%	9.0%	4.3%
Persons in families headed by person 65+	9.0%	3.5%	8.7%	8.4%	9.0%	8.8%	8.7%	8.6%	3.1%	2.9%	1.9%
Persons in other families	9.8%	8.9%	9.0%	8.3%	9.6%	9.6%	8.0%	7.7%	5.1%	4.1%	2.7%
Numbers of Persons in Poverty, expanded (SPM) definition (thous.)											
All Persons < 100% SPM poverty	435	358	380	344	428	426	348	330	183	148	84
<50% SPM poverty	131	119	99	79	130	130	99	85	53	43	19
50 < 100% SPM poverty	304	239	280	265	299	296	249	245	129	106	66
100 < 150% SPM poverty	866	893	875	853	860	857	768	769	750	714	705
Age											
Persons < 18	100	90	80	69	99	97	74	67	37	29	11
Persons 18-64	271	242	238	215	265	266	212	203	124	98	59
Persons 65+	64	26	62	60	64	63	62	60	22	21	14
Race											
White, non-Hispanic	301	241	270	244	296	295	240	232	133	105	65
Black, non-Hispanic	55	45	45	44	55	54	45	40	22	20	9
Hispanic	43	39	35	33	41	41	31	27	15	14	6
Other, non-Hispanic	37	33	31	24	37	37	33	30	13	9	5
Gender											

(Numbers of persons are in thousands)	Baseline	Senior and Disability Tax Credit	Transitional Jobs		Minimum Wage Increase		Earnings Supplement Reform		Low TJ Take-Up	High TJ Take-Up	Full Participation in Anti-poverty Programs
			Low Take-Up	High Take-Up	Standard	Employment Effects	Standard	Employment Effects			
Male	204	172	175	157	201	201	161	153	86	69	40
Female	232	186	205	187	228	226	187	177	97	79	44
Work Status[1]											
Full-time, full-year	42	42	40	49	39	37	22	21	16	15	10
Full-time, part-year	40	38	33	48	39	39	27	26	19	16	9
Part-time, full-year	40	37	43	37	39	38	27	27	23	22	18
Part-time, part-year	69	65	72	45	69	69	59	68	45	32	19
Education Status (among persons aged 25+)											
Less than high school	54	34	46	43	53	53	47	43	17	15	7
High school	87	59	77	73	85	84	72	70	30	26	13
More than high school	88	71	77	69	88	88	69	67	34	26	12
Family Structure											
Persons in families with children	175	156	136	118	172	171	126	114	58	44	18
Single-head families with children; no other adults	80	71	75	67	79	79	60	55	36	31	15
Persons in families headed by person 65+	67	26	65	63	67	66	65	64	23	22	14
Persons in other families	194	176	179	164	190	190	158	153	101	81	53
Poverty gap ($ millions) (SPM definition)	$1,452	$1,265	$1,210	$1,021	$1,431	$1,423	$1,122	$1,032	$630	$516	$263
Families with children	$263	$243	$186	$141	$260	$261	$187	$144	$77	$59	$21
Families headed by person 65+	$209	$88	$205	$199	$209	$208	$201	$199	$78	$76	$17
Other families	$979	$934	$819	$680	$962	$953	$734	$689	$474	$381	$225

Alternative Simulations | Combined Policies

Source: The Urban Institute, tabulations using the TRIM3 microsimulation model and the 2008 ACS data.
Totals may not sum to 100% due to rounding.
Notes:
[1] Work status is considered separately for each simulation, so number of individuals in each category may change based on policies.

TABLE D3
Effects of Community Advocates Policies on Antipoverty Programs
Population: Wisconsin 2008 ACS
Policies: 2008
Poverty concept: Supplemental Poverty Measure (SPM)

(Numbers of persons are in thousands)	Baseline	Senior and Disability Tax Credit	Transitional Jobs — Low Take-Up	Transitional Jobs — High Take-Up	Minimum Wage Increase — Standard	Minimum Wage Increase — Employment Effects	Earnings Supplement Reform — Standard	Earnings Supplement Reform — Employment Effects	Low TJ Take-Up	High TJ Take-Up	Full Participation in Anti-poverty Programs
Antipoverty Program Caseloads and Costs											
Unemployment compensation (UC)											
Persons receiving any benefits during year (thou.)	262	262	262	262	262	262	262	262	262	262	262
Total weeks compensated (thou.)	4,227	4,227	4,174	4,116	4,227	4,231	4,227	4,199	4,205	4,227	4,227
Aggregate annual benefits ($ millions)	$890	$890	$886	$882	$890	$890	$890	$888	$889	$890	$890
SSI (noninstitutionalized; includes state supplements)											
Avg. monthly caseload (thou. of people)	84	85	85	85	85	85	84	85	85	85	123
Adults	69	69	69	69	69	69	69	69	69	69	105
Children	15	16	16	16	16	16	15	16	16	16	18
Annual benefits, adults + children ($ millions)	$546	$547	$545	$544	$546	$547	$546	$547	$545	$543	$755
TANF (including state sep. programs)											
Avg. monthly caseload (thou. of units)	17	17	16	15	17	17	17	17	16	15	17
Child only	12.9	12.9	12.9	12.5	12.9	12.9	12.9	12.9	12.9	12.4	13.1
2 parents in unit	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
1 adult in unit	4.0	4.0	2.6	2.6	4.0	4.0	4.0	3.4	2.5	2.5	3.7
Average monthly benefit	$421	$421	$403	$404	$421	$421	$421	$415	$401	$402	$422
Annual benefits ($ millions)	$86	$86	$76	$74	$86	$87	$86	$83	$75	$73	$86
Public and subsidized housing											
Ever-subsidized h'holds (thousands)	70	70	70	70	70	70	70	70	70	70	77
Average size of household	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.8	1.8
Average monthly rental payment	$277	$277	$283	$284	$279	$281	$277	$280	$291	$290	$309
Annual value of subsidy ($ millions)	$323	$323	$317	$313	$321	$320	$323	$321	$310	$306	$323
SNAP											
Avg. monthly caseload (thous.)	190	190	188	185	189	190	190	189	185	181	496
Annual benefits ($ millions)	$428	$428	$397	$375	$424	$422	$428	$421	$378	$354	$515
LIHEAP											
Assisted households (thou. of h'holds)	157	157	151	144	154	153	157	155	143	136	156
% with a member 60+	33%	33%	33%	34%	33%	33%	33%	33%	35%	35%	42%
% with a disabled member	26%	26%	26%	27%	26%	27%	26%	26%	28%	29%	30%
% with a child<=5	20%	20%	19%	19%	20%	20%	20%	19%	19%	19%	17%
Annual benefits ($ millions)	$68.4	$68.4	$65.8	$62.9	$67.2	$66.7	$68.4	$67.9	$62.3	$59.3	$68.0
WIC											
Avg. monthly recipients, infants/children (thou.)	94	94	93	92	93	93	94	94	92	91	94
Avg. monthly recipients, women (thou.)[1]	18	18	18	18	18	18	18	18	18	18	18
Annual value of benefit, pre-rebate (millions)	$81	$81	$80	$79	$81	$81	$81	$81	$80	$79	$81
CCDF-funded child care subsidies											
Avg. monthly families receiving subsidies (thous.)	35	35	37	38	35	34	35	36	37	38	38
Avg. monthly (non-$0) copayment per assisted fam.	$123	$123	$120	$120	$127	$130	$123	$119	$127	$129	$137

(Numbers of persons are in thousands)	Baseline	Senior and Disability Tax Credit	Transitional Jobs Low Take-Up	Transitional Jobs High Take-Up	Minimum Wage Increase Standard	Minimum Wage Increase Employment Effects	Earnings Supplement Reform Standard	Earnings Supplement Reform Employment Effects	Low TJ Take-Up	High TJ Take-Up	Full Participation in Anti-poverty Programs
Annual value of subsidy ($ millions)	$329	$329	$355	$370	$327	$326	$329	$337	$355	$368	$377
Child care expenses (for families with children < 15)											
Pct. w/ expenses (subsidized or unsubsidized)	32%	32%	33%	33%	32%	32%	32%	33%	33%	33%	33%
Average non-$0 monthly expenses	$517	$517	$512	$510	$518	$519	$517	$515	$513	$512	$513
Total government cost of UC, TANF, Housing subsidies, SNAP, LIHEAP, WIC, and CCDF subsidies (federal and state combined) ($ millions)	$2,752	$2,753	$2,721	$2,700	$2,743	$2,739	$2,752	$2,745	$2,694	$2,671	$3,095
Tax liabilities and credits											
Payroll taxes paid (employer + employee) ($ millions)	$16,969	$16,969	$17,091	$17,215	$17,000	$17,023	$16,969	$16,999	$17,209	$17,361	$17,470
Workers subject to Social Security tax (thou.)	3,172	3,172	3,234	3,271	3,172	3,169	3,172	3,201	3,251	3,282	3,289
Federal income tax (on pos. tax returns) ($ millions)	$15,131	$15,131	$15,157	$15,205	$15,150	$15,167	$14,717	$14,721	$14,777	$14,823	$14,840
Number of positive-tax returns (thou.)	2,009	2,009	2,037	2,086	2,015	2,021	1,721	1,721	1,742	1,754	1,759
Number of zero-tax returns (thou.)	872	731	829	799	869	868	757	730	566	550	533
Number of negative-tax returns (thou.)	340	481	355	335	337	332	743	770	913	917	929
Federal inc. tax refunds (on net refund returns) ($ mill.)	-$774	-$1,458	-$789	-$794	-$772	-$766	-$2,276	-$2,363	-$3,059	-$3,015	-$2,959
Earned income tax credit[2]											
returns with credit (thou.)	331	331	345	349	328	323	1,001	1,028	1,038	1,044	1,049
total credit ($ millons)	$539	$539	$557	$564	$537	$532	$2,414	$2,502	$2,572	$2,572	$2,588
Senior and disability tax credit											
returns with credit (thou.)		154							151	149	156
total credit ($ millons)		$685							$653	$638	$580
Child tax credit (nonrefundable portion)[3]											
returns with credit (thou.)	493	493	498	501	494	494	na	na	na	na	na
total credit ($ millons)	$704	$704	$714	$722	$706	$708	$0	$0	$0	$0	$0
Child tax credit (refundable portion)											
returns with credit (thou.)	199	199	206	208	199	198	601	606	612	614	618
total credit ($ millons)	$251	$251	$249	$250	$251	$251	$1,001	$1,004	$1,022	$1,031	$1,045
Total child tax credit, amount ($ millions)	$955	$955	$963	$972	$957	$959	$1,001	$1,004	$1,022	$1,031	$1,045
Child and dependent care tax credit											
returns with credit (thou.)	82	82	83	83	83	83	82	82	84	85	88
total credit ($ millons)	$59	$59	$59	$59	$59	$59	$59	$59	$60	$60	$61
State income tax, net of credits ($ millions)	$5,873	$5,873	$5,889	$5,912	$5,882	$5,892	$5,846	$5,846	$5,893	$5,934	$5,957
# returns with pos. tax liability (thou.)	2,005	2,005	2,024	2,064	2,011	2,015	1,993	1,997	2,048	2,083	2,109
No. of returns with property tax credits (thou.)	1,937	1,937	1,946	1,954	1,938	1,938	1,937	1,941	1,949	1,957	1,964
No. with working families credit (thou.)	3	3	3	3	4	4	3	3	3	3	3
No. with state earned income tax credit (thou.)	221	221	222	220	220	219	260	266	263	259	259

Notes:

[1] WIC figures exclude benefits to pregnant women.

[2] The EITC is replaced by the Working American and Working Families tax credits in the earnings supplement reform.

[3] The nonrefundable portion of the child tax credit is eliminated in the earnings supplement reform.